

Consolidated Financial Report for the First Quarter of Fiscal 2026 Ending March 31, 2027 [Japanese GAAP]

August 5, 2026

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 Listing: Tokyo Stock Exchange
 Securities code: 4687
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Scheduled date of dividend payment: —

Preparation of explanatory materials for quarterly financial results: Yes

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 2026 Ending March 31, 2027 (April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
First quarter of fiscal 2026 ending March 31, 2027	11,808	4.0	1,203	(4.3)	1,306	(1.3)	894	(12.0)
First quarter of fiscal 2025 ended March 31, 2026	11,355	11.1	1,257	15.9	1,323	17.7	1,016	33.6

Note: Comprehensive income

First quarter of fiscal 2026 ending March 31, 2027: ¥1,430 million (31.2%)

First quarter of fiscal 2025 ended March 31, 2026: ¥1,090 million (42.2%)

	Earnings per share		Diluted earnings per share	
	Yen	Sen	Yen	Sen
First quarter of fiscal 2026 ending March 31, 2027	19.06	—	—	—
First quarter of fiscal 2025 ended March 31, 2026	21.55	—	—	—

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio
	(Millions of yen)	(Millions of yen)	%
First quarter of fiscal 2026 ending March 31, 2027	29,435	22,615	76.8
Fiscal year ended March 31, 2026	31,500	23,436	74.4

Reference: Owners' equity As of June 30, 2026: ¥22,615 million
 As of March 31, 2026: ¥23,436 million

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	—	0.00	—	33.00	33.00
Fiscal year ending March 31, 2027	—	—	—	—	—
Fiscal year ending March 31, 2027 (forecast)	—	0.00	—	34.00	34.00

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

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(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		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	Yen Sen
Second quarter (cumulative)	25,100	7.5	2,860	8.0	2,960	7.4	1,990	0.3	42.06
Full year	53,000	9.6	5,600	8.5	5,800	8.2	3,915	0.9	82.75

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

* Notes

(1) Significant changes in the scope of consolidation during the cumulative quarterly consolidated period : 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 issued shares (common stock)

- a. Number of issued shares 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 quarter (cumulative)

As of June 30, 2026	49,527,200 shares	As of March 31, 2026	50,227,200 shares
As of June 30, 2026	2,916,125 shares	As of March 31, 2026	2,916,125 shares
As of June 30, 2026	46,941,844 shares	As of June 30, 2025	47,140,046 shares

Note: The number of treasury shares at the end of period includes the Company's shares (527,900 shares as of June 30, 2026; 527,900 shares as of March 31, 2026) 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, 2026: 527,900 shares; as of June 30, 2025: 698,949 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 of Operating Results

During the first quarter of the current consolidated fiscal year, Japan's economy maintained a moderate recovery trend, with capital investment and investment in human resources remaining firm on the back of steady corporate earnings. However, against a backdrop of continued inflationary pressure, heightened geopolitical risks worldwide, and changes in the economic policies of various countries, the outlook remains uncertain.

In the information services industry, IT investment aimed at improving corporate productivity and strengthening competitiveness has remained solid. In addition to cloud migration and system modernization, interest is growing in business reform utilizing AI and in the sophistication of development processes, and demand for business transformation leveraging digital technologies continues to expand.

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 advancement 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 enhance 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 the first quarter of the current consolidated fiscal year, performance was solid, and we achieved an increase in net sales. In terms of profit, although higher net sales had a positive effect on earnings, this was outweighed by the increase in costs that accompanied our aggressive pursuit of various investments for future business expansion, resulting in a decline in profit.

As key investment measures, in terms of business investment, in addition to strengthening cutting-edge technology fields including AI and research and development, we are investing in marketing initiatives to expand sales of new solutions such as our proprietary private AI service for high-security environments (Nenoa) and legacy system modernization support service (Movina). In terms of investment in human capital, in addition to strengthening the recruitment of experienced professionals, we are promoting education and development in cutting-edge technology fields such as AI, thereby working to strengthen our competitiveness over the medium to long term. In addition, whereas a gain on sales of shares was recorded as extraordinary profit in the first quarter of the previous consolidated fiscal year, no extraordinary profit was recorded in the first quarter of the current consolidated fiscal year.

As a result, the Group's business performance for the first quarter of the current consolidated fiscal year was as follows: Net sales amounted to ¥11,808 million, up 4.0% year on year; operating profit amounted to ¥1,203 million, down 4.3% year on year; ordinary profit amounted to ¥1,306 million, down 1.3% year on year; and profit attributable to owners of parent amounted to ¥894 million, down 12.0% year on year.

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, although consulting-related sales expanded, this was partly offset by a decline in some enterprise solution projects. As a result, net sales in this field decreased 8.6% year on year to ¥2,007 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 bank- and credit-related systems. As a result, net sales in this field increased 12.6% year on year to ¥5,362 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 quarter, the Group made solid progress on development projects for public agencies, information services, and food products. As a result, net sales in this field increased 6.6% year on year to ¥3,074 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 was affected by a contraction in infrastructure development projects for public agencies and financial institutions compared with the previous period. As a result, net sales in this field decreased 9.9% year on year to ¥1,363 million.

(Unit: Millions of yen)

Field	First quarter of the previous consolidated fiscal year		First quarter of the current consolidated fiscal year		Year-on-year percentage change
	Amount	Share	Amount	Share	
IT consulting and services	2,196	19.3%	2,007	17.0%	(8.6%)
IT solutions for financial services	4,762	42.0%	5,362	45.4%	+12.6%
IT solutions for public corporations	2,883	25.4%	3,074	26.0%	+6.6%
Platform solutions	1,512	13.3%	1,363	11.6%	(9.9%)
Total	11,355	100.0%	11,808	100.0%	+4.0%

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.

(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 ¥2,064 million from the end of the previous consolidated fiscal year to ¥29,435 million.

Current assets decreased by ¥2,968 million from the end of the previous consolidated fiscal year to ¥21,927 million. This is mainly due to decreases of ¥487 million in cash and deposits, ¥2,273 million in notes and accounts receivable – trade, and contract assets, and ¥605 million in securities, despite an increase of ¥318 million in work in process.

Non-current assets increased by ¥903 million from the end of the previous consolidated fiscal year to ¥7,507 million. This is mainly due to an increase of ¥1,017 million in investment securities, despite a decrease of ¥173 million in deferred tax assets.

Current liabilities decreased by ¥1,226 million from the end of the previous consolidated fiscal year to ¥6,417 million. This is mainly due to decreases of ¥1,107 million in accrued expenses and ¥796 million in income taxes payable, despite increases of ¥252 million in short-term borrowings and ¥422 million in deposits received included in Other.

Non-current liabilities decreased by ¥17 million from the end of the previous consolidated fiscal year to ¥401 million. This is mainly due to a decrease of ¥15 million in long-term accrued expenses included in Other.

Net assets decreased by ¥820 million from the end of the previous consolidated fiscal year to ¥22,615 million. This is mainly due to decreases of ¥392 million in capital surplus, ¥681 million in retained earnings, and ¥282 million in treasury shares, despite an increase of ¥535 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 2025 Ended March 31, 2026” dated May 12, 2026.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Fiscal 2025 (as of March 31, 2026)	First Quarter of Fiscal 2026 (as of June 30, 2026)
Assets		
Current assets		
Cash and deposits	10,871,435	10,383,850
Notes and accounts receivable – trade, and contract assets	8,928,931	6,655,064
Securities	4,405,838	3,799,877
Work in process	157,587	476,560
Other	532,042	612,365
Total current assets	24,895,835	21,927,717
Non-current assets		
Property, plant and equipment	800,943	780,334
Intangible fixed assets	246,991	294,392
Investments and other assets		
Investment securities	4,214,362	5,231,517
Shares of subsidiaries and associates	30,692	63,999
Deferred tax assets	467,202	293,872
Guarantee deposits	804,949	804,949
Other	39,164	38,501
Total investments and other assets	5,556,371	6,432,840
Total non-current assets	6,604,306	7,507,568
Total assets	31,500,142	29,435,285
Liabilities		
Current liabilities		
Accounts payable – trade	2,091,444	2,025,857
Short-term borrowings	298,000	550,000
Accounts payable – other	504,238	563,047
Accrued expenses	2,604,078	1,496,718
Income taxes payable	1,254,128	457,686
Accrued consumption taxes	530,058	594,064
Provision for bonuses for directors (and other officers)	155,941	23,185
Provision for loss on orders received	—	2,124
Other	206,613	705,029
Total current liabilities	7,644,502	6,417,714
Non-current liabilities		
Provision for share-based remuneration for employees	35,325	34,566
Provision for share-based remuneration for directors (and other officers)	54,774	55,786
Retirement benefit liabilities	46,247	46,247
Asset retirement obligations	235,674	236,268
Other	47,021	28,813
Total non-current liabilities	419,041	401,681
Total liabilities	8,063,544	6,819,395

(Thousands of yen)

	Fiscal 2025 (as of March 31, 2026)	First Quarter of Fiscal 2026 (as of June 30, 2026)
Net assets		
Shareholders' equity		
Share capital	970,400	970,400
Capital surplus	986,256	593,444
Retained earnings	21,177,752	20,496,657
Treasury shares	(1,224,434)	(1,507,122)
Total shareholders' equity	21,909,974	20,553,379
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,526,624	2,062,510
Total accumulated other comprehensive income	1,526,624	2,062,510
Total net assets	23,436,598	22,615,889
Total liabilities and net assets	31,500,142	29,435,285

(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)

	First Quarter of the Previous Consolidated Fiscal Year (From April 1, 2025 to June 30, 2025)	First Quarter of the Current Consolidated Fiscal Year (From April 1, 2026 to June 30, 2026)
Net sales	11,355,573	11,808,319
Cost of sales	8,765,124	9,183,789
Gross profit	2,590,448	2,624,530
Selling, general and administrative expenses	1,333,017	1,420,977
Operating profit	1,257,431	1,203,552
Non-operating income		
Interest income	4,098	6,276
Interest on securities	3,103	11,061
Dividend income	57,661	63,575
Gain on sales of investment securities	—	20,104
Other	2,416	3,080
Total non-operating income	67,278	104,098
Non-operating expenses		
Interest expenses	1,552	1,313
Other	—	242
Total non-operating expenses	1,552	1,555
Ordinary profit	1,323,157	1,306,095
Extraordinary profit		
Gain on sales of investment securities	166,275	—
Total extraordinary profit	166,275	—
Profit before income taxes	1,489,432	1,306,095
Income taxes	473,335	411,464
Profit	1,016,096	894,630
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,016,096	894,630

Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative First Quarter

(Thousands of yen)

	First Quarter of the Previous Consolidated Fiscal Year (From April 1, 2025 to June 30, 2025)	First Quarter of the Current Consolidated Fiscal Year (From April 1, 2026 to June 30, 2026)
Profit	1,016,096	894,630
Other comprehensive income		
Valuation difference on available-for-sale securities	74,168	535,886
Total other comprehensive income	74,168	535,886
Comprehensive income	1,090,265	1,430,517
Breakdown:		
Comprehensive income attributable to owners of parent	1,090,265	1,430,517
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)

(Acquisition of treasury shares)

At the Board of Directors meeting held on May 13, 2026, the Company resolved to acquire treasury shares under the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165, paragraph 3 of the same Act, and acquired 700,000 treasury shares on May 14, 2026. As a result, treasury shares increased by ¥675,500 thousand.

(Cancellation of treasury shares)

At the Board of Directors meeting held on May 13, 2026, the Company resolved to cancel treasury shares under the provisions of Article 178 of the Companies Act and canceled 700,000 treasury shares on June 26, 2026. As a result, capital surplus and treasury shares each decreased by ¥392,812 thousand.

As a result of the above, capital surplus stood at ¥593,444 thousand and treasury shares at ¥1,507,122 thousand at the end of the first quarter of the current consolidated fiscal year.

(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 profit for the period before taxes for the consolidated fiscal year that includes this consolidated accounting first quarter, and multiply profit for the quarter before taxes by the estimated effective tax rate.

(Changes in Presentation Method)

(Quarterly Consolidated Statement of Income)

“Interest on securities,” which was included in “Other” under “Non-operating income” in the first quarter of the previous consolidated fiscal year, has become more material in amount and is therefore presented as a separate line item from the first quarter of the current consolidated fiscal year. To reflect this change in presentation method, the consolidated financial statements for the first quarter of the previous consolidated fiscal year have been reclassified.

As a result, in the quarterly consolidated statement of income for the first quarter of the previous consolidated fiscal year, the amount of ¥5,518 thousand presented under “Other” of “Non-operating income” has been reclassified into “Interest on securities” of ¥3,103 thousand and “Other” of ¥2,416 thousand.

(Segment Information and Related Matters)

First Quarter of the Previous Consolidated Fiscal Year (From April 1, 2025 to June 30, 2025) and First Quarter of the Current Consolidated Fiscal Year (From April 1, 2026 to June 30, 2026)

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 Consolidated Statement of Cash Flows)

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

	First Quarter of the Previous Consolidated Fiscal Year (from April 1, 2025 to June 30, 2025)	First Quarter of the Current Consolidated Fiscal Year (from April 1, 2026 to June 30, 2026)
Depreciation and amortization	¥34,389 thousand	¥30,906 thousand
Amortization of goodwill	¥5,815 thousand	—