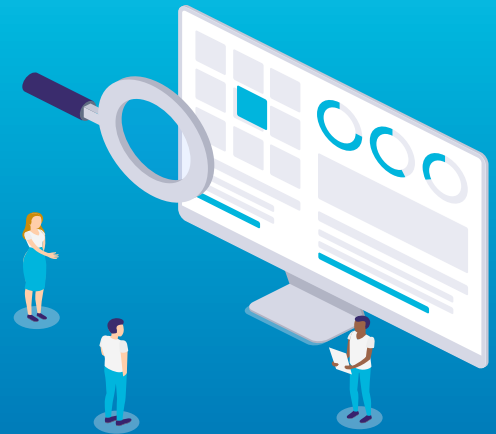


# Fiscal year ending March 31, 2023 Financial Results Briefing Materials

May 12, 2023



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# 1. Executive summary



Continued good performance in the enterprise domain **has resulted in increased sales and profits**, helping absorb **hiring expenses, M&A expenses, and branch expansion expenses for the best performance to date**

## Fiscal year ending March 31, 2023 Consolidated annual income

Net sales

**9,059**  
million yen

YoY change **+35.1%**

Operating income

**970**  
million yen

**+70.1%**

Net income attributable to owners of the parent

**651**  
million yen

**+57.4%**

Unit price  
(Software tests)

**740**  
thousand yen

YoY change **+44** thousand yen

Number of engineers in operation  
(As of end of March 31, 2023)

**1,157**  
people

**+229** people

Number of projects

**3,868**  
projects

**+503** projects

\*Mint CO., LTD. consolidated as of April 2022

## Performance points

- ✓ Enterprise domain remained steady
- ✓ Web service projects incorporating DX demands remained steady
- ✓ Increased profits at each level along with increased sales
- ✓ Hiring expenses increased after shifting to year-round hiring
- ✓ Branch expansion and M&A related acquisition expenses incurred

# Business growth potential (software tests)

## Major YoY increase in unit prices, number of active personnel, and number of projects

The following numbers are for the software test segment only, and differ from the "number of active personnel" and "number of projects" on the previous executive summary page.

Unit price\*1 (thousands of yen)



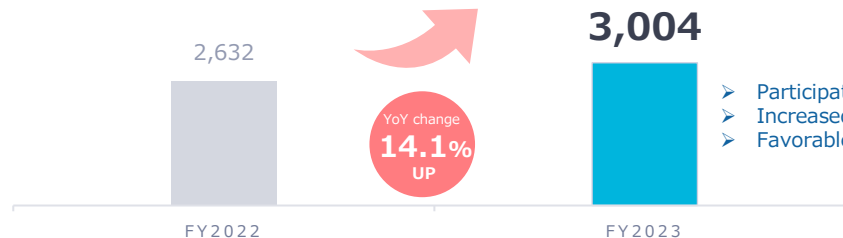
- Increase in sales ratio of enterprise domain
- Continued strong performance by existing customers
- Aggressive proposal of test automation introduction support

Number of active personnel (people)



- Increase in the number of applicants
- Strengthened relationships with business partners
- Steady collaboration with joining companies

Number of projects (projects)

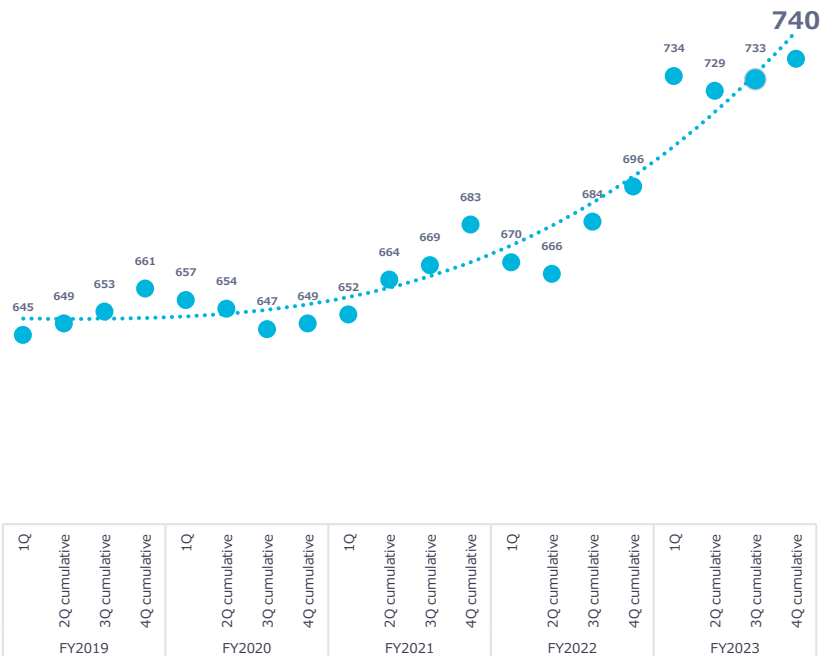


- Participated in many upstream processes as PMO\*2 and QMO\*3
- Increased acquisition of migration\*4 projects
- Favorable approach to target industries (finance, etc.)

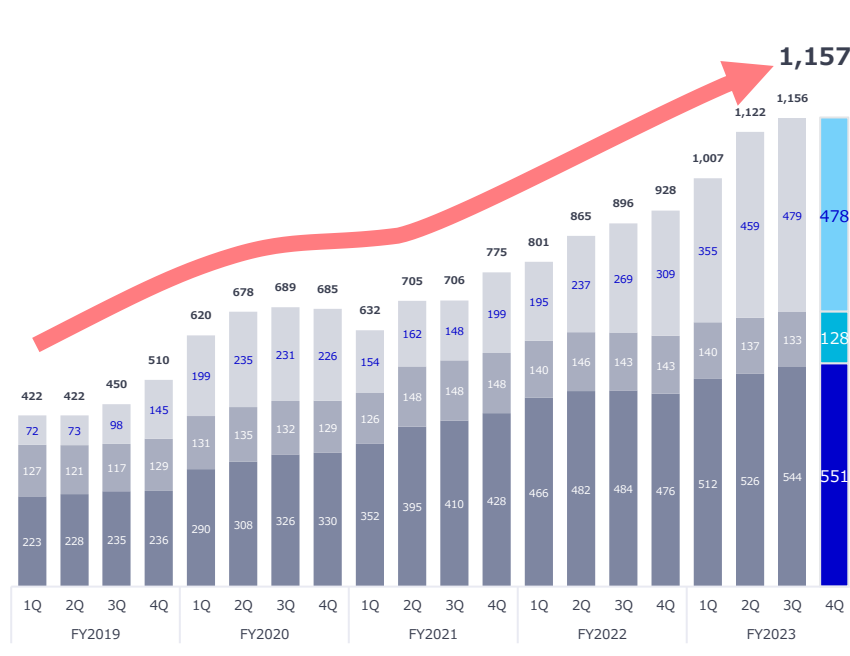
\*1 Unit price (monthly) = Net sales of software test segment ÷ total number of engineers (regular employees + contract employees + business partners)  
 \*2 Abbreviation for project management office, a department or structural system that provides support for individual project management across the organization  
 \*3 Abbreviation for quality management office, a department or structural system that provides support for individual quality management across the organization  
 \*4 Moving software, systems, data, etc. to a different environment or switching to a new environment

Exceeded a unit price of **740,000 yen**, and **1,150** engineers, showing continued growth

Net sales per engineer (monthly)\*  
(Software tests) (Unit: thousand yen)



Number of engineers in operation (consolidated) (Unit: people)

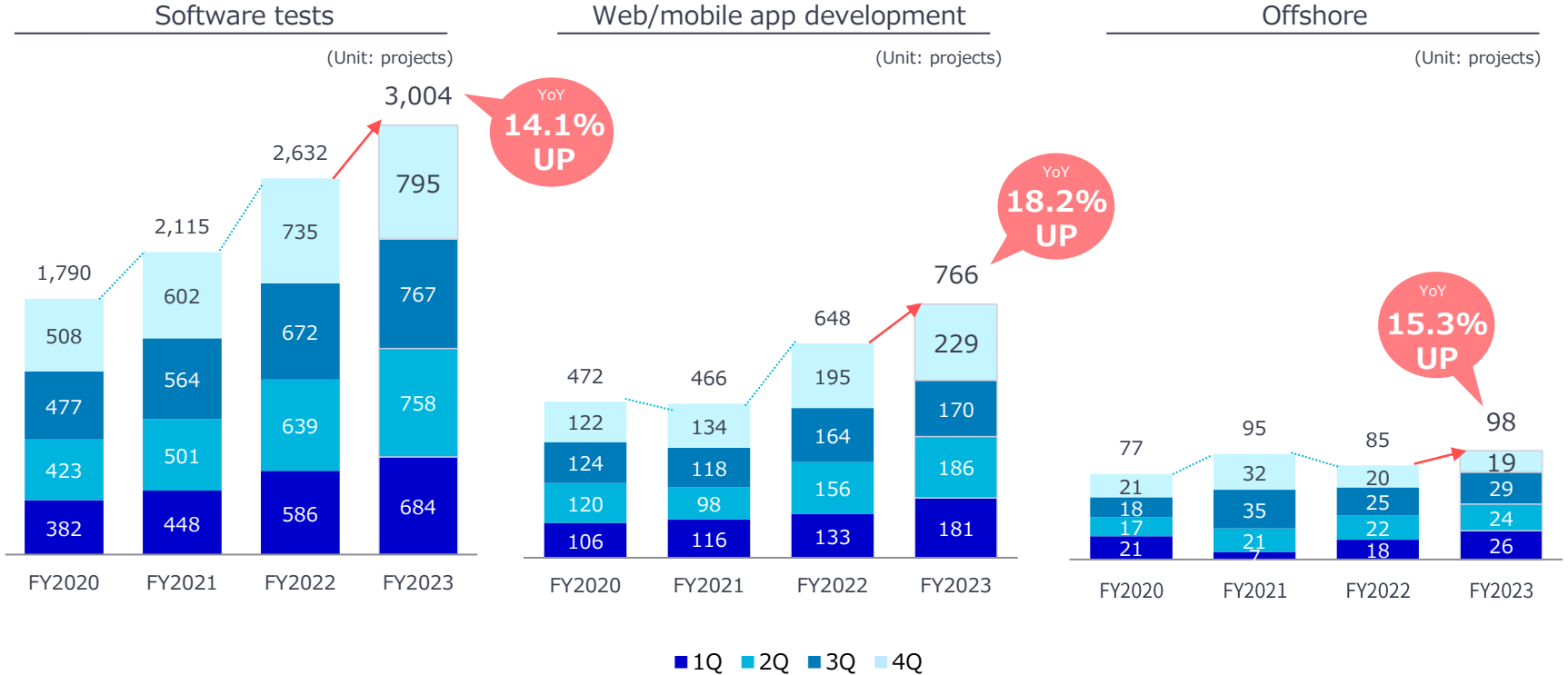


\*Net sales per engineer (monthly) = Net sales of software test segment ÷ total number of engineers (regular employees + contract employees + business partners)

■ Regular employees ■ Contract employees ■ Business partners

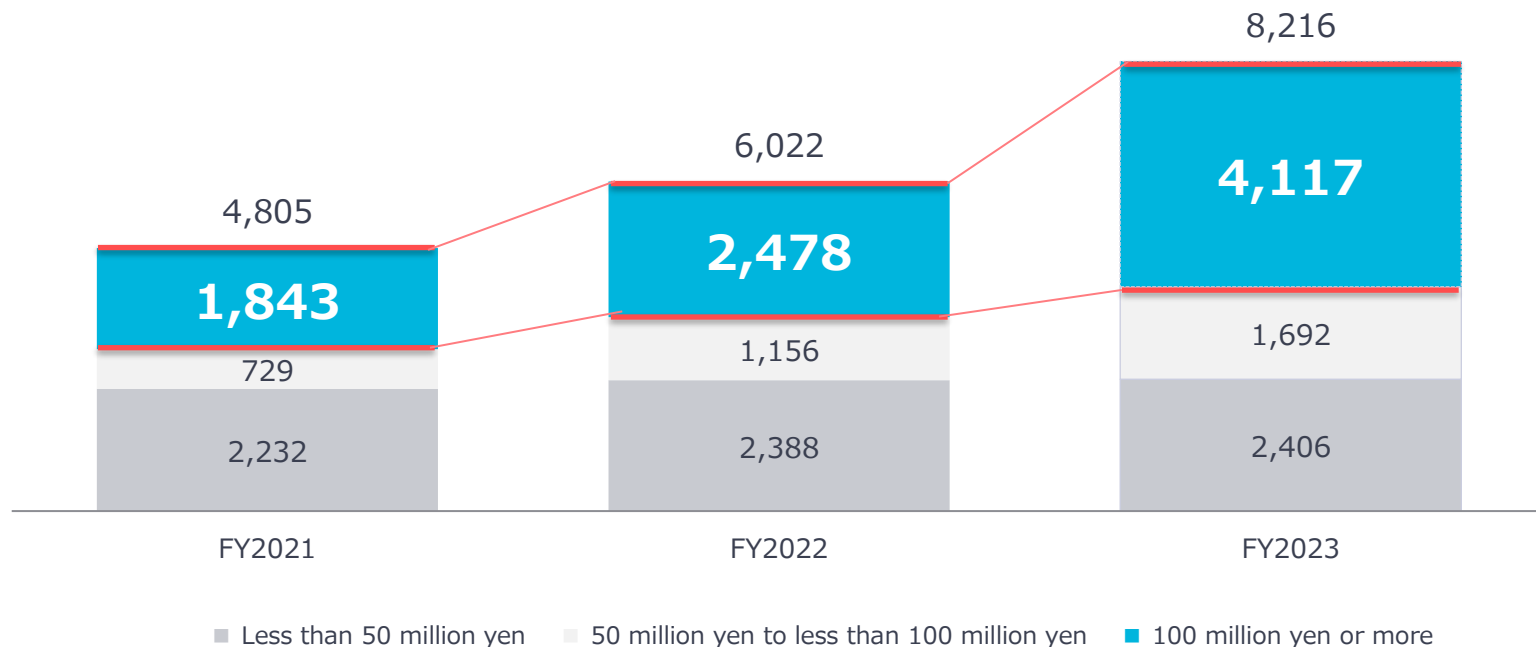
# Number of projects by segment

## Double-digit growth in all segments



Acceleration of **increasingly large projects** and **more than double** the number of projects over 100 million yen compared to FY2021

Trends in sales by scale according to customer (software testing) (Unit: million yen)





# 2. Financial results overview

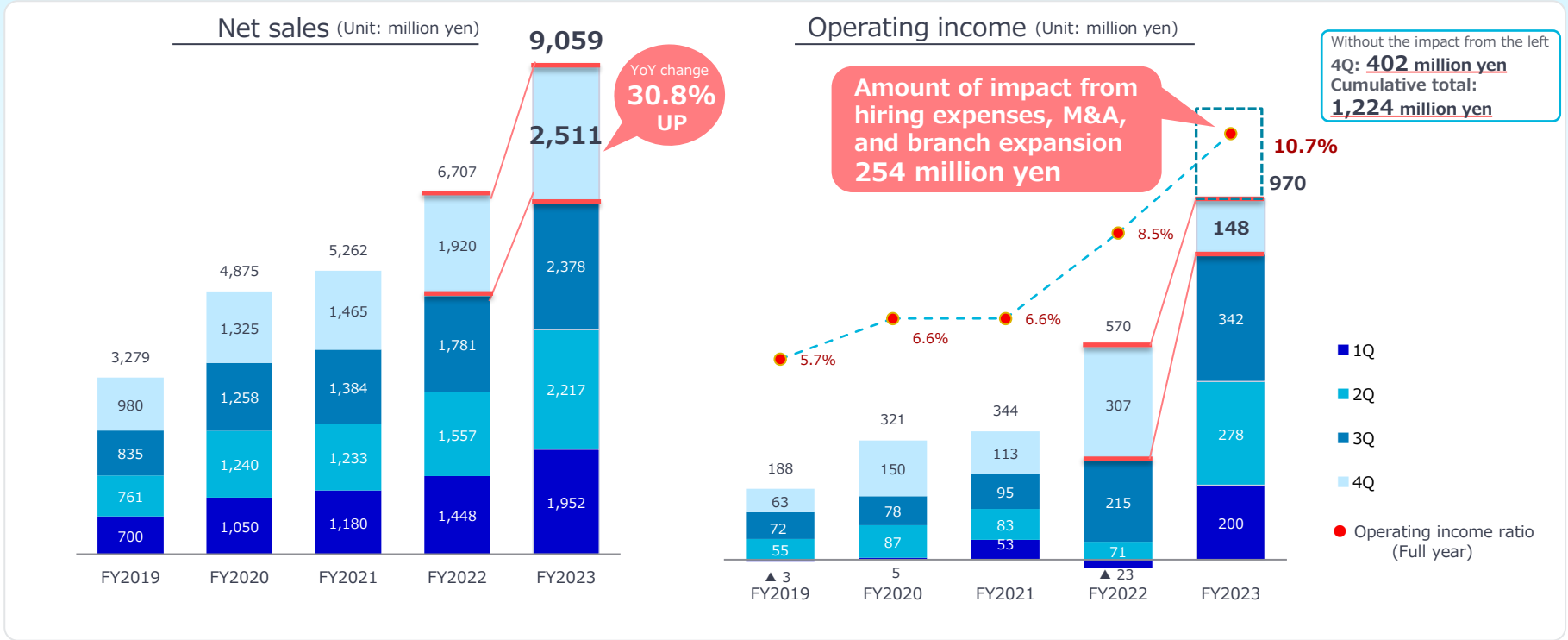


YoY Net sales: **+35.1%**, operating income: **+70.1%**, operating income ratio in double digits

	FY2022		FY2023			
	(Million yen)	Ratio to net sales (%)	(Million yen)	Ratio to net sales (%)	YoY change (Million yen)	YoY change (%)
Net sales	6,707	100.0	<b>9,059</b>	<b>100.0</b>	<b>+2351</b>	<b>+35.1</b>
Operating income	570	8.5	<b>970</b>	<b>10.7</b>	<b>+399</b>	<b>+70.1</b>
Ordinary income	580	8.6	<b>982</b>	<b>10.9</b>	<b>+402</b>	<b>+69.4</b>
Net income attributable to owners of the parent	413	6.2	<b>651</b>	<b>7.2</b>	<b>+237</b>	<b>+57.4</b>
Net income per share (yen)	60.17		<b>95.83</b>			

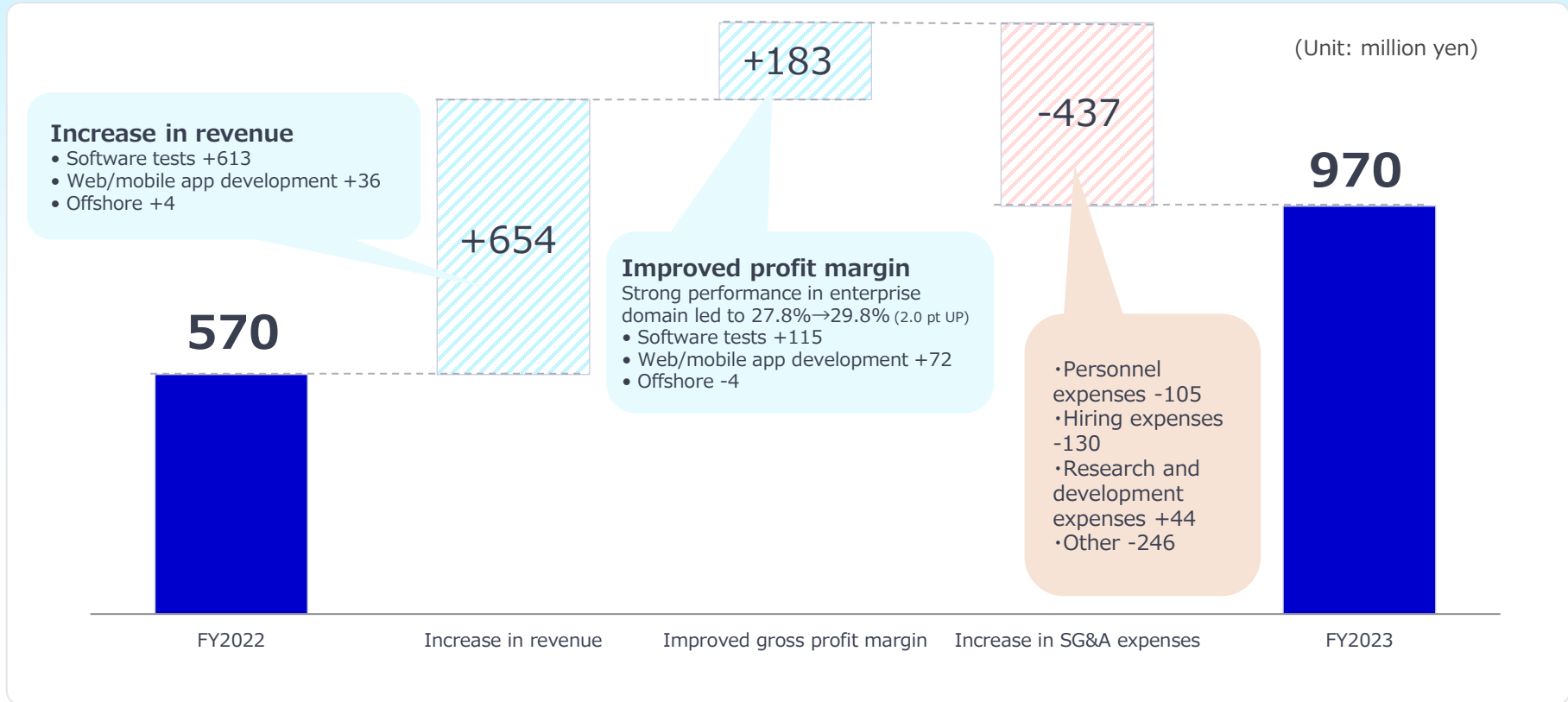
# Net sales and operating income quarterly trends (accounting period)

YoY Net sales: **+30.8%**, broke previous records for the quarter  
 Operating income was **the highest ever** excluding the impact of hiring expenses, M&A, and branch expansion



## Factors causing a change in operating income

**Higher revenue and improved gross profit margin** absorbed various growth investment costs, resulting in significantly higher profit



# Breakdown of consolidated SG&A expenses

	FY2022 4Q non-cumulative	FY2023 4Q non-cumulative	FY2022 4Q cumulative total	FY2023 4Q cumulative total		
	(Million yen)	(Million yen)	(Million yen)	(Million yen)	YoY change (Million yen)	YoY change (%)
SG&A expenses	346	<b>614</b>	1,295	<b>1,733</b>	<b>+437</b>	<b>+33.8</b>
Personnel expenses	149	<b>172</b>	558	<b>664</b>	<b>+105</b>	<b>+19.0</b>
Hiring expenses	41	<b>127</b>	173	<b>303</b>	<b>+130</b>	<b>+75.1</b>
Research and development expenses	12	<b>14</b>	89	<b>45</b>	<b>-44</b>	<b>-49.6</b>
Other	143	<b>300</b>	473	<b>719</b>	<b>+246</b>	<b>+51.9</b>
(including M&A expenses)	(22)	<b>(98)</b>	(26)	<b>(125)</b>	<b>(+99)</b>	<b>(+377.6)</b>
(including branch expansion expenses)	(-)	<b>(24)</b>	(-)	<b>(24)</b>	<b>(+24)</b>	<b>(-)</b>

Personnel expenses +105 Increased personnel according to bolstered departments in charge of recruiting, provision of special allowance for inflation for October and November 2022

Hiring expenses +130 **Impact due to shifting to year-round recruiting, which conventionally tended favor the first half of the year**

Research and development expenses -44 Prior investment in development of new services such as T-DASH (software test automation tool) in the previous year

Other +246 **Increase of M&A related expenses (acquisition related expenses, amortization of goodwill, PPA expenses), interior expenses incurred in line with expanding Tokyo and Osaka branches, increase of PR expenses, increase of business travel expenses in line with relaxed restrictions on travel, etc.**

**Significant increase** of regular employees as a result of active hiring expenses investment

Engineers + SG&A	FY2022 4Q non-cumulative	FY2023 4Q non-cumulative	FY2022 4Q cumulative total	FY2023 4Q cumulative total		
	(people)	(people)	(people)	(people)	YoY change (people)	YoY change (%)
Total (Engineers)	16 (14)	<b>41</b> (38)	153 (131)	<b>194</b> (166)	<b>+41</b> (+35)	<b>+26.8</b> (+26.7)
Hiring expenses (millions of yen)	41	<b>127</b>	173	<b>303</b>	<b>+130</b>	<b>+75.1</b>

## April 1 Number of consolidated regular employees

Engineers + SG&A	April 01, 2022	April 01, 2023	YoY change	
	(people)		(people)	(people)
Total (Engineers)	39 (36)	<b>60</b> (52)	<b>+21</b> (+35)	<b>+53.8</b> (+44.4)

(Unit: million yen)

	FY2022		FY2023			
	Track record		Track record		YoY change	
<b>Net sales</b>	6,707		<b>9,059</b>		+35.1%	
Software tests	6,022		<b>8,216</b>		+36.4%	
Web/mobile app development	840		<b>1,045</b>		+24.5%	
Offshore	71		<b>86</b>		+19.8%	
Elimination of intersegment transactions and corporate expenses	-227		<b>-288</b>		-	
<b>Operating income (profit margin)</b>	570	(8.5%)	<b>970</b>	<b>(10.7%)</b>	+70.1%	(+2.2pt)
Software tests	568	(9.4%)	<b>977</b>	<b>(11.9%)</b>	+72.0%	(+2.5pt)
Web/mobile app development	70	(8.4%)	<b>71</b>	<b>(6.9%)</b>	+1.6%	(-1.5 pt)
Offshore	10	(14.5%)	<b>0</b>	<b>(0.1%)</b>	-99.2%	(-14.4 pt)
Elimination of intersegment transactions and corporate expenses	-78		<b>-78</b>		-	

## Software testing net sales for the quarter reached quarterly best, **2.2 billion yen**



\*Mint CO., LTD. consolidated as of April 2022

\*Consolidated total sales value differs from the total of sales for each segment due to adjustments for elimination of intersegment transactions and corporate expenses.





	FY2022		FY2023			
	(Million yen)	Ratio to net sales (%)	(Million yen)	Ratio to net sales (%)	YoY change (Million yen)	YoY change (%)
Net sales	6,707	100.0	<b>9,059</b>	100.0	+2351	+35.1
Cost of sales	4,841	72.2	<b>6,356</b>	70.2	+1514	+31.3
Labor cost	3,136	46.8	<b>3,451</b>	38.1	+315	+10.1
Outsourcing expenses	1,496	22.3	<b>2,668</b>	29.5	+1172	+78.4
Other	209	3.1	<b>235</b>	2.6	+26	+12.7
SG&A expenses	1,295	19.3	<b>1,733</b>	19.1	+437	+33.8
Personnel expenses	558	8.3	<b>664</b>	7.3	+105	+19.0
Hiring expenses	173	2.6	<b>303</b>	3.3	+130	+75.1
Research and development expenses	89	1.3	<b>45</b>	0.5	-44	-49.6
Other	473	7.1	<b>719</b>	7.9	+246	+51.9

(Unit: million yen)

Assets	FY2022	FY2023	Compared to end of previous period
Cash and deposits	1,356	<b>1,535</b>	+178
Accounts receivable - trade + contract assets	911	<b>1,208</b>	+297
Total current assets	2,345	<b>2,894</b>	+548
Property, plant and equipment	89	<b>185</b>	+95
Goodwill	64	<b>350</b>	+286
Software + software in progress	133	<b>101</b>	-31
Total intangible assets	197	<b>451</b>	+254
Investments and other assets	298	<b>558</b>	+259
Total non-current assets	585	<b>1,194</b>	+609
Total assets	2,930	<b>4,089</b>	+1158

(Unit: million yen)

Liabilities	FY2022	FY2023	Compared to end of previous period
Accounts payable - trade	175	<b>310</b>	+134
Short-term interest-bearing debt	141	<b>136</b>	-5
Accounts payable - other	387	<b>556</b>	+169
Total current liabilities	1,159	<b>1,648</b>	+489
Long-term interest-bearing debt	54	<b>32</b>	-21
Total non-current liabilities	58	<b>33</b>	-24
Total liabilities	1,217	<b>1,682</b>	+464
<b>Total net assets</b>			
Total shareholders' equity	1,713	<b>2,407</b>	+694
Total net assets	1,712	<b>2,406</b>	+693
Total liabilities and net assets	2,930	<b>4,089</b>	+1158

# 3. Look back at business developments



Quality visualization test management tool **QualityTracker** Open β  
 version released on April 3



## What is QualityTracker?

QualityTracker is a cloud-based tool enabling progress management during test execution and test case management.

It displays the progress of each test in real time, enabling precision progress management, and is expected to drastically reduce administrator costs.

## QualityTracker features



(1) More precise progress management



(2) Test case capitalization



(3) Improving test implementation efficiency



(4) Real-time aggregation

## Expected effects

**30%** reduction in administrator man-hour

\*According to our project results

- Makes understanding test case creation status easier
- Eliminates inquiries on progress
- Capitalization of test cases prevents the occurrence of variety in test cases

The above are just some of the feedback received.

# Topics: Industry-academia collaboration

Collaboration with the Kyoto Institute of Technology resulted in successfully developing the new T-DASH **image recognition** function

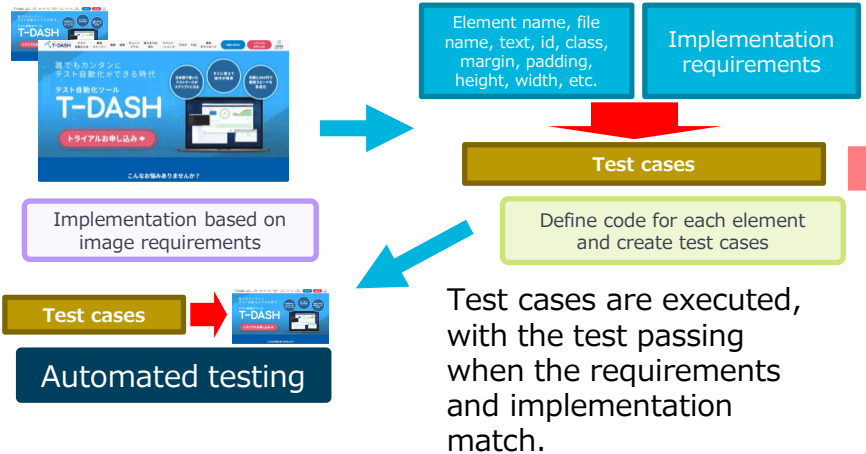


## Purpose of industry-academia collaboration

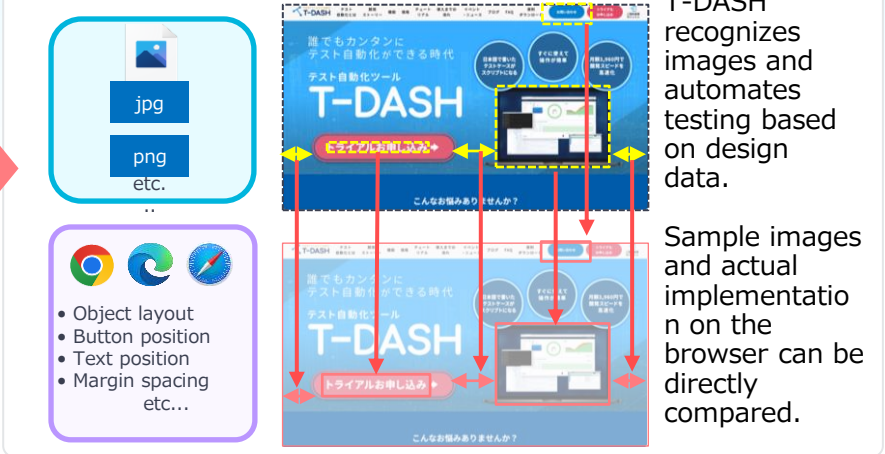
With diversifying development methods and processes nowadays, **automated testing** is a means of creating development venues that contribute to more efficient business. However, reliance on people proves to be a barrier that prevents many companies from experiencing the desired effects.

With this in mind, introducing automated testing eliminates the need to rely on personnel, leading to joint research on automated testing using our T-DASH automated testing tool.

### Before function implementation



### After function implementation



## Developing a comfortable working environment for improved employee **wellbeing and hiring capability**



Taking advantage of favorable company performance, the Tokyo Head Office was expanded and relocated and the Osaka Head Office was expanded in February and March 2023 with the goal of further growth.

The Tokyo Head Office in particular was redesigned with workspaces, a refresh room, and conference rooms focused on **active communication between employees**, creating an office employees are eager to work at.

Virtual Navigator, a media outlet that creates virtual office tours, posted a 360-degree tour of the Tokyo Head Office.

URL : <https://vachanavi.com/2023/05/11/valtes/>



Office opening date

Tokyo Head Office: February 20, 2023, Osaka Head Office: March 1, 2023

# ▶ Topics: Collaborating with other companies

## Sharing knowledge with IP holding corporations to mutually improve corporate value

<p>Capital and business alliance</p>  <p>Stock investment-style crowdfunding</p>	<p>Providing our knowledge on <u>quality and security</u></p> <p>Further increases in registered users and contracted projects thanks to improved system quality</p>
<p>Business alliance</p>  <p>Software development consulting</p>	<p><u>Collaboration on vehicle installations</u></p> <p>Inclusion of USDM*2 on the W-shaped model*1 with VALTES test knowledge added to define the improvement process and jointly provide <u>upstream process quality improvement service</u></p> <p>*1: A test model that enables parallel, simultaneous operations from the initial development stage (requirement definition and design stage) to the development and test phases          *2: Stands for "Universal Specification Describing Manner," a specification technique for defining precise requirement specifications</p>
<p>Investment</p>  <p>Collection item management platform</p>	<p>Creating new <u>added value</u></p> <p>Enhanced synergy between app development and security service</p>



# 4. Earnings forecast



## Record-high sales and profit expected

Policy of continued, active expansion in human resources and system investment with the goal of growth

	FY2023 Track record		FY2024 Forecast			
	(Million yen)	Ratio to net sales (%)	(Million yen)	Ratio to net sales (%)	Change from FY2023 (Million yen)	Compared to FY2023 (%)
Net sales	9,059	100.0	<b>11,178</b>	<b>100.0</b>	<b>+2118</b>	<b>+23.4</b>
Operating income	970	10.7	<b>1,228</b>	<b>11.0</b>	<b>+258</b>	<b>+26.7</b>
EBITDA*	1,078	11.9	<b>1,390</b>	<b>12.4</b>	<b>+312</b>	<b>+29.0</b>
Ordinary income	982	10.9	<b>1,233</b>	<b>11.0</b>	<b>+250</b>	<b>+25.5</b>
Net income attributable to owners of the parent	651	7.2	<b>833</b>	<b>7.5</b>	<b>+182</b>	<b>+28.0</b>
Net income per share (yen)	95.83		<b>122.15</b>			

\*EBITDA = Calculated based on operating income + depreciation + amortization of goodwill

Forecasts are based on information and forecasts available as of the date of publication of this document, and actual results may differ significantly from these forecasts due to various factors in the future.

## Software tests

(Enterprise projects, web service/embedded projects, retail projects, etc.)

Further increasing in the size of projects and unit price through expansion of enterprise projects



Increase in participation in upstream processes of large project as **PMO<sup>\*1</sup>/QMO<sup>\*2</sup>**, and **increase in unit price**



Expansion of orders from target industries such as **financial industry**



**Acquisition of migration project** orders



Increased **Web service project** orders



Enhanced **collaboration between our tools**  
Improved business **added value** through in-house usage



Enhanced **M&A**



Enhanced functionality in **regular employee recruiting departments**



Enhanced activities to attract **business partners**

\*1 Abbreviation for project management office, a department or structural system that provides support for individual project management across the organization

\*2 Abbreviation for quality management office, a department or structural system that provides support for individual quality management across the organization

## Web/mobile app development

(App development, system development, security diagnosis)

Expand the security business, actively introduce and develop new technologies, provide high-quality development



Accelerating **demand for incorporating security**



Raise prices through **high-quality development**



Develop new services using the **metaverse**



**Train personnel** for expanded business

## Offshore

(Offshore tests, offshore development)

Continue engineer education, improve quality, and bring "Japan Quality" to the world



Expand dealings to **local Japanese companies**



Continue **active recruiting and education** across the entire Group



Improve engineer skills **to increase unit prices**



Promote **use of in-house development tools**

▶ Make Sinfo Co., Ltd. into a subsidiary via M&A

Further **enhanced management base** and **improved corporate value**

Development of packaged systems specialized for the financial industry



Development and sales performance focused on major internet securities firms

We cover nearly everything including development, maintenance, and operation

High stock business ratio (maintenance and operations, etc.)

Testing and quality improvement support



Focus on expansion of enterprise domain

Orders/QCD management direct from user company/support results

Development and offshore businesses are expanding smoothly



Expert knowledge improvement on both sides of the financial industry  
 General Group service price improvement and erection of barriers to entry

## ▶ Transition to holding company

Promote optimization of management resources **to achieve sustainable growth**



### Purpose of transition

- (1) Enhance business that provides value in the form of improved software quality
- (2) Enhance Group governance
- (3) Train management personnel

Subject to the approval of the annual shareholders meeting scheduled for June 2023 and the required authorization from the relevant authorities, the decision has been made to transition to a holding company.

This move is part of preparations for a company split, with the preparation company established on April 6, 2023.

## Continued, active investment for sustainable Group growth

Achieve net sales of **10 billion** yen and establish a **new vision**



**Sustainable corporate expansion** of the entire Group



Build a framework for **Prime Market listing**

**PRIME**

### (1) Continued personnel recruitment investing for sustainable business expansion

- Streamlined recruitment by creating a hiring team
- Enhancement recruitment PR team, expansion of recruitment advertising, and renewal of recruitment website
- Enhance recruitment measures
- Expansion of business partner recruiting team/framework

### (3) Strengthen marketing

- Investments to expand sales/proliferation of subscription-type self-developed tools such as T-DASH and Prime WAF\*.

\*See page 52 for an introduction of T-DASH and Prime WAF.

### (2) Investments to strengthen the organizational structure for Group expansion

- Invest in systems required for developing group governance with the goal of Prime Market listing
- Establish a Medium-term Management Plan and invest in key measures for further growth
- Investment to bolster the framework for M&A and Group expansion on the premise of a shift to a holding company (support for autonomous growth of Group member companies)

### (4) Improvement of work environment

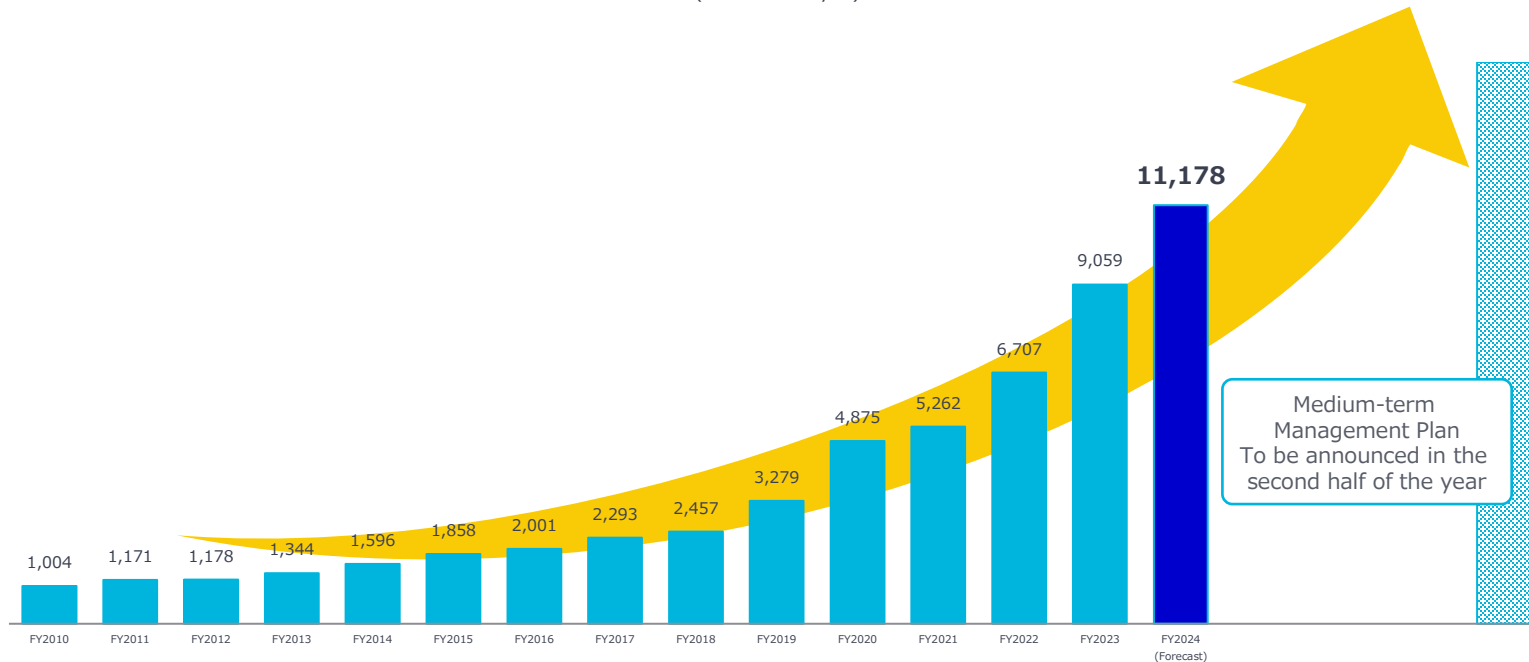
- Investments to improve the working environment at each branch for employees and to accommodate business expansion

## Growth target

Achieve net sales of **10 billion yen** in FY2024 with plans to announce the Medium-term Management Plan in the second half of the year

### Trends in net sales

(Unit: million yen)







VALTES was launched in April 2004 with the goal of improving the quality of software around the world.

On April 19, 2023, we began our 20th year in business.

We would like to express our heartfelt thanks to our shareholders and all other stakeholders for their generous support over the years.

In addition to showing our appreciation to the shareholders, as a show of our resolve for further developments as a Group, we have decided to pay a 20th anniversary dividend of 12 yen per share as a year-end dividend for the fiscal year ending March 31, 2024.

Thanks to steady expected growth, we are also proactively considering ordinary dividends to ensure stable, continued returns to our shareholders.

**20th anniversary dividend of 12 yen per share**

# 5. Growth strategy, software testing business environment



# Growth strategy - Four basic strategies and investment control

**Achieve both scale growth and high profitability** through four basic strategies and investment control

## (1) Investment in human capital

- Proactive and systematic recruitment of human resources
- Quickly turn inexperienced human resources into competitive forces
- Highly skilled career personnel
- Effective use of external human resources

Sustain growth

## (2) Expansion of enterprise domain

- Establishment of specialized departments
- Hiring of high layer employees
- Collaboration with external parties
- Accumulation of knowledge

Improve profit margin, build barriers to entry

## (3) Expansion of intellectual property

- Accumulation of testing and training know-how
- Accumulation of knowledge
- Development of new technology
- Investment in and collaboration with new technology companies

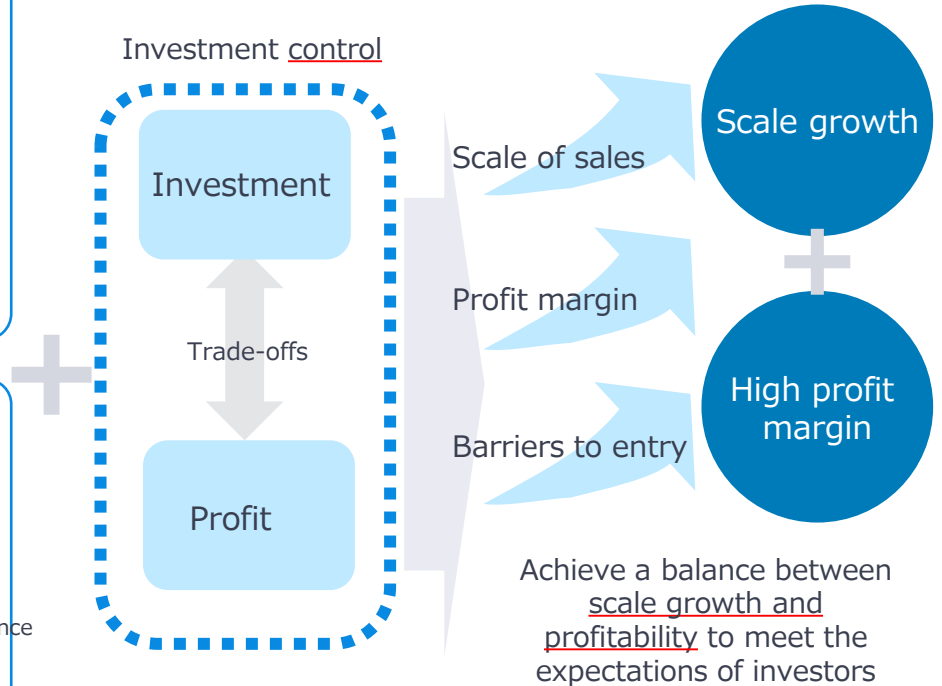
Building barriers to entry, creating new value

## (4) M&A and organizational strengthening

- M&A in existing areas
- Diversification of portfolio
- Optimization of M&A organizational structure
- Improvement of Group governance

Improve sales, corporate value, and ability to respond to changes in the environment

## Investment control



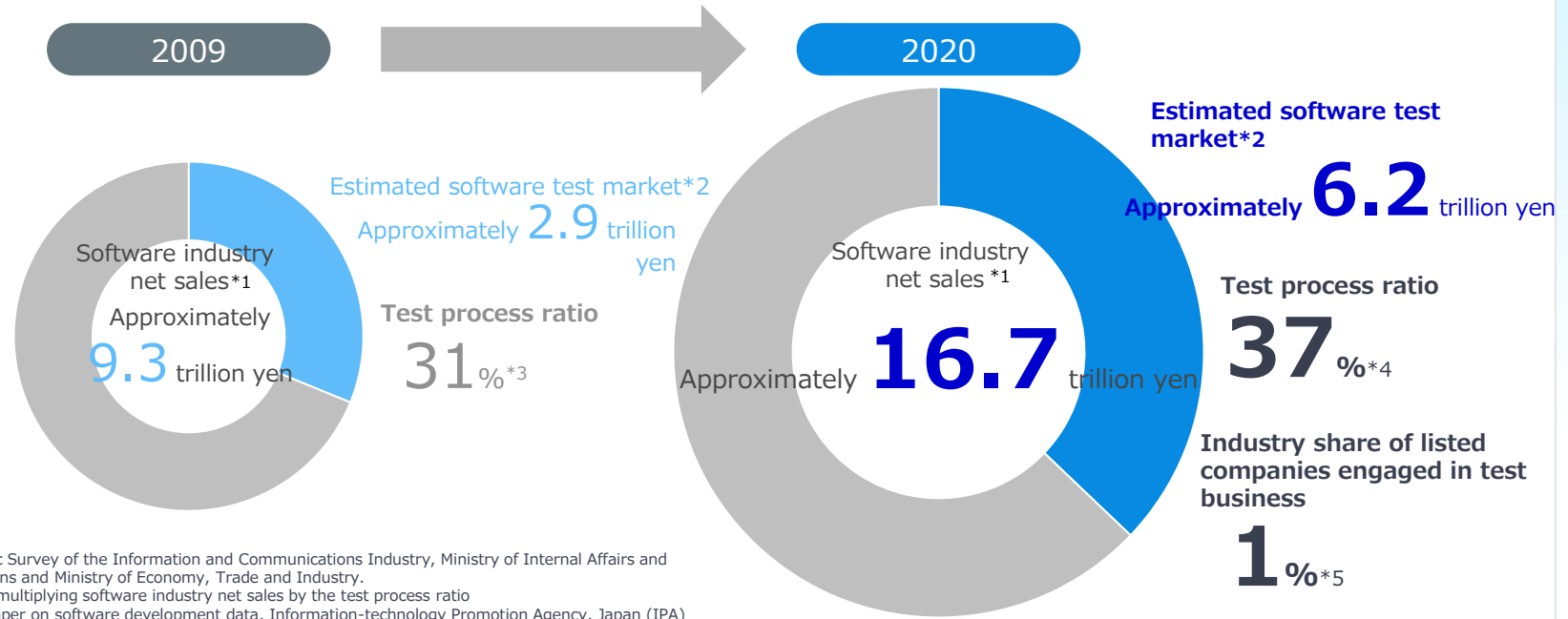
Achieve a balance between scale growth and profitability to meet the expectations of investors

For details, please refer to the Business Plan and Growth Potential Explanatory Material released on June 28, 2022 at the following URL. (Japanese only)  
<https://ssl4.eir-parts.net/doc/4442/tidnet/2149176/00.pdf>  
 The updated version is scheduled for release in late June 2023.

# ▶ Market scale of software testing services business (Japan)

We estimate the size of the software testing market in Japan to be **approximately 6.2 trillion yen**

Trends in the ratio of testing processes to software industry net sales and estimated market scale



\*1 From the Basic Survey of the Information and Communications Industry, Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry.  
 \*2 Calculated by multiplying software industry net sales by the test process ratio  
 \*3 From White paper on software development data, Information-technology Promotion Agency, Japan (IPA)  
 \*4 From Software Development Data Collection 2020, Information-technology Promotion Agency, Japan (IPA)  
 \*5 From the total sales of listed companies mainly engaged in the testing and debugging business

# Potential for the software testing market that will grow in the future

High CAGR in target industries, software testing market also has a **CAGR of 12.4%**

	Scale of market			CAGR	Source
Enterprise IT	Japan	2024	12.8 trillion yen	3.4%	IDC Japan Japanese enterprise IT market forecast
AI	Japan	2025	491.0 billion yen	25.5%	IDC Japan Japanese AI system market forecast
Metaverse	Global	2024	783.3 billion US dollars	13.1%	Bloomberg <a href="https://www.bloomberg.com/professional/blog/metaverse-may-be-800-billion-market-next-tech-platform/">https://www.bloomberg.com/professional/blog/metaverse-may-be-800-billion-market-next-tech-platform/</a>
Web/e-commerce	Global	2024	4.9 trillion US dollars	20.7%	eMarketer, Dec2016 Infrastructure Development for a Data-Driven Society in Japan in FY2017 (Market Research on E-Commerce), Ministry of Economy, Trade and Industry, Global BtoC e-commerce market size
IoT	Japan	2025	10.2 trillion yen	10.1%	IDC Japan Japanese IoT market spending forecast
In-vehicle software	Japan	2025	1.1 trillion yen	4.5%	Yano Research Institute Ltd. In-vehicle software market survey

Other Japanese and international software test related industries market scale combined with the overall global potential



<u>Software tests</u>	Global	2025	34.49 billion US dollars	12.4%	Technavio Software Testing Services Market by Product, Geography, and End-user - Forecast and Analysis 2021-2025
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Digitalization of government and the private sector, diversified modes of living, increasing cyberattacks

## Acceleration of DX and increased demand for security measures

### Diversified modes of living

- Telework becoming widespread
- E-commerce consumption becoming widespread
- Online communication becoming widespread
- Increase in leisure time

### Digitalization of government and the private sector

- Unification of national/municipal systems
- Online administration
- Increased quality awareness

### Increase in cyber attacks

- Increased cyber attacks for ransom
- Many large Japanese companies have inadequate cyber security measures

## Acceleration of digital transformation (DX)

2. Increased security risks

Increased demand for security services



1. Software development

Increased demand for software testing in the enterprise domain



3. Human resource shortage

The key is to find a way to solve the shortage of human resources



## Concerns of software development companies

- About 40% of the working hours of high-cost development engineers are devoted to testing and verification
- Testing process is inefficient because developers are not motivated
- Testing and verification by developers themselves is not objective and unreliable

## Reasons why the testing process was not outsourced

- A major SIER receives a batch order for a project and places the order with a subcontractor or sub-subcontractor in its corporate group. The structure was such that the development engineers would perform the testing process.

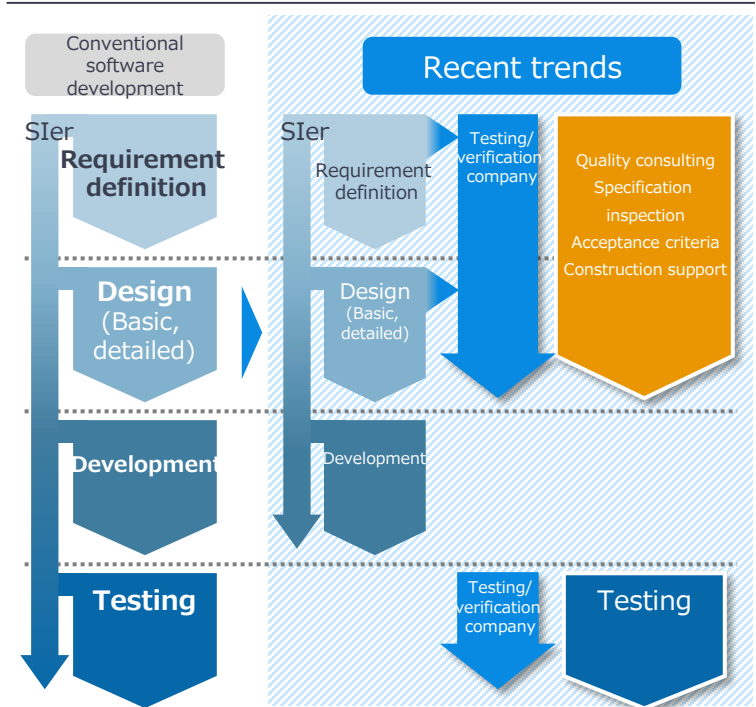


## Outsourcing of the testing process is accelerating!

- Reduction of testing time by development staff reduces development costs (\*About 60% to 70% of the time when testing is performed by development staff) \*According to our research
- Establishment of highly reproducible and shareable testing methodologies (unique methods of each company) enables comprehensive and highly efficient testing
- Attention is focused on the effectiveness of testing and verification by a third-party testing specialist company

## Software testing is shifting from development companies to specialized testing companies

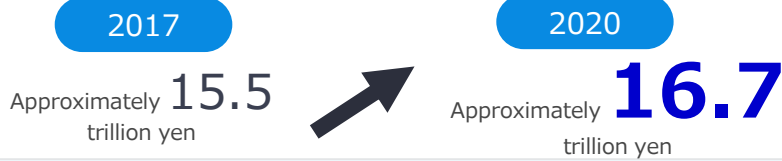
### Changes in software development workflow



# Increase in acceptance testing from user companies

## Background

- Companies are promoting DX investment (Ministry of Economy, Trade and Industry advocated promotion in 2018).
- Increased migration of old systems and introduction of packaged systems. Increase in orders from user companies to development companies
- DX promotion expanded the scale of the market by about 1.2 trillion yen in four years (software industry net sales)



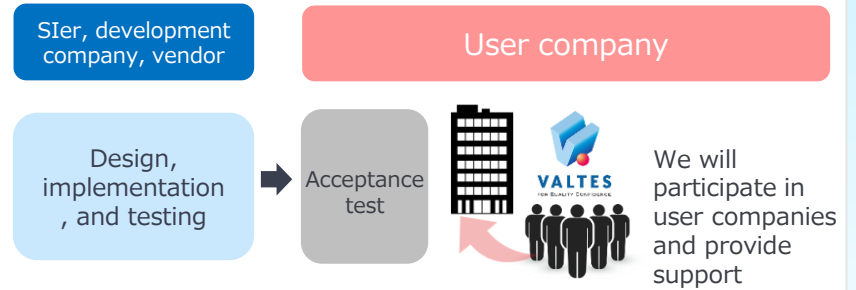
## User company concerns

- Concerns about the quality of the project (cannot confront the SIer with their technical skills)
- Too many rework hours at the SIer/development company with which they placed the order.
- Insufficient manpower at user companies (inability to secure manpower for acceptance testing)



VALTES supports user companies as a third-party organization for quality control

## Our position and support items



- Upstream process support for acceptance tests (Identification of transition criteria to the next phase and risks)
- Comprehensive testing support and quality control proposals (Proposals to SIer and development companies are implemented with user companies)

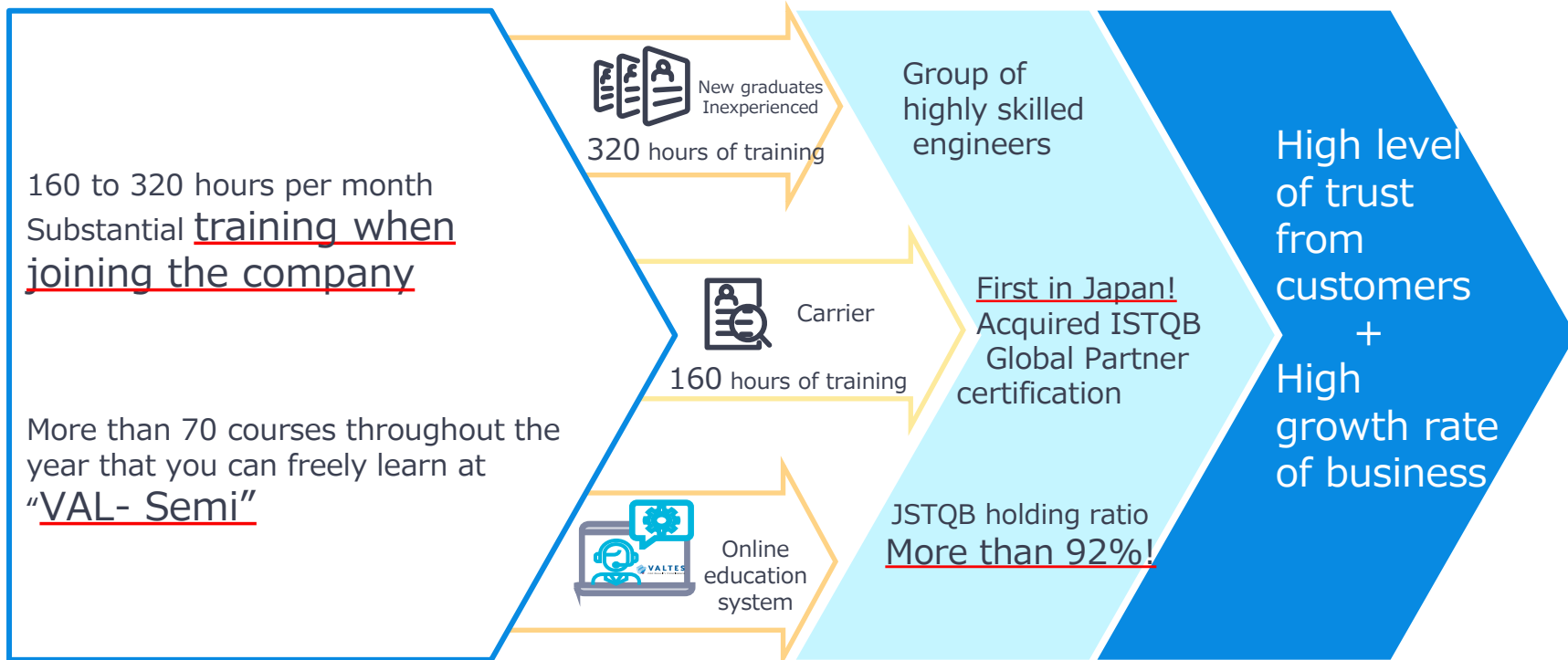
VALTES manages and supports QCD\*. Increase in number of requests from user companies

\*QCD: Acronym for quality, cost, and delivery



# 6. Our advantages





Standardized testing and quality knowledge accumulated within the company over many years

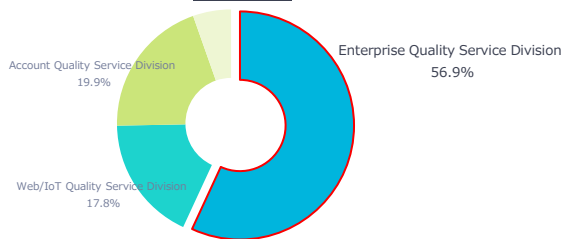
Sharing culture to spread tacit knowledge to organizational knowledge

## Characteristics of enterprise domain

- **High** unit price    Large project size    **Long** contract period
- Knowledge other than testing, such as development and business knowledge, is required → Difficulty level is **high**
- Market **expansion** due to increase in migration, etc.\*

\*Migrating software, hardware, systems, data, development languages, etc. to another platform or switching to a new system

Share of net sales by department  
FY2023



Grow to account for 50% of total software testing sales

## Our advantages

Established a specialized enterprise department in April 2020



Enhanced expertise through a strengthened organizational structure

• Organized response by specialized department • Hiring of experienced high layer employees



• Expansion of transactions with partner companies capable of supplying personnel with strong expertise in this area



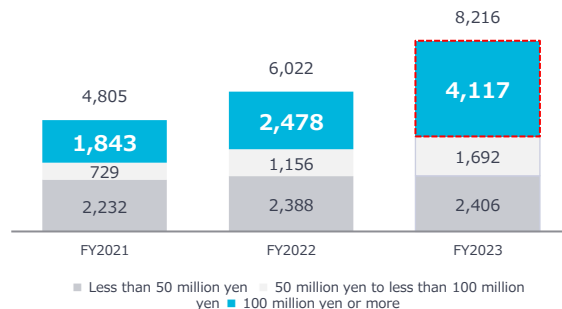
• Our extensive testing know-how in terms of both quality and quantity



• Respond to needs for quality support from upstream processes



Trends in net sales by scale of sales per customer  
(Software tests) (Unit: million yen)



Projects are becoming increasingly large

# Our advantages: Knowledge and technology related to security

## Increase in cyber attacks

- Increased attacks on companies
- Many companies have inadequate cyber security measures



Acquisition of personal information



Site tampering



Unauthorized login



### Security and vulnerability diagnosis service

Visualization and treatment of vulnerabilities

- Diagnosis service to confirm vulnerabilities such as hacking and advice on measures to improve vulnerability
- Steady growth with CAGR of 30.3% for the last four years



### Attack visualization and defense tool Prime WAF

Protection against attacks

- Can be introduced with an initial cost of 0 yen
- Visualizes cyber attacks and blocks only those attacks.
- Clearly understandable UI and clear attack protection results
- Low-cost, easy-to-implement so it can be used by SMEs

Security services that provide line-based rather than point-based measures against cyber attacks can now be provided

# 7. Corporate profile



Developing business under the management policy of **Total Quality Improvement Support**

## Company

### Company name

VALTES CO., LTD.

### Company established

April 2004

### Listing

May 2019 TSE Mothers  
(Currently TSE Growth, Securities code: 4442)

### Head Office address

1-3-15 Awaza, Nishi-ku, Osaka City (Osaka Head Office)

### Description of business

Software testing service  
Quality consulting service  
Software quality education service  
Security and vulnerability diagnosis service

### Subsidiaries

VALTES Mobile Technology Co., Ltd.  
Real System Research Co., LTD.  
Mint CO., LTD.  
Sinfo CO., LTD. (made a subsidiary in April 2023)  
VALTES Advanced Technology, Inc. (Philippines)  
VALTES SPLIT PREPARATION CO.,LTD.(established in April 2023)

### Number of employees

789 people (total of five Group companies as of March 31, 2023)

### Total number of engineers

679 people (total of five Group companies as of March 31, 2023)

### Total assets

4,089 million yen (consolidated total of five Group companies as of March 31, 2023)



President

**Shinji Tanaka**  
Tanaka Shinji



Committed to quality, we contribute to the realization of a secure and safe ICT Society.

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We foster human resources who will contribute to today's ICT society.

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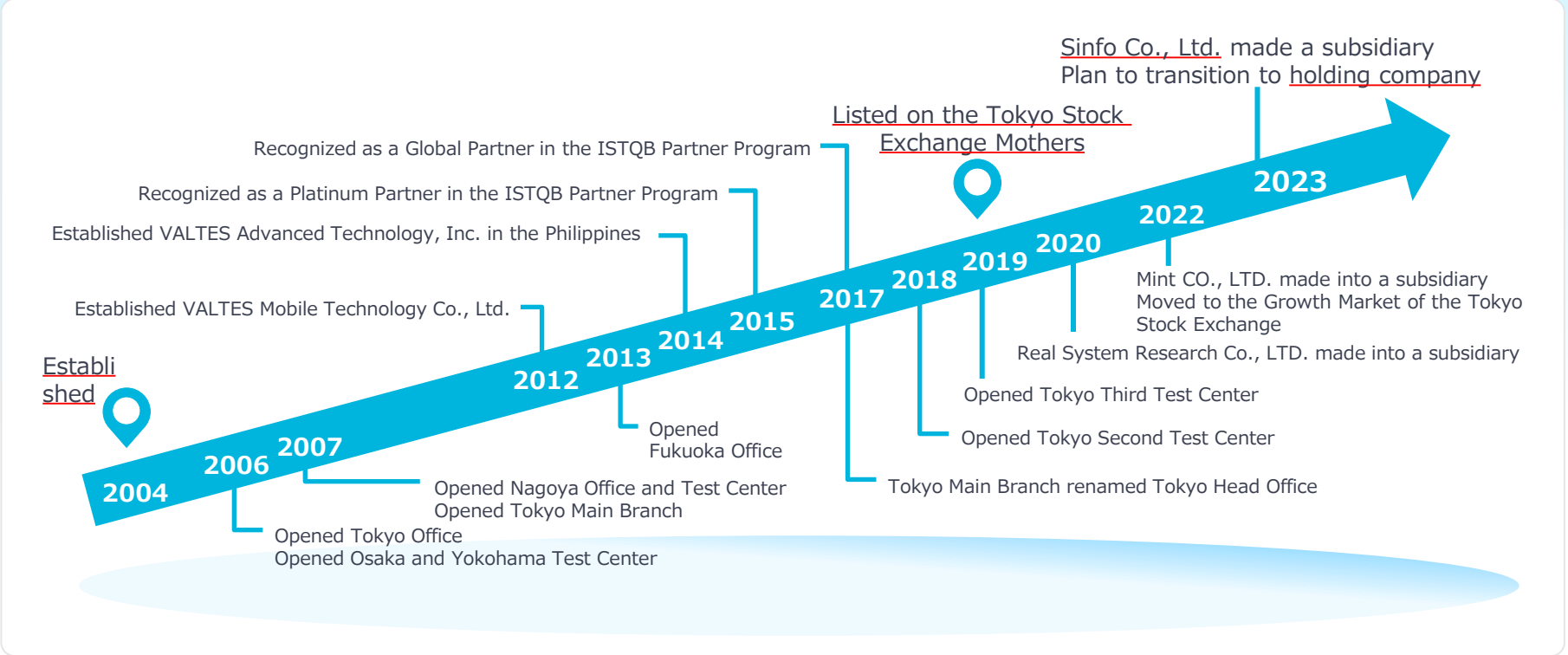
We share joy with our clients while creating more values.

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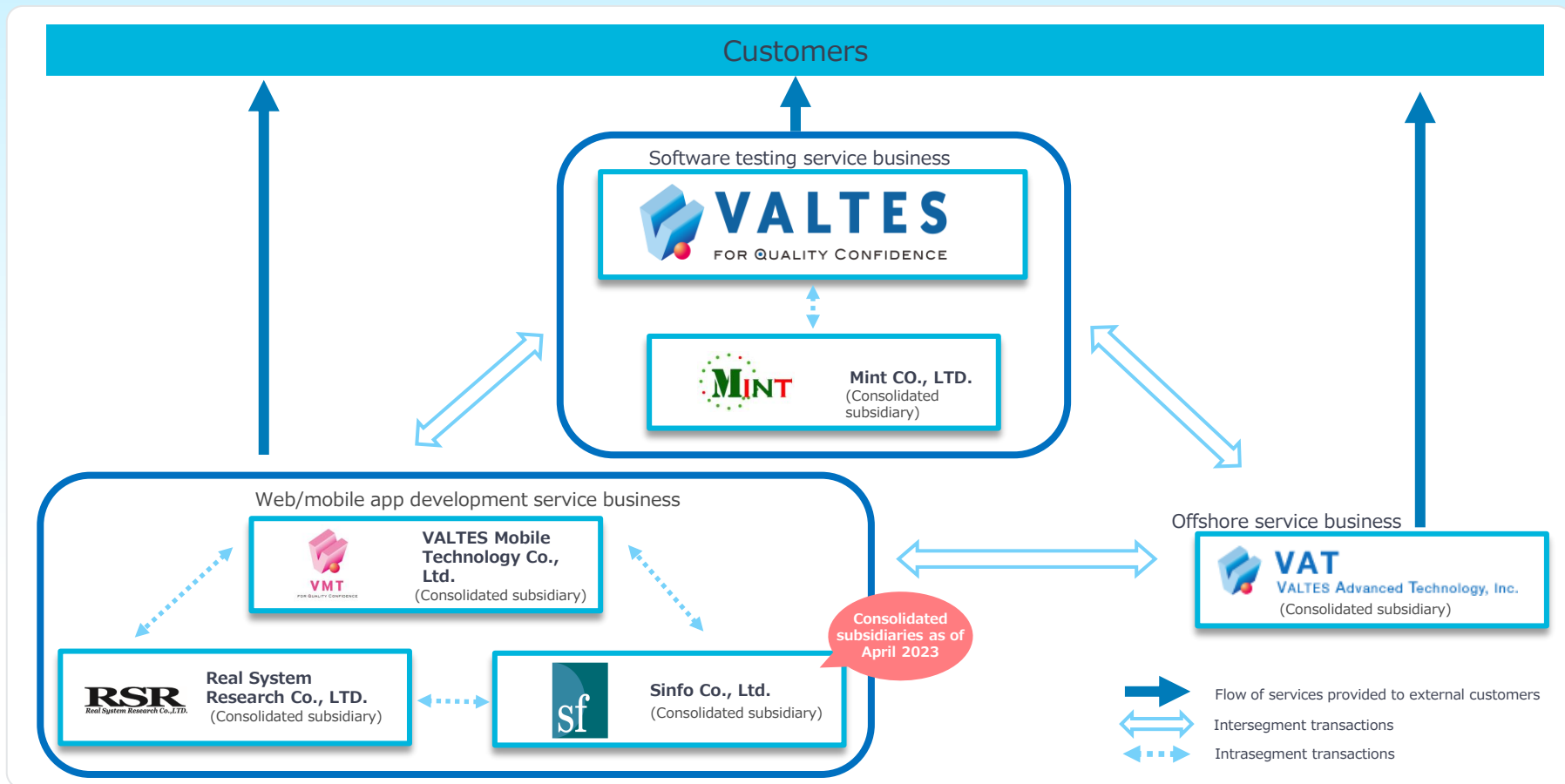
# History

Established in April 2004. We provide services related to software quality.

As a company specializing in software testing, we have a track record of **more than 3,000 projects per year**







## Highly skilled engineers

- Engineer aptitude test
- Quickly become a competitive force through a unique training curriculum
- More than 92% of our employees have JSTQB\*1 certification!  
(Regular employees after the second year of employment)



## Abundant track record

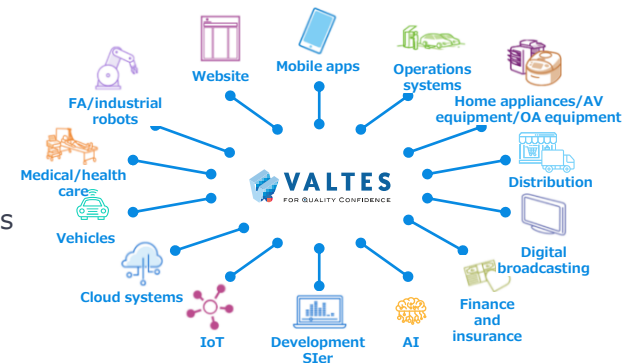
- Abundant test perspectives for each industry
- 3,000 projects per year, introduction at over 1,000 companies

## Standardization/process

- ISO/IEC/IEEE 29119\*3 compliant templates
- QUINTEE\*4 (test progression criteria)
- Standardized test design methodology eliminates omissions and misconceptions



First global partner in Japan



\*1: JSTQB (Japan Software Testing Qualifications Board) is a certification organization for software testing engineers in Japan.

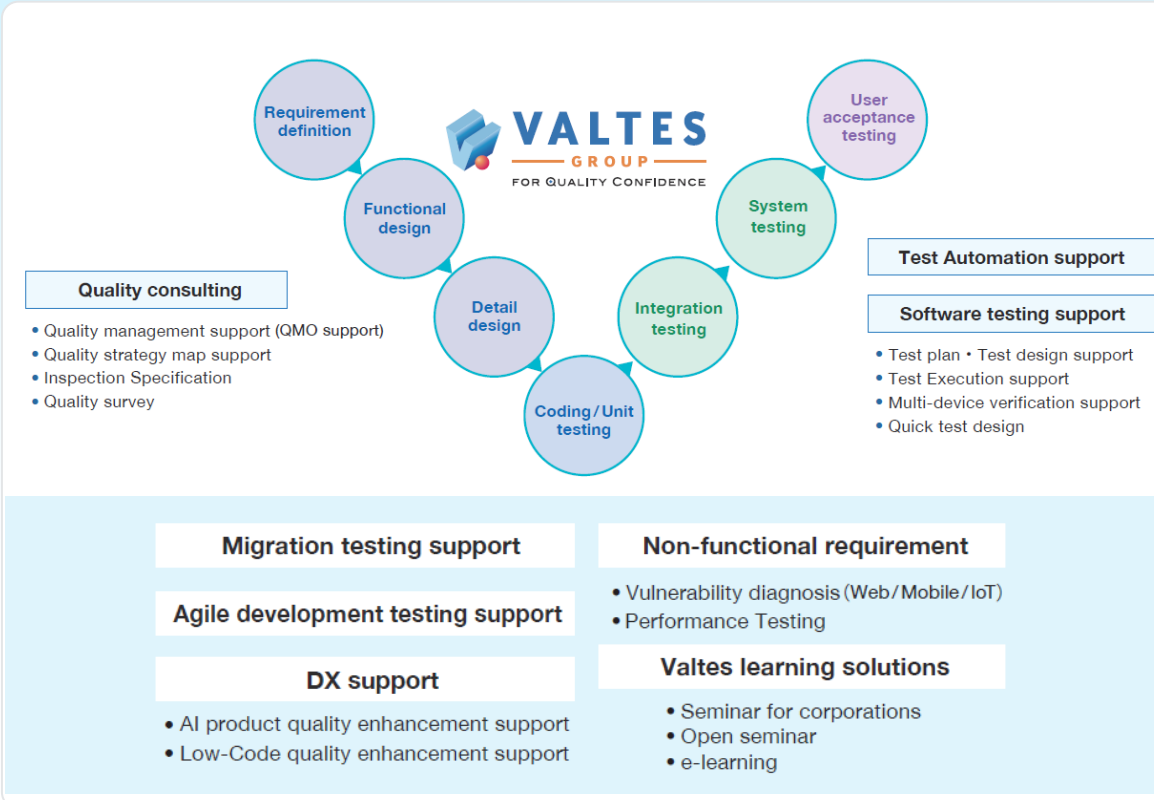
\*2: ISTQB (International Software Testing Qualifications Board) is a certification organization for testing engineers in 130 countries around the world.

\*3: ISO/IEC/IEEE 29119 is an integrated international standard for software testing. This name is used because it is jointly developed by three standardization organizations, ISO, IEC, and IEEE.

\*4: QUINTEE is a systematization of our knowledge related to quality improvement and productivity enhancement, with software testing as its main focus.

# ▶ Valtes Group Service Map

We provide software quality enhancement support services at **all stages of software development.**



**Test Tool**

日本語でつくるテスト自動化  
**T-DASH**  
Test Automation tool

いつでも、どこでも  
**AnyTest**  
Cloud-based mobile device-testing service

品質が見えるテスト管理  
**QualityTracker**  
Test management tool

**PrimeWAF**  
Real-time cyber-attacks monitoring tool

## List of our services

### 1 Qbook testing information platform

Platform for software quality improvement. Providing free testing and quality improvement know-how developed by VALTES



### 4 AnyTest for testing actual equipment anytime, anywhere

Remote operation of actual equipment in the cloud  
Wide range of models and OS lineup  
Remote yet lag-free operation



### 2 Test automation tool T-DASH

Test automation tool that enables even non-engineers to easily check and verify the operation of web applications



### 5 QualityTracker test management for quality visualization

Visualize progress management during testing and test case management with this single tool



### 3 PrimeWAF, a pay-as-you-go cloud-based WAF

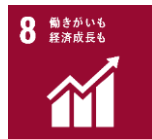
Cloud-based WAF service that can easily be introduced at low cost  
Protect websites from various cyberattacks



## List of companies in which we have invested

<p>1</p>	<p><b>Color &amp; Decor Co., Ltd.</b> Provision of interior space design service using 3D and VR</p>	
<p>2</p>	<p><b>ICheck Co., Ltd.</b> Providing PCR test kit business and health platform business</p>	
<p>3</p>	<p><b>FUNDINNO, Inc.</b> Developing one of the largest equity investment crowdfunding service platforms in Japan</p>	 <p>Funded April 2022</p>
<p>4</p>	<p><b>between the arts Inc.</b> Providing a platform supporting investment, management, and sales of art, clocks, wine, and other collectibles</p>	 <p>Funded March 2023</p>

## Creation of a comfortable working environment



- Introduction of a male maternity leave system
- Working style reform
- Obtained Gold Rank in White Company Certification
- Introduction of an occupational health nurse system
- Provision of antigen test kits and PCR tests to employees free of charge as needed
- Introduction of partnership system
- Appointment of female officers as outside auditors



▲ Interviews with male employees who have taken maternity leave are actively promoted within the company to encourage employees to take such leave.



▲ Follow-up with telecommuting employees through means such as online social gatherings

## Creation of IT human resources



- Substantial in-house training system
- Provision of qualification support services utilizing our software testing expertise
- Publication of technical books on software testing
- Operation of Qbook, a software quality improvement platform
- Publication of free e-learning contents to learn testing techniques from scratch



▲ Provide two months training for inexperienced employees and one month training for experienced employees when they join the company.

## Endeavor to expand technological innovation



- Publication of joint research papers with Kyoto Institute of Technology and joint research on automated testing using T-DASH
- Achieving goals by partnering with companies around the world to ensure the quality of software products

## Creating a safe and secure community



- Realizing a secure and safe ICT society by ensuring quality through testing of software products

### Points to note

This document contains the current plans and forecasts of our group. These future plans and forecasts are based on our plans and projections based on the information currently available.

Actual results may differ from these plans and forecasts due to various conditions and factors in the future, and these materials do not guarantee or warrant that they will be realized.

No certified public accountants or auditing firms are involved in the preparation of this document.



