TDCSOFT .Be a Visionary System Integrator.

Supplementary Materials for First Quarter Financial Results of Fiscal Year Ending March 31, 2027

August 5, 2026

TSE Prime
Securities code: 4687

Agenda

1. Overview of Consolidated Financial Results as of June 30, 2026
2. Highlights of Each Field
3. Overview of Net Sales by Customer Industry
4. Orders Received/Backlog Trends
5. Operating Profit Analysis
6. Effects and Outlook of AI Utilization

Overview of Consolidated Financial Results as of June 30, 2026

Financial Results

(Unit: Millions of yen)

	Fiscal year ending March 31, 2027 First quarter	Profit margin	Year on Year	Fiscal year ended March 31, 2026 First quarter
Net sales	11,808	-	4.0%	11,355
Gross profit	2,624	22.2%	1.3%	2,590
Operating profit	1,203	10.2%	(4.3%)	1,257
Ordinary profit	1,306	11.1%	(1.3%)	1,323
Profit attributable to owners of parent	894	7.6%	(12.0%)	1,016

Overview of Consolidated Financial Results as of June 30, 2026

Highlights

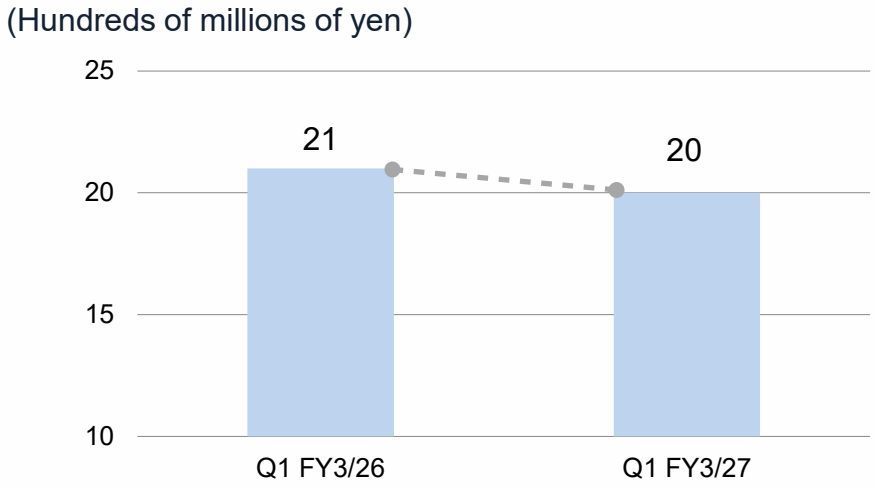
- Performance remained solid this period as well, achieving an increase in net sales
- Although the increase in net sales boosted gross profit, this was outweighed by the higher costs that accompanied the aggressive pursuit of various investments for future business expansion, resulting in lower profit compared with the previous period
- Investment measures for business expansion included marketing investments in services such as the private AI service (Nenoa) and the legacy system modernization support service (Movina), as well as human capital investments such as education and development in cutting-edge technology fields including AI
- No gain on sales of shares, which was recorded as extraordinary profit in the previous period, was recorded in this quarter.





Highlights of Each Field

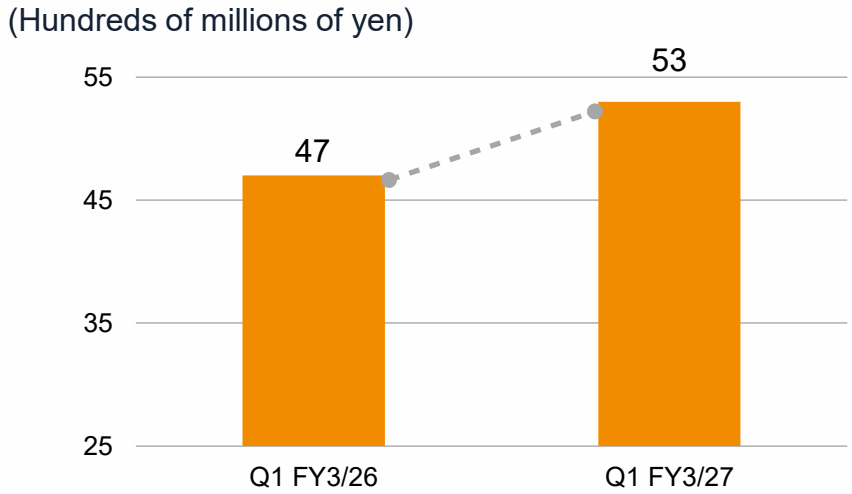
IT Consulting & Services Field



YoY
-8.6%

While consulting-related business expanded, some enterprise solution projects decreased

IT Solutions for Financial Services Field

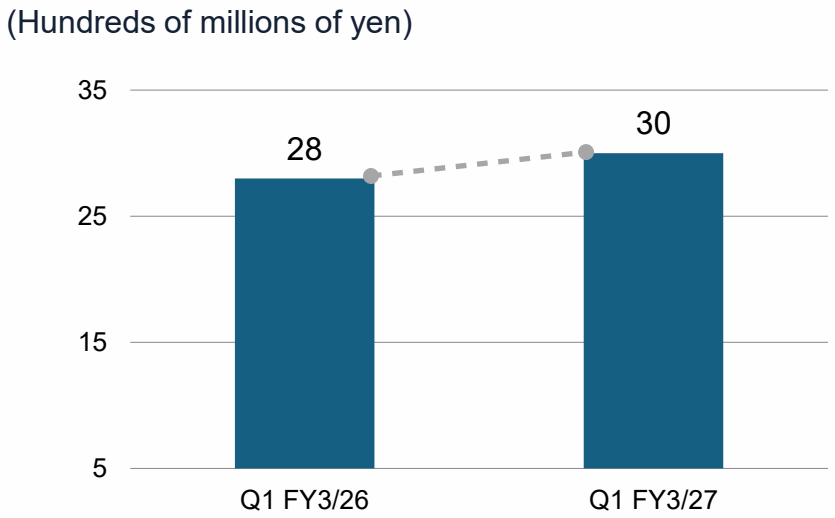


YoY
+12.6%

System development and other projects related to banking and credit performed strongly

Highlights of Each Field

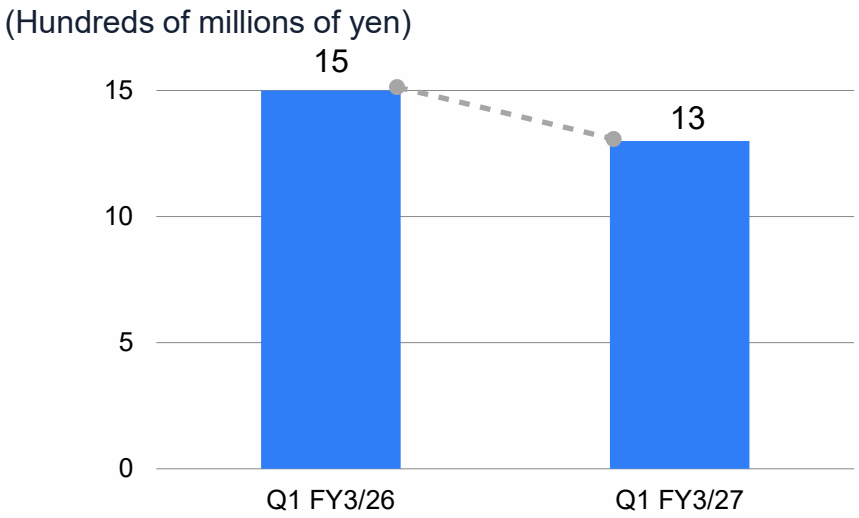
IT Solutions for Public Corporations Field



YoY
+6.6%

Development and other projects for public agencies, information services, and food products performed solidly

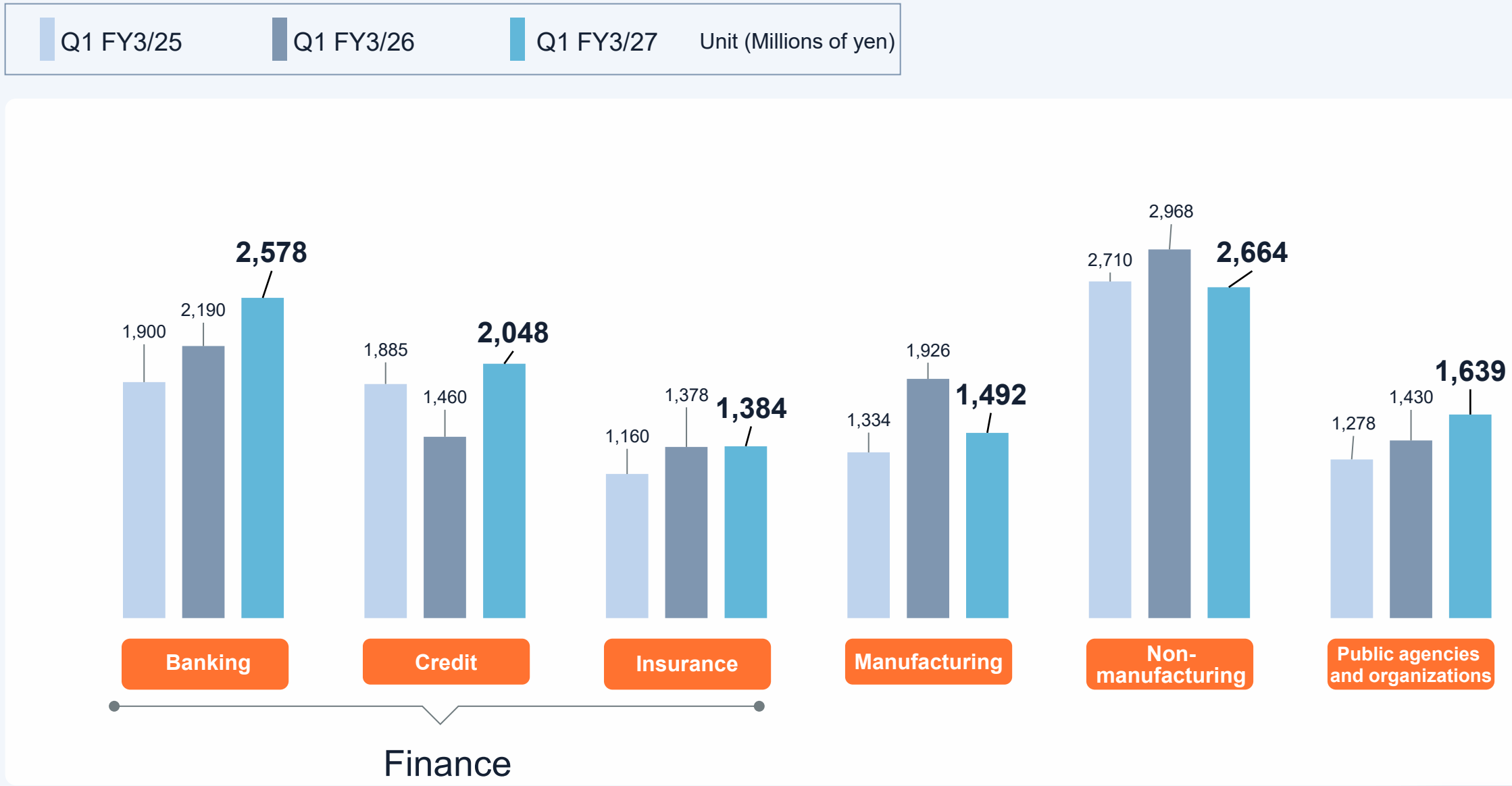
Platform Solutions Field



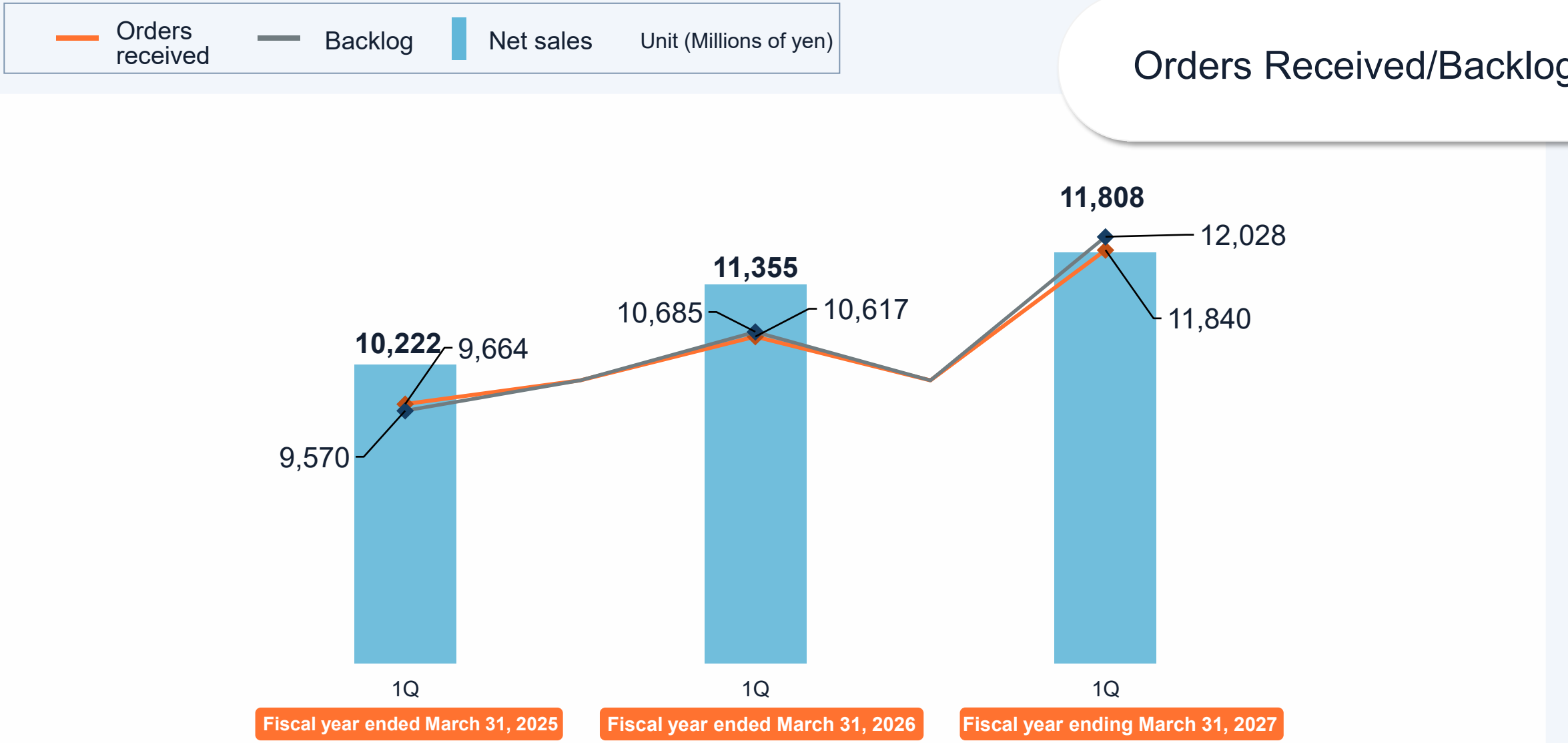
YoY
-9.9%

Infrastructure development projects for public agencies and financial institutions decreased

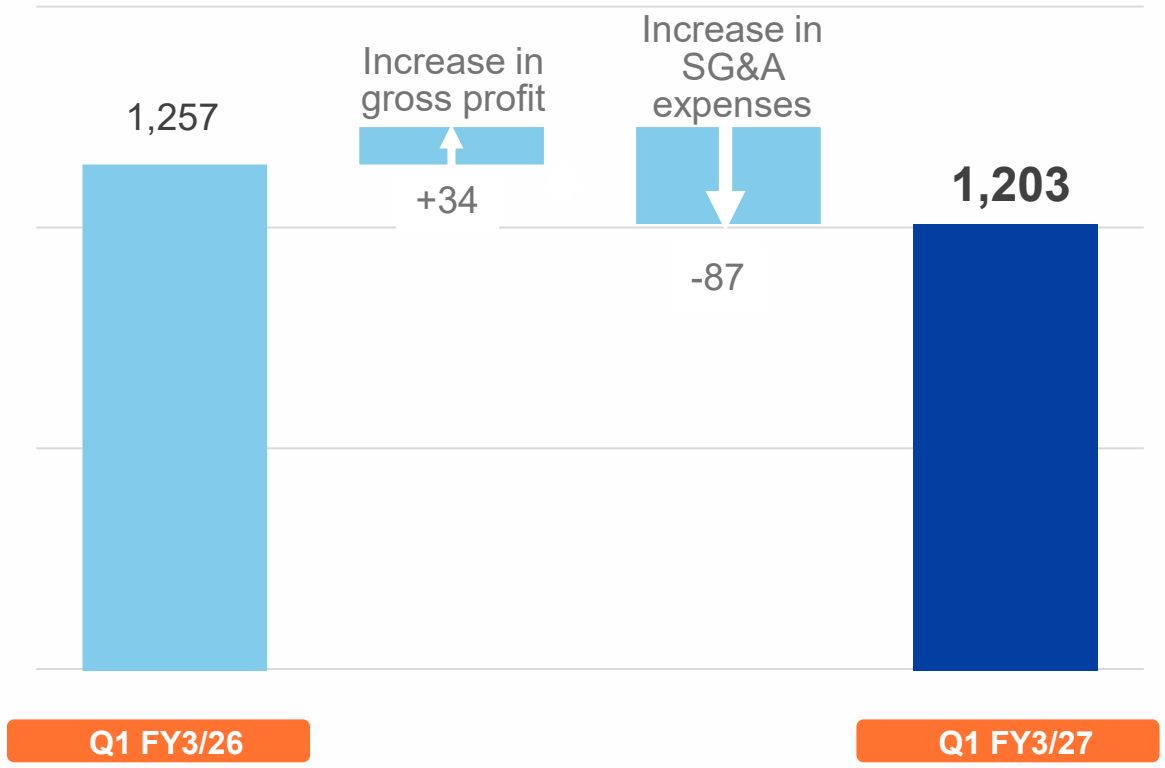
Overview of Net Sales by Customer Industry



Orders Received/Backlog Trends



Operating Profit Analysis



(Millions of yen)

Operating Profit Analysis

Gross profit

- Increase in net sales leading to profit improvement

SG&A expenses

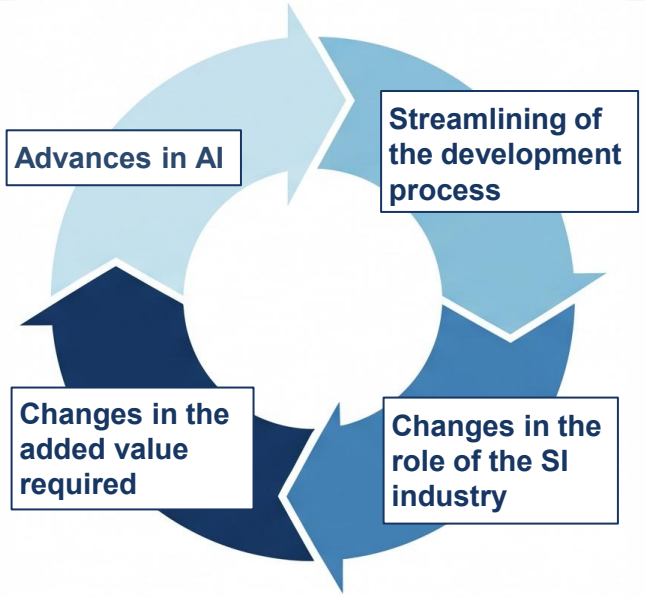
- Expansion of investment to strengthen acquisition of cutting-edge technologies
- Increase in advertising expenses to expand sales of new proprietary services
- Increase in AI human capital training costs

Effects and Outlook of AI Utilization

Basic Recognition and Our Policy

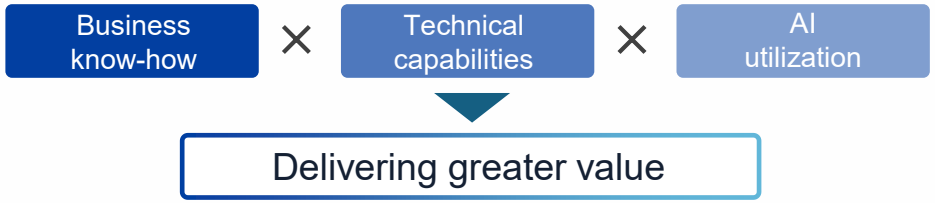
Basic Recognition

AI has reached a stage where it is bringing about a change in industrial structure that transforms corporate business processes, decision-making, and even business models themselves.
The SI industry, too, is moving from the conventional labor-intensive model toward a value delivery model that leverages AI to enhance competitive advantage.



Our Policy

We see AI not as a risk but as an opportunity for growth, and we aim to deliver high value by combining business know-how with technical capabilities.



Rather than asking “Can AI replace it?” or “Can AI make development more efficient?”

we will use AI to become professionals who implement business value for our customers

Our Value That Remains Essential in the AI Era

Business Areas Where We Excel

- **Large-scale, mission-critical (*) system domains, centered on finance and social infrastructure**
- **Domains that require in-depth business expertise and judgment, from preparing the foundation for AI utilization through to project execution**

<Value provided at the preparatory stage for AI utilization>

Based on in-depth business expertise, we organize business rules, data, and specifications and structure them into a form AI can use
<Areas we lead>

AI utilization

<Value provided at the project execution stage>

- **Document creation**
- **Screens and functions (coding)**

Areas AI can replace

- **Proposal capabilities that anticipate and identify latent issues**
- **Advanced management and specification decisions based on in-depth business expertise**
- **Quality, delivery, and risk management**
- **Security and governance based on an understanding of institutional and regulatory frameworks**

Areas AI cannot easily replace
<Areas we lead>

Drawing on the business expertise that underpins AI utilization, and on the judgment and project-driving capabilities that AI cannot easily replace, we lead the creation of customer value

*Mission-critical: core systems that require high reliability and safety, where a stoppage or failure would significantly affect corporate and social activities

Our Value That Remains Essential in the AI Era

Our Unrivaled Strengths That Set Us Apart from Other Companies

Customer Base and Track Record

A long-standing customer base including major vendors, across the finance, public, and industrial sectors, with an extensive track record in large-scale projects

Project Execution Capabilities

Project management capabilities centered on approximately 800 PMP(*) holders

In-Depth Business Expertise

Insight into finance and infrastructure that enables a deep understanding of complex business structures and powerfully drives our customers' transformation

Technical Capabilities

Advanced architectural capabilities that optimize diverse technology domains and performance to build robust system foundations

Quality Assurance Capabilities

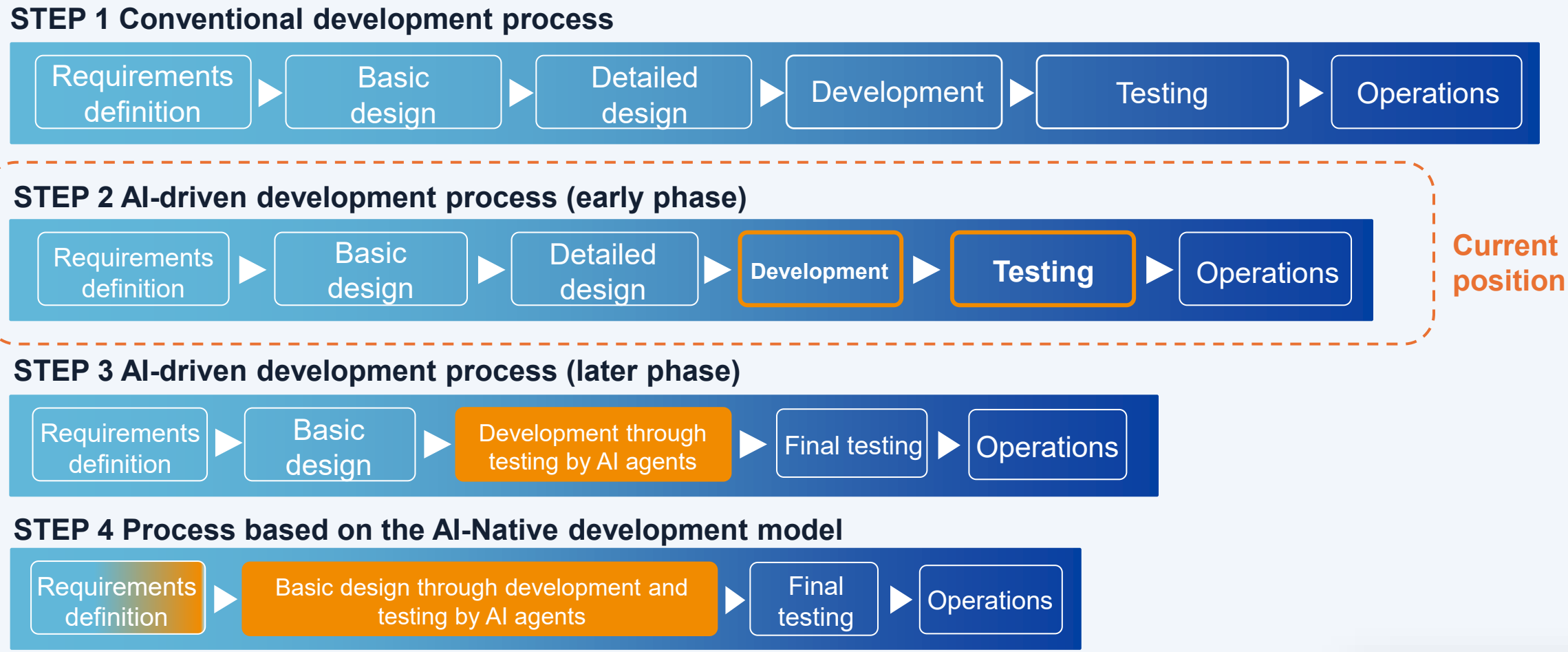
End-to-End quality assurance that controls quality, delivery, and risk from requirements definition through operations

The customer base built on our long track record is a solid barrier to entry that new entrants cannot replicate in a short time,
and our strengths are a competitive advantage that AI alone cannot easily replace

*PMP: an international certification that systematically assesses knowledge and practical experience in project management

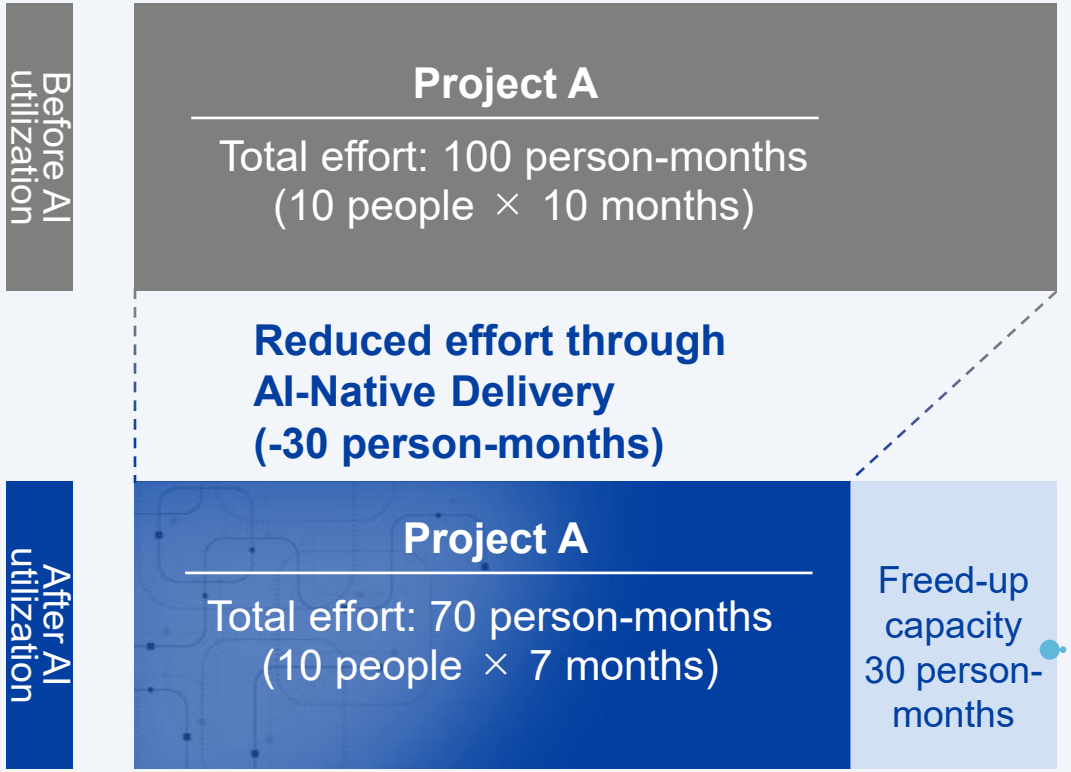
Phases in the Transformation of the Development Process

The scope of AI utilization is expanding from the development phase to upstream phases, advancing the shift to a new development model in which people and AI collaborate



Translating Productivity Gains into Sustainable Growth

We will improve productivity and use the resources this frees up to raise our project turnover rate and shift talent to high-value-added areas



1 Quantitative growth

Strategic redeployment to new projects and expanded capacity to take on orders, and our customer base expanded by deepening existing accounts and acquiring new ones

2 Enhancing the value delivered to customers (qualitative growth)

Shifting talent to high-value-added areas through talent development to enhance the value we deliver to customers

Our Growth Strategy for the AI Era

Delivering new value through accumulated assets

- Providing our advanced management expertise, including business know-how, along with our consulting and AI utilization know-how, to customers as assets
- Realizing our own distinctive competitive advantage and sustainable growth by continuously repeating the cycle of acquiring know-how, elevating it into assets, and providing it to customers

Expanding our business domains through our proprietary AI platform Nenoa, AI-Native consulting, and more

- Local LLM platform “Nenoa”
  Expanding into high-security domains such as manufacturing, where AI adoption has lagged
- AI-Native from Scaled Agile, Inc. (U.S.)
  Beginning providing training and consulting to connect AI utilization to the creation of business value

Transition to AI-Native development processes

- Driving the shift from “people-centered development that divides work into separate processes” to “a development lifecycle in which AI and people collaborate to optimize everything from design through operations as an integrated whole”
- Dramatically improving development speed and quality, strengthening our ability to take on highly challenging projects, while fundamentally raising the productivity that is the source of our competitiveness

Our Growth Strategy for the AI Era

Business Strategy

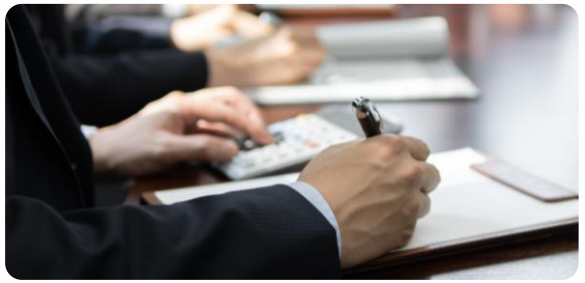
Investing

2%

of company-wide net sales in human resources

Upskilling to become highly specialized professionals

Strengthening our ability to serve the high-value-added areas customers seek



Examples of talent development

- Developing talent who create new businesses
- Developing consulting talent
- Developing FDE (Forward Deployed Engineer) talent

  Engaging deeply in customer operations and combining business understanding with technical capabilities to support value creation

Growth support

- Enhancing and expanding the curriculum of our proprietary talent development framework
- Building a knowledge-sharing platform that turns the insights of all employees into organizational strength

Shift to the Smart SI

TDCSOFT Group

https://www.tdc.co.jp/

*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.