

Fiscal Year Ended March 31, 2022

Financial Results Briefing

May 24, 2022

TDC SOFT Inc.



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2 Status of Key Measures for the Fiscal Year Ended March 31, 2022

3 New Medium-Term Management Plan “Shift to the Smart SI Plus”

4 Outlook for the Fiscal Year Ending March 31, 2023

Hiroyoshi Kobayashi, President and Representative Director

5 Details of Financial Results for the Fiscal Year Ended March 31, 2022

Tsuyoshi Ogaki, Director and Executive Officer in charge of Administration

Important Points in the Fiscal Year Ended March 31, 2022

Performance during the Fiscal Year Ended March 31, 2022

- All business fields made solid progress reaching net sales of ¥30,925 million, a 13.3% increase year on year.
- Secured ¥2,967 million in operating profit, a 25.8% increase year on year. Achieved the Medium-Term Management Plan performance targets.
- Proactively promoted further forward-looking investment in light of robust business conditions.

Topics

- **Status of Next-Generation SI Business**

Steadily expanding primarily in key strategic fields.

Net sales has grown 60% year on year to ¥5,390 million and accounted for 17.4% of net sales, up 5.1 percentage points.

- **Established the Medium-Term Management Plan “Shift to the Smart SI Plus” (FY2022-FY2024)**

Maintains the same fundamental concept of the previous Medium-Term Management Plan with the addition of a new core strategy to “expand our business domain”



Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

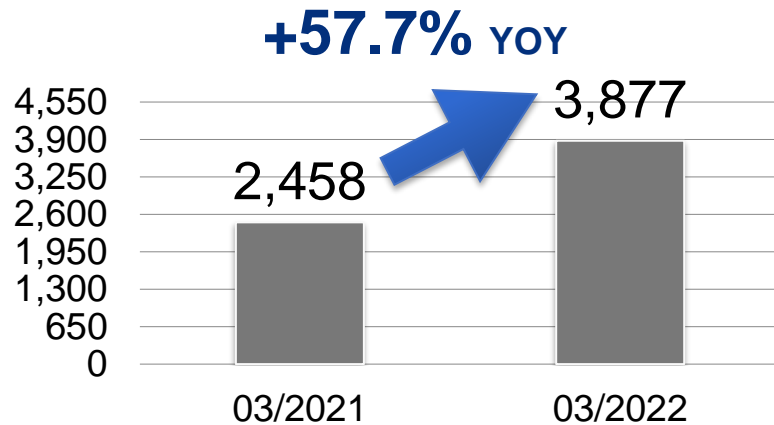
Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(Millions of Yen)	FY Ended March 2022	Profit Margin	YOY	FY Ended March 2021
Net sales	30,925	-	+13.3%	27,292
Gross profit	6,423	20.8%	+19.0%	5,398
Operating profit	2,967	9.6%	+25.8%	2,358
Ordinary profit	3,082	10.0%	+20.2%	2,564
Net income	2,069	6.7%	+20.9%	1,711

[Highlights]

- Project postponements and other issues that had occurred in the previous term have collectively turned around since the beginning of the fiscal year, and all business fields made solid progress for the term.
- Our businesses are steadily providing greater value-added services, and we have proactively promoted further forward-looking investment.
- While we made downward revisions to our business targets of the Medium-Term Management Plan at the beginning of the fiscal year in light of the severity of the COVID-19 pandemic, we achieved all of our original targets.

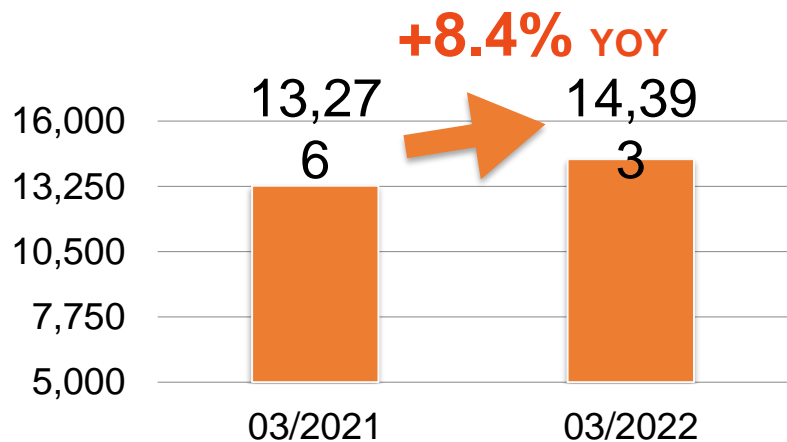
IT Consulting & Services



Provides solution services to promote customers' 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 managed service-related projects thrived during the year. Expansion driven by the trend toward DX.

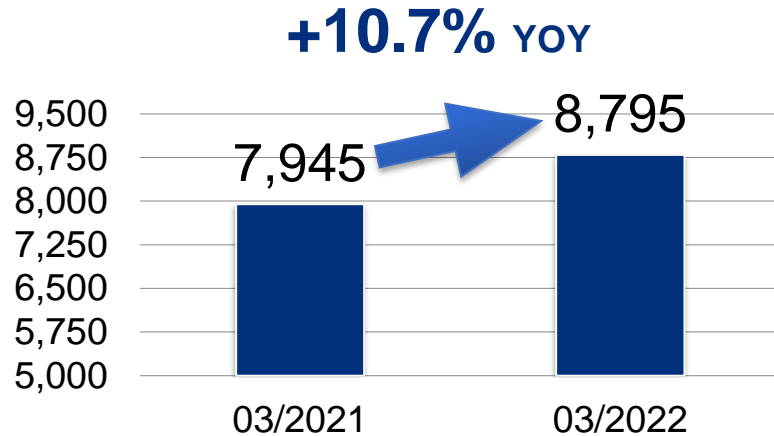
IT Solutions for Financial Services



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

The previous fiscal year saw projects suspended or postponed due to COVID-19, but the situation improved over the fiscal year and credit-related system development projects made solid progress in particular.

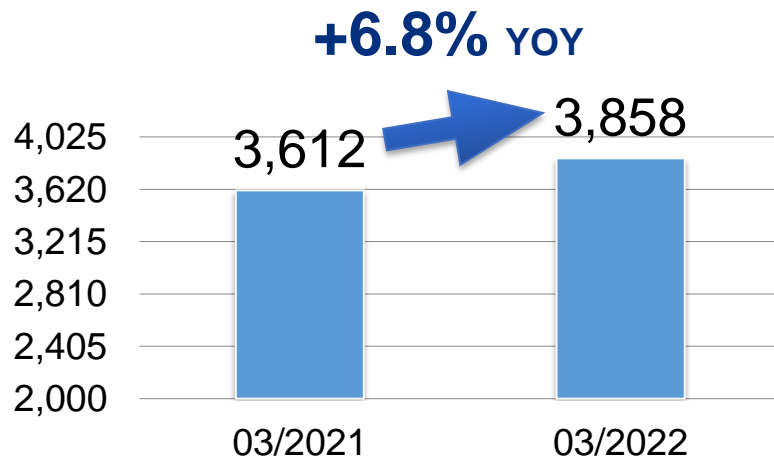
IT Solutions for Public Corporations



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 and telecommunications sectors.

Platform Solutions



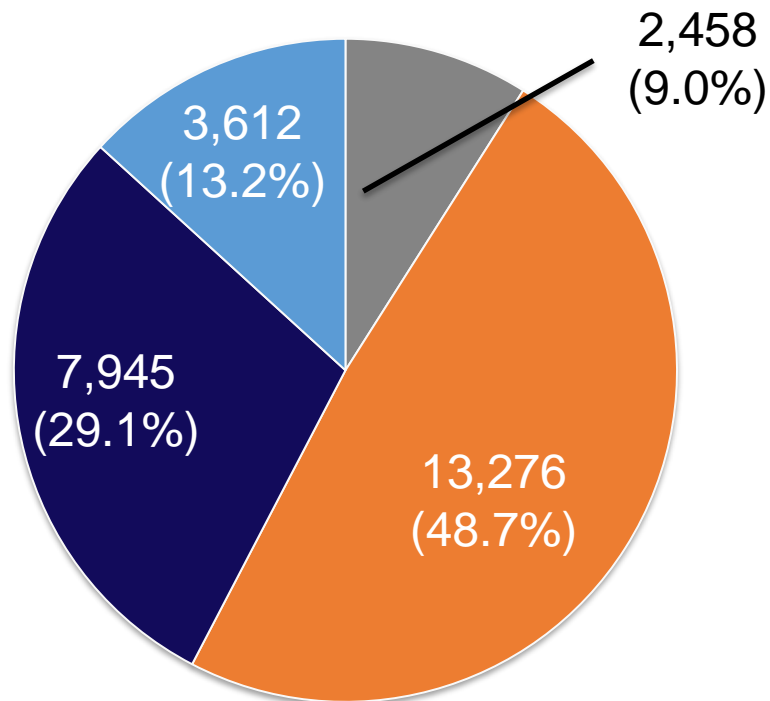
Provides environmental design, construction, operational support, network product development, network integration, etc. for IT infrastructure

Solid progress on projects to build cloud-related infrastructure.

Overview of Net Sales by Field

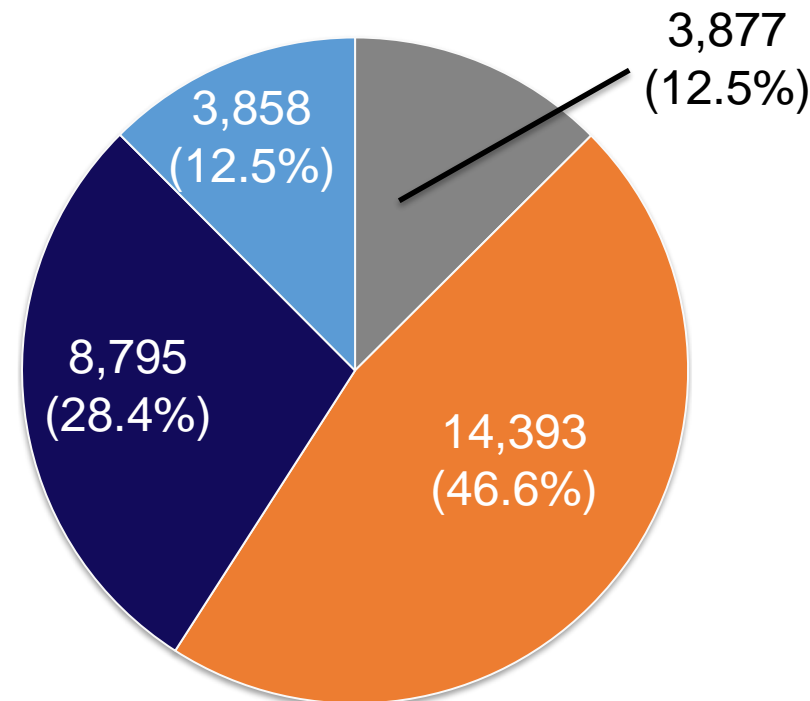
FY Ended March 31, 2021

¥27,292 million



FY Ended March 31, 2022

¥30,925 million



■ IT Consulting & Services

■ IT Solutions for Public Corporations

■ IT Solutions for Financial Services

■ Platform Solutions



Status of Key Measures for the Fiscal Year Ended March 31, 2022

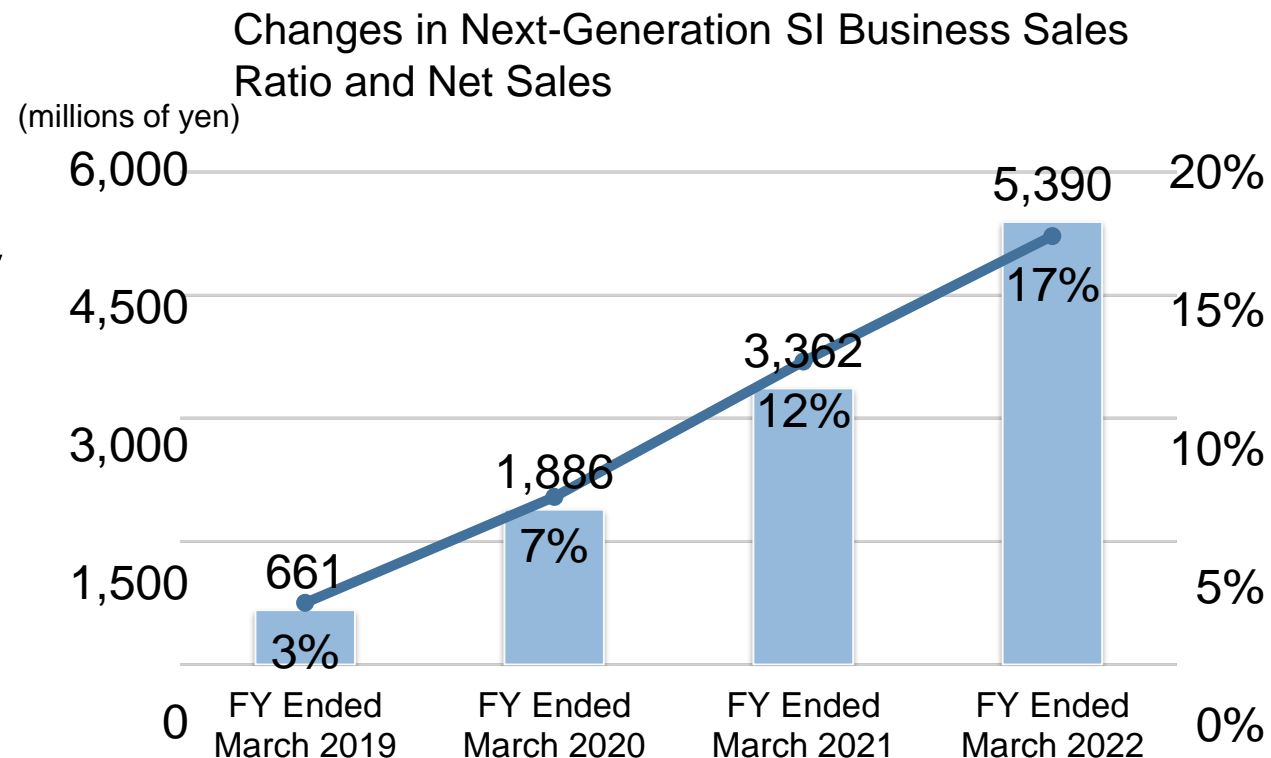
Overview of the Next-Generation SI Business

The next-generation SI business is steadily growing.

The business has grown to make up 17.4% of net sales (112% of the planned figure), driven by agile development and cloud-related fields.

This business growth coupled with cost cutting initiatives have increased profitability on a consolidated basis.

Gross profit margin	20.8%	(+1.0% YOY)
Operating profit margin	9.6%	(+1.0% YOY)
Ordinary profit margin	10.0%	(+0.6% YOY)



TOPICS: Key Strategic Field – Agile Development Business

We continued to focus on agile development from the previous FY to enhance our services as it is essential to achieving DX.

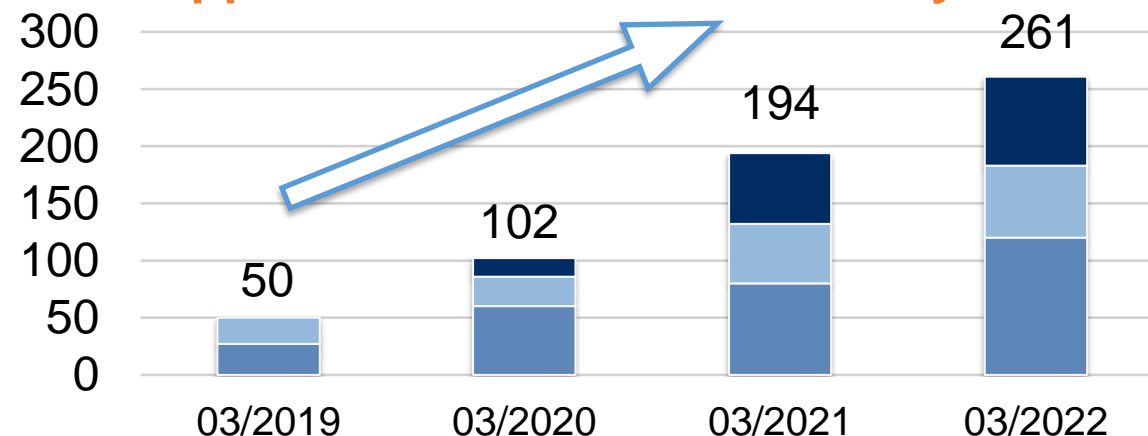
We reached a basic agreement with Ricksoft Co., Ltd. on a business partnership.



We aim to provide new services by combining our SAFe® services with the products sold by Ricksoft.

Number of Agile-Related Engineers

Approx. 5-fold increase over 4 years

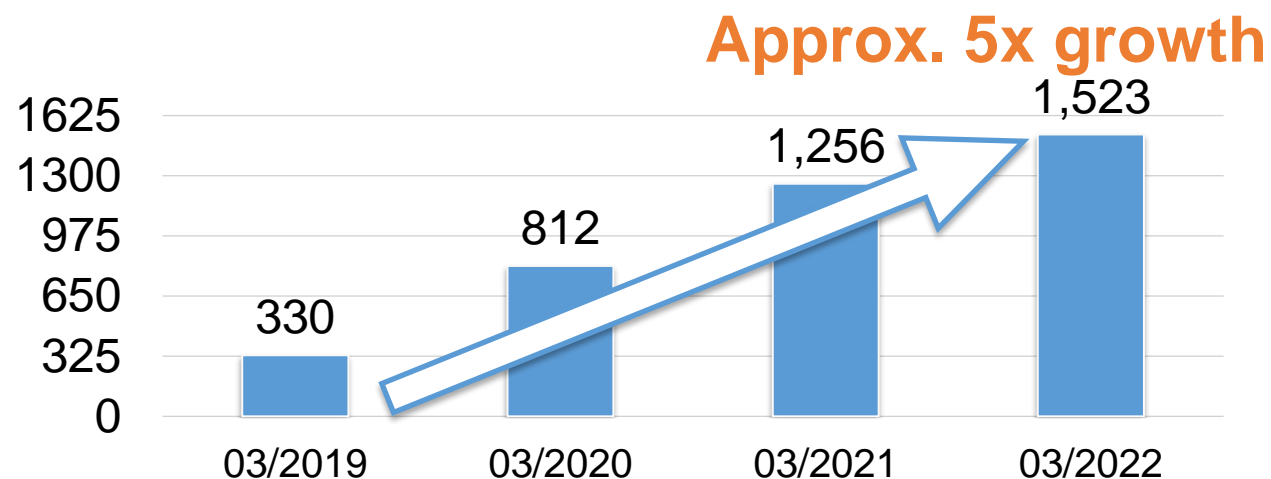


- Certified SAFe Program Consultants
- Certified Scrum Developers
- Engineers with experience in agile development projects

TOPICS: Key Strategic Field – Agile Development Business

Net sales in the agile development business have grown **5-fold over 4 years** accompanying increased DX demand from customers

Agile Development Business Sales



TOPICS: Key Strategic Field – Information System Security Business

We have strengthened our efforts to provide greater added value, including through the addition of new services.

We have formed an alliance with Internet Research Institute, Inc. in the field of cyber security.

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

Expanded our security diagnostic services



Improvement of quality standards for our services

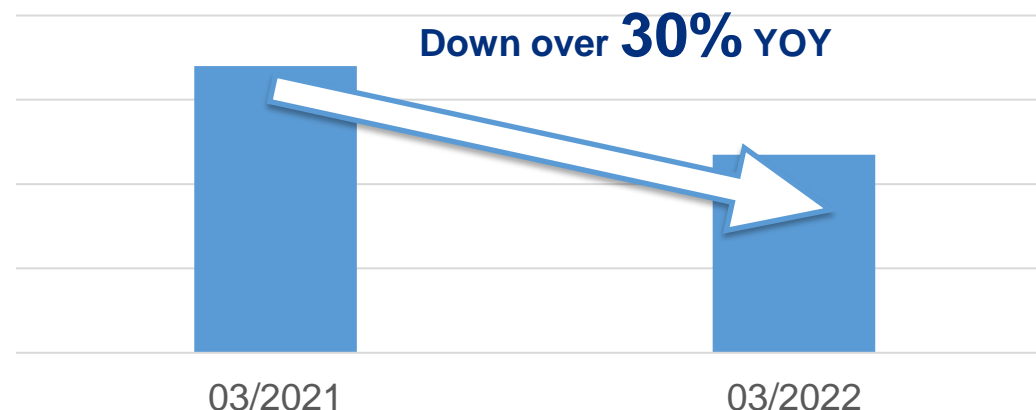
We have worked to improve the quality standards of our services by encouraging the shared use of highly-skilled talent among other measures.

Price control

We have utilized a pricelist and promoted administrative controls and initiatives that focus on deviations from the standard pricing.

Elimination of troublemaking projects

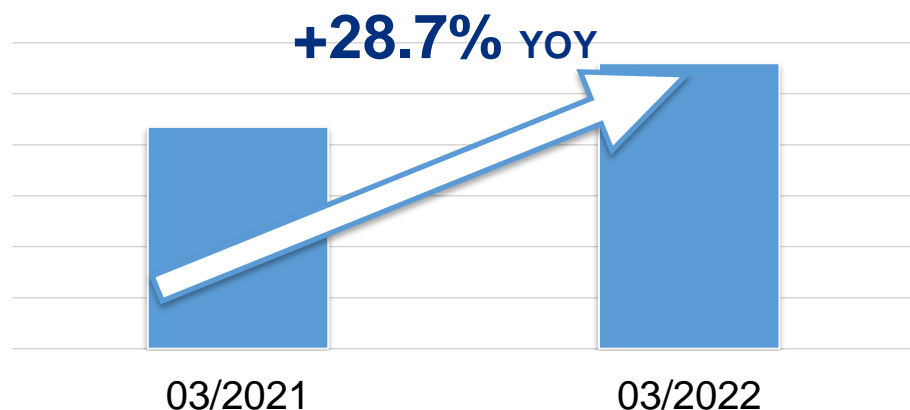
We have introduced a system to evaluate project performance and worked to eliminate troublemaking projects.



Number of Projects with Lower Profit Margins than Projected

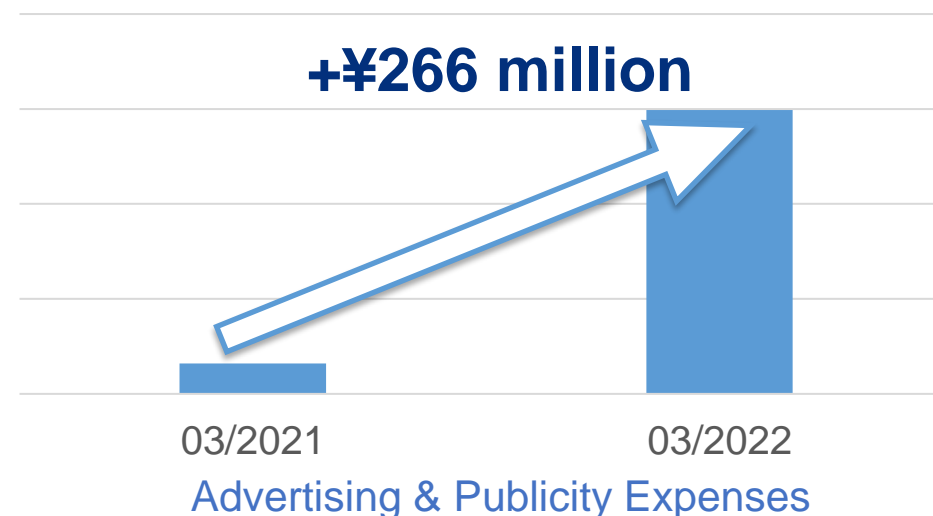
Increased investment in technology

Investment in elemental technologies



Investment in branding and marketing

- We have invested in marketing to increase sales of our in-house products
- We have aggressively promoted investment into corporate branding to secure human resources



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**New Medium-Term Management Plan
“Shift to the Smart SI Plus”
(FY2022~FY2024)**

Medium-Term Management Plan Management Policy

Shift to the **Smart SI-Plus**

The TDC SOFT Group will contribute to
“**Realizing a Smarter World (Society)**”
by providing high-value-added IT services
based on the potential needs of the market
as well as society.

Medium-Term Management Plan Management Objectives

FY Ending March 2025
Performance Targets

Consolidated
Sales **¥40** billion

Consolidated
Operating Profit **10%**
Margin

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.

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

Create high-value-added SI services

Key
Strategies

Support SI model reforms

Key Strategy – Expand Our Business Domain

SI Business

- ❑ Expand our next-generation SI business
- ❑ Increase our business volume through managed services in our SI business such as maintenance and upkeep

Consulting Business

- We are aiming to accumulate knowledge and develop methodologies for our next business expansion.
- ❑ Further expand our existing DX/IT consulting and SAFe consulting services
 - ❑ Enhance and expand our technical education services

Service & Product Sales Business

- ❑ Expand sales of new in-house products that leverage upon our accumulated knowledge
- ❑ Strengthen our marketing function to sell products and services that capture user needs and potential markets

Secure Human Resources

- ❑ Promote aggressive recruitment
- ❑ Promote human resource development (ability to hit the ground running, focus on high-value-added areas)

Promote Group/M&A Strategies

- ❑ Promote Group/M&A strategies to acquire functions and characteristics not possessed by the Company to expand into new business domains

Strengthen Corporate Base

- ❑ Strengthen the use of data and other corporate functions to enable enhanced strategic decision making

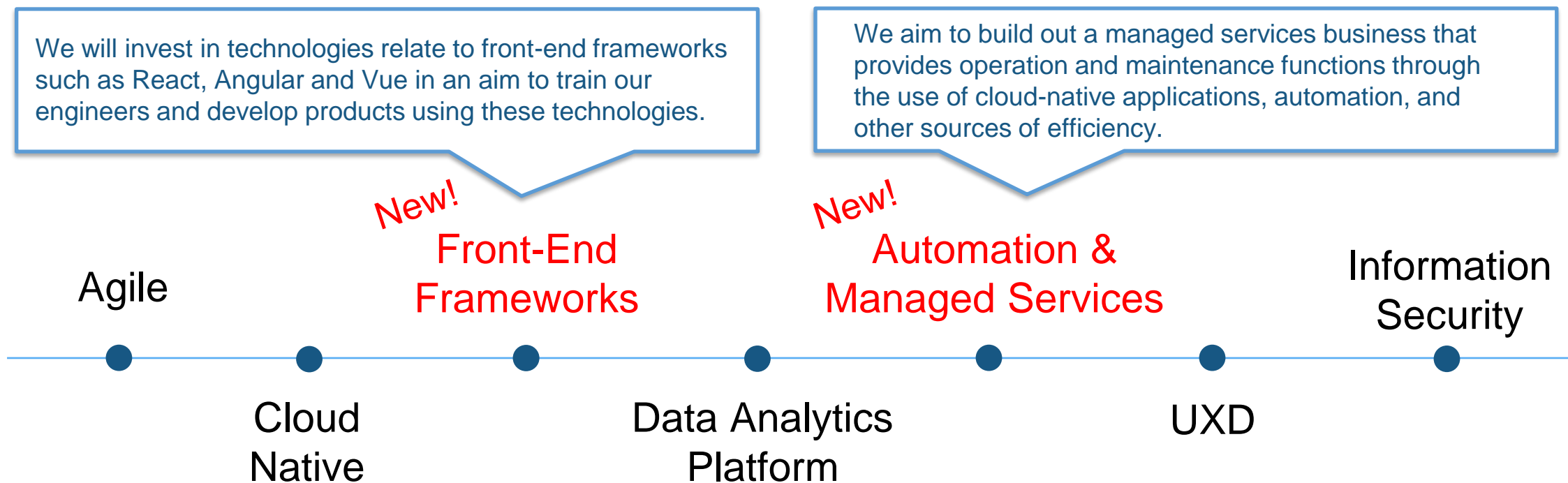
Increase Investment for Business Expansion

- ❑ Promote investment to acquire elemental technologies expected to become mainstream moving forward and the capabilities needed to expand our business domain as the trend towards DX picks up speed.

● Increase investment for business expansion

We are investing in the following 7 areas in FY2022.

We are targeting further expansion in new businesses and high-value-added fields

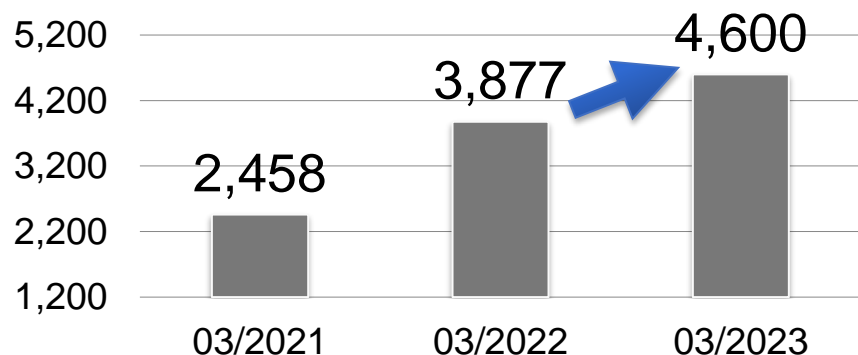




Outlook for the Fiscal Year Ending March 31, 2023

IT Consulting & Services

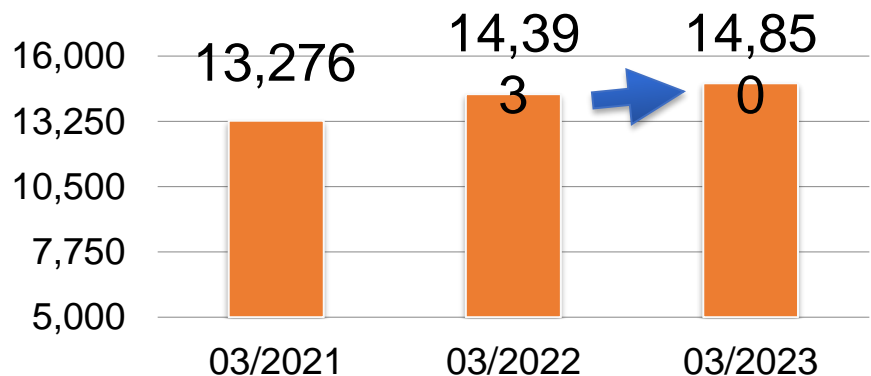
+18.6% YOY



Demand for IT service management and cloud managed service-related projects is expected to continue and maintain a growth trajectory.

IT Solutions for Financial Services

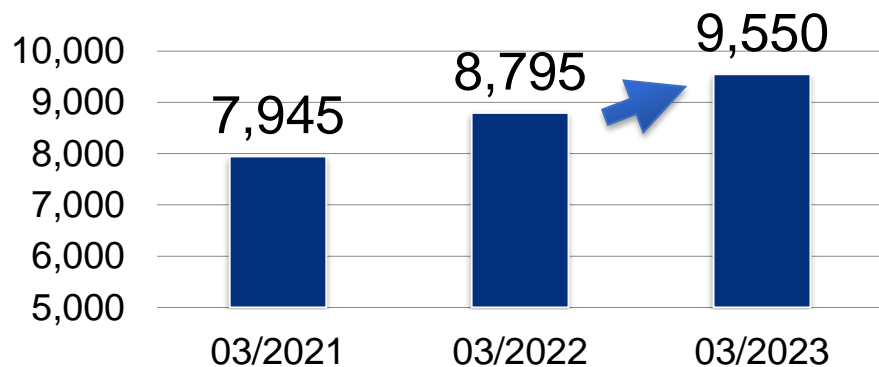
+3.2% YOY



We expect to see solid progress in our existing domains and increased revenue from expansion in the SoE and Sol domains.

IT Solutions for Public Corporations

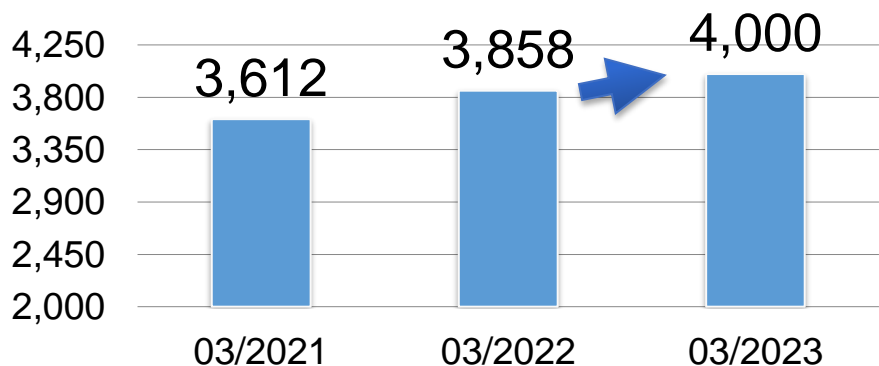
+8.6% YOY



Growth is expected in transportation and manufacturing sectors.
Projects supporting customers' IT planning are expected to thrive amidst demand for DX.

Platform Solutions

+3.7% YOY



Steady growth is expected due to increasing demand for cloud-related services.

Financial Results and Dividend Forecast

(Millions of Yen)	Net Sales	Operating Profit	Ordinary Profit	Net Income	EPS (Yen)	Dividend Forecast (Yen)
Q2 (Cumulative)	15,600 (+6.4%)	1,340 (-15.6%)	1,365 (-17.1%)	915 (-18.1%)	37.95	Interim 15.00
Full Fiscal Year	33,000 (+6.7%)	3,065 (+3.3%)	3,135 (+1.7%)	2,100 (+1.5%)	87.10	Year-end 30.00 <u>Total: 45.00</u>

- We will promote aggressive investment measures based on the medium-term plan. We expect revenue growth to absorb the investment costs over the full fiscal year and forecast an increase in sales and profit.
- We plan to pay out a commemorative dividend of ¥15 per share as an interim dividend as an expression of gratitude toward our shareholders for their continued support.

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Details of Financial Results for the Fiscal Year Ended March 31, 2022

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

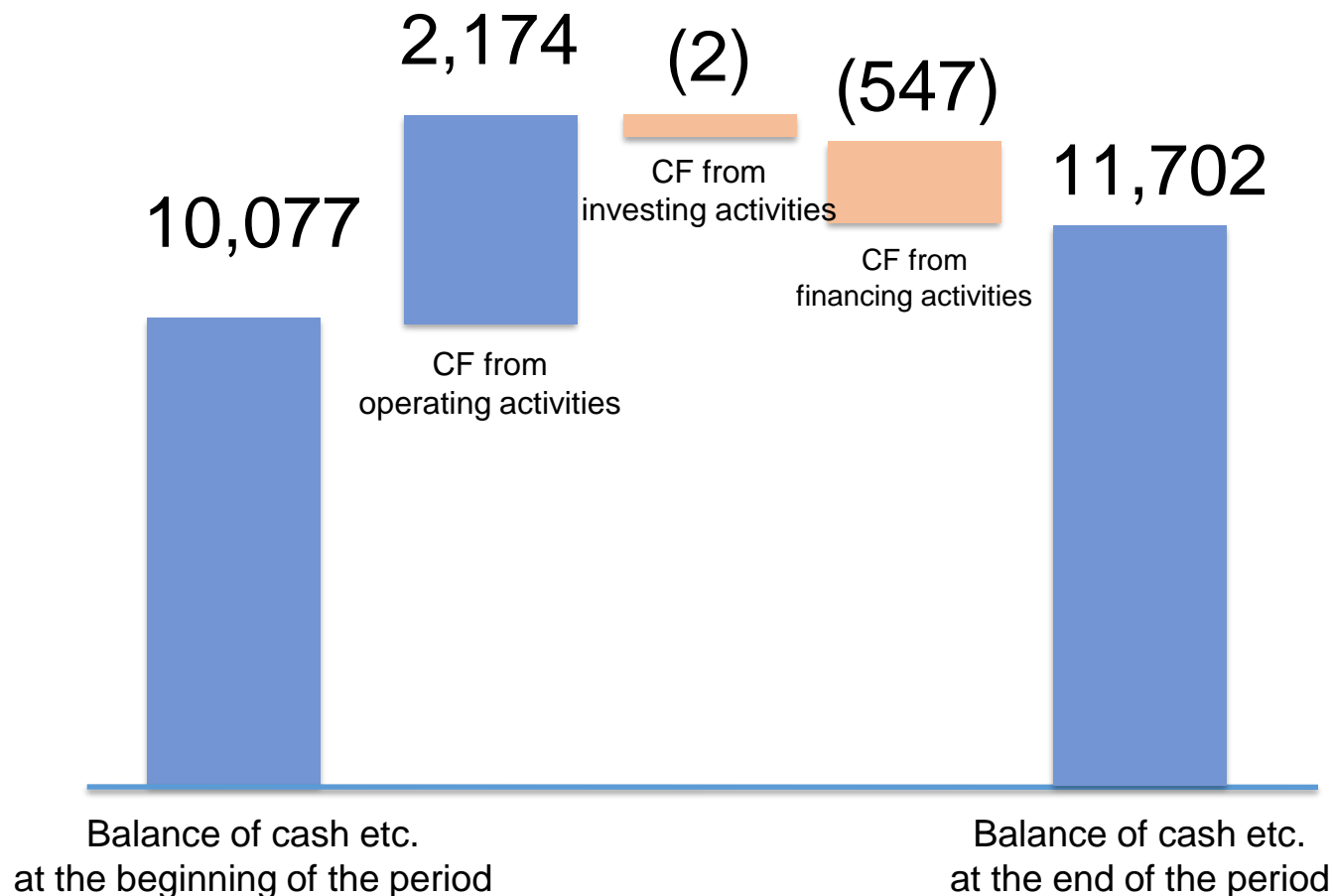
Statement of Income

(Millions of Yen)	FY Ended March 2022	FY Ended March 2021	Change
Net sales	30,925	27,292	+13.3%
Labor expenses	11,725	10,988	+6.7%
Outsourcing expenses	11,909	10,151	+17.3%
Other expenses	790	782	+1.0%
In-process increase/decrease	75	(27)	-
Cost of sales	24,501	21,894	+11.9%
Gross profit	6,423	5,398	+19.0%
Selling, general and administrative expenses	3,456	3,039	+13.7%
Operating profit	2,967	2,358	+25.8%
Non-operating income/expenses	114	205	-44.1%
Ordinary profit	3,082	2,564	+20.2%
Profit before income taxes	3,082	2,564	+20.2%
Net income	2,069	1,711	+20.9%
EPS	85.82	71.03	+20.8%

Balance Sheet

(Millions of Yen)	End of FY Ended March 2022	End of FY Ended March 2021	Change
Total assets	21,072	18,652	+13.0%
Current assets	17,368	15,081	+15.2%
Non-current assets	3,704	3,570	+3.7%
Total liabilities	5,817	4,989	+16.6%
Current liabilities	5,540	4,757	+16.5%
Non-current liabilities	276	231	+19.4%
Total net assets	15,255	13,663	+11.6%
Total liabilities and net assets	21,072	18,652	+13.0%
Owners' equity ratio	72.4%	73.3%	-
Net assets per share	632.64	566.99	+11.6%

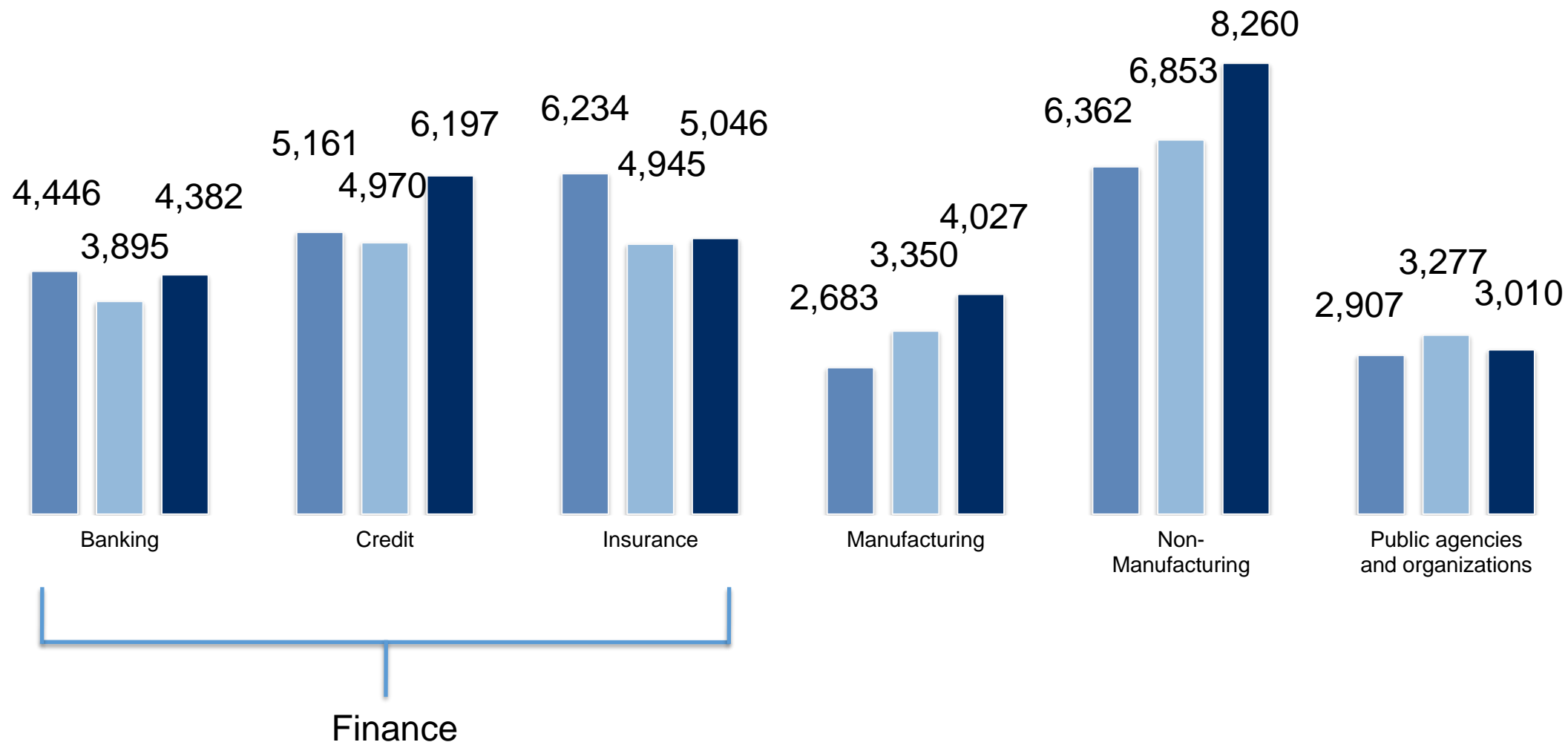
Statement of Cash Flows



Balance of cash etc. at the beginning of the period	10,077
Profit before income taxes	3,082
Depreciation and amortization	83
Notes and accounts receivable - trade	(643)
Notes and accounts payable - trade	254
Inventories	75
Accounts payable - other	364
Accrued expenses	93
Other	(101)
Income taxes	(1,034)
CF from operating activities	2,174
Purchase of property, plant and equipment	(59)
Interest and dividend income	63
Other	(6)
CF from investing activities	(2)
Increase (decrease) in short-term loans payable	49
Dividend payment	(587)
Other	(8)
CF from financing activities	(547)
Balance of cash etc. at the end of the period	11,702

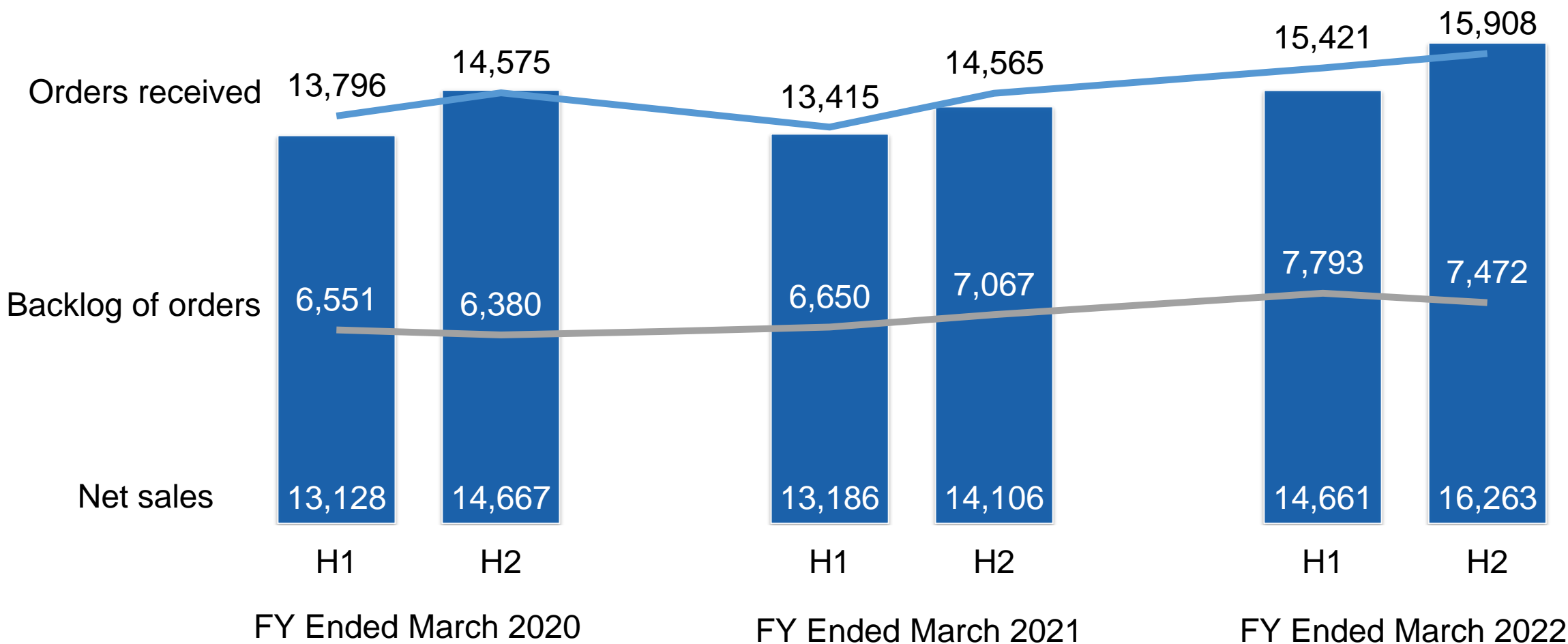
Overview of Sales by Customer Industry

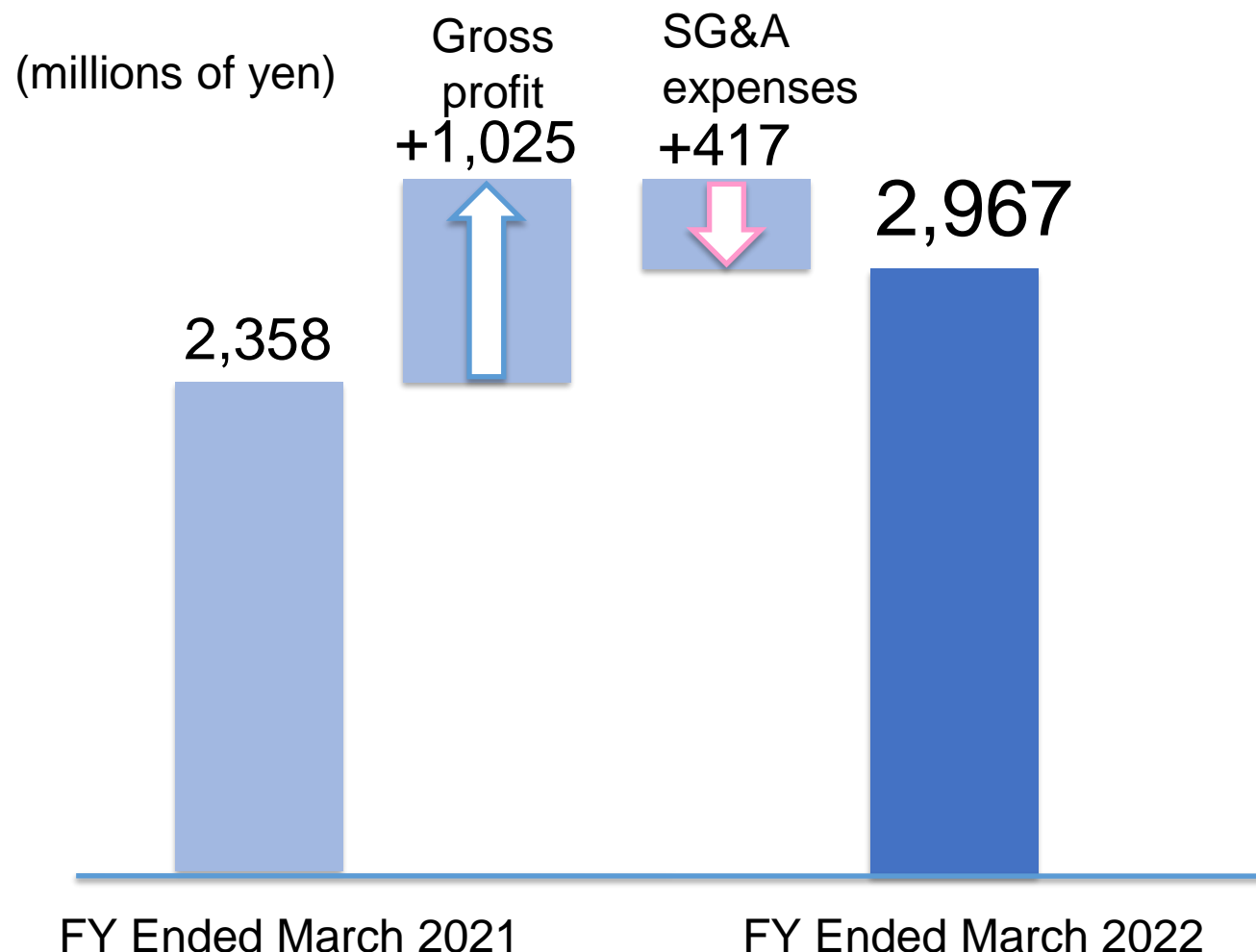
(millions of yen) ■ FY Ended March 2020 ■ FY Ended March 2021 ■ FY Ended March 2022



Status of Orders Received/Backlog

(millions of yen)





<Gross Profit>

- + Profit grew due to an increase in sales
- + Profitability improved due to a greater proportion of sales from the next-generation SI business

<SG&A Expenses>

- Decreased due to fewer new employees
- + Proactively invested in business expansion



*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.