

Consolidated Financial Report for the First Quarter of Fiscal 2025 Ending March 31, 2026 [Japanese GAAP]

August 6, 2025

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 Listing: Tokyo Stock Exchange
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 Scheduled date of dividend payment: —
 Preparation of explanatory materials for quarterly financial results: None
 Holding of a briefing on quarterly financial results: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of Fiscal 2025 Ending March 31, 2026 (April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Quarterly net income attributable to owners of parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
First quarter of fiscal 2025 ending March 31, 2026	11,355	11.1	1,257	15.9	1,323	17.7	1,016	33.6
First quarter of fiscal 2024 ended March 31, 2025	10,222	14.5	1,084	50.7	1,124	44.7	760	43.9

Note: Comprehensive income for the first quarter of fiscal 2025 ending March 31, 2026: ¥1,090 million (42.2%);
 for the first quarter of fiscal 2024 ended March 31, 2025: ¥766 million (15.8%)

	Quarterly net income per share		Diluted quarterly net income per share		Quarterly net income	
	Yen	Sen	Yen	Sen	Yen	Sen
First quarter of fiscal 2025 ending March 31, 2026	21.55		—			
First quarter of fiscal 2024 ended March 31, 2025	16.14		—			

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio
	(Millions of yen)	(Millions of yen)	%
As of June 30, 2025	27,460	20,710	75.4
As of March 31, 2025	28,286	20,881	73.8

Reference: Owners' equity

As of June 30, 2025: ¥20,710 million

As of March 31, 2025: ¥20,881 million

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Sen	Yen	Sen	Yen
Fiscal year ended March 31, 2025	—	0.0	—	27.0	27.0
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (forecast)		0.0	—	30.0	30.0

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Full year and quarterly percentages represent changes from the previous fiscal year and the same quarter of the previous fiscal year, respectively)

	Net sales		Operating profit		Ordinary profit		Net earnings attributable to owners of parent		Net earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	Yen Sen
Second quarter (cumulative)	22,900	7.3	2,410	0.4	2,460	0.7	1,665	0.8	35.32
Full year	48,000	8.1	5,100	6.9	5,200	6.6	3,520	2.5	74.67

Note: Revisions to the most recently announced financial results forecast: None

* Notes

(1) Important changes in scope of consolidation during the consolidated cumulative quarter: None

New:— (company name(s))

Excluded:— (company name(s))

(2) Application of special accounting methods for presenting quarterly consolidated financial statements : Yes

Note: For details, please refer to “(3) Notes on the Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements)” under “2. Quarterly Consolidated Financial Statements and Primary Notes” on Page 9 of the appendix.

(3) Changes in accounting policies and accounting-based estimates, and restatements

- a. Changes in accounting policies due to revisions in accounting standards, etc. : None
- b. Changes in accounting policies other than a. above : None
- c. Changes in accounting-based estimates : None
- d. Restatements : None

(4) Number of shares outstanding (common stock)

- a. Number of shares outstanding at the end of period (including treasury stock)
- b. Number of treasury shares at the end of period
- c. Average number of shares during the period (cumulative for the quarter)

As of June 30, 2025	50,227,200 shares	As of March 31, 2025	50,227,200 shares
As of June 30, 2025	3,066,605 shares	As of March 31, 2025	3,088,605 shares
First quarter of fiscal 2025 ending March 31, 2026	47,140,046 shares	First quarter of fiscal 2024 ended March 31, 2025	47,117,042 shares

Note: The number of treasury shares at the end of period includes the Company’s shares (678,400 shares as of June 30, 2025; 700,400 shares as of March 31, 2025) held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP). In addition, the Company’s shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in the treasury shares deducted from the calculation of the average number of shares during the period (as of June 30, 2025: 698,949 shares; as of June 30, 2024: 722,000 shares).

* Review of attached Quarterly Consolidated Financial Statements by certified public accountant or auditing firm: None

* Explanation about the proper use of financial results forecasts and other noteworthy items

The report contains statements about the future such as forecasts for financial results that are based on information available to the Company at the time of disclosure and certain assumptions the Company believes to be reasonable. The Company gives no assurance that these statements will prove to be accurate. Actual results may differ significantly from these forecasts due to various factors. Refer to page 4 of the appendix for information about the above forecasts.

Please see the “(3) Explanation about Information on Projections Including Consolidated Forecasts.”

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1. Qualitative Information about the Quarterly Financial Results

(1) Explanation about Operating Results

During the Consolidated Cumulative First Quarter of Fiscal 2025, Japan's economy has maintained a moderate recovery trend, supported by improvements in the employment and income environment as well as expansion in inbound consumption. However, uncertainties persist regarding the outlook due to downside risks to the economy stemming from U.S. trade policies and other factors.

In the information services industry, robust investment in systems is expected to continue, particularly in digital transformation (DX) initiatives aimed at enhancing corporate competitiveness. This includes system upgrades and cloud migration projects designed to improve operational efficiency and productivity.

Amid this environment, our Group has formulated the medium-term management plan "Be a Visionary System Integrator" covering the period from April 2025 to March 2028. As customer issues grow increasingly complex and diverse due to further changes in social conditions and technological trends, with demands for essential and high-value contributions intensifying, this medium-term management plan establishes a vision to be an unparalleled partner for our customers by enhancing TDC's foresight for the future and delivering exceptional development technologies and services while pursuing long-term growth.

To make this vision a reality, we have two Group-wide core strategies.

The first strategy, "diversification and enhancement of expertise and knowledge," aims to enhance our capacity to address increasingly complex customer issues by possessing a broader range of highly specialized fields.

The second strategy, "enhancement of our ability to create proposals that deliver value for customers," aims to enhancing our capability to create proposals that maximize customer value through effective IT utilization, based on a deep understanding of both the characteristics of elemental technologies and our customers' situations and strategies.

During this consolidated cumulative first quarter, each business field performed well and net sales exceeded the plan, achieving an increase in revenue. On the profit front, we secured an increase in earnings due to the effect of higher revenue and continued efforts to ensure planned profitability across all projects through rigorous project management, including the utilization of project performance evaluation functions.

SG&A expenses increased due to aggressive investments for future business expansion based on the medium-term management plan. However, these costs were absorbed by the effects of increased revenue, resulting in higher operating profit. With regard to specific investment initiatives, we are implementing a variety of human capital investments, including accelerating the development of newly hired graduates into effective members of the workforce; expanding recruitment efforts, including mid-career professionals; and strengthening educational initiatives, including career development. Additionally, as business investments, we are promoting the acquisition of new technologies and marketing activities aimed at expanding our high-value-added business.

Additionally, extraordinary profit has been recorded due to the sale of shares in NTT DATA Group Corporation following the reorganization of the NTT Group.

As a result, for the consolidated cumulative first quarter, net sales amounted to ¥11,355 million (up 11.1% YOY), operating profit was ¥1,257 million (up 15.9% YOY), ordinary profit was ¥1,323 million (up 17.7% YOY), and quarterly net income attributable to owners of parent was ¥1,016 million (up 33.6% YOY).

Status of activities by field

<IT consulting and services>

In the IT consulting and services field, we offer services that include developing IT strategies and systemization planning to facilitate customers' DX and providing technical consulting and educational services about the latest technologies and development methodologies. We also provide our internally developed cloud application services, along with solution services, such as BI (Note 1)/DWH (Note 2) and ERP (Note 3)/CRM (Note 4). During this quarter, the Group made solid progress on SaaS (Note 5) solution service projects related to IT service management and cloud managed services. As a result, net sales in this field increased 34.4% year on year to ¥2,196 million.

<IT solutions for financial services>

In the field of IT solutions for financial services, we offer integrated IT solutions for the financial sector, including systemization planning, design, development, and maintenance. During this quarter, the Group made solid progress on development projects for insurance-related systems. As a result, net sales in this field increased 3.5% year on year to ¥4,762 million.

<IT solutions for public corporations>

In the field of IT solutions for public corporations, we offer integrated IT solutions for the logistics, manufacturing, and service industries as well as the public sector, including systemization planning, design, development, and maintenance. During this fiscal year, the Group made solid progress on development projects for the steel and automobile sectors. As a result, net sales in this field increased 4.4% year on year to ¥2,883 million.

<Platform solutions>

In the field of platform solutions, we offer services such as the environmental design and construction of IT infrastructure, along with operational support, network product development, and network integration. During this quarter, the Group made solid progress on projects to build cloud-related infrastructure for businesses in the bank, insurance, transportation, and education sectors. As a result, net sales in this field increased 23.5% year on year to ¥1,512 million.

(Unit: Millions of yen)

Field	Consolidated Cumulative First Quarter of Fiscal 2024		Consolidated Cumulative First Quarter of Fiscal 2025		Year-on-year percentage change
	Amount	Share	Amount	Share	
IT consulting and services	1,633	16.0%	2,196	19.3%	+34.4%
IT solutions for financial services	4,601	45.0%	4,762	42.0%	+3.5%
IT solutions for public corporations	2,761	27.0%	2,883	25.4%	+4.4%
Platform solutions	1,224	12.0%	1,512	13.3%	+23.5%
Total	10,222	100.0%	11,355	100.0%	+11.1%

Notes: 1. BI: Business intelligence. A process for analyzing a company's internal information to harness it in business management.

2 DWH: Data warehouse. An integrated database that collects necessary data from multiple systems, including core systems, to sort the data by objective and accumulate it chronologically for data analysis and decision-making.

3 ERP: Enterprise resource planning. A core information system.

4 CRM: Customer relationship management. A customer management system.

5 SaaS: Software as a Service. A model in which software that runs on a server is provided as a service.

(2) Explanation about Financial Status

State of assets, liabilities, and net assets

Total assets at the end of this consolidated accounting first quarter decreased by ¥826 million from the end of the previous consolidated fiscal year to ¥27,460 million.

Current assets decreased by ¥862 million from the end of the previous consolidated fiscal year to ¥22,384 million. This is mainly due to decreases of ¥487 million in cash and deposits and ¥683 million in notes and accounts receivable - trade, and contract assets despite an increase of ¥244 million in work in process.

Non-current assets increased by ¥36 million from the end of the previous consolidated fiscal year to ¥5,075 million. This is mainly due to an increase of ¥73 million in investment securities, despite a decrease of ¥39 million in deferred tax assets.

Current liabilities decreased by ¥630 million from the end of the previous consolidated fiscal year to ¥6,240 million. This is mainly due to decreases of ¥745 million in accrued expenses, ¥333 million in income taxes payable, and ¥133 million in provision for bonuses for directors (and other officers), despite increases of ¥219 million in short-term borrowings and ¥339 million in deposits included in Other.

Non-current liabilities decreased by ¥25 million from the end of the previous consolidated fiscal year to ¥510 million. This is mainly due to a decrease of ¥15 million in long-term accrued expenses included in Other.

Net assets decreased by ¥171 million from the end of the previous consolidated fiscal year to ¥20,710 million. This is mainly due to a decrease of ¥252 million in retained earnings despite an increase of ¥74 million in valuation difference on available-for-sale securities.

(3) Explanation about Information on Projections Including Consolidated Forecasts

There is no change to the financial results forecast announced in the “Consolidated Financial Report for Fiscal 2024 Ended March 31, 2025” dated May 12, 2025.

2. Quarterly Consolidated Financial Statements and Primary Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	Fiscal 2024 (as of March 31, 2025)	First Quarter of Fiscal 2025 (as of June 30, 2025)
Assets		
Current assets		
Cash and deposits	13,250,091	12,762,344
Notes and accounts receivable - trade, and contract assets	7,474,236	6,790,732
Securities	2,000,000	2,000,000
Work in process	95,290	340,148
Other	428,081	491,599
Total current assets	23,247,699	22,384,824
Non-current assets		
Property, plant and equipment	916,212	884,276
Intangible fixed assets	90,312	124,040
Investments and other assets:		
Investment securities	3,077,253	3,150,359
Deferred tax assets	138,650	99,282
Guarantee deposits	779,597	779,597
Other	37,095	38,013
Total investments and other assets	4,032,597	4,067,252
Total non-current assets	5,039,122	5,075,568
Total assets	28,286,821	27,460,393
Liabilities		
Current liabilities		
Accounts payable – trade	1,885,043	1,916,399
Short-term borrowings	531,000	750,000
Accounts payable – other	656,804	607,547
Accrued expenses	2,124,663	1,379,647
Income taxes payable	848,043	514,349
Accrued consumption taxes	507,999	475,840
Provision for bonuses for directors (and other officers)	156,272	23,030
Provision for loss on orders received	-	3,778
Other	160,515	569,662
Total current liabilities	6,870,341	6,240,254
Non-current liabilities		
Provision for share-based remuneration for employees	48,259	40,891
Provision for share-based remuneration for directors (and other officers)	89,720	91,775
Retirement benefit liabilities	41,563	41,563
Asset retirement obligations	233,322	233,910
Other	122,335	101,886
Total non-current liabilities	535,201	510,027
Total liabilities	7,405,542	6,750,281

(Thousands of yen)

	Fiscal 2024 (as of March 31, 2025)	First Quarter of Fiscal 2025 (as of June 30, 2025)
Net assets		
Shareholders' equity		
Share capital	970,400	970,400
Capital surplus	986,256	986,256
Retained earnings	18,588,901	18,336,608
Treasury shares	(1,278,964)	(1,272,007)
Total shareholders' equity	19,266,592	19,021,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,614,686	1,688,854
Total accumulated other comprehensive income	1,614,686	1,688,854
Total net assets	20,881,279	20,710,111
Total liabilities and net assets	28,286,821	27,460,393

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

Consolidated Cumulative First Quarter

(Thousands of yen)

	Consolidated Cumulative First Quarter of Fiscal 2024 (From April 1, 2024 to June 30, 2024)	Consolidated Cumulative First Quarter of Fiscal 2025 (From April 1, 2025 to June 30, 2025)
Net sales	10,222,124	11,355,573
Cost of sales	7,906,085	8,765,124
Gross profit	2,316,039	2,590,448
Selling, general and administrative expenses	1,231,445	1,333,017
Operating profit	1,084,594	1,257,431
Non-operating income		
Interest income	72	4,098
Dividend income	37,944	57,661
Other	2,461	5,518
Total non-operating income	40,478	67,278
Non-operating expenses		
Interest expenses	987	1,552
Total non-operating expenses	987	1,552
Ordinary profit	1,124,084	1,323,157
Extraordinary profit		
Gain on sales of investment securities	-	166,275
Total extraordinary profit	-	166,275
Quarterly net income before income taxes	1,124,084	1,489,432
Income taxes	363,714	473,335
Quarterly net income	760,369	1,016,096
Quarterly net income attributable to non-controlling interests	—	—
Quarterly net income attributable to owners of parent	760,369	1,016,096

Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative First Quarter

(Thousands of yen)

	Consolidated Cumulative First Quarter of Fiscal 2024 (From April 1, 2024 to June 30, 2024)	Consolidated Cumulative First Quarter of Fiscal 2025 (From April 1, 2025 to June 30, 2025)
Quarterly net income	760,369	1,016,096
Other comprehensive income		
Valuation difference on available-for-sale securities	6,083	74,168
Total other comprehensive income	6,083	74,168
Quarterly comprehensive income	766,453	1,090,265
Breakdown:		
Quarterly comprehensive income attributable to owners of parent	766,453	1,090,265
Quarterly comprehensive income attributable to non-controlling interests	—	—

(3) Notes on the Quarterly Consolidated Financial Statements

(Notes on Going Concern

Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of

Shareholders' Equity)

Not applicable.

(Application of Special Accounting Methods for Presenting
Quarterly Consolidated Financial Statements) Calculation
of tax expenses

To calculate tax expenses, we reasonably estimate the effective tax rate after tax effect accounting is applied to net earnings for the period before taxes for the consolidated fiscal year that includes this consolidated accounting first quarter, and multiply net income for the quarter before taxes by the estimated effective tax rate.

(Segment Information and Related Matters)

Consolidated cumulative first quarter of Fiscal 2024 (April 1, 2024 to June 30, 2024) and consolidated cumulative first quarter of Fiscal 2025 (April 1, 2025 to June 30, 2025)

The TDC SOFT Group runs an information system development business that integrates the sale of information system products with system development services spanning the whole process from development to operation and maintenance. The Group is thus classified into the single segment of information system development, and thus we have provided no statement in this section.

(Notes on Statement of Cash Flows)

We have not prepared a quarterly consolidated statement of cash flows for this consolidated cumulative first quarter. Depreciation and amortization (including amortization of intangible fixed assets excluding goodwill) and amortization of goodwill for the consolidated cumulative first quarter are as follows.

	Consolidated Cumulative First Quarter of Fiscal 2024 (From April 1, 2024 to June 30, 2024)	Consolidated Cumulative First Quarter of Fiscal 2025 (From April 1, 2025 to June 30, 2025)
Depreciation and amortization	¥38,095 thousand	¥34,389 thousand
Amortization of goodwill	¥5,815 thousand	¥5,815 thousand