



Briefing on the Financial Results for the Fiscal Year Ended March 31, 2021

May 11, 2021

TDC SOFT Inc.

**1. Overview of Consolidated Financial Results for the
Fiscal Year Ended March 31, 2021**

**2. Status of the Key Measures for the
Fiscal Year Ended March 31, 2021**

3. Outlook for the Fiscal Year Ending March 31, 2022

Hiroyoshi Kobayashi, President and Representative Director

4. Details of Financial Results for the Fiscal Year Ended March 31, 2021

Tsuyoshi Ogaki, Director & General Manager-Administration

Results of the fiscal year ended March 31, 2021

- IT consulting and services and IT solutions for public corporations performed well. However, due to the certain projects being postponed as a result of the COVID-19 pandemic, **net sales were 27,292 million yen, down 1.8% year on year.**
- Profitability increased due to expanding the next-generation SI business, an area of high value added. **As a result, secured operating profit of 2,358 million yen, up 6.9% year on year.**

Topics

- **Medium-term Management Plan “Shift to the Smart SI” 04/2019 – 03/2022**
 - Creating high-value-added SI services**
 - Agile development business: Sales were 1,256 million yen, approximately four times higher than two years ago
 - Information system security business: Released new services aimed at needs of security market
Received orders for PoC projects aimed at SI services development utilizing local 5G
 - Supporting SI model reforms**
 - Strength of Company’s DX strategy has been highly evaluated and was the first in the industry to be recognized as a “DX-certified operator” by the Ministry of Economy, Trade and Industry

**Overview of Consolidated
Financial Results for the
Fiscal Year Ended March 31, 2021**

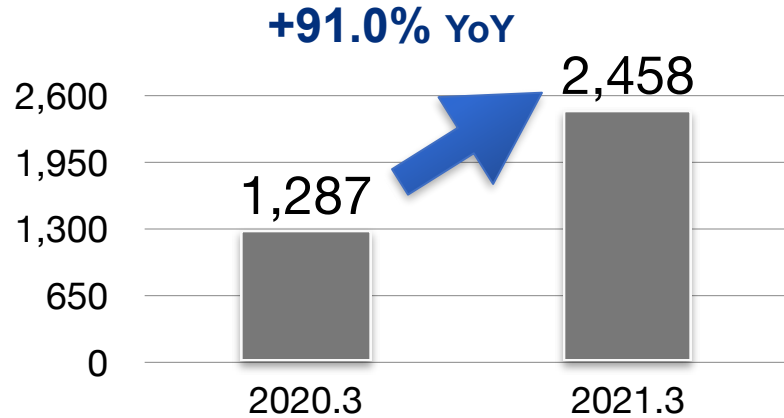
Overview of Financial Results for the Fiscal Year Ended March 31, 2021

(unit: millions of yen)	Fiscal year ended March 31, 2021	Profit margin	Year-on-year change	Fiscal year ended March 31, 2020
Net sales	27,292	-	-1.8%	27,795
Gross profit	5,398	19.8%	+2.3%	5,277
Operating profit	2,358	8.6%	+6.9%	2,206
Ordinary profit	2,564	9.4%	+13.2%	2,265
Net income	1,711	6.3%	+14.1%	1,500

[Highlights]

- COVID-19 pandemic impacted order activities by limiting face-to-face sales activities and causing postponements and cancellations of projects
- Net sales fell slightly year on year; however, DX-related projects in the IT consulting and services business performed well
- Operating profit margin increased due to adding high value to businesses based on medium-term management plan

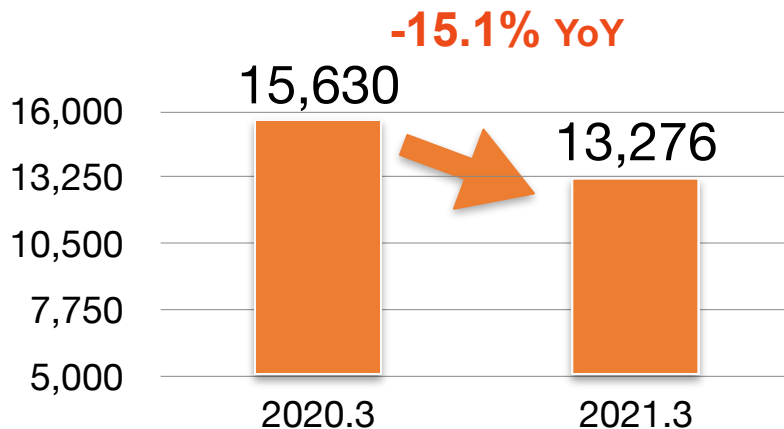
IT Consulting & Services



Developing IT strategies and information system concepts to facilitate customers' DX projects and provided solutions services, such as technology consulting, educational services, proprietary cloud applications, BI/DWH, ERP, CRM, and so on.

During this year, the Group made solid progress on projects related to data analytics infrastructure including BI/DWH and ETL. Experienced sudden growth from tailwinds of DX trends.

IT Solutions for Financial Services

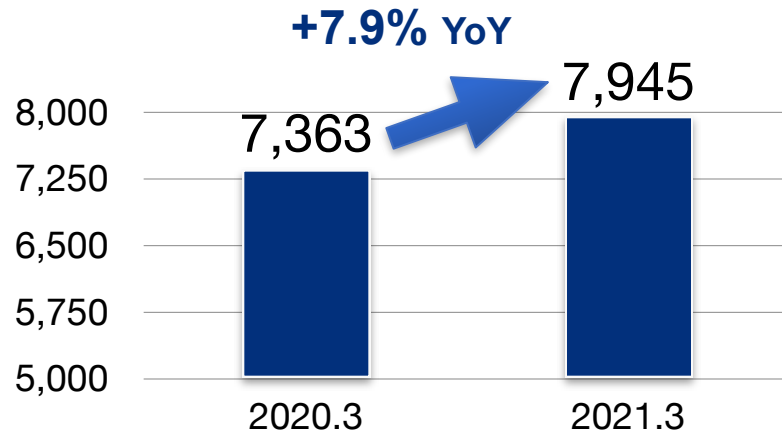


Offered integrated IT solutions for the financial sector, including information system concepts, design, development, and maintenance.

There was a steady stream of system development projects related to loyalty point cards while there was little activity in projects for insurance businesses.

Field where impact of COVID-19 was most felt in project postponements and cancellations.

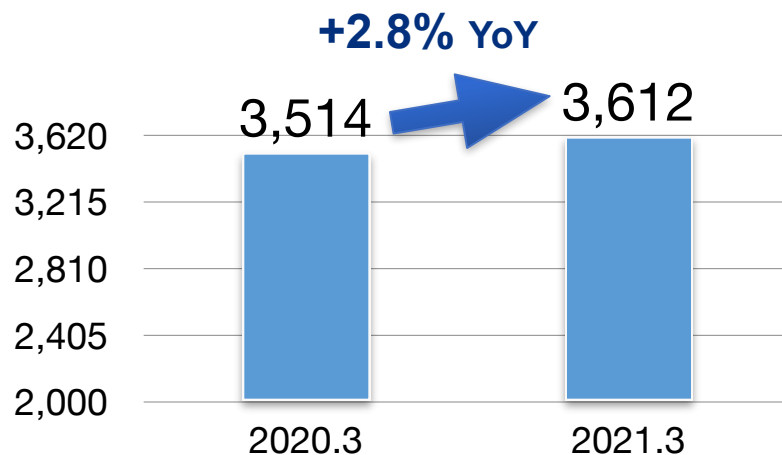
IT Solutions for Public Corporations



Offered integrated IT solutions for the logistics, manufacturing, and service industries as well as the public sector, including information system concepts, design, development, and maintenance.

Development projects for manufacturing and transportation industries were steady.

Platform Solutions

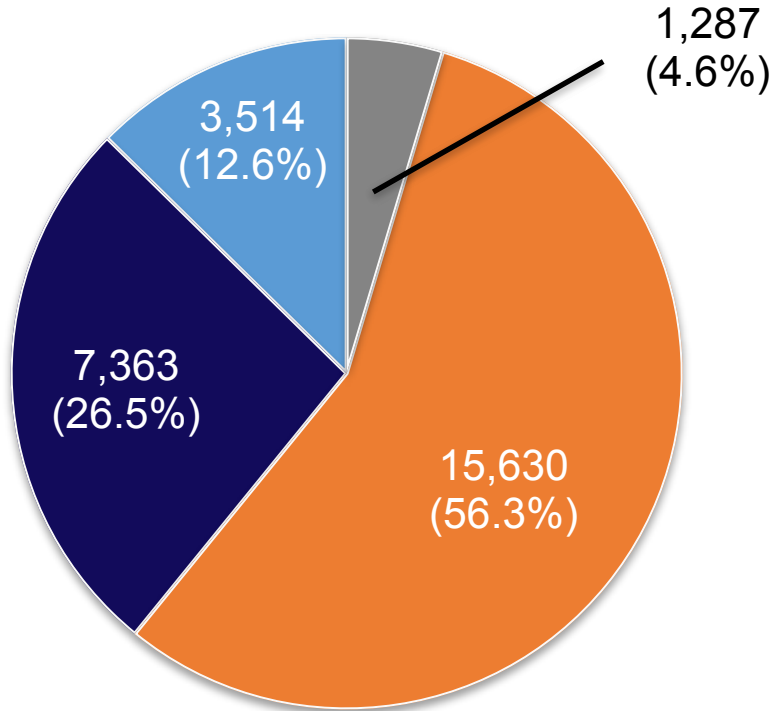


Offered services that include configuring and developing IT infrastructure along with helping with its operation, developing network products, and integrating networks.

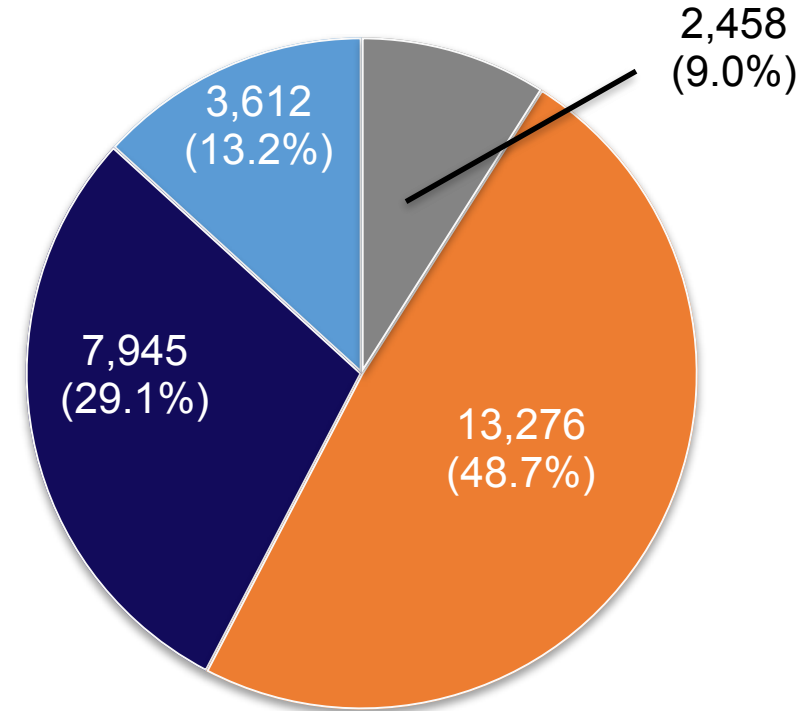
Solid progress made on projects to build IT infrastructure for telecommunication businesses and public agencies.

Overview of Net Sales by Field

Fiscal year ended March 31, 2020
¥27,795 million



Fiscal year ended March 31, 2021
¥27,292 million



- IT consulting & services
- IT solutions for public corporations

- IT solutions for financial services
- Platform solutions

*We updated how we segment our businesses during the first quarter of the fiscal 2020 ended March 2021 based on the directions these businesses are taking.
The numbers for the previous fiscal year are calculated in line with the updated segments.

Status of the Key Measures for the Fiscal Year Ended March 31, 2021

Evolve into a next-generation system integration (“SI”) business geared to digital technology and new trends based on the potential needs of the market

Aim to become a next-generation system integrator

Create high-value-added SI services

Promoting business expansion in the key strategic fields to pursue high revenue

Agile development business

Information system security business

Support SI model reforms

- M&A and promotion of alliances with other companies has been well received;
Certified as “DX-certified operator”

Achieve net sales of ¥28.5 billion during fiscal 2021 ending March 2022
Expand high-value-added SI services so they will make up 20% of the net sales

Vision

Key strategies

Performance Goals

Medium-term Management Plan

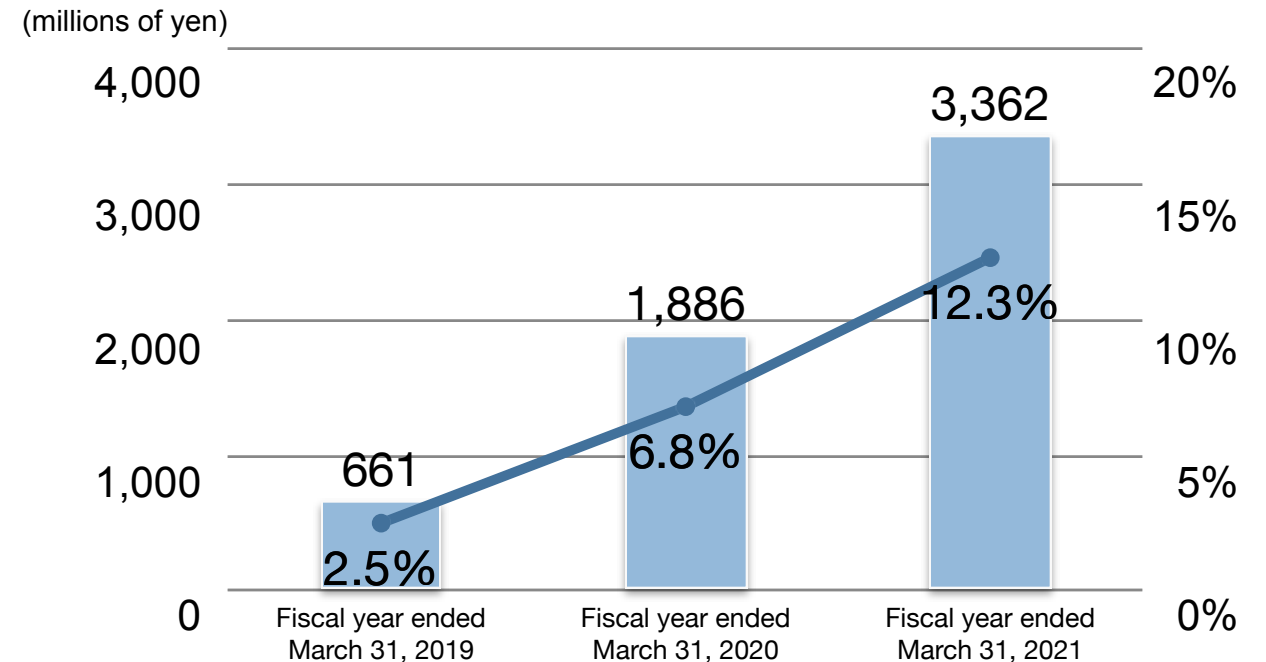
Overview of the Next-generation SI Business

The next-generation SI business is steadily growing

The business has grown to make up 12.3% of net sales (112% of the planned figure).

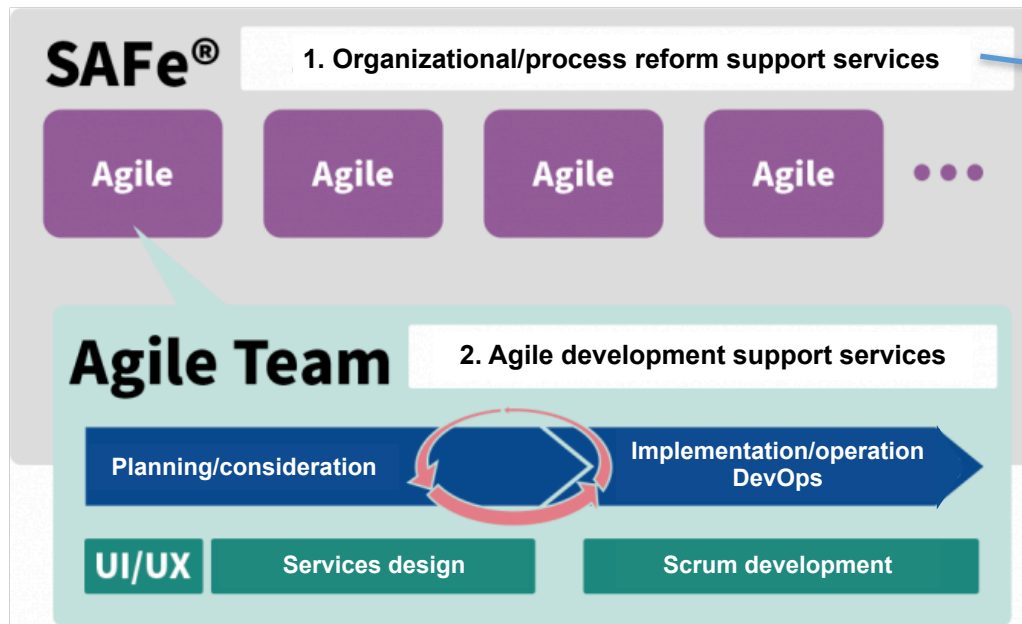
Gross profit margin	19.8% (+0.8% YOY)
Operating profit margin	8.6% (+0.7% YOY)
Ordinary profit margin	9.4% (+1.3% YOY)

Sales Ratios and Net Sales of the Next-generation SI Business over Recent Years



TOPICS: Key Strategic Field Agile Development Business

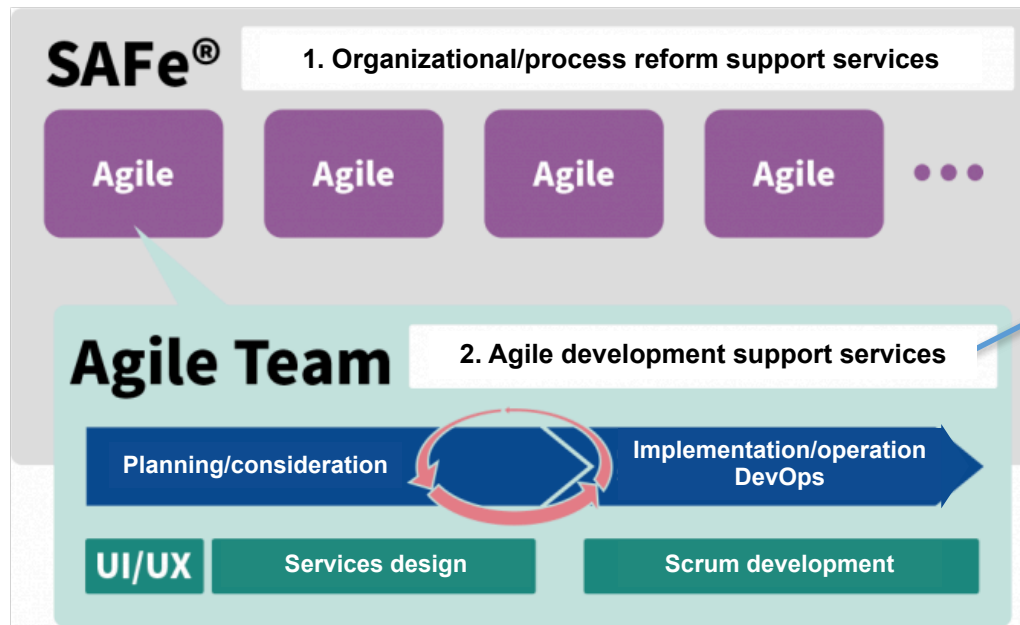
From last year, concentrated on agile development, which is required to realize DX, and strengthened services



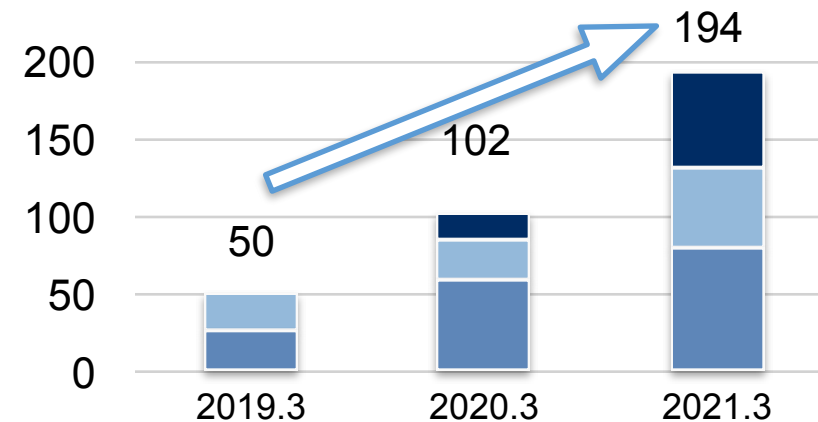
Using large-scale agile framework with largest global market share SAFe®, enhance organizational/process reform consulting and educational services

TOPICS: Key Strategic Field Agile Development Business

From last year, concentrated on agile development, which is required to realize DX, and strengthened services



Number of Agile Development Engineers
Approximately 4x in three years

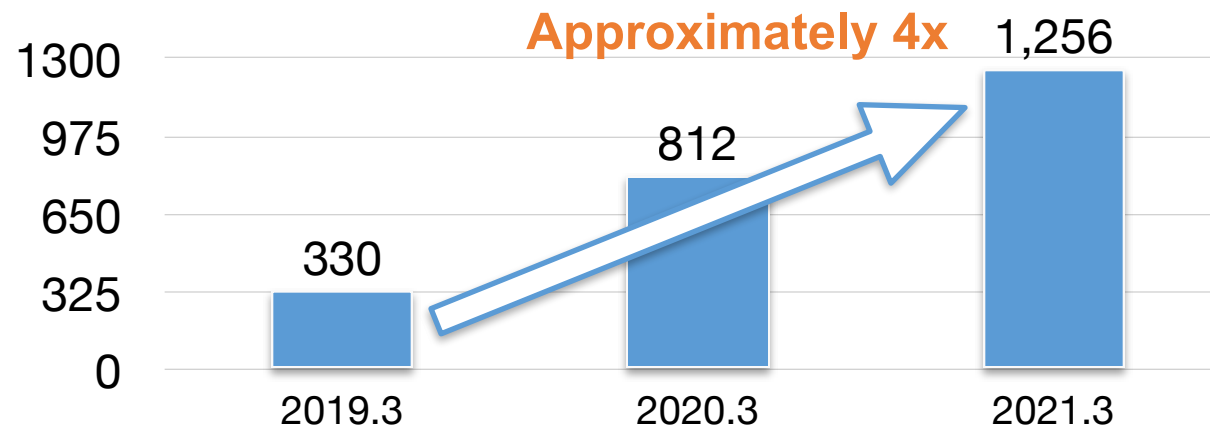


- Certified SAFe Program Consultants
- Certified Scrum Developers
- Engineers with experience in agile development projects

TOPICS: Key Strategic Field Agile Development Business

As customer DX demand grows, agile development business **net sales to approximately 4x in three years**
Drive creation of high added value through gross profit margin of approximately 7% higher than regular SI projects

Sales from the Agile Development Business



TOPICS: Key Strategic Field Information System Security Business

Focus more on the initiatives to create high added value, such as adding new services

Released new services targeting needs of security market

- To meet the growing social demand for remote work solutions, launched Tegata, a cloud-based secure access service that uses the technology called “LTE over IP.”
- Began offering cloud security diagnosis services utilizing CIS benchmarks, global best practices, to respond to increased use of public cloud by companies.

Executed PoC projects looking toward the development of SI services that utilize local 5G

We work with LTE-X and a transportation company with whom we have formed capital/business alliances to execute PoC projects that aim to acquire elemental technologies leading to local 5G. We continue and promote service development in the runup to the wide use of local 5G.

TOPICS: Support SI Model Reforms

First in information services industry to be certified as a "DX-certified operator" by the Ministry of Economy, Trade and Industry

On February 1, 2021, TDC Soft was the seventh company overall and the first in the information services industry to be certified as a by the Ministry of Economy, Trade and Industry



Points of the Company that were recognized

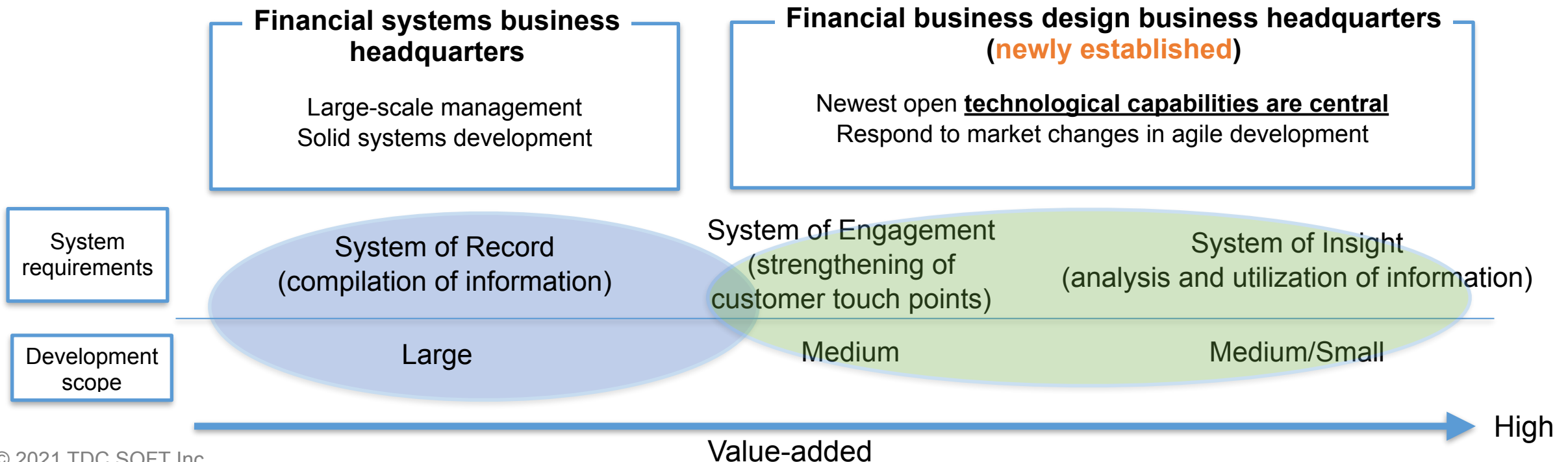
- Aptness of strategy in medium-term management plan and the organization structure to realize this
- Promotion of businesses that are key to realizing DX, such as agile development business, etc.
- Promotion of open innovation activities, such as M&A and business alliances with other companies, etc.
- Research to improve the efficiency of quality assurance processes utilizing data in development projects

**Outlook for the
Fiscal Year Ending March 31, 2022**

Important initiatives for the fiscal year ending March 31, 2022

● Recovery of performance in IT solutions for financial services field

- In the fiscal year ended March 31, 2021, the COVID-19 pandemic caused postponements and cancellations of projects, leading to a decrease in large-scale projects for SoR (general purpose systems)
- **Rebuild financial department and strengthen response to SoE and Sol areas in order to create high-value-added services for customer needs**



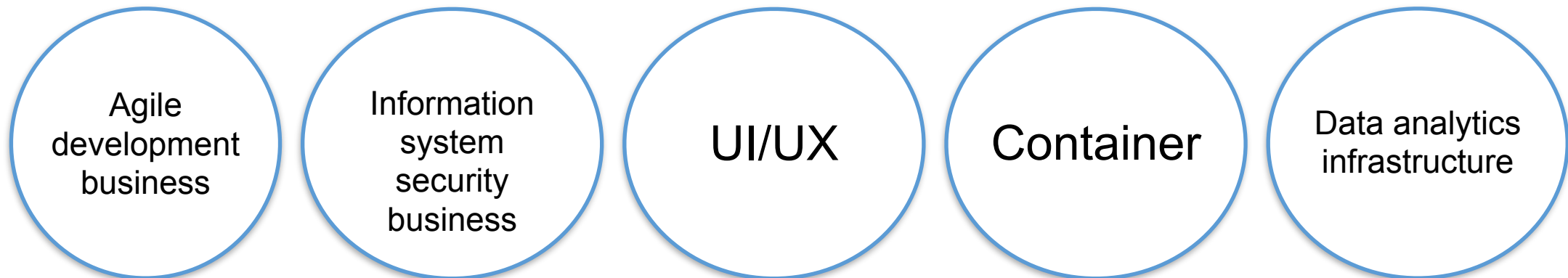
Important initiatives for the fiscal year ending March 31, 2022

- **Strengthen investments to expand businesses**

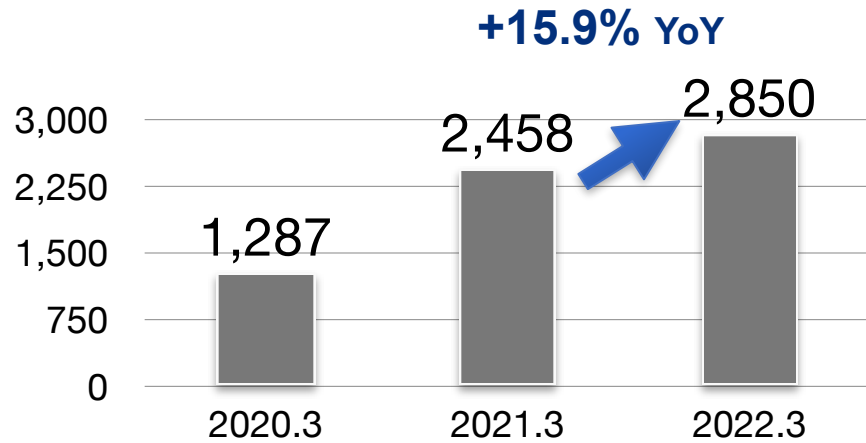
As the trend of DX accelerates, in order to acquire the elemental technologies expected to become mainstream in the future and establish a foothold in key strategic areas,

we developed an investment plan at least 1.6x higher from the fiscal year ended March 31, 2021

Aiming further expansion of new businesses and high-value-added fields

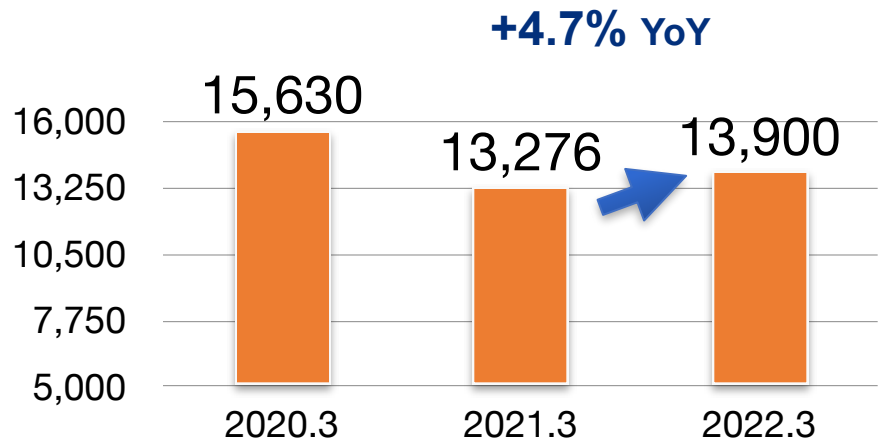


IT Consulting & Services



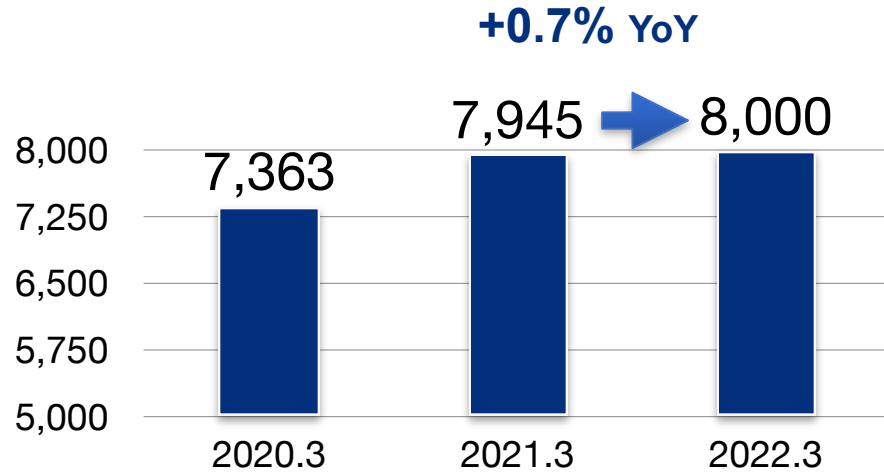
Demand for data analytics infrastructure-related projects is expected to continue, allowing for further growth

IT Solutions for Financial Services



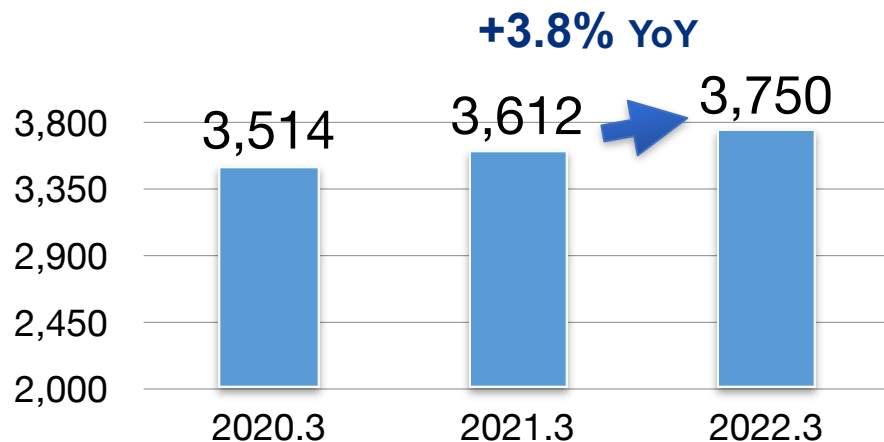
Sales expected to grow due to booking postponed projects and expanding SoE and Sol areas

IT Solutions for Public Corporations



Performance expected to be roughly equal to the fiscal year ended March 31, 2021 as development projects for manufacturing and transportation continue.

Platform Solutions



IT infrastructure building projects for telecom operators and governmental agencies expected to continue; however, performance is expected to decline due to the conclusion of certain projects.

Earnings forecast and dividend forecast

(unit: millions of yen)	Net sales	Operating profit	Ordinary profit	Net income	EPS (yen)	Dividend forecast (yen)
Second quarter (cumulative)	13,500 (+2.4%)	1,100 (+2.1%)	1,120 (+1.2%)	750 (+0.6%)	31.12	0.00
Full year	28,500 (+4.4%)	2,510 (+6.4%)	2,570 (+0.2%)	1,715 (+0.2%)	71.17	24.00

- Considering changes to the external environment due to the impact of COVID-19, the full year sales forecast was revised from ¥30 billion to ¥28.5 billion.
As a result, operating profit was revised from ¥2.7 billion to ¥2.51 billion.

Details of Financial Results for the Fiscal Year Ended March 31, 2021

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

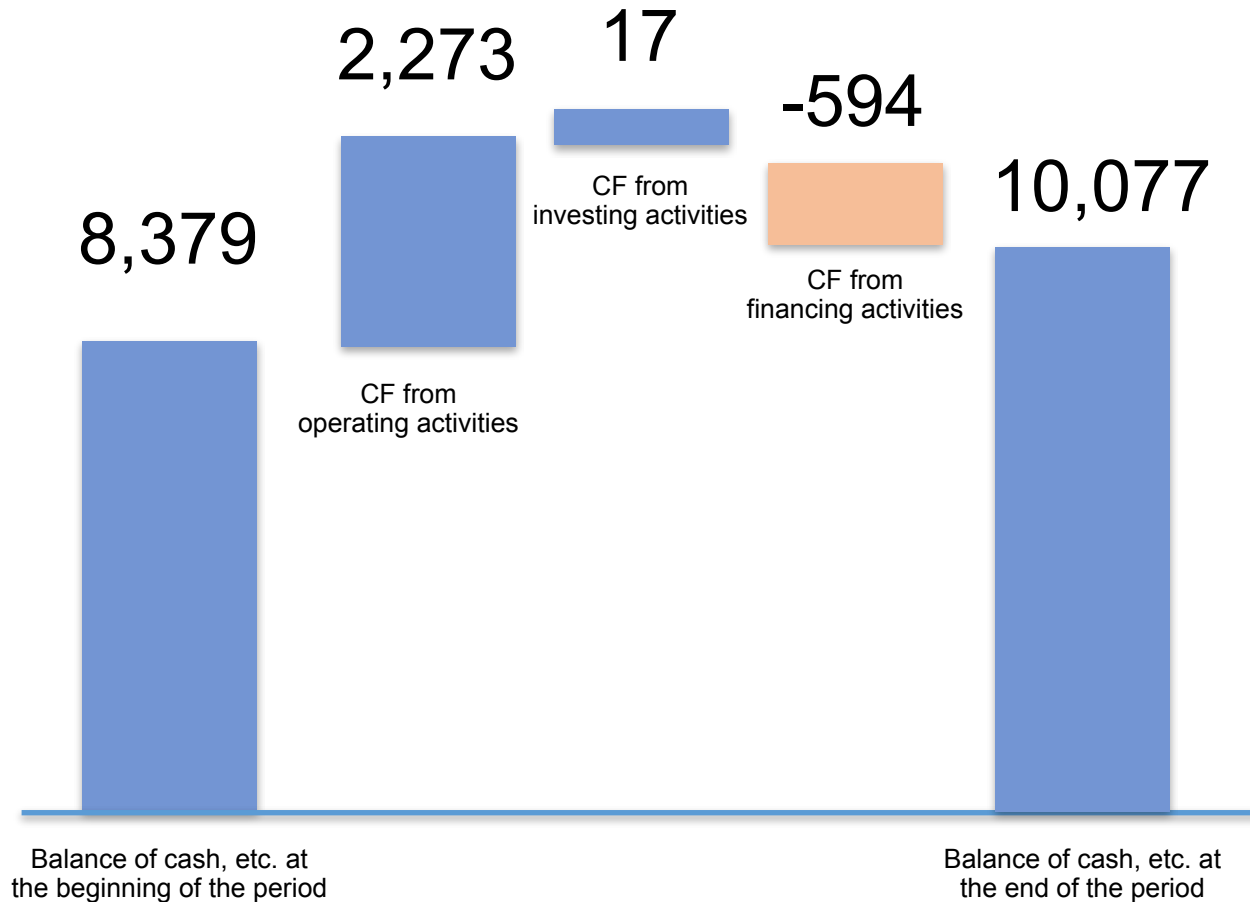
Statement of Income

(unit: millions of yen)	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Change
Net sales	27,292	27,795	-1.8%
Labor expenses	10,988	10,228	+7.4%
Outsourcing expenses	10,151	11,458	-11.4%
Other expenses	782	845	-7.4%
In-process increase/decrease	(27)	(14)	-87.0%
Cost of sales	21,894	22,518	-2.8%
Gross profit	5,398	5,277	+2.3%
Selling, general and administrative expenses	3,039	3,070	-1.0%
Operating profit	2,358	2,206	+6.9%
Non-operating income/expenses	205	58	+251.2%
Ordinary profit	2,564	2,265	+13.2%
Profit before income taxes	2,564	2,265	+13.2%
Net income	1,711	1,500	+14.1%
EPS	71.03	62.29	+14.0%

Balance Sheet

(unit: millions of yen)	Fiscal year ended March 31, 2021 Year-end	Fiscal year ended March 31, 2020 Year-end	Change
Total assets	18,652	16,652	+12.0%
Current assets	15,081	13,463	+12.0%
Non-current assets	3,570	3,188	+12.0%
Total liabilities	4,989	4,544	+9.8%
Current liabilities	4,757	4,347	+9.4%
Non-current liabilities	231	197	+17.5%
Total net assets	13,663	12,107	+12.9%
Total liabilities and net	18,652	16,652	+12.0%
Owners' equity ratio	73.3%	72.7%	-
Net assets per share	566.99	502.43	+12.8%

Statement of Cash Flows

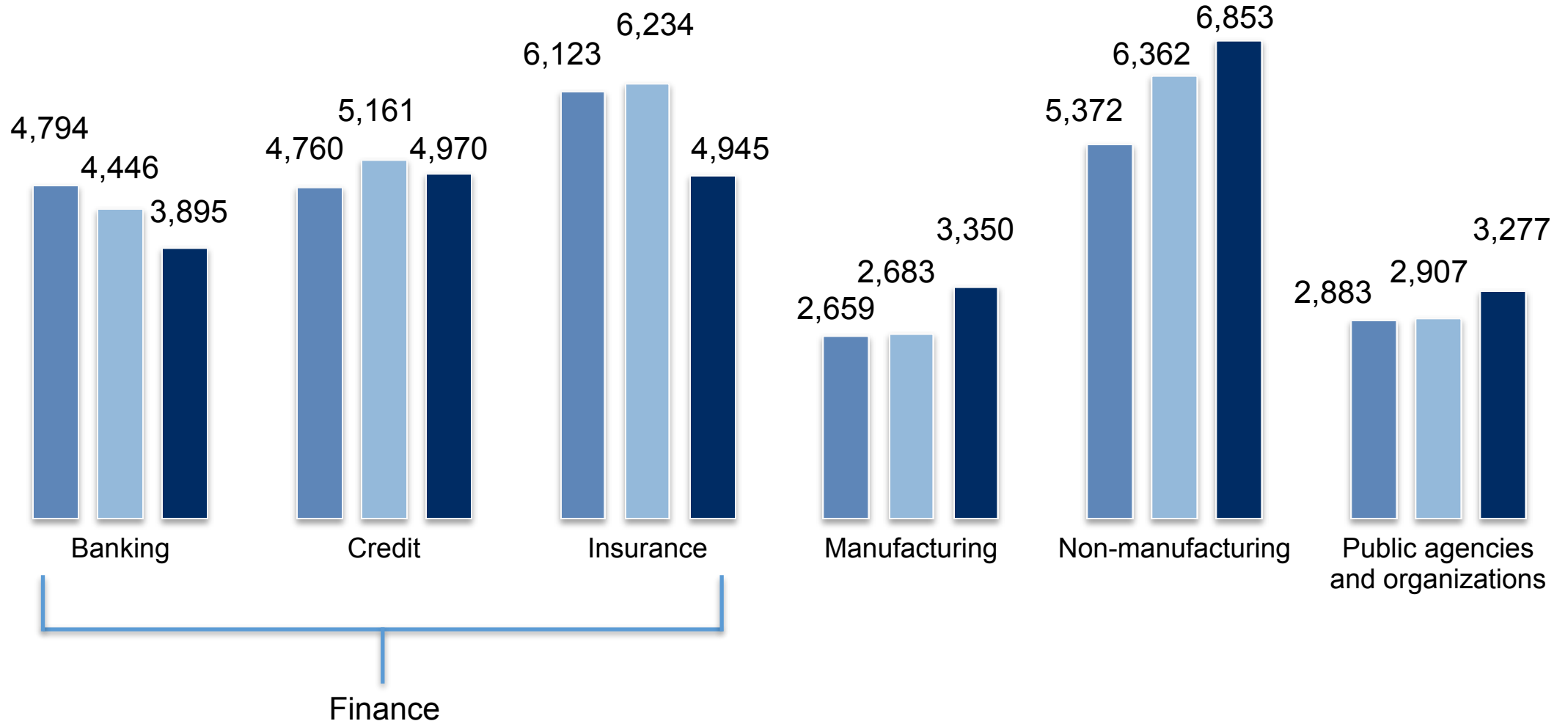


Balance of cash, etc. at the beginning of the period	8,379
Profit before income taxes	2,564
Depreciation and amortization	86
Notes and accounts receivable-trade	93
Notes and accounts payable-trade	(82)
Inventories	(27)
Accounts payable – other	(66)
Accrued expenses	152
Other	142
Income taxes	(589)
CF from operating activities	2,273
Purchase of property, plant and equipment	(26)
Purchase of investment securities	(106)
Proceeds of dividend distribution from partnerships	89
Interest and dividend income	58
Proceeds from transfer of business	-
Other	(2)
CF from investing activities	17
Increase (decrease) in short-term loans payable	-
Dividend payment	(587)
Other	(7)
CF from financing activities	(594)
Balance of cash, etc. at the end of the period	10,0077

Overview of Sales by Customer's Business Category

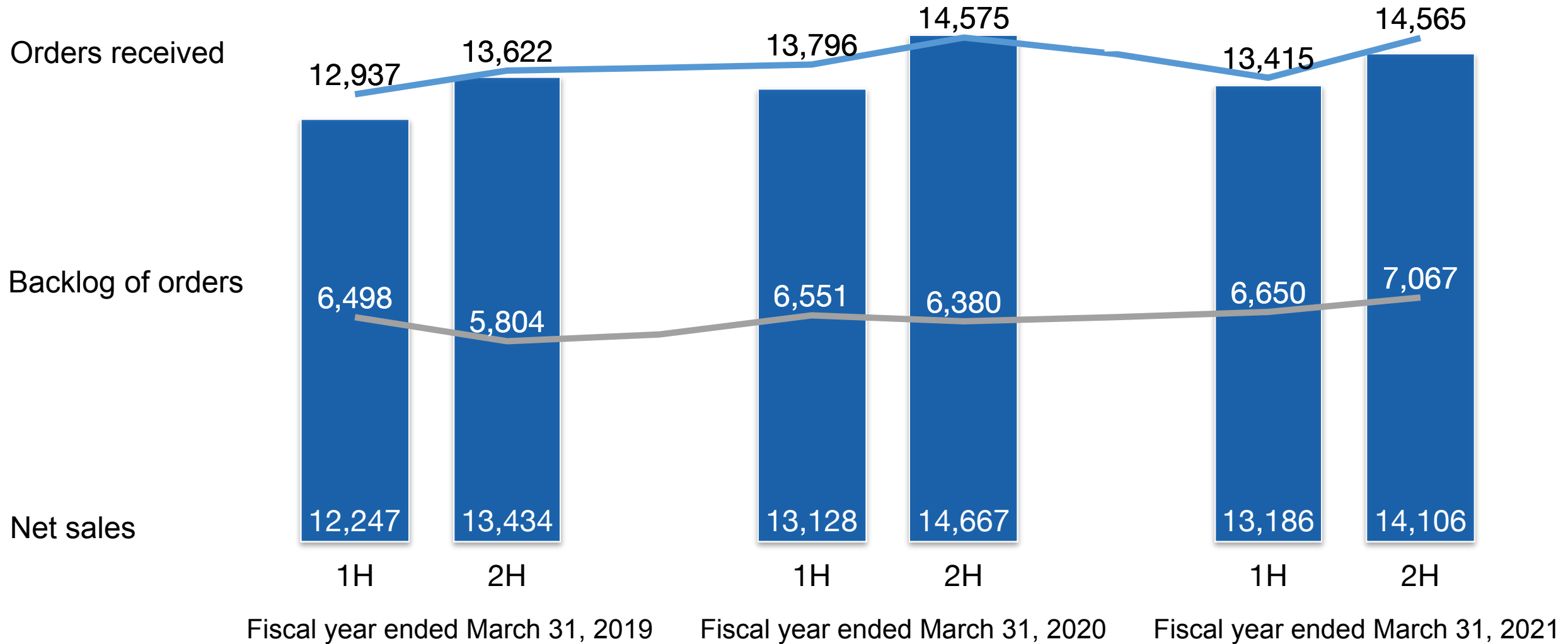
(millions of yen)

■ Fiscal year ended March 31, 2019 ■ Fiscal year ended March 31, 2020 ■ Fiscal year ended March 31, 2021



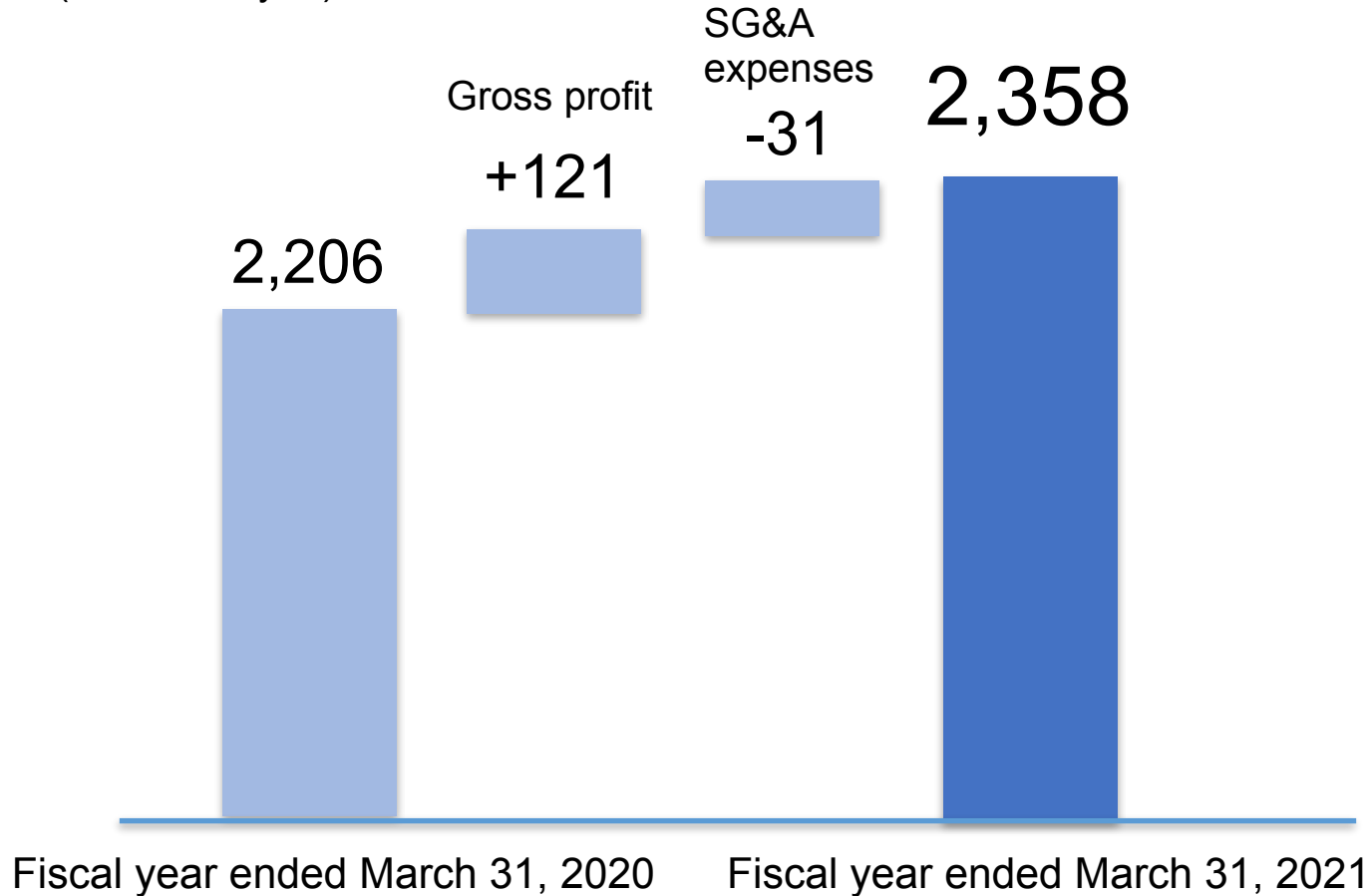
Orders Received; Backlog of Orders

(millions of yen)



Operating Profit Analysis

(millions of yen)



<Gross profit>

The profit increased owing to profitability improved through higher net sales and the high-value-added business.

<SG&A expenses>

Despite decrease in costs incurred as a result of the COVID-19 pandemic, these expenses increased as we hired more new employees and invested more in human resource development.

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*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.

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