



Second Quarter of Fiscal 2021 Ending March 31, 2022

Financial Results Briefing

November 11, 2021

TDC SOFT Inc.

1. Overview of Consolidated Financial Results for the Second Quarter of Fiscal 2021 Ending March 2022

2. Status of Key Measures for the Second Quarter of Fiscal 2021 Ending March 2022

3. Outlook for the Fiscal Year Ending March 2022

Hiroyoshi Kobayashi, President and Representative Director

4. Details of Financial Results for the Second Quarter of Fiscal 2021 Ending March 2022

Tsuyoshi Ogaki, Director & General Manager-Administration

Performance during the Quarter

- Each business field has made solid progress since the beginning of the period **reaching net sales of ¥14,661 million, an 11.2% increase year on year**
- Improved profitability through the expansion of the next-generation SI business, a high-value-added field, and reductions in selling, general and administrative (SG&A) expenses have **secured a 47.5% year-on-year increase to ¥1,588 million in operating profit**

Topics

Medium-Term Management Plan “Shift to the Smart SI” 04/2019 – 03/2022

- The next-generation SI business overall has grown to make up 16.2% of net sales (+5.0% YOY)
- The agile development business has achieved steady growth of 36.6% YOY in net sales
- The information system security business has formed an alliance with Internet Research Institute, Inc. in the field of cyber security

**Overview of Consolidated
Financial Results for the
Second Quarter of
Fiscal 2021 Ending March 2022**

Overview of Consolidated Financial Results for the Second Quarter of Fiscal 2021 Ending March 2022

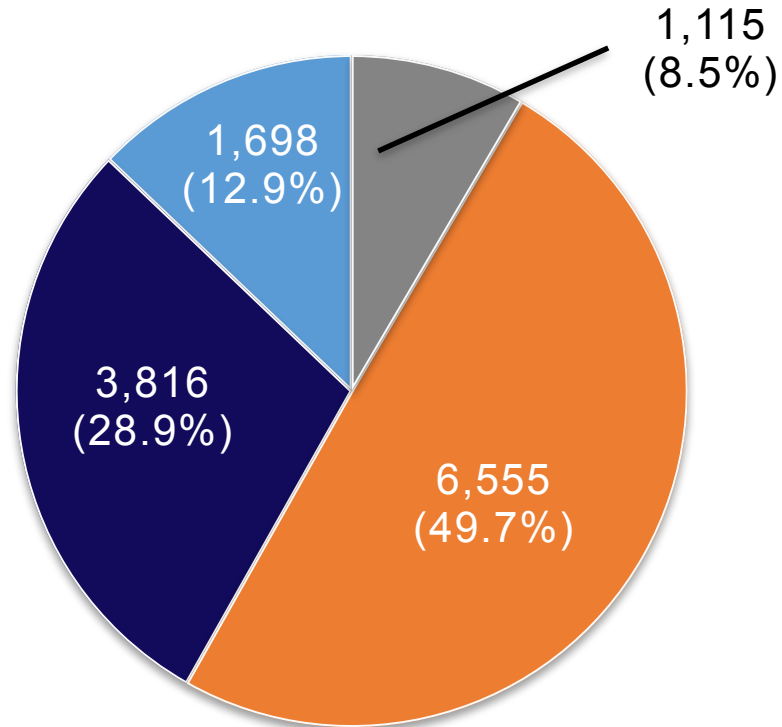
(Millions of Yen)	Q2 FY Ending March 2022	Profit Margin	YOY	Q2 FY Ended March 2021
Net sales	14,661	-	+11.2%	13,186
Gross profit	3,090	21.1%	+15.0%	2,687
Operating profit	1,588	10.8%	+47.5%	1,077
Ordinary profit	1,647	11.2%	+48.8%	1,107
Quarterly net income	1,117	7.6%	+49.9%	745

【Highlights】

- The impact of the COVID-19 pandemic on our businesses has been limited, and each business field has made solid progress
- Promoting proactive investment in key strategic fields such as agile development and information system security, the next-generation SI business has progressed ahead of plan
- Operating profit margin has improved due to reductions in SG&A expenses

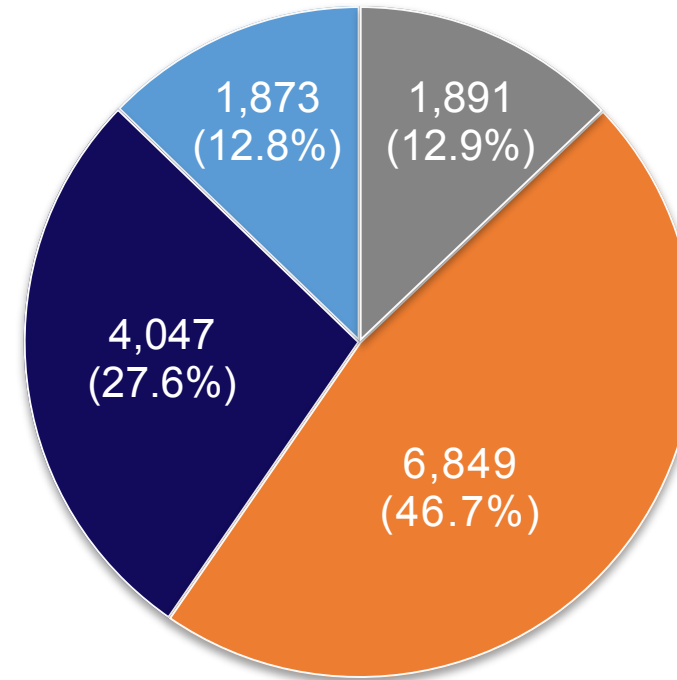
Overview of Net Sales by Field

Second Quarter of Fiscal 2020
Ended March 2021
¥13,186 million



- IT consulting & services
- IT solutions for public corporations

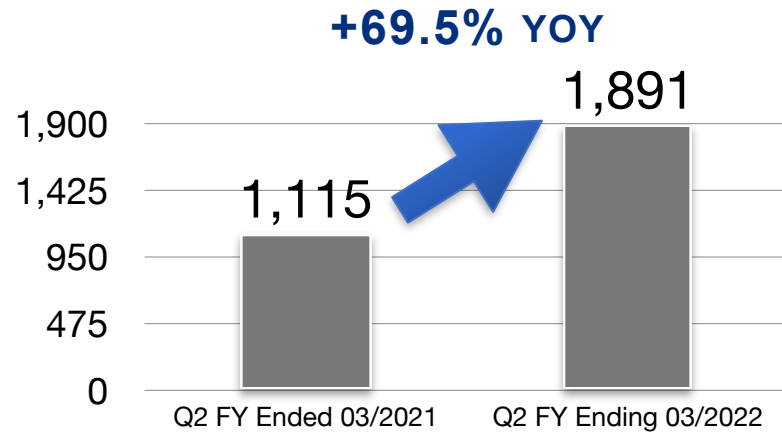
Second Quarter of Fiscal 2021
Ending March 2022
¥14,661 million



- IT solutions for financial services
- Platform solutions

Highlights of Each Field

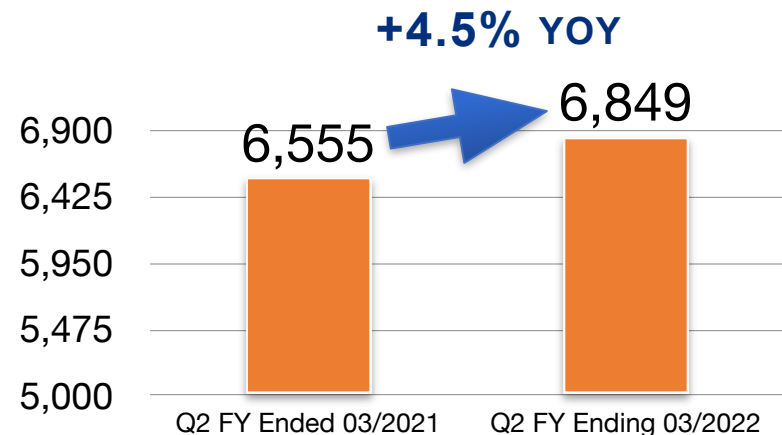
IT Consulting & Services



Provides solution services to promote customer's DX, including IT strategy and systemization concept planning, technical consulting, educational services, in-house cloud applications, BI/DWH, ERP, CRM, etc.

IT service management and cloud management services are driving expansion in this field, which is expected to continue growing.

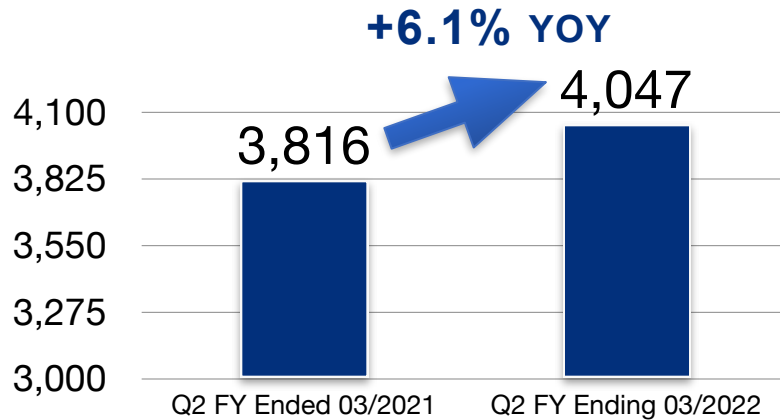
IT Solutions for Financial Services



Provides integrated IT solutions for the financial industry, including systemization planning, design, development, maintenance, etc.

The impact of project suspensions and delays from the previous fiscal year have resolved, with insurance- and credit-related system development projects seeing solid progress.

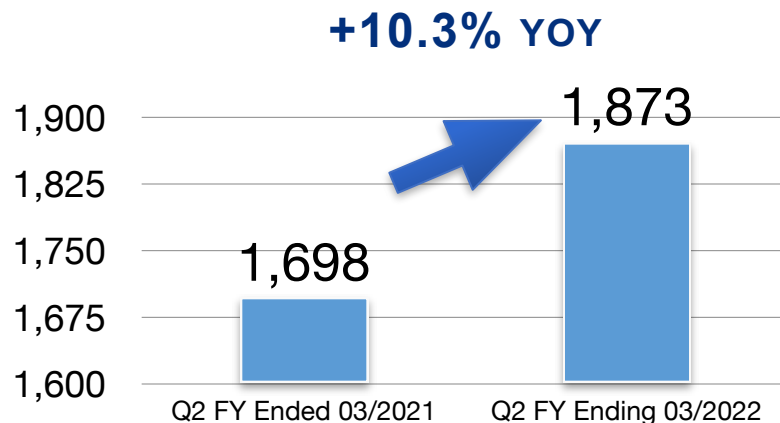
IT Solutions for Public Corporations



Provides integrated IT solutions for the distribution, manufacturing, service, and public sectors, including systemization planning, design, development, maintenance, etc.

Solid progress on development projects for the transportation, telecommunications, and energy industries. Transportation in particular is seeing an increase in upstream DX projects and future growth is expected.

Platform Solutions



Provides environmental design, construction, operational support, network product development, network integration, etc. for IT infrastructure

Solid progress in cloud-related infrastructure construction projects. Firm growth is expected to continue due to expanding demand.

**Status of Key Measures for the
Second Quarter of Fiscal 2021 Ending
March 2022**

Evolve into a next-generation system integration (“SI”) business that captures the latent needs of the market and adapts to digital technologies and new trends

Aim to become a next-generation system integrator

Shift to the **Smart SI**

Pursue high-value-added SI services

Promote business expansion and higher revenue in key strategic fields

Agile development business

Information system security business

Promote SI model reforms

Promote the development of both high-productivity and high-quality SI processes

Improve efficiency in quality assurance processes

Achieve net sales of ¥29 billion during fiscal 2021 ending March 2022
Expand the next-generation SI business' share of net sales to around 20%

Achieve final-year targets of the Medium-Term Management Plan

Overview of the Next-Generation SI Business

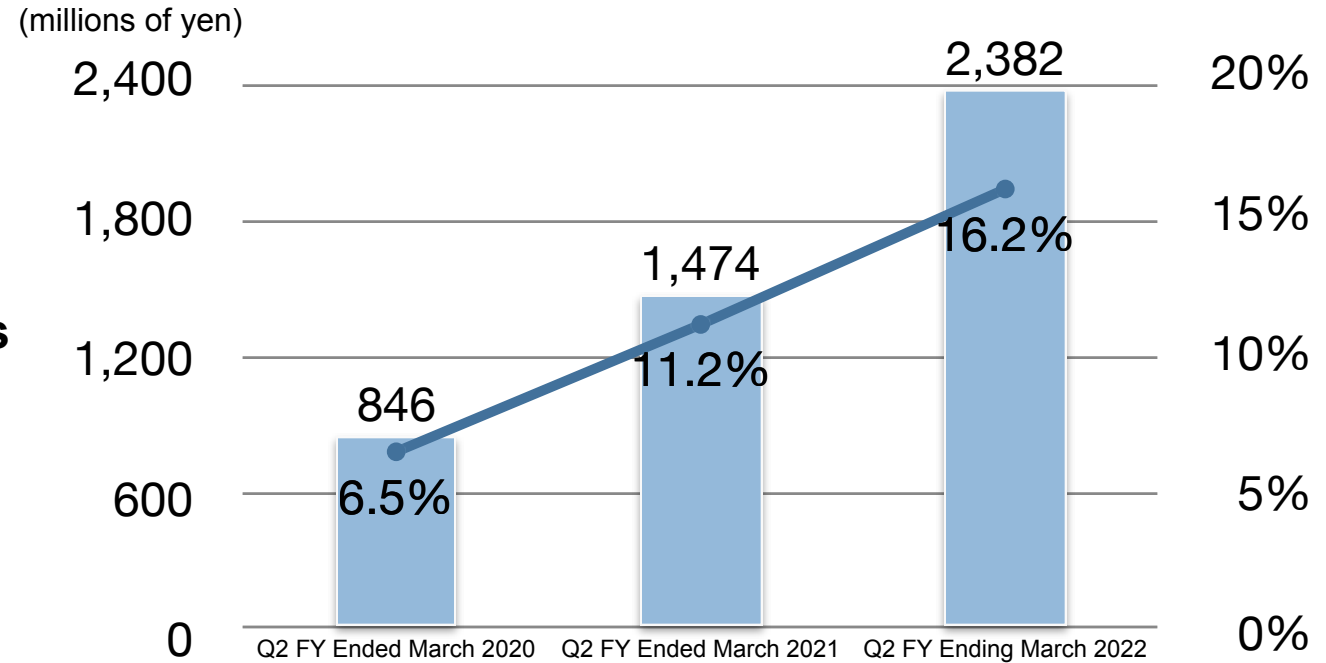
The next-generation SI business is growing steadily

Expanded to 16.2% of net sales
 (+61.6% YOY, 19.1% above plan)

Profitability improved on a consolidated basis owing to growth in this business and other factors

Gross profit margin	21.1% (+0.7% YOY)
Operating profit margin	10.8% (+2.6% YOY)
Ordinary profit margin	11.2% (+2.8% YOY)

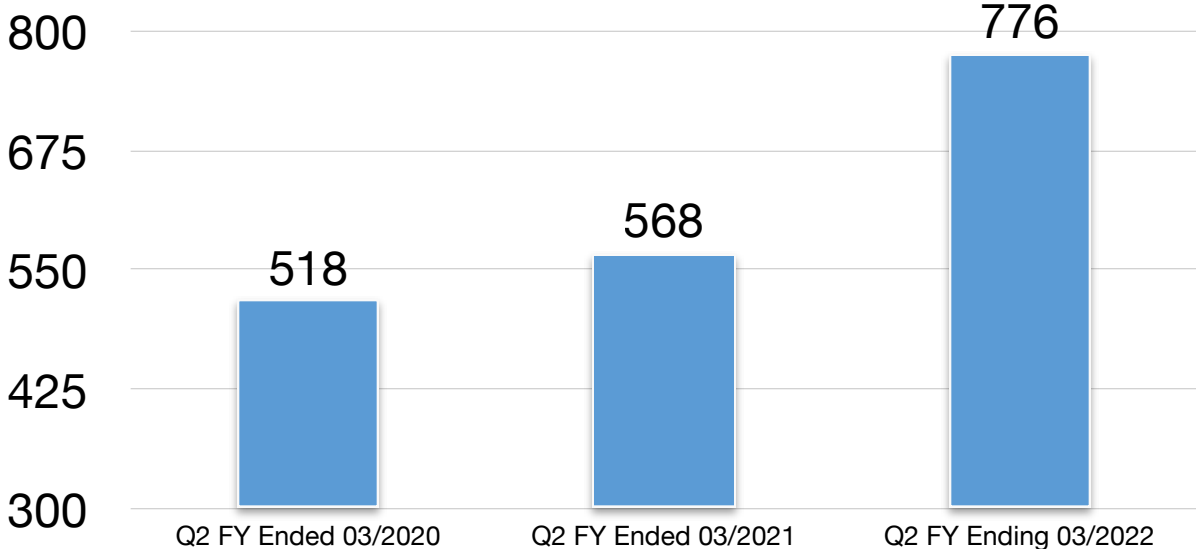
Changes in Next-Generation SI Business
 Sales Ratio and Net Sales



TOPICS: Key Strategic Field – Agile Development Business

Net sales in the agile development business have **grown steadily (36.6% YOY)** in line with increased DX demand from customers

Agile Development Business Sales

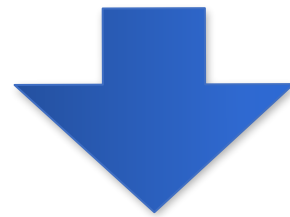


TOPICS: Key Strategic Field – Agile Development Business

**Basic agreement reached on business partnership
with Ricksoft Co., Ltd.**



Through this business partnership with Ricksoft, we aim to develop and offer services that allow Japanese enterprises to introduce SAFe® more effectively and in a shorter amount of time to achieve their business transformation.

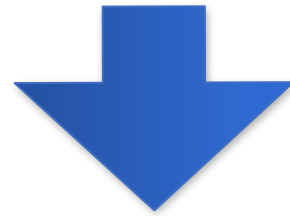


We will combine our SAFe® services with the products sold by Ricksoft to offer new services through the agile development business.

TOPICS: Key Strategic Field – Information System Security Business

**Formed an alliance with Internet Research Institute, Inc.
in the field of cyber security**

We are jointly examining new services and business models
to help alleviate cyber security-related concerns.



**We aim to add value through the synergistic effects of the alliance between us to
provide our customers with meaningful services.**

Outlook for the Fiscal Year Ending March 2022

Key Measures for FY Ending March 2022

● Promotion of proactive investment

Promote proactive investment to **solidify foothold for further growth** in light of solid business conditions

Invest in key strategic fields such as agile development and information system security

Conduct research for 5G-related business development

Strengthen sales promotion of in-house products (StyleFlow)

Financial Results Forecasts for the Full Fiscal Year Ending March 2022

(Millions of Yen)	Financial Results & Dividend Forecast for FY Ending March 2022	Profit Margin	YOY	Results for FY Ended March 2021
Net sales	29,000	-	+6.3%	27,292
Operating profit	2,750	9.5%	+16.6%	2,358
Ordinary profit	2,810	9.7%	+9.6%	2,564
Net income	1,880	5.9%	+9.9%	1,711
Net income per share	¥78.01	-	+9.8%	¥71.03
Dividend forecast	¥26	-	+8.3%	¥24

**Details of Financial Results for
the Second Quarter of Fiscal
2021 Ending March 2022**

- **Financial Statements**
- **Net Sales Analysis**
- **Orders Received/Backlog**
- **Operating Profit Analysis**

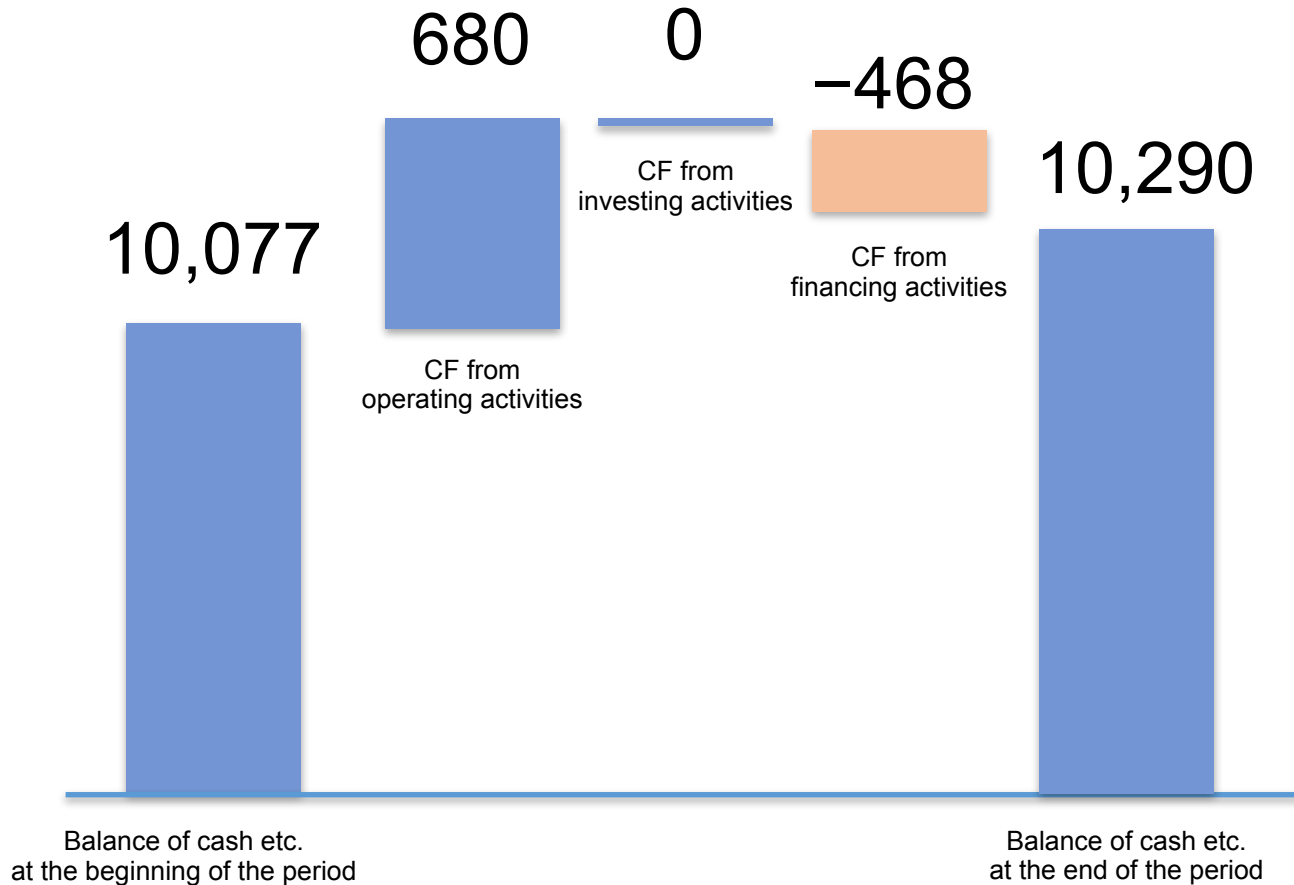
Statement of Income

(Millions of Yen)	Q2 FY Ending March 2022	Q2 FY Ended March 2021	Change
Net sales	14,661	13,186	+11.2%
Labor expenses	5,737	5,191	+10.5%
Outsourcing expenses	5,551	5,070	+9.5%
Other expenses	362	383	-5.7%
In-process increase/decrease	(80)	(146)	+45.2%
Cost of sales	11,570	10,498	+10.2%
Gross profit	3,090	2,687	+15.0%
Selling, general and administrative expenses	1,502	1,610	-6.7%
Operating profit	1,588	1,077	+47.5%
Non-operating income/ expenses	58	29	+96.7%
Ordinary profit	1,647	1,107	+48.8%
Profit before income taxes	1,647	1,107	+48.8%
Quarterly net income	1,117	745	+49.9%
EPS	46.39	30.94	+49.9%

Balance Sheet

(Millions of Yen)	End of Q2 FY Ending March 2022	End of FY Ended Ma rch 2021	Change
Total assets	19,137	18,652	+2.6%
Current assets	15,475	15,081	+2.6%
Non-current assets	3,661	3,570	+2.5%
Total liabilities	4,843	4,989	-2.9%
Current liabilities	4,605	4,757	-3.2%
Non- current liabilities	237	231	+2.6%
Total net assets	14,293	13,663	+4.6%
Total liabilities and net assets	19,137	18,652	+2.6%
Owners' equity ratio	74.7%	73.3%	-
Net assets per share	592.76	566.99	+4.5%

Statement of Cash Flows



Balance of cash etc. at the beginning of the period	10,077
Profit before income taxes	1,647
Depreciation and amortization	42
Notes and accounts receivable - trade	(90)
Inventories	(80)
Notes and accounts payable - trade	99
Accounts payable - other	(45)
Accrued expenses	(103)
Accrued consumption taxes	(153)
Other	(57)
Income taxes	(580)
CF from operating activities	680
Purchase of property, plant and equipment	(7)
Purchase of investment securities	(6)
Proceeds of dividend distribution from partnerships	8
Guarantee deposits	(17)
Interest and dividend income	21
Other	1
CF from investing activities	0
Increase (decrease) in short-term loans payable	124
Dividend payment	(587)
Other	(4)
CF from financing activities	(468)
Balance of cash etc. at the end of the period	10,290

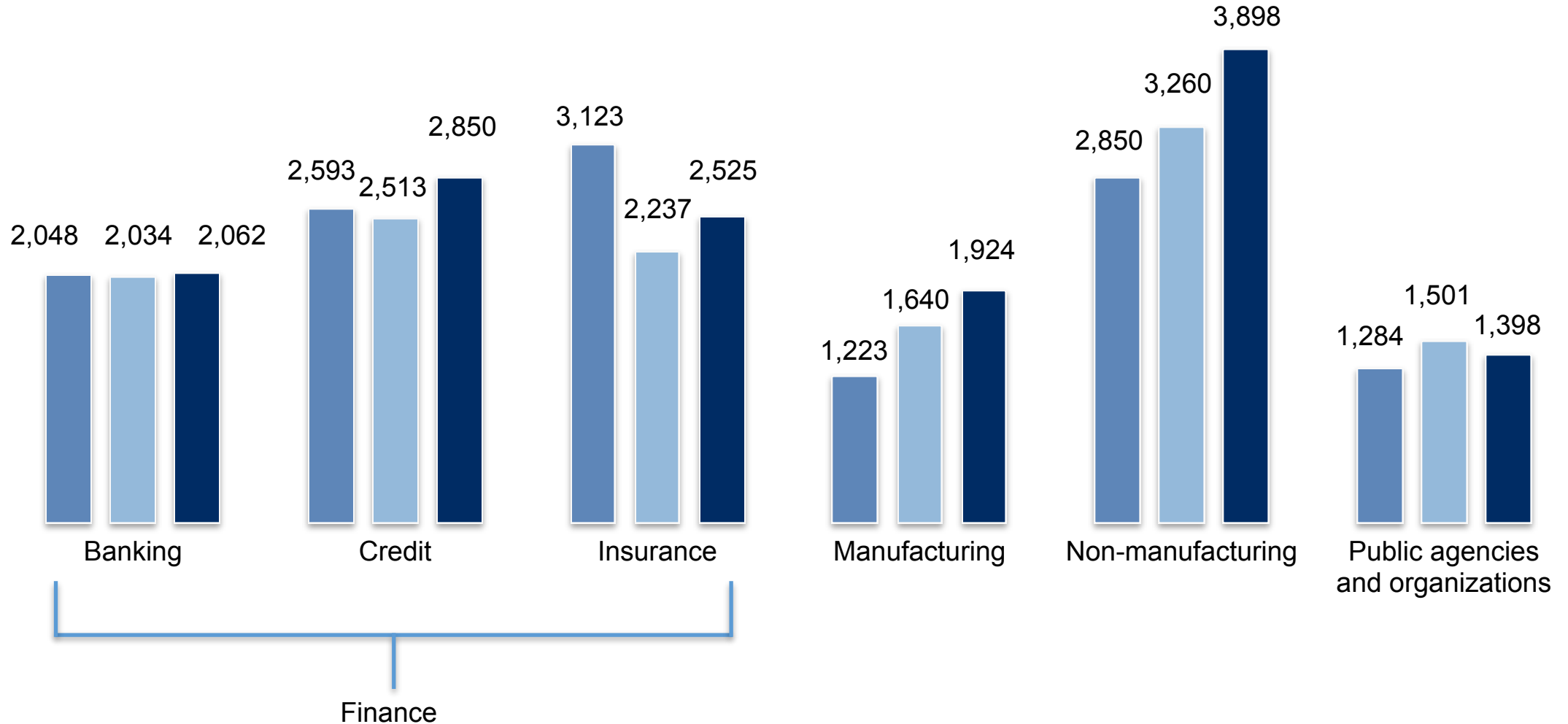
Overview of Sales by Customer Industry

(millions of yen)

■ Q2 FY Ended March 2020

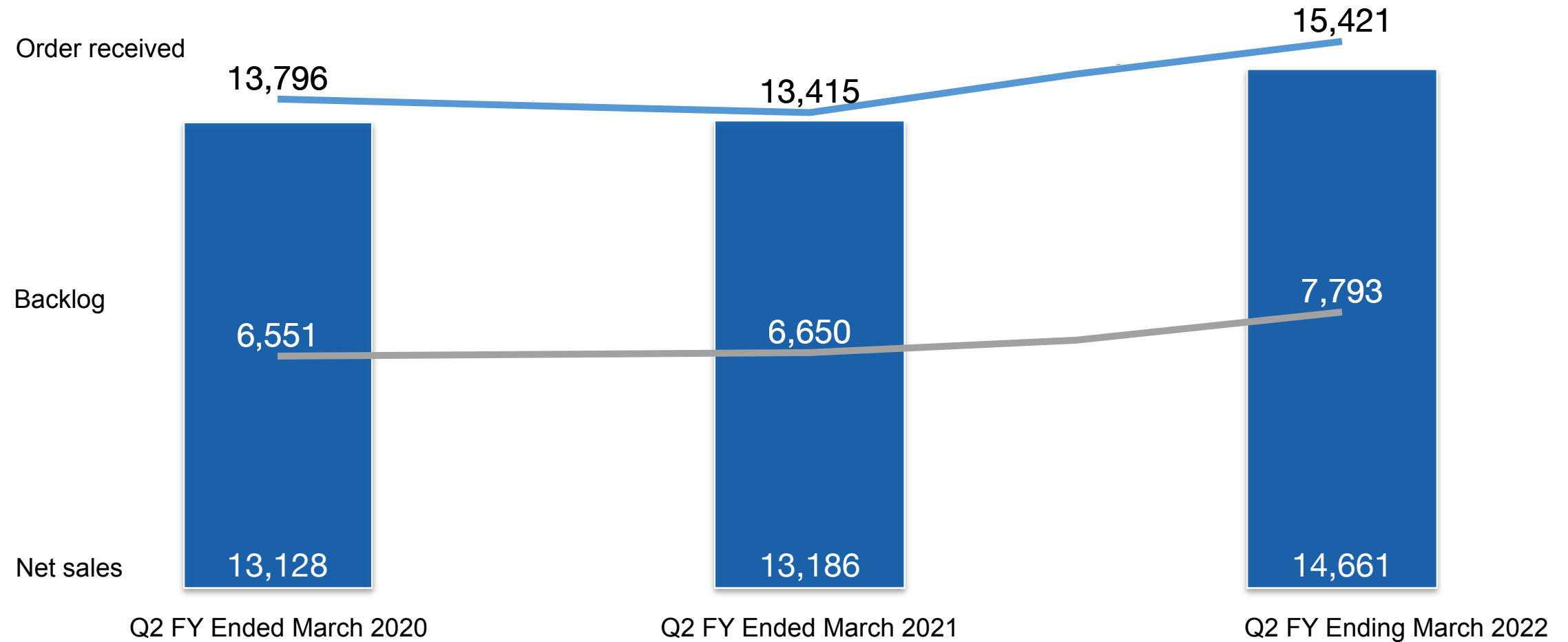
■ Q2 FY Ended March 2021

■ Q2 FY Ending March 2022



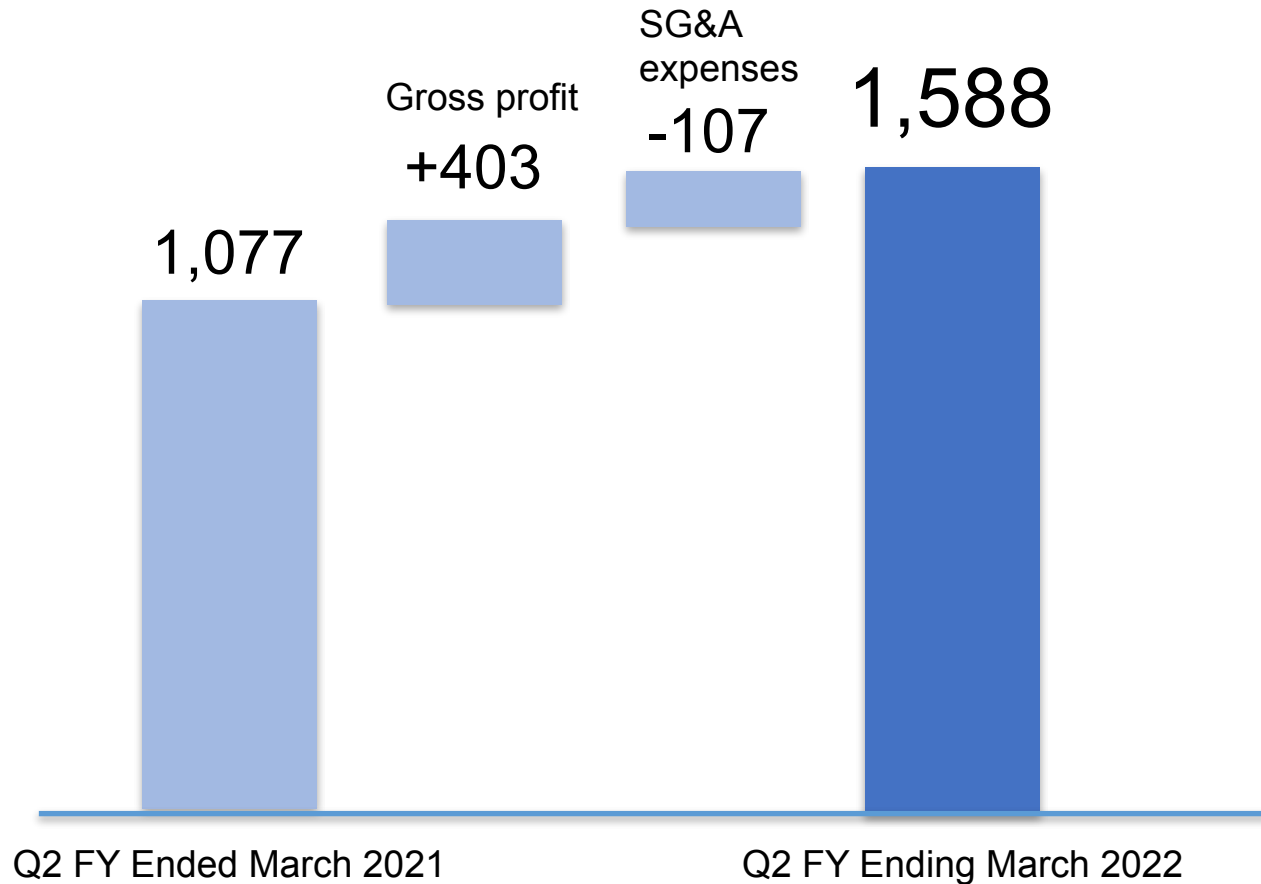
Status of Orders Received/Backlog

(millions of yen)



Operating Profit Analysis

(millions of yen)



<Gross Profit>

Increased due to improved profitability through higher net sales and higher value-added business.

<SG&A Expenses>

Personnel and training costs decreased due to restricted hiring of new graduates.

TDC SOFT Inc.

<https://www.tdc.co.jp/>

***Note on this document:**

The matters related to the forecasts of the TDC SOFT Group in this document have been determined based on currently available information and may change due to uncertain factors inherent in forecasts and/or changes in the situation surrounding business operation going forward.

TDC SOFT Inc.

<https://www.tdc.co.jp/>