

# Results for the 3rd Quarter of 39th business period (Fiscal Year Ending March 31, 2023)



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February 14, 2023

TECHMATRIX CORPORATION (code : 3762)



- ◆ The Company voluntarily adopted the International Financial Reporting Standards (IFRS) for its consolidated financial statements in its securities report from the fiscal year ended March 31, 2021.
- ◆ In principle, all business results described in this document are presented on the IFRS. However, business results for the fiscal year ended March 31, 2019 (the 36th fiscal year) and earlier, the information is presented in accordance with Japanese GAAP.



1. Business Highlights for the 3rd Quarter 39th business period(Consolidated)
2. Topics of Business activities
3. Forecast for Fiscal Year ending March31, 2023
4. Medium-Term Management Plan “BEYOND THE NEW NORMAL”



# 1. Business Highlights for the 3rd Quarter business period(Consolidated)



- The **highest** consolidated revenue, operating profit, profit before tax.

(¥million)

	FY2021 3Q	FY2022 3Q	YoY	
			Change	Change %
<b>Revenue</b>	25,098	<b>32,285</b>	+7,187	+28.6%
<b>Operating profit (Profit ratio)</b>	2,416 (9.6%)	<b>2,828</b> (8.8%)	+412	+17.1% (△0.8P)
<b>Profit before tax</b>	2,404	<b>2,807</b>	+403	+16.8%
<b>Profit attribute to owners of parent</b>	1,569	<b>1,577</b>	+7	+0.5%



# Business Highlights by Segment for FY2022 3Q (Consolidated)

(¥million)

	FY2021 3Q			FY2022 3Q			YoY	
	Results	%	Profit ratio	Results	%	Profit ratio	change	Change %
<b>Revenue</b>	<b>25,098</b>	<b>100.0%</b>		<b>32,285</b>	<b>100.0%</b>		<b>+7,187</b>	<b>+28.6%</b>
Information Infrastructure	17,604	70.1%		21,017	65.1%		+3,412	+19.4%
Application Service	5,193	20.7%		5,151	16.0%		△42	△0.8%
Medical System	2,299	9.2%		6,116	18.9%		+3,816	+165.9%
<b>Operating profit</b>	<b>2,416</b>	<b>100.0%</b>	<b>9.6%</b>	<b>2,828</b>	<b>100.0%</b>	<b>8.8%</b>	<b>+412</b>	<b>+17.1%</b>
Information Infrastructure	2,076	85.9%	11.8%	1,955	69.1%	9.3%	△120	△5.8%
Application Service	△50	△2.0%	△1.0%	△165	△5.9%	△3.2%	△115	△231.3%
Medical System	389	16.1%	17.0%	1,038	36.7%	17.0%	+649	+166.6%

※FY2021 3Q figures for the Application Services business do not include figures for the medical field.

※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

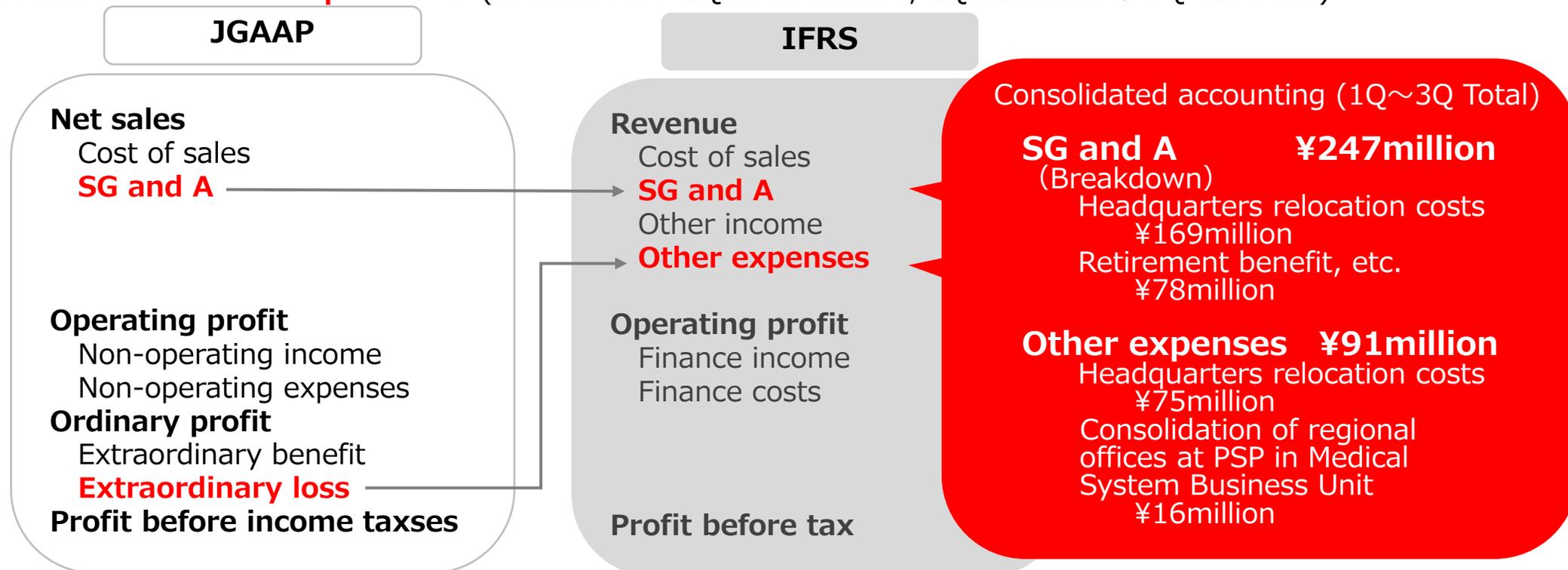
※FY2021 3Q results for medical systems business are the sum of former NOBORI, ICHIGO, and A-Line. FY2022 3Q results are the sum of new PSP, ICHIGO, and A-Line.



# Accounting impact resulted from Special factors

**Extraordinary costs of a total of approximately ¥339million were recorded (1~3 Q Total) .**

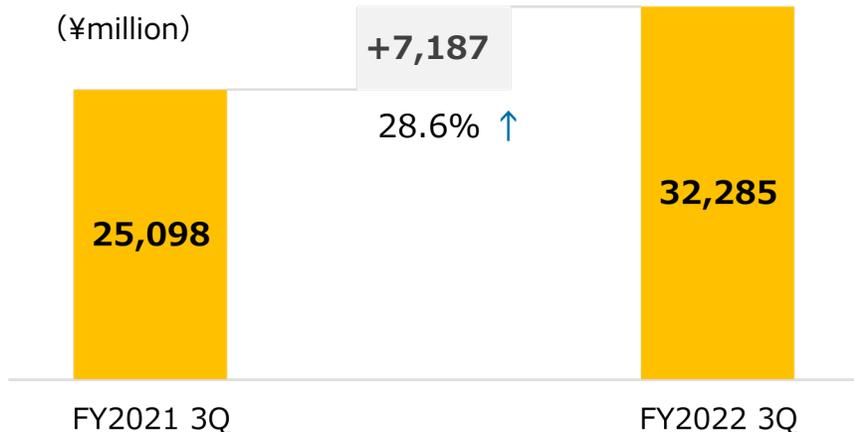
- Expenses of a total of **approximately ¥245million** were recorded as **"SG and A "** and **" Other expenses "** in relation to headquarters relocation costs. (Factored into the budget)
  - Transportation and disposal costs and double rent for new office construction. (Breakdown : 1Q Not recorded, 2Q ¥84million、 3Q ¥160million)
- Expenses of a total of **approximately ¥78million** were recorded as **"SG and A "** in relation to retirement benefits costs, etc.
  - Recognized a shortfall in retirement benefits costs due to the introduction of a new personnel system, etc. (Breakdown : 1Q Not recorded, 2Q ¥78million、 3Q Not recorded)
- Impairment losses of approximately **¥16million** arising out of consolidation of regional offices at PSP in Medical System Business Unit were recorded as **" Other expenses "**. (Breakdown : 1Q Not recorded, 2Q ¥15million、 3Q ¥1million)



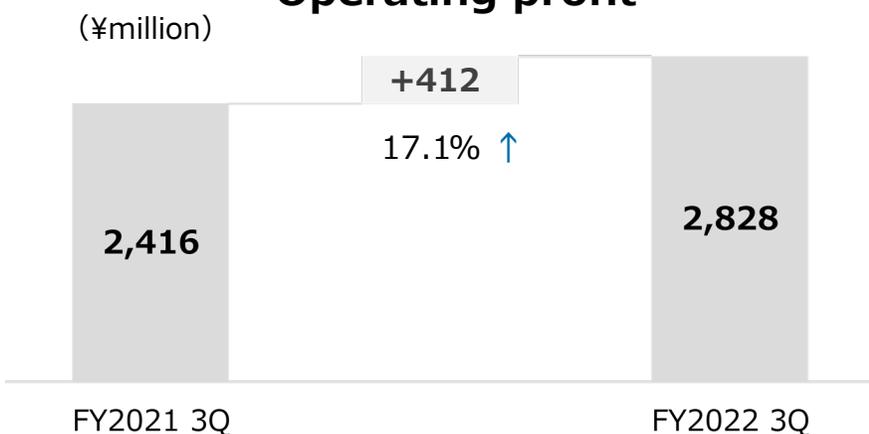


# Business Highlights by Segment for FY2022 3Q (Consolidated)

## Revenue

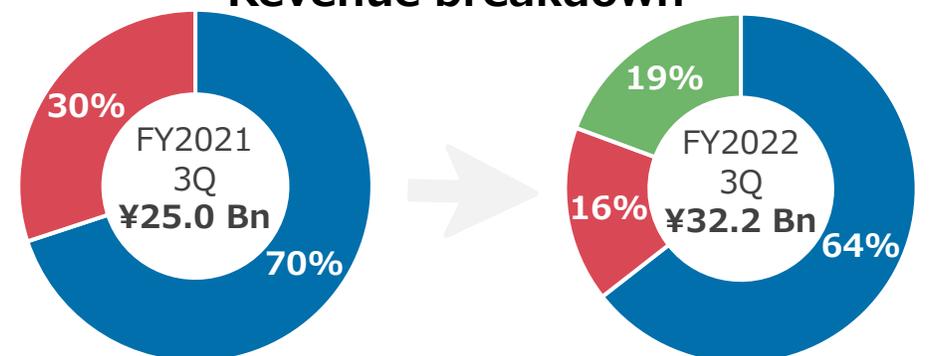


## Operating profit



- **Common :**  
Expenses related to headquarters relocation affect operating profit. (▲¥339million)
- **Information Infrastructure Business :**  
Increasing demands for cloud-based security products.
- **Application Service Business :**
  - In the Software Quality Assurance field, booking were strong. However, revenue and operating profit were on a deferred trend due to the shift to subscriptions.
  - In the EdTech field, aggressive investment is ongoing for additional employees.
- **Medical System Business :**  
PSP's medical imaging system (PACS) is doing well after the business integration. The shift from On-premise-based PACS to cloud-based PACS is just about to start.

## Revenue breakdown



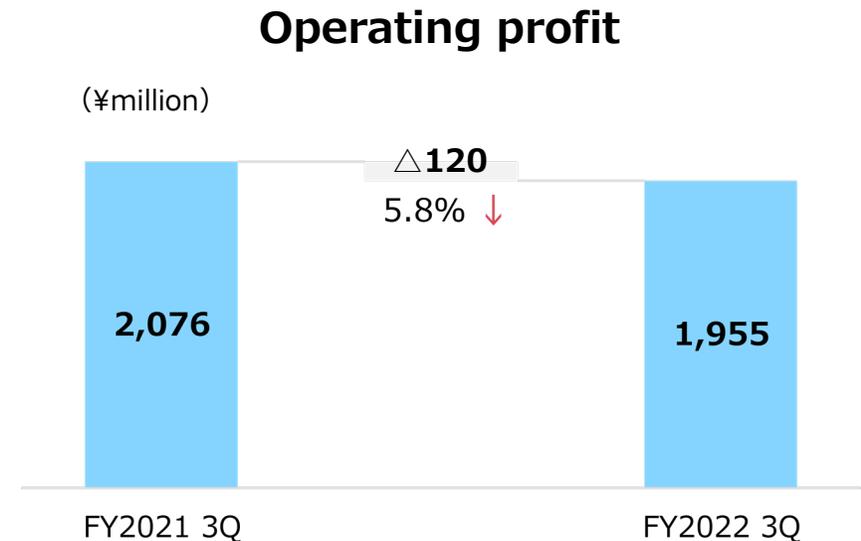
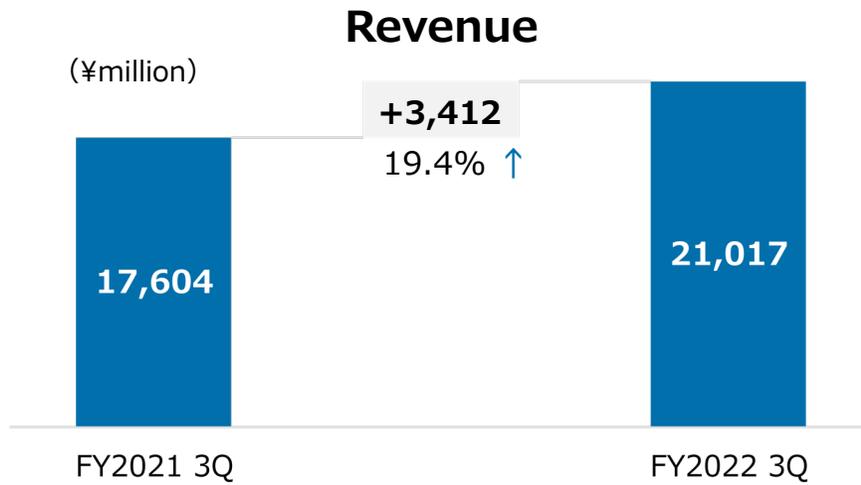
■ Information Infrastructure  
■ Application Service

■ Information Infrastructure  
■ Application Service  
■ Medical System

※FY2021 3Q figures for the Application Services business do not include figures for the medical field.

※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

※FY2021 3Q results for medical systems business are the sum of former NOBORI, ICHIGO, and A-Line. FY2022 3Q results are the sum of new PSP, ICHIGO, and A-Line.



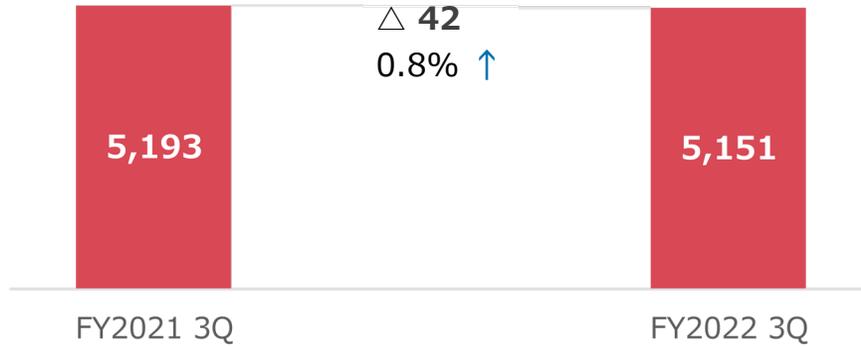
The **highest** consolidated revenue.  
Operating profit decreased YoY.

- **Revenue**
  - (+) Increasing demands for subscription-based cloud-based security products.
  - (-) Deferred trend due to the shift to subscriptions.
  - (-) Delayed delivery due to shortage of semiconductor.
- **Operating profit**
  - (-) The impact of the weaker yen, increase of personnel and SG&A expenses
  - (-) Decreased profitability due to growing size of the deals.
  - (-) Aggressive investments in building the best practice to utilize cloud-native technologies as a new business called "TechMatrix NEO".



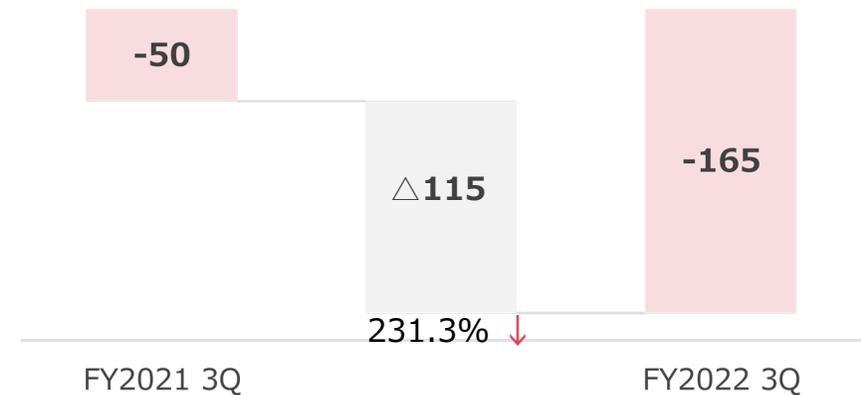
### Revenue

(¥million)



### Operating profit

(¥million)



### Revenue and Operating profit decreased YoY.

#### • Revenue

- (+) Demands on quality testing tools for enterprise systems and embedded software were strong. (SE)
- (+) Increased revenue due to the increase of number of schools using "tsumugino". (Edtech)
- (-) Deferred trend due to the shift to subscriptions. (CRM、SE)
- (-) Revenue decreased YoY due to delay in bookings. (CRM、BS)

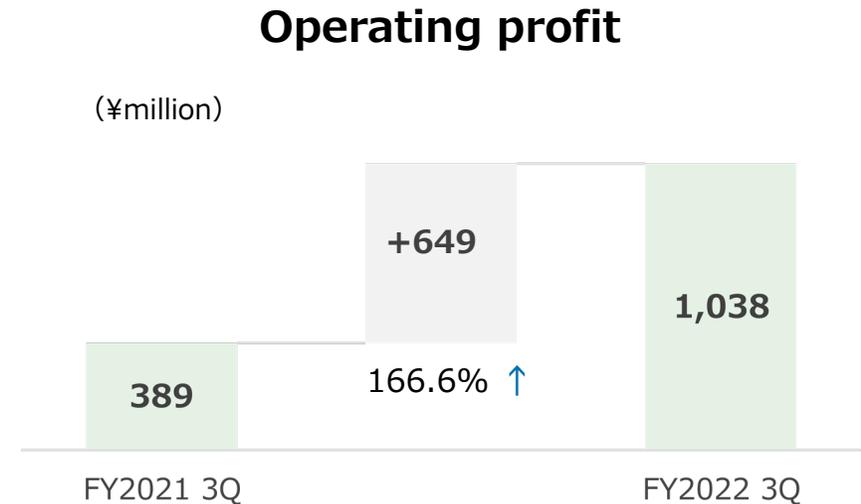
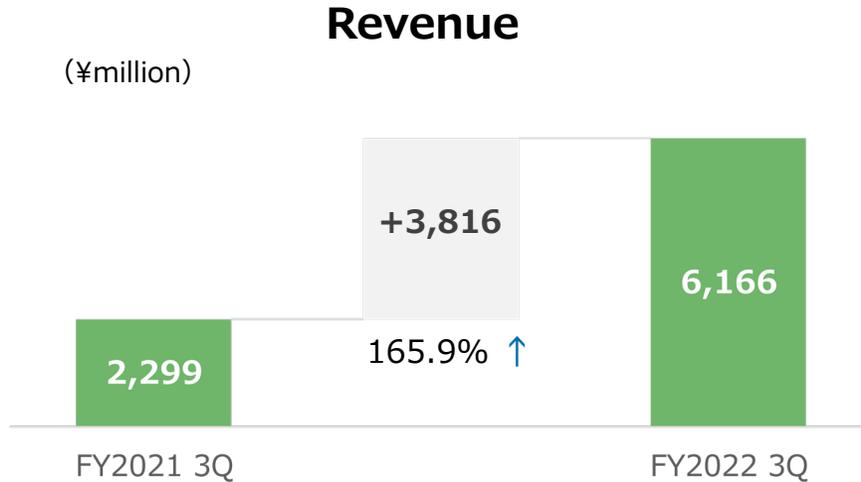
#### • Operating profit

- (-) Continued to work on unprofitable project in the Financial field. (BS)
- (-) The aggressive investment into additional employees. (Edtech)

※Division name abbreviation  
 Software quality assurance : SE  
 Business solution : BS

※FY2021 3Q figures for the Application Services business do not include figures for the medical field.

※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.



### Revenue and operating profit increased YoY.

- **Revenue**

- (+) NOBORI, a medical information cloud service and a PHR application, performed well.
- (+) PSP's medical imaging system (PACS) is doing well after the business integration. The shift from On-premise-based PACS to cloud-based PACS is just about to start.

- **Operating profit**

- (-) Impairment losses arising out of consolidation of regional offices at PSP in Medical System Business Unit (▲¥16million) .

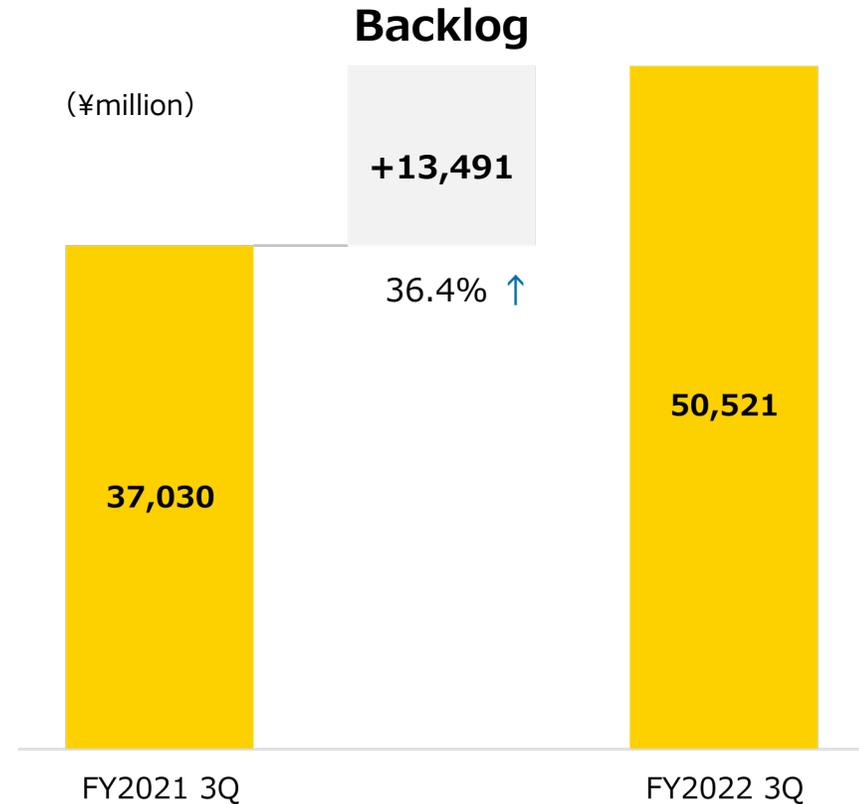
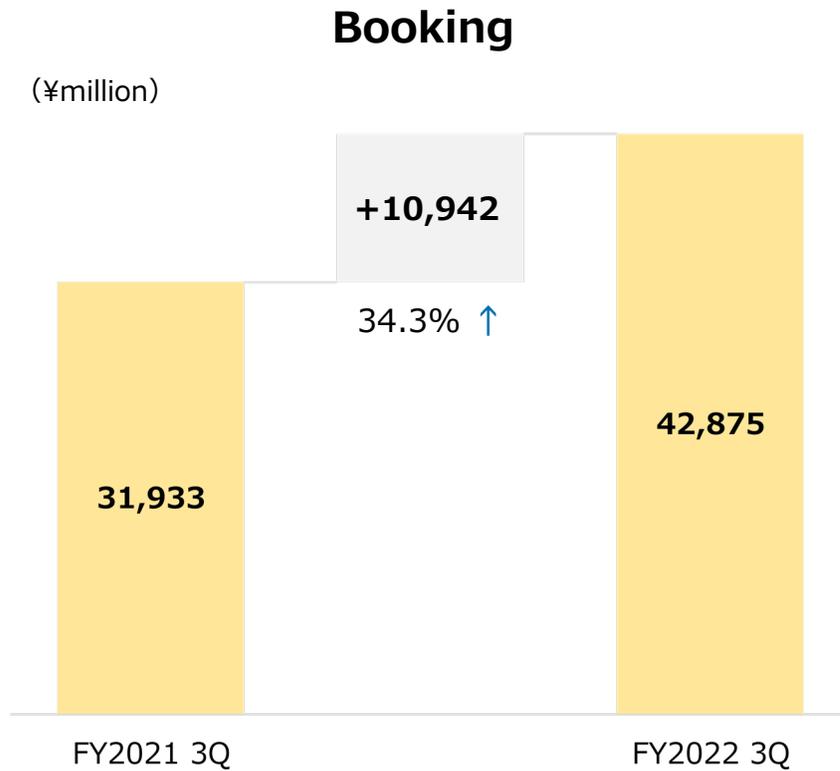
\* Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.



# Booking and Backlog for FY2022 3Q (Consolidated)

- Booking and backlog were in good shape. Especially, Information structure business was strong.

## Company-wide total

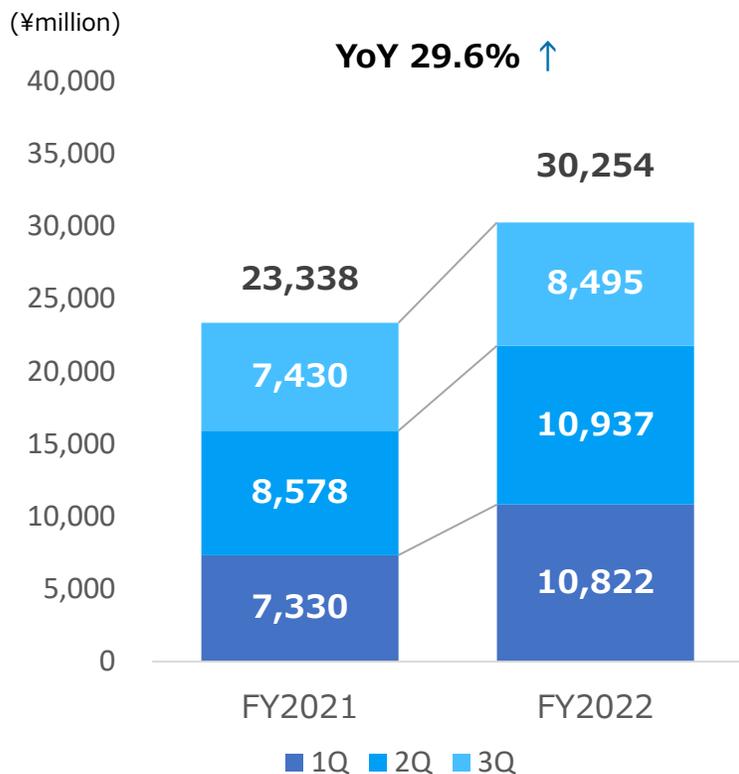




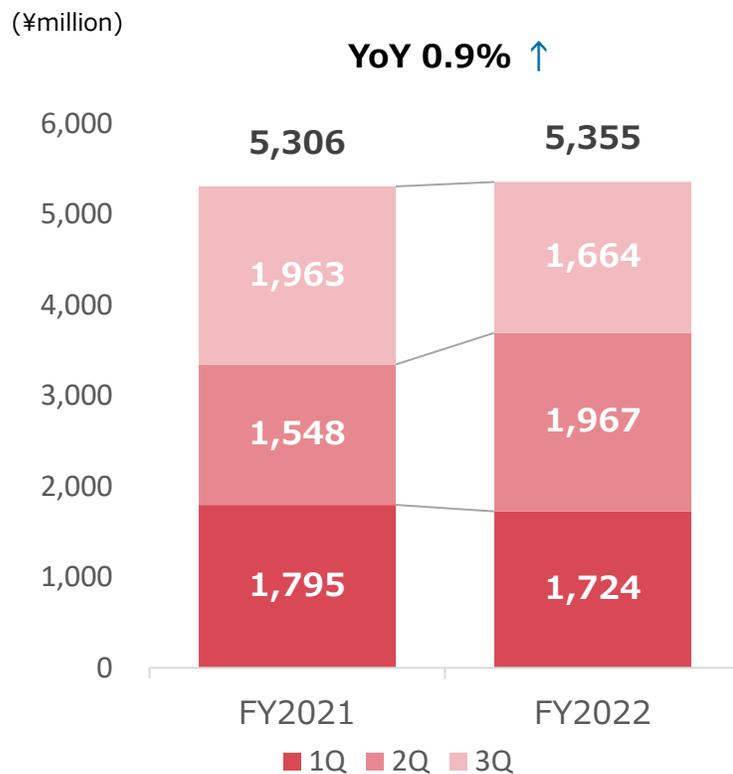
# Booking by Segment for FY2022 (Consolidated)

- Information Infrastructure Business : Increasing demands for cloud-based security products.
- Application Services Business : Increasing bookings. Especially, Software quality assurance field was strong.
- Medical System Business : Strong bookings for PACS.

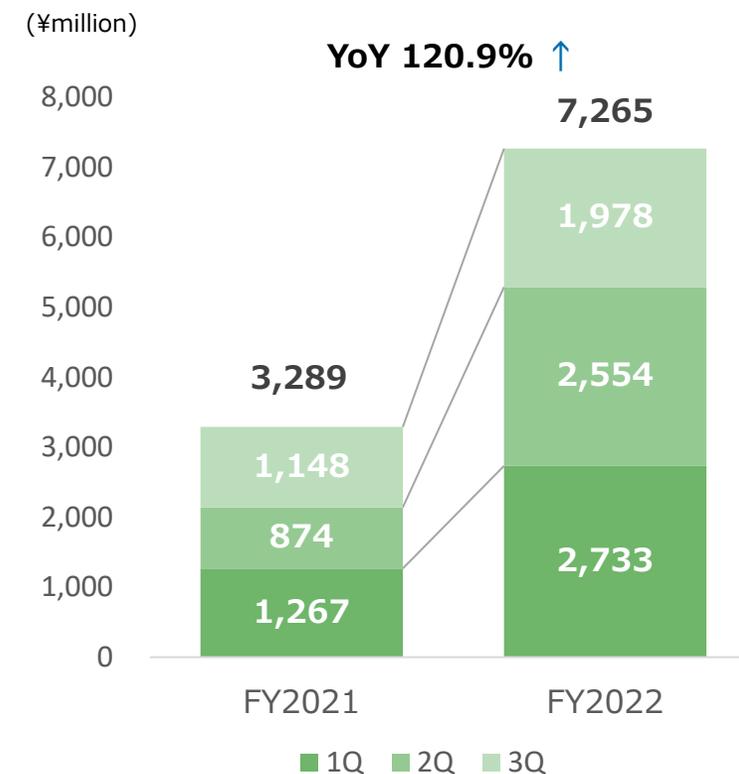
## Information Infrastructure Business



## Application Services Business



## Medical System Business



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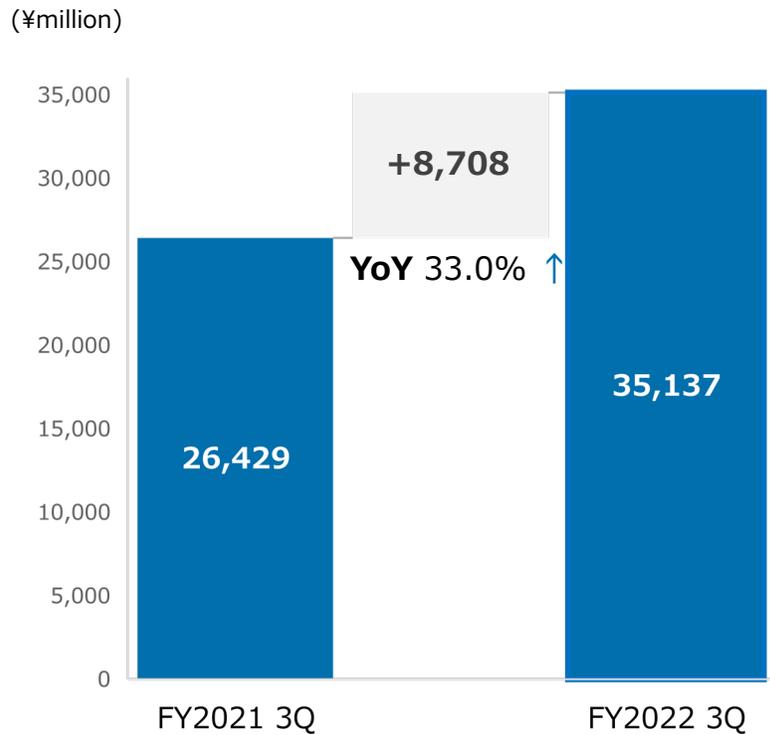
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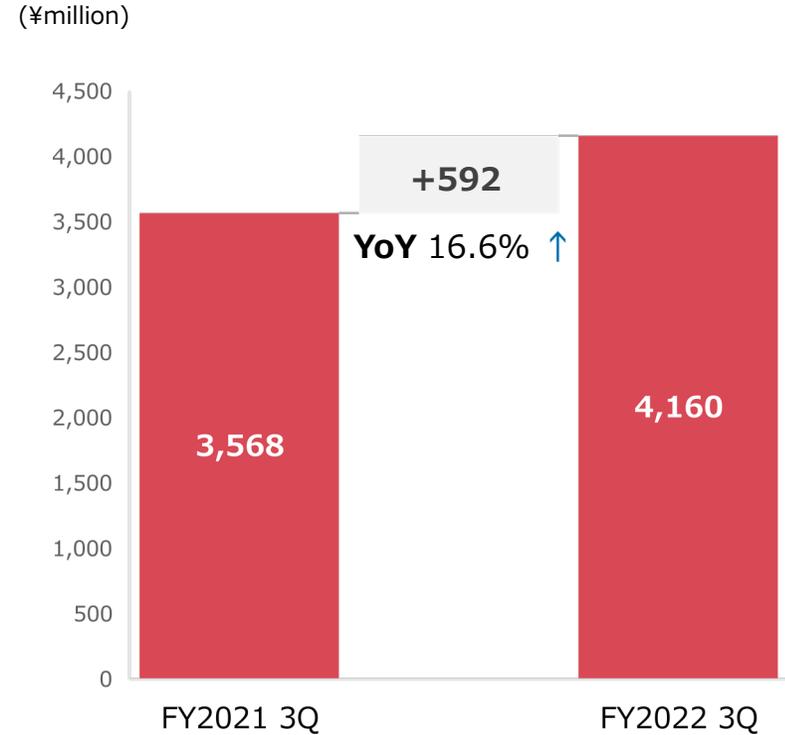
# Backlog by Segment for FY2022 3Q (Consolidated)

- In increasing tendency due to shift to subscription (strengthening stock business).

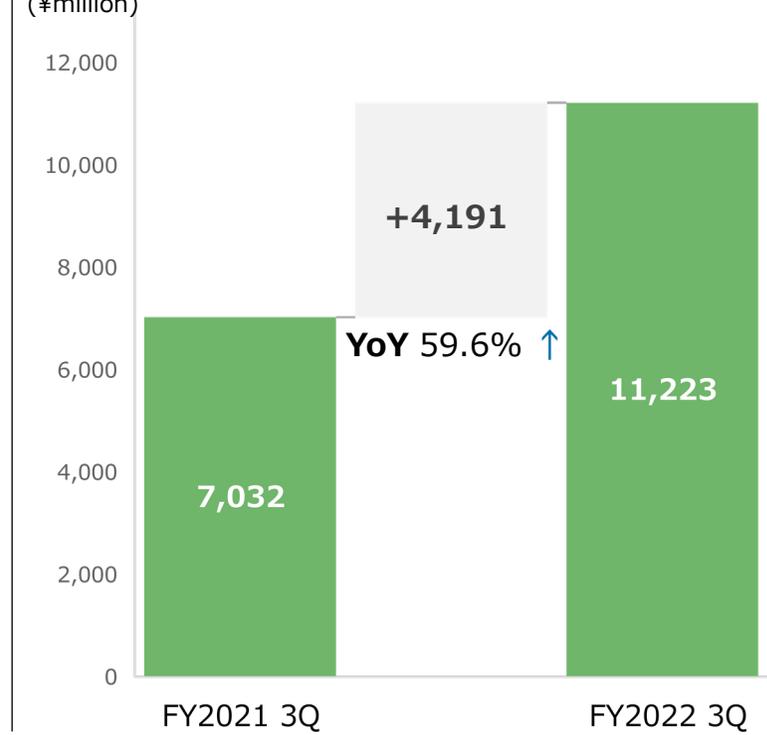
## Information Infrastructure Business



## Application Services Business



## Medical System Business



※FY2021 3Q figures for the Application Services business do not include figures for the medical field.

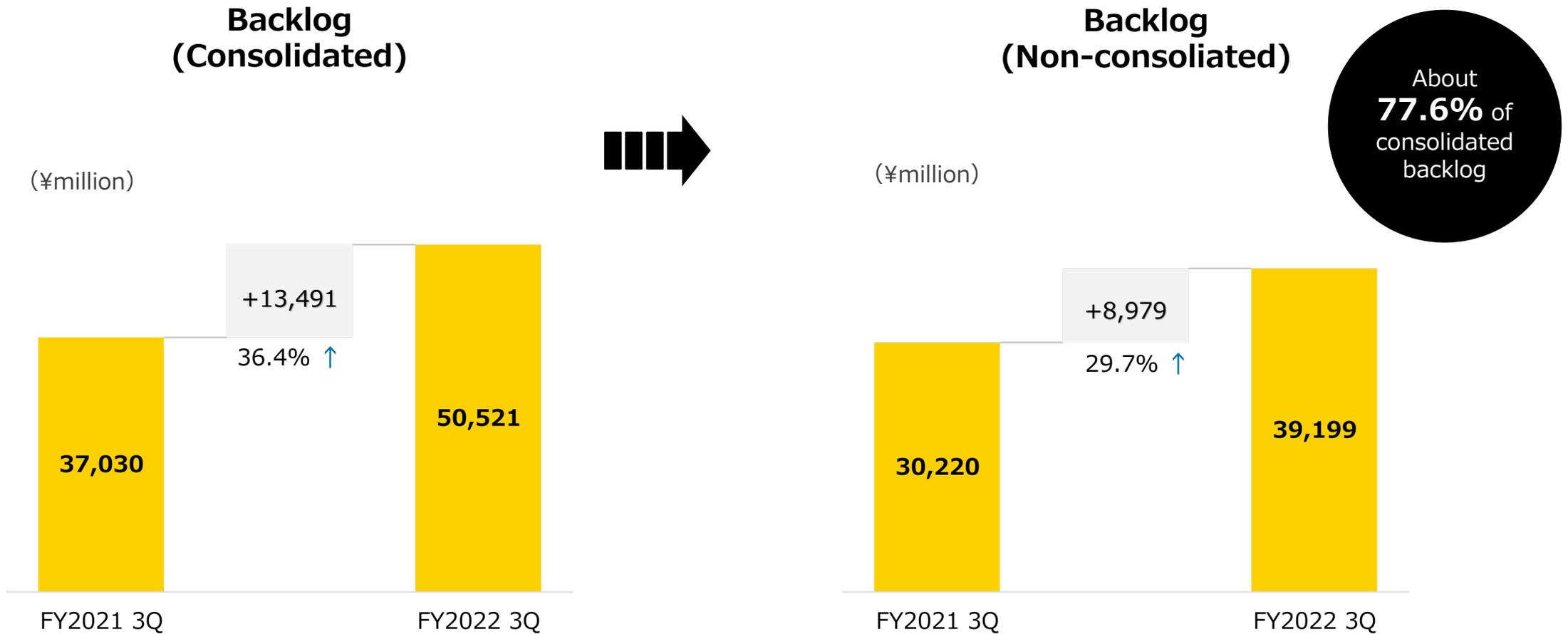
※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

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# Backlog for FY2022 3Q (Non-consolidated)

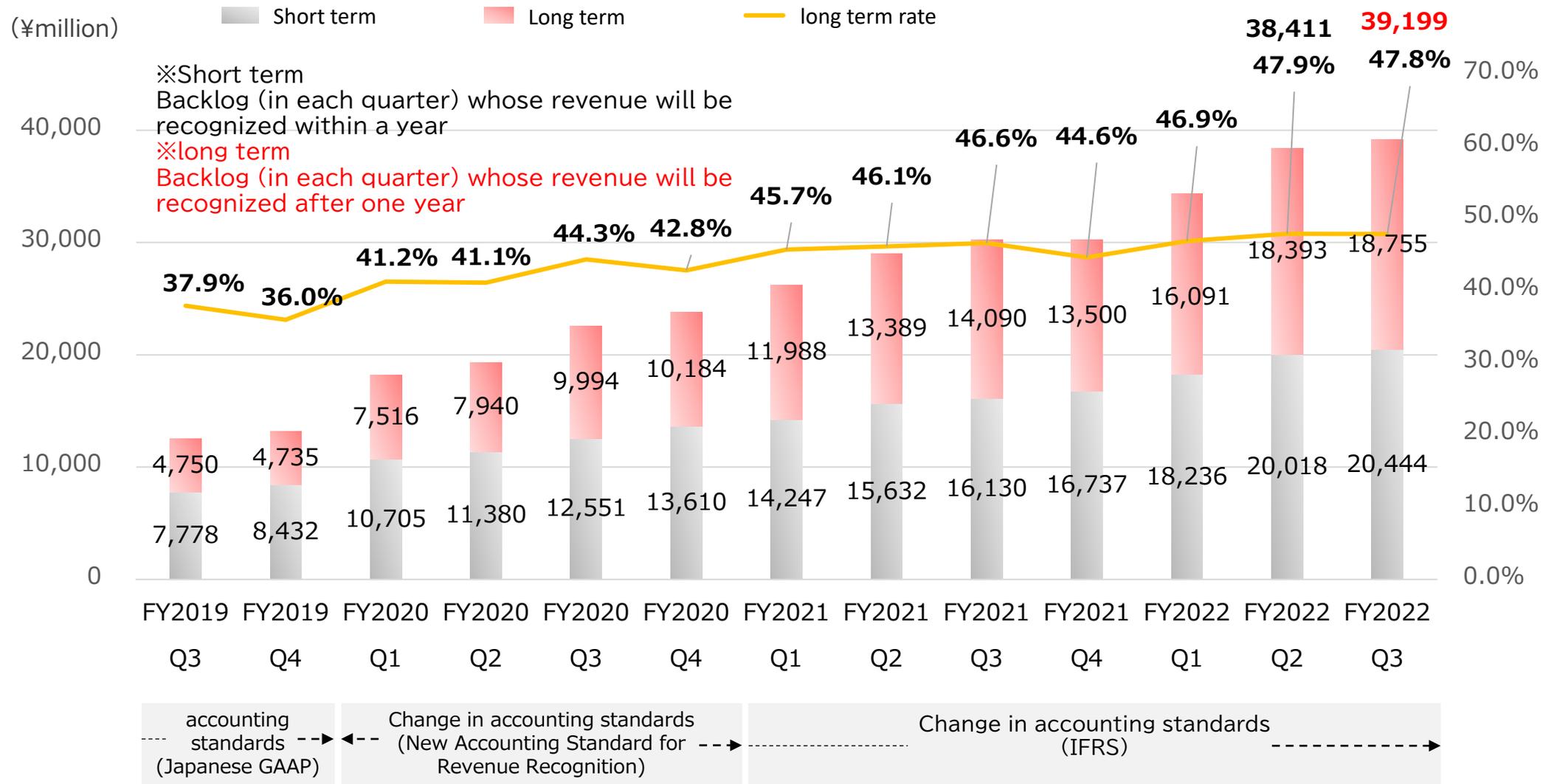
- Consolidated and non-consolidated (TechMatrix only) backlogs are as follows.





# Backlog for FY2022 3Q (Non-consolidated)

- Non-consolidated backlog (for only TechMatrix) are as follows.





# Weather chart by Segment (Based on revenue) for FY2022 3Q

Information Infrastructure Business		前年同期比
Load balancers (BIG-IP, NGINX)	<ul style="list-style-type: none"> <li>Revenue increased YoY despite a delay in the timing of revenue recognition due to delayed delivery of some products caused by a shortage of semiconductors.</li> <li>Revenue for web server software (middleware) (NGINX (F5)) increased.</li> </ul>	
Next-Generation Firewall / SASE / XDR / SOAR (Palo Alto's Strata, Prisma and Cortex)	<ul style="list-style-type: none"> <li>Increased revenue for cloud-based security products.</li> </ul>	
Antivirus / Intrusion prevention Appliances / Security Information and Event Management(SIEM) / Web security	<ul style="list-style-type: none"> <li>Increased revenue for Intrusion Prevention appliances and Secure Web Gateway (Trellix (former McAfee)).</li> </ul>	
Personal authentication systems / Forensic products / Storage products	<ul style="list-style-type: none"> <li>Revenue increased YoY despite a delay in the timing of revenue recognition due to the delayed delivery caused by a shortage of semiconductors.</li> </ul>	
Security-related operation and monitoring services	<ul style="list-style-type: none"> <li>Revenue for TPS remained steady, which was stimulated by increasing demands for cloud-based security products.</li> </ul>	
Next-Generation Mail security(ProofPoint)	<ul style="list-style-type: none"> <li>Revenue increased YoY due to strong demands on security solutions for cyber attacks via email.</li> </ul>	
EDR(Tanium)	<ul style="list-style-type: none"> <li>Revenue increased YoY due to strong demands on EDR and Cyber Hygiene solutions for increasingly sophisticated cyberattacks such as ransomware.</li> </ul>	
Other security products	<ul style="list-style-type: none"> <li>Revenue decreased YoY for Next-generation anti-virus products utilizing AI.</li> <li>Revenue increased YoY for Web application vulnerability assessment tool.</li> </ul>	
CROSS HEAD & OCH	<ul style="list-style-type: none"> <li>CROSS HEAD : Revenue increased YoY due to the strong demands on integration projects, in particular, for cybozu.</li> <li>OCH : Revenue remained at the same level as previous year due to the increase in own brand products and services.</li> </ul>	

+10% and over  
 +5% ~ +10%  
 within±5%  
 within△10%  
 under△10%



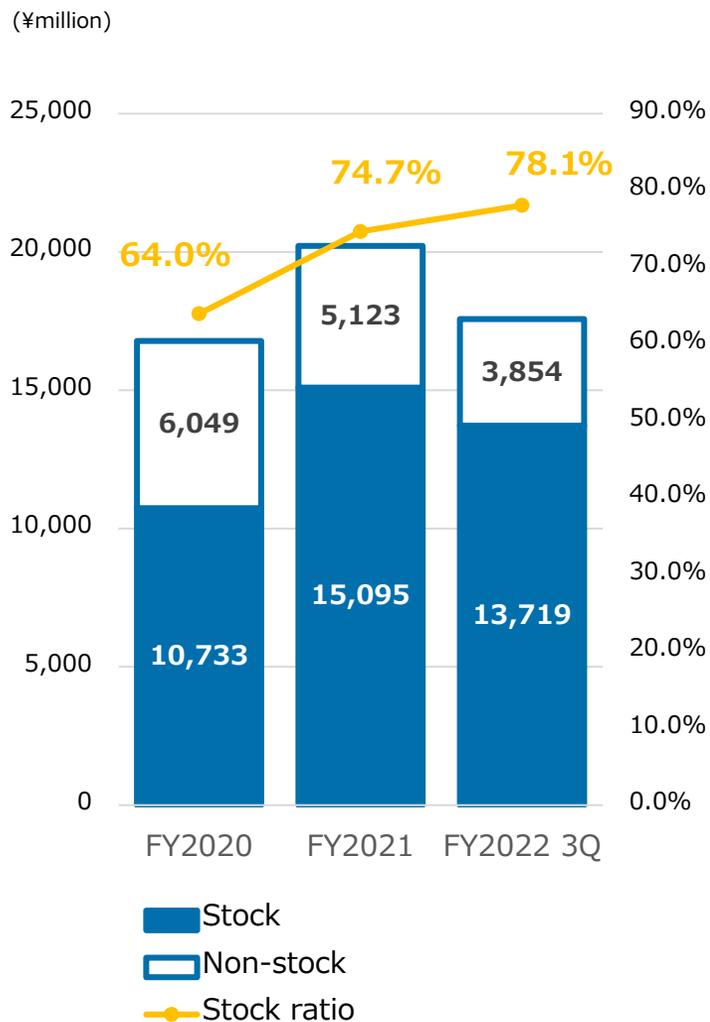
# Weather chart by Segment (Based on revenue) for FY2022 3Q

Application Services Business		YoY
Business Solution field (Including CASAREAL and ARECCIA Fintech (former IDAY))	<ul style="list-style-type: none"> <li>Revenue decreased YoY due to delays in bookings.</li> <li>CASAREAL: Revenue increased YoY due to continuation of strong demands on IT trainings even though bookings for development undertaking were delayed.</li> <li>ARECCIA Fintech: Revenue decreased YoY due to delays in bookings.</li> </ul>	
Software Quality Assurance field	<ul style="list-style-type: none"> <li>Demands on quality testing tools for enterprise systems and embedded software remained steady.</li> <li>Revenue increased YoY even though revenue are being deferred over the period of terms of contracts.</li> </ul>	
CRM field	<ul style="list-style-type: none"> <li>Revenue remained at the same level as previous year, even though revenue are being deferred over the period of terms of contracts.</li> </ul>	
EdTech field	<ul style="list-style-type: none"> <li>Deployment to well-known private schools and public schools that offer advanced education progressed as planned.</li> </ul>	
Medical System Business		YoY
PSP	<ul style="list-style-type: none"> <li>Increase in number of new contracts, renewals and replacements for PACS</li> </ul>	
Ichigo	<ul style="list-style-type: none"> <li>Maintained stable sales growth for teleradiology and telepathology and exceeded the plan.</li> </ul>	
A-Line	<ul style="list-style-type: none"> <li>Revenue increased YoY even though the willingness of medical institutions to invest in procurement of radiation dose management systems has been stagnant.</li> </ul>	

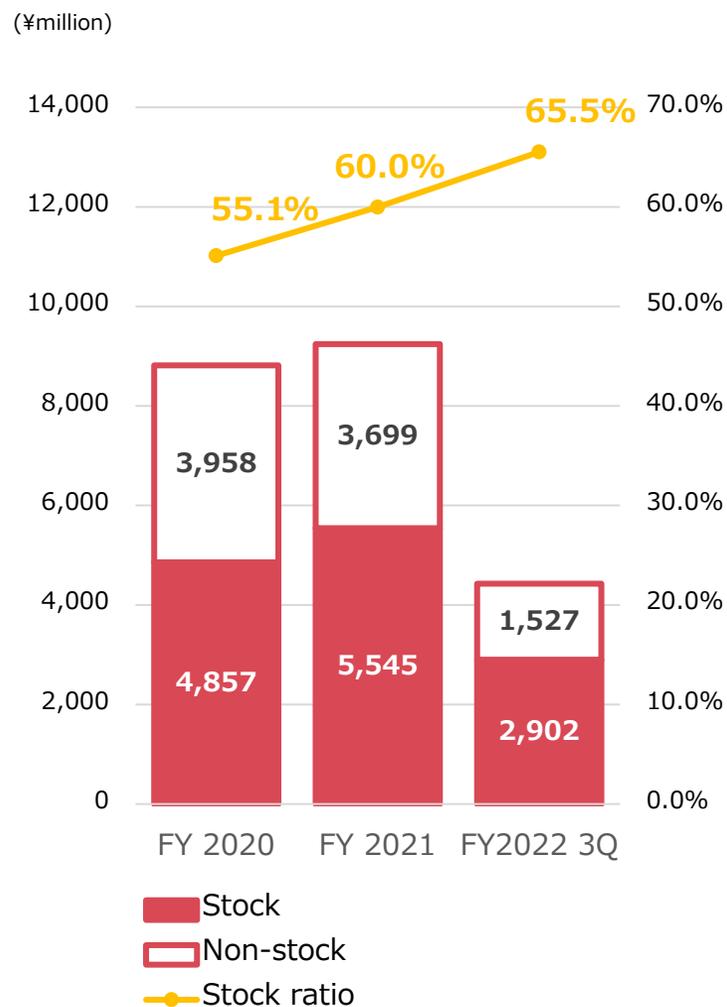
+10% and over  
 +5% ~ +10%  
 within ±5%  
 within Δ10%  
 under Δ10%



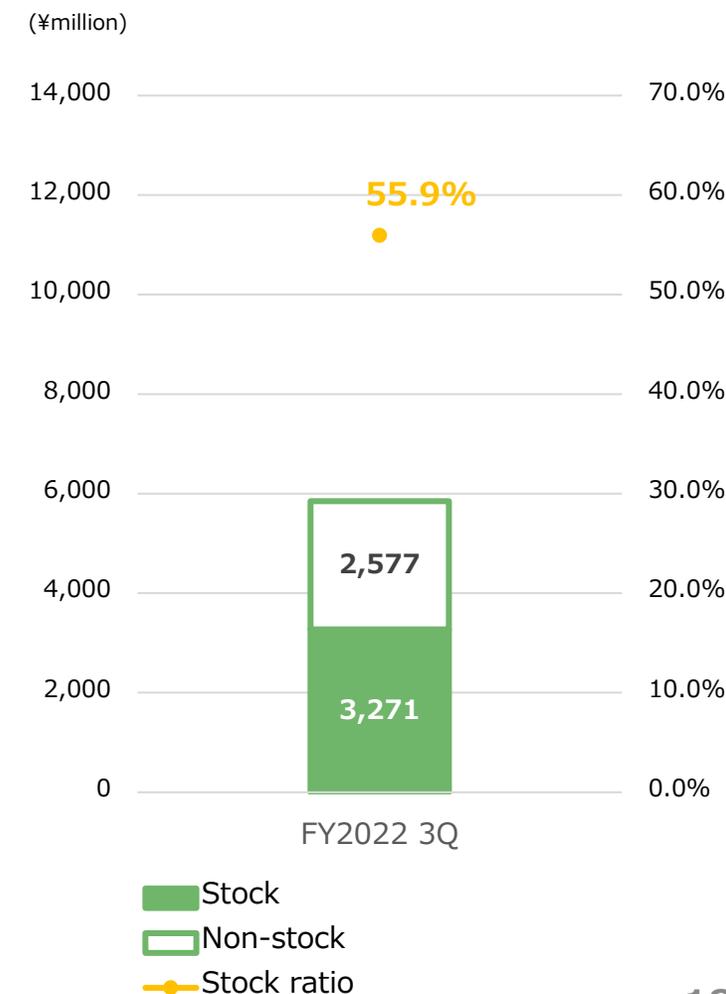
## Information Infrastructure Business



## Application Services Business



## Medical System Business



- “Advance payments” included in Other current assets and “Advance received” included in Other of Current liabilities were increased as a result of applying the New Accounting Standard for Revenue Recognition. (¥million)

	FY2021	FY2022 3Q		FY2021	FY2022 3Q
<b>Total current assets</b>	<b>42,267</b>	<b>47,492</b>	<b>Total current liabilities</b>	<b>27,989</b>	<b>33,997</b>
Cash and cash equivalents	18,155	16,334	Trade and other payables	2,158	2,258
Trade and other receivables	5,925	4,573	Borrowings	595	570
Other current assets	18,186	26,584	Other current liabilities	25,236	31,169
<b>Total non-current assets</b>	<b>10,235</b>	<b>14,667</b>	<b>Total non-current liabilities</b>	<b>4,311</b>	<b>6,090</b>
Property, plant and equipment	3,506	6,259	Borrowings	500	350
Goodwill	171	171	Other non-current liabilities	3,811	5,740
Intangible assets	1,752	2,051	<b>Total liabilities</b>	<b>32,301</b>	<b>22,071</b>
Other non-current assets	4,805	6,184	Share capital and Capital surplus	6,159	5,889
			Treasury shares	△975	△974
			Retained earnings	11,149	11,940
			Other components of equity	685	654
			Total equity attributable to owners of parent	17,018	17,509
			Non-controlling interests	3,183	4,561
<b>Total assets</b>	<b>52,503</b>	<b>62,159</b>	<b>Total liabilities and equity</b>	<b>52,503</b>	<b>62,159</b>



## Consolidated

FY2021			
30-Jun.	30-Sep.	31-Dec.	31-Mar.
<b>1,134</b>	<b>1,131</b>	<b>1,140</b>	<b>1,404</b>
[96]	[96]	[103]	[103]
FY2022			
30-Jun.	30-Sep.	31-Dec.	31-Mar.
<b>1,424</b>	<b>1,429</b>	<b>1,442</b>	-
[133]	[134]	[138]	[-]
YoY			
<b>+ 290</b>	<b>+ 298</b>	<b>+ 302</b>	-
[+ 37]	[+ 38]	[+ 35]	[-]

## Non-consolidated

FY2021			
30-Jun.	30-Sep.	31-Dec.	31-Mar.
<b>503</b>	<b>503</b>	<b>513</b>	<b>511</b>
[71]	[69]	[78]	[74]
FY2022			
30-Jun.	30-Sep.	31-Dec.	31-Mar.
<b>531</b>	<b>532</b>	<b>544</b>	-
[69]	[70]	[73]	[-]
YoY			
<b>+ 28</b>	<b>+ 29</b>	<b>+ 31</b>	-
[-2]	[+ 1]	[-5]	[-]

※The number of employees is the number of full-time employees.

※The figures in parentheses in the “Number of employees” column indicate the average number of temporary employees (including temporary and contract employees).



## 2. Topics of Business activities

## New Collaborations and Alliances

### ① Capital and business alliance with Choco Card (Thailand, a leading CDP provider)

Enabled TechMatrix to utilize Choco Card (Choco CRM)'s sales channels in Thailand and accelerate the expansion of its CRM solution business (development and provision of the contact center CRM / FAQ knowledge system "FastSeries") in Thailand and the ASEAN region.

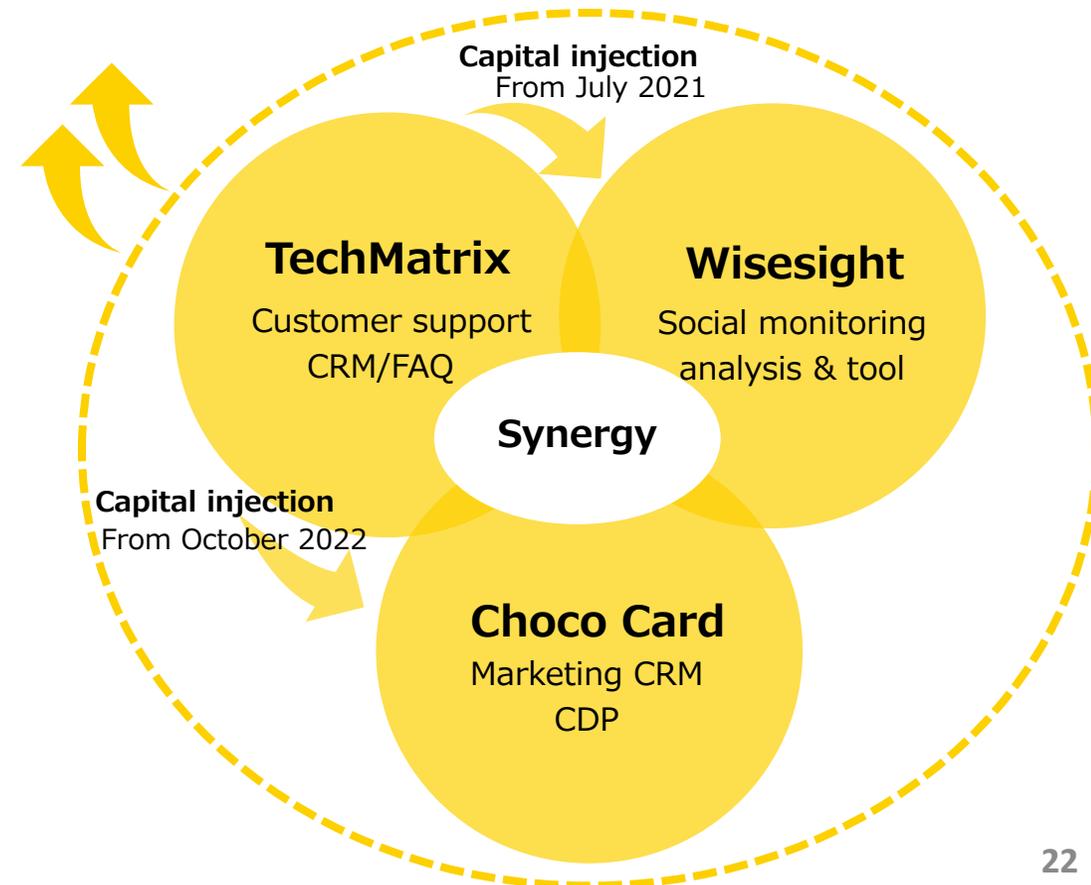
### ② Joint development of "CRM Next," a new innovative marketing service based on customer insight analysis for the Taiwanese market by the three companies - TechMatrix, BELLSYSTEM 24, and Intumit

Developed a service, ranging from the accumulation and analysis of customer insight data at contact centers to 1-to-1 marketing\* utilizing such data, for the Taiwanese market.

\*1-to-1 marketing: Marketing in line with the interests of each customer

## Medium-Term Management Plan / External Strategy Expanding business in the overseas (ASEAN) market

Strengthening sales of "FastSeries" in the ASEAN Region



## Successful track records of “tsumugino”

### ① Acquired new customers

Momoyama Elementary School Attached to Kyoto University of Education  
Nagisakoen Elementary School of TSURU Educational Foundation

### ② Continued to make proactive investments

Focusing on enhancing the functionalities to meet standard bidding requirements with an eye on developing market opportunities for public schools.

### ③ Integrated with other system

Started system integration with “Manabi Pocket” provided by NTT Communications.  
We will continue to further strengthen system integration.

### ④ Acquired patent for “report-generating device and report-generating method”

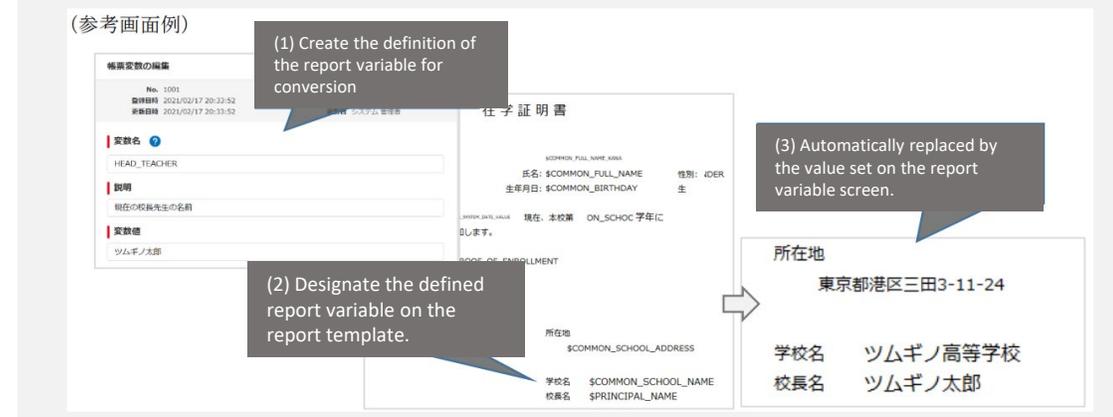
Providing a report-generating device and report-generating method that facilitates entries and changes in reports in multiple different formats that are entered as common information.

(Reference)

List of patents acquired associated with “tsumugino”

- Class scheduling system (April 18, 2022)
- Comment posting system (April 18, 2022)
- Report-generating device and report-generating method (September 26, 2022)

Sample screen of the patented report-generating device and report-generating method



(参考画面例)

① Create the definition of the report variable for conversion

② Designate the defined report variable on the report template.

③ Automatically replaced by the value set on the report variable screen.

所在地  
東京都港区三田3-11-24

学校名 ツムギノ高等学校  
校長名 ツムギノ太郎



**Information Disclosure Certification for Safety and Reliability of Cloud Services**

**Awarded the Outstanding Business Utilization Award and the Outstanding Certification Award by the ASP-SaaS-AI-IoT Cloud Industry Association (ASPIC)**

- Outstanding Business Utilization Award:  
Awarded to business operators who utilize the Information Disclosure Certification for Safety and Reliability of Cloud Services in business and have achieved superior results.
- Outstanding Certification Award:  
Awarded to business operators who have acquired the Information Disclosure Certification for Safety and Reliability of Cloud Services in four or more services, and made significant contributions to promoting the reliability and safety of cloud services.

Category	Certification number	Name of service	Certification date
ASP/SaaS	0092-1003	FastSeries	Mar. 24, 2010
	0251-2108	TechMatrix TestRail Cloud Service	Aug. 2, 2021
	0254-2109	tsumugino	Sept. 30, 2021
	0271-2209	TechMatrix Redmine Cloud Service	Sept. 30, 2022
Medical Information ASP/SaaS	Medical 0002-1803	NOBORI	Mar. 16, 2018



43,730,000

The number of **patients** who stored medical images in NOBORI

272,050,000

The number of **inspections** stored in NOBORI

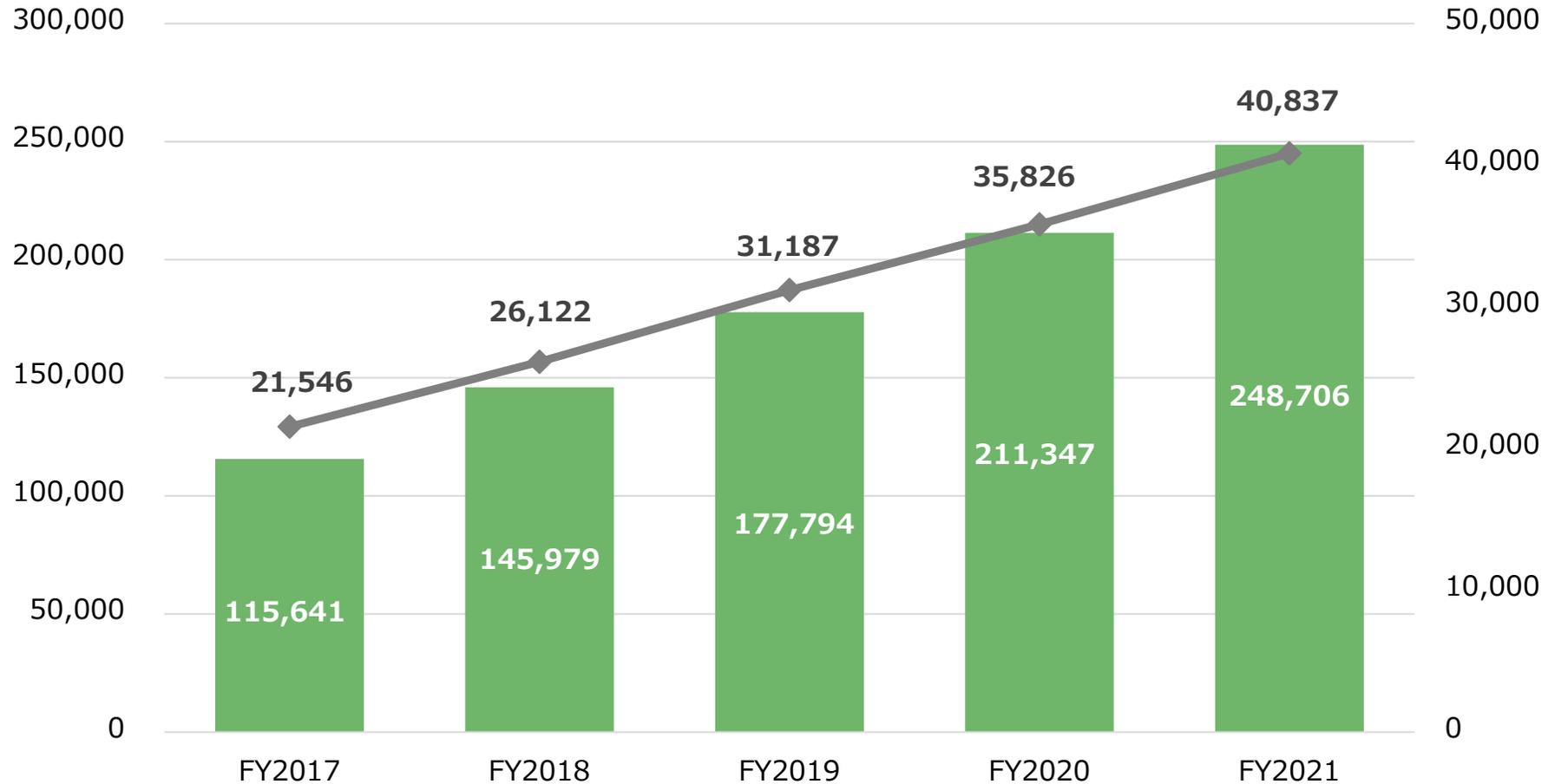
(December 31, 2022)



## Data Stored in NOBORI

(Numbers of inspections : thousand)

(Numbers of patients : thousand)



 The numbers of inspections stored in NOBORI (left vertical axis)  The numbers of patients stored in NOBORI (right vertical axis)



# 3. Forecast for Fiscal Year ending March 31, 2023



# Forecast (Consolidated) (Total)

No specific change was made to the performance plans revised in May of FY2022 based on 1H performance and external environment.

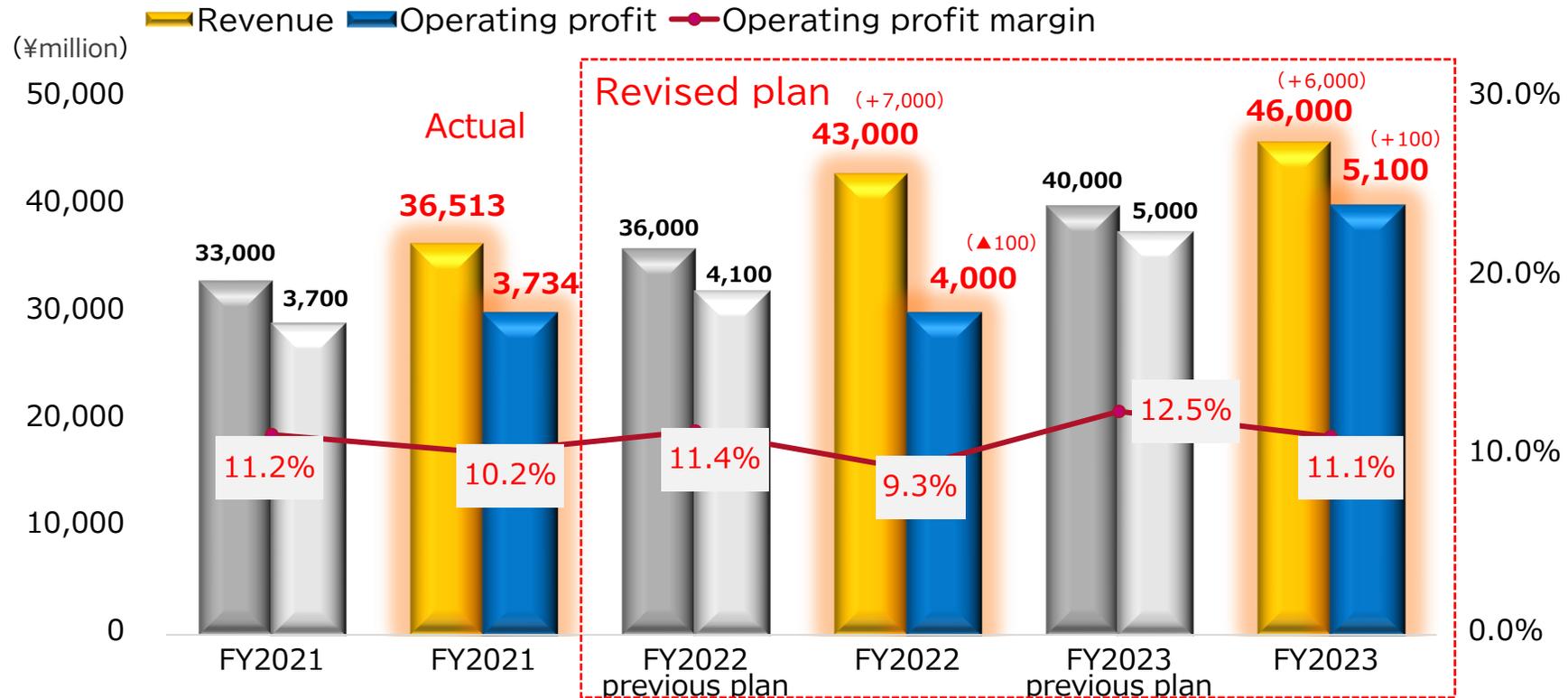
The following items have been reflected in the performance plans.

① **The impact of the merger of NOBORI with PSP, which became a consolidated subsidiary in FY2021**

Shift to a stock-type business (recurring revenue) by migrating on-premise-based medical imaging systems (PACS) used by former PSP's existing customers to the cloud.

※Although the shift to the cloud will cause a short-term decline in revenue and operating profit, the company plans to make the move as a management decision with an eye to the future.

② **Expenses related to headquarters relocation, including transportation costs, disposal costs, and double rent for the purpose of constructing a new office (Approximately ¥200 million in FY2022)**





## Maintain the performance plans revised in May of FY2022 (FY2022 May review details)

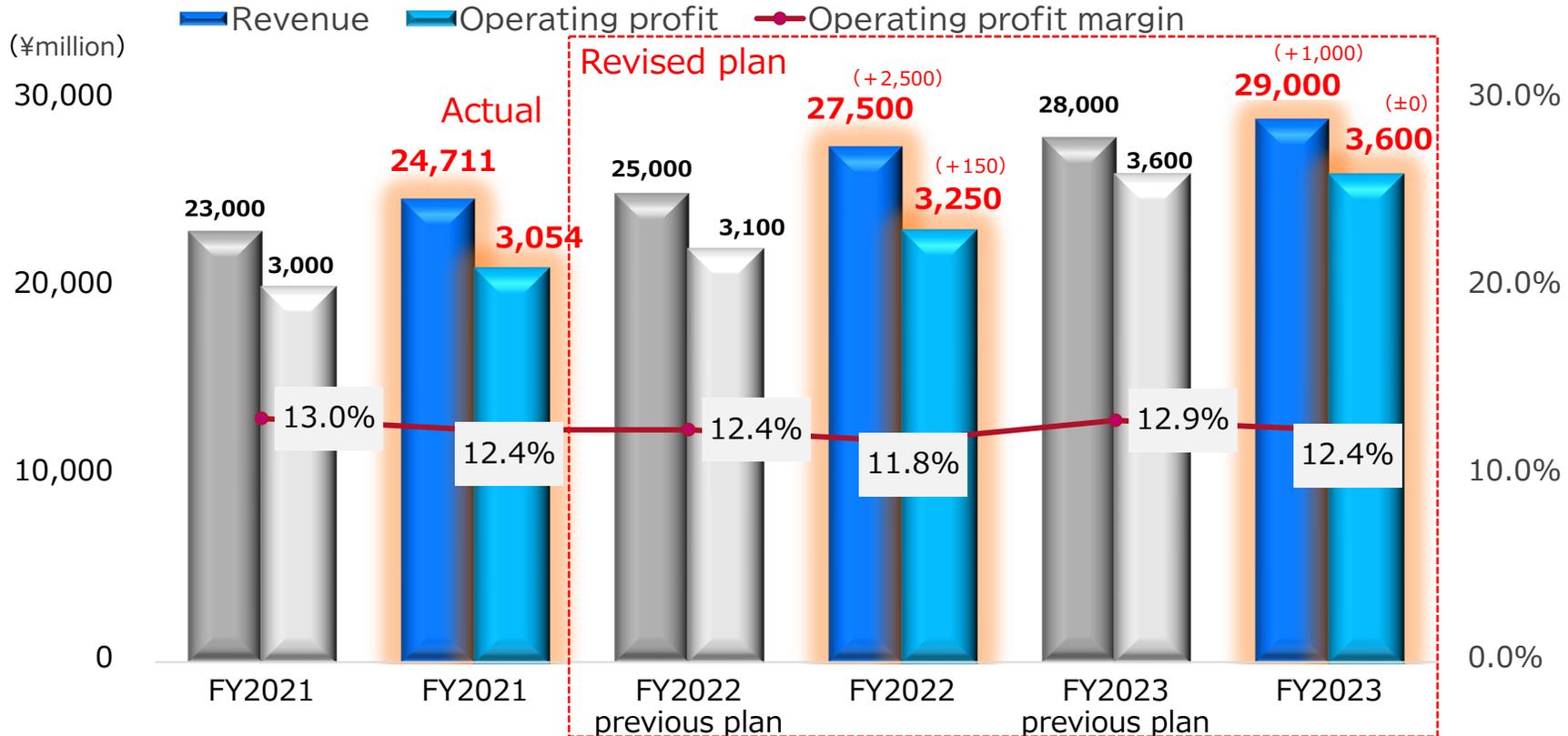
### ◆ Revenue :

Revised plan in consideration of demand trend for cloud-based security products

### ◆ Operating profit :

Revised plan in consideration of demand trend for the integrated security monitoring services (TPS)

**※ Revised operating income plan upward after absorbing head office relocation expenses.**





## Maintain the performance plans revised in May of FY2022 (FY2022 May review details)

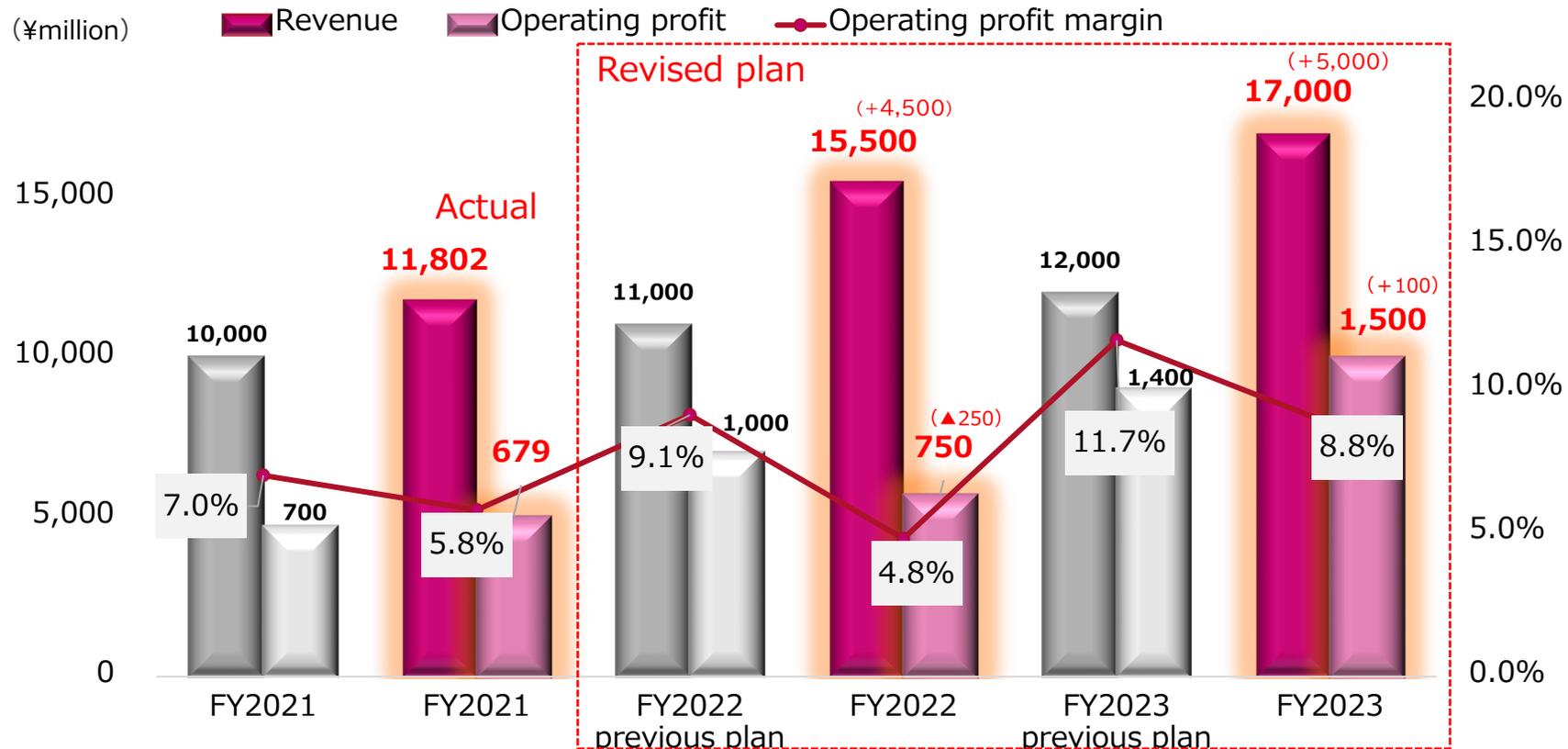
◆ **Revenue** : Increased due to consolidation of PSP

◆ **Operating profit** :

Extraordinary expenses in relation to headquarters relocation

Continued investment in EdTech business

Promoting a cloud shift of medical image management systems (PACS) used by former PSP's existing customers





# 4 . MEDIUM-TERM MANAGEMENT PLAN “BEYOND THE NEW NORMAL”



We continue business strategy of TMX 3.0

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



TMX3.0 business strategy continues

- Promote strategy and acceleration of Cloud-related business
- Pursuit of security and safety

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



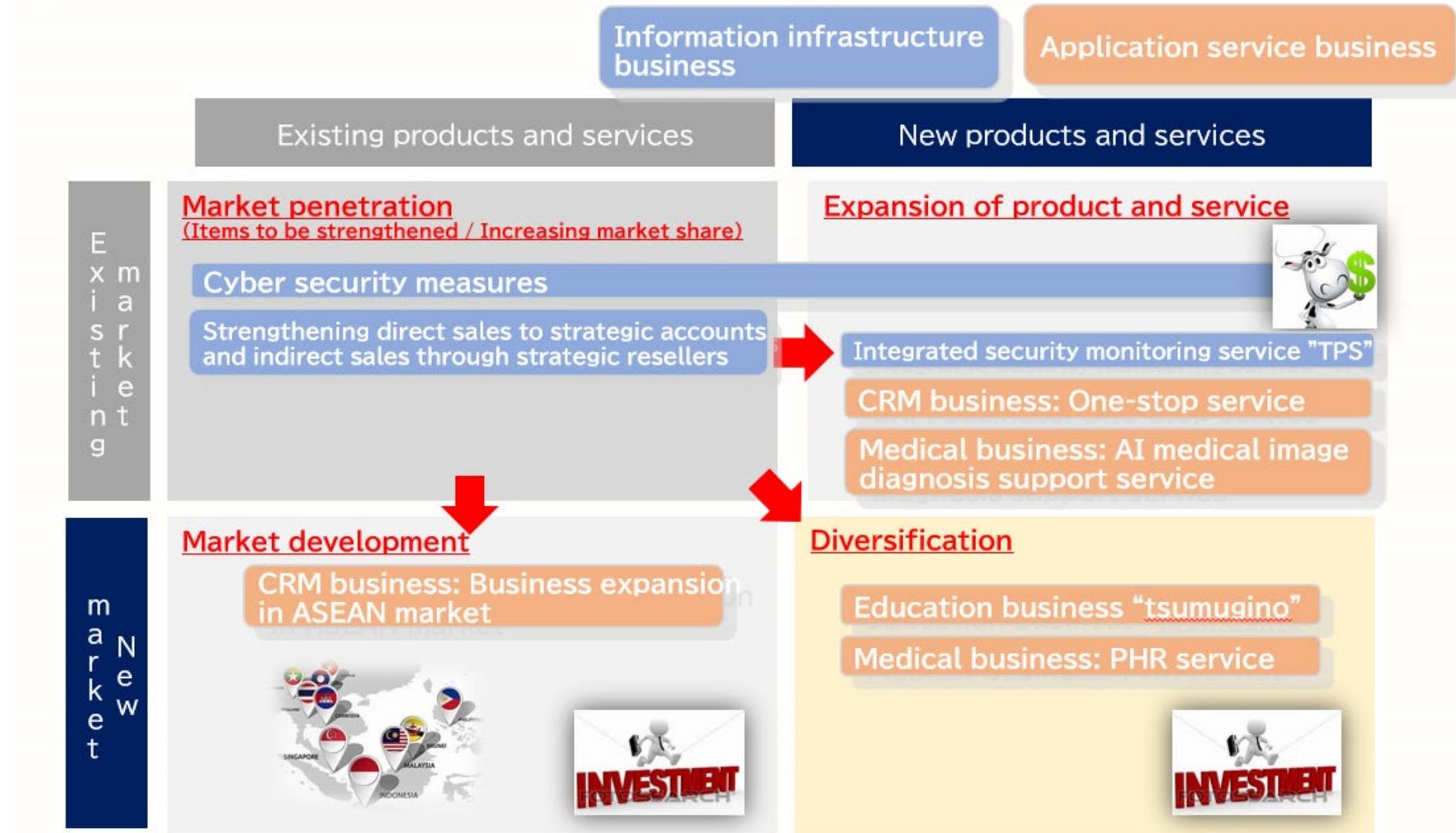
## Key basic strategy

### Information infrastructure business

- Expanding portfolio of products and services
- Strengthening direct sales to strategic accounts and indirect sales through strategic resellers
- Matrix management of Product-oriented organization and Account-oriented organization
- Strengthening expertise , Visualization of technological capabilities (Visualization of maintenance support , Proactive delivery of technical information , etc.)
- Expand sales of Integrated monitoring security services(TPS)
- Expansion of remote services to be provided by a centralized operation center (Pursuit of added value)
- Aggressive transition to Subscription business model(Strengthening stock businesses)

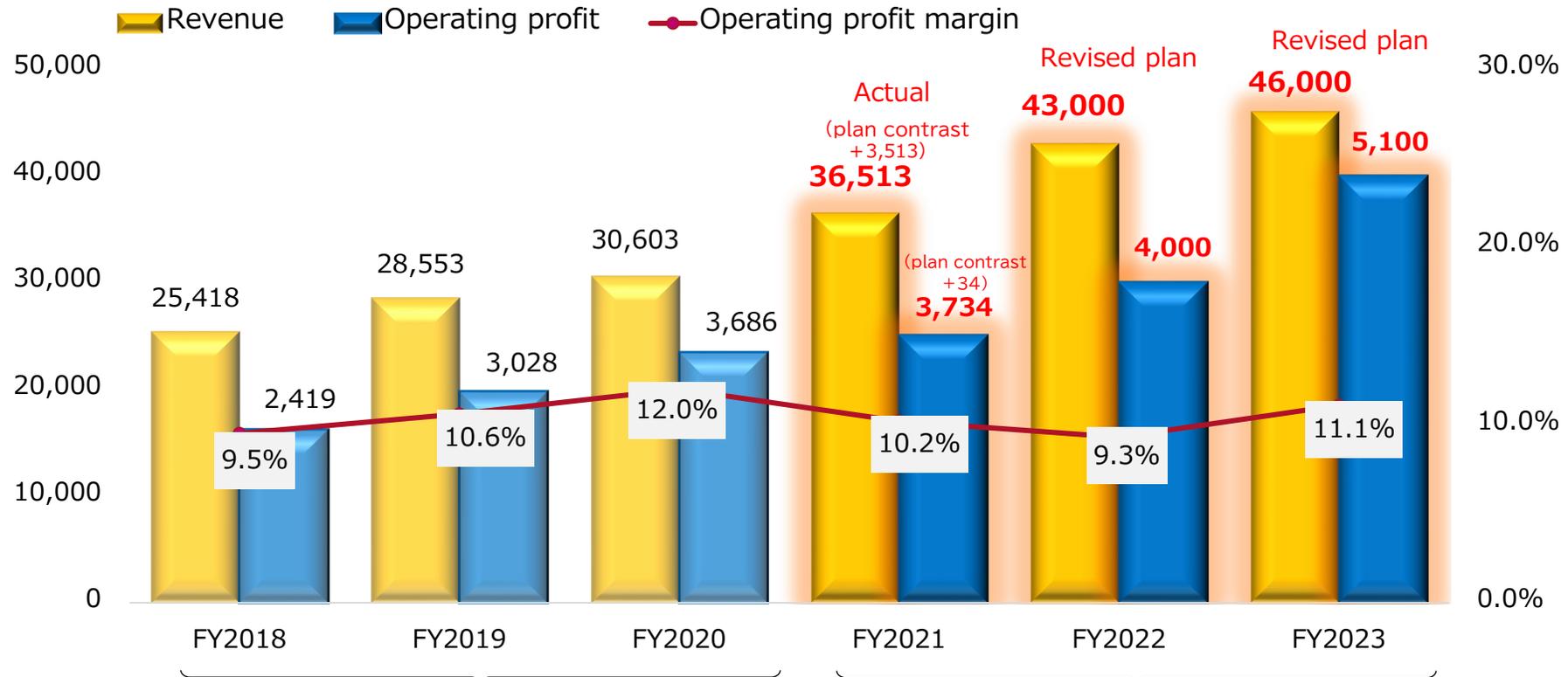
### Application service business

- Active investment into rapid expansion of education business
- Acceleration of AI Medical diagnosis support service business
- Expansion of PHR service
- Formation of alliances and groups with other vendors for One-stop CRM service
- Accelerate global expansion(ASESAN)
- Product/Service development using AI technologies
- Portfolio expansion (Original development of software development platform solution, etc.)
- Third-party testing with tools/Entry into the verification market
- Development and provision of BI solution for some specific vertical markets



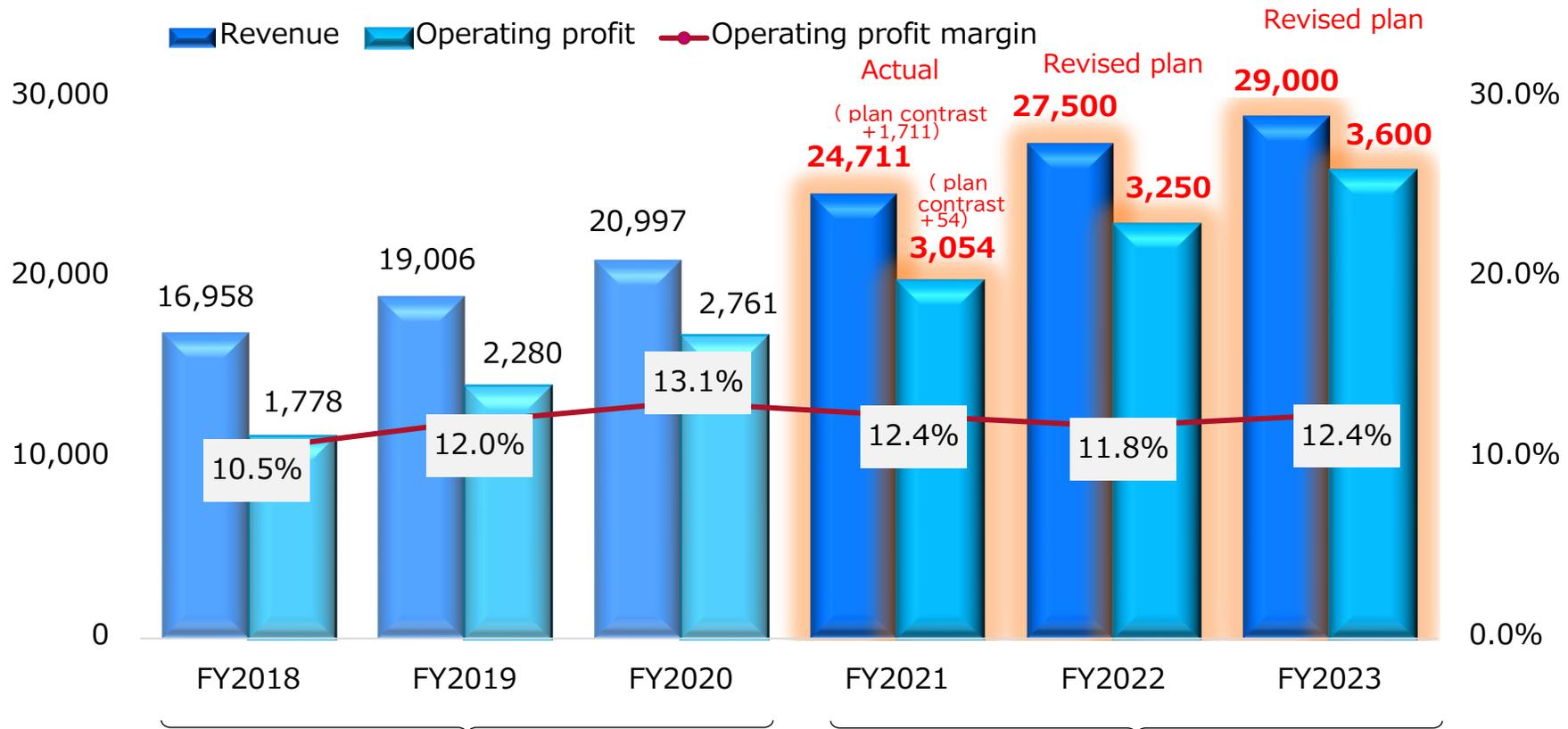


## Both revenue and operating profit continue to grow



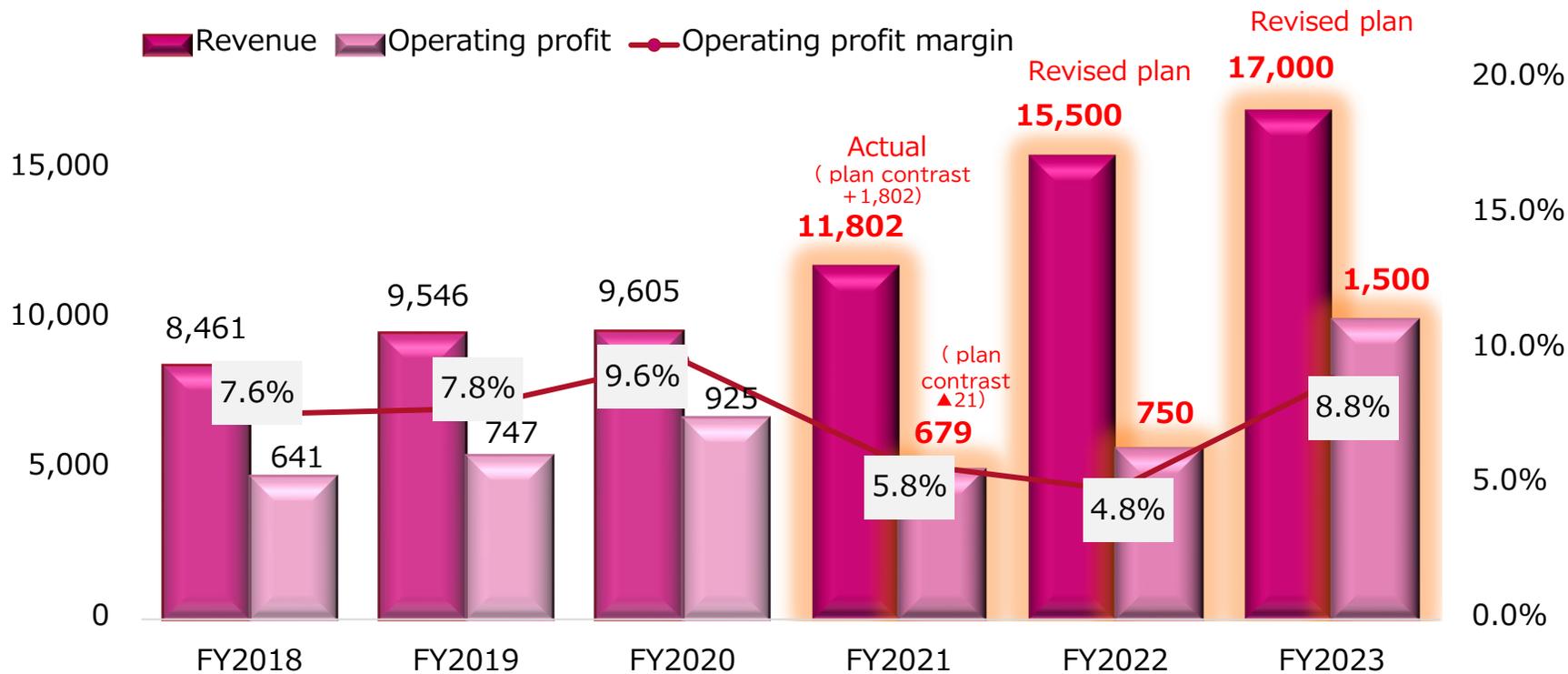


## Building a stable earnings base and adapting to the cloud-native era





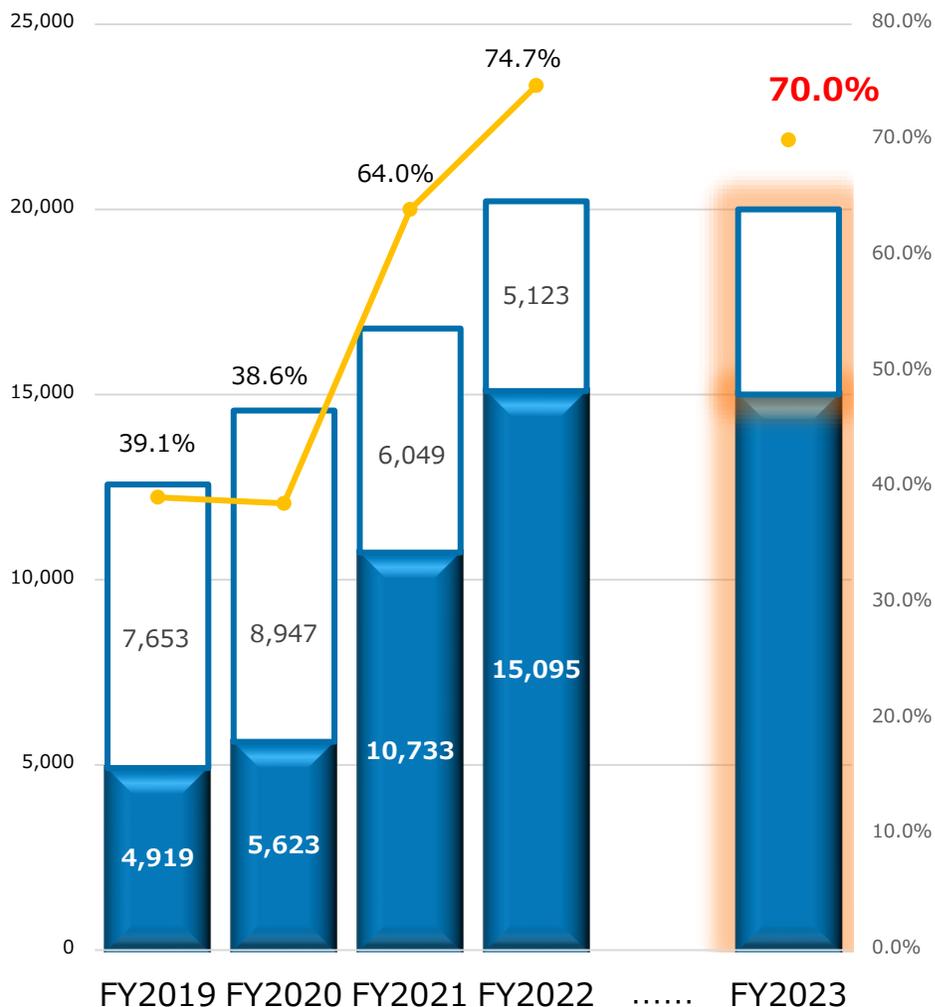
### Balance between investment and growth



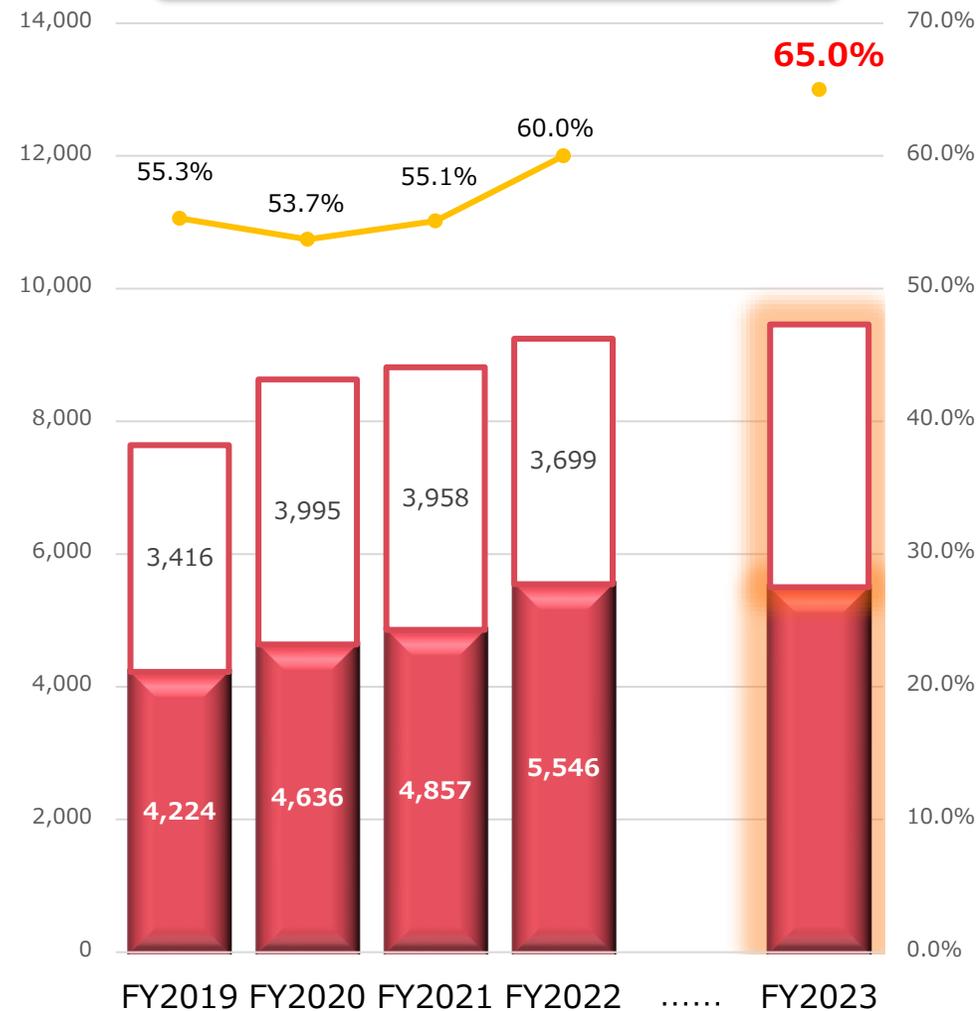


# Plan stock ratio (TMX (stand alone) + former NOBORI)

## Information infrastructure



## Application service



Stock Non-stock Stock ratio

Stock Non-stock Stock ratio



(Reference) Survey data • Other

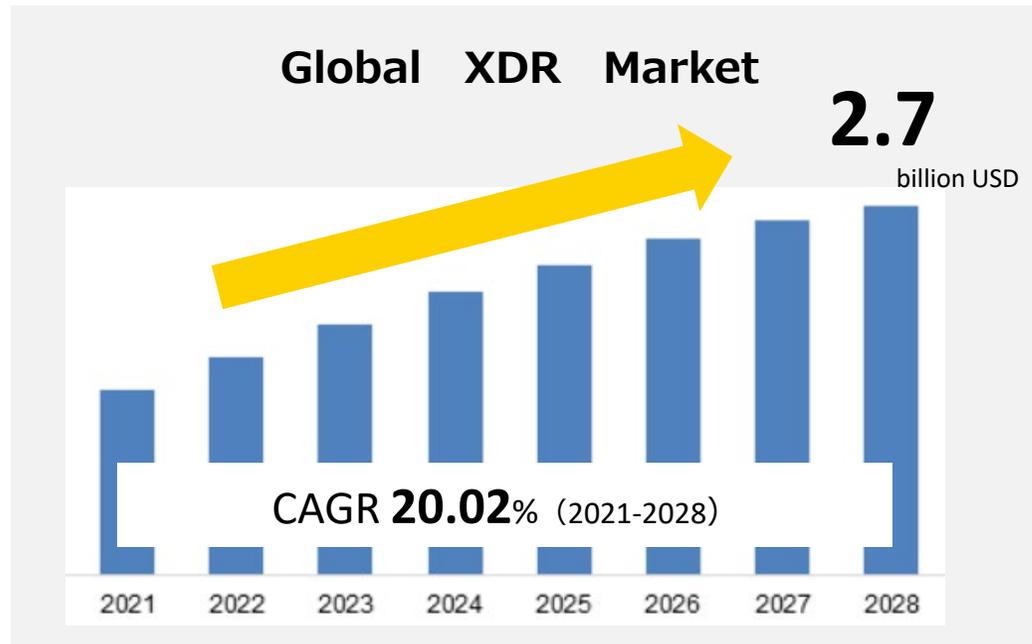


**From 2021 to 2028, the global XDR market is expected to grow to more than \$2.7 billion (CAGR 20.02%).**

What is XDR (extended detection and response)?

XDR collects data across multiple security layers including networks, servers, cloud-based applications and endpoints, and protects information assets located in various different locations. It is characterized by faster threat detection and flexibility and may be integrated with a wide range of existing security tools and products, and is indispensable in the VUCA era (※) .

※VUCA era ... Times when it is difficult to predict the future. It is an acronym for volatility, uncertainty, complexity and ambiguity.



Source: Compiled by TechMatrix based on Adroit Market Research 2021.

## ■ Sales and growth rate of major XDR vendors

Corporate name (sample)	Revenue (¥million)		Growth rate (%)
	FY2020	FY2021	
CrowdStrike Holdings Inc	92,968	160,788	<b>173%</b>
SentinelOne Inc	9,893	22,685	<b>229%</b>

Source: Compiled by SPEEDA based on their financial statements



## Fact-finding Survey on Security Measures

Survey period: June 10, 2022 – June 17, 2022

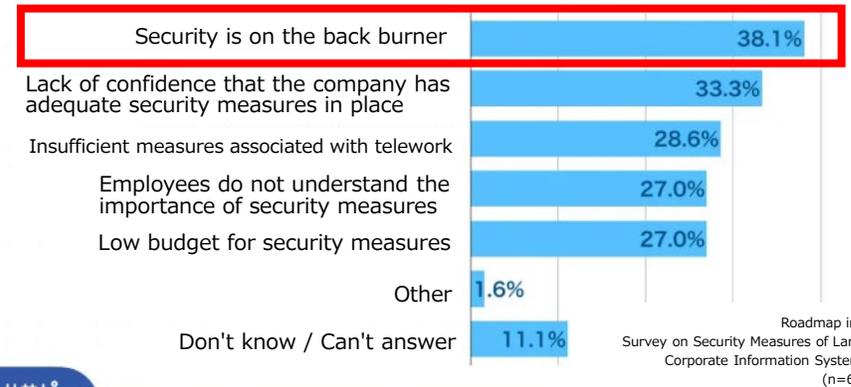
Based on a survey by Roadmap inc.

### Results of a survey of 100 information system managers at large companies (1,000 or more employees)

- ✓ **About 40%** of respondents felt that their company's security measures were falling behind in terms of concerns.
- ✓ **72.0%** of information system personnel said that their employer's management understands the importance of security measures.

Q4

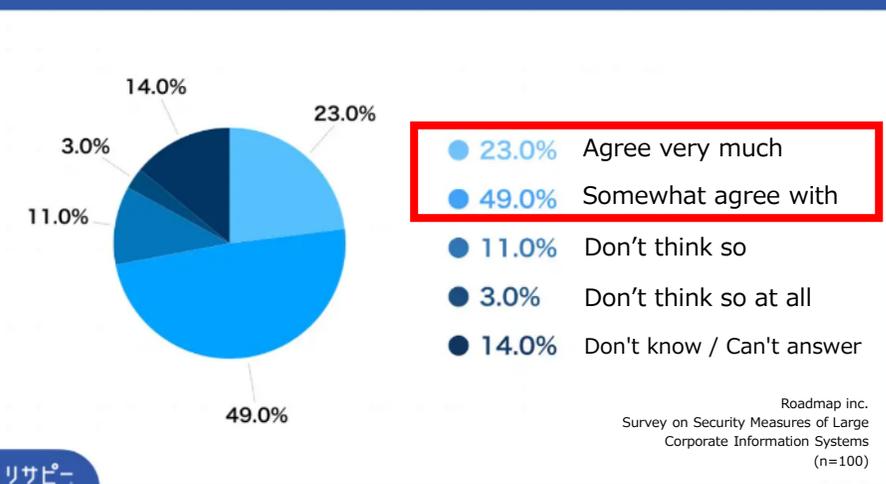
Questions for those who answered other than "adequate" in Q3. What are your concerns about security measures at your place of work (multiple answers)?



リサピー

Q6

Do you think the management of your company fully understands the importance of security measures?



リサピー



## The Global Personal Health Record Software Market size is expected to reach \$13.2 Million by 2027

### Market Growth Factors

#### Increasing government initiatives across the globe

There are growing government initiatives across various regions to promote the paperless healthcare mechanism. The burden of carrying multiple papers or prescriptions for availing any health care facilities has led patients to opt for personal health record software.

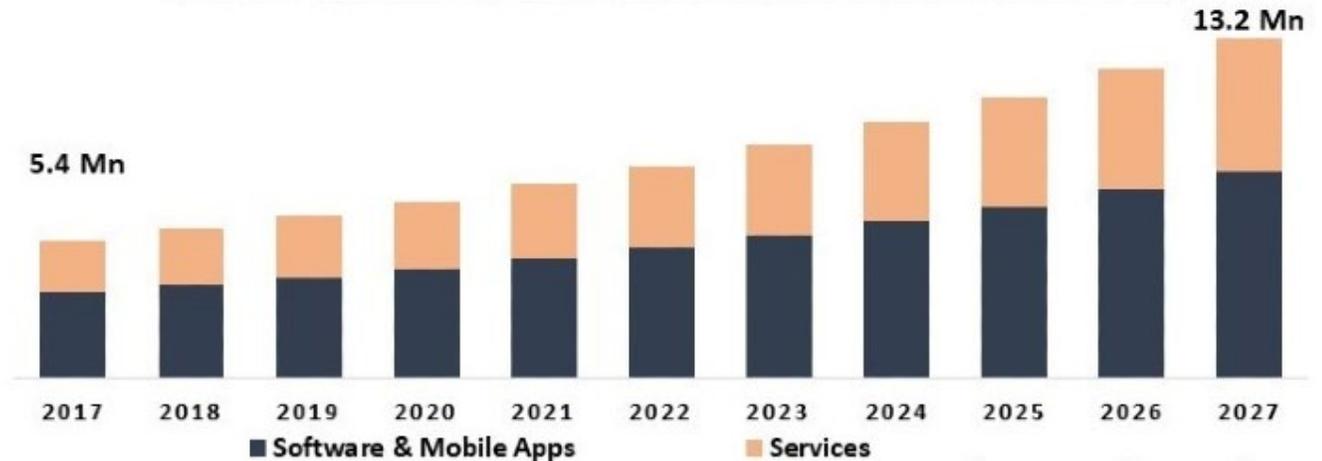
#### Growing digitalization in the healthcare industry

The increasing digitalization across the globe, especially in the healthcare sector is creating demand for more advanced, compact, and convenient technologies and solutions, which is estimated to fuel the demand for personal health record software. This software helps in keeping the health record of a person that includes a wide variety of information like doctor and patient’s address, an allergy to the patient, etc., which improves the healthcare management.

Source : Global Information, Inc.

“Global Personal Health Record Software Market By Component (Software & Mobile Apps and Services), By Architecture Type (Payer Tethered, Standalone and Provider Tethered), By Deployment Mode (Web-based and Cloud-based By Regional Outlook, Industry Analysis Report and Forecast, 2021 - 2027 ” (KBV Research)

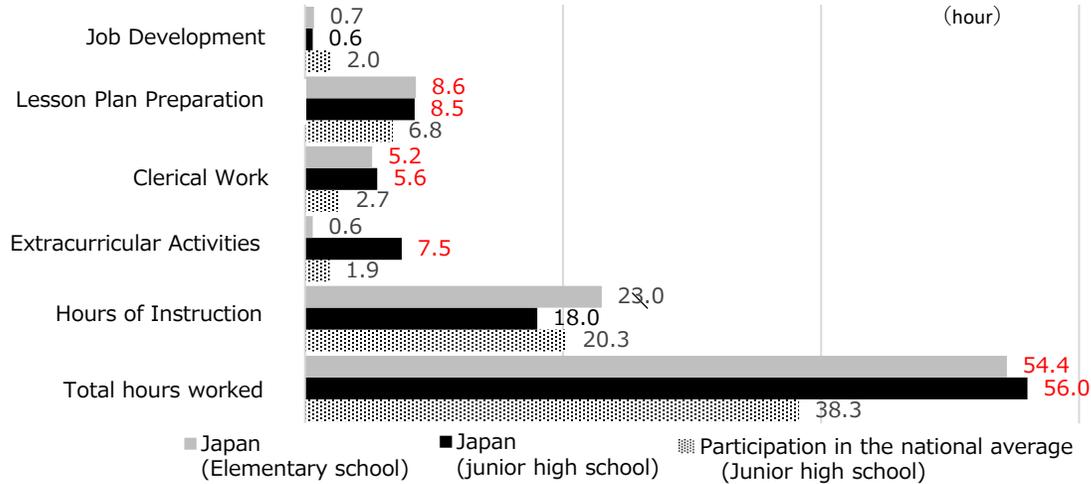
Personal Health Record Software Market Size, By Component, 2017 - 2027



Source: www.kbvresearch.com



### Teacher's work hour per week

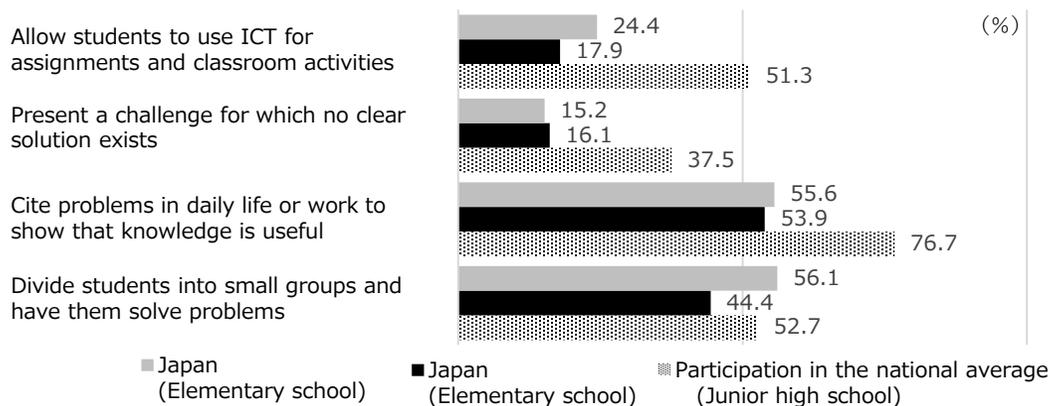


**Teachers work the longest hours among any of the participating countries, and there is a significant sense of a shortage of human resources.**

The following items recorded the longest hours among the participating countries.

- ✓ Work time
- ✓ Extracurricular activity hours (junior high school)
- ✓ Administrative work

### Percentage of teachers who frequently use each instructional practice



**Insufficient efforts to improve classes from the viewpoint of independent, interactive, and deep learning and to utilize ICT, etc.**

\*Organization for Economic Cooperation and Development (OECD) International Teacher Leadership and Instructional Environment Survey (TALIS) has been conducted every five years since 2008 for teachers and principals, focusing on the working and school environments of teachers and principals. The next survey is scheduled to be conducted in 2024.\*48 countries/regions, including OECD member countries, participated (15 countries/regions participated in primary education).Translated with www.DeepL.com/Translator (free version)

Source : International Teacher Teaching Environment Survey (TALIS) 2018 (OECD)

## Rising demand for cloud security

### Significance of unified security policy

Rising demands for remote access from home and unified security policy applied to many offices spread across the globe.

**Point !** 

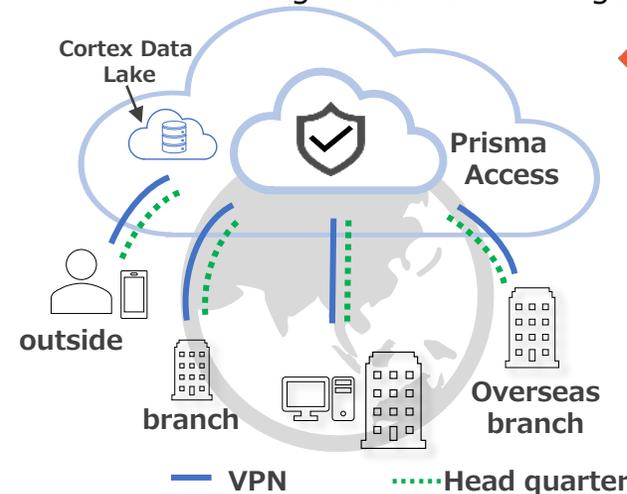
**Providing security services independent of location, device...etc.**

### SASE (Secure Access Service Edge )

Secure Access Service Edge(SASE) is a cloud service which provides network and network security within a single framework.

## Palo Alto Networks Prisma Access

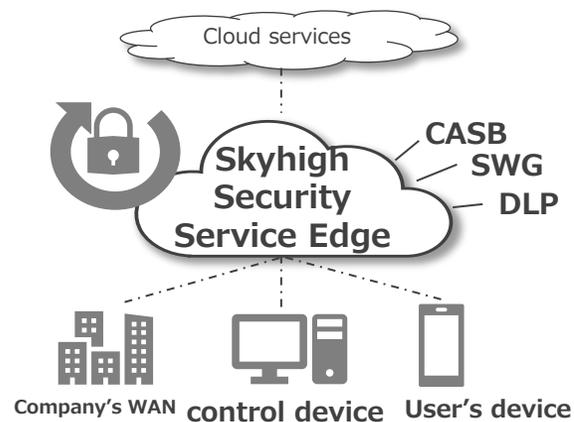
~ Providing functions of next generation fire wall on cloud~



- Protecting multiple offices and mobile user... by unified security policy of next generation fire wall on cloud.
- No equipment installation.

## Skyhigh Security Service Edge (SSE)

~Provides consistent data and threat protection controls from device to cloud~



- Data loss prevention in cloud native environments, which can't be detected from enterprise LAN.
- Providing secure cloud access from every devices.



## Japan's top class track record of selling cybersecurity products from global cybersecurity leaders

Received awards from the global cybersecurity leaders as a partner company that achieved outstanding sales performance.



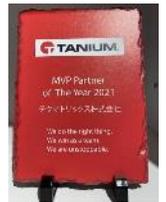
Access Security | Endpoint Security | Risk management  
Gateway Security | Web / Cloud Security

- JAPAN Distribution Partner of the Year  
⇒5 years in a row (2018, 2019, 2020, 2021, 2022)



Endpoint Security | Internal Network | Visibility

- MVP Partner of the Year



Secure Cloud Services | Internal network

- PARTNER OF THE YEAR  
⇒2 years in a row (2020, 2021)



Information infrastructure | Data protection

- Channel Services Delivery Excellence Award  
⇒3years in a row (2019, 2020, 2021)





## Purpose of business integration①

Integration / Aggregation

**NOBORI** Ltd.  
TechMatrix Group

**PSP** 株式会社  
Public and social system Solution Provider



### Integration / Aggregation

**Further improvement of functions and quality of services and products**

Secured the second largest market share based on the number of customers and sales (2,200 facilities)

**Accelerate new business such as PHR/AI/data utilization by relocating engineering resources**

Further data collection on the cloud  
Increasing the number of end-users and facilities using PHR services



## Purpose of business integration②

- Promotion of Cloud PACS business
- Unifying business models as a part of the business integration

**Point !**

**Concentrating and optimizing resources for cloud services in phases**

## Product types



**NOBORI products:  
Cloud services**



**PSP products:  
On-premise**



**(New) PSP products:  
Cloud services**  
(Shifting to the cloud in phases)

- ✓ **Fully integrating** the products **in phases** (targeting completion by April 2026)
- ✓ Shifting to **unified monthly subscription models**



# (Reference) 1Q Topics for the FY2022



## New collaborations and alliances

### ① Collaboration with Canon Medical Systems Corporation

Providing optimized reading support solutions by combining technologies to help diagnostic radiologists make accurate diagnoses

- Canon Medical Systems
  - AI-based analysis technologies
  - 3D processing technologies
- PSP
  - DICOM viewer software
  - Cloud-based Picture Archiving and Communication System (PACS)

### ② Alliance with Splink, Inc. and Millennia Corporation

Started to provide Brain Healthcare Program™ that visualizes brain health

- Splink
  - Brain Life Imaging® (AI-based brain checkups program)
- Millennia
  - Check of Head Health® (A simple cognitive function scale)
- PSP
  - NOBORI (An app to manage medical information)

Structural changes (in the brain structure)



Functional changes (in cognitive functions)



Medical information management with PHRs



## Brain Healthcare Program



### Brain Healthcare Program™

Visualizes brain health by using AI-driven image analysis, cognitive function scales, and personal health records (PHRs) together.

A total prevention solution that can be accessed anytime, anywhere via smartphones.

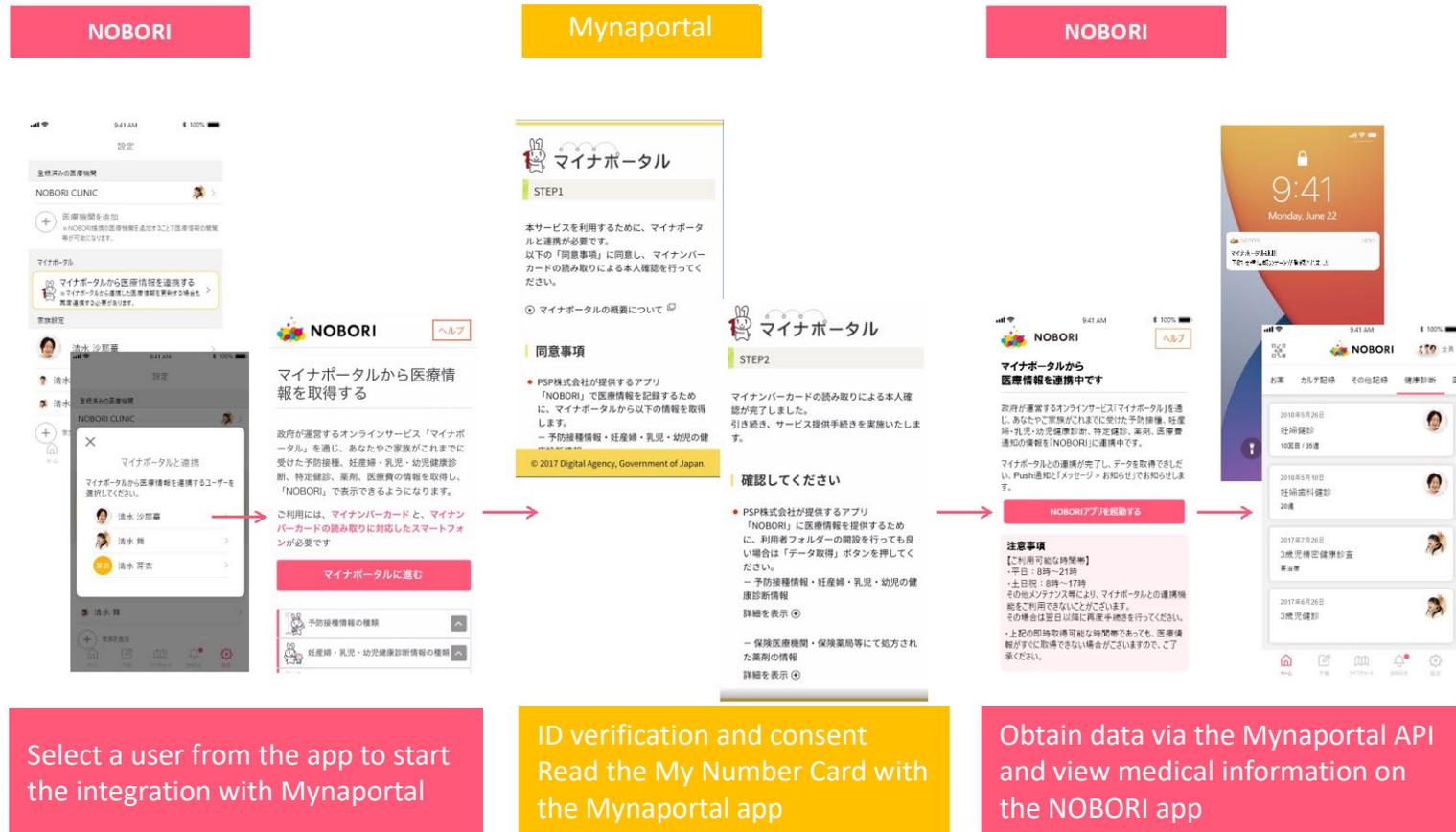
## New collaborations and alliances

### ③ Integration with Mynaportal, a service run by the Japanese government

By integrating with the Mynaportal API, medical information managed by government agencies can be obtained, and then viewed and stored within the NOBORI app—a PHR app from PSP.

Available information:

- Vaccinations
- Health checkups for expectants, nursing mothers and infants
- Health screenings for people aged 40 to 74
- Medicines
- Medical expenses



Select a user from the app to start the integration with Mynaportal

ID verification and consent  
Read the My Number Card with the Mynaportal app

Obtain data via the Mynaportal API and view medical information on the NOBORI app



## Successful track records of “tsumugino”

### ① Acquired new customers

BAIKA Junior High School and BAIKA High School

### ② Made proactive investments

Focusing on enhancing the functionalities to meet standard bidding requirements with an eye on developing market opportunities for public schools.

### ③ Acquired a patent for a class scheduling system

The system helps schools adopt individually-optimized, project-based learning that supports the new guidelines for courses of study.

### ④ Awarded a letter of appreciation from Google for Education™

TechMatrix received Appreciation for Excellent Partnership 2022 as a partner that greatly contributed to the development of the Japanese education industry.

## Sample screen of the class scheduling system



### Assisting individually optimized learning

- Issues that the system can solve  
Our class scheduling system can help to plan individual schedules tailored to student levels or teaching progress, which is not possible with traditional scheduling systems based on the in-a-mass teaching style.
- Purposes for developing the system  
To provide a class scheduling system that allows students to plan their own learning plans for independent learning.

## Successful track records of “tsumugino”

### ⑤ Started a joint project with Compass Inc.

- ✓ Demonstrated a new learning style using different EdTechs with devices for each student under the new guidelines for courses of study.
- ✓ Supported independent, interactive, and deep learning of students by using software and educational data with devices provided to them under the GIGA School Program lead by Ministry of Economy, Trade and Industry of Japan (MEXT).

## Promotion of educational digital transformation

Building data usage models to realize an independent and convincing evaluation process



Features for the  
evaluation process

----- Integration -----

Study logs  
Content data

### tsumugino

A new, cloud-based, school communication platform + school affairs support system, designed to build learning and communication in a new age. It is increasingly employed, mainly by private schools.

### Qubena

AI-based teaching materials that can make questions tailored to individual student’s learning levels. Qubena is adopted by local governments and public and private elementary and junior high schools across the country. It has been chosen as a learning innovation project by Ministry of Economy, Trade and Industry.



# (Reference) 2Q Topics for the FY2022



## Expanded ESG information disclosure

## Disclosures aligned with TCFD recommendations

### GHG emissions target

#### Step 1 Identify challenges



Identified challenges we are currently facing with reference to the frameworks that support the preparation of integrated reports, such as the GRI Guidelines and the International Integrated Reporting Framework.



#### Step 2 Evaluate importance



Evaluated importance of the identified challenges from the perspectives of our current situation and management strategy, as well as stakeholders including employees, customers and investors.



#### Step 3 Identify material matters



Identified material matters through discussions with management, considering our management strategy as well as social demands and expectations.

- Information security
- Diversity and equal opportunity
  - Established the Diversity & Inclusion Department (on Aug. 1, 2022)
- Training and education
- Recognition of current status (risks and opportunities) of climate change and setting of future goals
  - Started disclosures aligned with TCFD recommendations

Target	
Recognizing that addressing climate change is an important social issue, we set a goal in 2020 of reducing CO <sub>2</sub> emissions from the Group's business activities by 46% from the 2020 levels*2 by FY2030.*1	
<b>Basis for the target</b>	<ul style="list-style-type: none"> <li>■ SBT for 1.5°C: At least a 4.2% annual reduction for 10 years toward at least a 42% reduction</li> <li>■ Government target: 46% reduction (compared to the 2013 levels)</li> </ul>
<b>Scope</b>	<b>TechMatrix (non-consolidated)</b> (The Company plans to expand the scope by adding consolidated subsidiaries in phases (Scope 1 and 2))

\*1. The target year should be set 5 to 15 years after the year when the target has been set (2022) (here, we tentatively set the target year as 2030, 8 years later).

\*2. The base year must be in or before the year when the target has been set (2022) and data must have been collected in the base year.

### Net zero target

Target	
Of the GHG emissions from our business activities, approximately 73% come from electricity, and the remaining 27% come from the gas used for air conditioning. Such electricity and gas are mainly used at business sites including the headquarters, branch offices, and sales offices. We set a goal to achieve carbon neutrality (Net Zero) by 2050 for all GHG emissions from our business activities. For this, we will change the electricity used in our business activities to be derived from renewable energy sources, and offset the remaining GHG emissions by purchasing J-Credit, Green Electricity Certificate, Non-Fossil Certificate, etc.	
<b>Basis for the target</b>	<ul style="list-style-type: none"> <li>■ SBT for 1.5°C: At least a 4.2% annual reduction for 28 years toward at least a 117.6% reduction</li> <li>■ Government target: Carbon Neutrality (Net Zero) by 2050</li> </ul>
<b>Scope</b>	<b>TechMatrix (consolidated)</b> (Scope 1 and 2)

## Detection and management of the risks arising out of cyberattacks

TechMatrix's security specialists support the operations of Palo Alto Networks Cortex® Xpanse

### Attack Surface Management services



#### Create a list of hosts requiring security measures

Analyze detection results of Cortex Xpanse to create the list



#### Identify target hosts to be assessed

Select hosts for vulnerability assessment through discussions with customers.



#### Conduct reassessment (diagnosis)

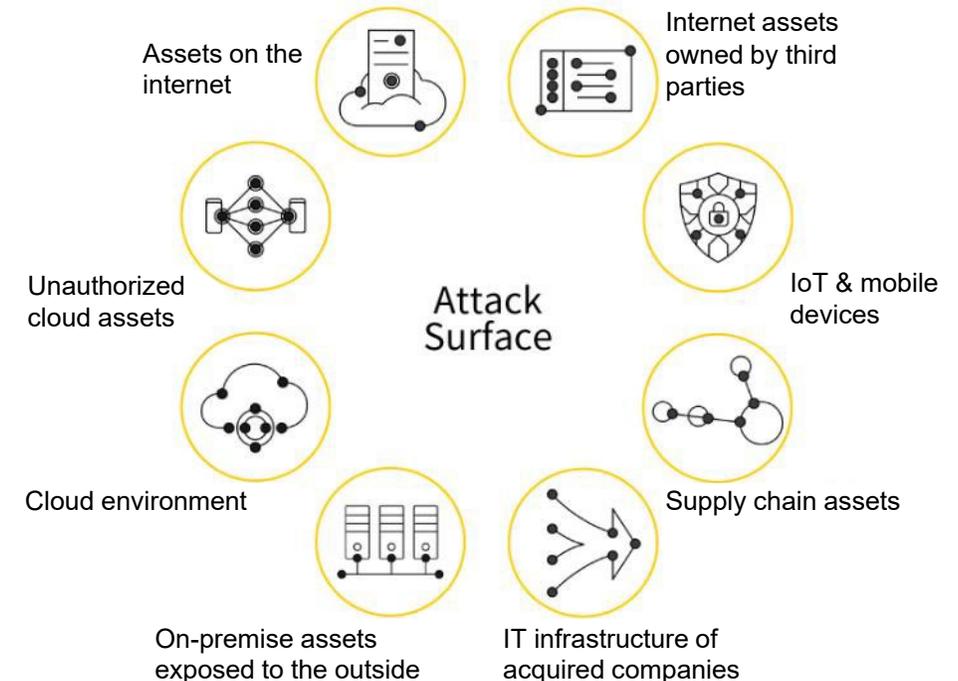
With the results of the vulnerability assessment, reassess the target hosts by checking for the risks detected by Cortex Xpanse.



#### Prepare reports and hold briefing sessions

### Cortex® Xpanse

A cloud service product that detects and manages the risks arising out of cyberattacks through continuous monitoring of organizations' all IT assets exposed to the internet.



- Reduce attack surface by identifying vulnerable IT assets and taking measures on them, which are unrecognized by each organization.
- Automates collection of highly accurate information and high-frequency checks that are difficult to be performed by human being.

## Total support of cloud-native\*1 system development, operations, and maintenance



- Security
- Software development support
- Promotion of cloud native technologies, support for training
  - Container technologies (Docker and Kubernetes)
  - DevOps\*2 tools (Jenkins and Git)

**Today, more applications are tested and released faster. Advanced process coordination of cloud-based technologies is critical for infrastructure, application development, operations, and ensuring security.**

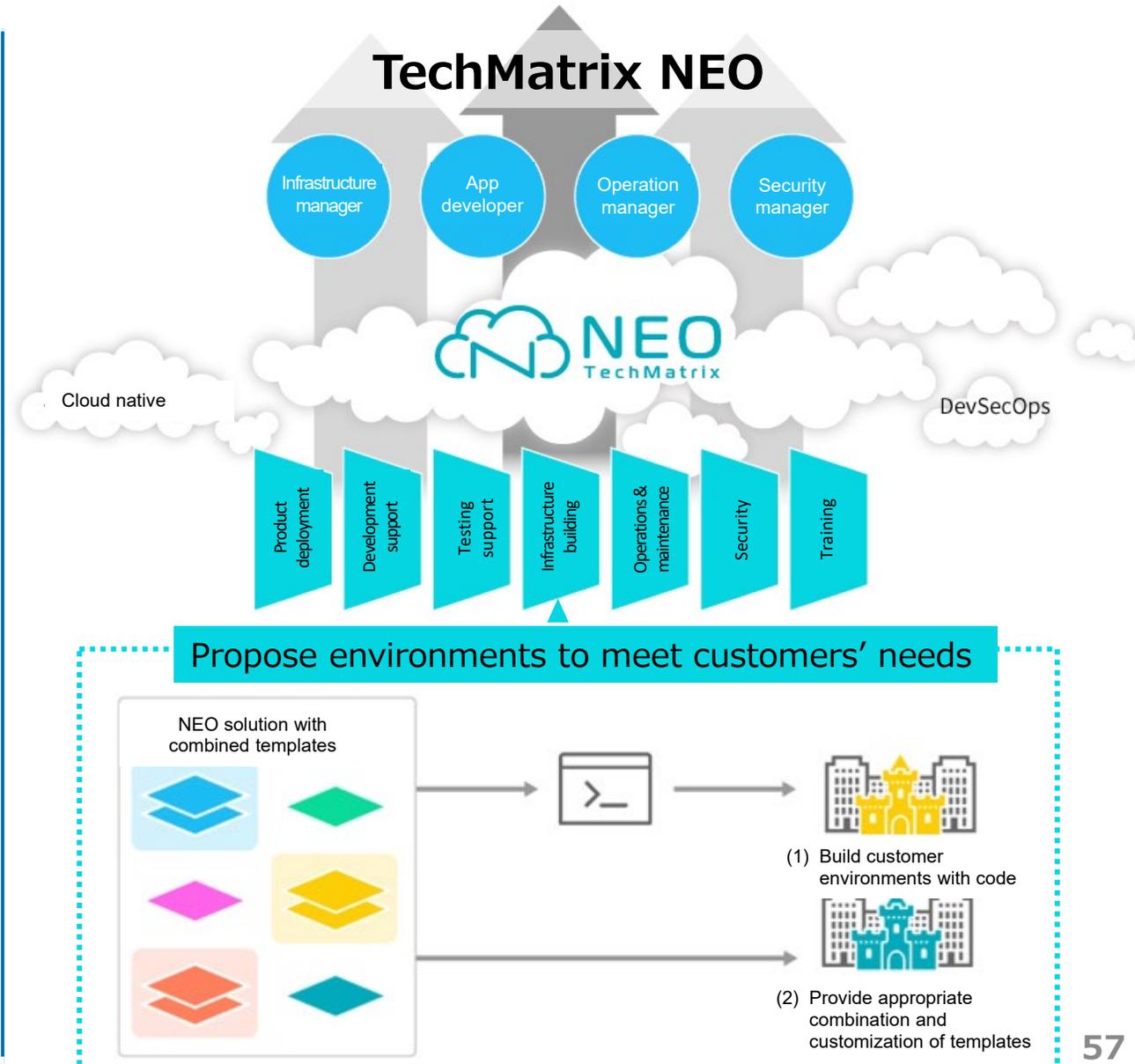
Definition of terms:

\*1 Cloud-native

A method that takes full advantage of the cloud

\*2 DevOps

An approach to processes and methods that accelerates collaboration between development and operations teams



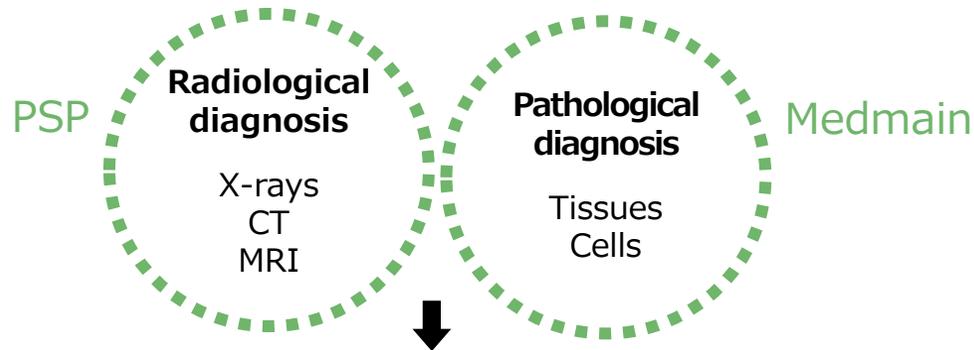


## A new collaborations and alliances

### Concluded capital and business alliance with Medmain

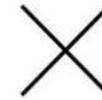
Accelerating the promotion of digital pathology by combining technologies

- Medmain  
Technologies related to pathological diagnosis (incl. AI-powered technologies)
- PSP  
Cloud-based Picture Archiving and Communication System (PACS)



Developing new systems such as cloud-based PACS for pathology and expanding sales

- Developing an environment where diagnostic results and cases can be shared anytime, anywhere
- Reducing workload and costs at pathological diagnostic sites (physician travels and pathology specimen management and transportation)
- Promoting medical digitization in relation to the establishment of large-scale databases



### PidPort provided by Medmain Inc.

AI-powered cloud system for powerful support of digital pathological diagnosis

- ✓ Store, manage, view, and use digitized pathology images
- ✓ Request a diagnosis from pathologists online and share cases quickly
- ✓ AI screening and double-checking of digitized pathology images (AI-based analysis features are planned to be provided in Japan in the future.)



## Successful track records of “tsumugino”

### ① Acquired new customers

Momoyama Primary School Attached to Kyoto University of Education

### ② Continued proactive investments

Focusing on enhancing the functionalities to meet standard bidding requirements with an eye on developing market opportunities for public schools.

### ③ Acquired a patent for a comment posting system

Added features for indirect instruction

Example: Excluding students from the list of viewers who can browse a posted comment

- ✓ In educational institutions, human-to-human interaction is highly significant. Sometimes, it may not be desirable to let everyone see posted comments for educational management purposes.

## Sample screen of the comment posting system



## Issues that the system can solve

Selecting individuals who can view certain messages is often troublesome. For example, under conventional email systems, you have to perform burdensome tasks, such as manually choosing email addresses. Under electronic bulletin board systems, you have difficulties in selecting specific individuals who are allowed to view a certain message because browsing restrictions are typically applied without any exception.

## Purposes for developing this feature

This system is designed to enable users to specify a scope of individuals who are allowed to view a comment when posting it and also to enable users to know the scope when viewing it.



<Handling of this material>

Description of future prospect contained in this material, etc. is based on current information.

It may fluctuate due to Macroeconomic trends, Market environment, Our related industry trends, Other internal · external factors, etc.

Therefore, there are risks and certainty that actual performance may differ from the descriptions of future prospect, etc.

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