

Consolidated Financial Report for the Third Quarter of Fiscal 2024 Ending March 31, 2025 [Japanese GAAP]

February 12, 2025

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 Third Quarter of Fiscal 2024 Ending March 31, 2025 (April 1, 2024 to December 31, 2024)

(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)	%
As of December 31, 2024	32,287	12.3	3,836	31.7	3,921	16.6	2,653	17.1
As of December 31, 2023	28,744	12.3	2,912	1.7	3,361	9.4	2,265	8.7

Note: Comprehensive income

As of December 31, 2024 ¥2,689 million [15.5%]

As of December 31, 2023 ¥2,328 million [9.3%]

	Quarterly net income per share		Diluted quarterly net income per share	
	Yen	Sen	Yen	Sen
As of December 31, 2024	56.30	—	—	—
As of December 31, 2023	47.52	—	—	—

Note: The Company conducted a 2-for-1 share split of common stock, effective April 1, 2024. Quarterly net income per share has been calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio
	(Millions of yen)	(Millions of yen)	%
As of December 31, 2024	26,734	20,025	74.9
As of March 31, 2024	25,505	18,477	72.4

Reference: Owners' equity

As of December 31, 2024: ¥20,025 million

As of March 31, 2024: ¥18,477 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, 2024	—	0.00	—	48.00	48.00
Fiscal year ending March 31, 2025	—	0.00	—		
Fiscal year ending March 31, 2025 (forecast)				24.00	24.00

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. The Company conducted a 2-for-1 share split of common stock, effective April 1, 2024. For the fiscal year ended March 31, 2024, the indicated dividend amounts are from before the stock split. For the fiscal year ending March 31, 2025 (forecast), the indicated figures are from after the stock split.

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	Yen / Sen
Full year	44,000	10.8	4,750	24.7	4,850	14.0	3,260	5.5	69.17

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)

As of December 31, 2024	50,227,200 shares	As of March 31, 2024	50,227,200 shares
As of December 31, 2024	3,088,605 shares	As of March 31, 2024	3,110,158 shares
As of December 31, 2024	47,129,609 shares	As of December 31, 2023	47,683,795 shares

b. Number of treasury shares at the end of period

c. Average number of shares during the period (cumulative for the quarter)

Notes: 1. The Company conducted a 2-for-1 share split of

common stock, effective April 1, 2024. The number of shares outstanding at the end of period, the number of treasury shares at the end of period, and the average number of shares during the period have been calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

2. The number of treasury shares at the end of period includes the Company’s shares (700,400 shares as of December 31, 2024; 722,000 shares as of March 31, 2024) 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 December 31, 2024: 709,433 shares; as of December 31, 2023: 725,298 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. For matters related to the abovementioned forecasts, please refer to “(3) Explanation about Information on Projections Including Consolidated Forecasts” on Page 4 of the appendix.

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1. Qualitative Information about the Quarterly Financial Results

(1) Explanation about Operating Results

During the consolidated cumulative third quarter (April 1, 2024 to December 31, 2024), while uncertainties persisted due to inflation driven by the weak yen and soaring raw material prices stemming from heightened geopolitical risks, the Japanese economy continued on a moderate recovery trajectory, with improvements in employment and income conditions.

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.

Operating under such a climate, the Group has formulated its medium-term management plan “Shift to the Smart SI Plus” for the period up through March 2025, and this plan maintains the basic concept of providing high value-added IT services that meet the potential needs of the market and society, and adopts a vision of evolving into a next-generation system integration (“SI”) business based on which to promote corporate activities.

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

One is to “create high-value-added SI services.” We tap into the latest elemental technologies to pursue services designed to meet the needs of customers promoting DX for value creation.

Next is to “support SI model reforms.” We use innovative approaches to build infrastructure for high-value-added SI services and to develop an SI process designed to ensure high productivity and high quality, and promote initiatives to differentiate ourselves from competitors.

Last is to “expand our business domain.” We are promoting measures to expand our SI business into the commodity area in our consulting business, which supports customers in formulating strategies for their digital transformation, in our sales business, which sells products, services, etc. that meet a diverse array of customers’ IT needs, and in providing managed services that integrate all aspects of IT solutions, starting from development through to operation and maintenance. Specifically, we are pushing forward with the following initiatives.

a. Expansion of the consulting business

- Training and expansion of consulting staff based on the Scaled Agile Framework® of U.S. company Scaled Agile, Inc., with which we have formed a gold partner alliance
- Developing expertise into assets and establishing consulting methods to respond to customer digital needs covering everything from IT strategy formulation to use of digital technologies
- Advancement of promotion activities

b. Expansion of services and products sales business

- Expansion of marketing function and product sales function
- Expansion of product lineup that captures user needs and seeds

c. Expansion of SI business into commodity area

- Consolidation of operation and maintenance projects involving system modifications, etc.
- Pursuit of high productivity through modularization of common items, etc.

During this consolidated cumulative third 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.

While administrative expenses remained at levels comparable to the previous fiscal year, reflecting a balance between reduced headquarters relocation costs incurred last year and increased strategic investments for future business expansion, operating profit increased. With regard to specific investment initiatives, we are implementing a variety of human resource investments, including accelerating the development of newly hired graduates into effective members of the workforce; expanding recruitment efforts, including mid-career professionals; strengthening educational initiatives; and undertaking reforms of our personnel systems. Additionally, as business investments, we are promoting the acquisition of new technologies and marketing activities aimed at expanding our next-generation SI business.

As a result, for the consolidated cumulative third quarter, net sales amounted to ¥32,287 million (up 12.3% YOY), operating profit was ¥3,836 million (up 31.7% YOY), ordinary profit was ¥3,921 million (up 16.6% YOY), and quarterly net income attributable to owners of parent was ¥2,653 million (up 17.1% 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 period, the Group made solid progress on SaaS (Note 5) solution service projects related to cloud managed services. As a result, net sales in this field increased 12.2% year on year to ¥5,492 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 period, the Group made solid progress on development projects for banking-related systems. As a result, net sales in this field increased 10.0% year on year to ¥14,236 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 information system concepts, design, development, and maintenance. During this period, the Group made solid progress on development projects for the transportation, automobile, and travel sectors. As a result, net sales in this field increased 14.7% year on year to ¥8,685 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 period, the Group made solid progress on projects to build cloud-related infrastructure for communications-related projects and public agencies. As a result, net sales in this field increased 16.1% year on year to ¥3,872 million.

(Millions of yen)

Field	As of December 31, 2023		As of December 31, 2024		Year-on- year percentag e change
	Consolidated cumulative quarter		Consolidated cumulative quarter		
	Amount	Share	Amount	Share	
IT consulting and services	4,894	17.0%	5,492	17.0%	+12.2%
IT solutions for financial services	12,944	45.1%	14,236	44.1%	+10.0%
IT solutions for public corporations	7,570	26.3%	8,685	26.9%	+14.7%
Platform solutions	3,334	11.6%	3,872	12.0%	+16.1%
Total	28,744	100.0%	32,287	100.0%	+12.3%

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 third quarter increased by ¥1,228 million from the end of the previous fiscal year to ¥26,734 million.

Current assets increased by ¥1,233 million from the end of the previous fiscal year to ¥21,667 million. This is mainly due to increases of ¥1,000 million in securities, ¥465 million in work in process, and ¥279 million in cash and deposits despite a decrease of ¥369 million in notes and accounts receivable - trade, and contract assets.

Non-current assets decreased by ¥5 million from the end of the previous fiscal year to ¥5,066 million. This is mainly due to a decrease of ¥39 million in property, plant and equipment despite increases of ¥19 million in deferred tax assets and ¥14 million in investment securities.

Current liabilities decreased by ¥251 million from the end of the previous fiscal year to ¥6,127 million. This is mainly due to decreases of ¥981 million in accrued expenses and ¥133 million in accrued consumption taxes despite increases of ¥597 million in short-term borrowings and ¥198 million in deposits.

Non-current liabilities decreased by ¥68 million from the end of the previous fiscal year to ¥581 million.

This is mainly due to a decrease of ¥47 million in long-term accrued expenses included in other expenses.

Net assets increased by ¥1,547 million from the end of the previous fiscal year to ¥20,025 million. This is mainly due to increases of ¥1,505 million in retained earnings and ¥35 million in valuation difference on available-for-sale securities.

(3) Explanation about Information on Projections Including Consolidated Forecasts

Our full-year financial results forecast for the fiscal year ending March 31, 2025 remains unchanged from the announcement made on November 7, 2024.

This financial results forecast has been prepared based on information available as of the publication date and certain assumptions deemed reasonable. Actual results may differ from these forecasts due to various factors.

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

(Thousands of yen)

	Fiscal 2023 (as of March 31, 2024)	Third Quarter of Fiscal 2024 (as of December 31, 2024)
Assets		
Current assets		
Cash and deposits	13,378,515	13,658,324
Notes and accounts receivable - trade, and contract assets	6,601,625	6,231,694
Securities	—	1,000,000
Work in process	49,292	514,932
Other	404,765	262,614
Total current assets	20,434,199	21,667,565
Non-current assets		
Property, plant and equipment	993,344	953,808
Intangible fixed assets	93,808	94,077
Investments and other assets		
Investment securities	2,934,970	2,949,731
Deferred tax assets	233,621	252,777
Guarantee deposits	779,466	779,597
Other	36,587	36,645
Total investments and other assets	3,984,646	4,018,751
Total non-current assets	5,071,798	5,066,637
Total assets	25,505,998	26,734,202
Liabilities		
Current liabilities		
Accounts payable – trade	1,705,273	1,841,123
Short-term borrowings	453,000	1,050,000
Accounts payable – other	450,871	434,608
Accrued expenses	2,189,653	1,208,199
Income taxes payable	692,725	687,503
Accrued consumption taxes	498,931	365,510
Provision for bonuses for directors (and other officers)	143,258	78,975
Other	244,782	461,444
Total current liabilities	6,378,496	6,127,364
Non-current liabilities		
Provision for share-based remuneration for employees	54,047	47,856
Provision for share-based remuneration for directors (and other officers)	83,110	88,423
Retirement benefit liabilities	40,733	40,733
Asset retirement obligations	230,684	232,740
Other	241,390	171,884
Total non-current liabilities	649,966	581,639
Total liabilities	7,028,462	6,709,003

(Thousands of yen)

	Fiscal 2023 (as of March 31, 2024)	Third Quarter of Fiscal 2024 (as of December 31, 2024)
Net assets		
Shareholders' equity		
Share capital	970,400	970,400
Capital surplus	986,256	986,256
Retained earnings	16,303,215	17,808,559
Treasury shares	(1,285,727)	(1,278,964)
Total shareholders' equity	16,974,143	18,486,250
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,503,392	1,538,947
Total accumulated other comprehensive income	1,503,392	1,538,947
Total net assets	18,477,535	20,025,198
Total liabilities and net assets	25,505,998	26,734,202

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

Quarterly Consolidated Statement of Income

Consolidated Cumulative Third Quarter

(Thousands of yen)

	Consolidated Cumulative Third Quarter of Fiscal 2023 (From April 1, 2023 to December 31, 2023)	Consolidated Cumulative Third Quarter of Fiscal 2024 (From April 1, 2024 to December 31, 2024)
Net sales	28,744,083	32,287,212
Cost of sales	22,611,723	25,256,182
Gross profit	6,132,359	7,031,030
Selling, general and administrative expenses	3,219,461	3,194,169
Operating profit	2,912,898	3,836,861
Non-operating income		
Interest income	105	3,618
Dividend income	73,611	82,253
Subsidy income	35	402
Gain on sales of investment securities	379,142	—
Other	7,780	8,685
Total non-operating income	460,675	94,959
Non-operating expenses		
Interest expenses	2,641	4,006
Loss on investments in partnerships	7,658	6,248
Other	1,375	0
Total non-operating expenses	11,676	10,255
Ordinary profit	3,361,897	3,921,565
Quarterly net income before income taxes	3,361,897	3,921,565
Income taxes	1,095,909	1,268,084
Quarterly net income	2,265,988	2,653,481
Quarterly net income attributable to non-controlling interests	—	—
Quarterly net income attributable to owners of parent	2,265,988	2,653,481

Quarterly Consolidated Statement of Comprehensive Income

Consolidated Cumulative Third Quarter

(Thousands of yen)

	Consolidated Cumulative Third Quarter of Fiscal 2023 (From April 1, 2023 to December 31, 2023)	Consolidated Cumulative Third Quarter of Fiscal 2024 (From April 1, 2024 to December 31, 2024)
Quarterly net income	2,265,988	2,653,481
Other comprehensive income		
Valuation difference on available-for-sale securities	62,577	35,555
Total other comprehensive income	62,577	35,555
Quarterly comprehensive income	2,328,565	2,689,036
Breakdown:		
Quarterly comprehensive income attributable to owners of parent	2,328,565	2,689,036
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 profit for the period before taxes for the consolidated fiscal year that includes this consolidated cumulative third quarter, and multiply profit for the quarter before taxes by the estimated effective tax rate.

(Segment Information and Related Matters)

Consolidated cumulative third quarter of Fiscal 2023 (April 1, 2023 to December 31, 2023) and consolidated cumulative third quarter of Fiscal 2024 (April 1, 2024 to December 31, 2024)

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 third quarter. Depreciation and amortization (including amortization of intangible fixed assets excluding goodwill) and amortization of goodwill for the consolidated cumulative third quarter are as follows.

	Consolidated Cumulative Third Quarter of Fiscal 2023 (From April 1, 2023 to December 31, 2023)	Consolidated Cumulative Third Quarter of Fiscal 2024 (From April 1, 2024 to December 31, 2024)
Depreciation and amortization	¥86,316 thousand	¥116,160 thousand
Amortization of goodwill	¥17,447 thousand	¥17,447 thousand