



Q2 FY2025

Consolidated Financial Results

for the six months ended Aug 31, 2024

Terrasky Co., Ltd.

3915:JP

October 15, 2024



Q2 FY2025
Consolidated Financial Statement

Q2 FY2025 Consolidated Financial Summary

- Net sales increased by 33.5% y-o-y, reaching record high of 11,929 million, due to strong orders for the Salesforce business in Japan. Net income increased by 217.9% y-o-y, reaching a record level of 367 million in Q2 FY2025.
- Sales progressed at 49.7% as of Q2, exceeding the initial forecast.
- Operating income is expected to meet the initial forecast, driven by the strong performance of the solutions business, despite the loss of subsidiaries.

* Record High

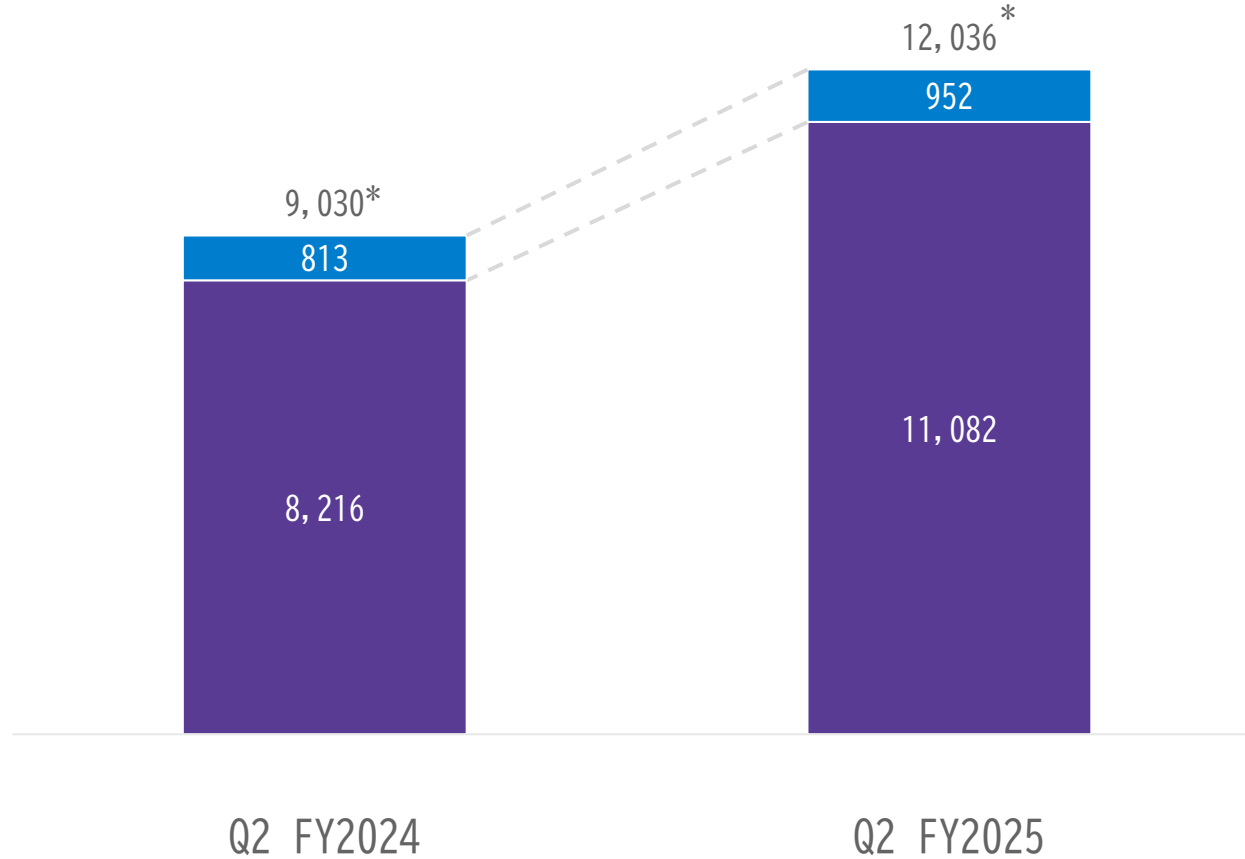
(JPY/Mil.)	Q2 FY2024 Results	Q2 FY2025 Results	YoY Change		FY2025 Forecast	Progress			
			JPY	%		1Q	2Q		
Net Sales	8,936	* 11,929	+2,992	+33.5%	24,024	5,809	6,117	12,096	49.7%
Operating income	219	* 610	+390	+177.3%					
Margin	2.5%	5.1%	-	+2.7pp	905	297	314	292	67.4%
Ordinary income	298	* 677	+378	+126.5%					
Margin	3.3%	5.7%	-	+2.3pp	1,000	327	352	320	67.7%
Net income	115	* 367	+252	+217.9%					
Margin	1.3%	3.1%	-	+1.8pp	565	176	193	194	65.1%
EPS(円)	9.01	* 28.54	+19.50	+216.4%	44.02				-

Q2 FY2025 Sales by Segment

(JPY Mil.)

Segment Net Sales

■ Solution Business ■ Product Business



* Segment totals exclude eliminations and corporate costs not allocated to segments.

Product business

YoY +17.0%

- Subscription sales for all products increased by y-o-y. Particularly, subscription sales of mitoco related products grew 20% y-o-y.

Solution business

YoY +34.9%

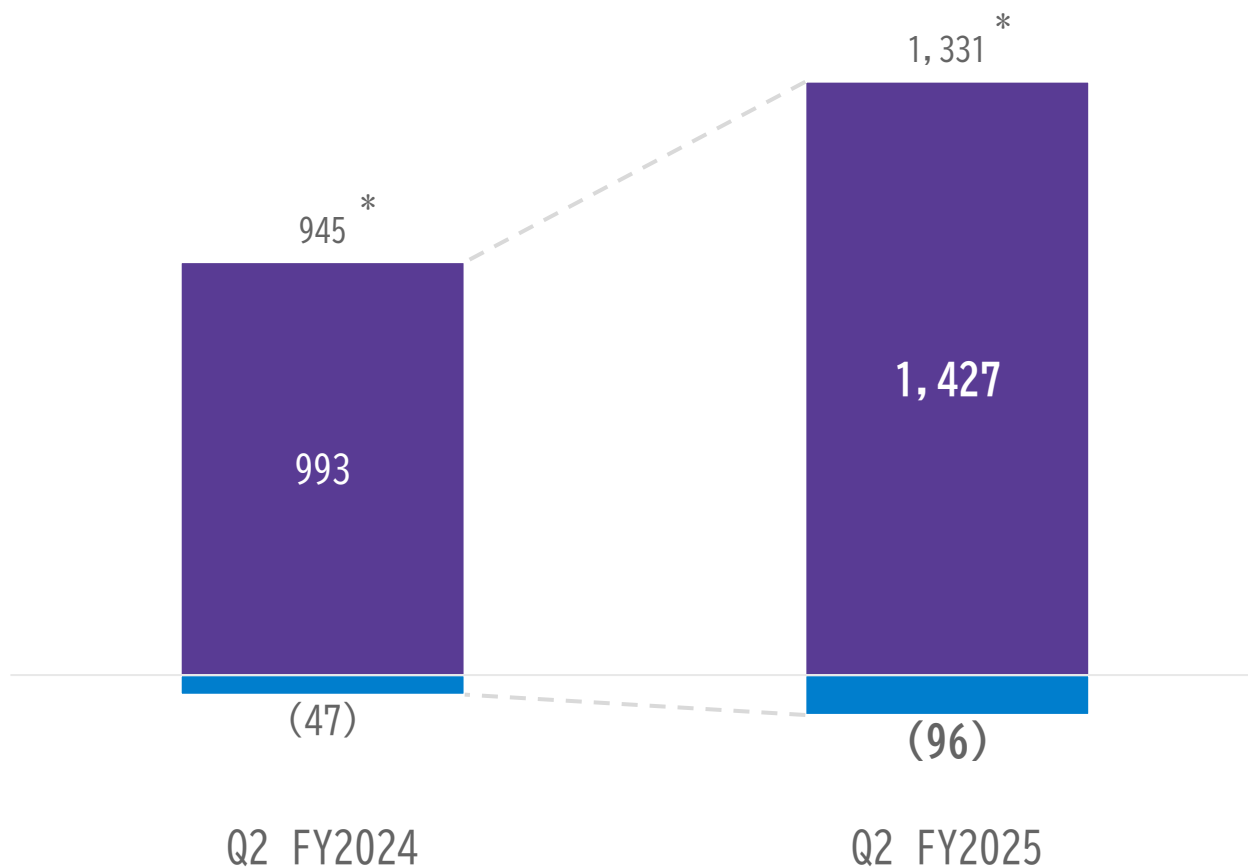
- Sales growth in Salesforce development, SAP migration, and dispatch of Salesforce engineer led to an increase in overall sales in this segment.

Q2 FY2025 Operating Income by Segment

(JPY Mil.)

Segment Operating Income

■ Solution business ■ Product business



* Segment totals exclude eliminations and corporate costs not allocated to segments.

Solution business

YoY +43.7%

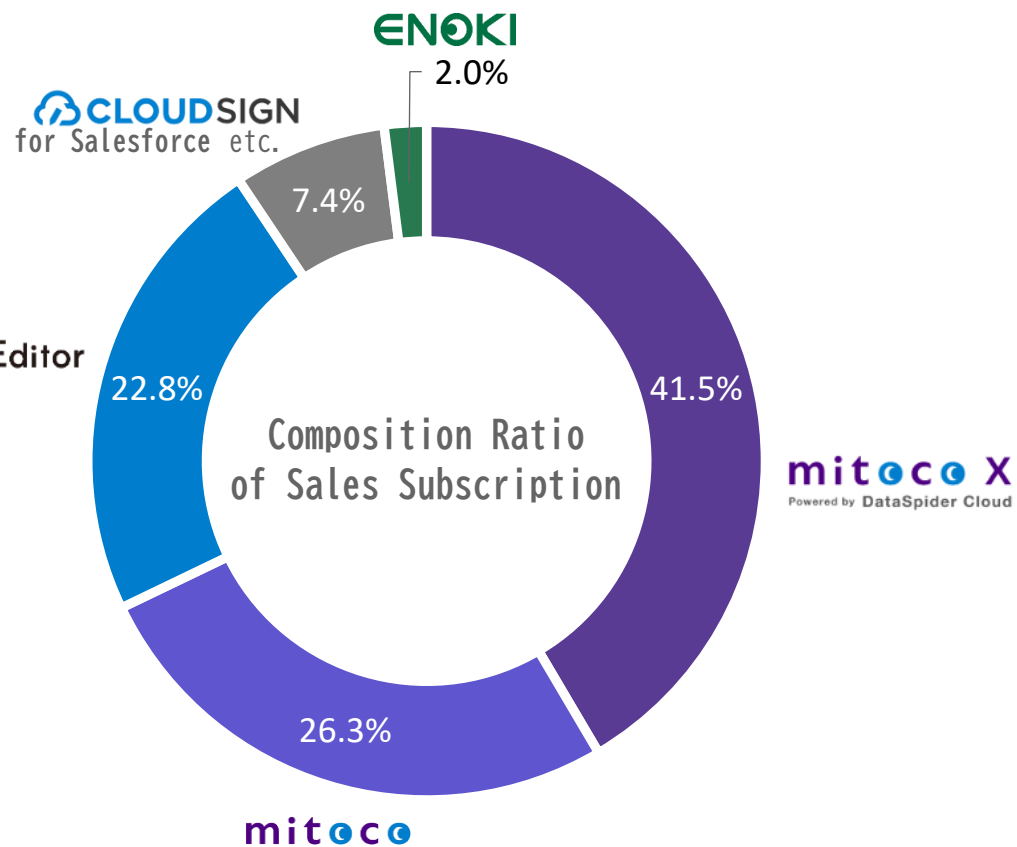
- Profit increased in line with higher sales due to strong demand.

Product business

YoY JPY -48M

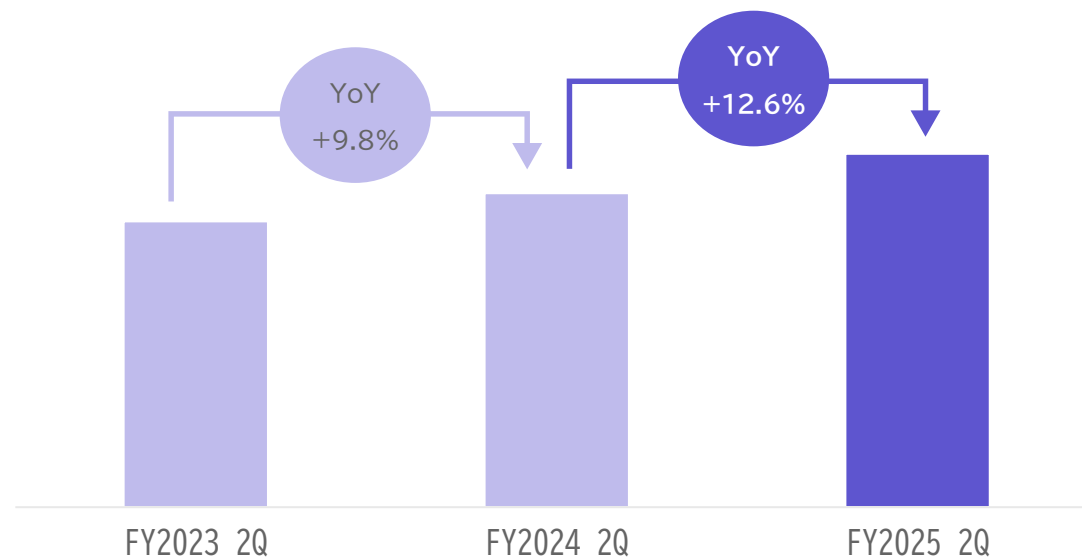
- Loss increased slightly due to upfront investment in Mitoco ERP.

Q2 FY2025 Subscription Sales Composition Ratio by Product



All products Subscription sales increased by 12.6% y-o-y.

- Subscription sales of mitocoX (formerly "DataSpiderCloud"), a data collaboration tool, increased by 8.9% y-o-y.
- Mitoco's subscription sales increased by 20.8% y-o-y.

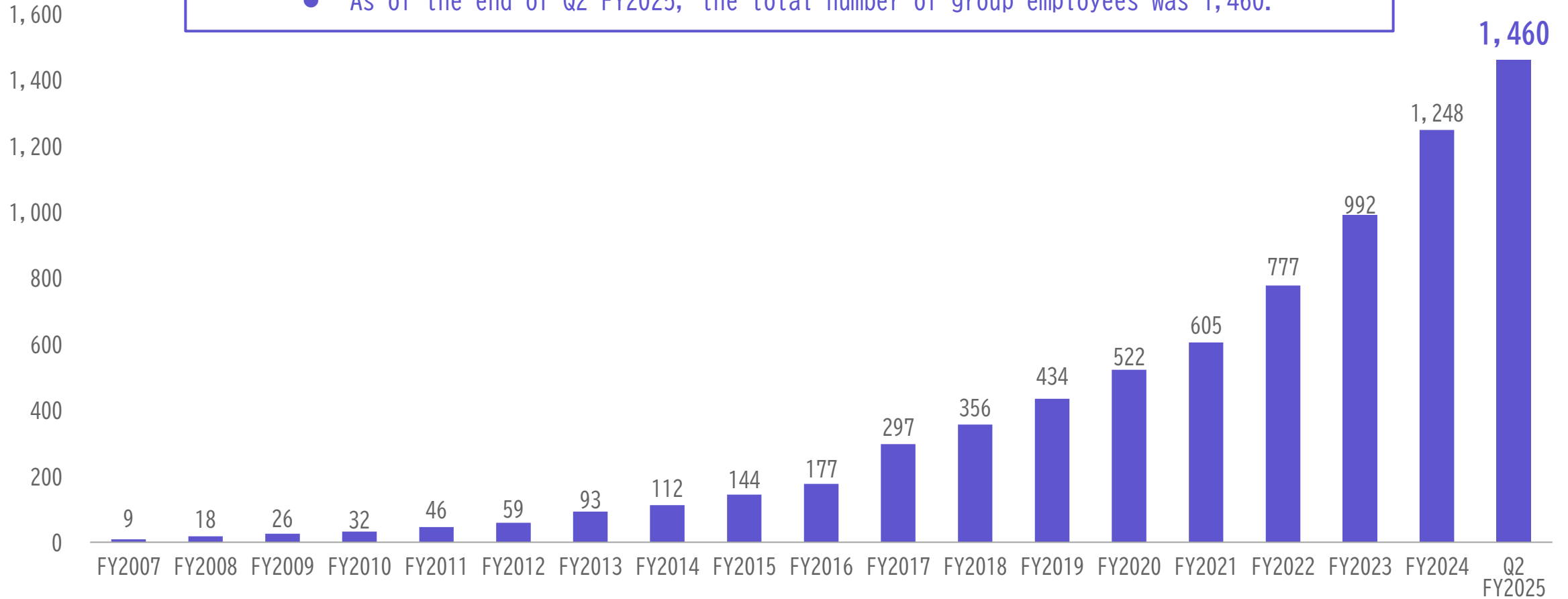


Note: Subscription sales are calculated only from monthly sales of each product.

Number of Group Employees since Establishment

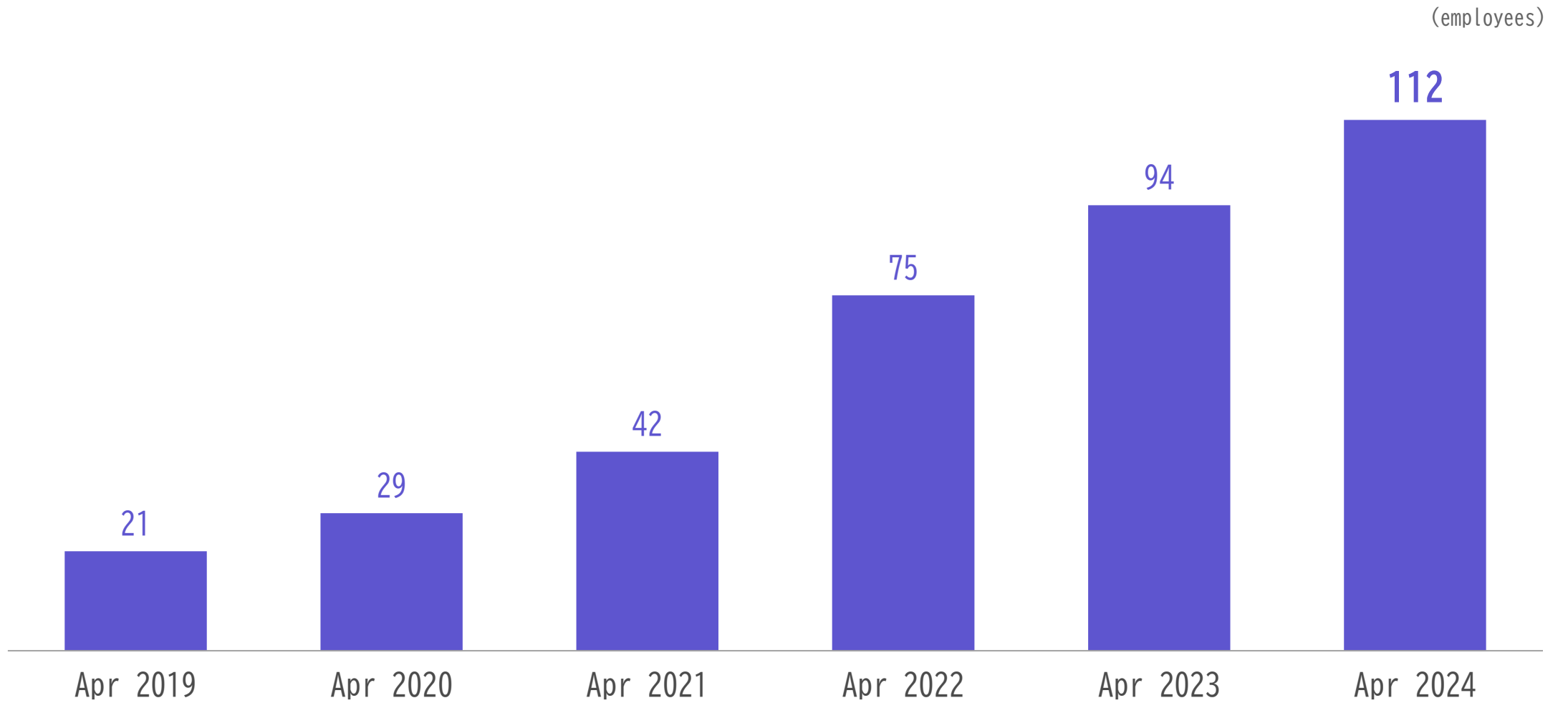
(employees)

- 112 new graduate employees were hired throughout the group.
- As of the end of Q2 FY2025, the total number of group employees was 1,460.



*The above figures are the total number of employees at TerraSky, consolidated subsidiaries, and affiliated companies.

Number of New Graduates in the Group



*The above figures are the total number of employees at TerraSky, consolidated subsidiaries, and affiliated companies.

Appendix / Q2 FY2025 Consolidated Balance Sheet

(JPY Mil.)	Feb 2024	Aug 2024	Change
Current assets	10,642	11,300	+658
Property, plant and equipment	308	403	+95
Intangible assets	926	1,062	+136
Investments and other assets	6,569	5,456	▲ 1,113
Non-current assets	7,804	6,921	▲ 883
Total Assets	18,446	18,221	▲ 225
Current liabilities	4,422	4,976	+554
Non-current liabilities	1,470	1,087	▲ 383
Total liabilities	5,892	6,063	+171
Shareholders' equity	7,745	8,120	+375
Total liabilities and net assets	12,553	12,157	▲ 396
Shareholders' equity	42.0	44.6	Up 2.6pp
ROE(%)	3.9	7.0(FY25E)	-

Details

- **Current assets** increased due to a rise in accounts receivable, which was driven by increased sales.
- **Property, plant and equipment** increased due to the establishment of new satellite offices in Akita and Shimane, and the relocation of the Osaka and Nagoya branches.
- **Investments and other assets** decreased due to the impact of falling stock prices on investment securities.
- **Shareholders' equity** increased by 2.6pp to 44.6%.
- **Return on Equity** expected to be 7.0% due to improved profitability.

Appendix / Q2 FY2025 Consolidated statements of cash flows

(JPY Mil.)	Q2 FY2024 Results	Q2 FY2025 Results	Details
Operating activities	177	402	<ul style="list-style-type: none"> ● Increase in net income of TerraSky. ● Increase in depreciation of software such as mitoco ERP.
Investing activities	(446)	(598)	<ul style="list-style-type: none"> ● Acquisition of tangible fixed assets for new satellite offices in Akita and Shimane, and the expansion and relocation of the Osaka and Nagoya branches.
(subtotal) Free cashflow	(268)	(196)	
Financing activities	(39)	(9)	<ul style="list-style-type: none"> ● Decrease in long-term debt.
Cash and cash equivalents at end of period	5,589	5,408	



FY2025
Topics in the First Half

April 2024

Announced capital and business alliance with NTT DATA

* Strategy for this case →P.29



ニュース

NTTデータとテラスカイが資本業務提携、 新株予約権は条件付き

森岡 麗 日経クロステック/日経コンピュータ

2024.04.12



<特別企画>五輪女子メダリストの共演！伊藤美誠×藤澤五月のスペシャルトーク **PR**
情報セキュリティ戦略セミナー2024～AI時代のサイバーセキュリティ対策 **PR**
なぜDX推進/AI活用はPoCから先に進まない？ 意外な理由と解決のカギ **PR**

クラウドのシステムインテグレーションを手掛けるテラスカイは2024年4月12日、Salesforce事業の成長に向けNTTデータと資本業務提携を行うと発表した。同事業に関して、成長市場における新規サービスの企画・開発や人材の獲得・育成、M&A（合併・買収）、アジア太平洋地域への共同事業の展開、プロジェクトでの連携や製品の販売協力などを行う。

July–August 2024 Osaka and Nagoya Branch

Expanded floor space and relocated for business expansion in western Japan

Osaka branch
Grand Front Osaka Tower–A 22F



Nagoya branch
Nagoya Mitsui Building New Wing 12F



August 2024

Satellite offices opened in Shimane and Akita

To recruit talented people in the region and contribute to the regional economy.

Satellite office in Matsue, Shimane



Satellite office in Akita



Renewed CS Center System by Introducing Salesforce Service Cloud

Panasonic

The number of information sharing from the CS Center to the sales department increased by approx.20%, and the processing capacity improved by approx.1.5 times.



- Since the sales department has been using Salesforce Sales Cloud, the cloud was introduced to link with the CS Center's system.
- By sharing customer information held by each department within Salesforce, flexible collaboration has become possible, and the number of information sharing has increased by approx. 20%.

Sales Management System Renewed with Salesforce Sales Cloud

FUYO LEASE
芙蓉総合リース株式会社

Realize centralized management of customer data and improve the efficiency of the sales dept.



- The ability to centrally manage customer data and share knowledge was evaluated.
- Enabled reference to the latest data between departments, facilitating collaboration among business units.
- Achieved a reduction in the man-hours.

JCB

世界にひとつ。あなたにひとつ。

The introduction of Flosum eliminated hand work at the time of release.

With a significant reduction in working time, engineers can focus more on the development process.



- Decided to implement Flosum in anticipation of frequent releases through agile development.
- Reduced man-hours and improved quality of maintenance work by using Flosum.

Co-created and developed with us to renew the sales management system



Introduced Fujitsu GLOVIA OM

Insourcing enables rapid system modification



- Fujitsu GLOVIA OM was deployed for its use of the Salesforce platform, which is easy to customize
- Tokyo Glass Kikai developed the front-end and TerraSky developed the back-end. Project progressed through co-creation and development.
- Quick modification response for simple requests. Also, the gap between the system and current operations is eliminated.



FY2025

Topics of Consolidated Subsidiaries
in the First Half

TerraSky Ventures portfolio company OPRO listed on the TSE Growth Market on August 21.





IT Japan Award 2024 Special Prize

“The Dream of Developing the Best Software in the World:
Challenges with Quantum Computers”



“All major software for materials simulation is made in foreign countries. We want to develop a product that can be a major player in the quantum computer market,” said Yuichiro Matsushita, CEO of Quemix. (January 5, 2024 article)





FY2025
Topics in the Second Half

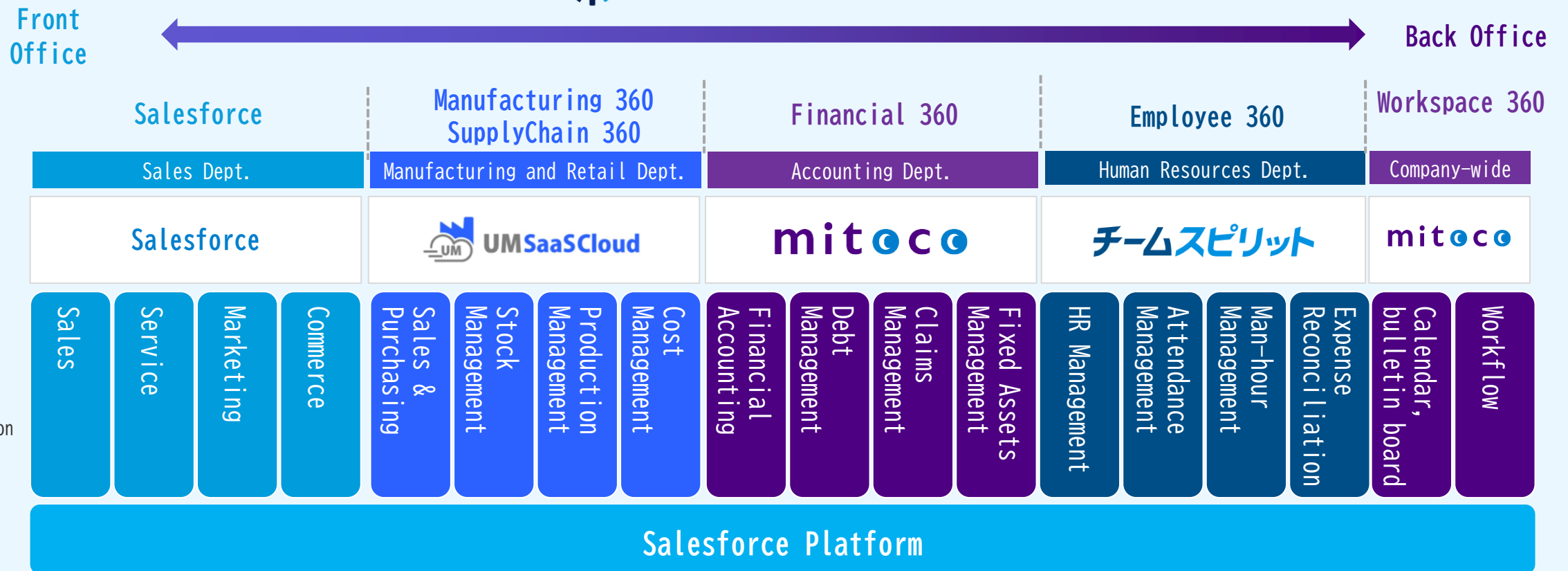
「mitoco Copilot」 won the “Dreamforce2024 Demo Jam”

Five companies were selected from the global AppExchange partner program to present use cases and new features. Live vote was held to determine the winner, and we won.



TerraSky, Synapse Innovation, and Team Spirit establish the ERP Cloud 360 Consortium to promote ERP for midsize companies.

* ERP Cloud 360



Business Core Application

■ 職場環境優良法人として1,158社中2位を獲得

TerraSky

We received an award for
“Best Working Environment”

#2 /1158

- Excellent support from bosses and co-workers
- Friendly work environment

※Target company size: 500 employees or more to 1,000 employees or less
※TRUSTY SCORE, an original index based on the results of the stress check service by Doctor Trust Co., Ltd.



Signed an Implements Partner Agreement with Clarivate in Japan

Promoted IP DX with IPfolio™, an IP management system



Agreement on a Partnership for an IP Management System “IPfolio™” Introduction Project in Japan.

Features of IPfolio™

(1) Linkage with the ecosystem

- Portal site easily accessible by inventors
- Seamless request to patent annuity management service
- Instructions to overseas agents and invoice processing are available on the system

(2) Optimization of operations

- Automation of processes enables flexible workflow and compliance with the laws of each country.
- Linkage with various patent and trademark databases is possible.

(3) Provision of data analysis information

- Visualization of IP portfolio through reports/dashboards.
- Intelligent IP management such as patent score and right acquisition prediction is possible.
- Automate trademark searches to speed up decision making.

TerraSkyDay2024 attracted over 2,400 Applicants, far surpassing last year's record.

DX promotion companies, Japan Post Insurance and Osaka Gas, took the stage at Keynote.
Special session featured professional golfer Shigeki Maruyama.



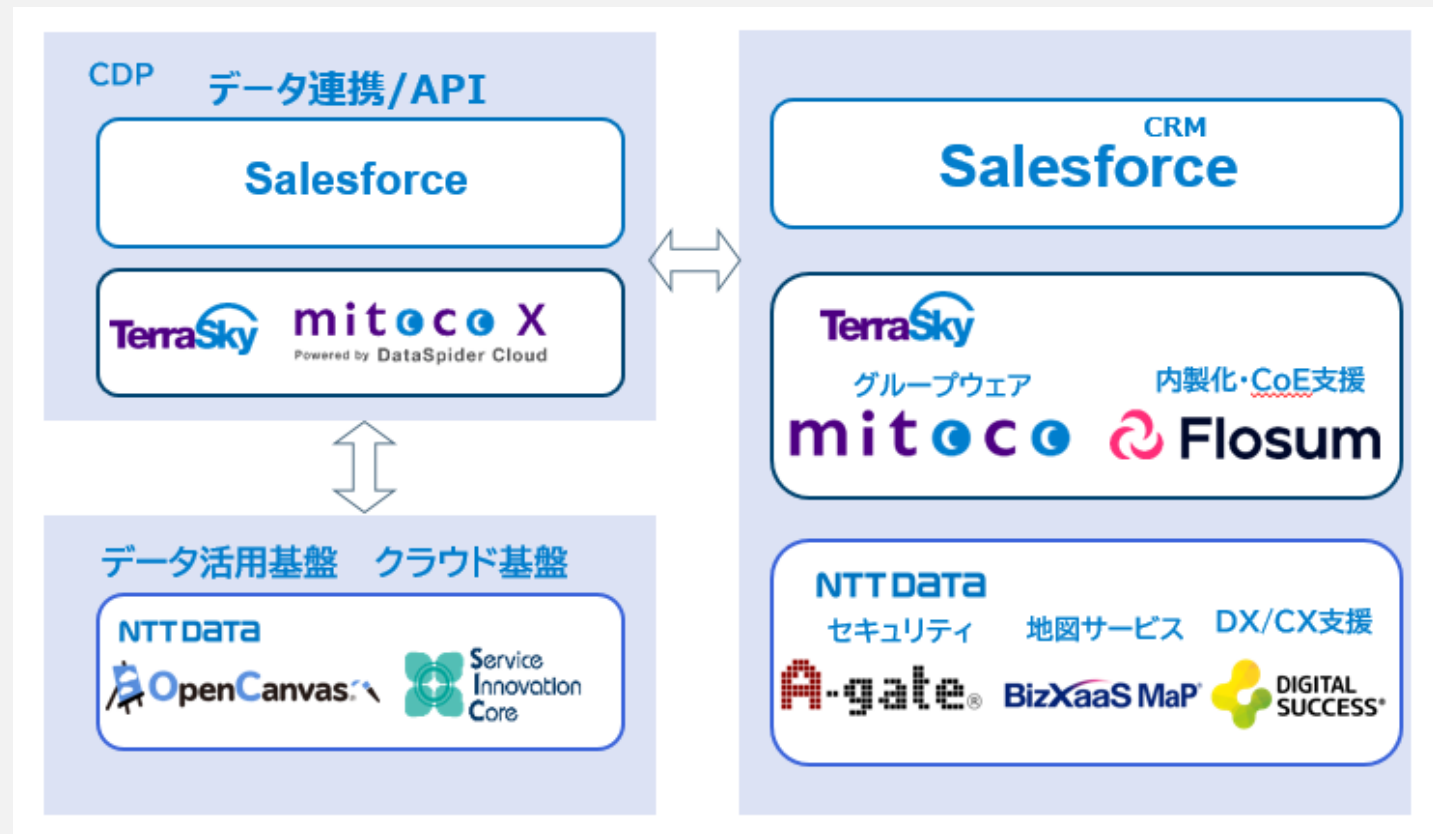


Growth Strategies

Business expansion through collaboration with NTT Data

Examples of joint service plans focused on specific industries
Combined with NTT Data's industry set such as finance

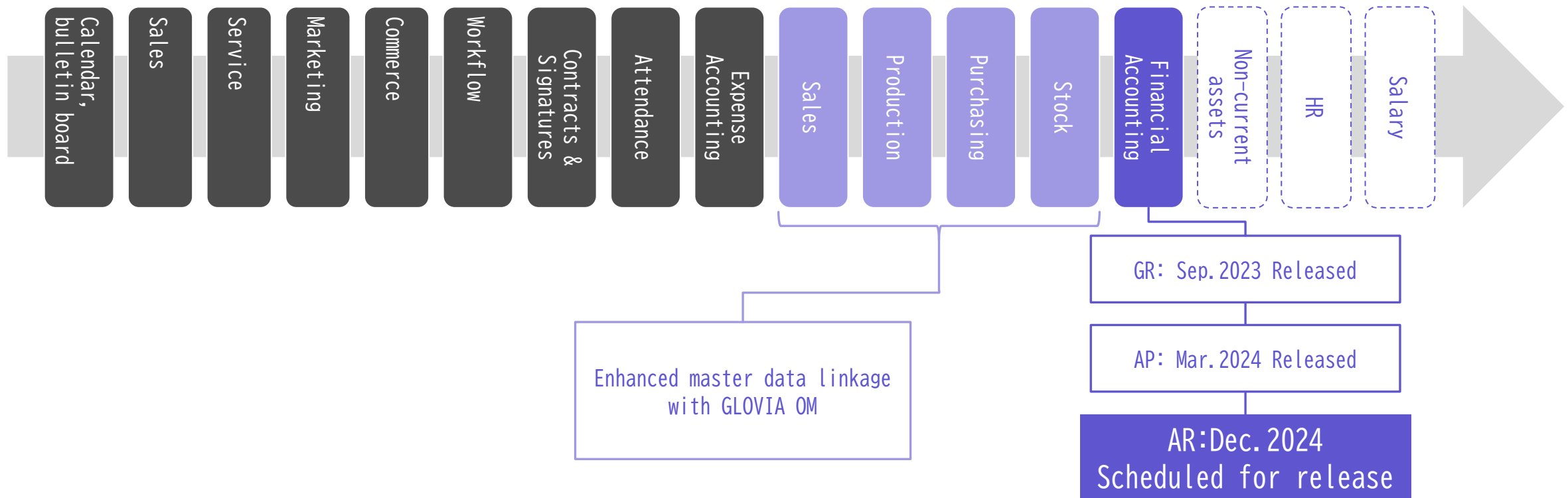
- 1 Planning joint services focused on specific industries
- 2 Planning new services using Generative AI
- 3 Acquisition and training of domestic Salesforce human resources
- 4 Global expansion centered on APAC



Cloud ERP to be released in December 2024

Following the release of “Financial Accounting (GL)” and “Debt Management (AP)”, “Receivables Management (AR)” will be released.

mitoco 会計



Only One Strategy Accelerate AppExchange Business

Fujitsu
GLOVIA OM

Integrated Business ERP

2011 Start of sales and implementation support
2022 Exclusive domestic sales contract

Sales are expected to grow further due to synergies with mitoco accounting and the increasing demand for cloud computing.

 **Flosum**

Release and Version Control Solution

2019 First domestic sales contracts
2023 Exclusive domestic sales contract



Construction Project Management Solution

Feb.2024 Implementing Partner Agreement (first in Japan)

NEW

 **Clarivate™**

IP Management Solution “IPfolio™”

Sep.2024 Implementing Partner Agreement (first in Japan)



Action to Implement Management That Is Conscious
of Cost of Capital and Stock Price

Assessment of Current Situation

- We recognize that our cost of equity is approximately 7%.
- ROE remained below the cost of equity, at 3.8% in FY 2/2023 and 2.9% in FY 2/2024, as we've continued to make growth investments.
- In the medium to long term, we recognize that it is important to shift from the trend of increased sales during the investment phase to a trend of increased sales and profits.
- PER was 80.6 as of the end of February 2024
- PBR was 1.89 as of the end of February 2019, and has remained above 1 times since listing.

Policies and Targets

- We expected to achieve operating income of 2.5 billion yen by FY 2/2027.
- By achieving the operating income target, we expect ROE to reach 10% by the same period.
- Aiming to disclose more accurate consolidated business forecasts.

Initiatives and Timing of Implementation

- By hiring new graduates and actively reskilling mid-career hires to develop engineers, we will reduce the loss of order opportunities caused by a lack of engineers in Salesforce projects, and strive to further expand the Salesforce business both domestically and overseas.
- Realize the effects of the capital and business alliance with NTT Data (announced on April 12) as soon as possible to accelerate the above initiatives.
- Aiming to improve profit margin in consolidated basis by monetizing the product business segment.
- Aiming to quickly launch the business and make it profitable for subsidiaries that are in the red.
- Aiming to Enhance corporate value with the proactive disclosure of information in IR activities.



About TerraSky Group



TerraSky Co., Ltd.



TSE prime market, stock code 3915

Head office : Taiyo Life Nihonbashi Building 15-17Fl.
11-2 Nihonbashi, Chuo-ku, Tokyo | Japan

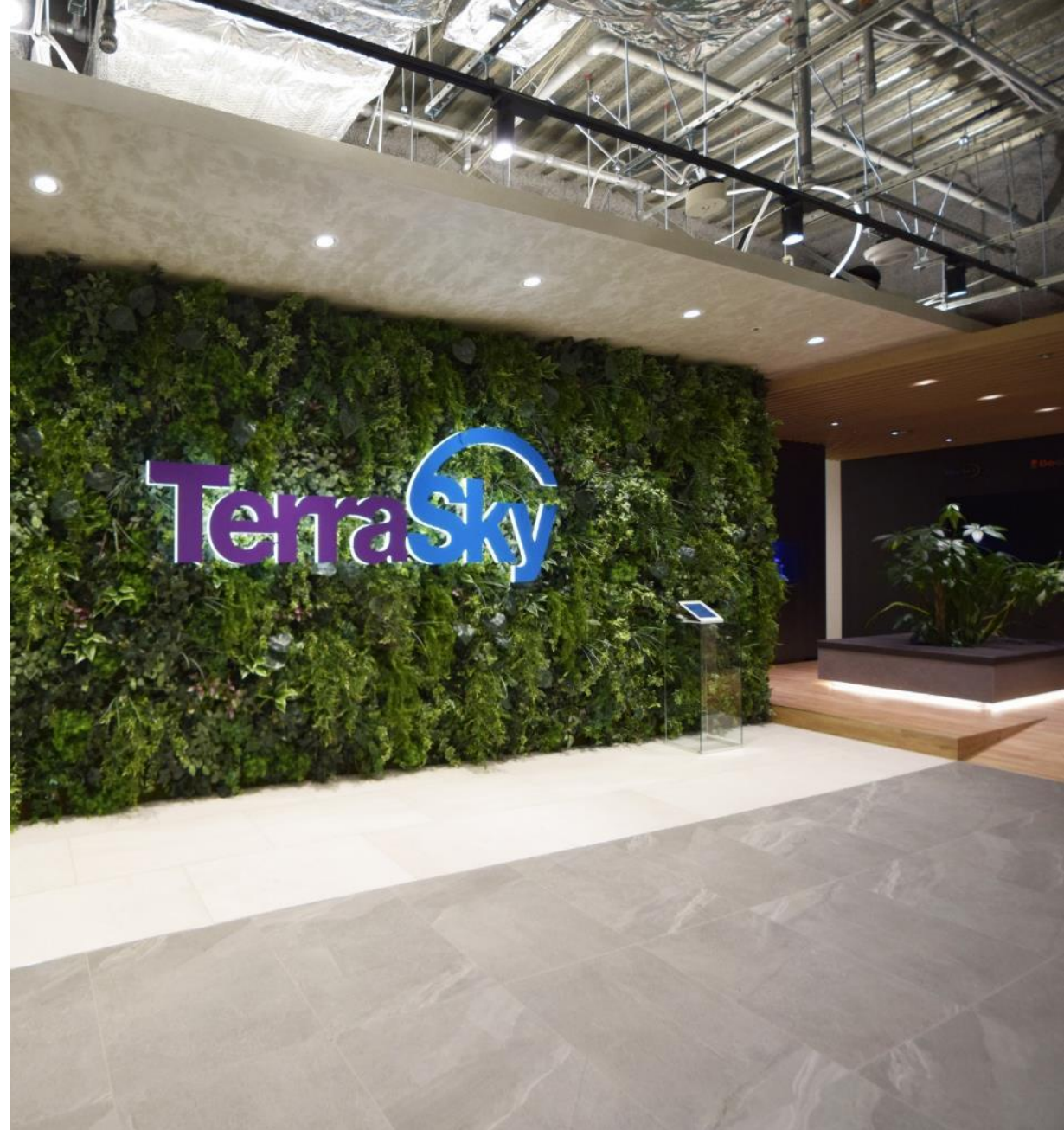
Offices : Osaka, Nagoya, Fukuoka, Joetsu, Akita
and Matsue
Thailand and United States

Establishment : March 2006

Capital : JPY 1,256 M (As of the end of Aug 2024)

Representative : Sato Hideya, President & CEO

Information Security Management : ISO 27001/ IS 561777



Our business consists of the following two segments:

Cloud integration business (Solution business)

Optimal system development using the cloud,
Development and provision of specific solutions



Product business

Development and provision of cloud-specific
services and products



Cloud integration business (Solution business)

Salesforce

Salesforce is a cloud-based CRM/customer management and SFA/sales support system used by over 150,000 companies worldwide. We help businesses connect with customers in sales, marketing, and customer service.

As the No. 1 implementation partner, TerraSky supports customers' implementation and expansion of Salesforce.

Heroku

Heroku is a PaaS cloud for web application development provided by Salesforce. You can develop apps efficiently using the latest framework and easily integrate with Salesforce.

In addition to system construction, we provide total support from building data linkages with internal and external systems to post-development operations.

AWS

We select the most suitable service from the many technologies provided by AWS and support the construction of a system that matches your company's needs. We can provide total proposals from construction to operation, including operational support from Sky365, a subsidiary specializing in cloud MSPs. Together with BeeX, which specializes in AWS, we will leverage the comprehensive strengths of the TerraSky Group to lead your project to success.

SAP migration

In 2016, we established BeeX Co., Ltd., which realizes cloud integration of SAP software platforms. Using our know-how from migrating numerous SAP systems to public clouds, we can quickly and safely migrate core systems from on-premises environments to cloud environments.

Product business

mitoco

mitoco is next-generation groupware developed cloud-natively. We go beyond simple internal communication and collaborate with customer information to take your business one step further and evolve.

SkyVisualEditor

This is a tool that allows you to develop Salesforce screens without programming. You can easily generate Visualforce pages just by dragging and dropping your mouse. It also supports Lightning Experience, so you can smoothly migrate your Visualforce pages to Lightning.

mitoco X

A new iPaaS* that integrates Data Spider, which has been installed by 3,000 companies, and SkyOnDemand, which has the No. 1 SaaS market share in the domestic EAI/ESB market.
*Integration Platform as a Service

OMLINE-I

Link LINE and ServiceCloud.
This service allows for efficient customer support by centrally managing inquiries via LINE with inquiries from various channels such as telephone and SNS.

OMLINE-O

This is a service that links Salesforce and LINE 's corporate service "LINE Official Account" allowing you to centrally manage marketing and customer service using LINE, from message distribution to user management, in Salesforce.

In the growing cloud integration market,
we expect to expand our business with the following 3 strengths:

1 Familiarity with multi-cloud platforms

- Expand Horizontally into surrounding cloud fields with Salesforce as the core.
- Each group company explores business on each cloud platform. (Specialization/mobility)

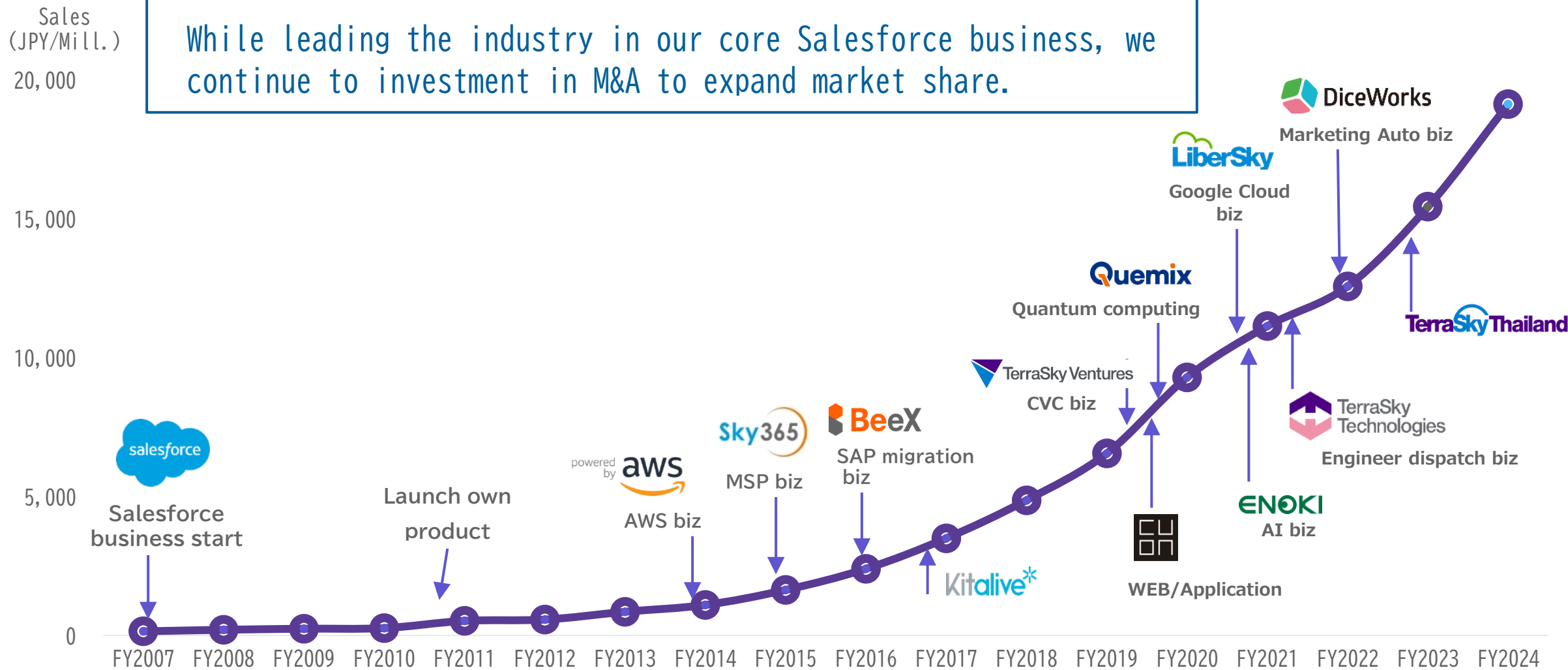
2 Reskilling

- Full support for employees to obtaining cloud professional certifications.
- Establishing a unique method for educating and developing cloud human resources.

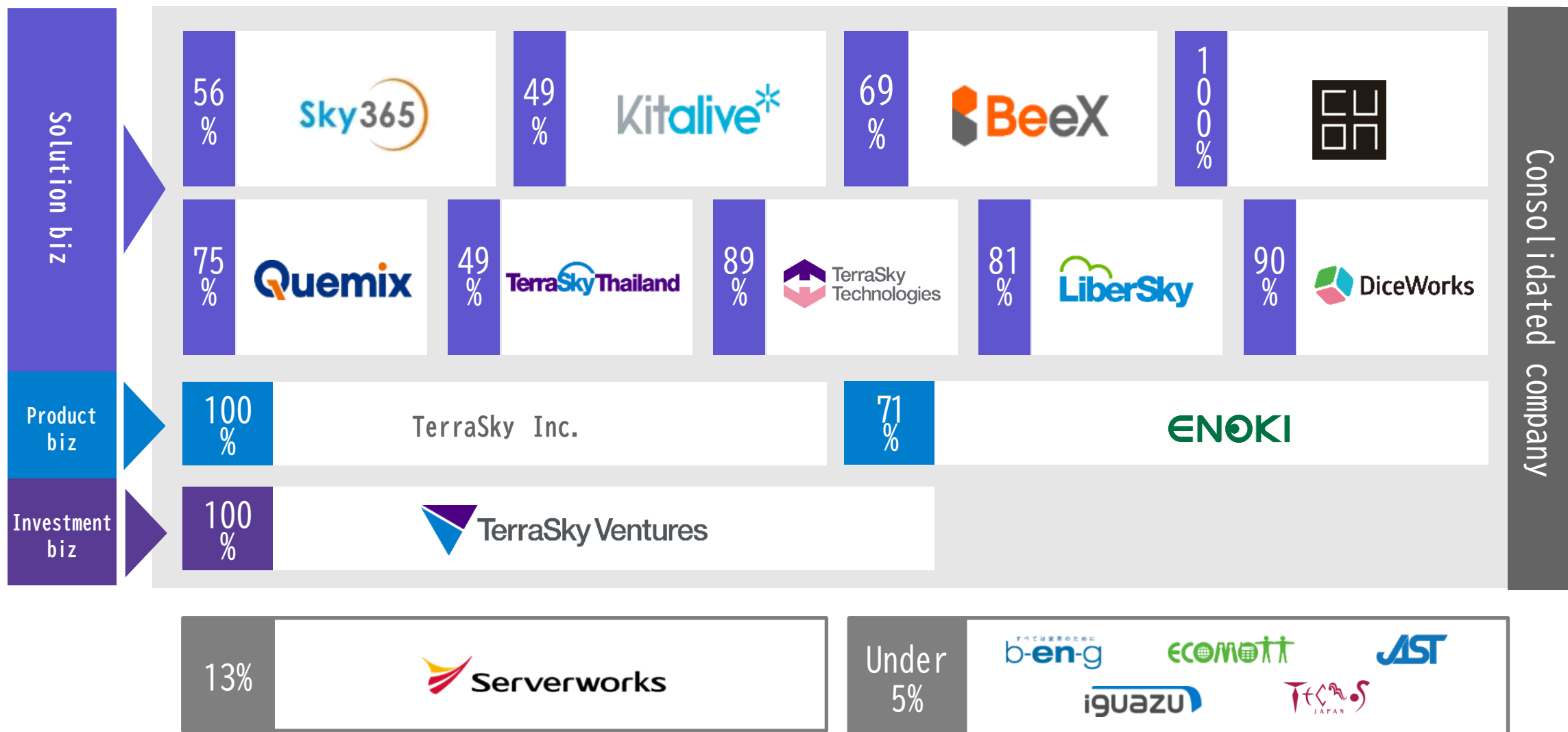
3 Investment strategy based on cloud knowledge

- Improving productivity through the development of in-house products and integration using them
- Establishment of subsidiaries, M&A, early business expansion, and track record of profitability.
- CVC fund creation to create value across the portfolio companies and realize IPO.

Establishment of Subsidiary (M&A) and Sales Growth

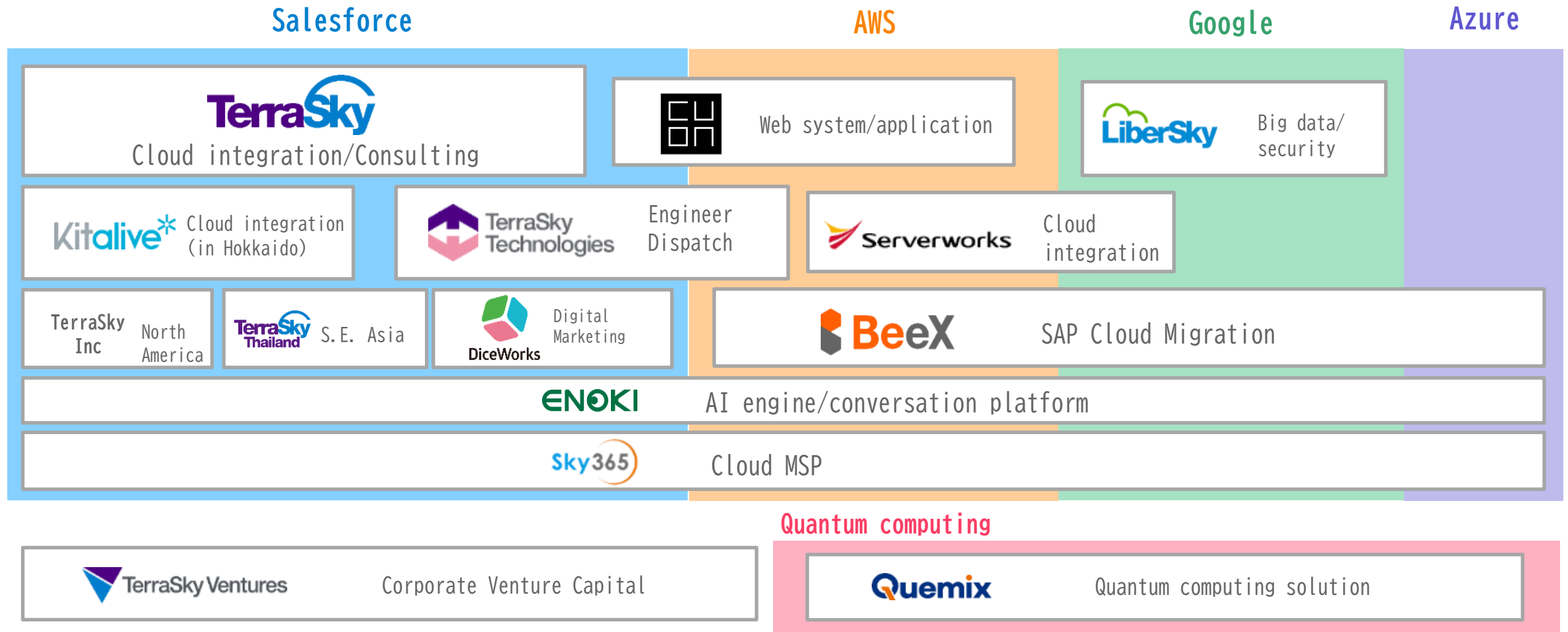


Invested Companies and Shareholding Ratio



(as of May 2024)

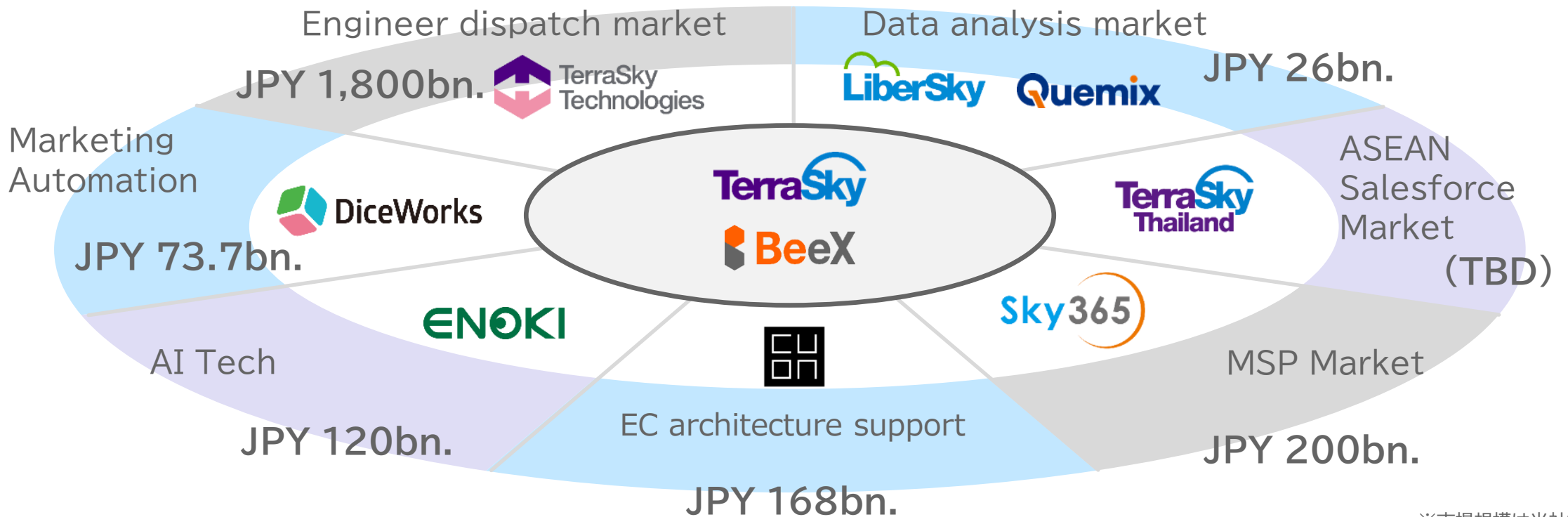
Initiatives towards multi-cloud platform



TerraSky Group's New Business Fields and Market Size

TerraSky and BeeX will expand their core Salesforce and cloud migration businesses, respectively, and will actively pursue M&A and the establishment of new companies to expand market share for the whole group.

New business areas and market size

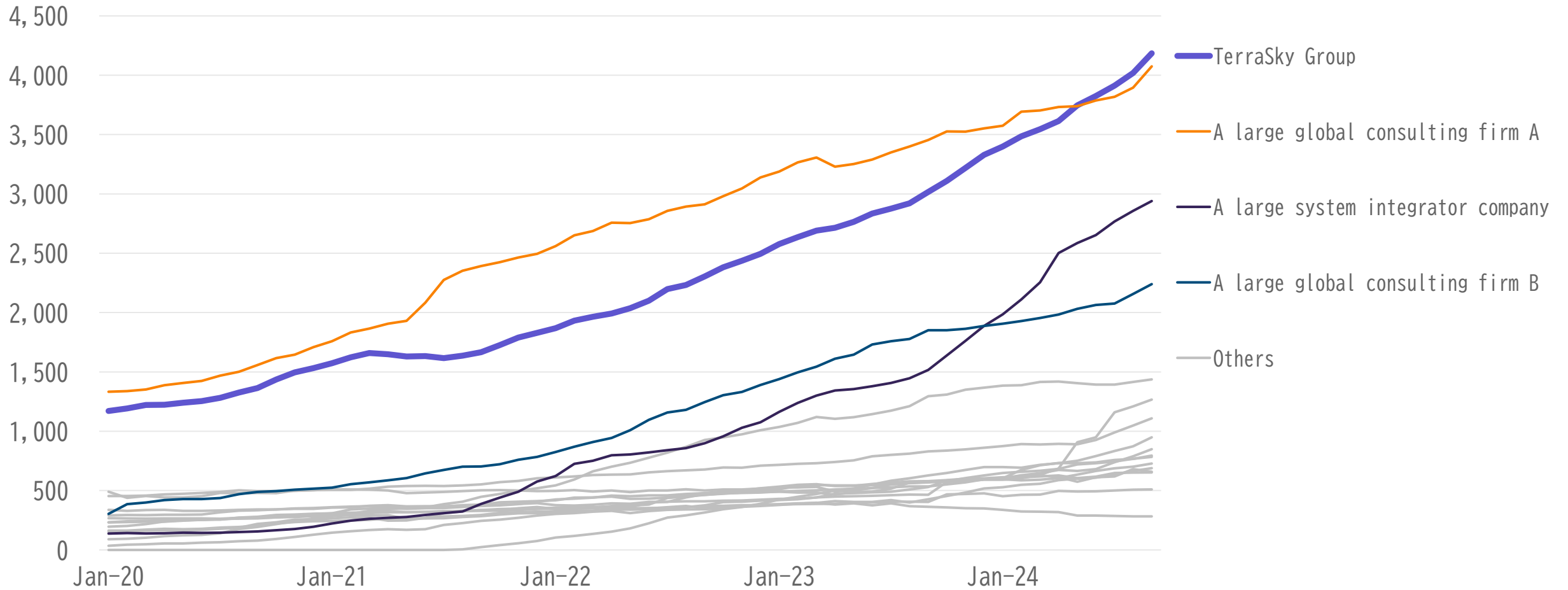


※市場規模は当社推計による

Ranked Top in Japan for Number of Salesforce Certified Engineers

(certified engineers)

Total number of Salesforce certified engineers



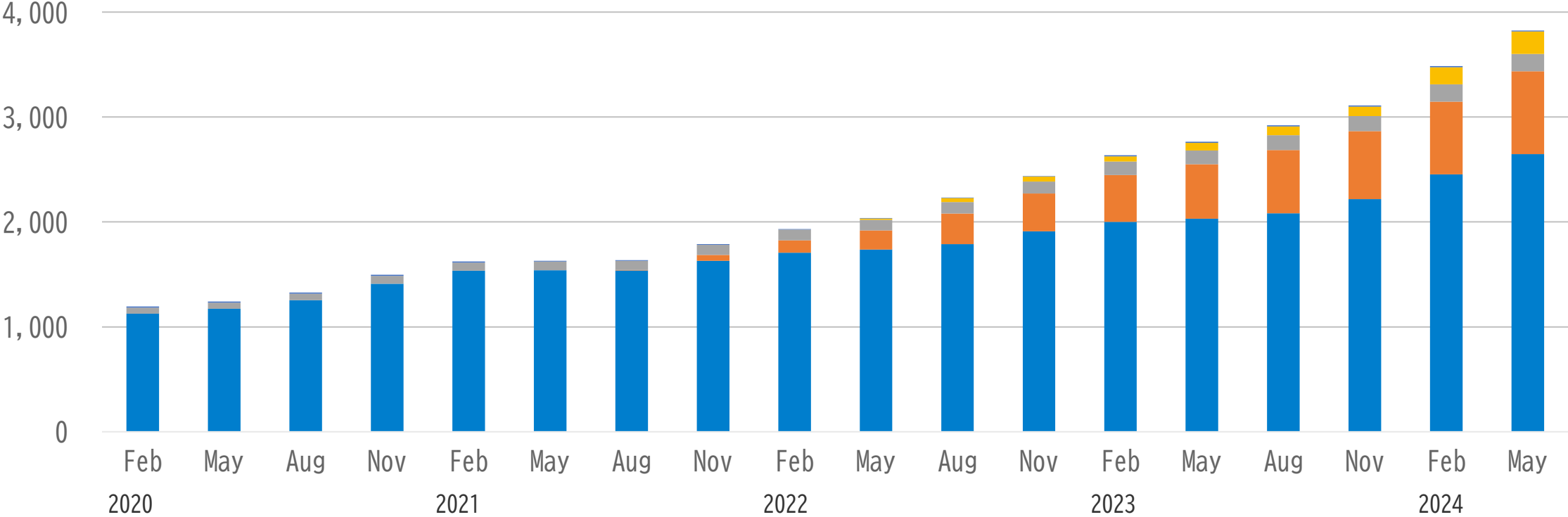
Total Number of Salesforce Certification Holders in TerraSky Group

Developing Salesforce engineers through human capital investment and our own educational programs

Salesforce certification holders (Quarterly)

(certified engineers)

■ TerraSky ■ Technologies ■ Kitalive ■ DiceWorks ■ others



Overwhelming quality and number of Salesforce certified engineers (employees)



Salesforce MVP



Certified Technical Architect

Highest level of technical qualifications
Number of people enrolled in Japan

No.1

Salesforce MVP

...3 People enrolled

Certified Technical Architect

... 5 of 19 people enrolled



Certified Administrator



Certified Advanced Administrator



Certified Sales Cloud Consultant



Certified Service Cloud Consultant



Certified Field Service Lightning Consultant



Certified Experience Cloud Consultant



Certified Platform Developer



Certified Senior Platform Developer



Certified Platform Application Builder



Certified Marketing Cloud Mail Specialist



Certified Pardot Consultant



Certified Pardot Specialist



Certified Sharing and Visibility Architect



Certified Integration Architect



Certified Identity and Access Management Architect



Certified Development Lifecycle and Deployment Architect



Certified Data Architect



Certified Tableau CRM and Einstein Discovery Consultant



Certified System Architect



Certified Application Architect

Number of projects in
TerraSky Group

18,000 Projects

TerraSky has over 7,000 project on its own.

We support a large number of companies, regardless of industry, business type, or company size and provide continuous development, maintenance and operation

TOYOTA



東京海上日動

KDDI

Rakuten



SOMPOシステムズ



リソナ銀行



KONICA MINOLTA



BRIDGESTONE

Panasonic

昭和シェル石油株式会社

三井ホールディングス



EBARA

MIZUHO



日本郵便

HITACHI
Inspire the Next

日本経済新聞

Marubeni



明治安田生命



YAMAHA

Investment Strategy

Cloud Technology



Customers



Cloud Integration

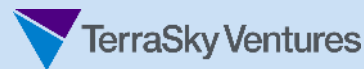
Solution Service Asset

Product Asset

Investment Asset



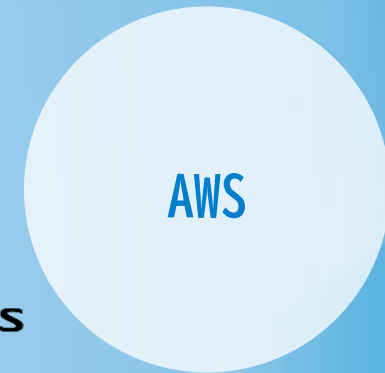
TerraSky Inc



Salesforce



SAP



AWS



Azure



Google Cloud



Quantum

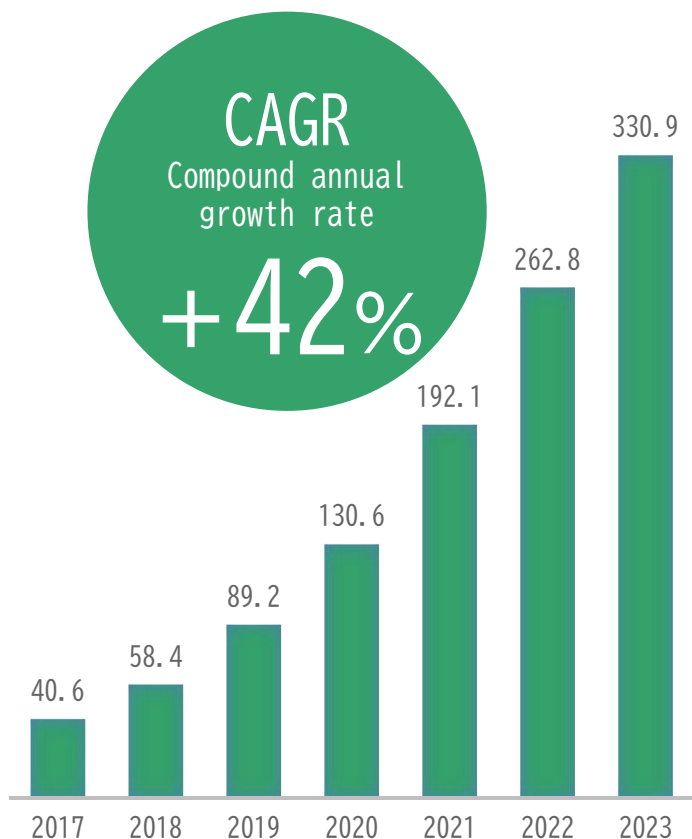


Market Environment

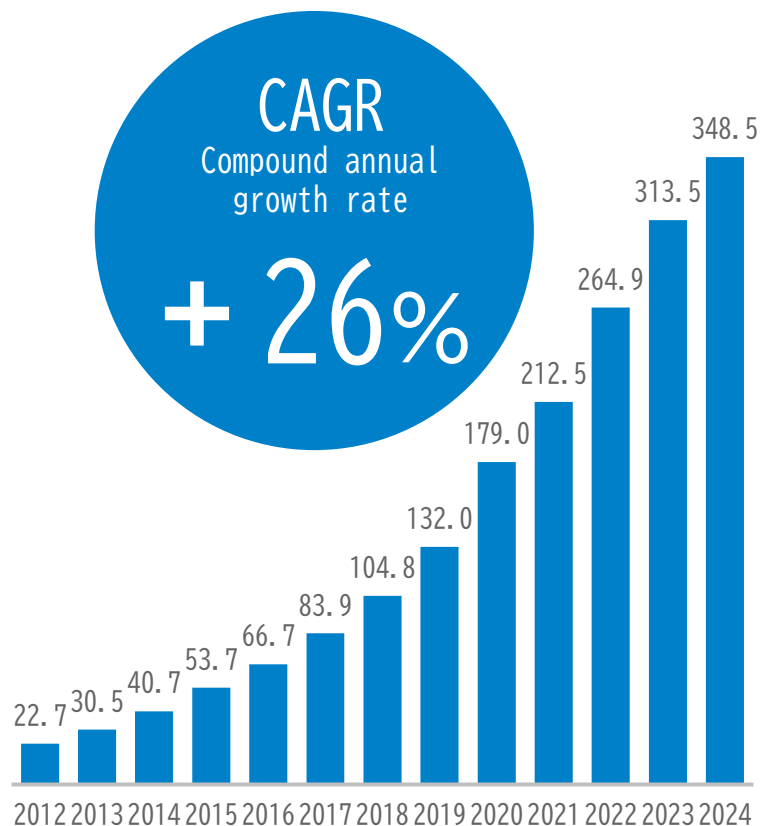
Sales Growth of the Cloud Platform

(USD/bn.)

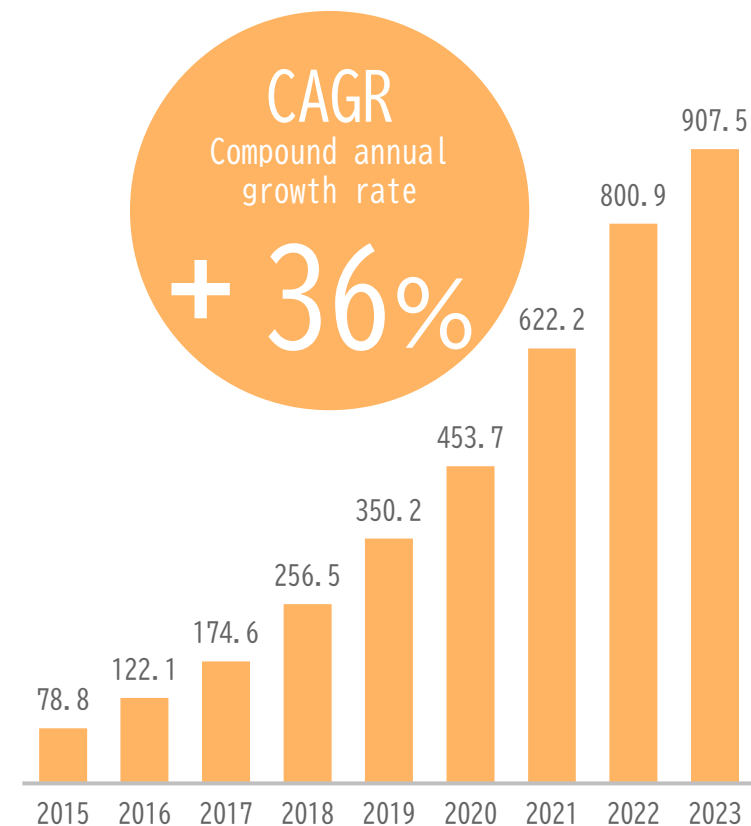
GCP



Salesforce

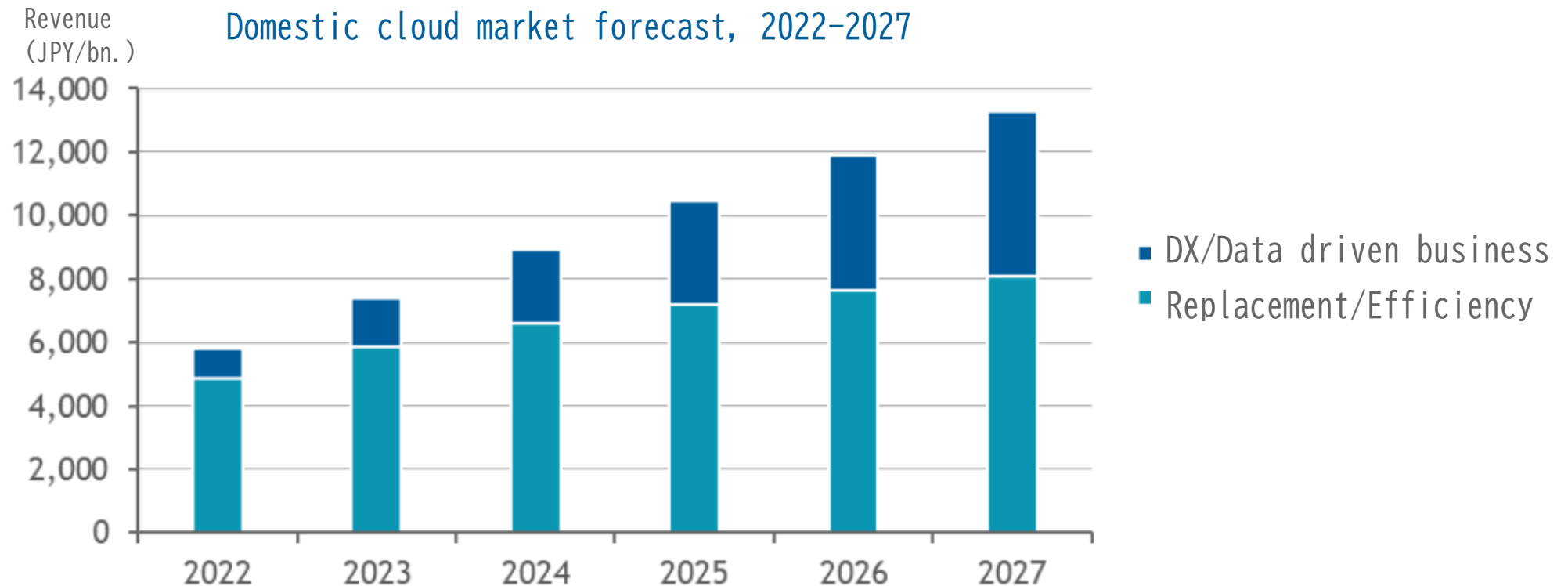


AWS



Business Growth Opportunity: Growing Domestic Cloud Market

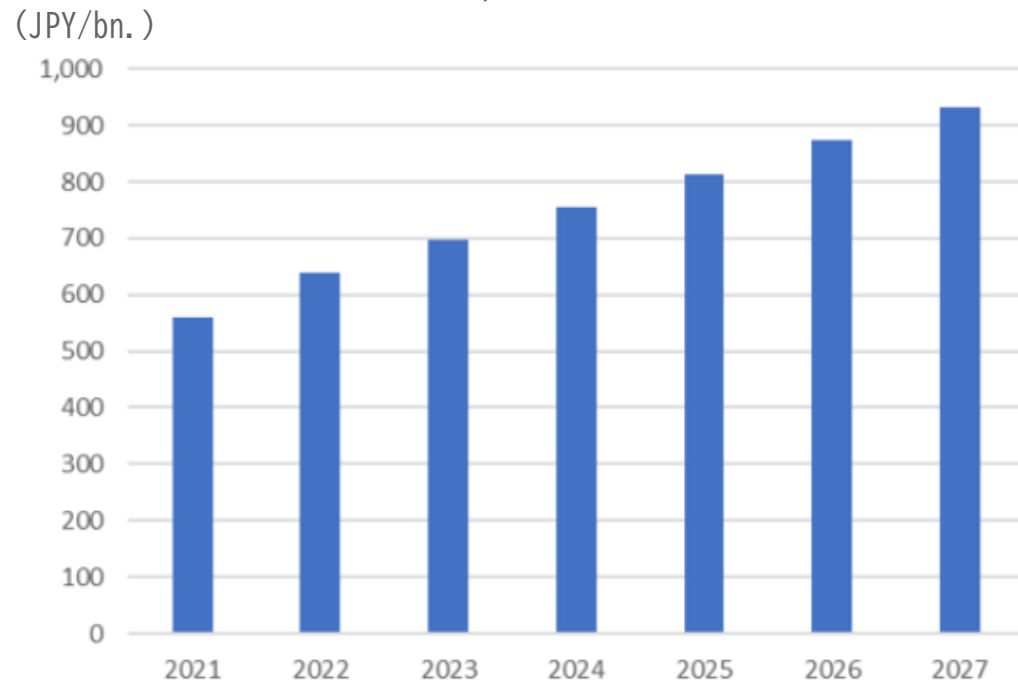
- IDC Japan Co., Ltd. (located in Chiyoda-ku, Tokyo), an IT specialized research company, announced its domestic cloud market forecast.
- The domestic cloud market in 2022 will be 5,814.2 billion yen (revenue-based), an increase of 37.8% y-o-y.
- IDC expects the market to grow at a CAGR of 17.9% from 2022 to 2027, and the market size in 2027 will be 13,257.1 billion yen, approximately 2.3 times the size in 2022.



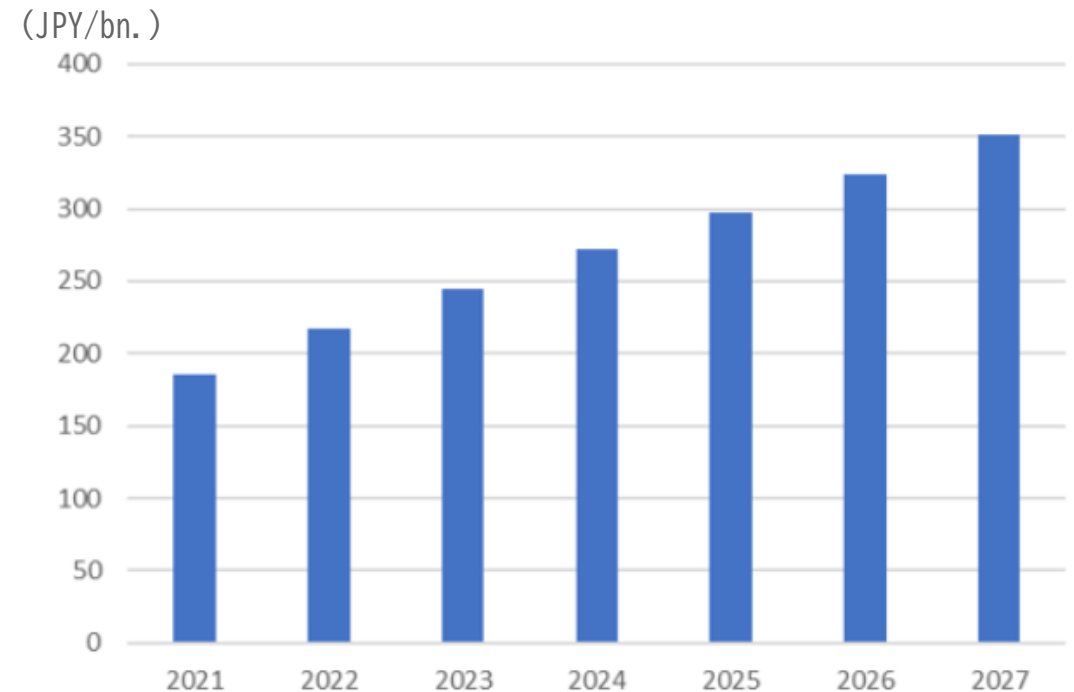
Domestic CX/CRM Market Continues to Grow

IDC Japan Inc. has released forecasts for the domestic customer experience (CX)-related software market and the domestic CRM application market. IDC expects the domestic CX-related software market to grow at a CAGR of 7.8% from 2022 to 2027, reaching 931,743 million yen in 2027. Additionally, IDC expects the domestic CRM application market to grow at a CAGR of 10.1% from 2022 to 2027, reaching 351,074 million yen in 2027.

Domestic customer experience related software market forecast, 2021-2027



Domestic CRM application market forecast, 2021-2027



Source : IT specialized research company IDC Japan Co., Ltd. (Domestic customer experience (CX) related software/CRM application market forecast)

Three Guiding Principles for Achieving the SDGs

01



Initiatives through Business

02

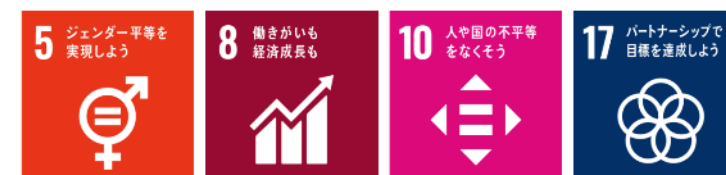


Initiatives for the Future of Children and Regions

03



Initiatives through Corporate Activities



Disclaimer

This document has been prepared solely for the purpose of disclosing relevant information about TerraSky Co., Ltd. (TSE:3915) and its consolidated subsidiary. This document does not constitute an offer to sell or a solicitation of an offer to buy securities in the United States or in any jurisdiction where such an offer or solicitation would be unlawful. All representations other than historical facts, including forward-looking statements such as performance forecasts, policies, management strategies, targets, plans, understanding, and evaluation of data, as well as outlook on performance, are merely statements of current expectations, assumptions, plans, understanding, evaluations, etc., based on information currently available to the Group. Forward-looking statements are based on the intent of our management according to information available at the time of such statements were prepared. Therefore, these forward-looking statements are dependent on various risks and uncertainties, and actual results may significantly differ from the results expressed or implied. Accordingly, you should not place undue reliance on the forward-looking statements. We assume no obligation and does not intend to update these forward-looking statements. All information in this presentation material that is not related to our company has been taken from publicly available information. We does not guarantee the accuracy, concurrence, completeness and any other matter concerning the information in this presentation.



Fly Ahead