



Notice of the 69th Annual General Meeting of Shareholders

Date and Time

Wednesday, June 29, 2022,
at 10:00 a.m. (JST)

Venue

Toshi Center Hotel 6F
2-4-1 Hirakawa-cho, Chiyoda-ku, Tokyo

To help reduce the risk of COVID-19 contact infection and to ensure the fair return of benefits to our shareholders, we will no longer give out gifts as of this general meeting. We appreciate your understanding.

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TDC SOFT Inc.

Securities code: 4687

June 8, 2022

To our shareholders:

Hiroyoshi Kobayashi
President and Representative Director
TDC SOFT Inc.
3-22-7 Yoyogi, Shibuya-ku, Tokyo
(Securities code: 4687)

Notice of the 69th Annual General Meeting of Shareholders

You are cordially notified of the 69th Annual General Meeting of Shareholders of TDC SOFT Inc. (the “Company”), which will be held as described below.

Considering the health of our shareholders as a top priority, to prevent the spread of the novel coronavirus disease **(COVID-19), we request that you refrain from attending the meeting in person on the day wherever possible.**

Accordingly, please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights using one of the methods outlined below by 5:00 p.m. on Tuesday, June 28, 2022 (JST).

【Exercise of voting rights by mail (in writing)】

Indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by mail to reach us by the voting deadline noted above.

【Exercise of voting rights via the internet 】

Access the voting site designated by the Company (<https://evote.tr.mufg.jp/>), enter the Login ID and Temporary Password indicated on the enclosed Voting Rights Exercise Form, and input your vote for or against the proposals in accordance with the on-screen instructions.

If you wish to exercise your voting rights via the internet, please refer to “Regarding Exercise of Voting Rights via the Internet” (page 4) described later.

If you exercise your voting rights both in writing and via the internet, we will accept only the exercise of your voting rights via the internet as effective.

If you exercise your voting rights more than once via the internet, we will accept only the last exercise of your voting rights as effective.

1 Date and Time: Wednesday, June 29, 2022, at 10:00 a.m. (JST)

2 Venue: Toshi Center Hotel 6F
2-4-1 Hirakawa-cho, Chiyoda-ku, Tokyo
(Please refer to the “Location Map of the Venue of the General Meeting of Shareholders” at the end of this document.)

This year, in order to prevent the spread of COVID-19, the number of seats available will be significantly less than in previous years so that we can increase the space between shareholders’ seats. Therefore, you may not be able to enter the meeting room even if you come to the venue. Thank you in advance for your understanding.

3 Meeting Agenda

- Matters to be Reported:
1. Business Report and Consolidated Financial Statements for the 69th fiscal year (April 1, 2021 to March 31, 2022), and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the 69th fiscal year (April 1, 2021 to March 31, 2022)

Proposals to be resolved:

- Proposal 1: Appropriation of Surplus
Proposal 2: Amendment to the Articles of Incorporation
Proposal 3: Election of Five Directors
Proposal 4: Election of One Audit & Supervisory Board Member
Proposal 5: Election of One Substitute Audit & Supervisory Board Member

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1. If you are attending the meeting in person on the day, please submit the Voting Rights Exercise Form at the reception desk at the venue.
 2. In accordance with applicable laws and regulations and Article 16 of the Articles of Incorporation of the Company, of the documents to be provided to shareholders, the following items are posted on the Company’s website (<https://www.tdc.co.jp/>), and thus are not provided in the documents attached to this notice of annual general meeting of shareholders.
 - (1) Notes to Consolidated Financial Statements
 - (2) Notes to Non-consolidated Financial Statements

Consequently, the documents attached to this notice of annual general meeting of shareholders are a part of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board Members in preparing their respective audit reports.
 3. We will provide alcohol-based hand sanitizer for shareholders near the reception desk. Also, we ask that shareholders coming to the venue bring and wear masks.
 4. We will take temperatures at the entrance of the venue and near the reception desk, and persons who are found to have a fever or who appear to be unwell may be refused entry and be asked to go home.
 5. Until the 66th Annual General Meeting of Shareholders, gifts were provided to shareholders attending the meeting; however, in order to reduce the risk of transmission of COVID-19 and from the perspective of fair return of benefits to shareholders, the company has ceased the distribution of gifts at this general meeting.
 6. In the event of updates to the above arrangements or if there are revisions to the Reference Documents for the General Meeting, Business Report, Non-consolidated Financial Statements or Financial Statements due to circumstances surrounding the spread of infection or announcements etc. made by the government and others up to the day of the general meeting of shareholders, we will post a notification on the Company’s website (<https://www.tdc.co.jp/>) on the internet.
 7. We will be wearing casual business attire on the day in line with the government’s Cool Biz campaign to encourage people to adopt a summer dress code and conserve energy through limiting the use of air-conditioning and ask for your understanding.

Information Regarding Exercise of Voting Rights

When exercising your voting rights in writing by mail or via the internet

In writing by mail



Please mark your vote for or against the proposals on the Voting Rights Exercise Form and return it by mail.

Voting deadline

To be received no later than 5:00 p.m. on Tuesday, June 28, 2022 (JST)

Via the internet



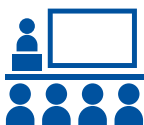
Please refer to “Regarding Exercise of Voting Rights via the Internet” on the following page and input your vote for or against the proposals.

Voting deadline

No later than 5:00 p.m. on Tuesday, June 28, 2022 (JST)

When attending the meeting in person

Attending the meeting in person



Please submit the Voting Rights Exercise Form **at the reception desk at the venue.**

Please be aware that proxies, accompanying persons, and others who are not shareholders, and persons other than shareholders with voting rights will not be allowed entry to the venue.

Date and time

10:00 a.m. on Wednesday, June 29, 2022 (JST)

Regarding Exercise of Voting Rights via the Internet

Exercise of voting rights via the internet can be completed only through the voting site designated by the Company (<https://evote.tr.mufg.jp/>), accessed using a computer or smartphone.

How to scan the QR code using a smartphone



Voting Rights Exercise Form duplicate (shown on the right)

You are no longer required to enter the Login ID and Temporary Password when exercising your voting rights using a smartphone.

Log in by scanning the QR code to log in printed on the enclosed Voting Rights Exercise Form duplicate (shown on the right).

*Exercise of voting rights using the above method is limited to one time.

To log in from the second time or thereafter, please log in following the instructions given below.

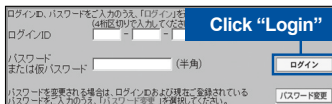
How to enter the Login ID and Temporary Password

How to use the voting site

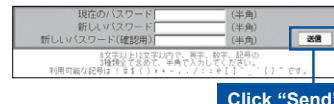
1 Access the voting site



2 Enter the Login ID and Temporary Password shown on the bottom right of your Voting Rights Exercise Form



3 Enter both "New Password" and "New Password (confirmation)"



Input your vote for or against the proposals following the on-screen instructions shown thereafter

Please note:

- Exercise of voting rights via the internet is available until 5:00 p.m. on Tuesday, June 28, 2022, the day before the general meeting of shareholders.
- If you exercise your voting rights both by mail and via the internet, we treat the details from the exercise of your voting rights via the internet as effective.
- If you exercise your voting rights multiple times via the internet, we will treat the details from the final exercise of your voting rights as effective.

For inquiries regarding the system, etc. (Helpdesk)

Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Division

0120-173-027

(Toll free within Japan)

Operating hours: 9:00 a.m. to 9:00 p.m. (JST)

■ Reference Documents for the General Meeting of Shareholders

Proposal and reference items

Proposal 1 **Appropriation of Surplus**

As a basic policy, the Company adopts the continuous return of profits to shareholders, while enhancing corporate value by improving the management base and strengthening the Company's financial position. For the fiscal year under review, the Company proposes to pay the following year-end dividends, based on this policy and in acknowledgement of shareholders' ongoing support.

1 **Type of dividend property**

To be paid in cash.

2 **Allotment of dividend property to shareholders and the total amount**

The Company proposes to pay a dividend of ¥30 per common share of the Company.

In this event, the total dividends will be ¥734,689,230.

3 **Effective date of dividends of surplus**

The Company proposes the date of June 30, 2022.

Proposal 2 Amendment to the Articles of Incorporation

1. Reasons for the proposal

As the enforcement date of the revised provisions provided for in a proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) is to be September 1, 2022, provisions will be established to stipulate that the Company will take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, and that it may limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents. Also, since the current provisions for internet disclosure and deemed provision of reference documents for the general meeting of shareholders, etc. will no longer be required, they will be deleted, and, accompanying these changes, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the amendment

Details of the amendment are as follows:

(Underlined parts are to be amended.)

Current Articles of Incorporation	Proposed amendments
Internet Disclosure and Deemed Provision of Reference Documents of the General Meeting of Shareholders, Etc.) Article 16. When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.	(Deleted)
(Newly established)	(Measures for Providing Information in Electronic Format, Etc.) Article 16. 1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format. 2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.
(Newly established)	(Supplementary Provisions) 1. The deletion of pre-amended Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) and new establishment of amended Article 16 (Measures for Providing Information in Electronic Format, Etc.) shall be effective from September 1, 2022. 2. Notwithstanding the provisions of the preceding paragraph, pre-amended Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any general meeting of shareholders held on a date up until the last day of February, 2023. 3. These Supplementary Provisions shall be deleted on March 1, 2023, or on the date when three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.

Reference Documents for the General Meeting of Shareholders

Proposal 3 Election of Five Directors

The terms of office of four Directors, Hiroyoshi Kobayashi, Mikako Takase, Tsuyoshi Ogaki, and Junzo Nakagawa, will expire, and Director Yuji Kawashima will retire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, the Company proposes the new election of five Directors.

The candidates for Director are as follows:

Candidate No.	Name	Current position	Attributes	Attendance at Board of Directors' meetings	Tenure as Director
1	Hiroyoshi Kobayashi	President and Representative Director	Reelection	13/13 (100%)	4 Years
2	Mikako Takase	Director	Reelection	13/13 (100%)	6 Years
3	Tsuyoshi Ogaki	Director	Reelection	13/13 (100%)	6 Years
4	Junzo Nakagawa	Director	Reelection	Outside Independent officer	13/13 (100%) 2 Years
5	Masakazu Kuramoto	—	New election	Outside Independent officer	— —

Hiroyoshi Kobayashi

Reelection

- Date of birth
March 1, 1964
- Tenure as Director: 4 years
- Attendance at Board of Directors' meetings
100% (13/13)
- Number of the Company's shares held
46,500

■ Career summary, positions, responsibilities and significant concurrent positions

Jan. 1989	Joined the Company
Apr. 2009	Deputy General Manager of Solution Service Headquarters
Apr. 2011	Executive Officer Deputy General Manager of IT Business Headquarters
Apr. 2016	General Manager of Corporate Planning Headquarters
Apr. 2018	General Manager of IT Integration Business Headquarters Deputy General Manager of Technology Development & Promotion Headquarters
June 2018	Director and Executive Officer
Jan. 2019	Director and Managing Executive Officer
Apr. 2019	Senior Managing Director and Executive Officer
June 2019	President and Representative Director (current position)

■ Reasons for nomination as candidate for Director

Hiroyoshi Kobayashi has a background mainly in technical and development fields, and has been involved in management since 2018 as a Director based on his extensive experience. In 2019 he has appointed President and Representative Director, and has demonstrated strong leadership toward enhancing the corporate value of the entire Group. The Company has judged that his continued participation in the Company's management decision-making will contribute to the enhancement of the Group's corporate value and sustainable growth. Therefore, the Company has nominated him as a candidate for Director.

Reference Documents for the General Meeting of Shareholders

Candidate
No.

2

Mikako Takase

R reelection

- Date of birth
December 26, 1958
- Tenure as Director: 6 years
- Attendance at Board of Directors' meetings
100% (13/13)
- Number of the Company's shares held
19,700

■ Career summary, positions, responsibilities and significant concurrent positions

Apr. 1997	Joined Sun Japan Corporation (currently CAICA DIGITAL Inc.)
Apr. 2005	Director
June 2007	President and Representative Director
July 2009	Senior Executive Officer of SJI Inc. (currently CAICA DIGITAL Inc.) Deputy General Manager of Domestic Business Operations Units
Sept. 2013	Administration Officer, General Manager of Business Planning Department, Group Business Headquarters of the Company
Apr. 2014	Executive Officer Deputy General Manager of Business Strategy Headquarters General Manager of Sales Planning Department, Business Strateg Headquarters
June 2016	Director and Executive Officer In charge of Enterprise Business Unit General Manager of Business Strategy Headquarters
Oct. 2017	Director and Managing Executive Officer (current position) General Manager of Sales Headquarters
Apr. 2019	In charge of Business Innovation Headquarters In charge of Digital Technology Headquarters (current position) In charge of Financial System Headquarters
Apr. 2020	Supervisor of Solutions Business Headquarters
Apr. 2021	In charge of Financial Business Design Headquarters (current position) In charge of Smart SI Promotion Office
Apr. 2022	In charge of Systems Development Headquarters

■ Reasons for nomination as candidate for Director

Mikako Takase has a background mainly in business areas, and since becoming a Director of the Company, has mainly been in charge of business and development areas. As she is committed to enhancing the corporate value of the Group, the Company expects she will continue to demonstrate her management ability, drawing on her wide range of knowledge and experience, and has therefore nominated her as a candidate for Director.

Tsuyoshi Ogaki

Reelection

- Date of birth
November 21, 1965
- Tenure as Director: 6 years
- Attendance at Board of Directors' meetings
100% (13/13)
- Number of the Company's shares held
58,660

■ Career summary, positions, responsibilities and significant concurrent positions

Apr. 1988	Joined the Company
Apr. 2008	General Manager of Corporate Planning, Corporate Planning Headquarters
Apr. 2011	Deputy General Manager of Administration Headquarters
Oct. 2012	Executive Officer
June 2016	Director and Executive Officer (current position)
Apr. 2018	General Manager of Business Management Promotion Headquarters Deputy General Manager of Solutions Business Headquarters In charge of Corporate Planning Headquarters
Apr. 2019	In charge of Kansai Branch Vice President and Representative Director of TDC Futech Corporation
Apr. 2020	General Manager of Administration Headquarters In charge of Administration Headquarters (current position)
Apr. 2021	In charge of Corporate Planning Headquarters
Apr. 2022	In charge of Smart SI Promotion Office (current position) Director of TDC Futech Corporation

■ Reasons for nomination as candidate for Director

Tsuyoshi Ogaki has a background mainly in corporate planning and administration areas, and has been committed to enhancing the corporate value of the Group for many years as a person in charge of the Company's Corporate Planning and Administration Headquarters. The Company expects he will continue to demonstrate his management ability, drawing on his wide range of knowledge and experience, and has therefore nominated him as a candidate for Director.

Reference Documents for the General Meeting of Shareholders

Candidate
No.

4

Junzo Nakagawa

Reelection

Outside

Independent
officer

- Date of birth
January 22, 1953
- Tenure as Director: 2 years
- Attendance at Board of Directors' meetings
100% (13/13)
- Number of the Company's shares held
0

■ Career summary, positions, responsibilities and significant concurrent positions

Apr. 1977 Joined Nippon Telegraph and Telephone Public Corporation
(currently Nippon Telegraph and Telephone Corporation)

July 2000 Head of Fourth Financial Sector, Financial Systems Headquarters of NTT
DATA Corporation

Apr. 2003 Head of Channel Business Unit, Financial Business Headquarters

Apr. 2005 Nippon COMSYS Corporation
General Manager of First Information Business Sector,
Information Business Department, IT Business Division

July 2007 Executive Officer
Deputy Chief of IT Business Division
General Manager of Information Business Division

Apr. 2009 Director and Executive Officer of COMSYS JOHO SYSTEM Corporation
General Manager of Systems Business Division

June 2011 Managing Director

Sept. 2012 Managing Director of COMSYS TECHNO Corporation
General Manager of Information Systems Department

June 2015 President and Representative Director

June 2018 Advisor

June 2020 Outside Director of the Company (current position)

■ Reasons for nomination as candidate for Outside Director and expected roles

Junzo Nakagawa gained experience mainly in technical and development areas at several companies including NTT DATA Corporation, and has been serving as President and Representative Director of COMSYS TECHNO Corporation. He has served as a Director of the Company since June 2020, and in addition to offering appropriate opinions on important matters of general management from a fair and objective standpoint based on his extensive experience and broad insight, he has been supervising management from the perspective of general shareholder protection as an outside Director and independent officer. Therefore, the Company expects him to continue in this role and has nominated him as a candidate for Director.

Candidate
No.

5

Masakazu Kuramoto

New
election

Outside

Independent
officer

- Date of birth
October 7, 1956
- Tenure as Director: 0 years
- Attendance at Board of
Directors' meetings
0% (0/0)
- Number of the Company's
shares held
1,000

■ Career summary, positions, responsibilities and significant concurrent positions

- Dec. 1980 Joined Nippon Telegraph and Telephone Public Corporation
(currently Nippon Telegraph and Telephone Corporation)
- Sept. 1997 NTT COMWARE CORPORATION
Senior Manager of Customer Fee Systems Business Department
- Apr. 2001 NTT DoCoMo, Inc.
Senior Manager of Fee Systems, Information Systems Department
- June 2007 Administration Officer, Head of Marunouchi Branch
- June 2010 DoCoMo Business Net, Inc. (currently DOCOMO CS, Inc.)
Director, General Manager of Sales Division
- June 2012 Director, General Manager of General Affairs and Accounting Division,
DOCOMO Technology, Inc.
- June 2014 Director, General Manager of Corporate Planning Division of DOCOMO
Datacom, Inc.
- June 2019 Audit & Supervisory Board Member of DOCOMO Technology, Inc.
- June 2021 Special Counselor

■ Reasons for nomination as candidate for Outside Director and expected roles

Masakazu Kuramoto gained experience mainly in technical and development areas in the NTT Group, and has been serving as a director at several NTT Group companies. After assuming positions of director, he has been involved in the sales field, corporate planning, and administrative divisions, among others, and has extensive business experience. The Company expects him to offer appropriate opinions on important matters of general management from a fair and objective standpoint and supervise management from the perspective of general shareholder protection as an outside Director and independent officer, utilizing his broad experience and knowledge, and has therefore nominated him as a candidate for Director.

Notes: 1. Masakazu Kuramoto is a new candidate for Director.

2. There is no special interest between any of the candidates for Director and the Company.

3. Junzo Nakagawa and Masakazu Kuramoto are candidates for outside Director.

The Company has submitted notification to the Tokyo Stock Exchange that Director Junzo Nakagawa is an independent officer as provided for by said exchange, and if he is elected Director as proposed, he will continue as an independent Director. Also, if Masakazu Kuramoto is elected as proposed, he will become a new independent officer.

4. Based on its Articles of Incorporation, the Company has entered into a liability limitation agreement with Outside Directors to limit their liability for damages as stipulated in Article 423, paragraph (1) of the Companies Act, to 10 million yen or the amount prescribed by laws and ordinances, whichever is higher. If Junzo Nakagawa is elected as Director, the Company will continue the said liability limitation agreement with him. If Masakazu Kuramoto is elected as Director, the Company plans to newly conclude the said liability limitation agreement with him.

5. The Company has entered into a directors and officers liability insurance agreement with the contents as outlined below in order to secure excellent human resources and prevent deterioration in their performance of duty, and plans to renew the agreement in July 2022. The four candidates for reelection as Director put forward in this proposal are insureds under the said liability insurance agreement. In addition, if the candidates in this proposal are elected as Director, all five of them will become insureds under the said liability limitation agreement.

[Outline of the contents of the insurance agreements]

(1) Actual share of insurance premiums to be borne by the insured

The Company will bear the amount of insurance premiums including for special contracts, and the insured will bear no amount of the insurance premium.

(2) Summary of insured events subject to compensation

The said insurance agreement covers compensation for damages arising from claims made by a shareholder or third party against an insured, who bears responsibility as a director or other officer of the Company, as a result of inaction or actions performed in the course of business.

Reference Documents for the General Meeting of Shareholders

Table of skills possessed by Directors and Audit & Supervisory Board Members

Position	Name	General management	Technology and R&D	International experience	Sales	Finance and accounting	Health management	Legal affairs and compliance
Chairman and Representative Director	Fumio Hashimoto	●	●	●	●		●	
President and Representative Director	Hiroyoshi Kobayashi	●	●	●			●	
Senior Managing Director	Yoshinobu Odajima	●	●	●	●			
Managing Director	Mikako Takase	●	●	●	●			
Director	Yasuo Kawai	●	●		●	●	●	●
Director	Kazuyoshi Kitagawa	●	●		●			
Director	Tsuyoshi Ogaki	●	●			●	●	●
Director (outside)	Shigeru Kuwabara	●	●					
Director (outside)	Junzo Nakagawa	●	●					
Director (outside)	Kumiko Kawasaki						●	
Director (outside)	Masakazu Kuramoto	●	●		●	●	●	●
Full-time Audit & Supervisory Board Member (outside)	Koichi Ito			●		●		●
Full-time Audit & Supervisory Board Member	Satoshi Nozaki	●		●	●			
Audit & Supervisory Board Member (outside)	Hiroaki Okamatsu	●	●		●			

*The above does not represent all the knowledge and experience possessed by each Director and Audit & Supervisory Board Member, but rather shows the particular skills expected of each person.

Proposal 4 Election of One Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Koichi Ito will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of one Audit & Supervisory Board Member.

The Audit & Supervisory Board has already given its consent to this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Koichi Ito

Reelection Outside Independent officer

- Date of birth
February 23, 1960
- Tenure as Director: 4 years
- Attendance at Board of Directors' meetings
100% (13/13)
- Attendance at Audit & Supervisory Board meetings
100% (19/19)
- Number of the Company's shares held
1,300

■ Career summary, positions and significant concurrent positions

- | | |
|-----------|---|
| Apr. 1983 | Joined the Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation) |
| Apr. 2005 | General Manager of the Forex and Financial Products Trading Division |
| June 2007 | General Manager of the Investment Trust Service Division of the Master Trust Bank of Japan, Ltd. |
| Apr. 2014 | General Manager of the Corporate Risk Management Division of the Mitsubishi UFJ Trust and Banking Corporation |
| June 2018 | Full-time Outside Audit & Supervisory Board Member of the Company(current position) |

■ Reasons for nomination as candidate for Outside Audit & Supervisory Board Member

The Company determined that Koichi Ito is an appropriate person for Outside Audit & Supervisory Board Member because he will use the specialized knowledge, experience, and other skills he has gained at financial institutions to effectively handle the Company's auditing work. Following his appointment as an Outside Audit & Supervisory Board Member in June of 2018, he spent four years serving on behalf of the Company, and, in addition to his deep understanding of the Company's business, he actively communicated from a position of neutrality on Company management based on his specialized knowledge, experience, and other skills. Due to the above reasons, the Company has judged that he would be able to effectively fulfill the duties required of an Outside Audit & Supervisory Board Member.

- Notes: 1. There is no special interest between the candidate for Audit & Supervisory Board Member and the Company.
2. Koichi Ito is a candidate for Outside Audit & Supervisory Board Member.
The Company has submitted notification that Koichi Ito is an independent officer based on the stipulations of the Tokyo Stock Exchange.
3. Based on its Articles of Incorporation, the Company has entered into a liability limitation agreement with Outside Audit & Supervisory Board Members to limit their liability for damages as stipulated in Article 423, paragraph (1) of the Companies Act, to 10 million yen or the amount prescribed by laws and ordinances, whichever is higher. If Koichi Ito is elected as an Audit & Supervisory Board Member, the Company will continue the said liability limitation agreement with him.
4. The Company has entered into a directors and officers liability insurance agreement with the contents as outlined below in order to secure excellent human resources and prevent deterioration in their performance of duty, and plans to renew the agreement in July 2022. The candidate for Audit & Supervisory Board Member put forward in this proposal is insured under the said liability insurance agreement. In addition, if the candidate in this proposal is elected as an Audit & Supervisory Board Member, he will become insured under the said liability limitation agreement.
- [Outline of the contents of the insurance agreements]
- (1) Actual share of insurance premiums to be borne by the insured
The Company will bear the amount of insurance premiums including for special contracts, and the insured will bear no amount of the insurance premium.
- (2) Summary of insured events subject to compensation
The said insurance agreement covers compensation for damages arising from claims made by a shareholder or third party against an insured, who bears responsibility as a director or other officer of the Company, as a result of inaction or actions performed in the course of business.

Reference Documents for the General Meeting of Shareholders

Proposal 5 Election of One Substitute Audit & Supervisory Board Member

To help prepare for cases where the legally required number of Audit & Supervisory Board Members is not satisfied, the election of one Substitute Audit & Supervisory Board Member is proposed.

Note that before Hideo Ono is officially appointed, the decision to elect him can be canceled as a result of a resolution of the Board of Directors after obtaining the consent of the Audit & Supervisory Board.

The Audit & Supervisory Board has already given its consent to this proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Hideo Ono

Outside

- Date of birth
July 18, 1952
- Number of the Company's shares held
0

■ Career summary, positions and significant concurrent positions

Sept. 1983 Joined the certified public accountant/certified tax accountant Mizuho Aida office
Apr. 1988 Registered as a certified tax accountant
Apr. 1990 Opened the Hideo Ono certified tax accountant office
Head of the above office (current position)

■ Reasons for nomination as candidate for Substitute Outside Audit & Supervisory Board Member

Hideo Ono possesses extensive experience as a certified tax accountant. The Company expects him to apply his wealth of experience and specialized knowledge pertaining to taxes and accounting to the Company's auditing work, and has therefore nominated him as a candidate for Substitute Outside Audit & Supervisory Board Member.

- Notes: 1. There is no special interest between Hideo Ono, the candidate for Substitute Audit & Supervisory Board Member, and the Company.
2. Hideo Ono is a candidate for Substitute Outside Audit & Supervisory Board Member.
3. Based on its Articles of Incorporation, the Company will enter into a liability limitation agreement with Hideo Ono to limit his liability for damages as stipulated in Article 423, paragraph (1) of the Companies Act, to 10 million yen or the amount prescribed by laws and ordinances, whichever is higher, if this proposal is approved and he is in fact appointed as an Audit & Supervisory Board Member.
4. The Company has entered into a directors and officers liability insurance agreement with the contents as outlined below in order to secure excellent human resources and prevent deterioration in their performance of duty, and plans to renew the agreement in July 2022. If this proposal is approved and Hideo Ono is appointed as an Audit & Supervisory Board Member, he will become insured under the said liability limitation agreement.
- [Outline of the contents of the insurance agreements]
- (1) Actual share of insurance premiums to be borne by the insured
The Company will bear the amount of insurance premiums including for special contracts, and the insured will bear no amount of the insurance premium.
- (2) Summary of insured events subject to compensation
The said insurance agreement covers compensation for damages arising from claims made by a shareholder or third party against an insured, who bears responsibility as a director or other officer of the Company, as a result of inaction or actions performed in the course of business.

1. Current Situation of Our Corporate Group

(1) Business progress and results

(1) Major policies for the Consolidated Fiscal Year Ended March 31, 2022

During this consolidated fiscal year (April 1, 2021 to March 31, 2022), Japan's economy continued showing signs of recovery as the tough times caused by the impacts of the COVID-19 pandemic have eased, but a sense of uncertainty remains due to the situation in Ukraine among other factors warranting caution toward downside risks.

In the information services industry, while the demand for developing and enhancing the telecommuting environment since last year has come full circle, corporate ICT investment, which had been continually suppressed, has resumed, and demand related in particular to digital transformation ("DX") for strengthening businesses and promoting transformation has been increasing.

In this climate, the TDC SOFT Group aims to become a next-generation system integrator as stated in its medium-term management plan "Shift to the Smart SI" for the period between April 2019 and March 2022. Our vision is to evolve into a next-generation system integration ("SI") business geared toward new trends in digital technology based on the potential needs of the market.

To make the vision from our medium-term management plan a reality, we have two Group-wide core strategies. One is to "pursue high value-added SI services." We tap into the latest elemental technologies to pursue services designed to meet the needs of customers promoting DX for value creation. The other is to "promote SI model reforms." We use innovative approaches to build infrastructure for high value-added SI services and to develop an SI process designed to ensure high productivity and high quality, and promote initiatives to differentiate ourselves from competitors.

In February 2021, we made a downward revision to the performance targets in our medium-term management plan for both net sales and profit due to project postponements and other impacts of the COVID-19 pandemic. However, we see demand for next-generation SI to be increasing, including for DX-related services that promote the enhancement and transformation of our customers' businesses, and to that end we did not change the core strategies for the period set forth in the medium-term management plan "Shift to the Smart SI." Instead, we pursued a policy of promoting initiatives based on the plan, responding to external changes in the business environment with flexibility while working to definitively address and remedy issues that arose throughout the course the plan. Major initiatives are as follows.

i) Initiatives for core strategy "pursue high-value-added SI services"

In order to expand high-value-added SI services that meet customers' needs of creating value, the Company has proactively engaged in human resource development and business development, considering the technologies that will greatly impact future society and businesses as focus fields. In particular, agile development, information system security, and other businesses, which have been set as our key strategic fields since the fiscal year ended March 31, 2020, have grown steadily. Net sales from these businesses achieved the ¥5,000 million target set out in our original medium-term management plan, increasing to ¥5,390 million, or 60.3% year on year, in the fiscal year ended March 31, 2022 and accounted for 17.4% of consolidated net sales, up 5.1 percentage points from the previous year.

Business Report

a. Key strategic field: Agile development business

In order to expand the domestic enterprise agile market, the Company has been promoting initiatives such as joint research between academia and the business community and cooperation with global companies since the previous fiscal year. In the agile development business, during the period under review, we have offered services for quick management decision-making, consulting services to help with system development, and educational services using the Scaled Agile Framework® (“SAFe®”) based on a strengthened alliance with the U.S. company Scaled Agile, Inc. under a gold partner contract. In addition, we have entered into a business partnership agreement with Ricksoft Co., Ltd. to promote the development of services following best practices for business transformation using SAFe®. These initiatives led net sales of the agile development business to increase steadily, up 21.2% year on year.

b. Key strategic field: Information system security business

In the information system security business, we are working to expand our high-value-added SI services through the promotion of SI solutions using local 5G in collaboration with closip (company name changed from LTE-X Inc.), a capital and business tie-up partner with competitive strengths in the field of network security, the formation of an alliance agreement with Internet Research Institute, Inc. in the field of cyber security, the expansion of security diagnostic services, and other efforts.

ii) Initiatives for core strategy “promote SI model reforms”

During the fiscal year under review, we promoted activities for open innovation with our alliance partners and subsidiaries. More specifically, we promoted cooperation with our alliance partners in the agile development and information system security businesses stated in the aforementioned “create high-value-added SI services,” strengthened our customer bases and service provision system through collaboration between our solution business departments and Yell Business Consulting, Inc.(company name changed from Yagi Business Consultant, Inc.), which we acquired through M&A during the fiscal year ended March 31, 2020 and that has a competitive advantage in the SAP field where migration demand is high, and made other efforts. In order to further improve the quality of our services and to increase the efficiency of quality assurance processes in development projects, we have introduced project performance evaluations and implemented measures to streamline the SI business by utilizing advanced technologies among other initiatives.

iii) Thorough implementation of COVID-19 countermeasures

While tough times have continued since the COVID-19 pandemic broke out during the previous fiscal year, the impact on our businesses has been limited as we worked to ensure smooth business continuity by implementing thorough COVID-19 countermeasures, proactively making use of remote work, and other measures, and project postponements have collectively turned around since the beginning of the fiscal year as the dip in customer appetite for IT investment has begun to ease.

iv) Proactive forward-looking investment

In light of the robust business conditions since the beginning of the fiscal year under review, we have been proactively engaged in investing activities aimed at further business expansion moving forward. Specifically, we have invested in corporate branding to secure human resources and improve employee engagement, as well as in acquiring elemental technologies related to UX (Note 1), containers (Note 2), and data analytics platforms (Note 3) in addition to the key strategic fields listed above.

As a result of these initiatives, in respect of the consolidated financial results for the current fiscal year, the Group achieved the initial business performance targets set in its medium-term management plan of ¥30,000 million in net sales and ¥2,700 million in operating profit for the fiscal year. Net sales amounted to ¥30,925 million, up 13.3% year on year; operating profit amounted to ¥2,967 million, up 25.8% year on year; ordinary profit amounted to ¥3,082 million, up 20.2% year on year; and profit attributable to owners of parent amounted to ¥2,069 million, up 20.9% year on year.

Notes: 1. UX: User experience. The experience a user has through the use of a system or service.

2. Container: A type of technology used to create virtual runtime environments for applications and an important elemental technology in utilizing cloud-native applications, a recent subject of attention.

3. Data analytics platform: A technical platform that systematically conducts a series of operations to collect, store, process, and analyze data.

(2) Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

Net sales

¥30,925 million
+13.3% year on year 

Operating profit

¥2,967 million
+25.8% year on year 

Ordinary profit

¥3,082 million
+20.2% year on year 

Profit attributable to owners of parent for the period under review

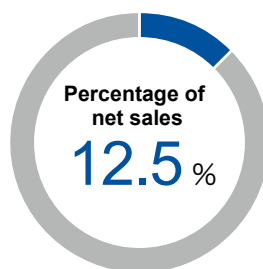
¥2,069 million
+20.9% year on year 

Business Report

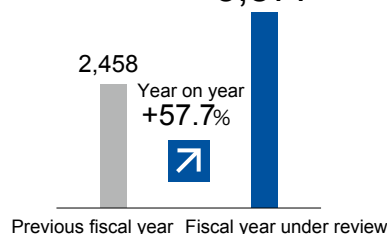
Status of activities by field

IT consulting and services

In the IT consulting and services field, we offer services that include developing IT strategies and information system concepts to facilitate customers' DX, technology consulting, and providing educational services about the latest technologies and development methodologies. We also provide our internally developed cloud application services, along with solution services, such as business intelligence (BI) (Note 4)/data warehousing (DWH) (Note 5) and enterprise resource planning (ERP) (Note 6)/customer relationship management (CRM) (Note 7). During this fiscal year, the Group made solid progress on projects related to IT service management and cloud managed services. As a result, net sales in this field increased 57.7% year on year to ¥3,877 million.

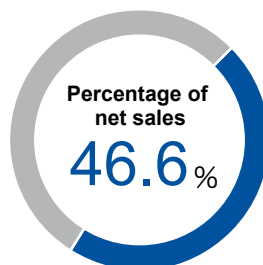


■ Net sales
(Unit: millions of yen)

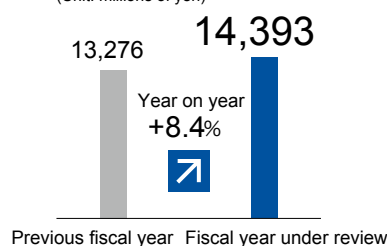


IT solutions for financial services

In the field of IT solutions for financial services, we offer integrated IT solutions for the financial sector, including information system concepts, design, development, and maintenance. During this fiscal year, the Group made solid progress on development projects for credit-related systems and other projects. As a result, net sales in this field increased 8.4% year on year to ¥14,393 million.

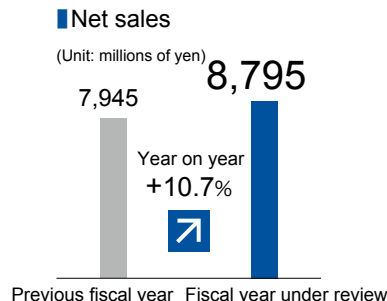
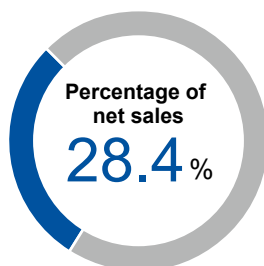


■ Net sales
(Unit: millions of yen)



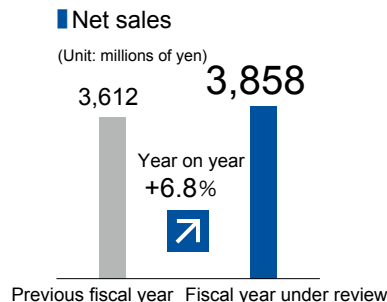
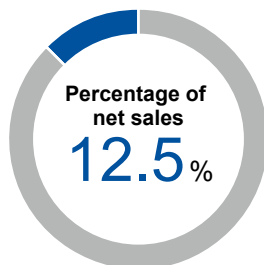
IT solutions for public and general corporations

In the field of IT solutions for public and general corporations, we offer integrated IT solutions for the distribution, manufacturing, and service industries as well as the public sector, including information system concepts, design, development, and maintenance. During this fiscal year, the Group made solid progress on development projects for the transportation and telecommunications sectors and other projects. As a result, net sales in this field increased 10.7% year on year to ¥8,795 million.



Platform solutions

In the field of platform solutions, we offer services that include configuring and developing IT infrastructure, along with helping with its operation, developing network products, and integrating networks. During this fiscal year, the Group made solid progress on projects to build cloud-related infrastructure. As a result, net sales in this field increased 6.8% year on year to ¥3,858 million.



Notes: 4. BI: Business intelligence. A process for analyzing a company's internal information to harness it in business management.

5. DWH: Data warehouse. An integrated database that collects necessary data from multiple systems, including core systems, to sort the data by objective and accumulate it chronologically for data analysis and decision-making.

6. ERP: Enterprise resource planning. A core information system.

7. CRM: Customer relationship management. A customer management system.

(2) Situation of capital investment, etc.

Not applicable.

(3) Financing situation

Not applicable.

(4) Issues to address

In the information service industry to which the TDC SOFT Group belongs, the trend toward DX through technological innovation, including cloud computing, AI (artificial intelligence), the IoT (Internet of things), RPA (robotic process automation), blockchains, and microservices, is expected to increase strategic investment demand aimed at the enhancement of corporate competitiveness, and IT investment demand is also expected to stay on an increasing trend.

The TDC SOFT Group is aiming to become a next-generation system integrator as stated in its medium-term management plan “Shift to the Smart SI” for the period between April 2019 and March 2022. Our vision is to evolve into a next-generation system integration (“SI”) business that captures the latent needs of the market and adapts to digital technologies and new trends.

To make this vision a reality, we have two Group-wide core strategies.

One is to “pursue high-value-added SI services.” We tap into the latest elemental technologies to pursue services designed to meet the needs of customers promoting DX for value creation. The other is to “promote SI model reforms.” We use innovative approaches to build infrastructure for high-value-added SI services and to develop an SI process designed to ensure high productivity and high quality, thereby differentiating ourselves from competitors.

(1) Pursuing high-value-added SI services

We tap into the latest elemental technologies to pursue services designed to meet the needs of customers promoting DX for value creation.

- i) Supporting customer DX with the latest technologies
- ii) Providing support to help resolve management issues through know-how that includes IT service management and specialized business knowledge
- iii) Providing problem-solving support that utilizes business and IT architects

(2) Promoting SI model reforms

- i) Reforms to achieve a wide range of business practices that offer high service quality

We currently use highly skilled human resources for specific projects on an individual basis, but we would like to establish business practices that increase the service quality level of the Company as a whole, including the use of such human resources for multiple projects.

- Building practices to enable the integration and use of highly skilled human resources for a wide range of projects
- Building a unique Company agreement model, including agreement on the service level, incentives, etc. with customers

- ii) Improving efficiency in the quality assurance process

We would like to establish SI services that reduce the system development burden faced by customers while also striving to improve the efficiency of project management and the quality assurance process.

- Streamlining the quality assurance process, supplemental work, etc.
- Improving the efficiency of the SI model by utilizing next-generation technologies (automation), etc.

Japan's economy is expected to recover moving forward as the tough times caused by the impacts of the COVID-19 pandemic ease and socio-economic activity begins to normalize. However, uncertainty is expected to continue for the foreseeable future due to the situation in Ukraine among other factors.

As the information services industry demonstrates robust overall growth, IT needs related to business transformation and work reforms through DX are expanding while at the same time growing more diverse and complex.

The TDC SOFT Group is aiming to become a next-generation system integrator as stated in its new medium-term management plan "Shift to the Smart SI Plus" which will begin in fiscal 2022. Our vision is to contribute to the realization of a smarter society by providing high value-added IT services based on the potential IT needs of the market as well as society.

To that end, we will strive to "expand our business domain" by adhering to the core strategies of "pursue high-value-added SI services" and "promote SI model reforms" we have been pursuing since the previous medium-term management plan.

Specifically, we plan to expand our business domain and work to increase net sales and profit by strengthening efforts in our sales business, which sells products, services, etc. that meet a diverse array of customers' IT needs, in our consulting business, which supports customers in formulating strategies for their digital transformation, in providing managed services that integrate all aspects of IT solutions, from development through to operation and maintenance, etc.

The Company will welcome in its 60th anniversary this year on October 16.

As an expression of gratitude toward our shareholders for their continued support, we plan to pay out a commemorative dividend of ¥15 per share as an interim dividend during the upcoming fiscal year.

As a result, annual dividends per share will come to ¥45, consisting of ordinary dividends of ¥30 yen plus the commemorative dividend of ¥15.

Note that details on the dividends planned for the fiscal year ending in March of 2023 (60th anniversary commemorative dividends) are provided in our "Financial Results for the Fiscal Year Ended March 2022," which were disclosed on May 12, 2022.

In this milestone year, the Company will continue to strive toward realizing a smart society.

Business Report

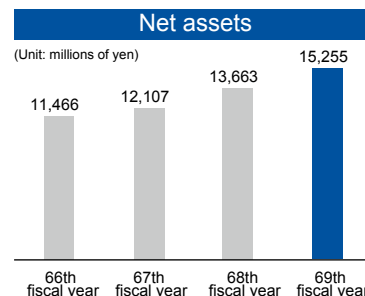
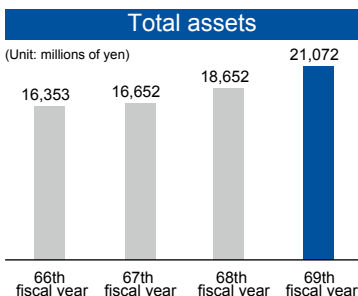
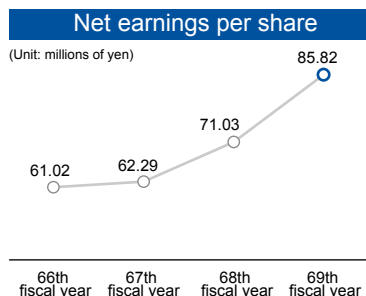
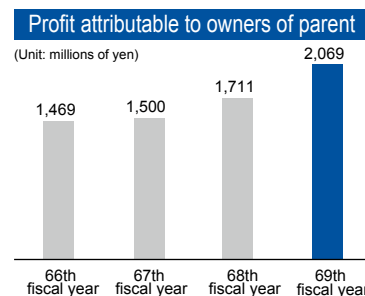
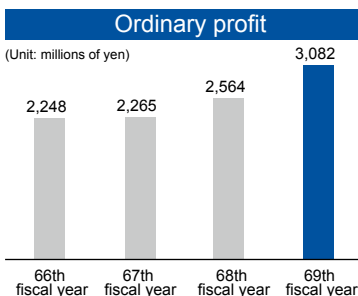
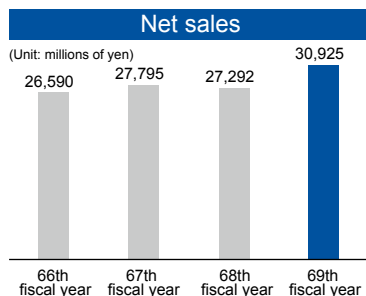
(5) Changes in assets and profit and loss

(1) Group assets and profit and loss

Item \ Period	66th fiscal year (from April 1, 2018 to March 31, 2019)	67th fiscal year (from April 1, 2019 to March 31, 2020)	68th fiscal year (from April 1, 2020 to March 31, 2021)	69th fiscal year (current fiscal year) (from April 1, 2021 to March 31, 2022)
Net sales (Millions of yen)	26,590	27,795	27,292	30,925
Ordinary profit (Millions of yen)	2,248	2,265	2,564	3,082
Profit attributable to owners of parent (Millions of yen)	1,469	1,500	1,711	2,069
Net earnings per share (Yen)	61.02	62.29	71.03	85.82
Total assets (Millions of yen)	16,353	16,652	18,652	21,072
Net assets (Millions of yen)	11,466	12,107	13,663	15,255
Net earnings per share (Yen)	475.93	502.43	566.99	632.64

Note: The Company conducted a 2-for-1 share split of common stock, effective October 1, 2018.

Net assets per share and net earnings per share have been calculated on the assumption that the share split was conducted at the beginning of the 66th fiscal year.



(6) Important information on parent company and subsidiaries

(1) Important information on parent company

Not applicable.

(2) Important information on subsidiaries

Company name	Capital	Investment ratio	Principal business
TDC Futech Corporation	¥47 million	100%	System development, sales and leasing, etc.

Note: 1. The subsidiary is not a specified wholly owned subsidiary.

(7) Principal business

Area	Details
System development	Consultation; contracting and software design of consistent system development services from development to operation and management; contracting of development and maintenance; development, production, and sale of company-developed products; and stock purchasing and sale of other companies' products and provision of related services.

(8) Main business locations

(1) TDC SOFT Inc.

Name	Location
Head office	Shibuya-ku, Tokyo
Kansai branch	Osaka-shi, Osaka

(2) Subsidiaries

Name	Location
TDC Futech Corporation	Chuo-ku, Tokyo

Business Report

(9) Employees

(1) Number of employees of the corporate group

Number of employees	Increase (decrease) from the end of the previous consolidated fiscal year(- represents a decrease)
Persons	Persons
1,816	43

(2) Number of employees of the Company

Classification	Number of employees	Increase (decrease) from the end of the previous fiscal year (- represents a decrease)	Average age	Average no. of years of service
	Persons	Persons	Age	Years
Male	1,374	15	37.9	12.5
Female	293	16	31.8	7.5
Total or average	1,667	31	36.8	11.6

(10) Principal lenders

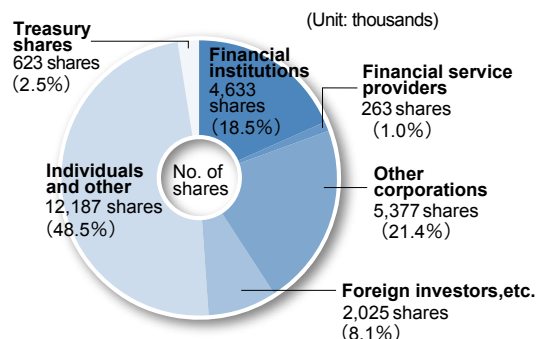
Lender	Balance of borrowings
	Millions of yen
Mizuho Bank, Ltd.	217
MUFG Bank, Ltd.	142
Resona Bank, Limited	75
The Ogaki Kyoritsu Bank, Ltd.	45

2. Matters Regarding Company Shares

(1) **Total number of authorized shares**
100,000,000 shares

(2) **Total number of issued shares**
25,113,600 shares
(including 623,959 treasury shares)

(3) **Number of shareholders**
3,469 persons
(decrease of 288 persons from
the end of the previous fiscal year)



(4) Major shareholders

Shareholder name	No. of shares held	Shareholding ratio
	Shares	%
Nozaki Office	3,064,000	12.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,177,800	8.9
TDC Soft Employee Stock Ownership Plan	2,118,900	8.7
Satoshi Nozaki	1,005,200	4.1
ID Holdings Corporation	600,000	2.5
Custody Bank of Japan, Ltd. (Trust Account)	599,300	2.4
Toru Nozaki	569,200	2.3
Yoshifumi Fujii	544,700	2.2
Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	528,000	2.2
Asia Air Survey Co., Ltd.	400,000	1.6

Notes: 1. The Company holds 623,959 treasury shares which are excluded from the major shareholders listed above. The shareholding ratio is calculated excluding treasury shares.

2. The Company has introduced a share-based compensation plan for officers (Board Benefit Trust (BBT)) and a share-based compensation plan for employees (Employee Stock Ownership Plan (J-ESOP)), and the Custody Bank of Japan, Ltd. (Trust Account E) (hereinafter, "Trust Account E") has acquired 376,200 of the Company's shares. The Company's shares held in Trust Account E are not included in treasury shares.

(5) Shares granted to company officers as compensation for the execution of duties during the fiscal year under review

The details of the share-based compensation granted during the fiscal year under review are as follows.

Classification	Number of shares	Number of eligible persons
	Shares	Persons
Directors (excluding Outside Directors)	15,000	1

Notes: 1. The details of the Company's share-based compensation are as stated in "4. (4) Compensation of Directors and Audit & Supervisory Board Members."

2. The above indicates the compensation granted to a Company officer who has resigned.

(6) Other significant matters about shares

Shares acquired during the fiscal year under review

Common stock: 48 shares

Total purchase price: 0 million yen

3. Matters Regarding Stock Acquisition Rights of the Company

(1) Stock acquisition rights as of March 31 of the fiscal year under review

Not applicable.

(2) Stock acquisition rights granted during the fiscal year under review

Not applicable.

4. Matters Regarding Company Officers

(1) Names and responsibilities of Directors and Audit & Supervisory Board Members (as of March 31, 2022)

Position	Name	Responsibilities	Significant concurrent positions
Chairman and Representative Director	Fumio Hashimoto		
President and Representative Director	Hiroyoshi Kobayashi		
Director	Yoshinobu Odajima	Senior Managing Executive Officer In charge of Sales Headquarters In charge of Kansai branch	TDC Futech Corporation President and Representative Director Yagi Business Consultant, Inc. Director
Director	Mikako Takase	Managing Executive Officer In charge of Business Innovation Headquarters In charge of Digital Technology Headquarters In charge of Financial Business Design Headquarters In charge of Smart SI Promotion Office	
Director	Yasuo Kawai	Executive Officer In charge of Financial System Headquarters In charge of Public Corporation System Headquarters In charge of System Development Headquarters In charge of Business Management Promotion Headquarters	
Director	Kazuyoshi Kitagawa	Executive Officer In charge of Solutions Business Headquarters	
Director	Tsuyoshi Ogaki	Executive Officer General Manager of Administration Headquarters In charge of Corporate Planning Headquarters In charge of Administration Headquarters	TDC Futech Corporation Vice President and Representative Director
Director	Shigeru Kuwabara		
Director	Junzo Nakagawa		
Director	Yuji Kawashima		
Director	Kumiko Kawasaki		
Full-time Audit & Supervisory Board Member	Koichi Ito		
Full-time Audit & Supervisory Board Member	Satoshi Nozaki		Nozaki Office President and Representative Director
Audit & Supervisory Board Member	Hiroaki Okamatsu		

Notes: 1. Directors Shigeru Kuwabara, Junzo Nakagawa, Yuji Kawashima and Kumiko Kawasaki are Outside Directors. They are independent officers who are unlikely to have a conflict of interest with general shareholders as required by the Tokyo Stock Exchange.

Business Report

2. Audit & Supervisory Board Members Koichi Ito and Hiroaki Okamatsu are Outside Audit & Supervisory Board Members. Both are independent officers who are unlikely to have a conflict of interest with general shareholders as required by the Tokyo Stock Exchange.
3. Audit & Supervisory Board Member Koichi Ito has worked at financial institutions for many years and has extensive expertise in finance and accounting.
4. Yagi Business Consultant, Inc. has been renamed Yell Business Consulting, Inc. effective April 1, 2022.
5. Director Yoshinobu Odajima was appointed President and Representative Director of Yell Business Consulting, Inc. effective April 1, 2022.
6. Director Tsuyoshi Ogaki resigned as Vice President and Representative Director of TDC Futech Corporation effective April 1, 2022 and Director was his only concurrent position. He retired as Director of TDC Futech Corporation at the conclusion of its Annual General Meeting of Shareholders on May 23, 2022.
7. Director Shunji Tanigami retired at the conclusion of the 68th Annual General Meeting of Shareholders held on June 29, 2021.
8. Following organizational and personnel changes effective April 1, 2022, the responsibilities of the officers changed as follows effective on the same date.

Position	Name	Responsibilities after transfer
Director	Yoshinobu Odajima	Senior Managing Executive Officer In charge of Solutions Business Headquarters In charge of Kansai branch
Director	Mikako Takase	Managing Executive Officer In charge of Digital Technology Headquarters In charge of Financial Business Design Headquarters In charge of System Development Headquarters
Director	Yasuo Kawai	Executive Officer In charge of Financial System Headquarters In charge of Public Corporation System Headquarters In charge of Corporate Planning Headquarters
Director	Kazuyoshi Kitagawa	Executive Officer In charge of Sales and Marketing Headquarters In charge of Business Innovation Headquarters
Director	Tsuyoshi Ogaki	Executive Officer In charge of Administration Headquarters In charge of Smart SI Promotion Office

(2) Outline of the contents of liability limitation agreements

The Company has entered into liability limitation agreements with Outside Directors and Audit & Supervisory Board Members to limit their liability for damages as stipulated in Article 423, paragraph (1) of the Companies Act. The amount of liability based on this agreement shall not exceed ¥10 million or the amount prescribed by laws and ordinances, whichever is higher.

(3) Matters regarding liability insurance of company officers

a. Scope of insured persons

Directors and Audit & Supervisory Board Members of the Company under the Companies Act, executive officers under the executive officer system adopted by the Company, and persons in similar positions at subsidiaries of the Company (hereinafter referred to as “D&O”).

b. Outline of the D&O liability insurance agreement

The Company has entered into a D&O liability insurance agreement prescribed in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The said insurance agreement covers compensation for damages arising from claims made by a shareholder or third party against an insured, who bears responsibility as a D&O of the Company, as a result of inaction or actions performed in the course of business. The Company bears the full amount of insurance premiums.

(4) Remuneration for Directors and Audit & Supervisory Board Members

a. Method of determining the remuneration for individual Directors

i) Method of determining the decision-making policy for the remuneration for individual Directors

In order to establish a remuneration system that functions adequately as an incentive to sustainably increase corporate value, is linked to shareholder interests, and takes into account the medium-term management plan, the Board of Directors resolved at its meeting held on February 24, 2021 to adopt a policy for determining the details of the remuneration for individual Directors (hereinafter referred to as the “Decision-making Policy”).

ii) Outline of the Decision-making Policy

The amount of remuneration for the Company’s Directors shall be determined individually by the Representative Directors, who are entrusted by the Board of Directors, taking into consideration the following policy. The Representative Directors shall determine the amount of remuneration for the Company’s Directors individually, which shall be no more than the maximum amount of remuneration approved at the general meeting of shareholders, after obtaining the report of the Nomination and Remuneration Committee, a majority of whose members are Outside Directors.

1. The remuneration for internal Directors shall consist of fixed compensation, performance-based compensation and non-monetary compensation.
2. The remuneration for Outside Directors shall consist of fixed compensation only.
3. Fixed compensation shall be calculated based on the position and evaluation of Directors.
4. Performance-based compensation shall be calculated based on the performance indicators of net sales, gross profit and operating profit, as well as the level of achievement of business performance.
5. Non-monetary compensation shall constitute Board Benefit Trust (BBT). BBT, as an incentive plan linked to share value, shall provide to Directors the Company’s shares and a monetary amount equivalent to the market value of the Company’s shares, in accordance with the resolution of the Company’s 64th general meeting of shareholders held on June 29, 2017 and provisions on the share-based remuneration for Directors stipulated separately (hereinafter referred to as the “Company’s shares, etc.”). In principle, the Company’s shares, etc. shall be provided at the time of the resignation of Directors.

iii) Name, position and responsibilities of the persons entrusted to determine the remuneration for individual Directors

Fumio Hashimoto, Chairman and Representative Director
Hiroyoshi Kobayashi, President and Representative Director

iv) Reason for entrusting the determination of the remuneration for individual Directors

The Company believes that decisions by the Representative Director & Chairman and the President and Representative Director, who oversee business execution, are more appropriate than deliberations and decisions by the Board of Directors for evaluating the performance of Directors and determining their remuneration based on a comprehensive consideration of the Company’s overall performance.

Business Report

- v) Reason the Board of Directors determined that the details of the remuneration for individual Directors for the fiscal year in review are in line with the decision-making policy

Since the remuneration for individual Directors for the fiscal year under review was decided based on the opinion formed by independent Outside Directors from a neutral position, the Board of Directors has determined that the details of the remuneration are in line with the Decision-making Policy.

- vi) Matters regarding performance-based compensation

Performance-based compensation is calculated using a certain formula based on the level of budget achievement measured by three performance indicators (net sales, gross profit and operating profit). The Company selected net sales, gross profit and operating profit as performance indicators, recognizing that increases in the three lead to increases in shareholders' equity over the medium to long term and sustainably increase corporate value, in line with shareholders' intentions. Please refer to the statement of income for the actual net sales, gross profit and operating profit for the fiscal year under review.

- b. Method of determining the remuneration for individual Audit & Supervisory Board Members

The remuneration amount for the Company's Audit & Supervisory Board Members is determined through consultation among Audit & Supervisory Board Members within the scope of the total amount of remuneration resolved at the general meeting of shareholders, taking into consideration whether Audit & Supervisory Board Members are full-time or part-time and the situation of their field of operation.

- c. Total amount of remuneration for Directors and Audit & Supervisory Board Members

Classification	Eligible persons	Total amount of remuneration (millions of yen)	Total amount by type of remuneration (millions of yen)		
			Fixed compensation	Performance-based compensation, etc.	Non-monetary compensation
Directors (Outside Directors)	12 (4)	351 (10)	200 (10)	135 (—)	16 (—)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	3 (2)	28 (15)	28 (15)	— (—)	— (—)
Total	15 (6)	380 (25)	228 (25)	135 (—)	16 (—)

- Notes: 1. The remuneration amount for Directors was resolved at the 63rd Annual General Meeting of Shareholders held on June 29, 2016 to be no more than ¥360 million per year (no more than ¥20 million per year for Outside Directors; not including employee salaries for Directors who concurrently serve as employees). The remuneration amount for Audit & Supervisory Board Members was resolved at the 51st Annual General Meeting of Shareholders held on June 29, 2004 to be no more than ¥60 million per year. The number of Directors was 11 (including two Outside Directors) as of the conclusion of the 63rd Annual General Meeting of Shareholders. The number of Audit & Supervisory Board Members was three (including three Outside Audit & Supervisory Board Members) as of the conclusion of the 51st Annual General Meeting of Shareholders.
2. Pursuant to the resolution of the 64th Annual General Meeting of Shareholders held on June 29, 2017, the Company introduced a performance share plan for Directors (excluding Outside Directors) separately from Note 1. The amount of provision for share-based remuneration for Directors recorded for the fiscal year under review is shown as non-monetary compensation. The number of Directors (excluding Outside Directors) was eight as of the conclusion of the 64th Annual General Meeting of Shareholders.

(5) Matters regarding outside officers

- a. Relationship between the Company and organizations where outside Directors and Audit & Supervisory Board Members hold significant concurrent positions
Not applicable.
- b. Relationship with specified associated companies such as principal customers
Not applicable.
- c. Main activities during the fiscal year under review
 - Director Shigeru Kuwabara
 - i) Attendance at Board of Directors' meetings
Mr. Kuwabara attended 13 of the 13 Board of Directors' meetings that were held during the fiscal year under review and made necessary comments for deliberation of proposals as appropriate.
 - ii) Comments at Board of Directors' meetings and other activities
Based on his extensive experience and insight in the infrastructure and system development industries, he actively expresses his opinions and views as well as provides advice and recommendations at Board of Directors' meetings, and plays an appropriate role in determining significant matters of management and supervising business execution.
- Director Junzo Nakagawa
- i) Attendance at Board of Directors' meetings
Mr. Nakagawa attended 13 of the 13 Board of Directors' meetings that were held during the fiscal year under review and made necessary comments for deliberation of proposals as appropriate.
- ii) Comments at Board of Directors' meetings and other activities
Based on his extensive experience and insight in the system development field, especially the field of financial system development, he actively expresses his opinions and views as well as provides advice and recommendations at Board of Directors' meetings, and plays an appropriate role in determining significant matters of management and supervising business execution.

 - Director Yuji Kawashima
 - i) Attendance at Board of Directors' meetings
Mr. Kawashima attended ten out of the ten Board of Directors' meetings that were held after he was appointed Outside Director and made necessary comments for deliberation of proposals as appropriate.
 - ii) Comments at Board of Directors' meetings and other activities
He is engaged in the system development business and has corporate management experience at several companies. Based on his extensive experience and insight, he actively expresses his opinions and views as well as provides advice and recommendations at Board of Directors' meetings, and plays an appropriate role in determining significant matters of management and supervising business execution.

Business Report

- Director Kumiko Kawasaki

- i) Attendance at Board of Directors' meetings

Dr. Kawasaki attended ten out of the ten Board of Directors' meetings that were held after she was appointed Outside Director and made necessary comments for deliberation of proposals as appropriate.

- ii) Comments at Board of Directors' meetings and other activities

Based on her extensive experience and insight gained from working as an occupational health physician for several companies, she actively expresses her opinions and views as well as provides advice and recommendations at Board of Directors' meetings, and plays an appropriate role in determining significant matters of management and supervising business execution.

- Full-time Audit & Supervisory Board Member Koichi Ito

- i) Attendance at Board of Directors' meetings and Audit & Supervisory Board meetings

Mr. Ito attended 13 of the 13 Board of Directors' meetings and 19 of the 19 Audit & Supervisory Board meetings that were held during the fiscal year under review and made necessary comments for deliberation of proposals as appropriate.

- ii) Comments at Board of Directors' meetings and Audit & Supervisory Board meetings and other activities

Based on his extensive experience and knowledge gained at financial institutions, he actively makes comments to perform the management monitoring function from an objective and fair standpoint and to execute highly effective audits.

- Audit & Supervisory Board Member Hiroaki Okamatsu

- i) Attendance at Board of Directors' meetings and Audit & Supervisory Board meetings

Mr. Okamatsu attended 13 of the 13 Board of Directors' meetings and 19 of the 19 Audit & Supervisory Board meetings that were held during the fiscal year under review and made necessary comments for deliberation of proposals as appropriate.

- ii) Comments at Board of Directors' meetings and Audit & Supervisory Board meetings and other activities

Based on his extensive experience and knowledge in the system development field, he actively makes comments to perform the management monitoring function from a neutral standpoint and to execute highly effective audits.

5. Accounting Auditor

(1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Outline of the content of liability limitation agreement

Pursuant to Article 427, paragraph (1) of the Companies Act, the Company stipulates in its Articles of Incorporation that it may conclude an agreement with the Accounting Auditor to limit its liability as set forth in Article 423, paragraph (1) of said Act. However, the Company presently does not have a liability limitation agreement with the Accounting Auditor.

(3) Amount of remuneration, etc. to be paid to the Accounting Auditor for the current fiscal year

Amount of remuneration, etc. for the service set forth in Article 2, paragraph (1) of the Certified Public Accountant Act	¥36 million
Amount of remuneration, etc. for services other than the service set forth in Article 2, paragraph (1) of the Certified Public Accountant Act	¥0 million
Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries	¥36 million

Notes: 1. In line with the “Practical Guidelines for Collaboration with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Association, the Company’s Audit & Supervisory Board reviews the transition of audit hours and audit fees in the audit plans, and the content of the audit plans and status of performance of duties in the previous fiscal year, and determines the appropriateness of the remuneration estimates in consenting to the amount of remuneration, etc. for the Accounting Auditor as stipulated in Article 399, paragraph (1) of the Companies Act.

2. The audit agreement between the Company and the Accounting Auditor does not and cannot practically distinguish the amounts of audit remuneration for audits under the Companies Act and audits under the Financial Instruments and Exchange Act. Therefore, the above amounts of remuneration for audit services show the total of these remunerations.

(4) Non-audit services

The Company does not entrust the Accounting Auditor with services other than the audit and attestation service set forth in Article 2, paragraph (1) of the Certified Public Accountant Act.

(5) Policy for decisions on dismissal or non-reappointment of the Accounting Auditor

If the Accounting Auditor is deemed to have difficulty executing its duties, or if the Audit & Supervisory Board determines it necessary otherwise, the Audit & Supervisory Board shall prescribe the content of the proposal for dismissal or non-reappointment of the Accounting Auditor.

In addition, if the Accounting Auditor is deemed to fall under any of the items of Article 340, paragraph (1) of the Companies Act, the Accounting Auditor shall be dismissed by unanimous consent of Auditor & Supervisory Board members. In such event, an Auditor & Supervisory Board member appointed by the Auditor & Supervisory Board shall report on the dismissal of the Accounting Auditor and the reason for dismissal at the first General Meeting of Shareholders convened after the dismissal.

6. Systems and Policies of the Company

(1) Systems to ensure properness of operations

Systems for ensuring that the execution of duties by Directors complies with the laws, regulations, and the Articles of Incorporation, and other systems for ensuring the properness of operations (internal control systems) are resolved at the Company’s Board of Directors meeting. The basic policies are as follows.

Basic Policy on Maintaining an Internal Control System

The Company has set a Corporate Philosophy and Code of Conduct for the Company and Group companies (hereinafter, “the Group”) as a foundation for properly conducting business and maintains an internal control system based on self-responsibility.

The Group’s Directors, Executive Officers, and employees work to implement these guidelines in order to maintain the system to ensure proper business.

Corporate Philosophy

We strive to provide
the latest information technology,
contribute to the prosperity of our customers,
value employee satisfaction,
and develop along with society.

Code of Conduct

Our Value

We think from a customer perspective and demonstrate creativity.
We boldly take on challenges in order to achieve ambitious goals.
We undertake open communication and share our dreams and excitement.
We strive to improve our technical skills and aim to improve our capabilities.
We implement compliance and act in an honest and fair manner.

1. System to ensure that Directors and employees execute their duties in line with laws, regulations, and the Articles of Incorporation

The Company implements the following measures to ensure that Directors, Executive Officers, and employees execute their duties in line with laws, regulations, and the Articles of Incorporation.

- (1) The Company has Directors, Executive Officers, and employees follow the Code of Conduct, which includes items related to compliance, and this forms the foundation for communicating the importance of compliance throughout the Company.
- (2) The Company conducts compliance training for Directors, Executive Officers, and employees so that they adhere to the principles stipulated in the Group’s shared Corporate Philosophy and Code of Conduct and thoroughly implement them.

- (3) In order to quickly detect and correct behavior that violates laws, regulations, the Articles of Incorporation, and similar items, the Company stipulates in in-house rules that if such behavior is detected it must be reported to the Company. The Company also has established and operates a whistleblower hotline based on the Whistleblower Protection Rules so that parties can directly provide information to the Company.
- (4) As a member of society, the Company severs all ties with antisocial forces and organizations that are a threat to the order and safety of civil society.
- (5) The department in charge of legal affairs conducts an advance verification of all important management matters in order to prevent behavior that violates laws, regulations, the Articles of Incorporation, and similar items.
- (6) The Internal Audit Department conducts audits of the maintenance and operation of the internal control system, which is based on the basic policy set by the Board of Directors, and submits related reports.

2. System for preserving and managing information related to Directors' execution of duties

The Company assigns a Director to be responsible for preserving and managing information related to Directors' execution of duties.

The Company manages information in line with the Document Management Rules and other in-house rules under the supervision of that responsible party.

Directors must record their own decision-making and related process in the following documents.

- (1) General Meeting of Shareholders minutes and related material
- (2) Board of Directors meeting minutes and related material
- (3) Minutes of important meetings and related documents
- (4) Documents decided upon by Directors and related material
- (5) Other documents related to Directors' execution of their duties

3. Loss Risk Management Rules and other systems

The Company sets the Group's shared basic risk management policy and assigns a Director to be responsible for risk management. The Company conducts risks assessments and maintains a risk management system, including preventive measures and business continuity plans, to respond to important management risks under the leadership of that responsible party.

4. System to ensure Directors efficiently execute their duties

The Company implements the following measures to ensure Directors efficiently execute their duties.

- (1) The Company sets a medium-term management plan and annual plan, regularly monitors the implementation of those, and has the results reported to the Board of Directors.
- (2) The Company maintains an authority system and decision-making rules so that Directors and Executive Officers can flexibly execute their duties.
- (3) The Company specifies division of duties within the corporate organization and authority and responsible parties in each organization, establishes internal control functions, and strengthens corporate governance.
- (4) The Company strives to streamline and increase the speed of operations and to ensure the reliability of financial reports through the use of IT.
- (5) To ensure that duties are executed not only in line with laws, regulations, and the Articles of Incorporation but also effectively, the Company maintains in-house systems to manage performance, human resources, and other aspects.

- (6) To conduct multifaceted examination of important management matters, the Company regularly holds meetings that Directors and Executive Officers attend.
- 5. System to ensure proper operations within the corporate group composed of the Company, its parent company, and subsidiaries.

The Company properly exercises its shareholder's rights from the perspective of maximizing the corporate value of the corporate group.

In addition, the Company sets rules related to managing the corporate group, including the construction of the following systems, and properly manages the corporate group.

 - (1) System for reporting to the company matters related to the execution of duties by Directors and other officers of subsidiaries

In line with in-house rules, subsidiaries regularly report on the conduct of business and take steps such as holding prior consultations with the Company when deciding on important management matters.
 - (2) Subsidiaries' Loss Risk Management Rules and other systems

Subsidiaries adhere to the Group's shared basic risk management policy and assign a Director who is responsible for risk management. Subsidiaries implement necessary measures to respond to important management risks under the supervision of that responsible party.
 - (3) System to ensure that Directors and other officers of subsidiaries efficiently execute their duties

Subsidiaries implement the following measures to ensure Directors efficiently execute their duties.

 - a. Subsidiaries set a medium-term management plan and annual plan, regularly monitor the implementation of those, and report on the results to the Board of Directors.
 - b. Subsidiaries maintain an authority system and decision-making rules so that Directors and Executive Officers can flexibly execute their duties.
 - c. Subsidiaries specify division of duties within the corporate organization and the authority and responsible parties in each organization, establish internal control functions, and strengthen corporate governance.
 - d. Subsidiaries strive to streamline and increase the speed of operations and to ensure the reliability of financial reports through the use of IT.
 - e. To ensure that duties are executed not only in line with laws, regulations, and the Articles of Incorporation but also effectively, subsidiaries maintain in-house systems to manage performance, human resources, and other matters.
 - f. To conduct multifaceted verification of important management matters, subsidiaries regularly hold meetings that Directors and Executive Officers attend.
 - (4) System to ensure that Directors, other officers, and employees of subsidiaries execute their duties in line with laws, regulations, and the Articles of Incorporation

Subsidiaries implement the following measures to ensure that Directors, Executive Officers, and employees execute their duties in line with laws, regulations, and the Articles of Incorporation.

 - a. Subsidiaries have Directors, Executive Officers, and employees follow the Group's shared Code of Conduct, which includes items related to compliance, and this forms the foundation for communicating the importance of compliance throughout the company.
 - b. Subsidiaries conduct compliance training for Directors, Executive Officers, and employees so that the principles stipulated in the Group's shared Corporate Philosophy and Code of Conduct are adhered to.

- c. In order to quickly detect and correct behavior that violates laws, regulations, the Articles of Incorporation, and similar items, subsidiaries stipulate in in-house rules that if such behavior is detected it must be reported to the parent company. Subsidiaries also have created and operate a whistleblower hotline based on the Whistleblower Protection Rules so that parties can directly provide information to the parent company.
 - d. As a member of society, subsidiaries sever all ties with antisocial forces and organizations that are a threat to the order and safety of civil society.
 - e. The department in charge of legal affairs conducts an advance verification of all important management matters in order to prevent behavior that violates laws, regulations, the Articles of Incorporation, and similar items.
- 6. Items regarding support staff in the case that Audit & Supervisory Board Members request staff to support their work
 The Internal Audit Department is the department that supports Audit & Supervisory Board Members' work, and members of that department are the staff that provide such support. Audit & Supervisory Board Members can designate staff working in other departments as support staff if necessary.
 The Internal Audit Department and designated support staff conduct their work in line with the instructions of Audit & Supervisory Board Members when supporting their work.
- 7. Items related to the independence from Directors of the staff stipulated in the preceding item
 The Board of Directors obtains the consent of the Audit & Supervisory Board regarding human resource matters, such as appointments and transfers related to support staff.
- 8. Items to ensure the effectiveness of commands by Audit & Supervisory Board Members to staff stipulated in the item before the preceding item
 In-house rules clearly and thoroughly state that staff supporting the work of Audit & Supervisory Board Members do not accept commands from parties such as their superiors, including Directors.
- 9. Other systems for reporting to Audit & Supervisory Board Members in companies with audit & supervisory board members
 In addition to the following reports, Audit & Supervisory Board Members attend meetings important for management, including Board of Directors' meetings, Management Committee meetings, and Management Planning Committee meetings, and receive reports on legal matters and matters that have a major company-wide impact.
 - (1) System for Directors and employees to report matters to Audit & Supervisory Board Members in companies with audit & supervisory board members
 Directors, Executive Officers, and employees promptly report the following items to Corporate Auditors.
 - a. Matters that are violations of laws, regulations, and the Articles of Incorporation
 - b. Reports through the whistleblower system
 - c. Matters that could cause substantial damage to the company
 In addition, Directors, Executive Officers, and employees in charge of matters related to information management, risk management, compliance, internal audits, and other matters concerning internal controls regularly report details of the execution of that work to Audit & Supervisory Board Members.
 - (2) System for Directors, other officers, and employees of subsidiaries and parties who receive reports from these parties to report matters to Audit & Supervisory Board Members at companies with audit & supervisory board members
 Directors, Executive Officers, and employees of subsidiaries and parties who receive reports from these parties promptly report the following items to Audit & Supervisory Board Members at the Company.

- a. Matters that are violations of laws, regulations, and the Articles of Incorporation
 - b. Reports through the whistleblower system
 - c. Matters that could cause substantial damage to the company
10. System for ensuring that parties who submit reports stipulated in the preceding item are not subject to disadvantageous treatment for doing so
Based on Whistleblower Protection Rules, the Company not only clearly states that whistleblowers must not be subject to disadvantageous treatment, such as being fired, for submitting reports and that parties who subject the Whistleblower to disadvantageous treatment shall be punished but also thoroughly implements these rules.
11. Items related to procedures for prepaying or refunding expenses generated during the execution of Audit & Supervisory Board Members' duties and policy on accounting for expenses and liabilities related to execution of those duties
Audit & Supervisory Board Members can consult with attorneys and the accounting auditor when necessary to execute their duties, and the Company is responsible for those expenses.
12. Other systems for ensuring that Audit & Supervisory Board Members' audits are conducted effectively
Audit & Supervisory Board Members regularly exchange opinions with the Representative Director and President and the accounting auditor.

(2) Outline of implementation of systems for ensuring appropriateness of business operations

1. Compliance systems
In order to ensure that the corporate ethics stated in the Group's common Corporate Philosophy and the Code of Conduct are thoroughly communicated, the Company strives to achieve a thorough understanding of the Corporate Philosophy and the Code of Conduct and provides compliance training for all Executive Officers and employees of the Group.
2. Systems regarding retention and management of information
Information on the execution of duties by Directors is recorded in documents and managed in accordance with the Document Management Rules and other in-house rules.
3. Risk management systems
The Company appoints a person who is responsible for the risk management to improve the risk management system and supervises the system by the Board of Directors, etc.
4. Systems for ensuring that the business execution is performed efficiently
The Company formulates the medium-term management plan and annual plan, monitors implementation periodically, and reports the results to the Board of Directors. Moreover, in order to enable agile business execution by Directors and Executive Officers, the Company establishes the administrative authority criteria to define the scope of delegation clearly, and holds regular Management Committee meetings, which are composed of Directors and Executive Officers, with the aim of examining various aspects of important management matters.

5. Systems for ensuring appropriateness of business operations in the Group

According to management rules of affiliated companies, the Company receives periodic reports regarding execution from subsidiaries and has prior consultation with the subsidiaries if important business decisions are made.

6. System for ensuring the effectiveness of Audit & Supervisory Board Members' audit

Audit & Supervisory Board Members attend important business meetings including the Board of Directors' meetings and Management Committee meetings to audit the execution of Directors' duties. In addition, Audit & Supervisory Board Members collect information actively to achieve their role and responsibilities, and regularly exchange opinions with Directors, the accounting auditor, and the Internal Audit Department.

(3) Basic policy related to the company's ownership control

The Company has concentrated efforts on improving corporate value under the basic philosophy that improvement of corporate value will lead to defense. Currently, the Company does not introduce any special defense measures but considers those who direct the determination of the Company's financial and operational policies should support the following basic policy.

Basic Policy

On the assumption of compliance with laws, regulations and social norms, the Company promotes the following matters and aims to improve the medium-to-long term and comprehensive corporate value.

- 1) Improvement of business results and active profit return by profit-oriented management and effective asset use
- 2) Ensuring management transparency
- 3) Building a management structure trusted by all stakeholders and customers

If a person who is deemed to be inappropriate in light of the aforementioned basic policy expresses intention to acquire the company control, the Company shall take the necessary and appropriate measures to meet the following requirements after consultation with the person, Tokyo Stock Exchange, Inc., and other third parties.

- 1) The measures shall be in line with the aforementioned basic policy.
- 2) The measures shall not damage the common interests of stakeholders.
- 3) The measures shall not be intended to allow officers to maintain their position.

Notes: The amounts listed in this business report are rounded down to the units indicated; percentages are rounded off to the nearest decimal place.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2022)

(thousands of yen)

Particulars	Amount	Particulars	Amount
(Assets)		(Liabilities)	
Current assets	17,368,333	Current liabilities	5,540,463
Cash and deposits	11,702,407	Accounts payable – trade	1,258,623
Notes and accounts receivable - trade, and contract assets	5,387,536	Short-term borrowings	479,000
Work in process	33,265	Accounts payable – other	514,839
Other	245,124	Accrued expenses	1,921,178
		Income taxes payable	675,440
		Accrued consumption taxes	404,654
		Provision for bonuses for directors (and other officers)	137,240
		Other	149,487
Non-current assets	3,704,005	Non-current liabilities	276,805
Property, plant and equipment	188,384	Provision for share-based remuneration for employees	68,246
Buildings	115,944	Provision for share-based remuneration for directors (and other officers)	76,406
Tools, furniture and fixtures	60,376	Asset retirement obligations	68,961
Leased assets	12,063	Other	63,190
Intangible fixed assets	10,942	Total liabilities	5,817,268
Software	6,695	(Net assets)	
Telephone subscription rights	4,247	Shareholders' equity	14,138,168
Investments and other assets	3,504,677	Capital	970,400
Investment securities	2,535,603	Capital surplus	986,256
Shares of subsidiaries and associates	300,000	Retained earnings	12,555,835
Guarantee deposits	445,227	Treasury shares	(374,322)
Deferred tax assets	183,471	Accumulated other comprehensive income	1,116,901
Other	40,375	Valuation difference on available-for-sale securities	1,116,901
Total assets	21,072,338	Total net assets	15,255,069
		Total liabilities and net assets	21,072,338

Note: For the indicated amounts, values of less than ¥1 thousand have been rounded down.

Consolidated Statement of Income

(April 1, 2021 to
March 31, 2022)

(thousands of yen)

Particulars	Amount	
Net sales		30,925,122
Cost of sales		24,501,309
Gross profit		6,423,812
Selling, general and administrative expenses		3,456,710
Operating profit		2,967,102
Non-operating income		118,409
Interest income	181	
Dividend income	63,644	
Subsidy income	18,216	
Gain on investments in partnerships	17,064	
Gain on sales of investment securities	7,656	
Other	11,646	
Non-operating expenses		3,503
Interest expenses	3,503	
Other	0	
Ordinary profit		3,082,008
Profit before income taxes		3,082,008
Income taxes – current	1,046,472	
Income taxes – deferred	(33,475)	
Profit		2,069,011
Profit attributable to owners of parent for the period under review		2,069,011

Note: For the indicated amounts, values of less than ¥1 thousand have been rounded down.

Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets

(April 1, 2021 to
March 31, 2022)

(thousands of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	970,400	986,256	11,062,053	(383,744)	12,634,965
Cumulative effect of changes in accounting policies			12,522		12,522
Balance at the beginning of the period reflecting changes in accounting policies	970,400	986,256	11,074,576	(383,744)	12,647,487
Changes of items during the period					
Dividends of surplus			(587,752)		(587,752)
Profit attributable to owners of parent for the period under review			2,069,011		2,069,011
Purchase of treasury shares				(65)	(65)
Disposal of treasury shares				9,487	9,487
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	—	1,481,259	9,421	1,490,681
Balance at the end of the period	970,400	986,256	12,555,835	(374,322)	14,138,168

(thousands of yen)

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of the period	1,028,645	1,028,645	13,663,611
Cumulative effect of changes in accounting policies			12,522
Balance at the beginning of the period reflecting changes in accounting policies	1,028,645	1,028,645	13,676,133
Changes of items during the period			
Dividends of surplus			(587,752)
Profit attributable to owners of parent for the period under review			2,069,011
Purchase of treasury shares			(65)
Disposal of treasury shares			9,487
Net changes of items other than shareholders' equity	88,255	88,255	88,255
Total changes of items during the period	88,255	88,255	1,578,936
Balance at the end of the period	1,116,901	1,116,901	15,255,069

Note: For the indicated amounts, values of less than ¥1 thousand have been rounded down.

Non-consolidated Financial Statements

Balance Sheet

(As of March 31, 2022)

(thousands of yen)

Particulars	Amount	Particulars	Amount
(Assets)		(Liabilities)	
Current assets	16,321,189	Current liabilities	5,258,921
Cash and deposits	11,148,104	Accounts payable – trade	1,207,165
Notes and accounts receivable – trade, and contract assets	4,903,422	Short-term borrowings	479,000
Work in process	33,265	Accounts payable – other	497,286
Other	236,396	Accrued expenses	1,800,662
		Income taxes payable	627,559
		Accrued consumption taxes	374,279
		Provision for bonuses for directors (and other officers)	135,000
		Other	137,967
Non-current assets	3,805,470	Non-current liabilities	276,805
Property, plant and equipment	156,849	Provision for share-based remuneration for employees	68,246
Buildings	92,997	Provision for share-based remuneration for directors (and other officers)	76,406
Tools, furniture and fixtures	51,788	Asset retirement obligations	68,961
Leased assets	12,063	Other	63,190
		Total liabilities	5,535,726
Intangible fixed assets	9,147	(Net assets)	
Software	5,730	Shareholders' equity	13,474,031
Telephone subscription rights	3,416	Capital	970,400
		Capital surplus	986,256
Investments and other assets	3,639,473	Legal capital surplus	242,600
Investment securities	2,535,603	Other capital surplus	743,656
Shares of subsidiaries and associates	500,970	Retained earnings	11,891,697
Guarantee deposits	429,039	Other retained earnings	11,891,697
Deferred tax assets	133,487	General reserve	2,900,000
Other	40,373	Deferred retained earnings	8,991,697
		Treasury shares	(374,322)
		Valuation and translation adjustments	1,116,901
		Valuation difference on available-for-sale securities	1,116,901
		Total net assets	14,590,932
Total assets	20,126,659	Total liabilities and net assets	20,126,659

Note: For the indicated amounts, values of less than ¥1 thousand have been rounded down.

Non-consolidated Financial Statements

Statement of Income

(April 1, 2021 to
March 31, 2022)

(thousands of yen)

Particulars	Amount	
Net sales		29,248,789
Cost of sales		23,179,638
Gross profit		6,069,150
Selling, general and administrative expenses		3,271,213
Operating profit		2,797,937
Non-operating income		110,773
Interest income	175	
Dividend income	63,644	
Subsidy income	9,850	
Gain on investments in partnerships	17,064	
Gain on sales of investment securities	7,656	
Other	12,382	
Non-operating expenses		3,503
Interest expenses	3,503	
Other	0	
Ordinary profit		2,905,207
Profit (loss) before income taxes		2,905,207
Income taxes – current	974,006	
Income taxes – deferred	(22,370)	
Profit		1,953,570

Note: For the indicated amounts, values of less than ¥1 thousand have been rounded down.

Statement of Changes in Net Assets

(April 1, 2021 to
March 31, 2022)

(thousands of yen)

	Shareholders' equity								
	Capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					General reserve	Deferred retained earnings			
Balance at the beginning of the period	970,400	242,600	743,656	986,256	2,900,000	7,613,356	10,513,356	(383,744)	12,086,268
Cumulative effect of changes in accounting policies						12,522	12,522		12,522
Balance at the beginning of the period reflecting changes in accounting policies	970,400	242,600	743,656	986,256	2,900,000	7,625,879	10,525,879	(383,744)	12,098,790
Changes of items during the period									
Dividends of surplus				—		(587,752)	(587,752)		(587,752)
Profit				—		1,953,570	1,953,570		1,953,570
Purchase of treasury shares				—			—	(65)	(65)
Disposal of treasury shares				—			—	9,487	9,487
Net changes of items other than shareholders' equity				—			—		—
Total changes of items during the period	—	—	—	—	—	1,365,818	1,365,818	9,421	1,375,240
Balance at the end of the period	970,400	242,600	743,656	986,256	2,900,000	8,991,697	11,891,697	(374,322)	13,474,031

Non-consolidated Financial Statements

(thousands of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	1,028,645	1,028,645	13,114,914
Cumulative effect of changes in accounting policies			12,522
Balance at the beginning of the period reflecting changes in accounting policies	1,028,645	1,028,645	13,127,436
Changes of items during the period			
Dividends of surplus		—	(587,752)
Profit		—	1,953,570
Purchase of treasury shares		—	(65)
Disposal of treasury shares		—	9,487
Net changes of items other than shareholders' equity	88,255	88,255	88,255
Total changes of items during the period	88,255	88,255	1,463,495
Balance at the end of the period	1,116,901	1,116,901	14,590,932

Notes: 1. For the indicated amounts, values of less than ¥1 thousand have been rounded down.

2. The final other capital surplus balance of ¥743,656 thousand includes ¥598,400 thousand in gains on reduced legal capital surplus as well as ¥145,256 thousand in gains on the disposal of treasury shares.

Accounting Auditor's Report concerning Consolidated Financial Statements (Copy)

Independent Auditor's Report

May 10, 2022

To the Board of Directors
of TDC SOFT Inc.

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated
Engagement Partner

Isao Kashiro
Certified Public Accountant

Designated
Engagement Partner

Yoshihiro Ishikawa
Certified Public Accountant

Opinion

We have audited the consolidated financial statements of TDC SOFT Inc. (the "Company"), which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements for the fiscal year from April 1, 2021 to March 31, 2022, under the provisions of Article 444, paragraph (4) of the Companies Act.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the corporate group comprising TDC SOFT Inc. and its consolidated subsidiaries as at March 31, 2022, and of its operating results for the year then ended, in accordance with corporate accounting standards generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the code of professional ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan.

Audit Report

This covers the design and operating effectiveness of internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern under the corporate accounting standards generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the consolidated financial statements to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and their method of application as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with corporate accounting standards generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, among other matters required under auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the provisions of the code of professional ethics in Japan regarding independence, and communicate with them matters that may reasonably be thought to bear on our independence, and where applicable to eliminate or reduce inhibitory factors, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of the Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan.

Accounting Auditor's Report (Copy)

Independent Auditor's Report

May 10, 2022

To the Board of Directors
of TDC SOFT Inc.

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated
Engagement Partner

Isao Kashiro
Certified Public Accountant

Designated
Engagement Partner

Yoshihiro Ishikawa
Certified Public Accountant

Opinion

We have audited the non-consolidated financial statements of TDC SOFT Inc. (the "Company"), which comprise the balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements, and their supplementary schedules (the "Non-consolidated Financial Statements") for the 69th fiscal year from April 1, 2021 to March 31, 2022, under the provisions of Article 436, paragraph (2), item (i) of the Companies Act.

In our opinion, the accompanying Non-consolidated Financial Statements present fairly, in all material respects, the financial position as at March 31, 2022, and of its operating results for the year then ended, in accordance with corporate accounting standards generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of the code of professional ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's reporting process for the other information.

Our opinion on the Non-consolidated Financial Statements does not cover the other information, and we do not express an opinion thereon.

In connection with our audit of the Non-consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Non-consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements in accordance with corporate accounting standards generally accepted in Japan. This covers the design and operating effectiveness of internal control as management determines is necessary to enable the preparation and fair presentation of the Non-consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Non-consolidated Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern under the corporate accounting standards generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Non-consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the Non-consolidated Financial Statements from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these Non-consolidated Financial Statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Non-consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the Non-consolidated Financial Statements to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and their method of application as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the Non-consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Non-consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the Non-consolidated Financial Statements are in accordance with corporate accounting standards generally accepted in Japan, as well as the overall presentation, structure and content of the Non-consolidated Financial Statements, including the disclosures, and whether the Non-consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, among other matters required under auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the provisions of the code of professional ethics in Japan regarding independence, and communicate with them matters that may reasonably be thought to bear on our independence, and where applicable to eliminate or reduce inhibitory factors, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of the Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan.

Audit Report of the Audit & Supervisory Board (Copy)

Audit Report

This audit report was prepared following discussions based on the audit reports of each Audit & Supervisory Board Member concerning the conduct of the Directors in the execution of their duties during the Company's 69th fiscal year from April 1, 2021 to March 31, 2022. The Audit & Supervisory Board submits its report as follows.

1. Method and Details of the Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board determined auditing policies, the division of duties and other matters, and received reports from each Audit & Supervisory Board Member on the status and results of their audits. In addition, the Audit & Supervisory Board received reports from Directors, etc. and the Accounting Auditor concerning the execution of their duties, and requested explanations when deemed necessary.
- (2) Pursuant to the auditing policies and division of duties and in accordance with the auditing standards for Audit & Supervisory Board Members as determined by the Audit & Supervisory Board, each Audit & Supervisory Board Member endeavored to gather information and develop a favorable audit environment by keeping channels of communication open with Directors, the Internal Audit Department, other employees, etc. At the same time, Audit & Supervisory Board Members conducted audits through the following approach.
 - (i) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important management meetings, received reports from Directors, employees, etc. concerning the execution of their duties and requested explanations as necessary, examined important documents supporting decisions and other records and surveyed the status of operations and assets related to the Head Office and main offices. In addition, Audit & Supervisory Board Members kept channels of communication open and exchanged information with Directors, Audit & Supervisory Board Members and other employees of subsidiaries, and received business reports from subsidiaries as necessary.
 - (ii) Audit & Supervisory Board Members regularly received reports from Directors, employees, etc. concerning the establishment and operation of the internal control system, which was designed based on the Board of Directors resolutions, pursuant to Article 100, paragraphs (1) and (3) of the Regulations for Enforcement of the Companies Act as deemed essential for ensuring that the performance of duties by Directors described in the business report conforms with laws and regulations and the Company's Articles of Incorporation and for otherwise ensuring proper business conduct by the Group consisting of the Company and its subsidiaries. Audit & Supervisory Board Members requested explanations as necessary and expressed their opinions. Audit & Supervisory Board Members received reports from Directors, etc. as well as Deloitte Touche Tohmatsu LLC about the internal control evaluation and audit status concerning internal controls over financial reporting, and requested explanations as necessary.
 - (iii) Audit & Supervisory Board Members examined the basic policy stipulated in Article 118, (iii) a. of the Regulations for Enforcement of the Companies Act, which is contained in the business report, taking into account the discussions by the Board of Directors and others.
 - (iv) Audit & Supervisory Members monitored and verified whether the Accounting Auditor maintained independence and conducted proper audits. At the same time, reports were received from the Accounting Auditor regarding the status of the execution of its duties, and explanations were requested as necessary. Audit & Supervisory Board Members also received notification from the Accounting Auditor that it established a "system for ensuring the proper execution of its duties" (as prescribed by the items in Article 131 of the Regulation on Corporate Auditing), pursuant to the "Standards for Quality Control of Audit" (Business Accounting Council, October 28, 2005), etc. Explanations were requested as necessary.

Based on the above approach, the Audit & Supervisory Board examined the business report and accompanying supplementary schedules, non-consolidated financial statements (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements) and accompanying supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements) for the fiscal year ended March 31, 2022.

2. Audit Results

(1) Results of Audit of Business Report, etc.

We confirm that:

- (i) the business report and accompanying supplementary schedules present the Company's situation correctly pursuant to laws and regulations and the Articles of Incorporation of the Company;
- (ii) there was no improper conduct in Directors' execution of duties and no grave instances of violations of either applicable laws and regulations or the Articles of Incorporation of the Company;
- (iii) the details of the Board of Directors' resolutions concerning the internal control system were appropriate and adequate. Furthermore, we did not find anything that should be pointed out regarding the content of the business report or the execution of duties by Directors in connection with said internal control system, including internal controls over financial reporting; and
- (iv) we did not find anything that should be pointed out regarding the basic policy pertaining to those who control decisions on the finances and business approach of the Company contained in the business report.

(2) Results of Audit of Non-Consolidated Financial Statements and the Accompanying Supplementary Schedules

We confirm that the auditing method and results of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate and adequate.

(3) Results of Audit of Consolidated Financial Statements

We confirm that the auditing method and results of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate and adequate.

May 12, 2022

TDC SOFT Inc. Audit & Supervisory Board
Outside Audit & Supervisory Board Member (full-time) Koichi Ito (seal)
Audit & Supervisory Board Member (full-time) Satoshi Nozaki (seal)
Outside Audit & Supervisory Board Member Hiroaki Okamatsu (seal)

The Company will welcome in its 60th anniversary this year.
Our company started out in the field of data entry by using punched cards, and we later expanded to start developing systems software for mainframe computers. In 1988, we were certified by the Minister of International Trade and Industry as a systems integrator. Ever since then, we have taken full advantage of both the latest technologies and our extensive business know-how to take on one challenge after another on our ongoing quest to respond to the expectations of our customers.

1962

Founded in Kanda-Sudacho.
Tokyo Data Center Inc., the predecessor of TDC SOFT Inc., started out with data entry business.

1973

Started developing software related to operating systems.

1991

Won a Software Product of the Year award for *MRDB Ver.4*.

1997

Registered our stocks as over-the-counter securities with the Japan Securities Dealers Association.

2002

Listed on the First Section of the Tokyo Stock Exchange.

2009

Started providing the PaaS business cloud platform Trustpro.

2022

Switched to the Prime Market and started running TV commercials.



Keypunches around 1969



Software Product of the Year



Listed on the First Section of the Tokyo Stock Exchange



YouTube

Link to a 60-second TDC SOFT declaration commercial

Notice

As an expression of gratitude toward our shareholders for their continued support, we plan to pay out a commemorative dividend of ¥15 per share as an interim dividend for the fiscal year ending in March of 2023.

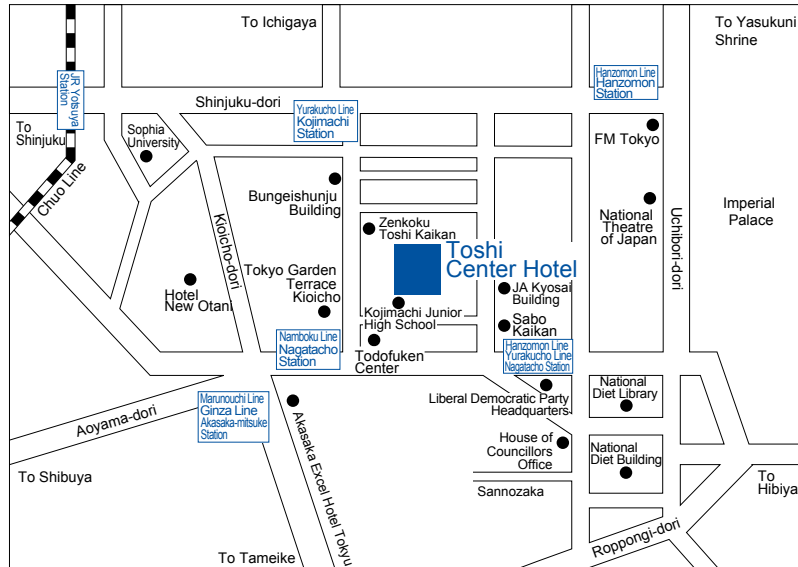
We are committed to identifying new problems, questioning the obvious, and rewriting such expectations with the power of IT. Together, we will make this country the smartest, most sophisticated one in the world.

Notes

[illegible]

Location Map of the Venue of the General Meeting of Shareholders

Toshi Center Hotel 6F
2-4-1 Hirakawacho, Chiyoda-ku, Tokyo
TEL: 03-3265-8211



Access information

Kojimachi Station on the Tokyo Metro Yurakucho Line 4 minutes from exit 1 to Hanzomon on foot

Nagatacho Station on the Tokyo Metro Yurakucho Line, Hanzomon Line, or Namboku Line 3 minutes from exit 9b on foot

Akasaka-mitsuke Station on the Tokyo Metro Marunouchi Line/
Ginza Line 8 minutes from exit D on foot

Yotsuya Station on the JR Chuo Line 14 minutes from the Kojimachi exit on foot

Toei Bus

Get off at 2-chome Hirakawacho
(in front of the Japan Municipal Research Center)

No parking is available for our shareholders, so please use the public transportation described above.