

Risks and Opportunities

We have identified the risks and opportunities that could affect our medium- to long-term value creation, taking into account the ever-changing external environment. We will continue to improve value creation by appropriately responding to risks and taking advantage of opportunities to address social issues for a better future and a sustainable society.

Changes in the external environment		Risks	Opportunities and countermeasures	Related initiatives
		* These risks do not necessarily cover all of the risks that the Group is aware of.		
<div></div> <div>Economy/ Corporate management</div>	<ul style="list-style-type: none">Political trends and trade restrictions in the global economyFluctuations in exchange rates	<ul style="list-style-type: none">Possibility of difficulty in procuring products and services if an overseas supplier is acquired or goes bankrupt, or if a Japanese subsidiary is established and its sales network is revisedPossibility that our business performance and financial position could be affected by rapid fluctuations in exchange rates	<ul style="list-style-type: none">Strengthen relationships with suppliers and develop new suppliersHedge currency risks through forward exchange contracts/Price negotiations with buyers	<div><ul style="list-style-type: none">Message from Top Management ▶ P.11Strengths and Case Studies: Beginning of the Palo Alto Business ▶ P.19</div>
<div></div> <div>Technological innovation/ Market competition</div>	<ul style="list-style-type: none">Intensifying competition in the IT industry, where technological innovation is rapid (emergence of new services in fields such as generative AI)Acceleration of digital transformation	<ul style="list-style-type: none">Decrease in competitiveness due to the Group's or suppliers' delay in responding to technological innovationDecline in competitiveness due to the entry of major companies and the rise of start-up companiesImpact on our financial position due to intensifying price competition with other companies	<ul style="list-style-type: none">Improve the business structure so that it is less affected by the decline in competitiveness of suppliers (strengthen high-value-added solutions and services)Promote in-house research and development / Promote M&As, capital and business alliances with companies that can complement the business areas of the Group or competitors in the same industrySecure differentiation and added value in specific business fields	<div><ul style="list-style-type: none">Strengths and Case Studies: Solving the DX Issues of the Education Industry ▶ P.21Strengths and Case Studies: Contributing to the Creation of Information Infrastructure ▶ P.22Medium-Term Management Plan ▶ P.27Strategies by Business Segment ▶ P.29</div>
<div></div> <div>M&As/Capital and business alliances</div>	<ul style="list-style-type: none">Relative expansion of overseas marketsGrowth limits of the profit model of existing business domains	<ul style="list-style-type: none">Impact of the discovery of significant unconfirmed matters that were not anticipated after the investmentPossibility that the synergy expected after the investment is not created, or that dis-synergy occursImpact on financial position due to a significant decline in the fair value of the shares held as a result of the investment	<ul style="list-style-type: none">Conduct detailed due diligence on matters such as finance, tax, legal affairs, and businessRegularly evaluate our investments at fair value and also conduct qualitative evaluations in light of the original investment objectives	<div><ul style="list-style-type: none">Medium-Term Management Plan ▶ P.27Financial Strategy ▶ P.37</div>
<div></div> <div>Information Security</div>	<ul style="list-style-type: none">Sophistication and diversification of cyberattacksIncrease in security issues associated with remote work	<ul style="list-style-type: none">Claims for damages from client companies and loss of trust in the Group due to information leaks or tampering caused by viruses or unauthorized accessAdverse impact on our credibility and brand image in the event of a serious system failure	<ul style="list-style-type: none">Acquire and maintain ISO/IEC 27001 and JISQ27001 certificationHold meetings of the Information Security Committee headed by the management teamEvaluate operational status through internal and external auditsEstablish a CSIRT and strengthen incident responseConduct security training programs for all employees	<div><ul style="list-style-type: none">Strengths and Case Studies: Achieving Robust Security ▶ P.20Materiality: Information Security ▶ P.39Information Security Committee ▶ P.40</div>
<div></div> <div>Diversification of human resources and work styles</div>	<ul style="list-style-type: none">Worsening labor shortagePromotion and establishment of new ways of workingExpansion of diversity and inclusion	<ul style="list-style-type: none">Intensifying competition for IT talentsFailure to achieve business plans due to the outflow of talented personnel and delays in trainingDecline in organizational performance due to a decrease in job satisfaction and ease of work	<ul style="list-style-type: none">Strengthen recruitment of new graduates with high potential and mid-career professionals who can be immediately effectiveExpand training and educational supportDesign various systems that aim to balance life eventsPlanning and implement measures to improve employee engagement	<div><ul style="list-style-type: none">Materiality: Training and Education ▶ P.45Materiality: Diversity and Equal Opportunity ▶ P.47Employee engagement ▶ P.48</div>
<div></div> <div>Natural disasters, pandemics, etc.</div>	<ul style="list-style-type: none">Uncertainty about global environmental issuesDisruption of the global situation due to climate change	<ul style="list-style-type: none">Impact on business continuity due to natural disasters and pandemicsImpact on investment trends for the products, maintenance and various IT services provided by the Group due to disruptions in the supply chain and confusion in economic activity	<ul style="list-style-type: none">Formulate a business continuity plan (BCP) for each business and conduct regular reviews at least once a yearIncreased demand for products and services (cloud services, etc.) that contribute to decarbonizationFormulate and implement climate strategies and action plans	<div><ul style="list-style-type: none">Materiality: Climate Change ▶ P.42</div>
<div></div> <div>Legal Regulations/Compliance</div>	<ul style="list-style-type: none">Tightening regulations in the digital fieldStrengthening of risk management functionsIncrease in corporate scandals and management risks	<ul style="list-style-type: none">Impact on business performance and creditworthiness due to violations of domestic and international laws and regulationsIncrease in regulatory compliance costs due to trends in the enactment and amendment of related laws and regulations, as well as administrative responses, etc.	<ul style="list-style-type: none">Strengthen corporate internal controls and risk managementCollect information on regulations in each country and take actionsDevelop and disseminate rules to ensure compliance, and hold regular education and trainingRespond in a timely and appropriate manner through the whistleblowing system	<div><ul style="list-style-type: none">Dialogue of Outside Directors ▶ P.49Internal Control Committee ▶ P.56Corporate Governance Whistleblowing System ▶ P.59</div>
<div></div> <div>Human rights compliance</div>	<ul style="list-style-type: none">Respect for the individualWidespread adoption of fair labor practicesChanges in the environment surrounding companies and human resources	<ul style="list-style-type: none">Lawsuits and administrative penalties for not paying attention to issues related to human rights, and deterioration of reputationEconomic losses and a decline in social trust if appropriate corporate action is not taken	<ul style="list-style-type: none">Improve loyalty among a diverse workforceEstablish the “Basic Human Rights Policy” and “Guidelines for Business Partners”Understand and evaluate risks through human rights due diligenceAddress various human rights issues appropriately to increase corporate value	<div><ul style="list-style-type: none">Basic Human Rights Policy Human Rights Due Diligence ▶ P.60</div>

* These risks do not necessarily cover all of the risks that the Group is aware of.

Medium-Term Management Plan

New Medium-Term Management Plan (2024–2026)

Creating Customer Value in the New Era

In the new era, the TechMatrix Group will continue to be a company that creates a better future by solving social issues with solutions that incorporate our “Foresight” and “Business know-how” and will provide more customer value.

Thoughts on the New Medium-Term Management Plan

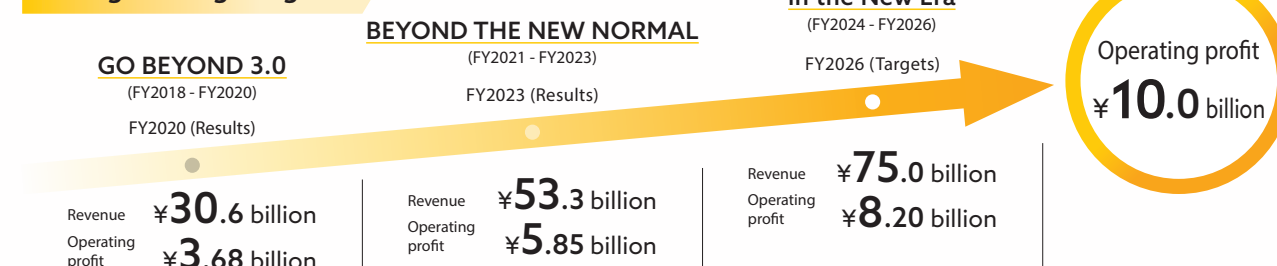
The emergence of new technologies such as AI, which continues to evolve on a daily basis, the decline in the domestic workforce due to the falling birthrate and aging population, and changes in the social responsibilities that companies must assume, are all contributing to the emergence of a new era. In this new era, the TechMatrix Group will continue to be a company that creates a better future by solving social issues with solutions that incorporate our “Foresight” and “Business know-how”. The new Medium-Term Management Plan (Creating Customer Value in the New Era) has been formulated with the aim of continuing to improve “customer value.”

“Foresight” means discovering cutting-edge technologies and social issues that need to be solved, and then solving the discovered social issues with our “Business know-how.” For specific industries and operations that require expertise, the TechMatrix Group recognizes that its strength lies in its deep business knowledge as a result of the hundreds and thousands of customers it has served. “Customer value” refers not only to the solutions and services we provide, but also to the value our customers perceive in the branding image of our company that provides them, the way our employees treat our customers, and the procedures and interactions in their dealings with us.

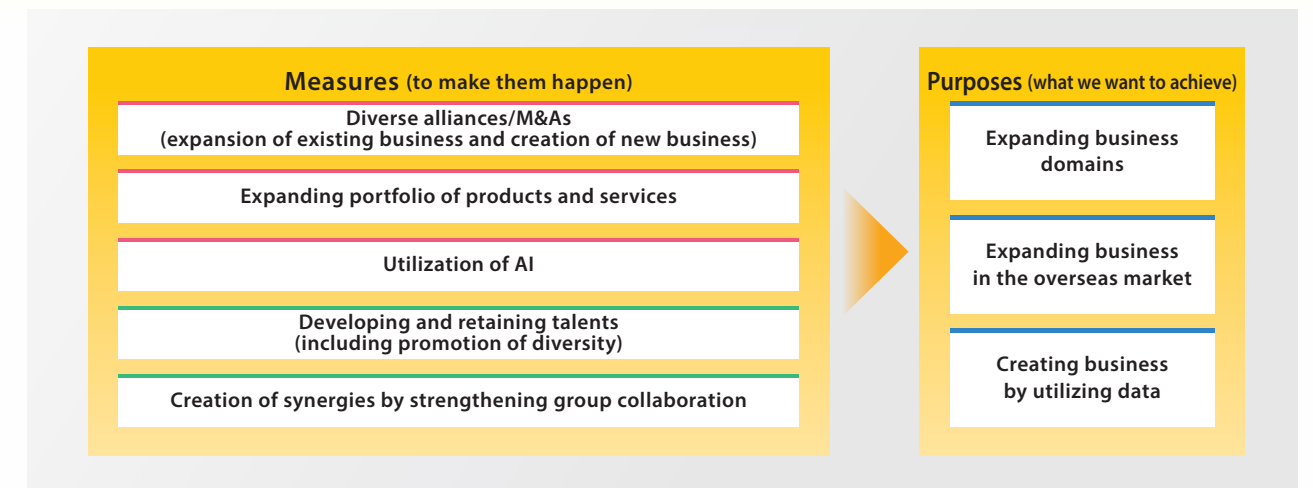
Creating Customer Value in the New Era



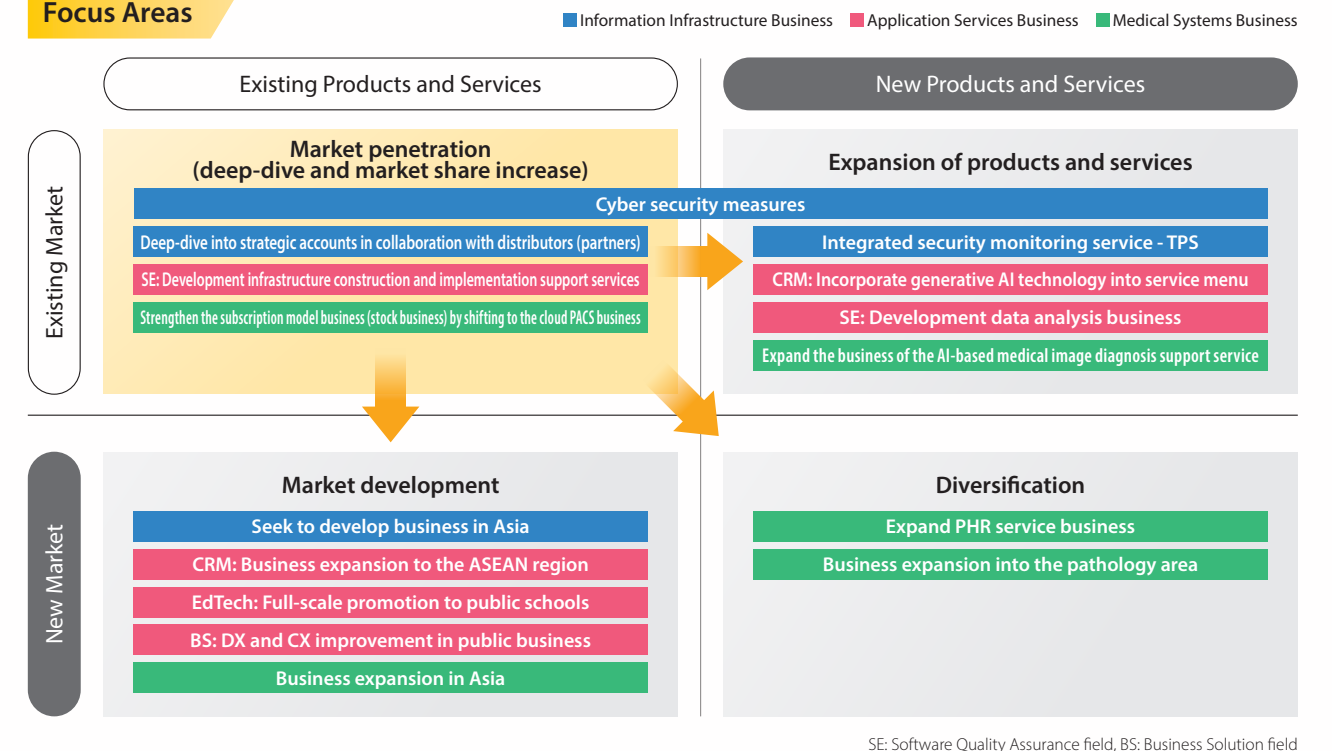
Change in Target Figures



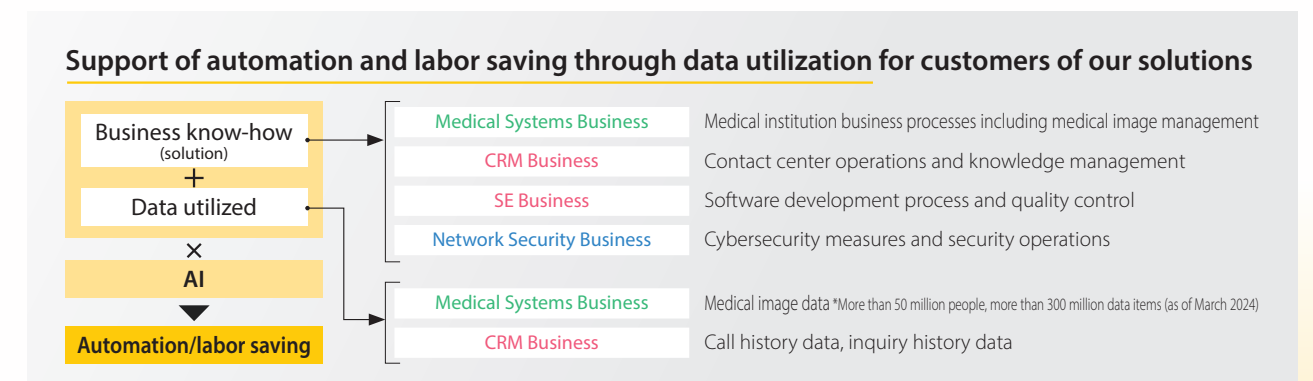
Key Strategies



Focus Areas



Data utilization



Business Strategies by Segment

Information Infrastructure Business Unit



Strengthening human capital and organizational capabilities to seek to expand the portfolio and bring about the success of customers

Takeya Shiga
 Director, Senior Operating Officer,
 Head of Information Infrastructure Business Unit, Manager of Network Security Division,
 and Head of Network Security Sales Division

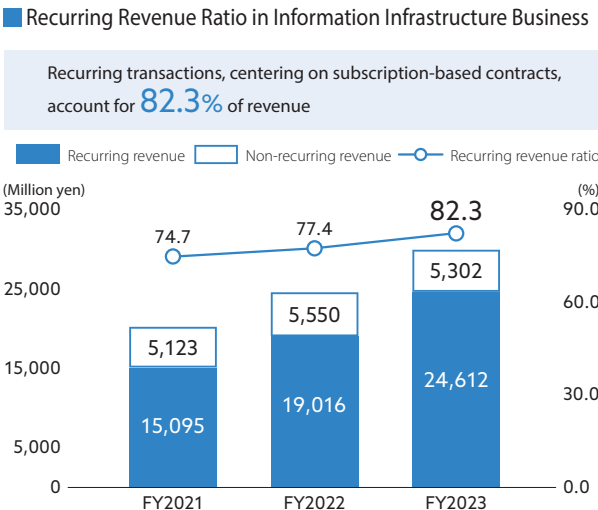
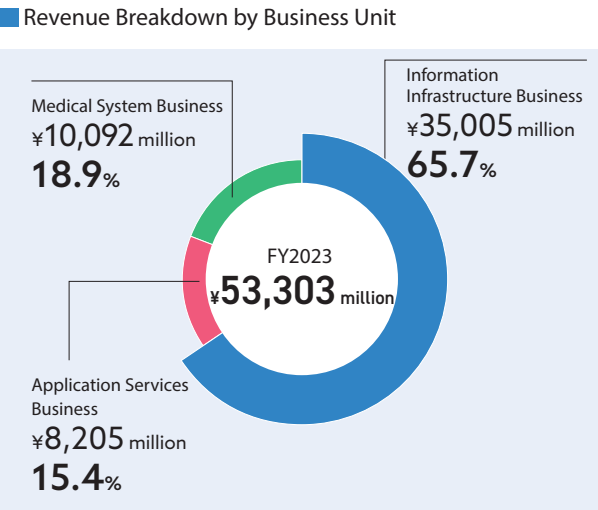
New Appointment Greeting

Intention to raise corporate value under a new system

I'm Takeya Shiga and I took the baton from newly named President Yai and was appointed Head of Information Infrastructure Business Unit. Since joining the Company in 2000, for the past 24 years I have been involved in jobs related to network security. The actions surrounding network security move at a dizzying pace, so even today I engage in my work with a keen sense for the importance of continuing to study.

While continuing to support the new management structure, I intend to further contribute to raising corporate value.

The Information Infrastructure Business has been the Company's main business since its founding and accounts for around 60% of company-wide revenue. Of this, around 80% is subscription-based revenue, an area of focus these past few years, and this revenue is not only growing, it is contributing to our stability. The origin of the Company's name is to create business with technology on the horizontal axis and the market matrix on the vertical axis. I handle the technology on the horizontal axis and provide network security that is needed in various businesses from CRM to medicine and education.



Strengths of the Information Infrastructure Business

Leading the market with advanced technology and total support


Looking at the Information Infrastructure Business Unit alone, we conduct business in the position of a distributor connecting vendors (manufacturers) who develop network security-related products and Slers (resellers) who systemize these products and provide them to end users. From vendor to distributor to Sler to end user, we have played an important role within this business flow. Slers handle the work of building company systems, but in the domestic market in particular there is a tendency to rely heavily on Slers who have many engineers. But Slers have to keep up with numerous technologies and there is a limit to their ability to find the optimal one for the user's needs from all the technologies available. This is why they need the support of distributors like us. In addition, for the vendors upstream, we are indispensable to delivering to users their products efficiently and appropriately.

Distributors are constantly looking ahead to find new technologies and must have the technological capabilities to accommodate them. This is especially true in the world of cyber security, where a cat-and-mouse game with hackers continues. The Company's Foresight is truly a strength. We look ahead at issues and backcast from there to introduce new technologies ahead of other companies. In addition, committing to one vendor in each area, we have established dedicated teams in sales and technology, and through this search for product knowledge, build trust with vendors and successfully provide added value to users. Moreover, we don't just sell products, we provide total support for maintenance and operations. And, when there is trouble, we provide robust support in which we face the problem directly and continue to respond sincerely. This is a point we have been commended for. By combining these elements, our several security products have earned track records of No. 1 in domestic sales, and as a security solutions distributor, I am proud that we play a prominent role.


Position as a Distributor

As a distributor we provide value to vendors, Slers, resellers, and end users.


Distribution channel



1 For the end user



2 For Slers/resellers



3 For vendors

Speedy and accurate response to maintenance issues

- For primary maintenance in Japan, can provide support in Japanese
- Started a knowledge site operated by TechMatrix for support in solving one's own problems at any time

Transfer of technical skills related to products and support for technology

- TechMatrix dedicated engineers provide building services and support
- Technical training by TechMatrix dedicated engineers for the system engineers at Slers

Accurately convey domestic needs and contribute to increased sales

- Understand vendor sales strategies and contribute to expanded sales in Japan
- Possess products and specialized knowledge equivalent to vendors, and support solution proposals for security issues

Market Environment and Issue Recognition

Strengthen responsiveness to evolving technologies

At the same time, there are issues. With a variety of environmental changes anticipated, including rapidly evolving technologies and new activity in the industry, securing human resources and strengthening systems to accommodate these changes is a major initiative. One change is the platformization of security. For security vendors to respond to more complex, advanced threats and lower their operating load, they are promoting platformization in the areas of application security, cloud security, and the upgrading of security surveillance centers. Platformization makes it possible to apply an integrated security policy, rapidly detect and respond to threats, and strengthen and raise the efficiency of risk management. At the same time, engineers require a broad range of knowledge and skills spanning multiple technical areas, including security, networks, and clouds. However, there are a limited number of engineers with this combination of skills, and education and training are an important issue. Platformization does have issues, such as the scarcity of engineers, but it brings about opportunities for cross-selling

and upselling, and it constitutes a major business chance, so the Company will continue to make investments to strengthen its engineers. In the area of network security, which has high growth potential, many distributors are entering the market, so to win out with greater competition, investment has become more and more important.

In addition, there is also the matter of responding to cloud natives. In the realm of cloud natives, networks have also been converted to software, so different technologies and skillsets than in the past have come to be necessary. Group company CASAREAL has a training program for cloud natives, so our engineers are also participating and learning coding and other technologies.

Looking back at the previous Medium-Term Management Plan, we were able to achieve our results targets thanks largely to cloud security products, where demand is increasing, but we recognize there are still issues. The added value we ourselves provide is not enough. In particular, we see that advancing security-related operation and monitoring service (TPS) and the expanding of their sale as important factors for continuing to be selected as a distributor, and in the new Medium-Term Management Plan, we will seek further evolution, including through the use of AI.

Direction of New Medium-Term Management Plan

Focused on expanding the portfolio by making “Foresight” an organizational quality

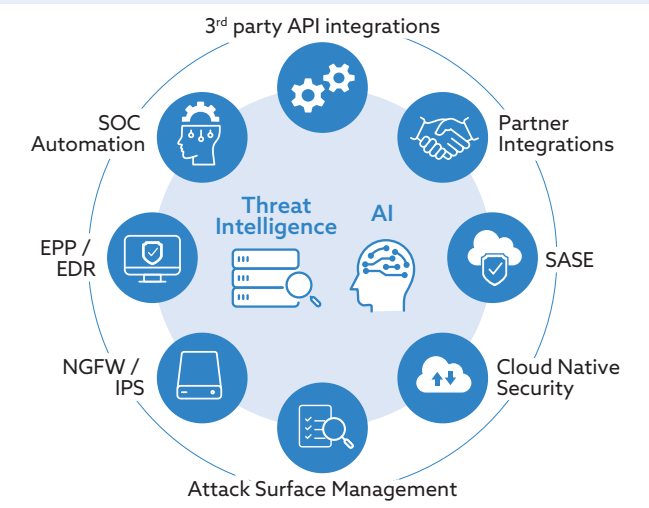
In the new Medium-Term Management Plan, “Creating Customer Value in the New Era,” which recently started, there is no change to the assumption that cloud security products will continue to drive growth and results. The revenue model is based on accumulation through subscriptions, so cloud security products are expected to increase product sales and steadily increase the level of earnings. At the same time, we’ve set a conservative target for the operating profit margin. This is because we plan to invest in bolstering support systems and strengthening engineers, and, further, in testing facilities in response to new technologies. Support quality and proposal capability (technical capability) are key points when customers and partner companies select a distributor. I say accumulation of revenue through subscriptions, but there is no guarantee that transactions will continue. We plan to invest in securing and training personnel so that our support system remains robust even as we grow in scale and also invest in AI utilization to increase the efficiency of that support.

At the same time, our strategic initiatives are to respond to the issues I’ve just raised and also to expand our portfolio and bring about success for our customers. We also have our sights set on overseas expansion. We see portfolio expansion as a medium- to long-term theme indispensable to our sustained growth, and we launched a dedicated organization this year to this end, the Solution Development Section. I don’t deny that “Foresight” is an individual attribute, but, going forward, in order to further develop our business, we need to make “Foresight” an organizational quality and must discover new technologies in order to win the competition with other distributors. Customer success is tied to “Customer Value” in the title of our new Medium-Term Management Plan, and for the success of our customers we will provide support so that our solutions are utilized to the maximum extent. As a part of this, we created partner account engineering teams. We help provide value to the end user by assigning a dedicated system engineer to each partner, which not only helps continue the transaction but also leads to upselling and cross-selling.

Regarding overseas expansion as well, we are considering expanding into the ASEAN region, which is experiencing remarkable economic growth, and over the next three years we intend to reveal a concrete direction.

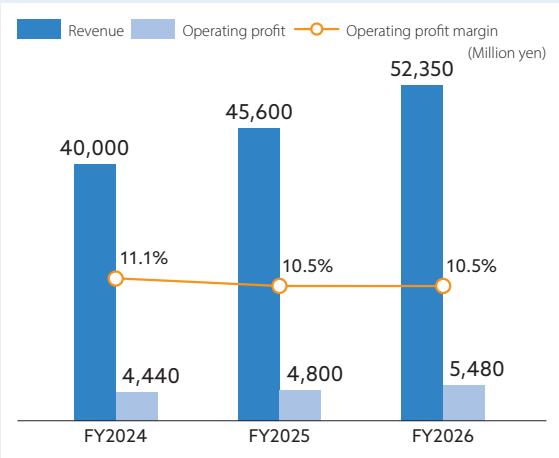
Security Platformization

The current mainstream in security measures is defense in depth, but there are major issues in coordinating, managing and operating between products. Security platformization utilizes cloud-based threat intelligence and AI to make comprehensive risks visible and allow them to be evaluated. This makes it possible to quickly respond to attacks. This also raises the efficiency of operations, and the security team can utilize resources more effectively.



New Medium-Term Management Plan Targets

- Planning active investment to strengthen support systems
- Considers exchange rates, whose outlook is unclear



POINT

The strengths of the Information Infrastructure Business are responsiveness to technology as a distributor and across-the-board support.

The main issues are human resources development and improving skills as technology evolves.

The new Medium-Term Management Plan aims for growth of cloud security products, portfolio expansion, strengthening customer success, and overseas development.

Application Services Business Unit



Strength in Business know-how specialized in specific markets
Will aim for sustained growth through business expansion in the ASEAN region and development in the education sector.

Takeshi Suzuki

Director, Senior Operating Officer,
 Head of Application Services Business Unit and Manager of CRM Solutions Division

Strengths of the Application Services Business

Providing best practices in specific markets

The Application Services Business Unit conducts the CRM business, which supports improvements to productivity and customer experience at contact centers, the software quality assurance business (SE business), which supports software development, the business solutions business (BS business), which assists risk management operations at financial institutions and supports DX at companies and government agencies, and the EdTech business, which supports the revitalization of communication and learning with new quality in school education. We solve issues faced by customers, such as raising productivity and improving processes. The Medical System Business was spun off from the Application Services Business Unit in the fiscal year ended March 31, 2022 and made a new independent segment.

Our strength lies in having accumulated Business know-how in specific markets and implementing it as application functions. For example, the contact center system we developed ahead of other companies has a top-class record of installations. Through these numerous installation examples, we identify common issues and repeatedly improve functions by incorporating their solutions into products, which are provided as best practices. In addition, customer satisfaction is high and the services are deeply embedded in day-to-day operations, so cancellation rates are extremely low. I think this is a major characteristic of our business.

Looking Back on the Previous Medium-Term Management Plan

Established revenue foundation via a shift to subscription-based model and strengthened strategic coordination

In the previous Medium-Term Management Plan, we made a major change by switching to a subscription-based business model, which temporarily delaying the timing of revenue recognition, and we started in the initial year with a loss. However, recurring revenue steadily accumulated and in the final year we were in the black. Also, in terms of strategy, we were able to produce results for the future, including a business alliance in the AI sector. We formed an alliance with Mobilus, which is particularly strong in non-voice (chat, LINE, bots, etc.) and the generative AI field. The alliance accommodates the rising need for switching to non-voice and process automation at contact centers (CRM business), and will strengthen the Company's competitiveness. In the SE business, demand for test tools to assure software quality remains firm, and we are especially capturing demand for in-vehicle software related to the introduction of IT in automobiles. Furthermore, financial system-related projects in the BS business were integrated into Group company ARECCIA Fintech Corp. in July 2023, and a system was created to pursue synergies for financial DX support utilizing fintech solutions, for which demand is increasing.

At the same time, an issue is our relatively slow expansion of the CRM business into the ASEAN region compared to

expectations. We are laying a foundation by equity investment in local companies and establishing local subsidiary, but these moves have yet to produce results. In addition, in the EdTech business, we have had some success with progressive private schools, but installation at public schools is still sometime in the future. Sales talks are increasing substantially, but it will still take some time before final decisions are made. Our biggest

issue when it comes to future business expansion is securing human resources. This is particularly true for AI technology. AI has become an elemental technology that is essential to increasing business efficiency and raising added value, so along with utilizing outside resources, securing human resources with expertise in AI is a major issue.

TOPICS

Capital and business alliance with Mobilus

Increase contact center productivity and raise customer satisfaction

TechMatrix

Top in Japan in CRM
 Strength in multi-channel centering on voice (telephone)

MOBILUS

Top in Japan in chatbots for corporations
 Strength in non-voice (chat/LINE/bots) and generative AI

Complementary

● Synergies

Marketing coordination (mutual marketing)
 The Company to sell Mobilus products on an OEM basis
 Mobilus to sell the Company's products as a sales agent

Marketing
 Joint implementation of advertising and sales promotions and cooperation in attracting customers

Product and service development
 Coordination between Mobilus products and the Company's products
 Joint research and new business development

Overseas business
 Sales of Mobilus products in the ASEAN region

Direction of New Medium-Term Management Plan

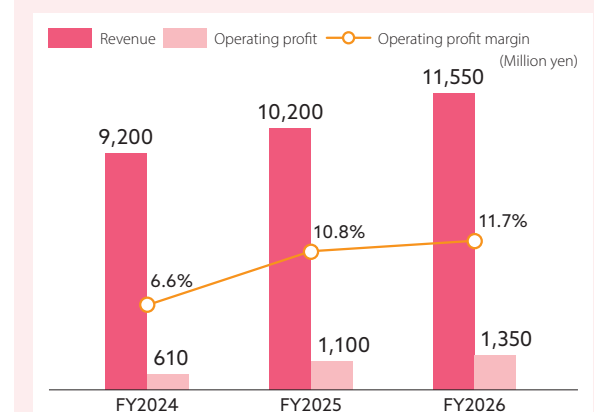
Accelerating growth strategy by strengthening human resources

The new Medium-Term Management Plan, which started recently, will further promote the subscription model. Revenue is expected to grow by approximately 1.4 times over three years and segment profit to increase by approximately 4.2 times. Major improvement is also expected in the profit margin, from 3.9% the previous term to 11.7%. We will work to raise revenue in the CRM business and also the EdTech business, SE business, and BS business. In addition, with regard to human resources, we plan to hire around 100 people over three years in the Application Services Business Unit overall. The centerpiece of our strategy consists of increasing the efficiency of contact centers using generative AI, expanding business in the ASEAN region, and fully expanding the EdTech business into public schools. We have positioned the ASEAN region, where economic growth is particularly remarkable, as pivotal to our medium- to long-term growth strategy. Based on issues made clear through the previous Medium-Term Management Plan, we will strengthen sales capabilities centering on TechMatrix Asia, a local subsidiary established in Thailand. Just like business in Japan, major players will be strong competitors in the ASEAN region as well, but we hope to verify the hypothesis that being at the top of a niche will be

effective in the ASEAN region, too. The Group is developing business overseas, centering on the ASEAN region and led by the CRM business. One of the basic strategies of the Medium-Term Management Plan is "Expanding business in the overseas market," and we will accelerate overseas development in other businesses as well. With the CRM business leading the way, we intend to establish a growth trajectory in the ASEAN region. In addition, in the EdTech business, which is in the investment phase, we will continue with upfront investment to expand functions, etc. and strive to boost revenue through full-fledged expansion into public schools.

■ New Medium-Term Management Plan Targets

- Promote shift to subscription-based business
- Smaller loss in the EdTech Business



Medical System Business Unit



Dominant share of cloud-based medical imaging systems
Developing a business to make the large amount of data we've been entrusted with beneficial to people's health and medical development

Yoshihisa Yoda
Director, Senior Executive Operating Officer,
Head of Medical System Business Unit

Strengths of the Medical System Business

Providing high value-added services through the shift to the cloud ahead of competitors

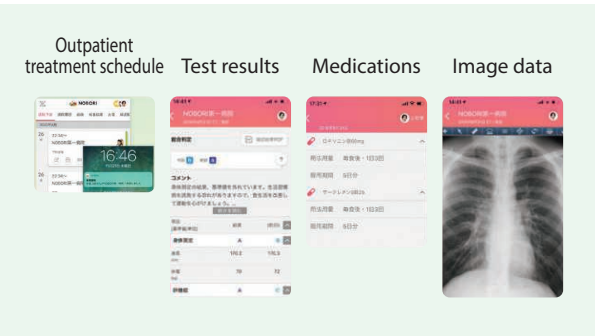
The Medical System Business provides medical-related services, including a medical imaging system (PACS) that allows medical information such as CT scans and MRIs to be managed and used. It became possible for private-sector companies to be entrusted with medical information in 2010, and in 2012, saving data from multiple facilities in virtual storage was permitted, as the cloud market for medical information was inaugurated. The Company's cloud service for medical information, NOBORI, was started in 2012 and cloud-based PACS has grown to make us a leading company with a market share of over 70% on the basis of the number of contracted facilities.

Our strength is having promoted the shift to the cloud ahead of other companies. Thanks to this approach, medical institutions are able to keep upfront costs for system installation down compared to the conventional on-premises model, and there are also merits in bringing about high added-value by adding on various functions and services. Also, in promoting the shift to the cloud, we utilize technologies in the Information Infrastructure Business, and providing a high level of security is a factor differentiating ourselves from other companies.

In 2022, through a merger with PSP Corporation, which sells an on-premises PACS, we became the No. 2 company in the

industry in the PACS market with a market share of 22%. Currently there are approximately 8,000 medical institutions in Japan, but that number is dwindling due to population declines. For this reason, our near-term target is to drive the shift to the cloud of the industry through business integration and further expand our market share. We are also focused on developing a personal health record (PHR) service targeting general consumers. PHR is a service that allows patients themselves to manage and refer to their own medical information, such as CT scans, MRIs, and other medical images, charts, and prescriptions stored by medical institutions. Through PACS the Company is entrusted with the data of around 53.00 million people (as of the end of June 2024), and we want to enable each person to use their data for their own health management when the data is returned to them and create a mechanism to help medical settings increase their efficiency.

Personal Health Record (PHR) Service
Targeting Individuals (patients)



Looking Back on the Previous Medium-Term Management Plan

New launch with the business integration and producing results for the future

Under the previous Medium-Term Management Plan, the period was impacted by special factors arising from the merger with the former PSP Corporation, and this had an effect on profits. But revenue grew steadily and we were able to exceed our final targets for revenue and operating profit. In addition, on the strategy side, we focused on post-merger integration (PMI) with the former PSP Corporation and launching PHR services, a new business. We believe we have produced a certain amount of results for the future. With regard to PMI in particular, we shared a common purpose while integrating development lines and repositioning personnel for the future. In addition, there are now around 250,000 users for PHR services thanks to coordination with Mynaportal administered by the government. PHR services have yet to reach the stage of profitability, but we are currently steadily spreading the service while closely examining the extent of their societal merits.

We began participating in digital pathology through a capital and business alliance with Medmain Inc. and established a joint venture with M3, Inc. to promote businesses using AI technology. We will focus on the results of these ventures for the future. Pathologic examinations involve using a microscope to examine tissues and cells extracted from the patient in order to diagnose cancer and other diseases. Thus far the main methods used though have not been digital. However, introducing AI technology has raised the efficiency of pathologic examinations, and the trend toward digitization is beginning.

Direction of New Medium-Term Management Plan

We will engage in the pathologic field and look to expand overseas, pivoting on the shift to clouds and PHR promotion.

Under the new Medium-Term Management Plan, we will complete PMI with the former PSP Corporation, which has been carried out in stages, and further accelerate the shift to clouds in the mainstay PACS business. Additionally, we will promote PHR services, which are expected to be a future pillar, participate in the pathology field, and, further, invest in overseas expansion. Over the three years of the plan, we will

move forward until the form these businesses will take comes into view. For this reason, the three years under the Medium-Term Management Plan are positioned as an important investment phase. A temporary decline in revenue associated with the shift to clouds and upfront investment in PHR services is expected to reduce profit for two consecutive years, but starting in the third year, recurring revenue will accumulate and under this scenario revenue and profit will both turn around and increase. The current ratio of recurring revenue is around 50%. Under the plan, we intend to raise it to 65% in three years and to around 80% in five years. Through this strategy, we will achieve further stable revenue growth.

A stable revenue foundation through the PACS business and the enormous amount of medical image data entrusted to the Company are important information resources. How can this data be used to enhance people's health and further develop medicine? We are thinking about business development from a long-term span of five to ten years from now. We aim to create social and economic value that only we can create and develop business that helps raise the quality of people's lives.

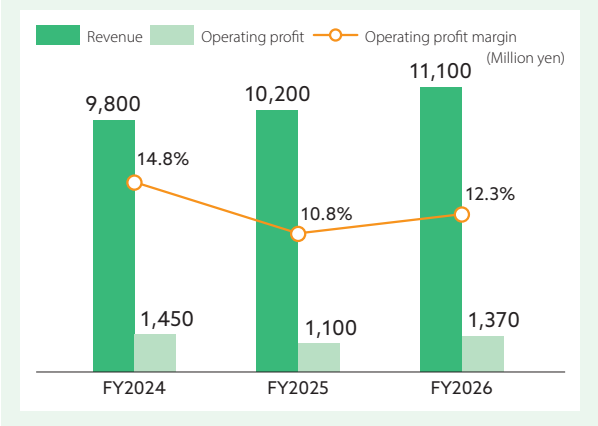
TOPICS Beginning to provide medical image data based on the Next Generation Medical Infrastructure Act, a first for Japan

Coordinating with the Life Data Initiative (LDI) and NTT Data Japan Corporation, PSP Corporation will begin providing medical image data in October 2024 as anonymously processed medical information based on the Next Generation Medical Infrastructure Act. Until now, LDI and NTT Data have provided electronic health records and insurance claim data, etc., but cooperating with PSP, a major player in cloud-based medical imaging systems, they will add medical image data to what they provide. This initiative is a first for Japan.

See here for the press release

New Medium-Term Management Plan Targets

Investment phase from FY2024 to FY2025 for increased revenue and profit in FY2026 and beyond





Yoko Nakamura

Executive Officer and Head of Corporate Headquarters, General Manager of Finance and Accounting Department, and Manager of D&I Promotion Office

Supporting sustainable growth through active and steady financial and capital strategies to achieve the Medium-Term Management Plan

The TechMatrix Group (the "Group") entered the final year of its three-year Medium-Term Management Plan "BEYOND THE NEW NORMAL" in the fiscal year ended March 31, 2024. Among the seven key strategies of the plan, we were particularly successful in promoting the expansion of existing business and the creation of new businesses through "Diverse alliances/M&As." In addition, the effects of the promotion of recurring revenue businesses that we have been pursuing also contributed to steady growth in our business performance, achieving record-high results of ¥53.3 billion in revenue and ¥5.8 billion in operating profit.

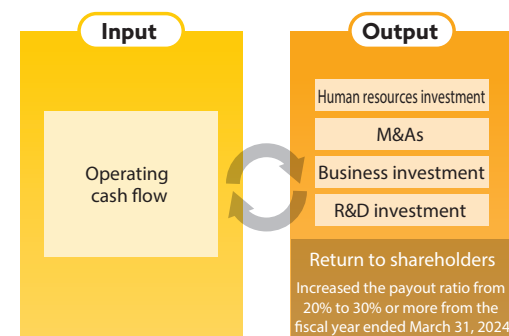
In the new Medium-Term Management Plan "Creating Customer Value in the New Era" that started in May 2024, the quantitative targets for the fiscal year ending March 31, 2027 are revenue of ¥75.0 billion, operating profit of ¥8.2 billion, and operating profit margin of 10.9%. The Group has achieved high profitability, with ROE (return on equity) of 17.4% for the fiscal year ended March 31, 2024, including 10th consecutive years of record profits. With the Mission Statement of "the IT professional group who create a better future," we will accelerate the expansion of business areas that are essential for the arrival of a new era, and provide more customer value with solutions to solve social issues. We will continue to actively invest in order to remain a company that creates a better future. At the same time, we will promote management with an awareness of the cost of capital, aiming to maintain a return on invested capital (ROIC) that exceeds the weighted average cost of capital (WACC), so that we can continue to gain recognition from the stock market for medium- to long-term earnings stability and growth potential. In order to meet the expectations of our stakeholders, we will work together to achieve the goals of our new Medium-Term Management Plan through proactive and steady financial and capital strategies based on disciplined management, and will strive to maximize our corporate value.

Cash Allocation

To promote management with an awareness of the cost of capital, the Group will effectively allocate funds while maintaining a balance with financial soundness. Among our investments, we place a high priority on investing in human resources. We will actively work to develop and retain highly skilled IT personnel as our investments in people who are the source of the Group's customer value and our strengths in foresight, technological capabilities, and ability to solve social issues. In addition, we will invest in a variety of ways to achieve growth. This includes investments to expand the products we handle, launch new services, and utilize AI, as well as investments in overseas business expansion, alliances, and M&As. Finally, we consider returning profits to shareholders to be an important issue as part of our efforts to increase shareholder value. The Company's basic policy on profit distribution is determined by comprehensively considering the balance between returning profits to shareholders and enhancing internal reserves. Our basic dividend policy was to maintain a payout ratio of 20% or more on a consolidated

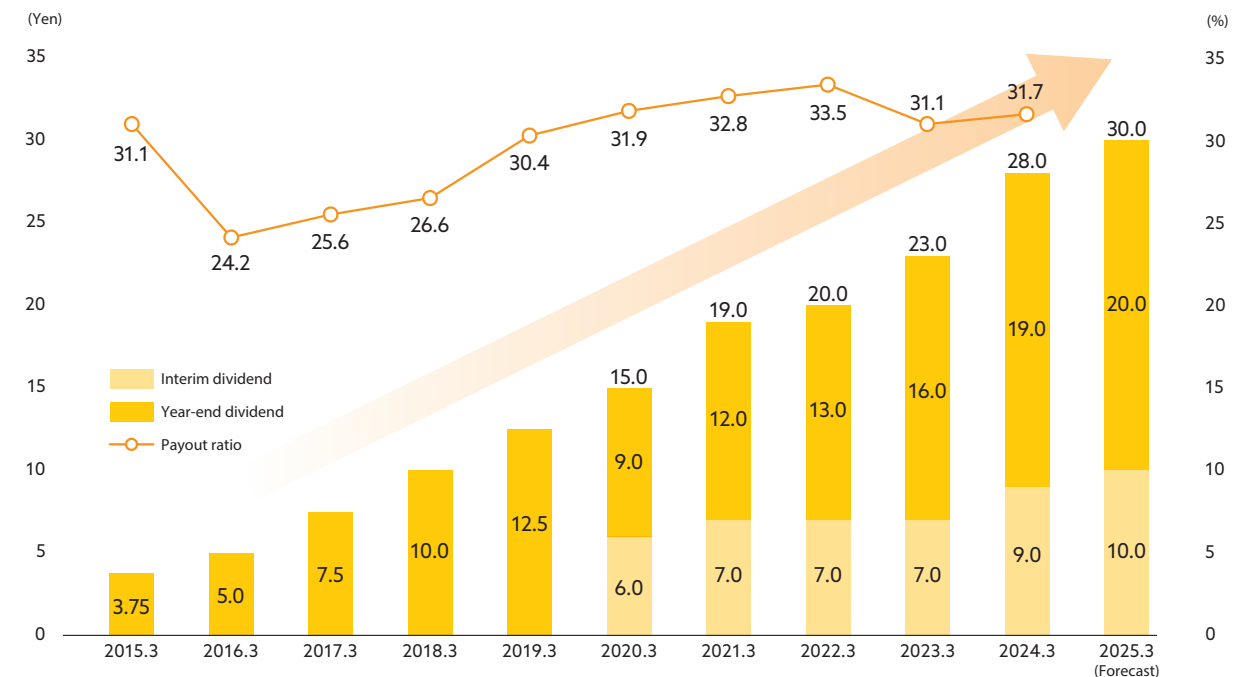
basis at the end of the fiscal year. From the fiscal year ended March 31, 2024, we have changed the basic policy to pay a payout ratio of 30% or more to further return profits to shareholders. The forecast dividend for the fiscal year ending March 31, 2025 is an annual ordinary dividend of 30 yen per share (interim dividend of 10 yen, year-end dividend of 20 yen), an increase of 2 yen per share. The Company plans to increase the dividend for the 10th consecutive year.

Achieving a cycle of sustainable corporate value improvement



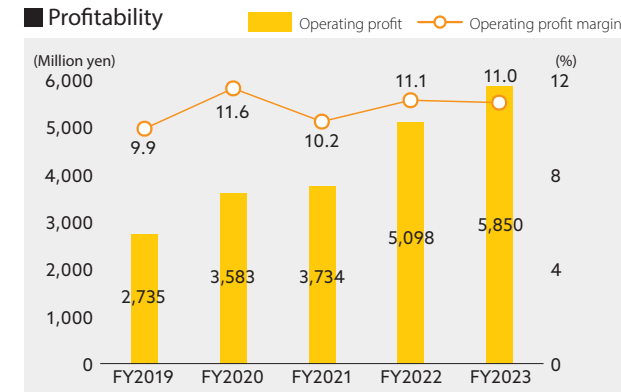
Dividends and payout ratios

The annual dividend increased for the ninth consecutive year in the fiscal year ended March 31, 2024. Aiming to increase the annual dividend to 30 yen per share in the fiscal year ending March 31, 2025 to achieve the 10th consecutive years of dividend increases in line with its shareholder return policy.

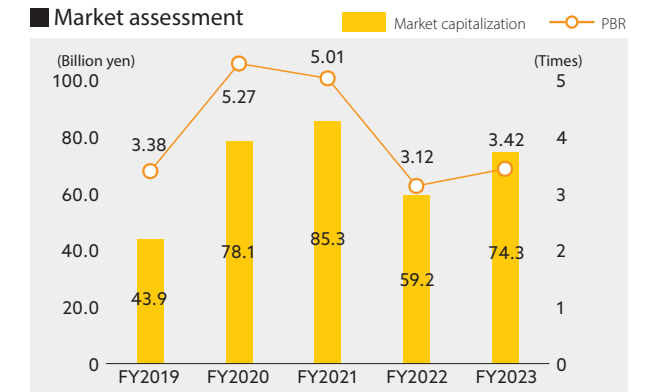


*As of March 1, 2017 and July 1, 2020, we conducted a 2-for-1 stock split. The actual dividend amounts for previous years are displayed based on the assumption that the stock split was conducted.

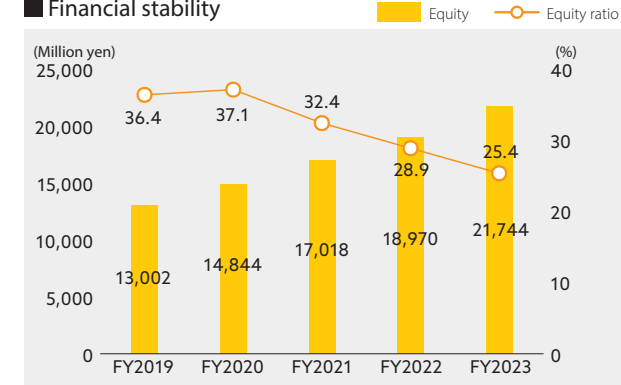
Profitability



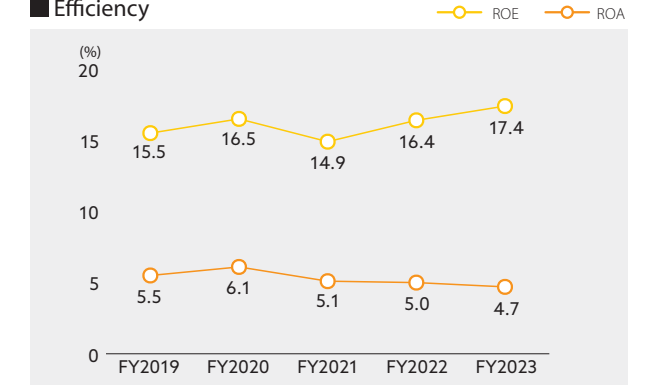
Market assessment



Financial stability



Efficiency

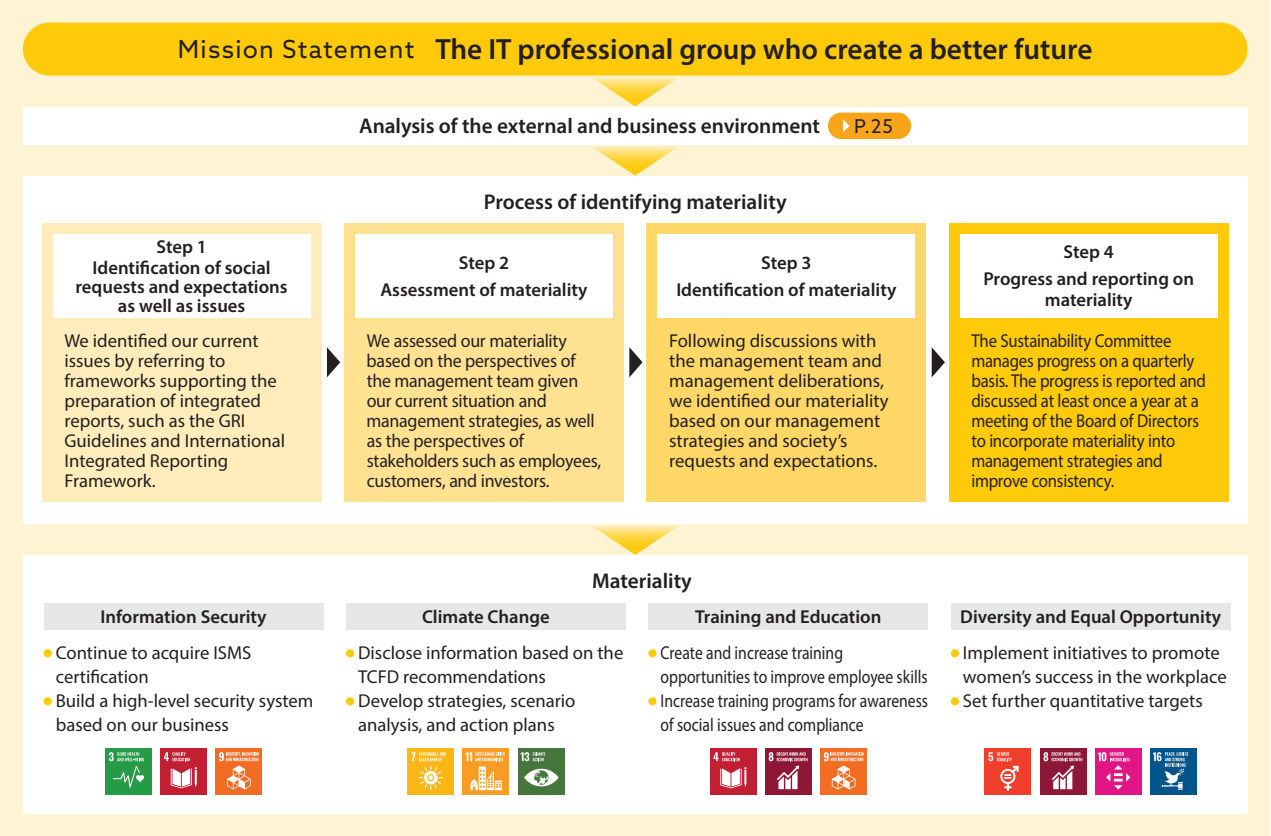


Materiality

Initiatives for Materiality to Promote Value Creation

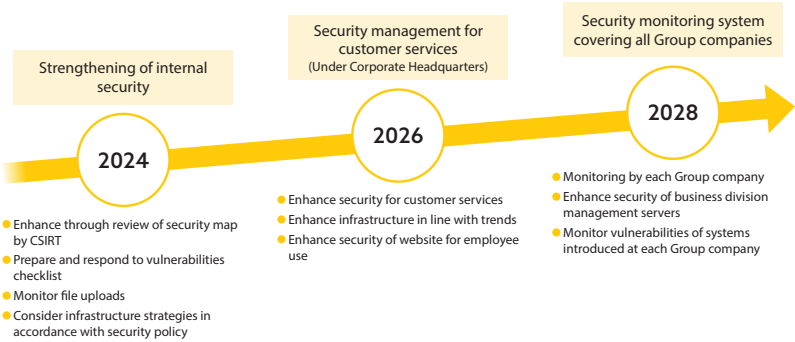
Starting from a macro trend analysis to extract social issues, we analyzed risks and opportunities for us and identified materiality that has a large impact on value creation. Identified materiality is also relevant to the Medium-Term Management Plan. We will reflect the materiality in our management strategies as issues that should be addressed to expand TechMatrix's medium- to long-term corporate value.

In addition, we understand that materiality is not only about important issues related to corporate competitiveness but about environmental, social, and other issues to fulfill responsibilities for and contribute to internal and external stakeholders.



Medium-to long-term security enhancement plan

With the promotion of CSIRT activities and the establishment of rules that are conscious of international standards such as ISO and NIST, the Company plans to achieve the strengthening of internal security by 2024, the strengthening of security for customers by 2026, and the establishment of a security monitoring system that covers all Group companies by 2028.



Initiatives for the strengthening of information security

In an IT society where new technologies are being created and adopted every day, extremely wide-ranging and rapid responses to change are also required in terms of security measures. As a business operator that receives important personal information from stakeholders, the Group implements ongoing initiatives for the strengthening of system security, such as technical measures based on the latest information, including the strengthening of system operation and monitoring.

Education and awareness-raising of information security

The Group believes that, for information security responses and information asset protection, it must heighten awareness of information security among all officers and employees and ensure thorough compliance with various policies. With this belief, the Company and its Group companies conduct education and awareness-raising activities regarding information security at each company. The Company supports the activities of individual Group companies through measures

Physical measures: Support for actualization of rules from physical aspects

- Management of information equipment transfer
- Restrictions on access to facilities and management of entry and exit to rooms (buildings)
- Secure management of highly important information with locks etc.

Technical measures: Support for actualization of rules from technical aspects

- Antivirus measures for information devices, hard disk encryption, and instalment of EDR tools
- Verification of vulnerabilities in public servers and strengthening of protection measures
- Monitoring and control of unauthorized access from outside and information leakage etc.

such as provision of information for educational content. The Company continuously provides all officers and employees with training on targeted email attacks to encourage them new awareness as well as to clearly define the channels for reporting such attacks, in its efforts to raise the level of security literacy of individual employees.

Compliance training ▶ P.60

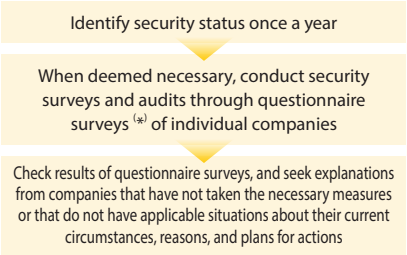
but on their affiliated companies. Against this background, the Company has launched initiatives regarding security measures that consider the entire supply chain, including subcontractors and suppliers.

Initiatives for suppliers

With the growing incidence of cyberattacks targeting supply chains in Japan and overseas in recent years, companies are being called on to strengthen their security measures in consideration of the impact not only on their own companies

Monitoring and review of services provided by suppliers

The Company identifies the security status of supplier companies at least once a year. When deemed necessary, the Company also conducts security surveys and audits through questionnaire surveys ^(*) of individual companies. The survey for the year ended March 31, 2023 received responses from all surveyed companies. As a result of the questionnaire survey, companies found not to have taken the necessary measures or not to have applicable situations, were asked to submit reports explaining their current circumstances, reasons, and action plans.



^{*} Survey of companies on external certifications obtained related to their protection of personal information and information security and on the status of their management of the protection of personal information (Questionnaire on Protection of Personal Information)

Materiality Climate Change

Reason for Identification

TechMatrix recognizes that preserving and conserving the global environment is the foundation of the sustainable development and growth of the Group's management. Based on this awareness, we have positioned measures to address climate change as one of our important management issues.

For this reason, we will disclose the progress of our initiatives in line with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations, as well as strengthen our efforts on climate change.

Information Disclosure Based on the TCFD Recommendations

1. Governance

Board of Directors' Oversight System

The Company recognizes that its response to sustainability issues, including climate change, is an important management issue, and it has established a system that enables the Board of Directors to exercise more appropriate supervision. The Sustainability Committee, which reports to the Executive Committee, the body responsible for overall business execution, manages progress on the response to

climate change. The Sustainability Committee works closely with the Corporate Planning Dept., which is in charge of environmental management, to supervise the climate change response measures and related planning at each division, headquarters, department, branch and sales office.

Sustainability Committee ▶ P.48

2. Strategy

TechMatrix's Climate Strategy

We have identified the risks and opportunities related to climate change and prepared climate strategies and action plans for risks and opportunities that have a particularly critical impact on our business. We have also conducted scenario

analyses of those risks and opportunities whose impacts are thought to be relatively large, using the 1.5°C and 4°C scenarios and other parameters.

Category	Risk/opportunity	Time horizon	Impact (response scenario)	Company-wide strategy	Business strategy Information Infrastructure Business	Business strategy Application Services Business
Physical risks (Acute)	(1) Hindrance of procurement by natural disasters, etc.	Short to Long	Estimate loss of net sales expected in the event of delays in supply of our hardware due to impact of floods caused by climate change	• Review BCP	—	—
	(2) Losses in the event of major system failure at a data center due to abnormal weather		No scenario analysis performed, due to low probability of occurrence, even though the impact would be major if it were to occur	• Formulate BCPs for data centers	—	—
Transition risks (Technology)	(3) Loss of growth opportunities and reduced net sales due to delays in responding to demand for decarbonization products and services	Medium to Long	No scenario analysis performed, due to assessment that financial impact would be small	• Participate in climate change-related initiatives • Promote green procurement • Products and services that contribute to reduction of GHG emissions	• Promote green procurement • Products and services that contribute to reduction of GHG emissions	—
Transition risks (Policy)	(4) Increase in procurement costs due to climate change-related initiatives	Long	No scenario analysis performed, due to assessment that financial impact would be small	• Participate in climate change-related initiatives • Promote green procurement • Promote energy-saving activities and achieve 100% use of renewable energy	• Promote green procurement	—
Opportunities (products/services)	Reduction of energy consumption by transitioning to cloud services provided by the Company	Long	• Estimate increase in net sales from impact of climate change • Estimate CO ₂ emission curbing effect of transition to the Company's cloud services	• Visualize volume of GHG emissions reductions from the Company's products and services • Achieve 100% use of renewable energy	—	• Visualize volume of GHG emissions reductions from the Company's products and services
Other	GHG reduction measures by the Company	Short to Long	—	• Reduce energy used in business activities • Initiatives for GHG emissions reductions across entire supply chain	—	—

Scenario Analysis

Risks Case Procurement hindered by natural disasters, etc.

In light of the possibility of delays in supply of products carried by the Group due to the impact of floods or other events caused by climate change, we estimated the amount of loss of net sales based on the IPCC AR6 and on the probability of floods occurring at our suppliers and customers.



For more information ▶

Amount of loss of net sales due to natural disasters

Scenario	2030	2050
1.5°C (Million yen)	3.9	4.3
4.0°C (Million yen)	5.4	9.2

Company-wide strategy Review BCP

The Company has set up structures to enable a response to various threats, including a large-scale earthquake or pandemic, across the entire Group, and we have strengthened our countermeasures, including the ability to continue business in western Japan in the event that the greater Tokyo area is struck by such a disaster. In addition, to respond to changes in the management environment surrounding the Company, such as the manifestation of risks in the supply chain due to such factors as natural disasters caused by climate change, we have established separate BCPs for each business division and operation.

Opportunity Case Reduction of energy consumption by transitioning to cloud services provided by the Company

Envisaging progress in the transition away from on-premise systems to the Company's cloud services with customers' growing needs for climate change countermeasures (CO₂ reductions) and operational efficiency improvements, we estimated the increase in sales due to the impact of climate change.

We also envisaged the future CO₂ emissions coefficient of grid power in Japan, based on the Energy Basic Plan, and estimated the CO₂ emissions reduction effect of the transition to the Company's cloud services.

Potential CO₂ emissions reduction effect of cloud services provided by the Company

Item	2030	2050
Sales opportunities for cloud services related to climate change (Million yen)	38,633	224,804
Cumulative CO ₂ emissions reduction effect of cloud services (t-CO ₂)	279	717

Company-wide strategy Visualize volume of GHG emissions reductions from the Company's products and services

Because the Company's products and services will remove the need for customers to own and manage server equipment and facilities, they can expect reductions in their power consumption. The spread of the Company's cloud services that contribute to the reduction of GHG emissions will contribute to the reduction of GHG emissions across society as a whole. The Group will make the amount of these products' contributions to our customers' GHG emissions reductions transparent through such means as regularly requesting and grasping information disclosures about our suppliers' carbon neutrality initiatives and contributions, and work to increase our business opportunities through these efforts.

Company-wide strategy Achieve 100% use of renewable energy

In addition to transitioning to carbon-free in Scope 2 by introducing renewable energy and promoting energy efficiency activities, the Company will contribute to the reduction of Scope 3 emissions by our customers.

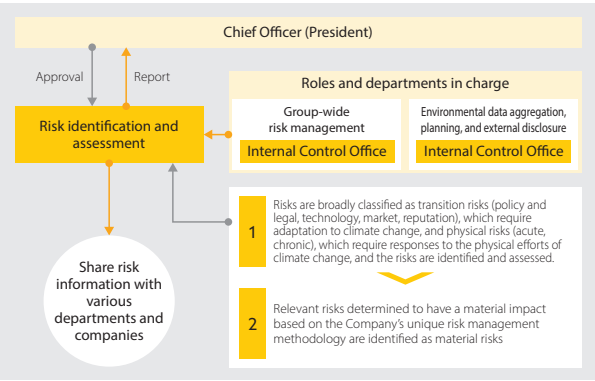
Future activity plans

FY	2024	2025	2026	2027	2028	2029	2030	2050		
Company-wide	Calculated group-wide Scope 1-3 emissions	Participate in climate change-related initiatives (Respond to CDP, set SBT)						Renewable energy: 50%	Renewable energy: 100%	
		Respond to CDP								
			Consider SBT							
		Research and analyze climate change-related trends								
		Research trends	Assess risks	Review systems	Regular research, analysis and review					
		Promote energy efficiency activities								
		Formulate reduction plans								
			Use the cloud	Improve operational efficiency						
			Switch to equipment and instruments with high energy efficiency							
				Visualize GHG emissions in each business division						

3. Risk Management

Identification and Assessment Processes for Climate-Related Risks

The Group conducts identification and assessment of climate-related risks that have a crucial impact on financial performance and strategy under the leadership of the Internal Control Office, which leads the Company's risk management, and the Corporate Planning Dept., which conducts environmental data aggregation, planning, and external disclosure. Following approval by the Group's Chief Officer (President and CEO), this risk information is shared with various departments and companies.

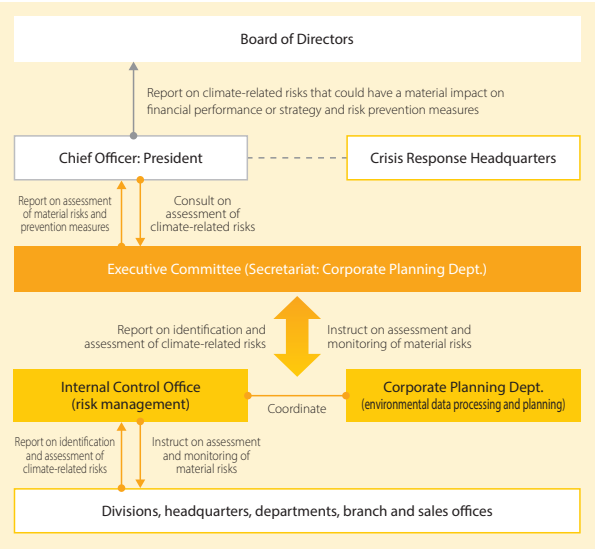


Risk Management Process

The Chief Officer consults with the Executive Committee (consisting of Executive Officers and Division Managers) on the assessment of climate risks, and the Executive Committee reports its assessment of material risks and risk prevention measures.

The Chief Officer reports on climate-related risks that could have a material impact on financial performance or strategy and risk prevention measures, as important issues that should be placed on the Board of Directors' agenda.

The Executive Committee shares the identified risks with various departments and companies, and each department and company considers specific individual response measures. The Executive Committee collects and monitors data on progress with these specific measures and, after verification (at least once a year), reflects progress in risk management activities for the following fiscal year.



4. Metrics and Targets

Targets used to manage climate-related risks and opportunities are as follows.

Please see here for the changes in metrics ▶ Changes in metrics ▶ P.64

Greenhouse Gas Emissions Target

Targets	Recognizing that responding to climate change is an important social issue, in 2022 we set a target of reducing CO ₂ emissions from the Group's business activities by 46% by FY2030*, relative to the FY2020 level*2.		
	Reasons for setting target value	SBT standard (1.5°C) : -4.2%/year x 10 years = -42% or more	Government target : -46% in FY2030 (versus FY2013)
	Scope of application	TechMatrix Corporation on a standalone basis * Plans call for expanding the scope of application by successively adding consolidated subsidiaries (covering Scope 1 and Scope 2)	

*1 The target year must be set between 5 and 15 years after the year the target was set (2022). (Here, the target year is provisionally set as 2030, 8 years after the target was set.)
*2 The base year was set as a year prior to the year the target was set (2022), in which data could be collected.

Net Zero Target

Targets	Of the Company's greenhouse gas emissions from its business activities, approximately 73% is from electricity, while the remaining roughly 27% is from the use of gas for air conditioning. These electricity and gas are used mainly at business sites (Head Office, branch, and sales offices). In the future, electricity used in business activities will be switched to electricity from renewable energy sources and any remaining greenhouse gas emissions will be offset by purchasing J-Credits, Green Energy Certificates, Non-Fossil Certificates, and so on. We have set a target of achieving carbon neutrality for all greenhouse gas emissions from business activities by 2050.		
	Reasons for setting target value	SBT standard (1.5°C) : -4.2%/year x 28 years = -117.6% or more	Government target : Carbon neutrality in 2050 (net zero)
	Scope of application	Company-wide (covering SCOPE 1 and 2)	

Materiality Training and Education

Reason for Identification

The technical domain of the IT industry to which TechMatrix belongs is so broad that no single company can cover all of it. A sustainable growth cycle of business creation and expansion can only be established by engaging with others, including business partners, mutually absorbing knowledge and

knowhow, transforming it to technology, and combining it. To do so, it is essential that individual employees of TechMatrix continuously improve their skills. For this reason, we recognize training and education as an important issue and are working on it.

Human Resources Strategy to Achieve Management Strategies

Basic policy

TechMatrix maximizes organizational capabilities while helping employees take on challenges and grow and achieving a rewarding organizational climate.

Three basic strategies

1. Develop human resources that play a central role in the future	Foster next-generation leaders
2. Achieve new communication styles and flexible workstyles to maximize the potential of employees	Improve productivity, ensure recruitment capabilities to be a workplace chosen by prospective employees, and maintain and enhance organizations
3. Promote diversity and inclusion	Enhance organizational capabilities by leveraging diverse human resources amid a shrinking working population and competition to secure human resources

Overview of human resources strategy



Policy on Human Resources Development

In order for the Group to grow sustainably, it is essential to increase abilities of each and every employee and support their growth to maximize the organizational capabilities. In other words, we believe that the human resources strategy is our management strategy itself. In particular, we position developing next-generation leaders who will lead our management and business as an important theme in our human resources strategy.

Major Initiatives

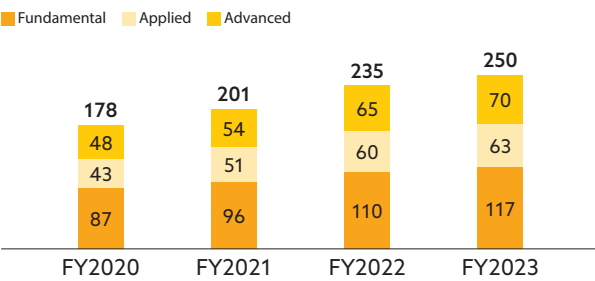
Advanced IT Human Resources

Based on the belief that the use of advanced and cutting-edge IT technology is the source of our business, we invest in our IT technicians to acquire advanced and cutting-edge skills and to accelerate the realization of our business strategy. In the engineer training, new graduates learn basic knowledge of IT infrastructure and development technologies, and learn technologies related to system development, networking, security, and other infrastructure in a hands-on manner through development exercises and other activities. In addition, each engineer is allocated an annual budget for education and training, and we actively utilize training opportunities provided by outside professional organizations to enable our engineers to acquire advanced and cuttingedge IT technologies and to respond quickly to changes in fast-moving IT trends.

Qualification Reward System and Support for Acquiring Qualification

We support the maintenance and improvement of technical skills by providing qualification rewards for those who acquire public certifications in various IT specialties and vendor certification in server, network security, and database, and establishing a support system for acquiring and maintaining qualifications.

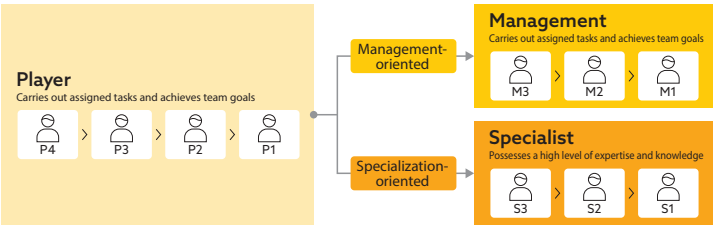
Number of Information Technology Engineer Examination Certificate Holders (persons)



Education and Training System of TechMatrix

Career steps

We have three major job classifications: “Player,” “Management,” and “Specialist.” After gaining experience in the Player position first, the employee decides whether to become a Management or Specialist, depending on his or her own characteristics.



Training system

We provide training to acquire the qualities required for each role at each layer, as well as training to acquire specialized skills, and support for certification acquisition by offering incentives and covering the cost of exam fees. Other follow-up programs include “follow-up training” for new employees, a “trainer system” and “on-boarding interviews.



New employee training



Career development support training

Player	Management
	Specialist
Member Acquisition of business and IT skills	Management Management skills, next generation leadership development, MBA
Leader Acquire the mindset and abilities needed to be a leader	
For all employees Compliance training, harassment training, diversity training	
Acquisition of specialized knowledge and skills Professional development, English language training (selected)	
Self-development support Assistance in acquiring qualifications	
Career development support Career interviews with supervisors, career training by age group, career consultant interviews	

■ Training system ■ Career development support

Career development support

We have supported our employees’ career realization, including a Career Challenge System to create an environment in which they can proactively develop a place where they can better demonstrate their abilities and experience, and a Career Design System to support the realization of each employee’s vision of what he/she wants to be. In FY2023, we held career development support training and career consulting interviews to provide examples of career

growth in the form of “career exploration and self establishment” mainly for a generation that is concerned about balancing work and childcare. We also conducted career interview support training for supervisors. Through these programs, we create opportunities for each employee to think about his/her own career, in order to continuously fulfill his/ her potential while balancing work and life events that may occur in each age group.

Message from General Manager of Human Resources Department

The utilization of advanced, cutting-edge IT technology is the source of our business. To continue providing value to our customers and contributing to the world, we are making various investments to improve our expertise. On the other hand, we believe that “being capable and resourceful” is essential for making good use of technology. Every employee works lively and fully demonstrates their abilities to make contribution. To achieve this cycle, it is essential to have leaders who support growth, draw out strengths, and lead the organization to success. For this reason, we are also strengthening our efforts to continuously nurture the next generation of leaders.

The IT professional group who create a better future

We consider human resource development to be a very important theme for realizing our mission statement through the fusion of IT technology and human power.



Masahiro Sawaguchi
General Manager of
Human Resources Department,
Corporate Headquarters

Materiality Diversity and Equal Opportunity

Reason for Identification

Regarding diversity in human resources, the Company believes that having diverse perspectives and values that reflect different experiences, technical abilities, and personal attributes within the Company will energize the organization, maintain flexibility, and enhance the Company's capabilities, thereby enabling the Company to achieve sustainable growth.

Policy on creating an internal environment

To increase abilities of each and every employee and support their growth to enhance the overall organizational capabilities, we consider it important to achieve new communication styles and flexible workstyles to maximize the potential of employees, as well as to design various systems and create an organizational climate. With an eye on the “new normal” era and workstyles, we have defined “TMX Communication Design.” Based on various actions and measures, we design communication styles and workstyles for a new era and reflect them in work systems and human resources strategies.

Continuing to Evolve Diversity and Inclusion

The D&I Promotion Office, established in 2022, is accelerating its efforts to raise awareness of diversity and inclusion and implement various initiatives every day under the slogan “Recognizing Differences, Driving Individuality,” which was chosen through an internal competition.

FY2023	Implemented career development support training Conducted career interview support training for supervisors Renewed the recruitment website Developed our organizational climate (Developed a guidebook)
FY2022	Established the D&I Promotion Office Conducted D&I awareness surveys Conducted workshops
FY2021	Launched the Women's Empowerment Project Conducted unconscious bias questionnaires and interviews for women

Initiatives to Promote Women's Success in the Workplace

We regard diversity and equal opportunity as one of our materiality (key issues) and are actively working to promote diversity, for example, the creation of a comfortable working environment and a rewarding organization. Specifically, we have been promoting diverse work styles, such as flexible working hours and working from home, creating an environment that facilitates balancing work and childcare, and providing training to support autonomous career development. For these efforts, we have been recognized as a “Platinum Kurumin” company.

*There are 635 companies certified as “Platinum Kurumin” companies in Japan (as of May 31, 2024).

Percentage of childcare leave taken

*Percentage of employees who took childcare leave among those who had children born during the year.

Gender	FY2020	FY2021	FY2022	FY2023
Men	27.3%	45.8%	59.1%	72.2%
Women	100%	100%	100%	100%
Total	72.7%	58.1%	73.9%	79.2%

Creation of an Organizational Climate

Development of guidebooks and distribution of newsletters

We have developed a guidebook for fostering an organizational climate that includes specific actions and advice to help all employees have a common understanding of diversity and inclusion and build better communication. In addition, we regularly publish a newsletter that provides information on diversity and inclusion to report on the activities of the D&I Promotion Office.



Platinum Kurumin:
Certification mark for companies
that provide childcare support



Tomonin:
Certification mark for
companies that provide
nursing care support

Ratio of women in management positions and women employees

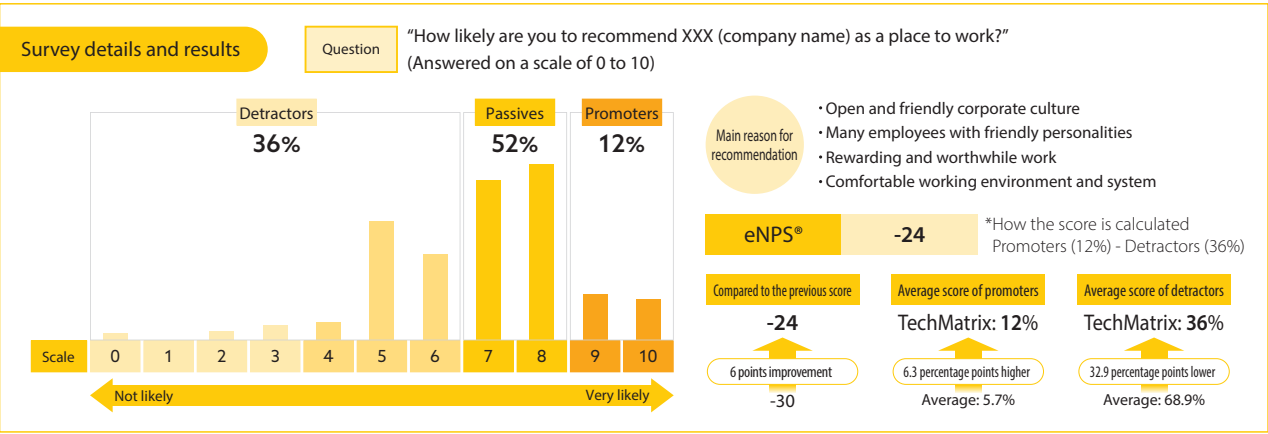
Metrics	FY2023	Target (FY2030)
Ratio of women in management positions	5.3%	20%
Ratio of women employees	25.8%	30%

Employee engagement survey (eNPS®)

We conduct monthly pulse surveys for our employees, looking to resolve mental and physical issues, as well as workplace interpersonal relationship issues, at an early stage by detecting and addressing them promptly. In addition, an organizational survey is conducted once a year to analyze the current state of our organization, environment, and climate and culture. The results are disclosed to all employees and reflected in

measures for improvement. We have adopted the Employee Net Promoter Score (eNPS®) as an indicator. For two consecutive years (FY2022 and FY2023), we have achieved a score that exceeds the industry average. We will continue to maintain scores exceeding the industry average and to continuously improve employee engagement.

*Net Promotor Score® and its abbreviation NPS are registered trademarks of Bain & Company, Inc., Fred Reichheld, and NICE Systems, Inc.



Sustainability Committee

Excerpts from the FY2023 Sustainability Committee discussions (held four times)

- July 7, 2023**
- Positioning of the Sustainability Committee and frequency of meetings
 - Future activity schedule (Climate Change)
- September 29, 2023**
- Establishment of a system for collecting information within the Group companies and the Company
 - Reporting of the results of calculating and analyzing Scope 1 to 3 (TechMatrix Corporation on a standalone basis) CO₂ emissions and calculating CO₂ emissions at Group companies (Climate Change)
 - Disclosure policy for the ratio of women employees and women in management positions, etc. (Diversity and Equal Opportunity)
- December 25, 2023**
- Policy for formulating strategies for information security (Information Security)
 - Report on activities to support career development for increasing the ratio of women employees and women in management positions (Diversity and Equal Opportunity)
 - Measures to improve the accuracy of the aggregation of hours of training attendance (Training and Education)
- March 27, 2024**
- Proposal for expanding disclosure (Information Security)
 - Report on completion of measures to improve the accuracy of the aggregation of hours of training attendance (Training and Education)
 - Report on the results of analysis after implementing career development support to improve the ratio of women employees and women in management positions, report on the renewal of the recruitment website, report on the creation of a guidebook for fostering an organizational climate (Diversity and Equal Opportunity)
 - Progress of formulating strategies and action plan and scenario analysis (Climate Change)

