

Through active investment for growth, we will create new corporate value and realize returns to our stakeholders



Takaharu Yai
President and CEO

On My Appointment as President

Starting a new presidency, carrying on the Company's achievements and creating new value

My name is Takaharu Yai, and I was appointed President of TechMatrix on April 1, 2024. While I was certainly not without concern about the prospect of taking over from the former President, Takashi Yuri, who had served in that position for 24 years, as I reassessed the value of the Company's existence, where its strengths lay, and what kind of challenges it faced, and the answers to those questions became clear, my determination to carry on the Company's achievements to date and demonstrate my own unique qualities to create new value became even stronger.

To give you a brief outline of my own career to date, after graduating from university in 1988, I joined Nichimen Corporation (currently Sojitz Corporation), from which TechMatrix would later be born, where I began my career working in accounting for the sales division. In 1993, I was seconded to Nichimen Data Systems (later renamed TechMatrix Corporation), where my career included working in what is now the Application Services Business and a posting to the United States to search for new products. I then spent many years working in the area of cybersecurity. Looking back, I do feel that there is great significance in the wide range of experiences I was able to gain.

At TechMatrix, the Personnel Committee, which has a majority of Outside Directors, draws up proposals for officer appointments, which it recommends to the Board of Directors. I understand that the reasons for my appointment as President were my roles in discovering new technology, such as Palo Alto^{※1} products, and launching new businesses as the officer responsible for the Information Infrastructure Business, and in stabilizing and increasing revenue through the promotion of subscription services and other initiatives. While some products were failures, I thrived even on those experiences. The way in which I constantly placed myself at the cutting edge to cultivate the "Foresight" that is one of TechMatrix's strengths is one of my valuable assets. I also believe that my focus on increasing the numbers was another reason for my favorable evaluation. For example, I pride myself on possessing twice the skills and mindset for working out schemes and conditions to increase revenue, including complex problems

※1 Palo Alto Networks

such as exchange rates and finance, when deciding on transactions. Going forward, I will continue to focus on embracing new challenges and generating profits. The generation of profit will enable us to deliver returns to our stakeholders, as well as make investments for our next growth. I believe that it is my role, as the top executive, to keep that ecosystem revolving to further enhance corporate growth.

Foresight x Business know-how

Making use of our strengths in pursuit of high customer satisfaction

TechMatrix's strengths can be summarized by the two expressions, "Foresight" and "Business know-how." This is a recognition that has been shared within the Company since the time of my predecessor. "Foresight" includes both the ability to bring in new technologies and the ability to discover social issues. Then, we leverage our "Business know-how" to solve those issues. That know-how is something that we have accumulated with a focus on particular industries, namely CRM (call centers), medicine, and education. For example, in the medical field, we currently do business with over 6,000 medical institutions. Consequently, as well as being highly knowledgeable about the business, we also understand well where issues are to be found, so instead of listening to customers' requests and solving them by contracted development on each separate occasion, we deliver the functions they need as a package of applications. In doing so, we are able to offer customers value that exceeds their expectations. I believe that the fact that we possess both an information infrastructure and applications is another of our strengths. Whenever we have sought to start a new business, because we already possess the basic skills and knowledge, such as what kind of infrastructure is needed, what security measures to take, and what to use as development tools, all that remains is to concentrate on the areas that specialize in services that go beyond those basics, and we can build a solution from there. This represents a significant strength. Further, in both the medical and educational fields, we have succeeded in rolling out cloud-based subscription services, so we can leverage that success when starting up new businesses. The speed that this gives us in launching new businesses is another strength.



Looking Back on the Previous Medium-Term Management Plan

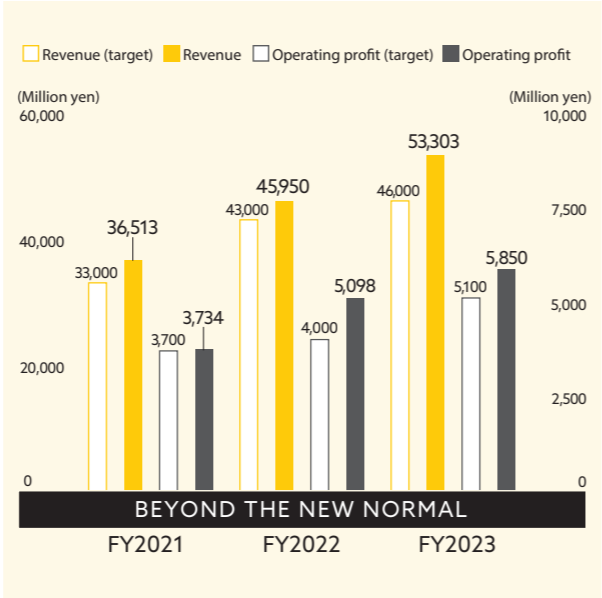
Breaking new records for business performance and accelerating the challenges we undertake into the future

In the previous Medium-Term Management Plan “BEYOND THE NEW NORMAL” that ended in the fiscal year ended March 31, 2024, I was in a position to oversee the entire plan, both as the person responsible for the Information Infrastructure Business and as a member of the Board of Directors. If we look back at the past three years, while we encountered a variety of external changes, including the impact of the COVID-19 pandemic, my recognition is that, overall, we were able to expand our business smoothly. In the fiscal year ended March 31, 2024, the final year of the plan, both revenue and profit reached record high levels for the second year running, greatly exceeding the plan’s initial targets. Advances in DX and increased awareness of cybersecurity have quite clearly been boons for TechMatrix, and it was our ability to capture that demand firmly that boosted our business performance. In addition, we achieved a steady increase in our recurring revenue ratio (TechMatrix + PSP Corporation), which we place particular importance on, to 73.0% (up 4.4 pts from the previous fiscal year) as a result of promoting the shift to cloud services. In particular, the recurring revenue ratio of the Information Infrastructure Business rose to 82.3%, exceeding the initial plan. This was due to the growing demand for cloud-based security products.

On the strategy front as well, in addition to structural reforms such as “expanding our portfolio of products and services,” “accelerated servicization,” and “use of data (including use of AI),” we also engaged in business expansion through “alliances/M&As” and “strengthening of overseas business.” I believe that these efforts have produced results that will lead us into our next achievements. In “alliances/M&As” in particular, the merger with the former PSP in the Medical System Business (undertaken in 2023) provided a major impetus for expanding our market share in our core market of medical imaging systems (PACS), as well as for the acceleration of PHR^{※2} services and AI business, which will be our growth drivers in the years ahead. We are making careful, gradual progress with PMI since the merger, and the systems are now in place for strategic investments and business expansion under the new Medium-Term Management Plan. We have secured a number of strategic alliances in our individual businesses, most of which are aimed at the utilization of AI. We have positioned AI as the central axis of future technologies, not only for the improvement of productivity and efficiency, which is a challenge faced by all manner of industries, but also for the creation of new value.

On the other hand, one issue that can be mentioned in terms of the plan’s results is that we did not make as much progress as expected in the “strengthening of overseas business.” Our plan is to focus that expansion on the ASEAN

Achievements of the Previous Medium-Term Management Plan



*Plans for FY2022 and FY2023 were adjusted in FY2022

region, and we have pursued this mainly through capital alliances with local companies. However, we have realized that this will not be enough to build an adequate promotion structure, and for this reason, we will take firm measures to address this issue in the new Medium-Term Management Plan. In addition, with regard to the Information Infrastructure Business, I have a sense that we are still not providing sufficient value on our own part, such as with security-related operation and monitoring services (TPS), for example. In the EdTech Business as well, while we have built up a track record with communications platforms and the like, at this point in time, our business is concentrated on progressive private schools, and we have yet to approach the public school sector, which has an overwhelmingly larger number of schools.

Direction of New Medium-Term Management Plan

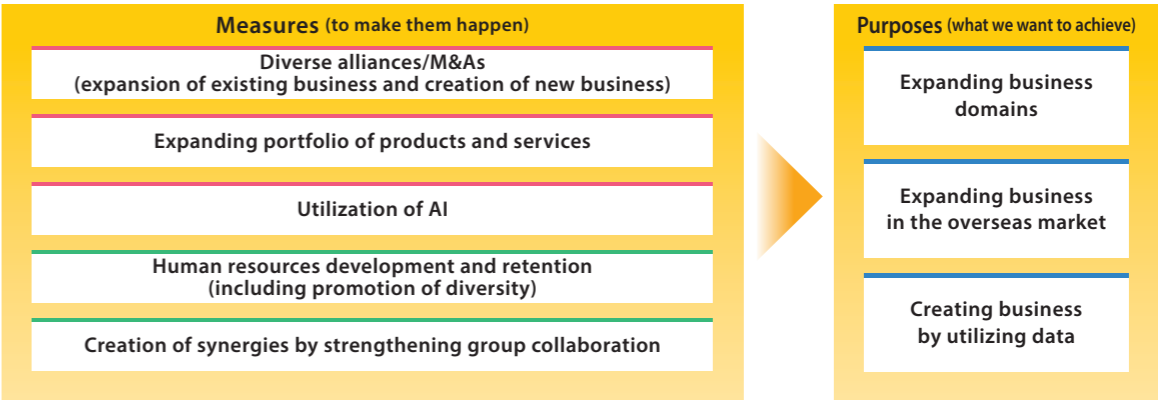
We will promote the utilization of AI and overseas expansion, with customer satisfaction at the core

With “Creating Customer Value in the New Era” as the slogan for the new Medium-Term Management Plan, our basic strategies will be “expanding business domains,” “expanding business in the overseas market,” and “creating business by utilizing data.” Our policy under these strategies will be to realize sustainable growth in each business and to build the foundations for the future. The “Customer Value” in the slogan refers to value as it is sensed by our customers. We believe it to

be the value sensed by customers not only from our provision of the latest technologies and solutions, but from all contact points with our customers, such as when customers actually use those technologies and solutions to solve their issues and when they experience outcomes that exceed their expectations. In that respect, our generous support of our customers lies at the heart of customer value, and it is an element that has long been appreciated as one of TechMatrix’s virtues. For this reason, to ensure that we do not forget those beginnings even as we enter a new era, we have incorporated that determination into the plan’s slogan.

In terms of how the new Medium-Term Management Plan differs from the previous one, there are no major changes in the direction we are headed. In light of the various issues and areas that we should strengthen further to expand our business over the medium to long term, we intend to focus our efforts on the utilization of AI and overseas expansion in particular. Regarding the utilization of AI, we will go beyond solutions to issues and connect it to the creation of customer value in the area of operations beyond that. TechMatrix has “Business know-how” in our focus markets, and we know where we should put AI to use and what to automate and streamline. For example, when operators at a call center receive and respond to inquiries, both the inquiries and the responses are accumulated as data. Therefore, if we utilize AI in that area, the next time an inquiry is received, it will be possible to generate a response automatically. Also, in medical imaging systems (PACS), because we hold enormous volumes of medical image data, the utilization of AI will be of immense benefit in for example, discovering diseases or reducing oversights at medical institutions.

Basic Strategies of New Medium-Term Management Plan



※2 Personal Health Record

Meanwhile, in light of the maturing of the Japanese market, we will engage in overseas expansion in earnest, with a focus on the ASEAN region, which is exhibiting conspicuous economic growth. During the period of the previous Medium-Term Management Plan, we established a local subsidiary in Thailand, TechMatrix Asia, so we will pursue further business expansion that is firmly rooted in the region with our local staff. We have started with the CRM field, but we are also planning to expand our Medical System Business with PACS, as well as PHR services, the adoption of which is actually ahead of Japan.

Financial Policy

Making strategic investments while maintaining financial soundness

We will actively invest in the Medical System Business and EdTech sector, which are still in the investment phase, as well as in the strengthening of support frameworks for the CRM and Information Infrastructure businesses. Regarding the Medical System Business, we have positioned the first two years as the investment phase, and in addition to staff increases for systems integration with the former PSP Corporation, the shift to the cloud for PACS, and business expansion, we will make strategic investments in areas such as pathology, radiation dose management, utilization of AI, and overseas expansion, which will lead to the acceleration of growth in the final year of the plan and beyond. In the EdTech area, we have plans for the strengthening of functions. Investment in the CRM and Information Infrastructure businesses will include the utilization of AI. Also, in terms of buying time, we are considering M&As as a growth strategy option, primarily in the overseas business.

Regarding the size and allocation of investments, while maintaining a certain level of financial discipline, such as equity ratio at least, our policy will be to make priority investments in areas that have major potential for future business expansion. While we envisage a temporary impact on earnings depending on the timing of such investments, basically, as our recurring revenue ratio increases, profit margins will also improve, so we will enhance corporate value while keeping an eye on recurring revenue ratio, operating profit margin, and ROE levels. In terms of shareholder returns,

we have promised a payout ratio of 30% or above, and we hope to realize an increase in dividends as a result of profit growth.

Sustainability Initiatives

Focus on strengthening of human capital for sustainable growth

The very root of TechMatrix's business lies in identifying social issues and providing solutions. As our materiality, which includes TechMatrix's own sustainability, we have identified four material issues, namely "information security," "diversity and equal opportunity," "training and education," and "climate change," and we are proceeding with various initiatives. In particular, "diversity and equal opportunity" and "training and education" are key themes in terms of the human capital that will support TechMatrix's own sustainability. When we consider the utilization of data, including AI, and overseas expansion that we will embark on in the years ahead, competition for talent is intense, and we understand that we are not in a position to secure ample human resources. In our corporate culture, a willingness to learn is valued, and I believe we offer rich opportunities for self-improvement. Accordingly, in addition to our various training programs, including approaches to career and fostering of engagement, we hope to develop people who will be able to contribute to the Company and, by extension, to society.

Regarding governance, I have been involved in this area as a member of the Board of Directors. With respect to the effectiveness of the Board of Directors, in addition to the depth of the members' abilities and the breadth of their knowledge, the greatest feature of the Board is that it is well-balanced as a whole. We have specialists in a range of fields, including legal, finance, business development, D&I, and internationalism, so we receive valuable opinions from a variety of perspectives. In addition to the Board of Directors, we have also established forums for discussion of specific medium- to long-term topics, where lively debate takes place.

Regarding climate change initiatives as well, in May 2024, we conducted a scenario analysis of the climate change-related risks and opportunities that would affect our business and calculated their financial impact. Based on the analysis and calculations, we formulated and disclosed company-wide and business-specific strategies. In addition, to achieve our

target of switching to electric power generated from renewable energy for 50% of our power consumption by FY2030, we have formulated specific action plans for each year and disclosed them on our website and in our integrated report. We have positioned response to climate change as one of our key management issues, and as such, we will move steadily forward according to those action plans.

To Our Stakeholders

"Think of ways that it can be done"
Practicing forward-looking management

As I mentioned at the beginning, I believe that my role is to keep the ecosystem revolving through proactive investment to realize sustainable growth, returns to our stakeholders, and, further, contributions to society, all at the same time. I am resolved to make that cycle larger as a way of enhancing corporate value. I value the concept of "instead of looking for reasons why something can't be done, think of ways that it can

be done." So that, in years to come, when people look back on my tenure as president, they will rate it as a period that provided a trigger for both the Company and each of its employees to grow. I hope that I will achieve my own personal growth, and I hope I may rely on your continued support.



TOP Message POINT

- Takaharu Yai, who was previously in charge of the Information Infrastructure Business, was appointed President in April 2024.
- The previous Medium-Term Management Plan achieved record-high business performance.
- In the new Medium-Term Management Plan, we will promote utilization of AI and overseas expansion and conduct strategic investments while maintaining financial soundness.
- Strengthening of human capital and climate change response will be the focus of sustainability initiatives.
- Emphasis on "thinking of ways it can be done" to realize returns to stakeholders and social contribution.

PROFILE

Yai spent his university years on study and many different casual jobs, during which he discovered joy in the manifestation of effort and outcome in numbers. Leveraging that experience, he joined Nichimen Corporation (currently Sojitz Corporation) with the aim of working in sales. Although he was unexpectedly assigned to an accounting-related department, what he learned there would later become an invaluable asset. He was seconded to Nichimen Data Systems (now TechMatrix) and later experienced an 18-month overseas posting in the United States. This presented an opportunity to broaden his horizons and led to his active involvement in the security business on his return to Japan. After leading TechMatrix's information infrastructure division for many years, he was appointed President in April 2024.