Consolidated Financial Report for the Second Quarter (Interim Period) of Fiscal 2026 Ending March 31, 2027 [Japanese GAAP]

November 9, 2026

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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: Yes
Holding of a briefing on quarterly financial results: Yes (video streaming)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter (Interim Period) of Fiscal 2026 Ending March 31, 2027 (April 1, 2026 to September 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)	%
Interim period of fiscal year ending March 31, 2027	24,349	4.3	2,837	7.2	2,942	6.8	1,986	0.1
Interim period of fiscal year ended March 31, 2026	23,343	9.3	2,647	10.2	2,756	12.9	1,984	20.1

Note: Comprehensive income
Interim period of fiscal year ending March 31, 2027 ¥2,530 million [10.4%]
Interim period of fiscal year ended March 31, 2026 ¥2,291 million [49.3%]

	Earnings per share	Diluted earnings per share
	Yen Sen	Yen Sen
Interim period of fiscal year ending March 31, 2027	42.45	—
Interim period of fiscal year ended March 31, 2026	42.04	—

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio
	(Millions of yen)	(Millions of yen)	%
As of September 30, 2026	30,570	23,726	77.6
As of March 31, 2026	31,500	23,436	74.4

Reference: Owners' equity
As of September 30, 2026: ¥23,726 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 Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
Fiscal year ended March 31, 2026	—	0.00	—	33.00	33.00
Fiscal year ending March 31, 2027	—	0.00			
Fiscal year ending March 31, 2027 (forecast)			—	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)

(Percentages represent year-on-year changes)

	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
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 interim period: None

New: — (company name(s))

Excluded: — (company name(s))

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

Note: For details, please refer to "(4) Notes on Interim Consolidated Financial Statements (Application of Special Accounting Methods for Presenting Interim Consolidated Financial Statements)" under "2. Interim Consolidated Financial Statements and Primary Notes" on Page 12 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)	As of September 30, 2026	49,527,200 shares	As of March 31, 2026	50,227,200 shares
b. Number of treasury shares at the end of period	As of September 30, 2026	2,874,545 shares	As of March 31, 2026	2,916,125 shares
c. Average number of shares during the interim period	Interim period of fiscal year ending March 31, 2027	46,791,238 shares	Interim period of fiscal year ended March 31, 2026	47,206,300 shares

Note: The number of treasury shares at the end of period includes the Company's shares (486,300 shares as of September 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 (512,215 shares as of September 30, 2026; 632,695 shares as of September 30, 2025).

* The second quarter (interim) consolidated financial report is exempt from reviews by certified public accountants or audit firms.

* 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. Please see "(3) Explanation about Information on Projections Including Consolidated Forecasts" on Page 5 of the appendix for information about the above forecasts.

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1. Qualitative Information about the Interim Financial Results

(1) Explanation about Operating Results

During the current interim consolidated accounting period (April 1, 2026 to September 30, 2026), Japan's economy continued on a moderate recovery trend, driven by improvements in employment and income conditions. However, the outlook remains uncertain due to continued price increases, developments in overseas economies, and heightened geopolitical risks, as well as volatility in financial and capital markets.

In the information services industry, investment in digital transformation (hereinafter "DX") aimed at strengthening corporate competitiveness and improving productivity has continued. Demand for IT solutions that use digital technologies also remains solid, with the use of AI technologies, including generative AI, growing and initiatives for operational efficiency and business transformation becoming widespread.

Amid this environment, our Group has entered the second year of 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 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 current interim consolidated accounting period, net sales fell slightly short of plan due to factors including project postponements by some customers, but development projects for major customers, particularly in the financial sector, progressed well, and net sales exceeded the year-earlier level. Selling, general and administrative expenses increased as we continued to invest in research and development, marketing initiatives, and employee education and development to strengthen our medium- to long-term competitiveness. In terms of operating profit, the expansion of high-value-added projects in advanced technology fields such as AI improved profitability, resulting in an increase in profit in line with plan. In addition, whereas a gain on sales of shares was recorded as extraordinary profit in the previous interim consolidated accounting period, no extraordinary profit was recorded in the current interim consolidated accounting period.

As a result, for the current interim consolidated accounting period, net sales amounted to ¥24,349 million (up 4.3% YOY), operating profit was ¥2,837 million (up 7.2% YOY), ordinary profit was ¥2,942 million (up 6.8% YOY), and interim profit attributable to owners of parent was ¥1,986 million (up 0.1% 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 the current interim consolidated accounting period, although consulting-related sales expanded, this was partly offset by the winding down of large-scale enterprise solution projects. As a result, net sales in this field decreased 1.4% year on year to ¥4,080 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 the current interim consolidated accounting period, the Group made solid progress on development projects for bank- and credit-related systems. As a result, net sales in this field increased 12.3% year on year to ¥11,023 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 the current interim consolidated accounting period, although some customers in the manufacturing industry postponed projects, the Group made solid progress on development projects for public agencies. As a result, net sales in this field increased 0.4% year on year to ¥6,409 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 the current interim consolidated accounting period, the Group was affected by a contraction in infrastructure development projects for financial institutions and the telecommunications industry. As a result, net sales in this field decreased 5.6% year on year to ¥2,836 million.

(Unit: Millions of yen)

Field	Previous interim consolidated accounting period		Current interim consolidated accounting period		Year-on-year percentage change
	Amount	Share	Amount	Share	
IT consulting and services	4,140	17.7%	4,080	16.8%	(1.4%)
IT solutions for financial services	9,814	42.0%	11,023	45.3%	+12.3%
IT solutions for public corporations	6,384	27.4%	6,409	26.3%	+0.4%
Platform solutions	3,004	12.9%	2,836	11.6%	(5.6%)
Total	23,343	100.0%	24,349	100.0%	+4.3%

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. ERP systems are core information systems.
4. CRM: Customer relationship management. CRM systems are used to manage customer information and interactions.

(2) Explanation about Financial Status

State of assets, liabilities, and net assets

Total assets at the end of this interim consolidated accounting period had decreased by ¥929 million from the end of the previous consolidated fiscal year to ¥30,570 million.

Current assets decreased by ¥3,149 million from the end of the previous consolidated fiscal year to ¥21,746 million. This is mainly due to decreases of ¥1,799 million in notes and accounts receivable – trade, and contract assets, ¥1,223 million in securities, and ¥265 million in cash and deposits, despite an increase of ¥127 million in work in process.

Non-current assets increased by ¥2,220 million from the end of the previous consolidated fiscal year to ¥8,824 million. This is mainly due to an increase of ¥2,426 million in investment securities, despite a decrease of ¥394 million in deferred tax assets.

Current liabilities decreased by ¥1,263 million from the end of the previous consolidated fiscal year to ¥6,381 million. This is mainly due to decreases of ¥721 million in accrued expenses, ¥212 million in accounts payable – other, ¥195 million in income taxes payable, and ¥160 million in accounts payable – trade, despite an increase of ¥201 million in advances received included in Other.

Non-current liabilities increased by ¥44 million from the end of the previous consolidated fiscal year to ¥463 million. This is mainly due to an increase of ¥70 million in long-term advances received included in Other, despite a decrease of ¥11 million in provision for share-based remuneration for directors (and other officers).

Net assets increased by ¥289 million from the end of the previous consolidated fiscal year to ¥23,726 million. This is mainly due to increases of ¥544 million in valuation difference on available-for-sale securities and ¥407 million in retained earnings, despite a decrease of ¥392 million in capital surplus.

Cash flow conditions

The balance of cash and cash equivalents at the end of this interim consolidated accounting period had increased by ¥224 million from the end of the previous consolidated fiscal year to ¥13,396 million (¥12,633 million in the same period of the previous fiscal year). Cash flow conditions during this interim consolidated accounting period and their factors are as stated below:

(Cash flows from operating activities)

While income taxes paid were ¥921 million, accrued expenses decreased by ¥753 million, accounts payable – other decreased by ¥212 million, and notes and accounts payable – trade decreased by ¥160 million, interim profit before income taxes was ¥2,942 million and notes and accounts receivable – trade and contract assets decreased by ¥1,799 million, among other factors. As a result, cash flows from operating activities amounted to ¥2,311 million (¥874 million in the same period of the previous fiscal year).

(Cash flows from investing activities)

While ¥2,080 million was used for purchase of investment securities and ¥394 million for purchase of securities, proceeds from sales and redemption of securities were ¥2,107 million and proceeds from sales of investment securities were ¥616 million, among other factors. As a result, cash flows from investing activities amounted to ¥196 million (negative ¥2,005 million in the same period of the previous fiscal year).

(Cash flows from financing activities)

Dividends paid totaled ¥1,578 million, and ¥675 million was used for purchase of treasury shares, among other factors. As a result, cash flows from financing activities amounted to negative ¥2,280 million (negative ¥1,485 million in the same period of the previous fiscal year).

(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. Interim Consolidated Financial Statements and Primary Notes

(1) Interim Consolidated Balance Sheet

(Thousands of yen)

	Fiscal 2025 (as of March 31, 2026)	Current interim consolidated accounting period (as of September 30, 2026)
Assets		
Current assets		
Cash and deposits	10,871,435	10,606,380
Notes and accounts receivable - trade, and contract assets	8,928,931	7,129,481
Securities	4,405,838	3,181,986
Work in process	157,587	284,827
Other	532,042	543,407
Total current assets	24,895,835	21,746,083
Non-current assets		
Property, plant and equipment	800,943	827,361
Intangible fixed assets	246,991	351,140
Investments and other assets:		
Investment securities	4,214,362	6,640,775
Shares of subsidiaries and associates	30,692	63,999
Deferred tax assets	467,202	73,144
Guarantee deposits	804,949	820,975
Other	39,164	47,141
Total investments and other assets	5,556,371	7,646,036
Total non-current assets	6,604,306	8,824,538
Total assets	31,500,142	30,570,621
Liabilities		
Current liabilities		
Accounts payable – trade	2,091,444	1,930,748
Short-term borrowings	298,000	280,000
Accounts payable – other	504,238	292,187
Accrued expenses	2,604,078	1,882,480
Income taxes payable	1,254,128	1,058,770
Accrued consumption taxes	530,058	447,331
Provision for bonuses for directors (and other officers)	155,941	46,370
Other	206,613	443,126
Total current liabilities	7,644,502	6,381,015
Non-current liabilities		
Provision for share-based remuneration for employees	35,325	34,874
Provision for share-based remuneration for directors (and other officers)	54,774	43,579
Retirement benefit liabilities	46,247	46,247
Asset retirement obligations	235,674	236,862
Deferred tax liabilities	—	18,947
Other	47,021	82,812
Total non-current liabilities	419,041	463,323
Total liabilities	8,063,544	6,844,339

(Thousands of yen)

	Fiscal 2025 (as of March 31, 2026)	Current interim consolidated accounting period (as of September 30, 2026)
Net assets		
Shareholders' equity		
Share capital	970,400	970,400
Capital surplus	986,256	593,444
Retained earnings	21,177,752	21,585,146
Treasury shares	(1,224,434)	(1,493,987)
Total shareholders' equity	21,909,974	21,655,003
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,526,624	2,071,278
Total accumulated other comprehensive income	1,526,624	2,071,278
Total net assets	23,436,598	23,726,282
Total liabilities and net assets	31,500,142	30,570,621

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

Interim Consolidated Statement of Income

(Thousands of yen)

	Previous interim consolidated accounting period (from April 1, 2025 to September 30, 2025)	Current interim consolidated accounting period (from April 1, 2026 to September 30, 2026)
Net sales	23,343,335	24,349,060
Cost of sales	18,342,471	19,037,052
Gross profit	5,000,864	5,312,008
Selling, general and administrative expenses	2,353,444	2,474,808
Operating profit	2,647,419	2,837,199
Non-operating income		
Interest income	8,468	16,841
Interest on securities	10,166	26,441
Dividend income	61,492	67,438
Gain on investments in partnerships	22,771	—
Gain on sales of investment securities	—	20,104
Other	8,695	8,463
Total non-operating income	111,595	139,288
Non-operating expenses		
Interest expenses	2,386	3,107
Loss on investments in partnerships	—	13,994
Foreign exchange losses	—	16,263
Other	147	240
Total non-operating expenses	2,534	33,605
Ordinary profit	2,756,480	2,942,882
Extraordinary profit		
Gain on sales of investment securities	166,275	—
Total extraordinary profit	166,275	—
Interim profit before income taxes	2,922,755	2,942,882
Income taxes	938,018	956,801
Interim profit	1,984,736	1,986,080
Profit attributable to non-controlling interests (interim)	—	—
Profit attributable to owners of parent	1,984,736	1,986,080

Interim Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous interim consolidated accounting period (from April 1, 2025 to September 30, 2025)	Current interim consolidated accounting period (from April 1, 2026 to September 30, 2026)
Interim profit	1,984,736	1,986,080
Other comprehensive income		
Valuation difference on available-for-sale securities	306,879	544,654
Total other comprehensive income	306,879	544,654
Interim comprehensive income	2,291,616	2,530,734
Breakdown:		
Interim comprehensive income attributable to owners of parent	2,291,616	2,530,734
Interim comprehensive income attributable to non-controlling interests	—	—

(3) Interim Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous interim consolidated accounting period (from April 1, 2025 to September 30, 2025)	Current interim consolidated accounting period (from April 1, 2026 to September 30, 2026)
Cash flows from operating activities		
Interim profit before income taxes	2,922,755	2,942,882
Depreciation and amortization	68,726	70,256
Amortization of goodwill	11,631	—
Increase (decrease) in provision for bonuses for directors (and other officers)	(109,652)	(109,571)
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	3,447	1,960
Increase (decrease) in provision for share-based remuneration for employees	(126)	(450)
Increase (decrease) in provision for loss on orders received	111,757	—
Interest and dividend income	(69,960)	(84,279)
Interest on securities	(10,166)	(26,441)
Interest expenses	2,386	3,107
Loss (gain) on sales of investment securities	(166,275)	(20,104)
Loss (gain) on investments in partnerships	(22,771)	13,994
Foreign exchange losses (gains)	—	16,263
Decrease (increase) in notes and accounts receivable – trade and contract assets	(202,208)	1,799,449
Decrease (increase) in inventories	(203,648)	(127,239)
Increase (decrease) in notes and accounts payable – trade	93,397	(160,695)
Increase (decrease) in accounts payable – other	(406,287)	(212,050)
Increase (decrease) in accrued expenses	(360,822)	(753,397)
Increase (decrease) in accrued consumption taxes	(161,606)	(82,726)
Other	132,590	(37,730)
Subtotal	1,633,166	3,233,226
Income taxes paid	(759,015)	(921,533)
Cash flows from operating activities	874,150	2,311,693
Cash flows from investing activities		
Payments into time deposits	—	(10,000)
Purchase of securities	(1,098,250)	(394,419)
Proceeds from sales and redemption of securities	—	2,107,973
Purchase of property, plant and equipment	(631)	(89,685)
Purchase of intangible fixed assets	—	(17,618)
Purchase of investment securities	(1,203,512)	(2,080,403)
Proceeds from sales of investment securities	200,000	616,696
Purchase of shares of subsidiaries and associates	—	(29,307)
Proceeds of dividend distributions from partnerships	23,827	1,260
Payments of loans receivable to employees	(5,320)	(1,650)
Collection of loans receivable from employees	1,643	1,945
Interest and dividend income received	77,106	107,814
Other	—	(16,026)
Cash flows from investing activities	(2,005,136)	196,577

(Thousands of yen)

	Previous interim consolidated accounting period (from April 1, 2025 to September 30, 2025)	Current interim consolidated accounting period (from April 1, 2026 to September 30, 2026)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(186,000)	(18,000)
Purchase of treasury shares	—	(675,520)
Interest paid	(2,304)	(3,136)
Dividends paid	(1,292,652)	(1,578,686)
Repayments of lease obligations	(4,732)	(4,732)
Cash flows from financing activities	(1,485,689)	(2,280,075)
Effect of exchange rate change on cash and cash equivalents	—	(3,250)
Net increase (decrease) in cash and cash equivalents	(2,616,675)	224,944
Balance of cash and cash equivalents at the beginning of the period	15,250,091	13,171,435
Balance of cash and cash equivalents at the end of the interim period	12,633,416	13,396,380

(4) Notes on Interim 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 and other factors, capital surplus stood at ¥593,444 thousand and treasury shares at ¥1,493,987 thousand at the end of the current interim consolidated accounting period.

(Application of Special Accounting Methods for Presenting Interim 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 interim consolidated accounting period, and multiply profit for the interim period before taxes by the estimated effective tax rate.

(Changes in Presentation Method)

(Interim Consolidated Statement of Cash Flows)

"Interest on securities," which was included in "Other" under "Cash flows from operating activities" in the previous interim consolidated accounting period, has become more material in amount and is therefore presented as a separate line item from the current interim consolidated accounting period. To reflect this change in presentation method, the consolidated statement of cash flows for the previous interim consolidated accounting period has been reclassified. As a result, in the consolidated statement of cash flows for the previous interim consolidated accounting period, the amount of ¥122,423 thousand presented under "Other" of "Cash flows from operating activities" has been reclassified into "Interest on securities" of negative ¥10,166 thousand and "Other" of ¥132,590 thousand.

(Segment Information and Related Matters)

Current interim consolidated accounting period (from April 1, 2026 to September 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.