

Start Date of Electronic Provision Measures: June 5, 2024

To our shareholders:

Other items for Electronic Provision Measures for
the 71st Ordinary General Meeting of Shareholders
(Items Omitted from the Paper-based Documents Delivered)

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TDC SOFT Inc.

Notes to Consolidated Financial Statements

Notes on important basic items for creating consolidated financial statements

1. Items related to the scope of consolidation

Names and number of consolidated subsidiaries

Number of consolidated subsidiaries	Two companies
Consolidated subsidiary name	TDC Futech Corporation Yell Business Consulting, Inc.

2. Equity-method related items

Not applicable.

3. Items related to the consolidated subsidiary fiscal year, etc.

The consolidated subsidiary closing date matches the consolidated closing date.

4. Accounting policy-related items

(1) Important asset valuation criteria and valuation methods

a. Security valuation criteria and valuation methods

Subsidiary shares and affiliate shares

Our cost method is based on the moving-average method.

Other securities

Items other than shares with no market value, etc.

Market value method

The valuation difference is treated as a component of net assets, and the cost of sales is calculated by using the moving-average method.

Shares with no market value, etc.

Our cost method is based on the moving-average method.

b. Inventories valuation criteria and valuation methods

Work in progress: We use the specific cost method (book value write-downs due to profitability decreases).

- (2) Depreciation and amortization methods for important depreciable and amortizable assets
- a. Property, plant and equipment (excluding leased assets)
We use the declining balance method. However, we use the straight-line method for building facilities acquired on April 1, 2016, or later. Note that the useful life is assumed to be three to 15 years in the case of buildings or three to 20 years in the case of tools, furniture, and fixtures.
In addition, regarding assets acquired on or before March 31, 2007, we use the straight-line method for the five-year period starting with the year after the depreciation limit is reached.
 - b. Intangible fixed assets (excluding leased assets)
Regarding software used by the Company, we use the straight-line method based on the in-house usable period (three to five years).
 - c. Leased assets
Leased assets related to transactions involving financial leases that do not transfer ownership
We assume that the lease period is the useful life, and we use the straight-line method with the residual value as zero.
- (3) Recording criteria for important provisions
- a. Provision for bonuses for directors (and other officers)
To prepare to pay directors' bonuses, we record the expected payment amount.
 - b. Provision for share-based remuneration for employees
To prepare to grant Company shares to employees, etc. based on "the provision of share benefits," we record data at the end of the consolidated fiscal year under review based on the expected amount of share-based remuneration obligations.
 - c. Provision for share-based remuneration for directors (and other officers)
To prepare to grant Company shares to directors, etc. based on "the provision of share benefits for directors (and other officers) of the Company," we record data at the end of the consolidated fiscal year under review based on the expected amount of share-based remuneration obligations.
- (4) Accounting treatment method for retirement benefits
- For one consolidated subsidiary, the simplified method is applied to the calculation of liabilities for retirement benefits and retirement benefit expenses, using the amount payable at the end of the fiscal year as the retirement benefit obligation.
- (5) Revenue and cost recording criteria
- Our revenue recording criteria recognize promised goods or services as revenue at the amount expected to be received upon the exchange of said goods or services when the control of said goods or services is transferred to the customer. Upon the start of a contract, we judge whether performance obligations are to be satisfied over a fixed period of time, and any inapplicable performance obligations are assumed to be satisfied at a specific point in time instead.
- Regarding contracts for which performance obligations are to be satisfied over a fixed period of time, both general contracts and quasi-mandate contracts are included in terms of system development. Regarding these contracts, the progress of performance-obligation satisfaction is estimated based on the amount in line with the actual total cost as a ratio of the estimated total cost on the contract termination date, and the results are recorded using a method for which the revenue is recognized over a specific period based on the progress.
- (6) Criteria for converting foreign-currency-denominated assets and liabilities to Japanese yen
- Foreign-currency-denominated monetary claims and debts are converted to yen on the consolidated closing date by using the spot exchange rate, and the exchange difference is treated as a gain or loss.

5. Notes on accounting-based estimates

(1) Recognition of revenue related to contracts for which performance obligations are satisfied over a fixed period of time

a. Amounts recorded in consolidated financial statements for the consolidated fiscal year under review

(Thousands of yen)

	Fiscal 2023
Net sales (net sales related to projects in progress at the end of the consolidated fiscal year under review)	39,942
Contract assets	39,942

b. Other information to contribute to the understanding of consolidated financial statement users

The Group recognizes promised goods or services as revenue at the amount expected to be received upon the exchange of said goods or services when the control of said goods or services is transferred to the customer.

Regarding contracts for which performance obligations are to be satisfied over a fixed period of time, the progress of performance-obligation satisfaction is estimated based on the amount in line with the actual total cost as a ratio of the estimated total cost on the termination date, and the results are recorded using a method for which the revenue is recognized over a specific period based on the progress.

Regarding total cost estimates, we suitably review the progress of each project in a timely fashion, but each contract has a high degree of individuality, and total project cost estimates can fluctuate due to factors that include the increasing sophistication and complexity of customer needs, changes in system requirements at the development stage, and changes in delivery deadlines. In addition, because these estimates include a certain degree of uncertainty, they might have an important impact on the consolidated financial statements for the next and subsequent consolidated fiscal years.

(2) Provision for loss on orders received

The provision for loss on orders received can have an important impact on the consolidated financial statements for the next consolidated fiscal year.

There is uncertainty stemming from the fact that it is necessary to make individual decisions based on the characteristics of each general contract project, and this can have an important impact on the consolidated financial statements for the next consolidated fiscal year in cases where the actual manufacturing costs turn out to differ from the estimate.

Note that no provision for loss on orders received has been recorded for the consolidated fiscal year under review.

6. Supplemental information

(Transaction in which the Company's shares are delivered to its employees, etc., through a trust)

(1) Board Benefit Trust (BBT) for directors

The Company has introduced a share-based compensation plan (the "Compensation Plan") to directors of the Company pursuant to the resolution of the 64th ordinary general meeting of shareholders held on June 29, 2017.

a. Transaction outline

In accordance with "the provision of share benefits for directors (and other officers) of the Company" set at the introduction of the Compensation Plan, points are granted to directors (and other officers) of the Company and the Company's shares equivalent to the points will be granted to them at the time of their resignation.

b. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding the amount of incidental expenses). The book value and number of shares of treasury shares were 112,964 yen thousand and 357,200 shares for the consolidated fiscal year under review.

c. Book value of loans calculated from the total market value

Not applicable.

(2) Japanese version of the Employee Stock Ownership Plan (J-ESOP)

The Company has introduced an incentive plan (the "Incentive Plan") to provide employees with benefits in the form of shares of the Company, pursuant to a resolution of the Board of Directors on August 8, 2017.

a. Transaction outline

In accordance with "the provision of share benefits for superior employees" set at the introduction of the Incentive Plan, the Company's shares will be granted to employees who meet certain requirements.

b. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding the amount of incidental expenses). The book value and number of shares of treasury shares were 115,368 thousand yen and 364,800 shares for the consolidated fiscal year under review.

c. Book value of loans calculated from the total market value

Not applicable.

Note: A 2-for-1 share split of common stock, effective April 1, 2024, was conducted. The number of shares indicated above is from after the stock split.

7. Notes on the consolidated balance sheet

Accumulated depreciation of property, plant and equipment 335,474 thousand yen

8. Notes on the consolidated statement of income

Research and development costs included in general and administrative expenses 73,076 thousand yen

9. Notes on the consolidated statement of changes in net assets

(1) Type and total number of shares issued as of the last day of the consolidated fiscal year under review

Common stock 25,113,600 shares

(2) Type and number of treasury shares as of the last day of the consolidated fiscal year under review

Common stock 1,555,079 shares

Notes: 1. A 2-for-1 share split of common stock, effective April 1, 2024, was conducted. The number of shares indicated above is from before the stock split.

2. This includes the 361,000 shares owned by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP).

(3) Dividend-related items

a. Dividend payment

Resolution	Share type	Total dividends (thousands of yen)	Dividends per share (yen)	Record date	Effective date	Dividend resource
June 27, 2023 Ordinary General Meeting of Shareholders (note 1)	Common stock	726,136	30	March 31, 2023	June 28, 2023	Retained earnings

Note: The "total dividends" includes the 11,082 thousand yen in dividends for the 369,400 shares owned by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP).

b. Dividends for which the record date is during the consolidated fiscal year under review and the effective date is during the next consolidated fiscal year

The following will be proposed at the ordinary general meeting of shareholders to be held on June 27, 2024.

Resolution	Share type	Total dividends (thousands of yen)	Dividends per share (yen)	Record date	Effective date	Dividend resource
June 27, 2024 Ordinary General Meeting of Shareholders	Common stock	1,148,137	48	March 31, 2024	June 28, 2024	Retained earnings

Note that retained earnings will be used as the dividend resource.

Notes: 1. The "total dividends" includes the 17,328 thousand yen in dividends for the 361,000 shares owned by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP).

2. A 2-for-1 share split of common stock, effective April 1, 2024, was conducted. The indicated dividend amount per share is from before the stock split.

10. Notes on financial instruments

(1) Items related to the financial instrument situation

(Financial instrument-related action policy)

In terms of fund management, the Group emphasizes safety by imposing a limit on the total investment amount, limiting investment to short-term financial instruments with low market risk, and pursuing effective, efficient surplus fund management. In addition, the Group relies on bank loans for fundraising.

(Major financial instrument details, risks, and the risk management system)

Regarding the credit risk of clients related to accounts receivable - trade, we manage risk in accordance with our "sales management rules" by managing changes in the credit status as well as the collection situation of accounts receivable - trade.

Our investment securities include shares and investment trusts. These are exposed to risks that include credit risk, interest rate fluctuation risk, and market value fluctuation risk, but we manage such risks by regularly gaining an understanding of the market value, rating information, and credit situation based on our "securities management rules."

Our guarantee deposits are mainly security deposits for our head office.

Our accounts payable - trade include our debt to outsourcing contractors, and our accounts payable - other and accrued expenses are included in our debt related to general expenses, etc. and are repaid in the short term.

Our short-term borrowings are bank loans related to our working capital. To avoid divergence from the actual demand as much as possible, we use a monthly cash flow plan for management.

(2) Items related to financial-instrument market value, etc.

The amounts recorded on the consolidated balance sheet for March 31, 2024 (the consolidated closing date for fiscal 2023), market values, and differences are as follows.

(Thousands of yen)

	Amount recorded on the consolidated balance sheet	Market value	Difference
(1) Investment securities	2,854,192	2,861,017	6,825
(2) Guarantee deposits	779,466	700,860	(78,605)

Notes: 1. The following items have been omitted from the notes because their market value is close to their book value due to the fact that they are settled in the short term: cash and deposits, notes, accounts receivable - trade, contract assets, accounts payable - trade, short-term borrowings, accounts payable - other, accrued expenses, income taxes payable, and accrued consumption taxes.

2. Shares with no market value, etc. are not included in "(1) Investment securities." The amounts recorded on the consolidated balance sheet of such financial instruments are as follows.

(Thousands of yen)

Category	Amount recorded on the consolidated balance sheet
Unlisted shares	4,300
Investment partnerships	76,477
Total	80,777

(3) Items related to the breakdown of financial-instrument market value for each suitable classification, etc.

Financial-instrument market value is classified into the three levels below according to the observability and importance of the inputs used to calculate the market value.

Level 1 market value: market value calculated based on the (unadjusted) market value in the same asset's or liability's active market

Level 2 market value: market value calculated by using non-level 1 inputs that are directly or indirectly observable

Level 3 market value: market value calculated by using important inputs that are not observable

If multiple inputs that have an important impact on market value calculation are used to calculate the market value, the market value is classified as having the lowest level of the levels to which those inputs belong.

a. Financial assets and liabilities that use the amounts recorded on the consolidated balance sheet with the market value
(Thousands of yen)

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	2,841,792	—	—	2,841,792

b. Financial assets and liabilities that do not use the amounts recorded on the consolidated balance sheet with the market value
(Thousands of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Golf membership rights	—	19,225	—	19,225
Guarantee deposits	—	700,860	—	700,860

Note: Explanation of valuation techniques and inputs used for market value calculation

- Investment securities

Shares are based on the benchmark price disclosed by investment trusts according to the exchange price. Because listed shares are traded in the active market, they are classified as having a level 1 market value. At the same time, although golf membership rights are not traded in the active market, they have a disclosed benchmark price, so they are classified as having a level 2 market value.

- Guarantee deposits

Guarantee deposits are calculated based on the period up to the expected return date for future cash flow as well as the current value discounted by the risk-free interest rate, and they are classified as having a level 2 market value.

11. Notes on revenue recognition

(1) Breakdown of information on revenue from contracts with customers

(Thousands of yen)

	IT consulting and services	IT solutions for financial services	IT solutions for public corporations	Platform solutions	Total
Goods transferred at a certain point in time	415,375	10,037	—	6,253	431,667
Goods transferred over a fixed period of time	6,352,462	17,607,799	10,637,603	4,668,516	39,266,383
Revenue from contracts with customers	6,767,838	17,617,837	10,637,603	4,674,770	39,698,050
Revenue for external customers	6,767,838	17,617,837	10,637,603	4,674,770	39,698,050

(2) Basic information necessary to understand revenue from contracts with customers

This information is included in "Notes on important basic items for creating consolidated financial statements: 4 Accounting policy-related items: (5) Revenue and cost recording criteria."

(3) Information necessary to understand the amount of revenue during the consolidated fiscal year under review as well as the next and subsequent consolidated fiscal years

a. Contract balance

Information on receivables from contracts with customers as well as the balance of contract assets and contract liabilities is provided below.

(Thousands of yen)

	Start of fiscal 2023	End of fiscal 2023
Receivables from contracts with customers	5,836,424	6,561,682
Contract assets	440,823	39,942
Contract liabilities	59,224	71,218

On the consolidated balance sheet, receivables from contracts with customers and contract assets are included in "notes and accounts receivable - trade, and contract assets," while contract liabilities are included in "current liabilities: other" and "non-current liabilities: other." In addition, of the revenue recognized for the consolidated fiscal year under review, 41,620 thousand yen was included in contract liabilities as of the start of the current fiscal year.

b. Transaction amount allocated to remaining performance obligations

Because there were no important transactions with an initial predicted contract period of over one year, the Group applied a method that is easy business-wise and omitted information related to remaining performance obligations. In addition, of the value gained from contracts with customers, no important amounts were omitted from the transaction price.

12. Notes related to information per share

(1) Book value per share	392.16 yen
(2) Net earnings per share	64.90 yen

Notes: 1. A 2-for-1 share split of common stock, effective April 1, 2024, was conducted. The book value per share and net earnings per share have been calculated assuming that the stock split was implemented at the start of the consolidated fiscal year under review.

2. The Company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares to be deducted from the total number of shares outstanding at the end of the period for the purpose of calculating book value per share, and are included in treasury shares to be deducted for the purpose of calculating net earnings per share during the period for the average number of shares outstanding. The number of shares of treasury shares at the end of the period, which are deducted for the purpose of calculating book value per share, was 722,000 shares in the consolidated fiscal year under review, and the average number of shares of treasury shares during the period, which are deducted for the purpose of calculating net earnings per share, was 724,479 shares in the consolidated fiscal year under review.

13. Notes on important events after the reporting period

(Stock split and partial change to the Articles of Incorporation based on the split)

At the Board of Directors meeting held on March 8, 2024, the Company implemented a stock split and partially changed its Articles of Incorporation based on this split as described below.

(1) Stock split

a. Purpose of the stock split

The purpose of the stock split is to reduce the amount per investment unit in order to increase the liquidity of the Company's shares and further expand its investor class.

b. Overview of the stock split

i) Splitting method

On the record date of Sunday, March 31, 2024 (actually Friday, March 29, 2024, due to the fact that the shareholder list manager was off on March 31), each common stock owned by a shareholder as recorded in the final shareholder list for the day was split into two stocks.

ii) Increase in the number of shares due to splitting

Total number of issued shares before the stock split	25,113,600 shares
Increase in the number of shares due to the recent split	25,113,600 shares
Total number of issued shares after the stock split	50,227,200 shares
Total number of authorized shares after the stock split	200,000,000 shares

iii) Splitting dates

Date of record-date announcement	Tuesday, March 12, 2024
Record date	Sunday, March 31, 2024 (actually Friday, March 29, 2024)
Effective date	Monday, April 1, 2024

c. Effects on information per share

Effects on information per share are indicated in the corresponding section.

(2) Partial change to the Articles of Incorporation based on the stock split

a. Reason for the change

Due to the recent stock split, pursuant to Article 184-2 of the Companies Act, the total number of authorized shares in Article 5 of the Company's Articles of Incorporation has been changed, effective April 1, 2024.

b. Change details

(The underlined portions show what was changed.)

Before the change	After the change
(Total number of authorized shares) Article 5 The Company's total number of authorized shares is <u>100,000,000</u> .	(Total number of authorized shares) Article 5 The Company's total number of authorized shares is <u>200,000,000</u> .

c. Change date

Effective date of the change to the Articles of Incorporation: Monday, April 1, 2024

Notes to Non-consolidated Financial Statements

1. Notes on important items related to accounting policies

(1) Asset valuation criteria and valuation methods

a. Security valuation criteria and valuation methods

Subsidiary shares and affiliate shares

Our cost method is based on the moving-average method.

Other securities

Items other than shares with no market value, etc.

Market value method

The valuation difference is treated as a component of net assets, and the cost of sales is calculated by using the moving-average method.

Shares with no market value, etc.

Our cost method is based on the moving-average method.

b. Inventories valuation criteria and valuation methods

Work in progress: We use the specific cost method (book value write-downs due to profitability decreases).

(2) Depreciation and amortization methods for non-current assets

a. Property, plant and equipment (excluding leased assets)

We use the declining balance method. However, we use the straight-line method for building facilities acquired on April 1, 2016, or later. Note that the useful life is assumed to be three to 15 years in the case of buildings or three to 20 years in the case of tools, furniture, and fixtures.

In addition, regarding assets acquired on or before March 31, 2007, we use the straight-line method for the five-year period starting with the year after the depreciation limit is reached.

b. Intangible fixed assets (excluding leased assets)

Regarding software used by the Company, we use the straight-line method based on the in-house usable period (three to five years).

c. Leased assets

Leased assets related to transactions involving financial leases that do not transfer ownership

We assume that the lease period is the useful life, and we use the straight-line method with the residual value as zero.

(3) Provision recording criteria

a. Provision for bonuses for directors (and other officers)

To prepare to pay directors' bonuses, we record the expected payment amount.

b. Provision for share-based remuneration for employees

To prepare to grant Company shares to employees, etc. based on "the provision of share benefits," we record data at the end of the fiscal year under review based on the expected amount of share-based remuneration obligations.

c. Provision for share-based remuneration for directors (and other officers)

To prepare to grant Company shares to directors, etc. based on "the provision of share benefits for directors (and other officers) of the Company," we record data at the end of the fiscal year under review based on the expected amount of share-based remuneration obligations.

(4) Revenue and cost recording criteria

Our revenue recording criteria recognize promised goods or services as revenue at the amount expected to be received upon the exchange of said goods or services when the control of said goods or services is transferred to the customer. Upon the start of a contract, we judge whether performance obligations are to be satisfied over a fixed period of time, and any inapplicable performance obligations are assumed to be satisfied at a specific point in time instead.

Regarding contracts for which performance obligations are to be satisfied over a fixed period of time, both general contracts and quasi-mandate contracts are included in terms of system development. Regarding these contracts, the progress of performance-obligation satisfaction is estimated based on the amount in line with the actual total cost as a ratio of the estimated total cost on the contract termination date, and the results are recorded using a method for which the revenue is recognized over a specific period based on the progress.

(5) Criteria for converting foreign-currency-denominated assets and liabilities to Japanese yen

Foreign-currency-denominated monetary claims and debts are converted to yen on the closing date by using the spot exchange rate, and the exchange difference is treated as a gain or loss.

2. Notes on accounting-based estimates

(1) Recognition of revenue related to contracts for which performance obligations are satisfied over a fixed period of time

a. Amounts recorded in financial statements for the fiscal year under review

(Thousands of yen)	
	Fiscal 2023
Net sales (net sales related to projects in progress at the end of the fiscal year under review)	39,942
Contract assets	39,942

b. Other information to contribute to the understanding of financial statement users

Other information to contribute to the understanding of financial statement users is provided in "Note 5" of the notes to consolidated financial statements.

(2) Provision for loss on orders received

The provision for loss on orders received can have an important impact on the financial statements for the next fiscal year, but no such provision has been recorded for the end of the fiscal year under review.

Note that details on the provision for loss on orders received are provided in "Note 5" of the notes to consolidated financial statements.

3. Supplemental information

(Transaction in which the Company's shares are delivered to its employees, etc., through a trust)

(1) Board Benefit Trust (BBT) for directors

The Company has introduced a share-based compensation plan (the "Compensation Plan") to directors of the Company pursuant to the resolution of the 64th ordinary general meeting of shareholders held on June 29, 2017.

a. Transaction outline

In accordance with "the provision of share benefits for directors (and other officers) of the Company" set at the introduction of the Compensation Plan, points are granted to directors (and other officers) of the Company and the Company's shares equivalent to the points will be granted to them at the time of their resignation.

b. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding the amount of incidental expenses). The book value and number of treasury shares were 112,964 thousand yen and 357,200 shares at the end of the fiscal year under review.

c. Book value of loans calculated from the total market value

Not applicable.

(2) Japanese version of the Employee Stock Ownership Plan (J-ESOP)

The Company has introduced an incentive plan (the "Incentive Plan") to provide employees with benefits in the form of shares of the Company, pursuant to a resolution of the Board of Directors on August 8, 2017.

a. Transaction outline

In accordance with "the provision of share benefits for superior employees" set at the introduction of the Incentive Plan, the Company's shares will be granted to employees who meet certain requirements.

b. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding the amount of incidental expenses). The book value and number of treasury shares were 115,368 thousand yen and 364,800 shares at the end of the fiscal year under review.

c. Book value of loans calculated from the total market value

Not applicable.

Note: A 2-for-1 share split of common stock, effective April 1, 2024, was conducted. The number of shares indicated above is from after the stock split.

4. Notes on the balance sheet

(1) Monetary debt to directors

Long-term monetary debt 29,100 thousand yen

The above monetary debt to directors is equivalent to the amount of unpaid officer retirement benefits.

At the 51st ordinary general meeting of shareholders held on June 29, 2004, the Company passed a resolution to abolish the officer retirement benefit program, and, at the 53rd ordinary general meeting of shareholders held on June 29, 2006, the Company passed a resolution to pay retirement benefits to its incumbent directors and auditors for the incumbency period up through June of 2004.

(2) Monetary claims and monetary debt to subsidiaries and associates

Short-term monetary claims 2,625 thousand yen

Short-term monetary debt 60,548 thousand yen

(3) Accumulated depreciation of property, plant and equipment 311,970 thousand yen

5. Notes on the statement of income

(1) Volume of transactions with subsidiaries and associates

Transaction volume due to business transactions

Net sales 8,372 thousand yen

Subcontracting transaction volume, etc. 658,125 thousand yen

(2) Research and development costs included in general and administrative expenses 73,076 thousand yen

6. Notes on the statement of changes in net assets

Type and number of treasury shares as of the last day of the fiscal year under review

Common stock 1,555,079 shares

Notes: 1. A 2-for-1 share split of common stock, effective April 1, 2024, was conducted. The number of shares indicated above is from before the stock split.

2. This includes the 361,000 shares owned by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP).

7. Notes on tax effect accounting

(1) A breakdown by each major cause of deferred tax assets and deferred tax liabilities follows.

Deferred tax assets

Accrued bonuses	524,093 thousand yen
Accrued business taxes	57,135 thousand yen
Accrued defined contribution pension premiums	6,194 thousand yen
Long-term accrued expenses	52,469 thousand yen
Loss on valuation of investment securities	58,025 thousand yen
Software	62,571 thousand yen
Accrued officer retirement benefits	8,910 thousand yen
Other	146,332 thousand yen
Subtotal of deferred tax assets	915,733 thousand yen
Valuation allowance	(98,013) thousand yen
Total of deferred tax assets	817,720 thousand yen

Deferred tax liabilities

Retirement benefit trust gains from forfeiture	(2,693) thousand yen
Retirement costs to handle asset retirement obligations	(60,435) thousand yen
Valuation difference on available-for-sale securities	(597,417) thousand yen
Total of deferred tax liabilities	(660,546) thousand yen
Net deferred tax assets	157,173 thousand yen

(2) A breakdown by each major item causing a difference between the normal effective statutory tax rate and the burden rate of income taxes after the application of tax effect accounting follows.

Normal effective statutory tax rate	30.6%
(Adjusted)	
Non-deductible items, including entertainment expenses, etc.	1.9%
Inhabitant tax on a per capita basis	0.1%
Tax deductions	(5.5)%
Valuation allowance	(0.1)%
Other	(0.0)%
Burden rate of income taxes after the application of tax effect accounting	27.0%

8. Notes on transactions with related parties

(Thousands of yen)

Type	Name of the company, etc.	Ownership ratio of voting rights, etc.	Relationship with related parties	Transaction details	Transaction amount	Account item	End of year balance
Subsidiary	TDC Futech Corporation	Owned directly 100%	System development contracting and consignment Concurrent officer posts	Contracted system development, etc.	618,728	Accounts payable - trade Accounts payable - other	55,046 1,927

Notes: 1. Of the above amounts, the transaction amount does not include consumption taxes.

2. Transaction conditions and transaction-condition determination policy

Regarding the price and transaction conditions—similarly to third parties that have no relationship with the Company—we comprehensively consider the quality, price, and other details of provided services when determining the transaction advisability and price.

9. Notes on revenue recognition

Basic information necessary to understand revenue from contracts with customers

This information is the same as in the notes to consolidated financial statements.

10. Notes related to information per share

(1) Book value per share

371.19 yen

(2) Net earnings per share

61.80 yen

Notes: 1. A 2-for-1 share split of common stock, effective April 1, 2024, was conducted. The book value per share and net earnings per share have been calculated assuming that the stock split was implemented at the start of the fiscal year under review.

2. The Company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares to be deducted from the total number of shares outstanding at the end of the period for the purpose of calculating book value per share, and are included in treasury shares to be deducted for the purpose of calculating net earnings per share during the period for the average number of shares outstanding. The number of shares of treasury shares at the end of the period, which are deducted for the purpose of calculating book value per share, was 722,000 shares in the fiscal year under review, and the average number of shares of treasury shares during the period, which are deducted for the purpose of calculating net earnings per share, was 724,479 shares in the fiscal year under review.

11. Notes on important events after the reporting period

This information is the same as in the notes to consolidated financial statements.