

# Financial Results for FY2024

May 13, 2025



TOHO SYSTEM SCIENCE CO., LTD.

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

Securities code: 4333 Tokyo Stock Exchange Prime Market

## Contents

**1. Enhancement of Shareholder Return Policy**

**2. Financial Results for FY2024**

**3. Long-Term Management Strategy “Vision500”**

**4. New Medium-Term Management Plan 2027**

**5. Financial Results Forecast for FY2025**

**6. Shareholder Return**

**7. Appendix**

# 1. Enhancement of Shareholder Return Policy

## Dividend increase

Ordinary dividend: ¥25 per share (annual dividend: ¥45 per share)

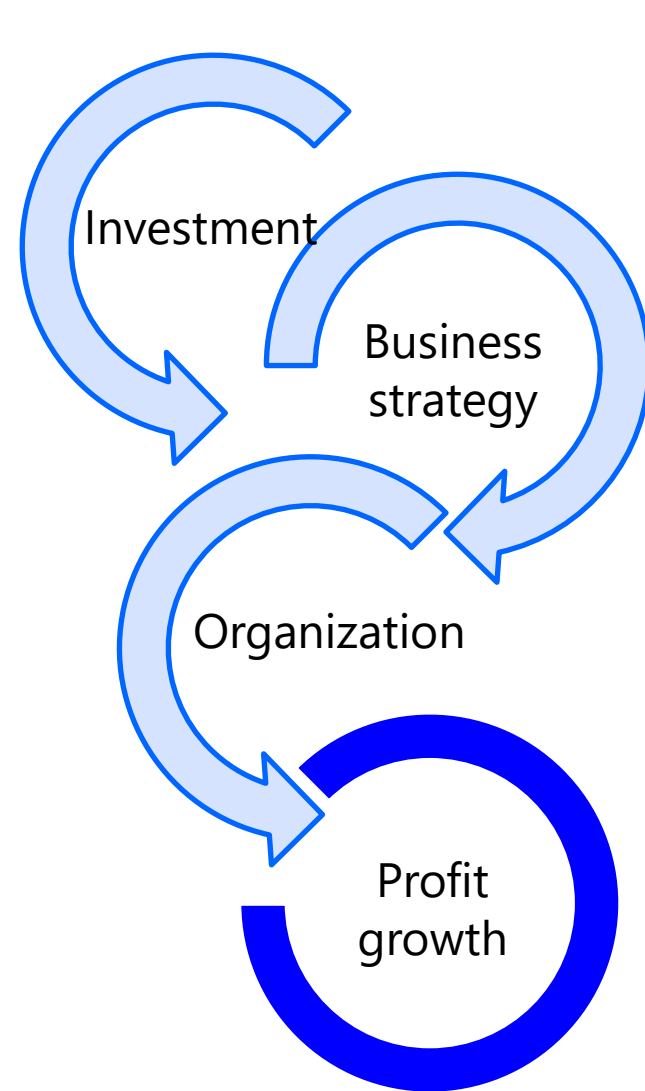
## Basic Policy

Secure long-term stable shareholder returns and funds for business expansion

	Determined amount	Dividend forecast (most recent)	Actual results for the previous fiscal year (FY2023)
Record date	March 31, 2025	March 31, 2025	March 31, 2024
Dividend per share	¥25 Annual: ¥45	¥20 Annual: ¥40	¥20 Annual: ¥40
Total amount of dividends	¥799 million	—	¥730 million
Effective date	June 26, 2025	—	June 24, 2024

## 2. Financial Results for FY2024

# [Orders Received] Focused Initiatives



**Strengthen sales** force through strategic systematization and streamlining of processes

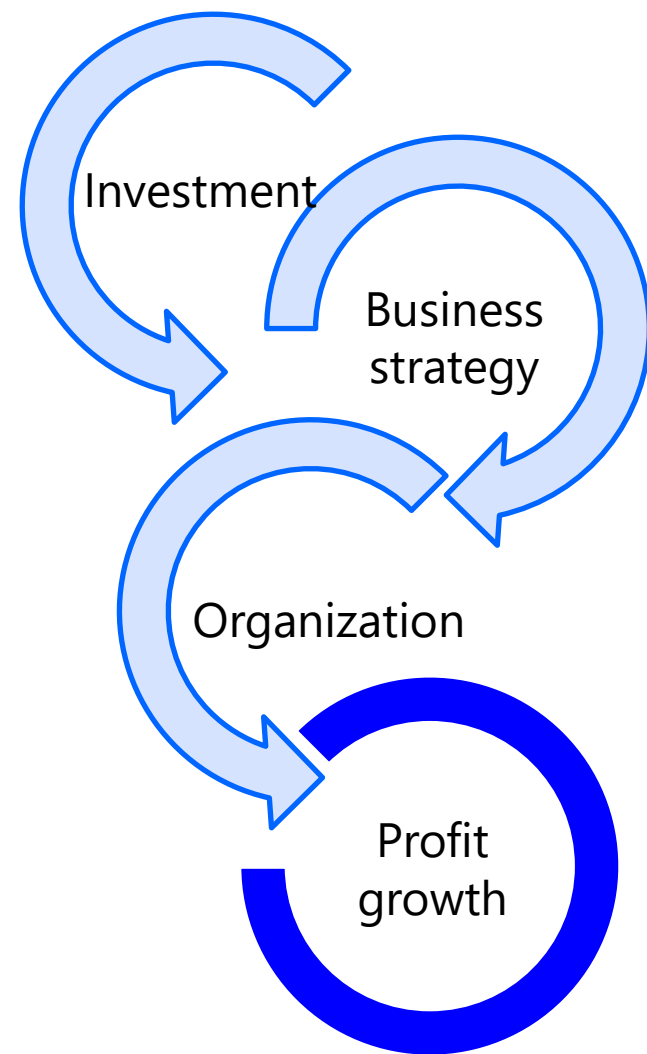
**Expand scale of orders** by utilizing the **DX Development and Promotion Center**

**Receive and expand orders** for **DX projects**

- ◆ Expand projects for **digitalizing administrative procedures**
- ◆ Expand sales channels to **transportation, medical welfare, information services**, etc.
- ◆ Participate in **SaaS business**

**Strengthen sales** in the thriving **banks and card credit areas**

**Expand and receive new orders** for **integration and migration projects**



**Enhance training and properly assign young employees at the DX Development and Promotion Center**

**Invest in training of new employees (obtain cloud, SaaS, and agile certifications)**

**Restructuring human capital management to improve production efficiency**

**Continue partner pool system to increase the number of business partners**

**Enhance project monitoring by PMO organization**

**Invest in IT business (build a sales management system to conduct strategic sales)**

# Performance Highlights

(Millions of yen)

	FY2023	FY2024	Change	Change (%)
<b>Net sales</b>	<b>16,280</b>	<b>17,342</b>	<b>1,062</b>	<b>6.5%</b>
<b>Operating profit</b> (Operating profit margin)	<b>1,574</b> <b>9.7%</b>	<b>1,658</b> <b>9.6%</b>	<b>83</b>	<b>5.3%</b>
<b>Ordinary profit</b> (Ordinary profit margin)	<b>1,583</b> <b>9.7%</b>	<b>1,627</b> <b>9.4%</b>	<b>43</b>	<b>2.8%</b>
<b>Profit</b>	<b>1,082</b>	<b>1,194</b>	<b>112</b>	<b>10.4%</b>



# Net Sales by Segment

(Millions of yen)

Segment	FY2023	FY2024	Change	Change (%)
Software Development	15,898	16,991	1,093	6.9%
Financial	11,889	12,296	406	3.4%
Non-financial	4,008	4,695	686	17.1%
Information System Service, etc.	382	351	-31	-8.2%
Total	16,280	17,342	1,062	6.5%

# Net Sales by Business Type (Software Development)

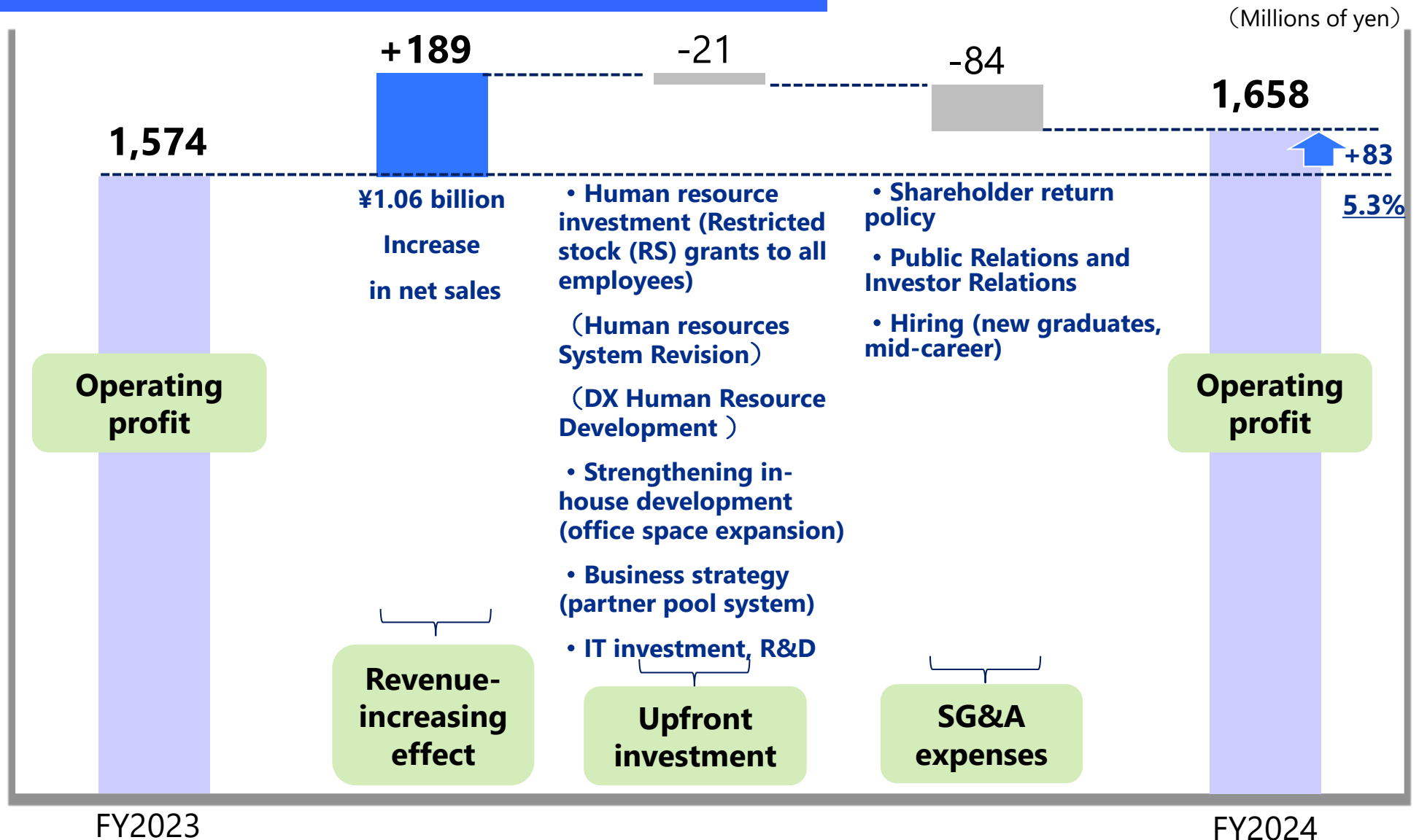
(Millions of yen)

Business Type	FY2023	FY2024	Change	Change (%)
<b>Financial</b>	<b>11,889</b>	<b>12,296</b>	<b>406</b>	<b>3.4%</b>
Banking	<b>2,627</b>	<b>2,979</b>	<b>351</b>	<b>13.4%</b>
Securities	<b>1,307</b>	<b>1,219</b>	<b>-87</b>	<b>-6.7%</b>
Life insurance	<b>2,518</b>	<b>2,482</b>	<b>-36</b>	<b>-1.4%</b>
Non-life insurance	<b>4,317</b>	<b>4,145</b>	<b>-171</b>	<b>-4.0%</b>
Other	<b>1,118</b>	<b>1,469</b>	<b>351</b>	<b>31.4%</b>
<b>Non-financial</b>	<b>4,008</b>	<b>4,695</b>	<b>686</b>	<b>17.1%</b>
Communications	<b>1,805</b>	<b>1,651</b>	<b>-154</b>	<b>-8.5%</b>
Other	<b>2,202</b>	<b>3,043</b>	<b>840</b>	<b>38.2%</b>

# Net Sales Analysis by Business Type (Software Development)

Segment	Business Type	Net Sales Increase/Decrease Factors
Financial	Banking	(++) Promotion of DX at major banks Expansion of internet banking and next-gen RTGS projects
	Securities	(-) End of support for smartphone/internet-based securities projects
	Life insurance	(-) Suspension of large-scale core system renewal project
	Non-life insurance	(-) End of core system renewal project (Expansion of product revision support)
	Other	(+++) Expansion of DX projects in the card/credit area Continuation of core system renewal projects for government agencies
Non-financial	Communications	(-) Major telecommunications carriers downsizing their app development systems
	Other	(+++) Expansion of DX projects in public service, transportation, medical welfare, information service, etc.

# Operating Profit Analysis



### **3. Long-Term Management Strategy “Vision500” (For Further Growth)**

# TSS Economic Vision500 (Background)

Further  
improvement  
of corporate  
value

- ▶ Response to paradigm shifts that transcend industry boundaries
- ▶ Response to customers' shift to in-house production (to become the company of choice)
- ▶ Response to increasingly advanced technology (generative AI)
- ▶ Response to shortage of engineers (drastically strengthen human capital)
- ▶ Changing roles required of IT engineers
- ▶ Efficient management (financing, facilities, system investment, etc.)

Market  
requests  
(PR to the  
market)

- ▶ Prime Market (higher standards)
- ▶ Compliance with the next stage of TOPIX (stricter standards)
- ▶ Demands from institutional investors (investment trust inclusion criteria of ¥30.0–¥50.0 billion or more)
- ▶ Improvement of external presence (improvement of position in the IT industry)

**For  
Customers  
and society**

**As employees**

**For the market**

# Vision500: Our Ideal State (What We Want to Be)

Further  
improvement  
of corporate  
value

## With our customers

For  
customers and society



Producer of solutions  
to social issues



## Together

As employees



Operations × IT × Competencies



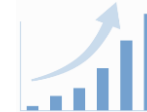
Market  
requests  
(PR to the  
market)

## Creating the future

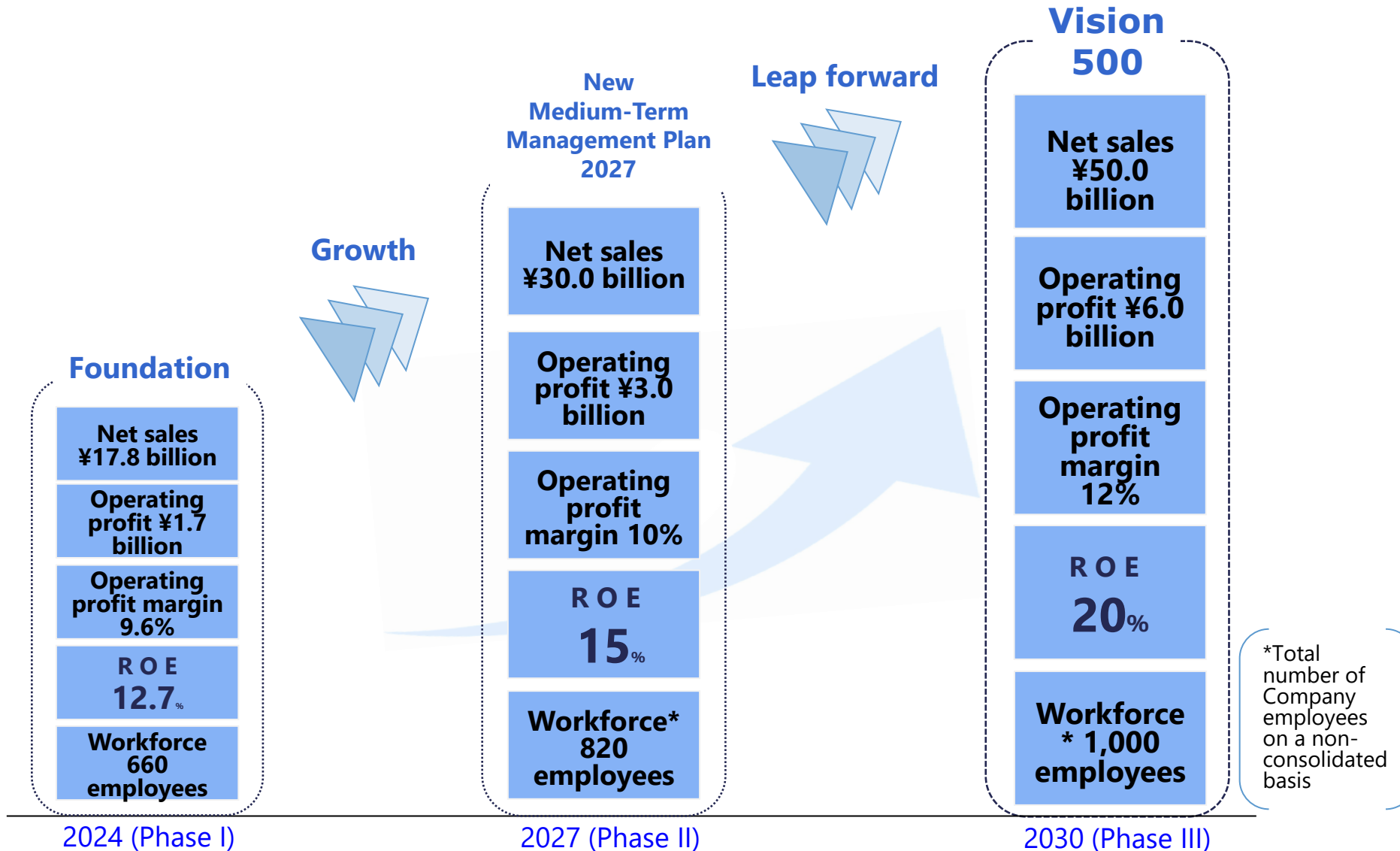
For the market



Solid presence  
in the TSE Prime Market



# Vision500: Our Ideal State (Numerical Targets)





# Basic Policy 1: Expansion through M&A and Business Alliances

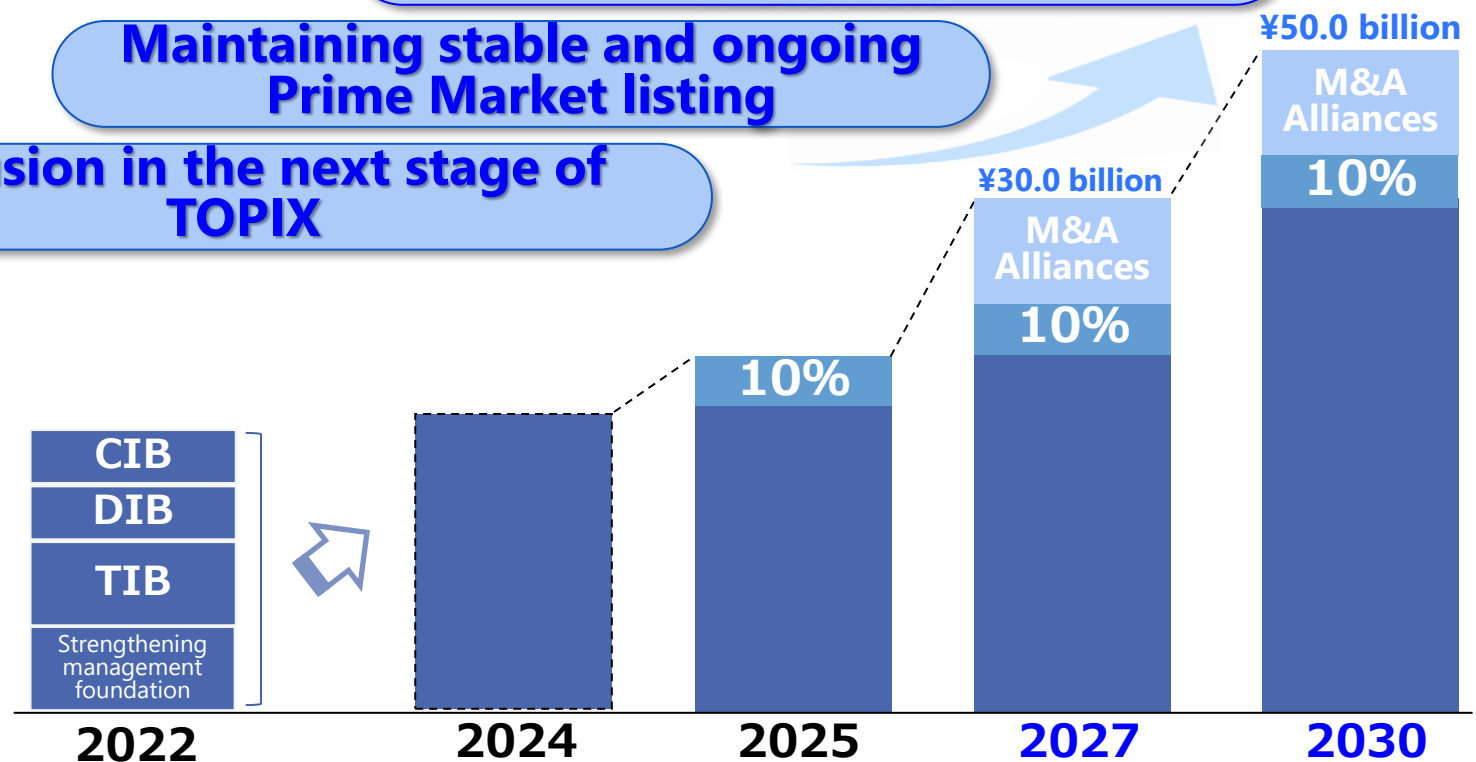
**10% growth + M&A and business alliances  
→ ¥50.0 billion in net sales**

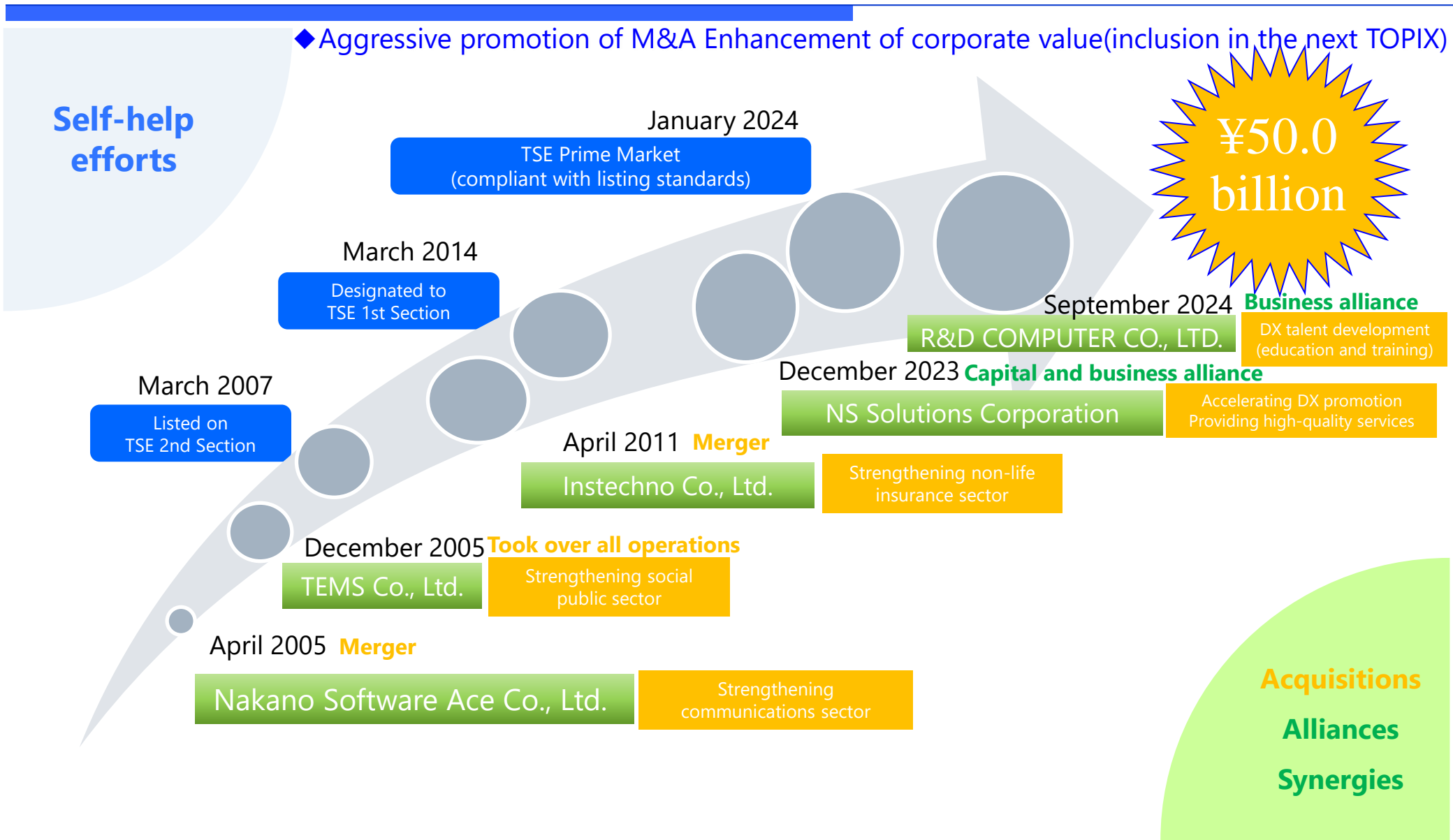
**Fostering employee satisfaction  
(pride)**

**Being the only partner for our  
customers**

**Maintaining stable and ongoing  
Prime Market listing**

**Inclusion in the next stage of  
TOPIX**



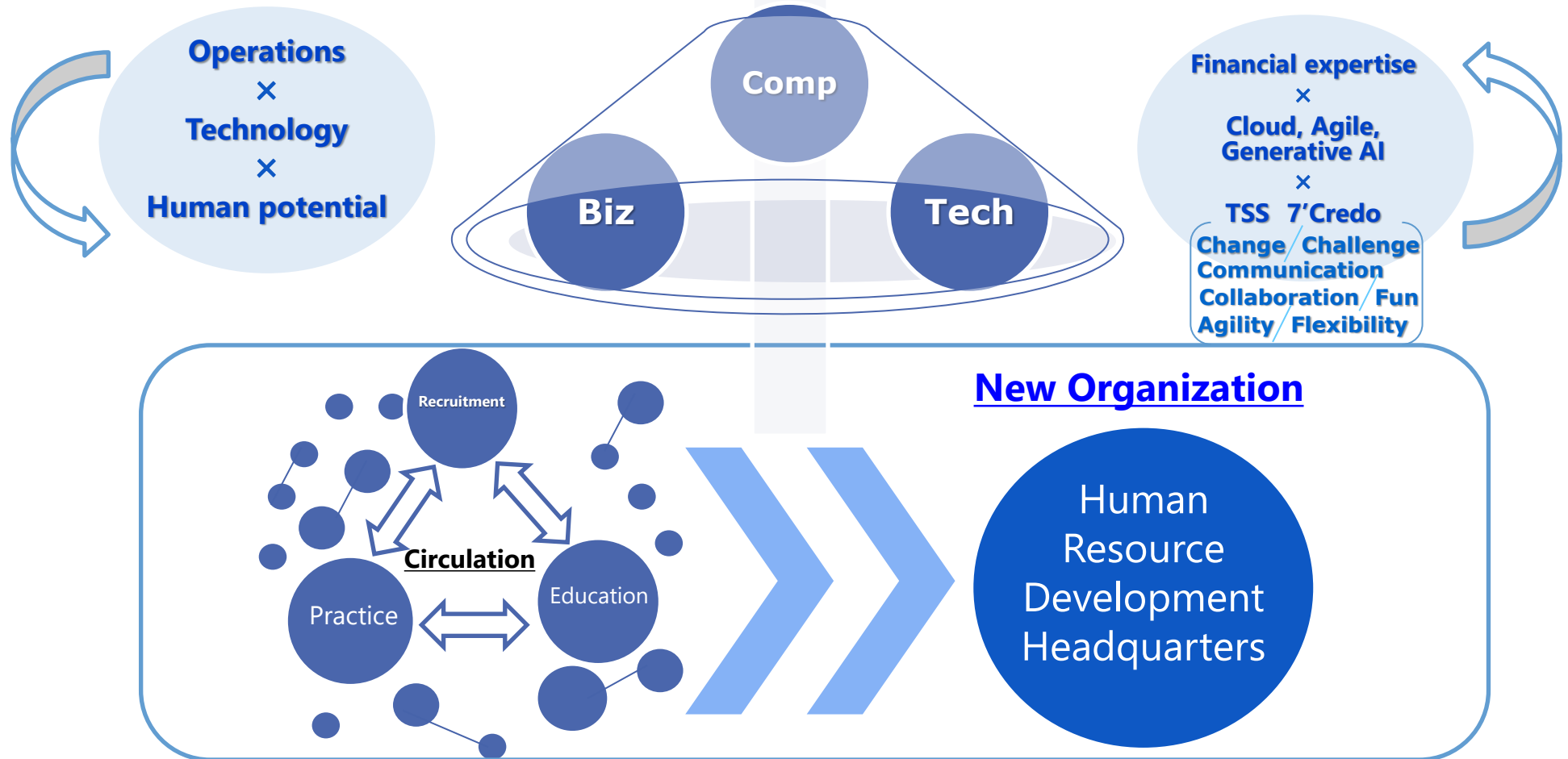


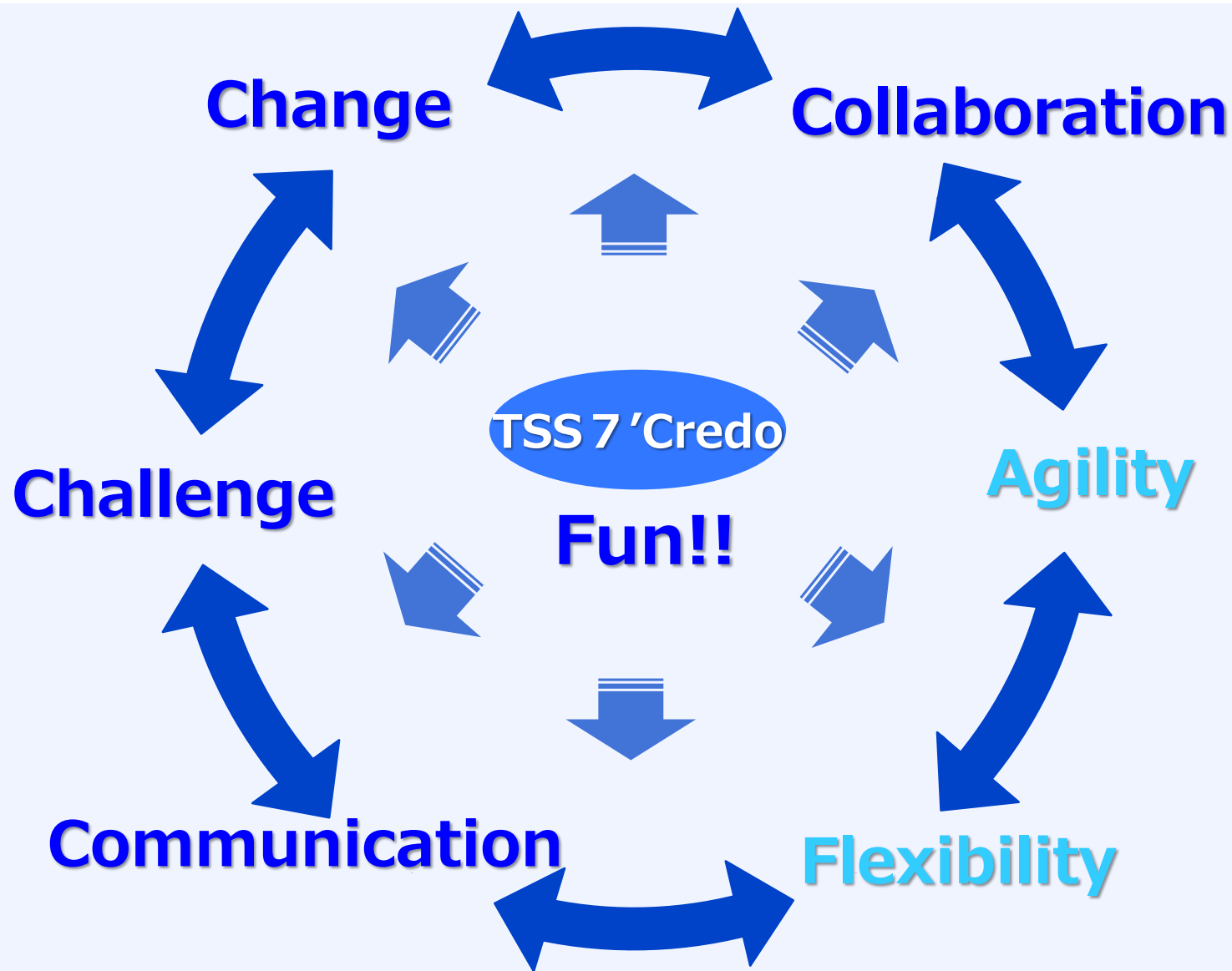
# Basic Policy 2: Drastically Strengthen Human Capital

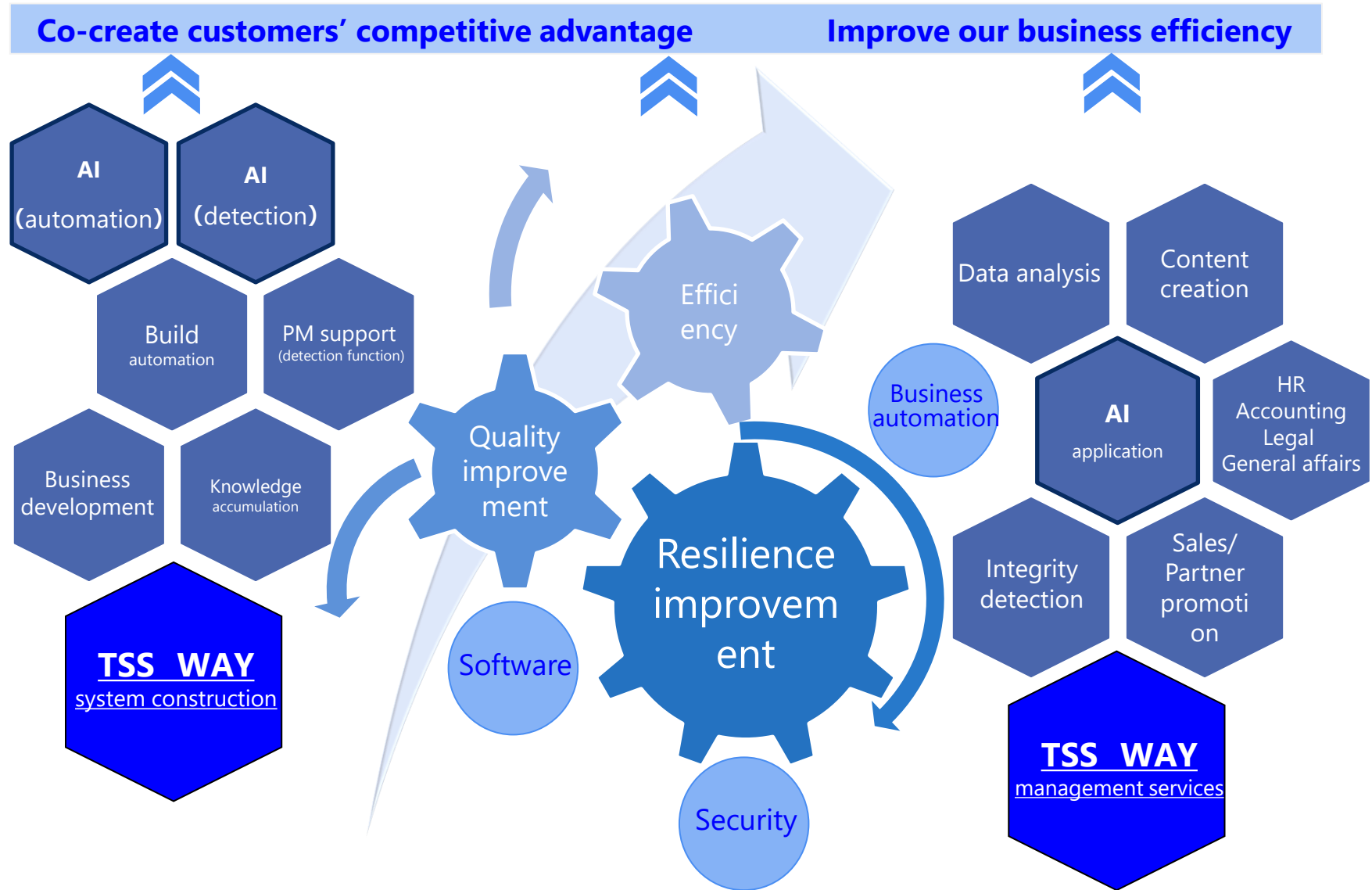
**Biz × Tech × Comp\***

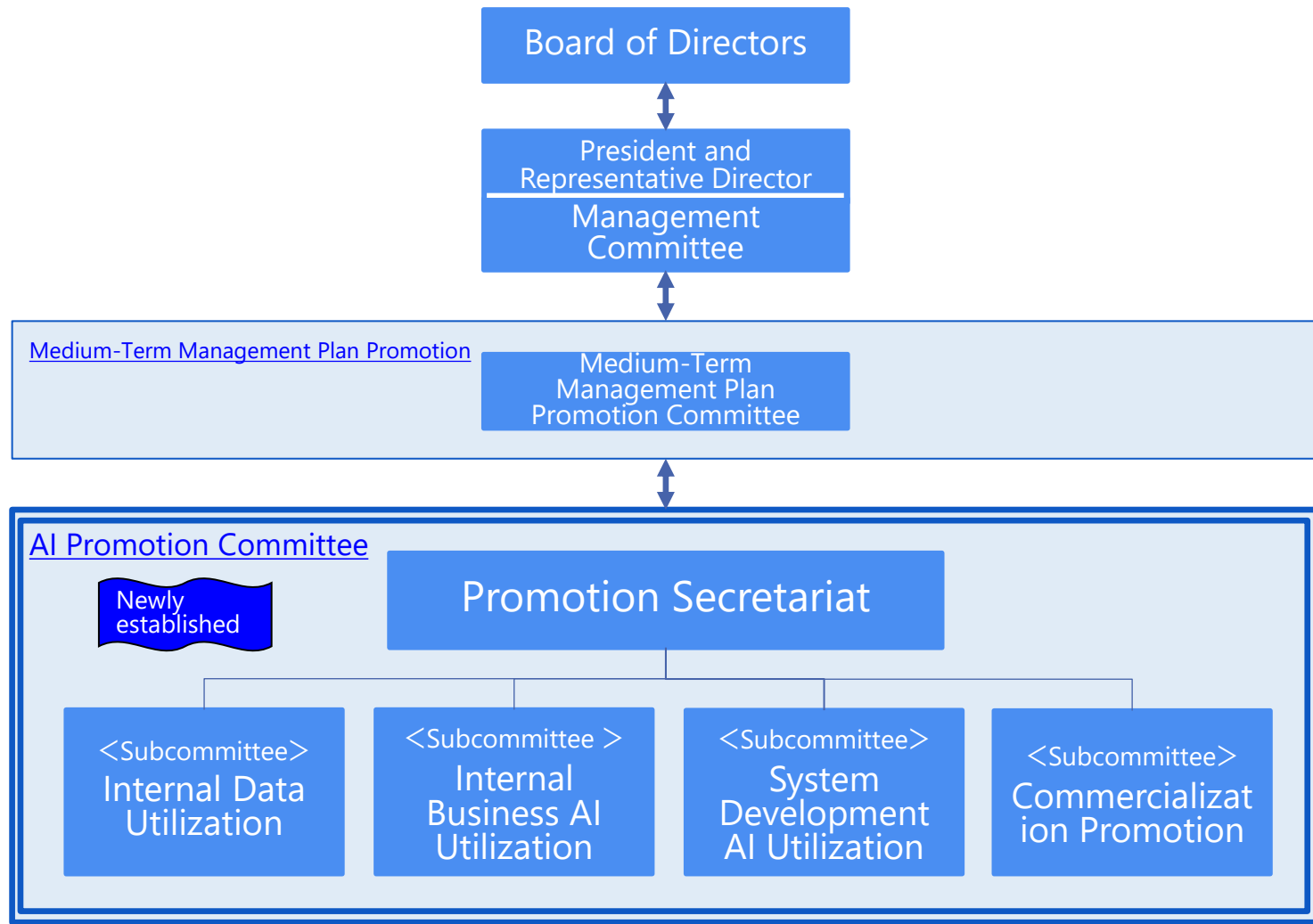
\*Comp=competency

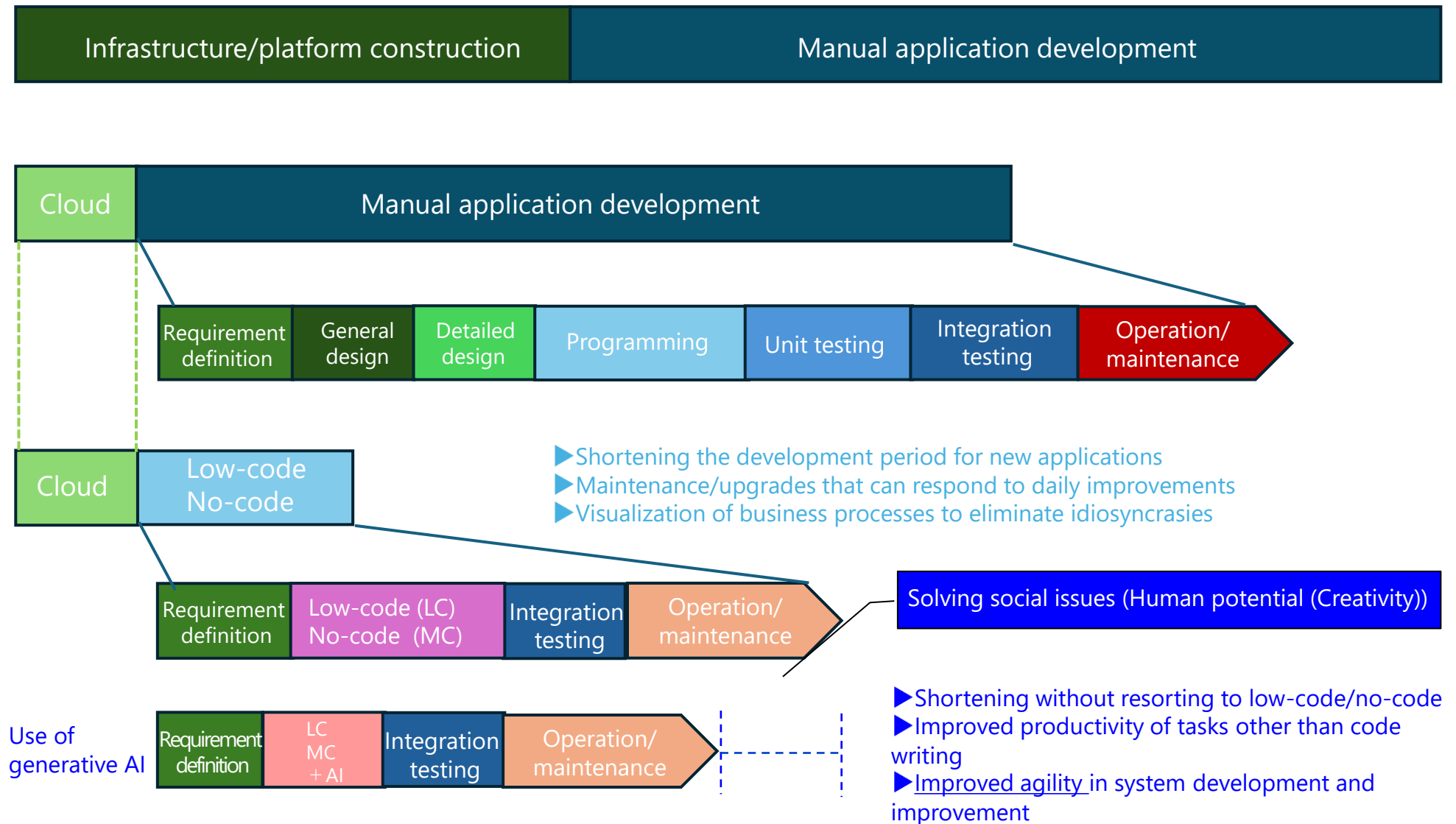
**TSS Evolution of Education**



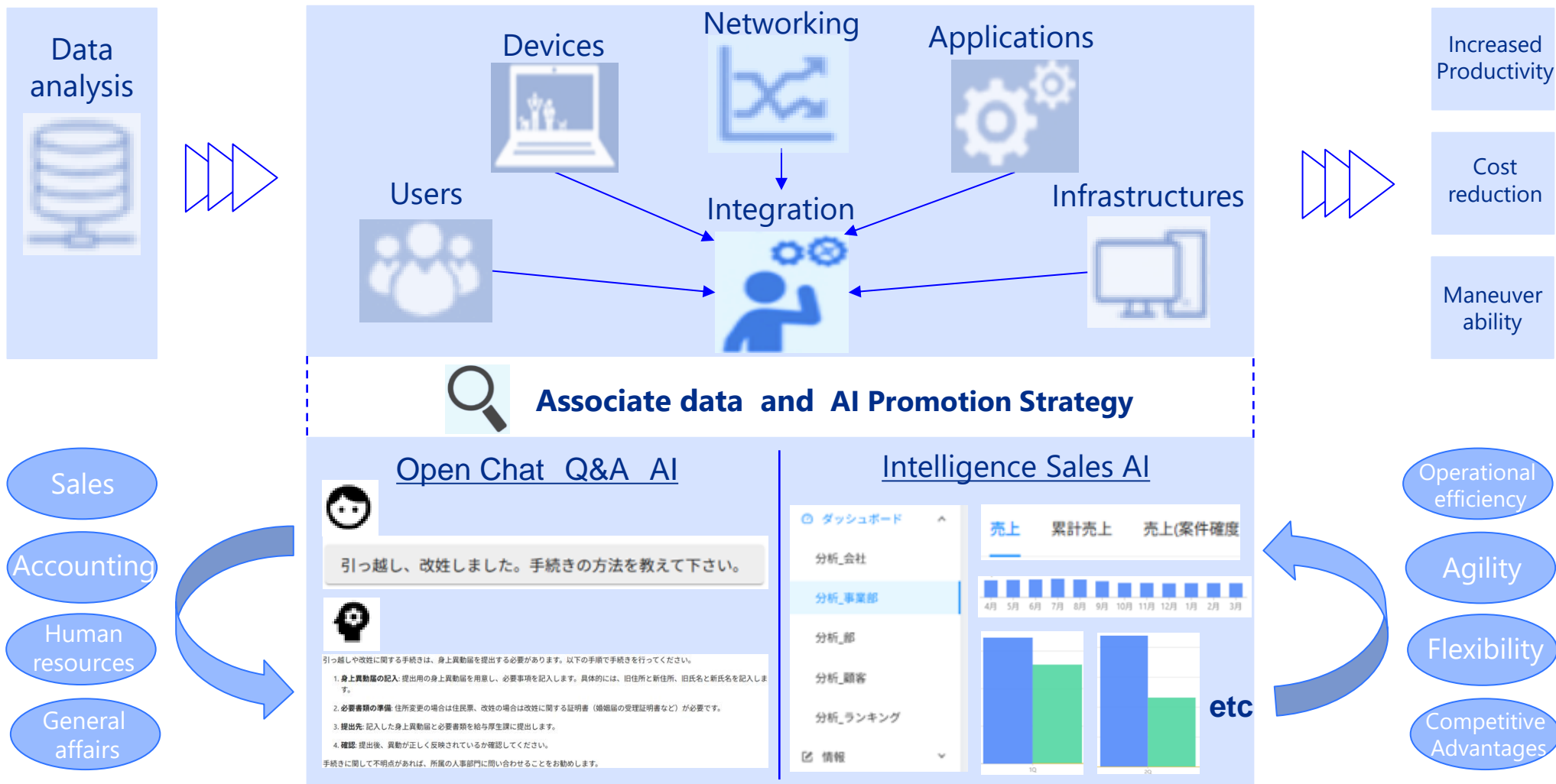








◆Promote the use of AI to improve operational efficiency





# Vision500: Our Ideal State (Overview)

## Issue (Changes in the external environment)

Path leading to further growth by reading the social and economic climate and recognizing the background of issues

New technological innovation  
(4th industrial revolution)

Domain-independent systems

Qualities of next-generation SEs in the rapidly changing DX era

Expansion of scale in line with the revised rules of the next stage of TOPIX

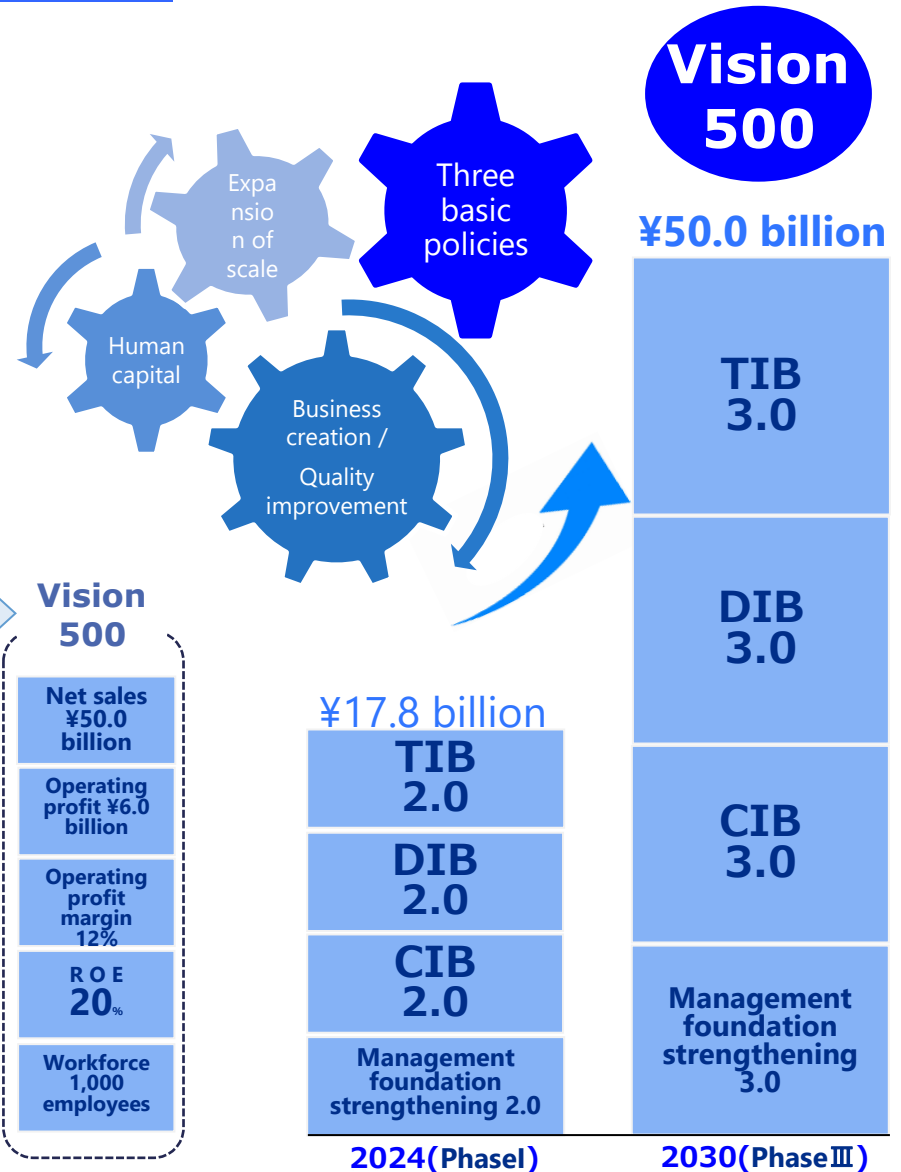
## To—Be (what we want to be)

For Client , Employee , and Society

Demonstrate a strong presence in the Prime Market and aim for net sales of ¥50.0 billion

Unchanging slogan: “**Creating the future with our customers**”

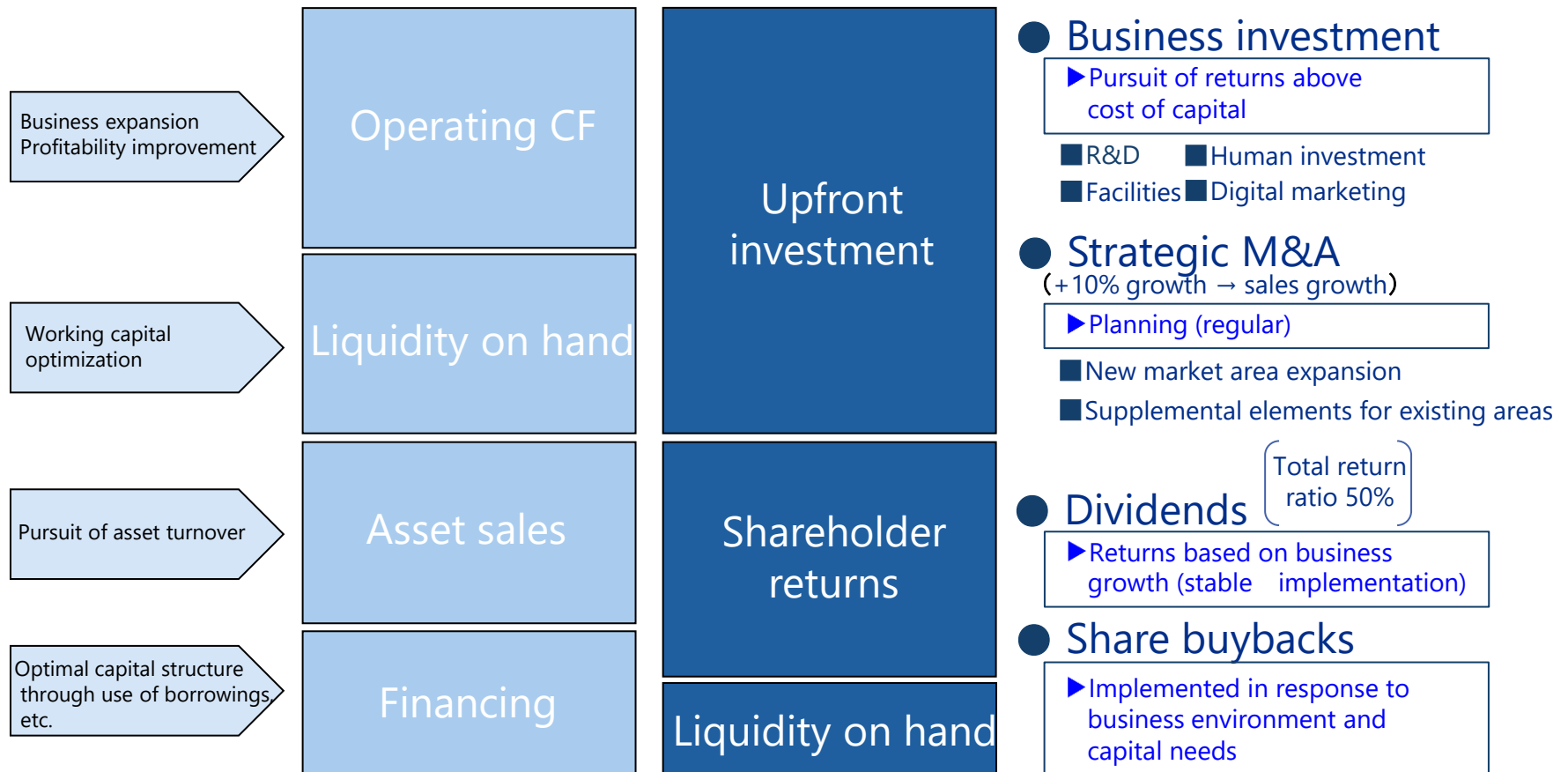
- ▶ (For customers and society)  
Producer of solutions to social issues
- ▶ (As employees)  
Operations × IT × Competencies
- ▶ (For the market)  
Solid presence in the Prime Market



# Capital Allocation Strategy (Including Shareholder Return)

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.



## **4. New Medium-Term Management Plan 2027 (Milestone)**

# Matters to Focus On (Direction and Initiatives) 1

Challenges		Direction	Initiatives
1 Improvement of recurring revenue	▶	<ul style="list-style-type: none"> <li>• Expand orders in non-financial areas such as communications, manufacturing and logistics</li> <li>• Stabilize orders for public sector projects</li> </ul>	<ul style="list-style-type: none"> <li>• Aim for non-financial ratio of about 30%</li> <li>• Handle maintenance for end-users in both financial and non-financial sectors</li> <li>• Collaborate with partner companies</li> </ul>
2 Focusing on digital business	▶	<ul style="list-style-type: none"> <li>• Expand into high value-added DX development</li> <li>• Develop both apps and infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• "Cloud infrastructure setup," the keystone of DX infrastructure</li> <li>• "Agile development," a standard process in DX development</li> <li>• Business development utilizing "Generative AI"</li> <li>• Create new businesses such as digital securities</li> </ul>
3 Expansion of service business	▶	<ul style="list-style-type: none"> <li>• Strengthen alliances and make progress in M&amp;A</li> <li>• Investigate and research domestic and overseas products</li> </ul>	<ul style="list-style-type: none"> <li>• Utilize products with partner companies</li> <li>• Promote new services</li> <li>• Develop solutions to integrate domestic and overseas products</li> </ul>
4 Expansion of end-user transactions	▶	<ul style="list-style-type: none"> <li>• Interact with end-users (co-creation perspective)</li> <li>• Support customers' in-house production</li> </ul>	<ul style="list-style-type: none"> <li>• Be creative, strengthen collaboration, and increase the number of direct contracting projects</li> <li>• Further expand the earnings base to become a company that solves social Issues</li> </ul>

# Matters to Focus On (Direction and Initiatives) 2

Challenges	Direction	Initiatives
<b>5</b> Improvement of software quality and productivity	<ul style="list-style-type: none"> <li>• Establish operations to ensure quality in contracted development</li> <li>• Utilize AI</li> </ul>	<ul style="list-style-type: none"> <li>• Restructure through TSS development standard (TSS-Way)</li> <li>• Promote automation of software development</li> <li>• Improving Internal Productivity through the use of Digital Technology</li> </ul>
<b>6</b> Management conscious of cost of capital and stock price	<ul style="list-style-type: none"> <li>• Respond to changes in TSE rules</li> <li>• Raise market capitalization with business scale expansion</li> <li>• Increase stock price (outperform current stock price)</li> <li>• Consider shareholder return policies</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic IR (inclusion in the next stage of TOPIX)</li> <li>• Strengthen alliances and promote M&amp;A</li> <li>• Formulate capital allocation</li> <li>• Optimize shareholder composition</li> </ul>
<b>7</b> Drastic strengthening of human capital	<ul style="list-style-type: none"> <li>• Review human resource development system (training, recruitment)</li> <li>• Increase salaries, review wage structure and related systems</li> <li>• Promote DE&amp;I</li> </ul>	<ul style="list-style-type: none"> <li>• Establish Human Resource Development Headquarters (Utilize human resources' qualities, mindsets, experiences, etc.)</li> <li>• Drastic reform of personnel system (Foster job satisfaction)</li> <li>• Increase percentage of women (Managers, executives)</li> </ul>
<b>8</b> Strengthening of governance/ Promotion of environmental management	<ul style="list-style-type: none"> <li>• Hold dialogue (consideration and discussion) on acquisitions</li> <li>• Translate disclosures into English</li> <li>• Respond to sustainability assessment organization (CDP)</li> <li>• Recognize cyber risk issues</li> </ul>	<ul style="list-style-type: none"> <li>• Recognize activist trends, build response systems</li> <li>• Public relations (branding by promoting dialogue)</li> <li>• Value chain engagement</li> <li>• Build cyber risk governance structure</li> </ul>

Innovate

## [TIB3.0] Traditional IT Business 3.0

[Policy] Maintain and manage customers' valuable software assets at a high-quality level

Challenge

## [DIB3.0] Digital IT Business 3.0

[Policy] Support customers in solving problems and adding value by utilizing the latest technologies

Create

## [CIB3.0] Create IT Business 3.0

[Policy] Contribute to companies and society with solution services we create

Strengthen

## Management foundation strengthening 3.0

[Policy] Management conscious of cost of capital and stock price, drastic strengthening of human capital, enhancement of governance, and environmental management

Slogan: **“Creating the future with our customers”**

Action Guidelines: **“TSS 7’Credo”**

Phase I “Foundation Formation” Results  
(2022 – 2024)

◆ Management

- Compliance with TSE Prime Market listing standards

◆ Business

- DX expansion
- Revenue opportunity expansion  
(in line with increased corporate IT investment, DX demand, etc.)

◆ Sustainability

- Dialogue promotion
- CO<sub>2</sub> emissions reduction

《 Focus Areas 》

Improvement of recurring revenue

Focusing on digital business

Expansion of service business

Expansion of end-user transactions

Improvement of software quality and productivity

Management conscious of cost of capital and stock price

Drastic strengthening of human capital

Strengthening of governance,  
promotion of environmental management

<Phase II “Growth” (2025–2027)>

For Client , Employee , and Society

◆ KPIs (Performance Targets)

Net sales ¥30.0 billion

Operating profit ¥ 3.0 billion (ratio10%)

R O E 15% / Total return ratio 50%

● Fusion of axes of growth and change

T I B3.0

D I B3.0

C I B3.0

Strengthening management  
foundation 3.0

- Human resource development
- Promotion of business efficiency
- Risk control management
- Enhancement of governance

Demonstrating a strong presence in  
the Prime Market → **Net sales ¥50.0 billion**

**Vision  
500**

# KPIs (Performance Targets)

→ P.25 「Vision500 (Overview)」



Milestone on the way to Vision500: Aiming to achieve high profitability for sustainable growth

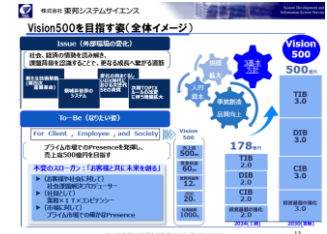
( Millions of yen )

Classification	Indicators	FY2024 (Planned)	FY2027 (Target)	Change
Business revenue	Net sales	17,800	30,000	12,200
	Operating profit	1,700	3,000	1,300
	Operating profit ratio	9.6%	10.0%	0.4%
Financial indicators	R O E	12.7%	15.0%	2.3%
	Total return ratio	(Newly)	50.0%	—



# KPIs (Business, Financial/Investment, Other)

→ P.25 「Vision500 (Overview)」



Milestone on the way to Vision500: Aiming to achieve high profitability for sustainable growth

## Business

Digital business sales ¥10.0 billion

End-user sales ratio 40%

## Finance & Investment

M&A investment ¥5.0 billion or more

Investments in generative AI, new businesses, quality and productivity ¥300 million

## Human resources

New graduate hires 80

Mid-career hires 10 (including recent graduates with work experience)

Multi-role PMs 100

Qualified professionals 800

Advanced technology professionals 500

AI training participants 1,000

## Sustainability DE&I

GHG emissions 83 t-CO<sub>2</sub>

Ratio of female employees 28%

Ratio of female managers 13%

This document has been translated from the Japanese original for reference purposes only.  
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



May 13, 2025

Company name: TOHO SYSTEM SCIENCE CO., LTD.  
Representative: Tomoyasu Kosaka, President,  
Representative Director  
(Securities code: 4333; TSE Prime  
Market)  
Inquiries: Masayo Sunaga, Director, General  
Manager, Corporate Administration  
(Telephone: +81-3-3868-6060)

## 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

As stated in the lefthand **"Notice Regarding Dividend of Surplus (Dividend Increase) "** at the request of the Tokyo Stock Exchange, **companies listed on the Prime Market are required to disclose financial statements and timely disclosure information in English as well as Japanese from April 1, 2025.**

As part of our efforts to promote dialogue, we have provided English summaries of certain disclosures.

**Going forward, we aim to promote further communication by continuing to engage in dialogue with domestic and international investors to deepen their understanding of our company's importance. Through these efforts, we aim to increase our corporate value, achieve growth, and return solid profits to our shareholders.**

## 5. Financial Results Forecast for FY2025

# Orders Received by Business Type (Software Development)

(Millions of yen)

Business Type		FY2023	FY2024	Change	Change (%)
Finance	Banking	519	509	-9	-1.9%
	Securities	251	242	-8	-3.5%
	Life insurance	327	273	-53	-16.5%
	Non-life insurance	540	560	19	3.7%
	Other	467	349	-118	-25.3%
Non-finance	Communications	322	315	-7	-2.3%
	Other	344	349	5	1.5%
Total		2,773	2,600	-172	-6.2%

# FY2025 Full-Year Performance Forecasts

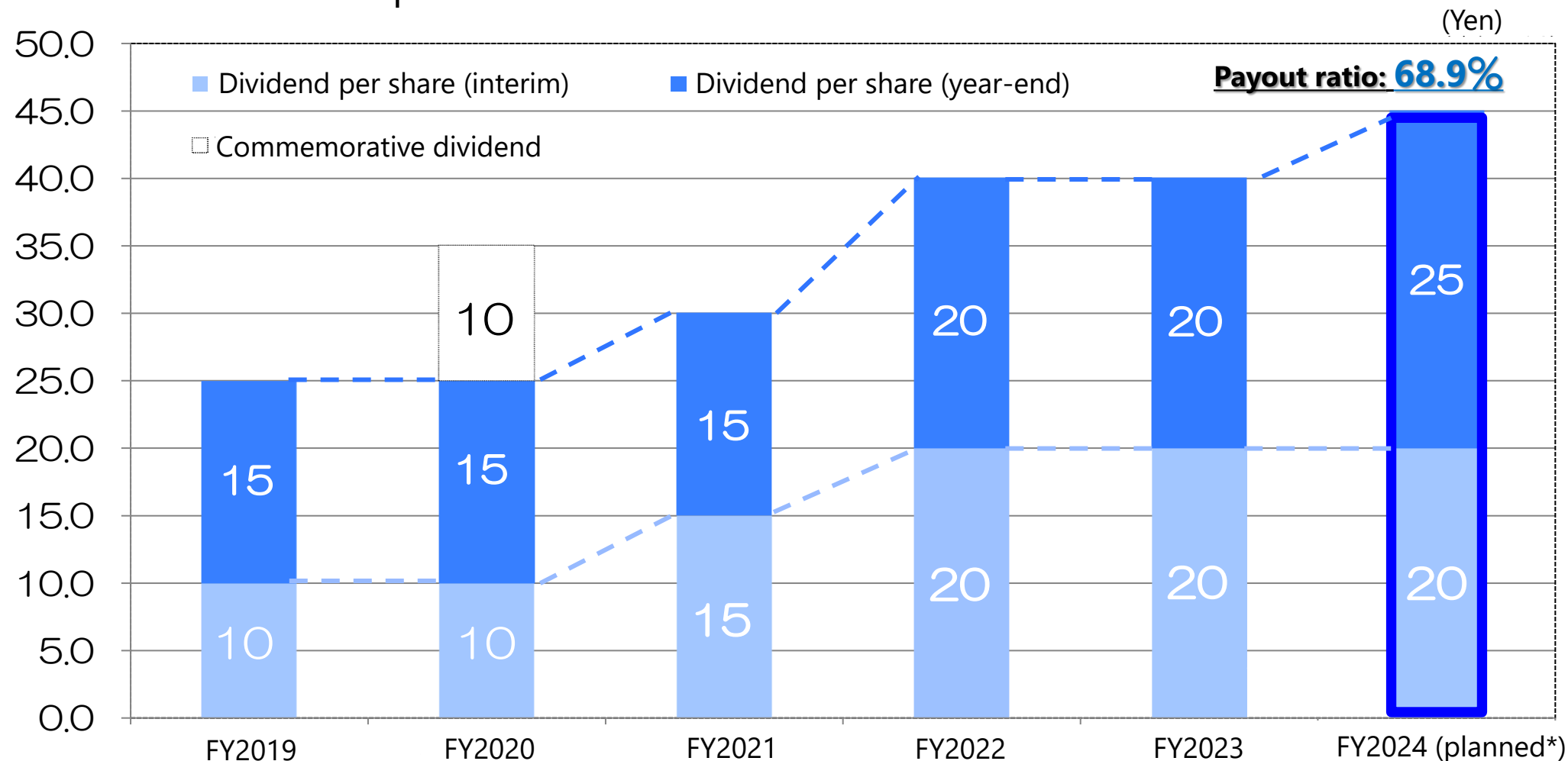
(Millions of yen)

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

## 6. Shareholder Return

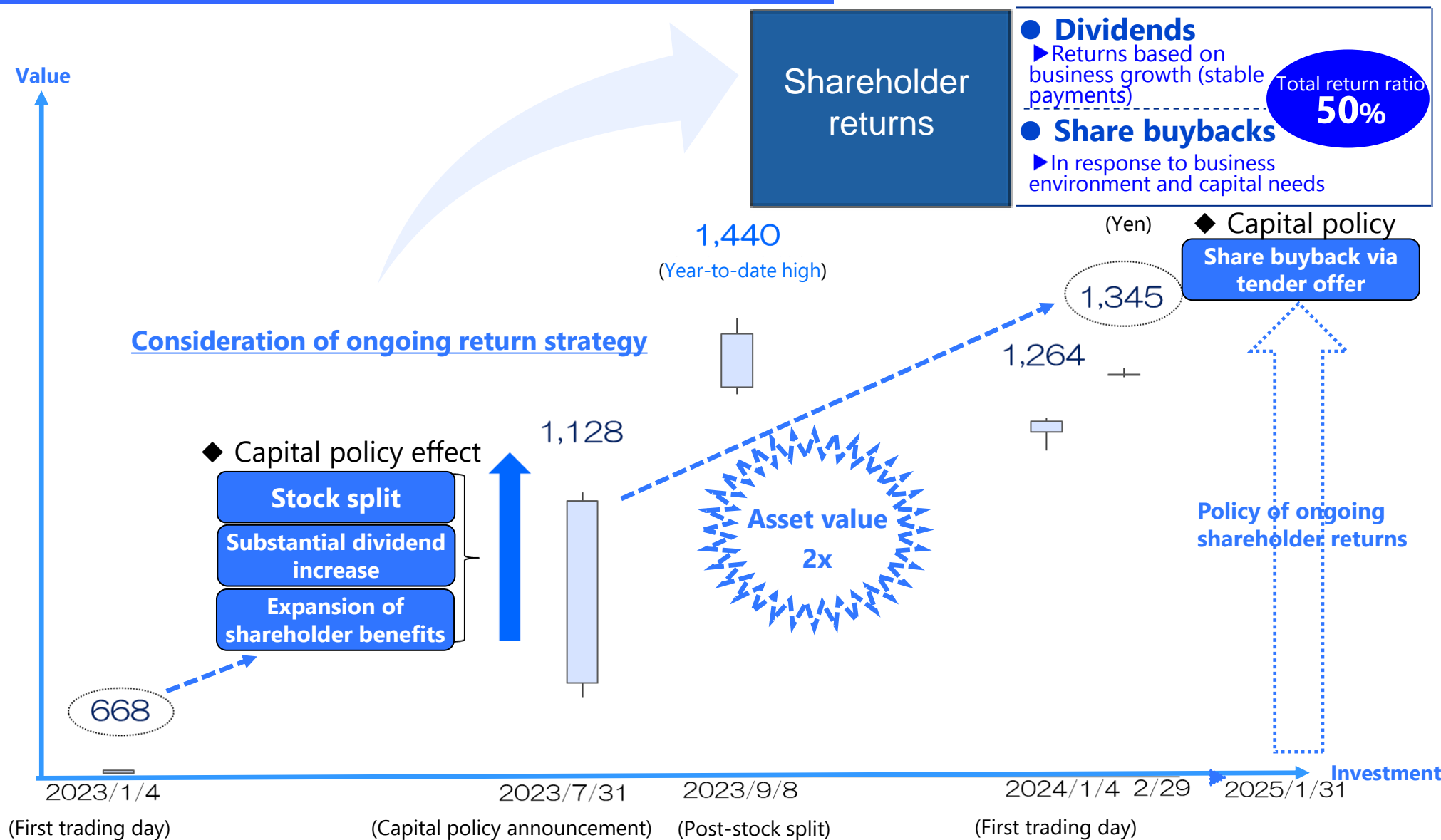
## Basic Policy

Secure long-term stable shareholder returns and funds for business expansion



\* To be proposed at the 54th Annual General Meeting of Shareholders to be held on June 25, 2025.

# [Shareholder Return (Strategy)] Total Return Ratio of 50%





## 7. Appendix

(Millions of yen)

As of March 31, 2024

As of March 31, 2025

## Assets

Current assets	12,008	11,420
Non-current assets	1,468	1,554
Total assets	13,477	12,975

## Liabilities

Current liabilities	2,052	2,021
Non-current liabilities	2,059	2,132
Total liabilities	4,111	4,154

## Net assets

Shareholders' equity	9,063	8,474
Valuation and translation adjustments	301	346
Total net assets	9,365	8,820
Total liabilities and net assets	13,477	12,975

*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, 2025, 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.

We kindly ask that you refrain from reproducing or forwarding this document without permission, regardless of the purpose.