

# **Second Quarter of Fiscal 2024 Ending March 31, 2025 Financial Results Briefing**

November 20, 2024

**TDC SOFT Inc.**



# Agenda

**1** Overview of Consolidated Financial Results as of September 30, 2024

**2** Status of Key Measures as of September 30, 2024

**3** Outlook for the Fiscal Year Ending March 31, 2025

**Hiroyoshi Kobayashi, President and Representative Director**

**4** Details of Financial Results as of September 30, 2024

**Tsuyoshi Ogaki, Director and Executive Officer in charge of Corporate Sector**



# Overview of Consolidated Financial Results as of September 30, 2024

# Overview of Consolidated Financial Results as of September 30, 2024

(Millions of yen)	Q2 FY Ended March 2025	Profit Margin	YOY	Q2 FY Ended March 2024
Net sales	21,349	-	13.2%	18,856
Gross profit	4,579	21.4%	13.3%	4,041
Operating profit	2,401	11.2%	29.2%	1,858
Ordinary profit	2,442	11.4%	26.5%	1,930
Profit attributable to owners of parent (interim)	1,652	7.7%	26.1%	1,310

## Highlights

- Each business field performed well, with revenue increases exceeding the plan
- With regard to profit, although we are actively pursuing investments for future business expansion, operating profit increased due to the elimination of head office relocation costs incurred in the previous fiscal year and the effects of increased revenue.

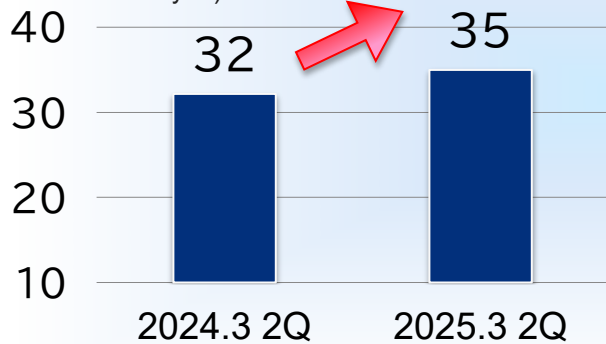


# Highlights of Each Field

## IT Consulting & Services Field

**+8.7% YOY**

(Hundreds of millions of yen)

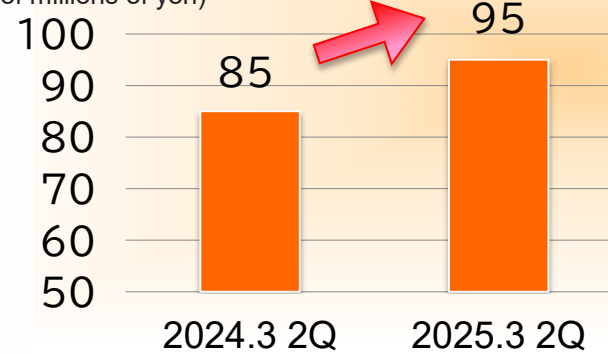


**Solid progress on SaaS solution projects related to cloud-managed services**

## IT Solutions for Financial Services Field

**+11.6% YOY**

(Hundreds of millions of yen)

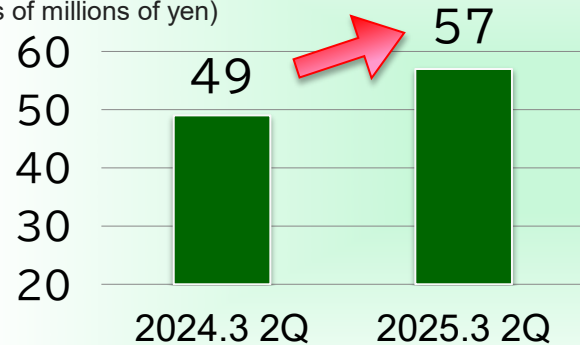


**Strong progress on development projects for banking systems**

## IT Solutions for Public Corporations Field

**+16.6% YOY**

(Hundreds of millions of yen)

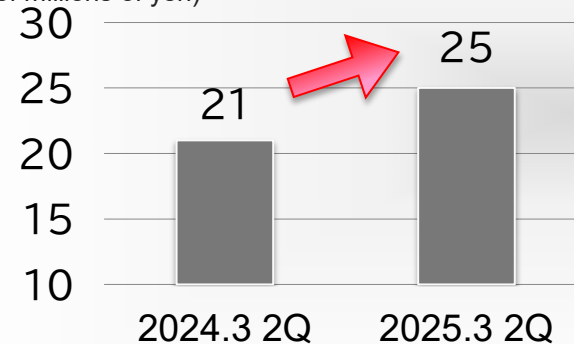


**Solid progress on development projects and so on for the transportation, automobile, and travel sectors**

## Platform Solutions Field

**+18.6% YOY**

(Hundreds of millions of yen)



**Solid progress on projects to build infrastructure for communications-related projects and public agencies**



# 2

## Status of Key Measures as of September 30, 2024



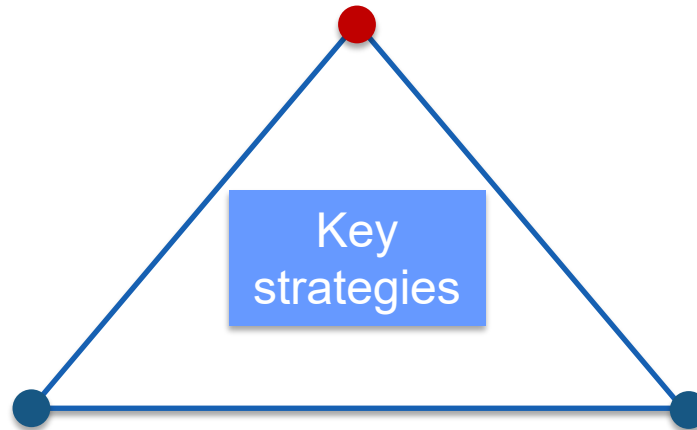
# Medium-Term Management Plan “ Shift to the **Smart SI-Plus** ”

We will expand our business into new domains based around our existing SI business and acquire the capabilities needed for new business models in an aim to become a new type of next-generation system integrator.

## Plus! Expand our business domain

We will tap into the latest elemental technologies to expand our high-value-added integration services based on the potential needs of society and our customers.

Create high-value-added SI services



We will use innovative approaches to develop an SI process designed to ensure high productivity and high quality.

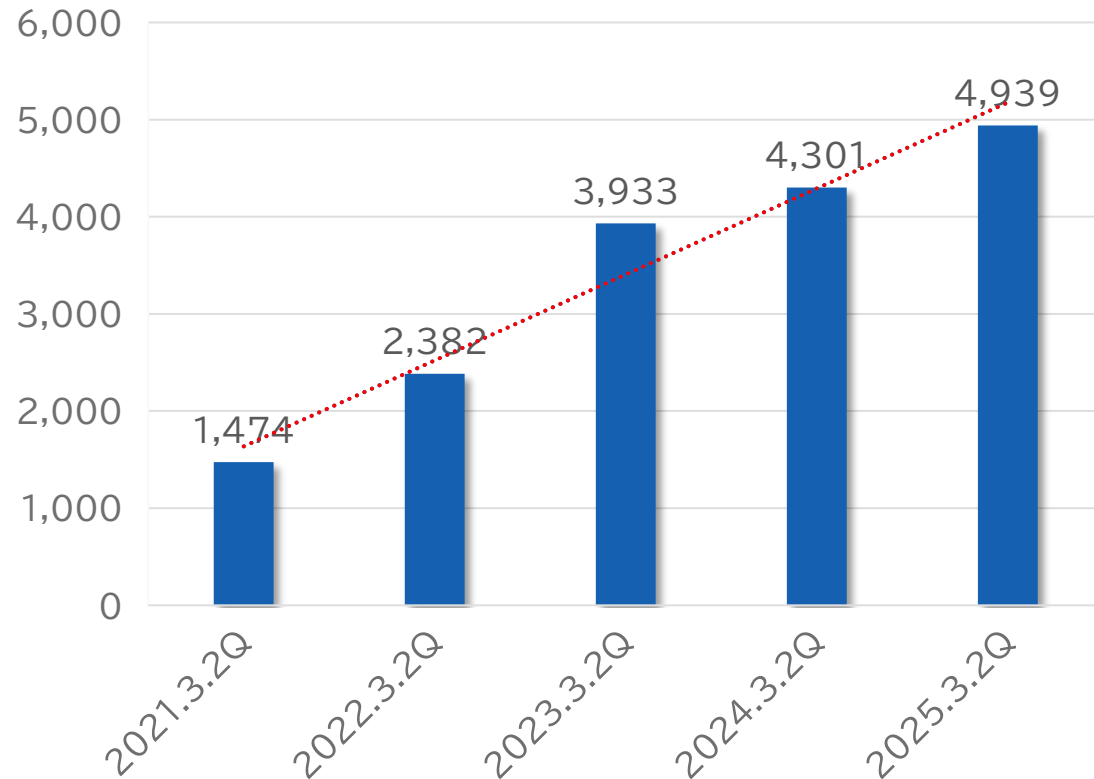
Support SI model reforms



# Key Strategy (1): Create high-value-added SI services

Net sales grew more than threefold over a five-year period

(Millions of yen)



## Steady expansion of next-generation SI business

Net sales grew more than threefold over a five-year period, driven by agile development, the cloud field, and migration projects

### Next-generation SI business

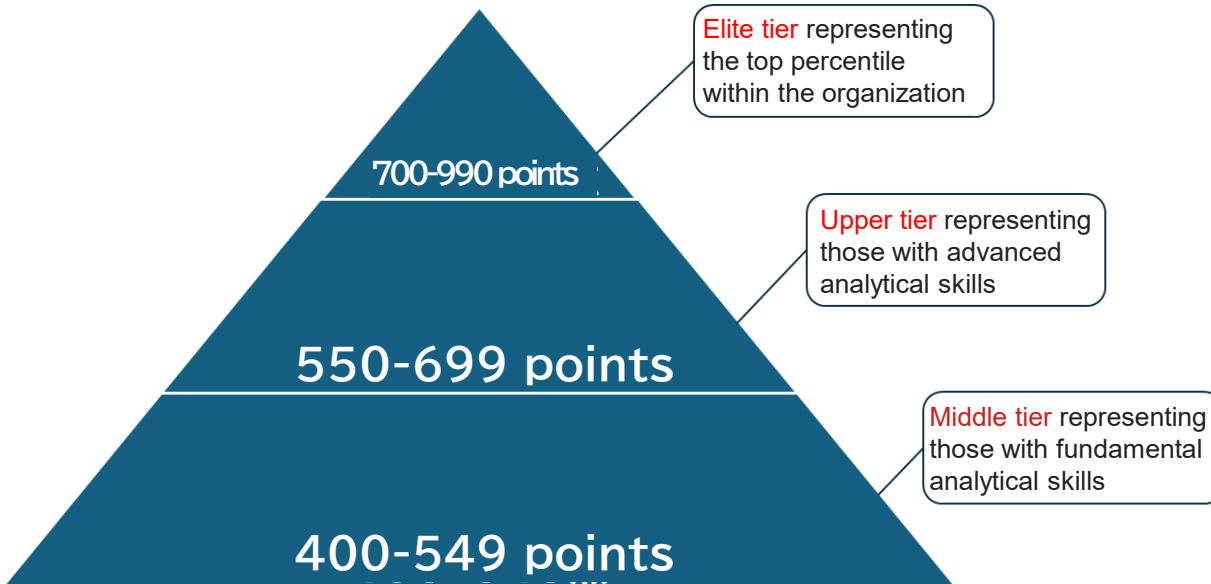
By identifying the latent needs of our customers and employing the latest elemental technologies in areas such as agile development and security, we provide high-value-added services that also reduce user costs, including time and effort, through our integration services



# Key Strategy (2): Support SI Model Reforms

## Implemented an Internal Algorithm Certification System

We support each and every employee's skill development and deliver superior service to our customers.



\*Scoring example

## Released the beta version of Questions Craft.

We leverage generative AI to support the creation of questions designed to uncover latent customer needs. This contributes to UX design quality improvement and operational efficiency.



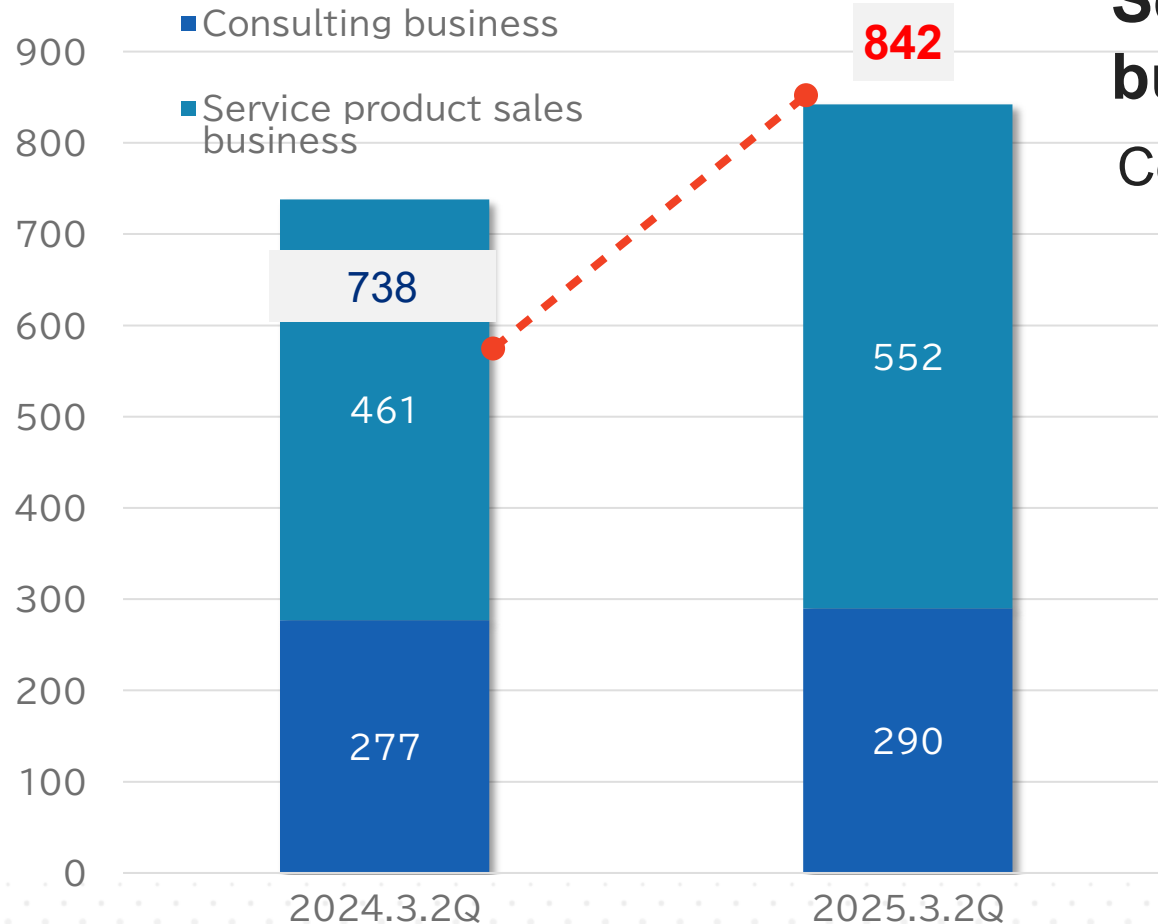
## Launched Snap ITSM, a new original ServiceNow template

The advertisement features a dark blue background with white and yellow text. At the top, it says '導入期間3か月 → たった1週間に!' (Implementation period 3 months → just 1 week!). Below this, in smaller text, it says '※当社における通常ServiceNow導入時との比較' (Comparison with usual ServiceNow implementation at our company). The main text reads 'ServiceNow ITSM導入テンプレート' (ServiceNow ITSM Introduction Template), followed by 'Snap ITSM' in large white letters. Underneath 'Snap ITSM' are the words 'スナップ' (Snap) and 'アイティエスエム' (ITSM). At the bottom, it says 'TDCソフトの ITSMテンプレートなら ServiceNowがすぐに始められます' (With TDC software's ITSM template, ServiceNow can be started immediately).



# Key Strategy (3) Expand Our Business Domain

(Millions of yen)

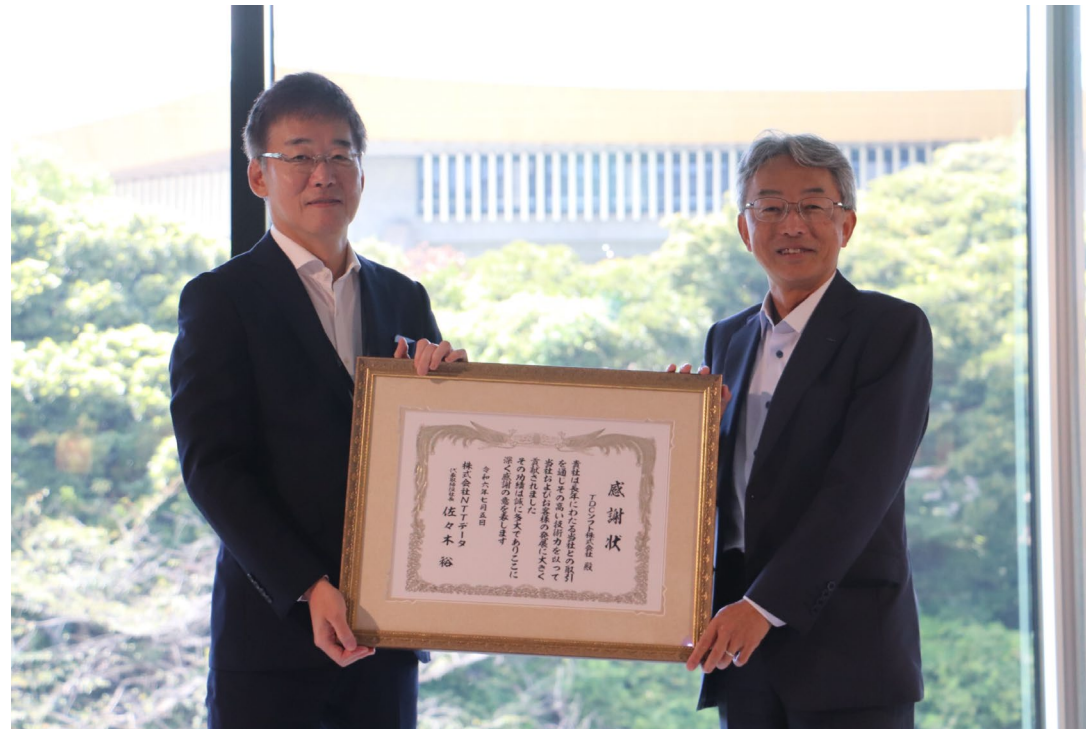


## Securing capabilities to expand our business domain

Consulting business and service product sales business  
+14% year on year

Achieved overall business growth through successful asset development, personnel training, and marketing initiatives

## Maintained designation as a Core Business Partner of NTT DATA



Presented by NTT DATA President Sasaki



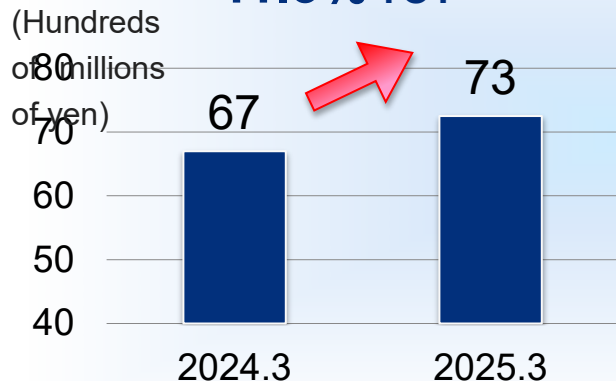
# 3

## **Outlook for the Fiscal Year Ending March 31, 2025**

# Outlook for the Fiscal Year Ending March 31, 2025 (By Field)

## IT Consulting & Services Field

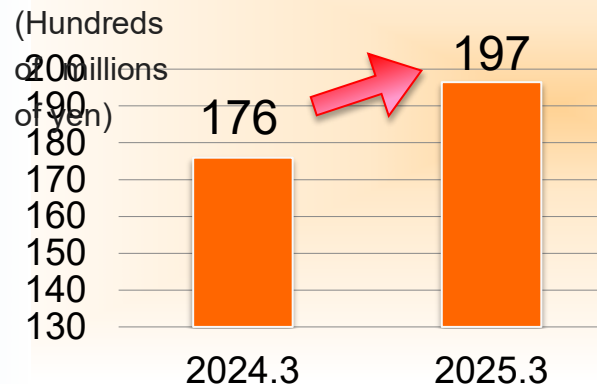
+11.3% YOY



Our SaaS, iPaaS, and other cloud solutions are solid. We will further expand high-profitability Prime projects.

## IT Solutions for Financial Services Field

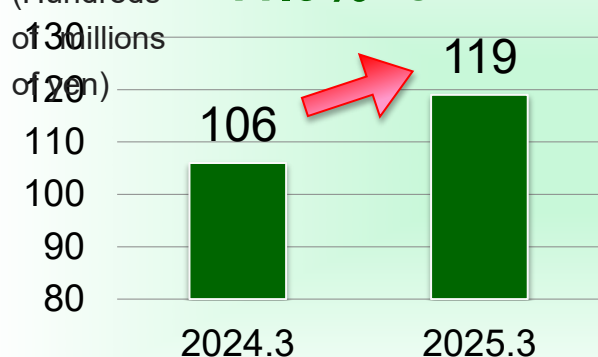
+11.5% YOY



Due to the good progress of cloud migration and modernization demand, we will expand mainly in the banking field.

## IT Solutions for Public Corporations Field

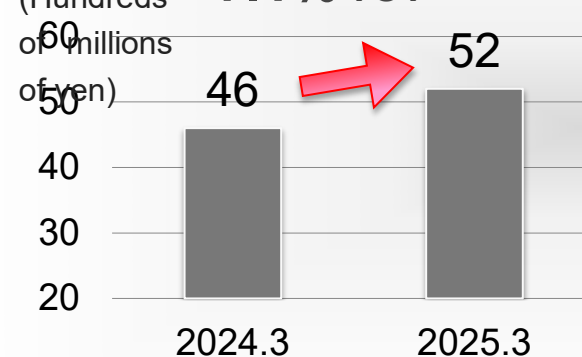
+11.9% YOY



This field is being driven by large-scale public projects and transportation system demand. We will continue striving to expand our business by providing support starting with our customers' IT planning as their strategic partner.

## Platform Solutions Field

+7.1% YOY



Our business is expected to steadily expand due to ongoing cloud needs.

# Outlook for the Fiscal Year Ending March 31, 2025

## Final Results Forecast and Dividend Forecast

(Millions of Yen)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	EPS (yen)	Dividend Forecast (yen)
Full Fiscal Year	44,000 (+2.3%)	4,750 (+10.5%)	4,850 (+5.4%)	3,260 (+5.5%)	69.17	Year-end 24 Total 24

\* The Company conducted a 2-for-1 share split of common stock , effective April 1, 2024.

Regarding the dividend forecast for the fiscal year ending March 31, 2025, the indicated figures are from after the stock split.

- Orders received and net sales are exceeding planned targets, with projected net sales of 44 billion yen, exceeding the medium-term management plan target
- Regarding profitability, in light of the aforementioned steady performance across all business fields, and taking into account our plans to actively increase investments for future business expansion, we have announced the revision of our forecast upward as indicated above.



# 4

## **Details of Financial Results as of September 30, 2024**



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





# Financial Statements

## Statement of Income

(Millions of Yen)	Q2 FY Ending March 2025	Q2 FY Ended March 2024	Change
Net sales	21,349	18,856	13.2%
Labor expenses	6,953	6,359	9.3%
Outsourcing expenses	9,319	8,084	15.3%
Other expenses	666	502	32.7%
In-process increase/decrease	169	130	29.4%
Cost of sales	16,770	14,815	13.2%
Gross profit	4,579	4,041	13.3%
Selling, general and administrative expenses	2,177	2,182	-0.2%
Operating profit	2,401	1,858	29.2%
Non-operating income/expenses	40	71	-43.1%
Ordinary profit	2,442	1,930	26.5%
Profit before income taxes	2,442	1,930	26.5%
Interim profit	1,652	1,310	26.1%
EPS	35.06 yen	27.49 yen	27.6%

## Balance Sheet

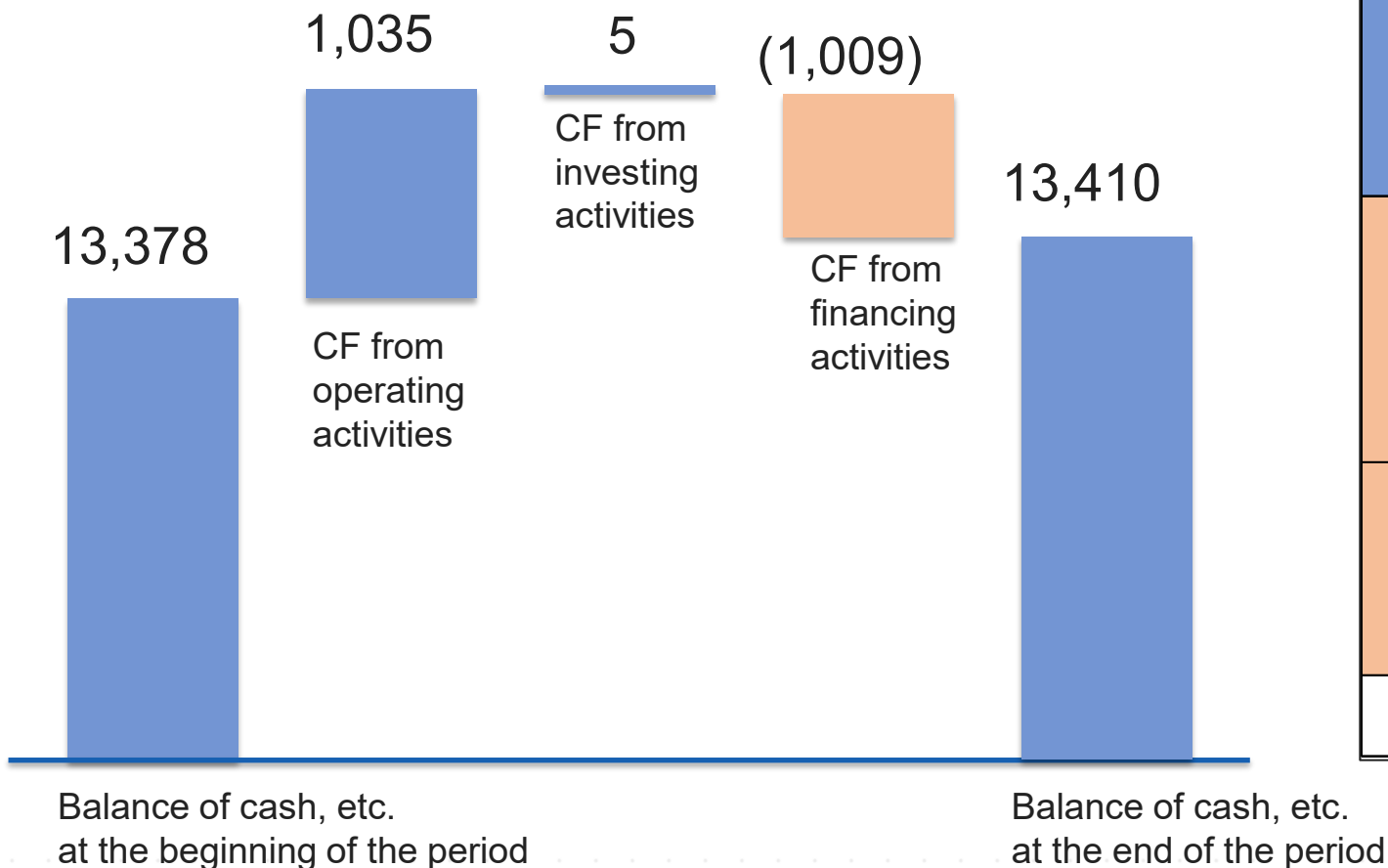
(Millions of Yen)	End of Q2 FY Ending March 2025	FY Ended March 2024	Change
Total assets	25,467	25,505	-0.2%
Current assets	20,571	20,434	0.7%
Non-current assets	4,895	5,071	-3.5%
Total liabilities	6,597	7,028	-6.1%
Current liabilities	6,000	6,378	-5.9%
Non-current liabilities	597	649	-8.1%
Total net assets	18,869	18,477	2.1%
Total liabilities and net assets	25,467	25,505	-0.2%
Owners' equity ratio□	74.1%	72.4%	2.3%
Net assets per share	400.30 yen	392.16 yen	2.1%

\* The Company conducted a 2-for-1 share split of common stock, effective April 1, 2024. Indices have been calculated on the assumption that the share split was conducted at the beginning of the previous consolidated fiscal year.



# Financial Statements

## Statement of Cash Flows



<b>Balance of cash etc. at the beginning of the period</b>	<b>13,378</b>
Interim profit before income taxes	2,442
Accounts payable	(293)
Accrued expenses	(331)
Other	(171)
Income taxes	(612)
<b>CF from operating activities</b>	<b>1,035</b>
Purchase of intangible fixed assets	(16)
Purchase of investment securities	(15)
Interest and dividend income received	42
Other	(6)
<b>CF from investing activities</b>	<b>5</b>
Net increase in short-term loans payable	147
Dividend payment	(1,148)
Other	(8)
<b>CF from financing activities</b>	<b>(1,009)</b>
<b>Balance of cash, etc. at the end of the interim period</b>	<b>13,410</b>



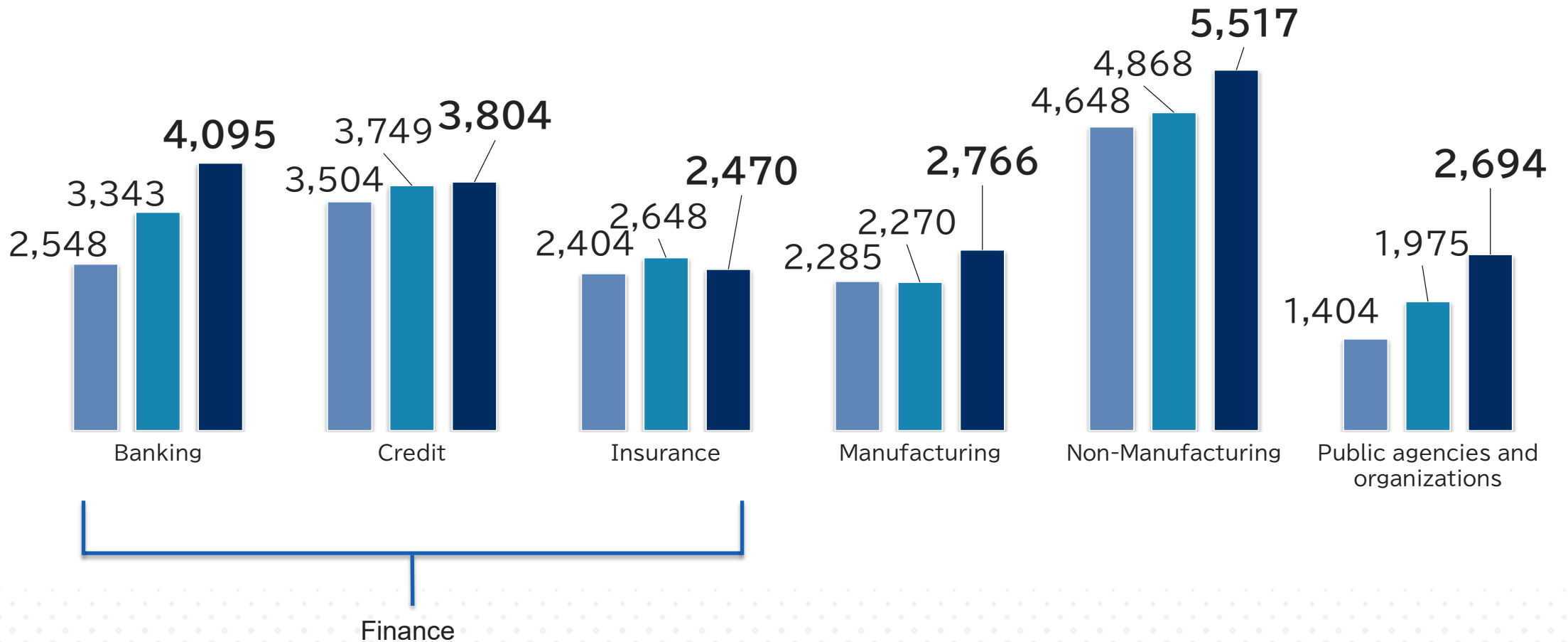
# Overview of Sales by Customer Industry

(Millions of yen)

■ Q2 FY Ended March 2023

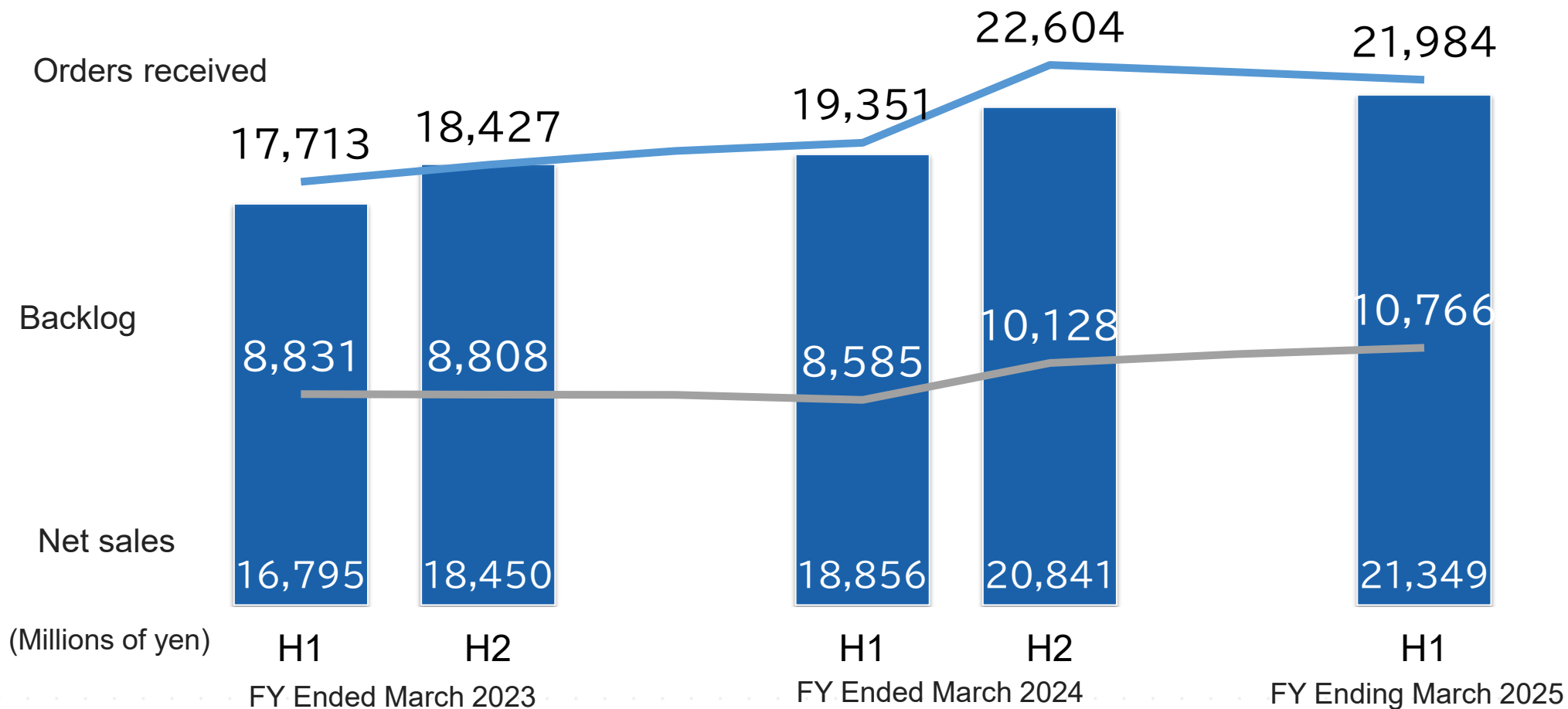
■ Q2 FY Ended March 2024

■ Q2 FY Ending March 2025





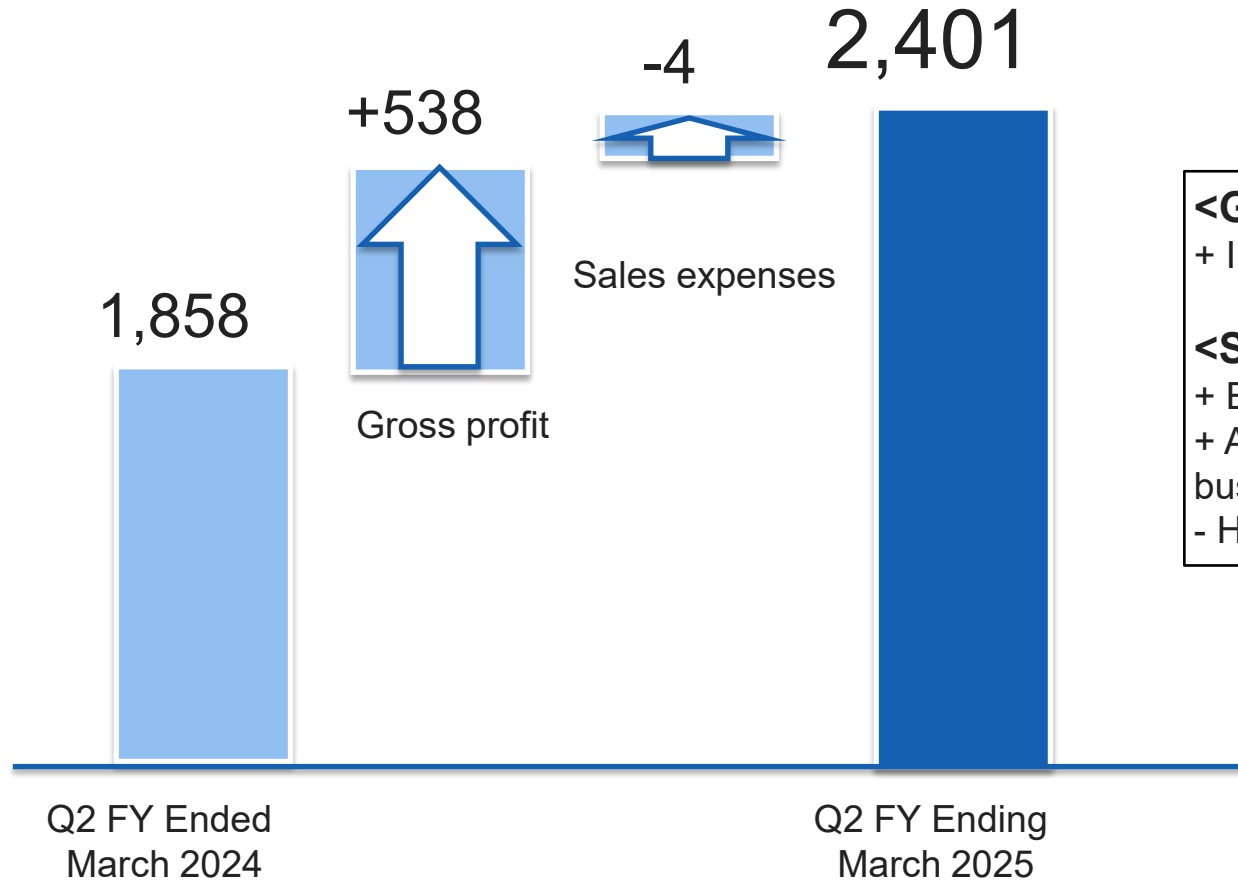
# Orders Received/Backlog





# Operating Profit Analysis

(Millions of yen)



### <Gross profit>

+ Increase in net sales leading to profit improvement

### <SG&A expenses>

+ Expanding the hiring of new graduates

+ Acquiring new technologies for the expansion of next-generation SI business

- Head office relocation expenses incurred during previous fiscal year



\*Note about this document:

The future projections for the TDC Soft Group outlined in this document are based on information available at the present time. These projections are subject to change due to inherent uncertainties and changes in business operations in the future.