

1Q FY2025

Financial Results Briefing

August 6, 2025



TOHO SYSTEM SCIENCE CO., LTD.

<https://www.tss.co.jp/>

Securities code: 4333 Tokyo Stock Exchange Prime Market

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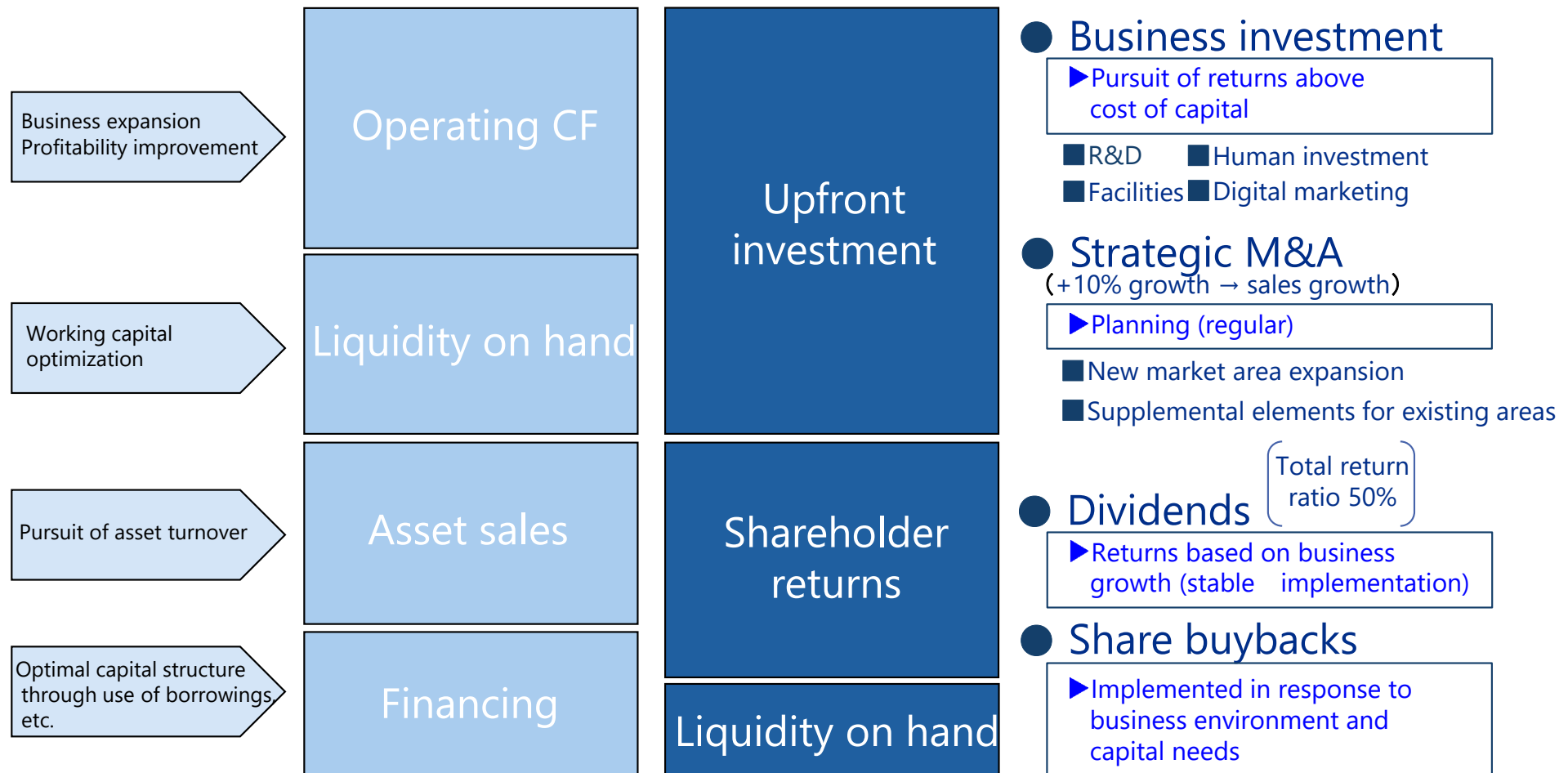
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1. Management Strategy Topics

Achieve optimal growth investments and shareholder returns by formulating and implementing appropriate investment evaluation criteria.

➔ We will fulfill our responsibilities to stakeholders and aim to enhance corporate value.



Shareholder returns (increase)



May 13, 2025

Company name: TOHO SYSTEM SCIENCE CO., LTD.
 Representative: Tomoyasu Kosaka, President,
 Representative Director
 (Securities code : 4333; TSE Prime
 Market)
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Notice Regarding Dividend of Surplus (Dividend Increase)

TOHO SYSTEM SCIENCE CO., LTD. (hereinafter "the Company") hereby announces that at the Board of Directors meeting held on May 13, 2025, it was resolved to distribute dividends of surplus with March 31, 2025 as the record date (year-end dividend for the fiscal year ending March 31, 2025), as detailed below. This matter will be submitted for approval at the 54th Ordinary General Shareholders' Meeting scheduled to be held on June 25, 2025.

1. Details of Dividend

	Resolved Amount	Latest Dividend Forecast	Previous Fiscal Year Results (Fiscal Year Ended March 31, 2024)
Record Date	March 31, 2025	March 31, 2025	March 31, 2024
Dividend per Share	¥25.00	¥20.00	¥20.00
Total Amount of Dividends	¥433 million	-	¥365 million
Effective Date	June 26, 2025	-	June 24, 2024
Source of Dividends	Retained Earnings	-	Retained Earnings

2. Reason

The Company positions the return of profits to shareholders as its highest management priority. While pursuing enhancement of corporate competitiveness and maximization of corporate value, the Company maintains a basic policy of continuing long-term and stable dividends, comprehensively considering factors such as business performance and internal capital requirements, with a target total return ratio of approximately 50%. In addition to this policy, taking into account the current fiscal year's performance and the achievement of numerical targets set in the first phase of the medium-term management plan, the Company has decided to implement a dividend increase of ¥5 per share.

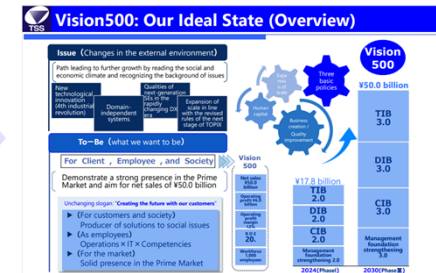
TOHO SYSTEM SCIENCE CO., LTD. announces that, at a meeting of its Board of Directors, the Company resolved to distribute a dividend of surplus with March 31, 2025 as the record date, as stated in the **"Notice Regarding Dividend of Surplus (Dividend Increase)."**

The Company **positions the return of profits to shareholders as its highest management priority. While pursuing enhancement of corporate competitiveness and maximization of corporate value, the Company maintains a basic policy of continuing long-term and stable dividends, comprehensively considering factors such as business performance and internal capital requirements, with a target total return ratio of approximately 50%.**

In addition to this policy, taking into account **the current fiscal year's performance and the achievement of numerical targets set in the first phase of the medium-term management plan**, the Company has decided to implement a dividend increase of **¥5 per share**. As a result, for the fiscal year ending March 31, 2025, the year-end dividend will be ¥25, and the annual dividend per share will be ¥45 when combined with the already paid interim dividend.

The Company will continue to pursue **sustainable business growth and enhance its corporate value over the medium to long term** by **improving profitability and capital efficiency.**

A 'milestone' on the road to Vision 500: Aiming for high profitability for sustainable growth



Business

Sales in digital business

10 billion yen

**Sales ratio among
end users**

40%

Financial Strategy

**M&A
Investment
Over 5 billion
yen**

Generative AI
New business
Quality and productivity
investment
300 million
yen

Human resources

**New graduate employees
80 people**

Mid-career recruitment
Including second-time new graduates
10 people

Multi-Project Manager 100people

**Business-related
qualifications
800people**

**Advanced Technology
Qualification
500people**

AI training course
participant
1000people

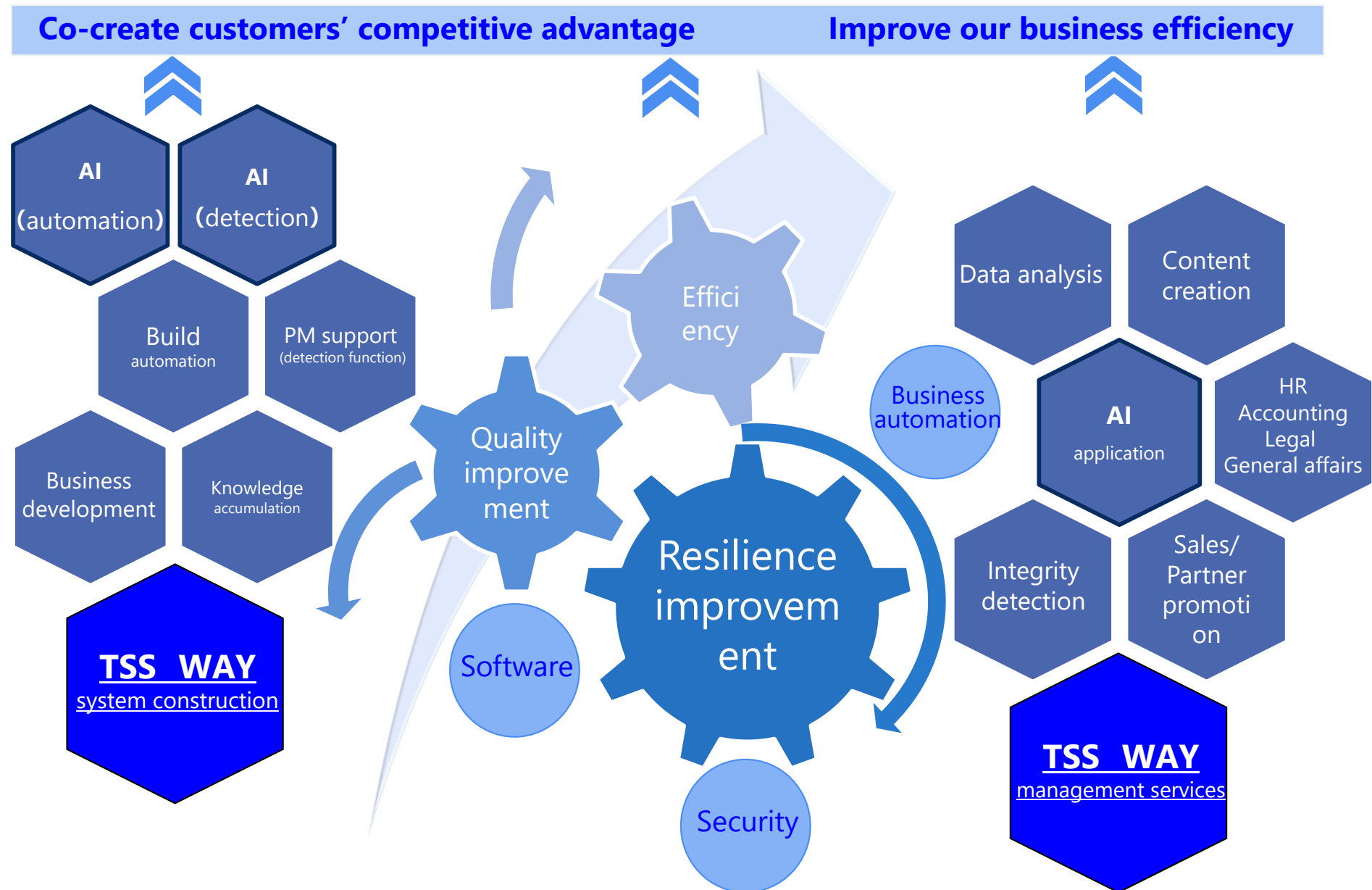
Sustainability DE&I

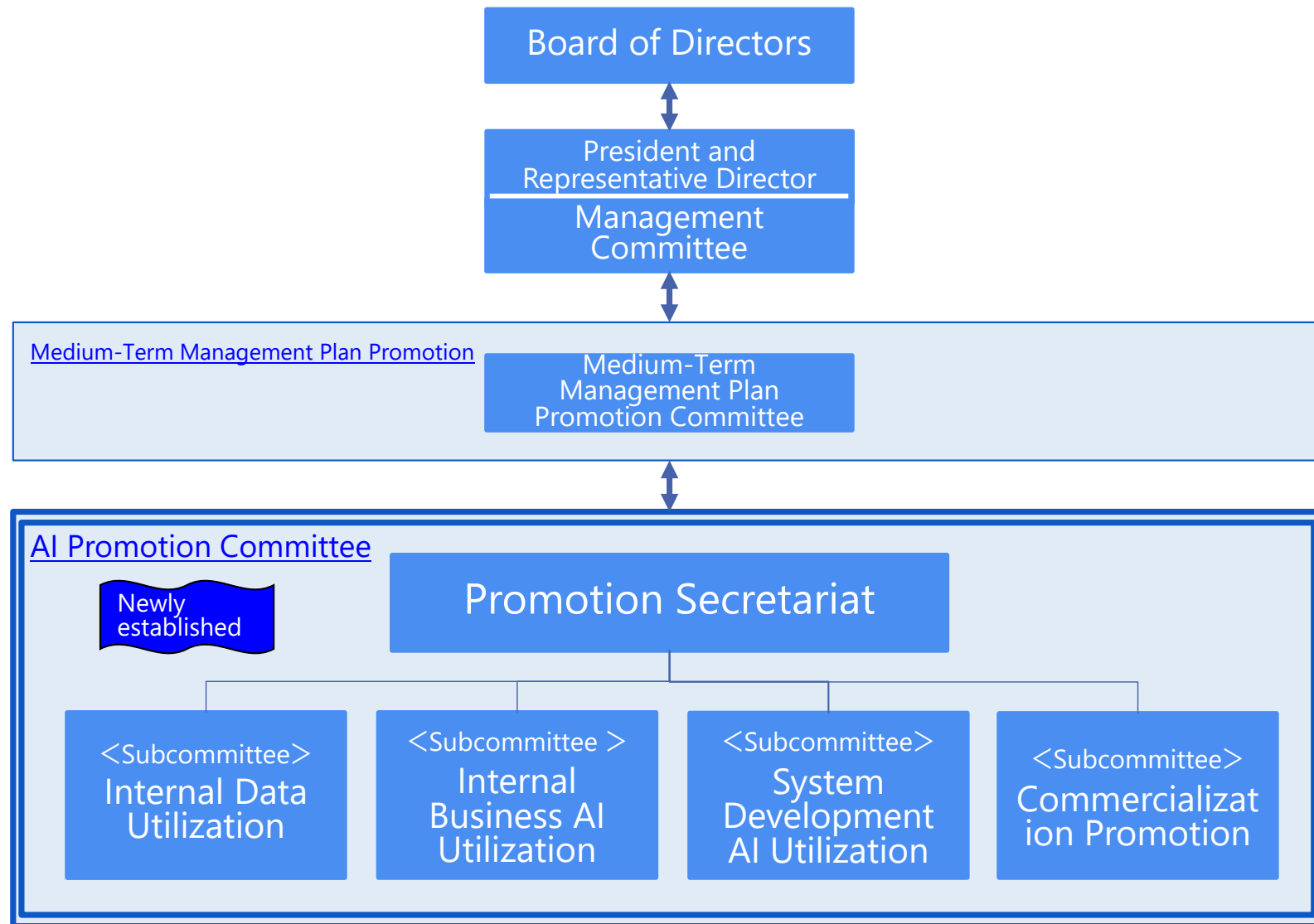
GHG emissions
83t-CO₂

Ratio of female employees
28%

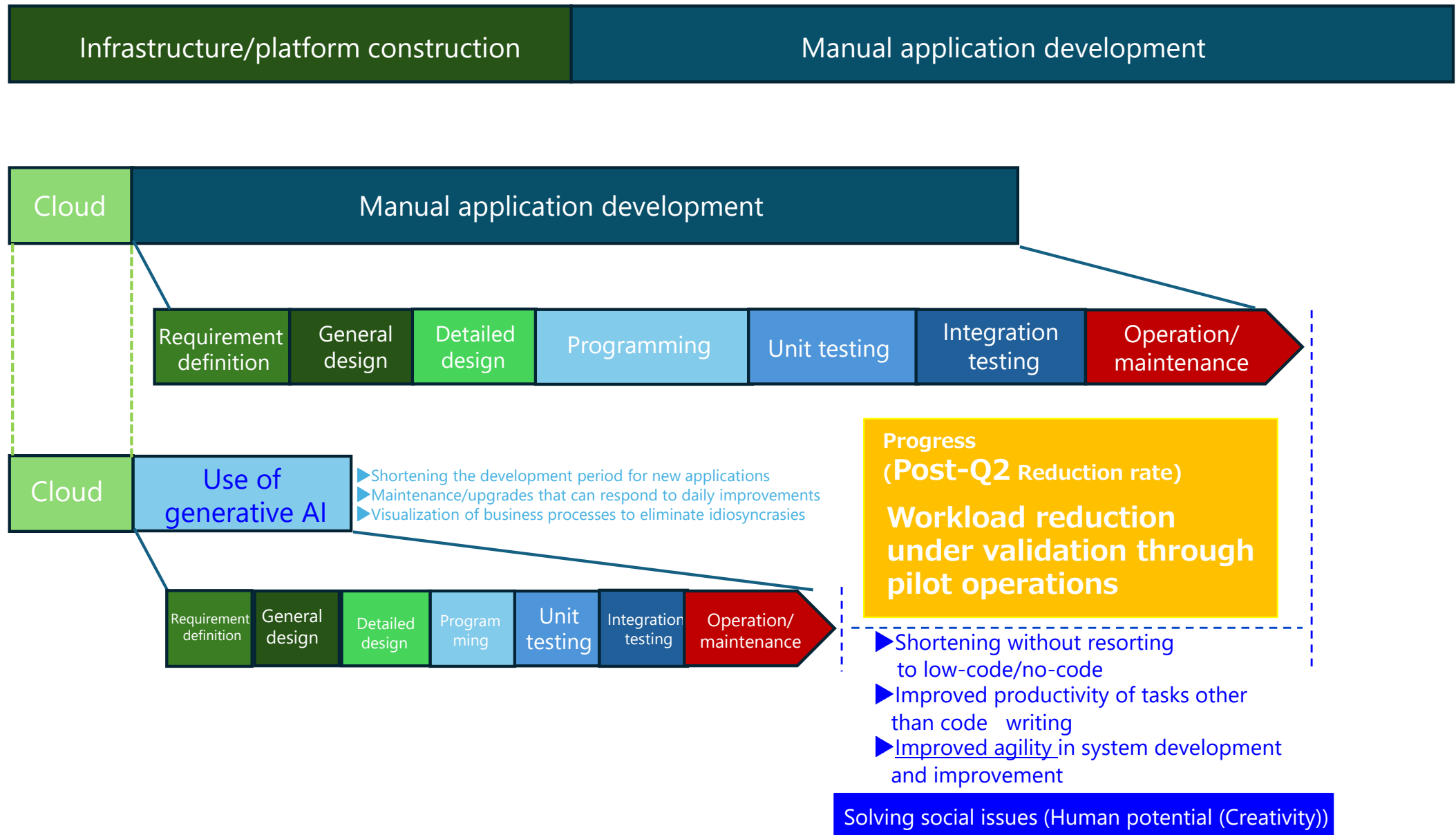
Ratio of female managers
13%

Utilising Generative AI: What We Want to Achieve



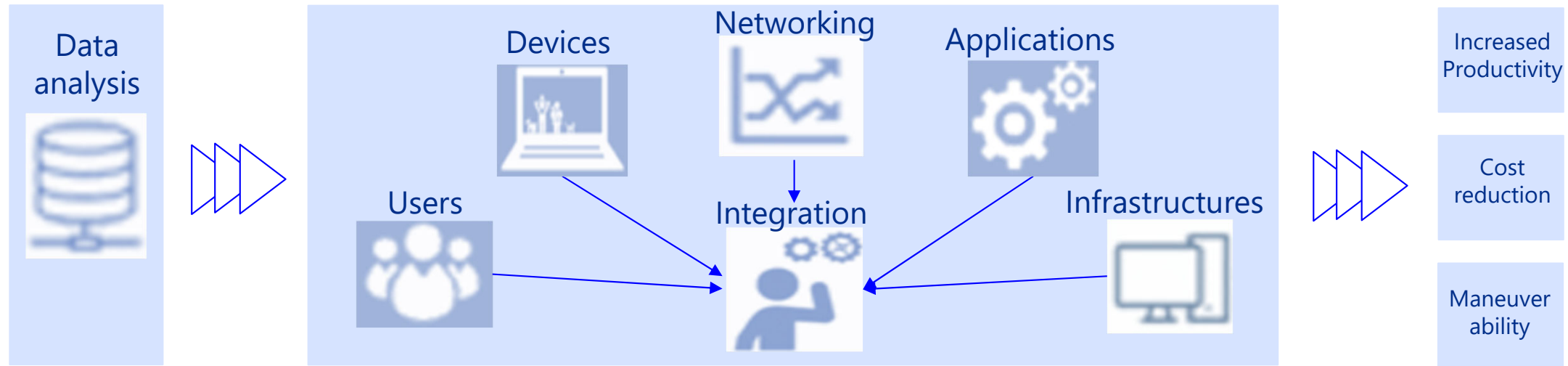


AI Promotion (Development Process Streamlining)



AI Promotion Strategy (Internal Business Streamlining)

◆ Promote the use of AI to improve operational efficiency



Business Efficiency : Promoting Verification



Human capital management

Principle People are our greatest asset.

Mission

Each employee proactively envisions their **career path** and grows toward it, while the company builds an environment that empowers potential and career fulfillment. Through **continuous development and active contribution** by its people, the company **enhances its organizational value**.

Policy

1. Develop systems and a culture enabling diverse **career design**.
2. Build a **growth cycle** that nurtures progress and drives employee success.

Investing in human capital
through development costs to
enhance individual value



TSS 7'Credo

Change



Results

▶ **Generative AI seminars**

Attendance 94.4 %

▶ **Java Silver 100% pass**

New Graduate Employees 47

▶ **Udemy courses – Self development**

Attendee increasing

Implementing employee development using **Udemy Business** to build "Learning Foundation" that supports human capital management



Source: <https://www.benesse.co.jp/udemy/business/case/systemscience.html>

**Human Capital –
Driving Corporate Value**



2. Financial Results for 1Q FY2025

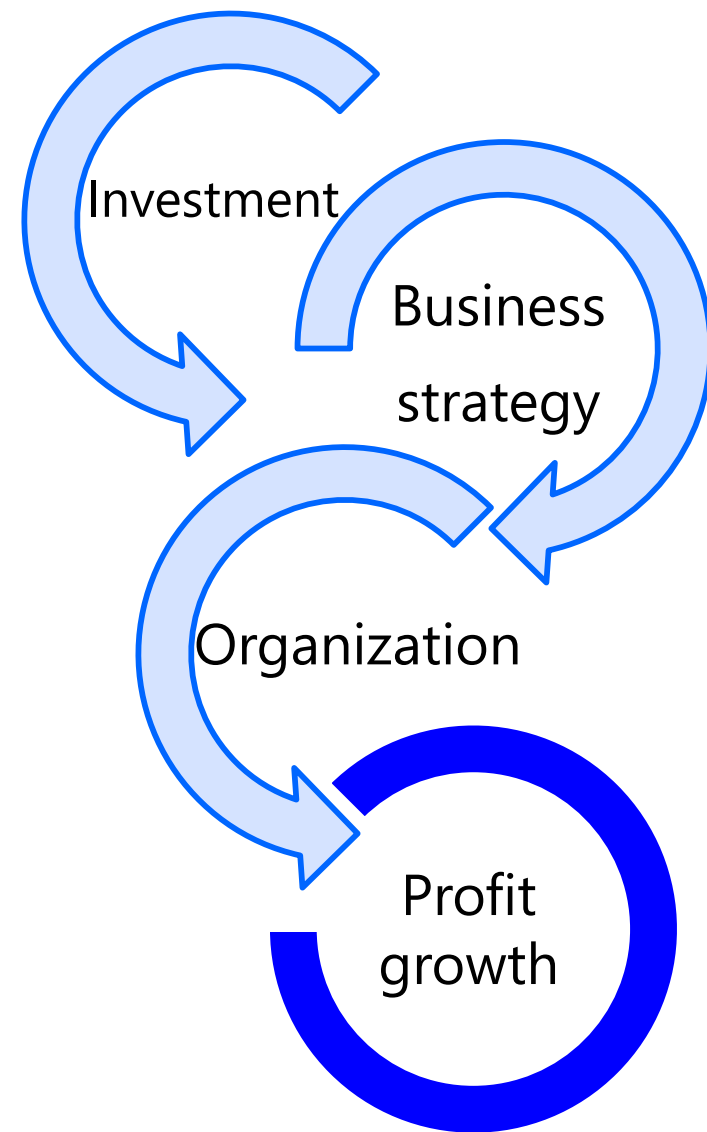


Strengthen sales force using ISA tool

Expand scale of orders utilizing the DX Development and Promotion Center

Receive and expand orders for DX projects

Expand and receive new orders for integration and migration projects



Utilize human resources efficiently through rigorous workload management

Invest in training of new employees (obtain DX and Java certifications)

Enhance partner pool system to strengthen business partner network

Enhance quality through thorough project monitoring

(Millions of yen)

	1Q FY2024 (year-to-date)	1Q FY2025 (year-to date)	Change	Change (%)
Net sales	4,273	4,174	-99	-2.3%
Operating profit (Operating profit margin)	332 7.8%	437 10.5%	105	31.6%
Ordinary profit (Ordinary profit margin)	336 7.9%	442 10.6%	105	31.5%
Profit	231	304	73	31.6%

Net Sales by Segment

(Millions of yen)

Segment		1Q FY2024 (year-to-date)	1Q FY2025 (year-to date)	Change	Change (%)
Software Development		4,184	4,089	-95	-2.3%
	Financial	3,048	2,901	-146	-4.8%
	Non-financial	1,136	1,187	51	4.5%
Information System Service, etc.		88	85	-3	-4.3%
Total		4,273	4,174	-99	-2.3%

Net Sales Analysis by Business Type (Software Development)

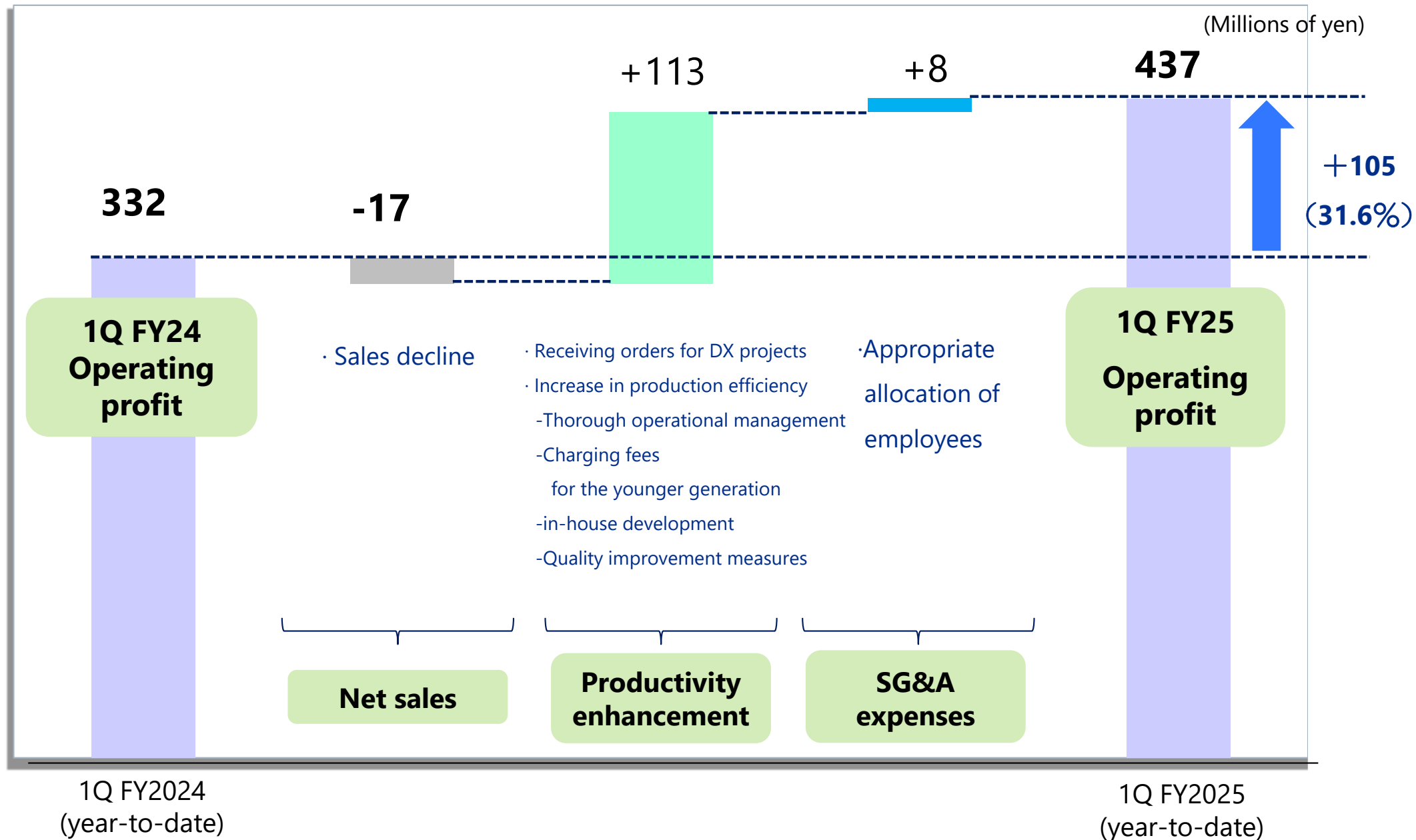
(Millions of yen)

Business Type	1Q FY2024 (year-to-date)	1Q FY2025 (year-to date)	Change	Change (%)
Financial	3,048	2,901	-146	-4.8%
Banking	733	729	-3	-0.5%
Securities	315	284	-30	-9.8%
Life insurance	595	489	-106	-17.8%
Non-life insurance	1,036	982	-54	-5.3%
Other	367	415	48	13.2%
Non-financial	1,136	1,187	51	4.5%
Communication s	406	462	56	13.8%
Other	730	725	-4	-0.6%

Net Sales Analysis (Software Development)

Segment	Business Type	Net Sales Increase/Decrease Factors
Financial	Banking	(-) Conclusion of internet banking development project
	Securities	(-) End of support for internet-based securities projects
	Life insurance	(--) Reduction in payment and new recruitment management development projects
	Non-life insurance	(-) Reduction in multiple core system maintenance projects
	Other	(++) Expansion of package use projects for leasing companies Expansion of core system renewal project for government agencies
Non-financial	Communications	(++) Expansion of organizational structure for infrastructure building and agile development projects
	Other	(+) Expansion of My Number Portal Linkage Service System (-) Reduction of pension agency projects

Operating Profit Analysis



3. Financial Results Forecast for FY2025

Orders Received by Business Type (Software Development)

(Millions of yen)

Business Type		1Q FY2024 (year-to-date)	1Q FY2025 (year-to date)	Change	Change (%)
Financial	Banking	473	462	-10	-2.2%
	Securities	205	190	-15	-7.4%
	Life insurance	315	308	-6	-2.2%
	Non-life insurance	546	548	2	0.4%
	Other	399	262	-137	-34.3%
Non-financial	Communications	272	299	26	9.7%
	Other	324	423	99	30.7%
Total		2,537	2,495	-41	-1.6%

FY2025 Full-Year Performance Forecasts

(Millions of yen)

	FY2024 results	FY2025 forecast	Change	Change (%)
Net sales	17,342	19,000	1,657	9.6%
Operating profit	1,658	1,710	51	3.1%
(Operating profit margin)	9.6%	9.0%		
Ordinary profit	1,627	1,720	92	5.7%
(Ordinary profit margin)	9.4%	9.1%		
Profit	1,194	1,195	0	0.0%

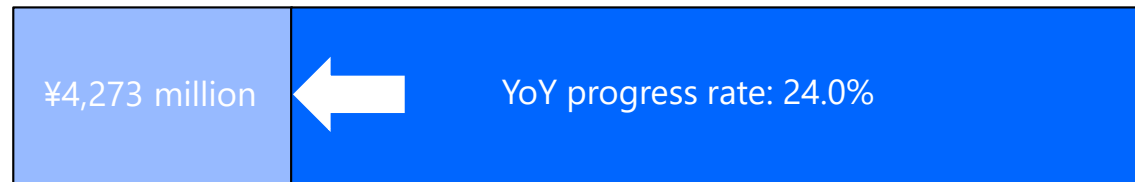
FY2025 Full-Year Performance Forecasts (Progress)

**Both net sales and operating profit have progressed
to approximately 22-26% of the full-year plan.**

Net Sales



FY25 forecast
¥19,000 million

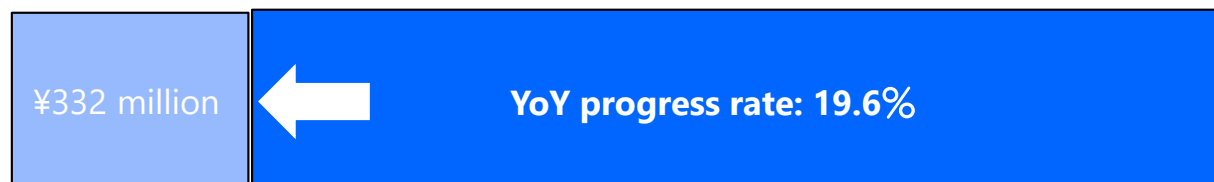


FY24 forecast
¥17,800 million

Operating profit



FY25 forecast
¥1,710 million



FY24 forecast
¥1,700 million

4. Reference

	(Millions of yen)	
	FY24 (Ended March 31, 2025)	1Q FY25 (Ended June 30, 2025)
Assets		
Current assets	11,420	11,430
Non-current assets	1,554	1,667
Total assets	12,975	13,097
Liabilities		
Current liabilities	2,021	2,196
Non-current liabilities	2,132	2,131
Total liabilities	4,154	4,327
Net assets		
Shareholders' equity	8,474	8,345
Valuation and translation adjustment	346	424
Total net assets	8,820	8,769
Total liabilities and net assets	12,975	13,097

A highly trusted company that provides optimal system solutions!

We sincerely appreciate your continued support going forward.

*Disclaimer

The purpose of this document is to provide information on the Company's financial results for the fiscal year ending March 31, 2026, and its future outlook. It is not intended as a solicitation to invest in securities issued by the Company.

The forward-looking statements regarding Toho System Science Co., Ltd. contained in this document reflect judgments made based on information currently available. These statements are subject to change due to inherent uncertainties in forecasts and changes in future business conditions.

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