



# Notice of the 70th Annual General Meeting of Shareholders

**Date and Time** | Tuesday, June 27, 2023,  
at 10:00 a.m. (JST)

**Venue** | KUDAN-KAIKAN TERRACE  
3F 302 Akane Conference Room  
1-6-5 Kudanminami, Chiyoda-ku, Tokyo

The venue is different from last year. Please refer to the “Location Map of the Venue of the General Meeting of Shareholders” at the end of this document to avoid any mistakes.

To ensure fair returns to shareholders, we have discontinued the distribution of gifts. We appreciate your understanding.

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**TDC SOFT Inc.**

Securities code: 4687

## ■ Notice of Convocation

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June 6, 2023  
(Start Date of Electronic Provision Measures: June 5, 2023)

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 70th Annual General Meeting of Shareholders

You are cordially notified of the 70th Annual General Meeting of Shareholders of TDC SOFT Inc. (the “Company”), which will be held as described below.

We are using an electronic provision for the Notice of the General Meeting of Shareholders. This notice is published online in the electronic provision as the Notice of the General Meeting of Shareholders at:

TDC SOFT website (<https://www.tdc.co.jp/>)

In addition to the above, the notice is also published online at:

Tokyo Stock Exchange website

(<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>)

To view this notice, please access the TSE website, enter and search for the Company name or securities code, click the [Basic information] button, and then select [Documents for public inspection/PR Information].

**If you are unable to attend the General Meeting of Shareholders in person, you can exercise your voting rights either by postal mail or via the internet.** We kindly ask you to review the Reference Documents for the General Meeting of Shareholders included in the electronic provision and exercise your voting rights using one of the methods outlined below by 5:00 p.m. on Monday, June 26, 2023 (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.mufig.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) published in the electronic provision.

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.

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- 1 Date and Time: Tuesday, June 27, 2023, at 10:00 a.m. (JST)
  - 2 Venue: KUDAN-KAIKAN TERRACE, 3F 302 Akane Conference Room  
1-6-5 Kudanminami, Chiyoda-ku, Tokyo  
**(The venue is different from last year.** Please refer to the “Location Map of the Venue of the General Meeting of Shareholders” at the end of this document to avoid any mistakes.)

### 3 Meeting Agenda

- Matters to be Reported:
1. Business Report and Consolidated Financial Statements for the 70th fiscal year (April 1, 2022 to March 31, 2023), 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 70th fiscal year (April 1, 2022 to March 31, 2023)

#### Proposals to be resolved:

- Proposal 1: Appropriation of Surplus  
Proposal 2: Amendment to the Articles of Incorporation  
Proposal 3: Election of Six Directors  
Proposal 4: 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. We will provide alcohol-based hand sanitizer for shareholders near the reception desk.
  3. At the entrance of the venue, persons who appear to be unwell may be refused entry and asked to leave.
  4. Until the 66th Annual General Meeting of Shareholders, gifts were provided to shareholders attending the meeting; however, from the perspective of fair returns to shareholders, the company has ceased the distribution of gifts.
  5. In the event of updates to the above arrangements 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/>).
  6. The details of any revisions to items subject to electronic provision measures will be provided on websites hosting that information.
  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. If you do not vote for or against a proposal on the Voting Rights Exercise Form, the Company will treat this vote as a vote for the proposal.

Voting deadline

**To be received no later than 5:00 p.m. on Monday, June 26, 2023 (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 Monday, June 26, 2023 (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.

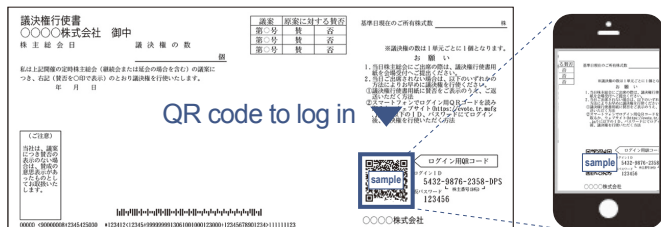
Date and time

**10:00 a.m. on Tuesday, June 27, 2023 (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).

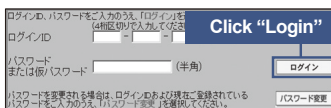
## How to enter the Login ID and Temporary Password

### How to use the voting site

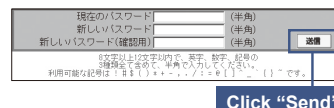
#### 1 Access the voting site



#### 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 Monday, June 26, 2023, 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

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### 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.

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#### 1 Type of dividend property

To be paid in cash.

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#### Allotment of dividend property to shareholders and the total amount

#### 2

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

In this event, the total dividends will be ¥726,136,830.

Therefore, the final dividend including the interim dividend of ¥15 already paid to shareholders will be ¥45 per share.

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#### 3

#### Effective date of dividends of surplus

The Company proposes the date of June 28, 2023.

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## Proposal 2 Amendment to the Articles of Incorporation

### 1. Reasons for the proposal

As part of the workplace strategy to improve productivity and employee engagement, the Company proposes to amend the location of its head office in Article 3. (Location of Head Office) from Shibuya-ku, Tokyo to Chiyoda-ku, Tokyo. The scheduled effective date of the amendment to the Articles of Incorporation will be October 12, 2023, and a supplementary provision regarding the effective date shall 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
(Location of Head Office) Article 3. The Company shall have its head office in <u>Shibuya-ku</u> , Tokyo.	(Location of Head Office) Article 3. The Company shall have its head office in <u>Chiyoda-ku</u> , Tokyo.
(Newly established)	<u>(Supplementary Provision)</u> <u>The amendment to Article 3. (Location of head office) will go into effect on October 12, 2023, and this supplementary provision shall be deleted after that date.</u>

## Reference Documents for the General Meeting of Shareholders

### Proposal 3 Election of Six Directors

The terms of office of six Directors, Fumio Hashimoto, Yoshinobu Odajima, Yasuo Kawai, Kazuyoshi Kitagawa, Shigeru Kuwabara and Kumiko Kawasaki will expire at the conclusion of this Annual General Meeting of Shareholders.

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

The candidates for Director are as follows:

Candidate No.	Name	Current position	Attributes	Attendance at Board of Directors' meetings	Tenure as Director
1	Fumio Hashimoto	Chairman and Representative Director	Reelection	13/13 (100%)	34 Years
2	Yoshinobu Odajima	Director	Reelection	13/13 (100%)	12 Years
3	Yasuo Kawai	Director	Reelection	12/13 (92.3%)	16 Years
4	Kazuyoshi Kitagawa	Director	Reelection	13/13 (100%)	10 Years
5	Shigeru Kuwabara	Director	Reelection	12/13 (92.3%)	8 Years
6	Kumiko Kawasaki	Director	Reelection	12/13 (92.3%)	2 Years



Candidate  
No.

1

## Fumio Hashimoto

### Reelection

- Date of birth  
April 28, 1947
- Tenure as Director: 34 years
- Attendance at Board of Directors' meetings  
100% (13/13)
- Number of the Company's shares held  
303,600

### ■ Career summary, positions, responsibilities and significant concurrent positions

Apr. 1970	Joined the Company
Mar. 1989	Director General Manager of General Affairs and Human Resources Departments
Oct. 1993	Managing Director in charge of System Integration Department
Apr. 2000	Senior Managing Director General Manager of Sales Headquarters
June 2007	Vice President and Representative Director
June 2009	Chairman and Representative Director (current position)

### ■ Reasons for nomination as candidate for Director

Fumio Hashimoto has helped enhance corporate value through his leadership of the entire Group as the Chairman and Representative Director of the Company for many years. Drawing on his extensive experience, he has demonstrated strong leadership while overseeing the Company and Group. The Company has judged that Fumio Hashimoto is a human resource necessary for greater corporate value of the Group in the future, and has therefore nominated him as a candidate for Director.

Notice of  
Convocation

Reference Documents  
for the General Meeting  
of Shareholders

Attached  
document

Business Report

Consolidated  
Financial Statements

Non-consolidated  
Financial Statements

Audit Report

# Reference Documents for the General Meeting of Shareholders

Candidate  
No.

2

## Yoshinobu Odajima

### Reelection

- Date of birth  
December 3, 1959
- Tenure as Director: 12 years
- Attendance at Board of Directors' meetings  
100% (13/13)
- Number of the Company's shares held  
73,900

### ■ Career summary, positions, responsibilities and significant concurrent positions

- Apr. 1983 Joined the Company
- Apr. 2004 General Manager of Sales Promotion Department, Financial System Headquarters
- Apr. 2009 Executive Officer
- June 2011 Director and Executive Officer
- July 2013 Director and Managing Executive Officer
- Apr. 2015 Director and Senior Managing Executive Officer (current position)
- Apr. 2018 In charge of Financial System Headquarters  
In charge of Group Business Promotion Office  
In charge of Kansai branch (current position)
- Apr. 2019 In charge of Sales Headquarters  
President and Representative Director of TDC Futech Corporation (current position)
- Apr. 2022 In charge of Solutions Business Headquarters (current position) of the Company  
President and Representative Director of Yell Business Consulting, Inc. (current position)
- Apr. 2023 In charge of Public Social System Headquarters of the Company (current position)

### ■ Reasons for nomination as candidate for Director

Yoshinobu Odajima has a background in application development and sales areas as well as in Group company management. He also has extensive knowledge and proven experience in Group businesses and corporate management of the Company. As a current Director and Senior Managing Executive Officer, the Company expects that his continued participation in management decisions will contribute to ongoing growth and higher corporate value of the Group, and has therefore nominated him as a candidate for Director.

## Yasuo Kawai

### Reelection

- Date of birth  
April 20, 1963
- Tenure as Director: 16 years
- Attendance at Board of Directors' meetings  
92.3% (12/13)
- Number of the Company's shares held  
99,700

### ■ Career summary, positions, responsibilities and significant concurrent positions

- Apr. 1989 Joined the Company
- Oct. 2001 General Manager of System Integration Department No. 4
- Apr. 2004 General Manager of Financial System Department, Financial System Headquarters  
General Manager of Credit System Department, Financial System Headquarters
- Apr. 2006 Executive Officer
- June 2007 Director and Executive Officer (current position)  
General Manager of Financial System Headquarters
- Apr. 2018 In charge of System Development Headquarters  
General Manager of Administration Headquarters
- Apr. 2019 General Manager of Corporate Planning Headquarters  
In charge of Business Management Promotion Headquarters
- Apr. 2020 In charge of Public Corporation System Headquarters
- Apr. 2021 In charge of Financial System Headquarters
- Apr. 2022 In charge of Corporate Planning Headquarters (current position)
- Apr. 2023 In charge of Corporate System Headquarters (current position)

### ■ Reasons for nomination as candidate for Director

Yasuo Kawai gained administrative experience mainly in application development after joining the Company. Since his appointment as Director of the Company, he has accumulated extensive operational experience not only in application development but also in internal controls, corporate planning and administration fields. The Company judges Yasuo Kawai a human resource who can capitalize on his broad knowledge and experience to help improve corporate value of the Company, and has therefore nominated him as a candidate for Director.

## Reference Documents for the General Meeting of Shareholders

Candidate  
No.

4

### Kazuyoshi Kitagawa

#### Reelection

- Date of birth  
December 18, 1962
- Tenure as Director: 10 years
- Attendance at Board of Directors' meetings  
100% (13/13)
- Number of the Company's shares held  
51,900

#### ■ Career summary, positions, responsibilities and significant concurrent positions

Jan. 1991	Joined the Company
Oct. 2005	General Manager of Sales and Planning Department, Sales Headquarters
Oct. 2010	Executive Officer
June 2013	Director and Executive Officer (current position)
Apr. 2016	General Manager of Solutions Business Headquarters
Apr. 2018	General Manager of Solutions Business Headquarters In charge of Corporate System Headquarters In charge of Strategic System Headquarters
Apr. 2019	In charge of Public Corporation System Headquarters
Apr. 2020	In charge of Solutions Business Headquarters
Apr. 2022	In charge of Sales and Marketing Headquarters (current position) In charge of Business Innovation Headquarters (current position)
Apr. 2023	In charge of Enterprise Agile Business Headquarters (current position)

#### ■ Reasons for nomination as candidate for Director

Kazuyoshi Kitagawa gained administrative experience mainly in sales divisions after joining the Company. Since his appointment as Director, he has accumulated extensive operational experience not only in sales divisions but also in solutions and application development fields. The Company judges that Kazuyoshi Kitagawa is a human resource who will use his broad experience and knowledge to improve corporate value of the Company, and has therefore nominated him again as Director.

Candidate No.

5

## Shigeru Kuwabara

Reelection	Outside	Independent officer
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- Date of birth  
July 29, 1949
- Tenure as Director: 8 years
- Attendance at Board of Directors' meetings  
92.3% (12/13)
- Number of the Company's shares held  
0

#### ■ Career summary, positions, responsibilities and significant concurrent positions

- Apr. 1974    Joined Tokyo Gas Co., Ltd.  
 Apr. 2003    General Manager of Natural Gas Vehicle Department  
 Apr. 2006    Member of the Board of Directors of TG Information Network Co., Ltd. (current TOKYO GAS i NET CORP.)  
 June 2015    Outside Director of the Company (current position)

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

Shigeru Kuwabara served as a General Manager in the Natural Gas Vehicle Department of Tokyo Gas Co., Ltd. and a Member of the Board of Directors of TG Information Network Co., Ltd. (current TOKYO GAS i NET CORP.). Since his appointment as a Director of the Company in June 2015, Shigeru Kuwabara has provided appropriate opinions on important matters on general management from a fair and objective standpoint based on his extensive expertise and broad knowledge. As an Outside Director and independent officer, he has overseen management from the perspective of protecting ordinary shareholders. The Company expects him to continue in this role and has nominated him as a candidate for Director.

Candidate No.

6

## Kumiko Kawasaki

Reelection	Outside	Independent officer
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- Date of birth  
December 7, 1973
- Tenure as Director: 2 years
- Attendance at Board of Directors' meetings  
92.3% (12/13)
- Number of the Company's shares held  
0

#### ■ Career summary, positions, responsibilities and significant concurrent positions

- Mar. 1999    Registered as a physician  
 Jan. 2008    Certified as an Occupational Physician by the Japan Medical Association  
 Apr. 2017    Trustee of the Seikokai Medical Corporation (current position)  
 June 2018    Occupational Physician of the Company (current position)  
 June 2021    Outside Director of the Company (current position)

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

Kumiko Kawasaki has experience serving as an occupational physician at multiple companies across industry lines. She has drawn on her extensive experience and broad knowledge as an industrial physician to provide appropriate opinions on general management from health management standpoint. As an Outside Director and independent officer, she has overseen management from the perspective of protecting ordinary shareholders. The Company expects her to continue in this role and has nominated her as a candidate for Director.

## Reference Documents for the General Meeting of Shareholders

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- Notes: 1. There is no special interest between any of the candidates for Director and the Company.
2. Shigeru Kuwabara and Kumiko Kawasaki are candidates for Outside Director.  
The Company has submitted notification to the Tokyo Stock Exchange that Director Shigeru Kuwabara and Director Kumiko Kawasaki are independent officers as provided for by said exchange, and if Shigeru Kuwabara and Kumiko Kawasaki are elected Outside Directors as proposed, they will continue as serving as independent officers.
3. Based on its Articles of Incorporation, the Company has entered into liability limitation agreements with the Outside Directors to limit their liability for damages as stipulated in Article 423, paragraph (1) of the Companies Act to ¥10 million or the amount prescribed by laws and ordinances, whichever is higher. If Shigeru Kuwabara and Kumiko Kawasaki are elected as Director, the Company will continue said liability limitation agreements with them.
4. The Company has entered into a directors and officers liability insurance agreement with the contents 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 2023. The six 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 six of them will continue to be insureds under 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.

## 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.

## Reference Documents for the General Meeting of Shareholders

### Proposal 4 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 Shingo Sasaki 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 Audit & Supervisory Board Member is as follows:

### Shingo Sasaki

#### Outside

- Date of birth  
July 3, 1958
- Number of the Company's  
shares held  
1,400

#### ■ Career summary, positions and significant concurrent positions

- Aug. 1985 Joined Sanwa Audit Corporation (current Deloitte Touche Tohmatsu LLC)
- Mar. 1992 Registered as a certified public accountant
- Sept. 1995 Joined Kyoei Accounting Office
- Feb. 1997 Registered as a certified tax accountant
- Apr. 2003 Opened the Sasaki certified accountant office  
Head of the above office (current position)

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

Shingo Sasaki possesses extensive experiences as a certified public and 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 Shingo Sasaki, the candidate for Substitute Audit & Supervisory Board Member, and the Company.
2. Shingo Sasaki 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 Shingo Sasaki to limit his liability for damages as stipulated in Article 423, paragraph (1) of the Companies Act, to ¥10 million 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 2023. If this proposal is approved and Shingo Sasaki 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, 2023

During this consolidated fiscal year (April 1, 2022 – March 31, 2023), while Japan's economy continuously showed signs of a recovery as the behavioral restrictions to counteract the COVID-19 pandemic have eased and progress has been made to balance the prevention of infection and socio-economic activities, the depreciation of the yen, fluctuations in financial and capital markets, and global inflation significantly affected consumer spending and economic activities, and the situation still remains uncertain.

In the information services industry, demand related to digital transformation ("DX") for strengthening businesses and promoting transformation has remained healthy.

Operating under such a climate, the Group has formulated its medium-term management plan "Shift to the Smart SI Plus" for the period from April 2022 to March 2025. This medium-term management plan maintains the basic concept of providing high value-added IT services that meet the potential needs of the market and society from the previous plan, and adopts a vision of evolving into a next-generation system integration ("SI") business geared toward new trends in digital technology.

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

One is to "create 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. Another is to "support 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. Last is to "expand our business domain." We are promoting measures to broaden our scope 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, and in providing managed services that integrate all aspects of IT solutions, starting from development through to operation and maintenance.

During this fiscal year, we worked on the initiatives stated in the medium-term management plan "Shift to the Smart SI Plus," following the policy of flexibly adapting to changes in external environments and steadily dealing with and making improvements on issues that would arise from the initiatives. Major initiatives are as follows.

#### i) Initiatives for core strategy "create 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 business and information system security business, 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 increased to ¥8,630 million, or 60.1% year on year, in the fiscal year ended March 31, 2023 and accounted for 24.5% of consolidated net sales, up 7.1 percentage points from the previous year.

## Business Report

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### ii) Initiatives for core strategy “support SI model reforms”

In this fiscal year, we focused on promoting collaboration with alliance partners to construct an ecosystem in the area of high-value-added SI services, including agile development business and information system security business.

In order to further improve the quality of our services and to increase the efficiency of quality assurance processes in development projects, we are promoting the construction of a system for project performance evaluations and implementing measures to streamline the SI business by utilizing even higher level advanced technologies among other initiatives.

### iii) Expansion of business domain

In this fiscal year, we promoted activities to acquire capabilities to expand our business domain. Specifically, we expanded our service product sales business by enhancing our marketing and product sales functions, and we promoted efforts to expand our consulting business by changing our expertise into assets and using them to train personnel. In the SI business, we are also promoting initiatives to expand business volume, including the provision of managed services in the areas of maintenance and upkeep.

### iv) Proactive forward-looking investment

In light of the robust business operation conditions since the beginning of the fiscal year under review, we have been more proactively executing investing activities aimed at further business expansion moving forward. Specifically, we are promoting investments in workplace strategies to create an organizational climate and work style framework and other environments where employees are more motivated to work, promotion of branding strategies to secure human resources and improve engagement, expansion of the recruitment system, enhancement of education measures, and efforts to restructure the personnel system, and other measures.

As a result of promoting these initiatives, the Group’s business performance for this consolidated fiscal year was as follows: net sales amounted to ¥35,242 million, up 14.0% year on year; operating profit amounted to ¥3,458 million, up 16.6% year on year; ordinary profit amounted to ¥3,714 million, up 20.5% year on year; and profit attributable to owners of parent amounted to ¥2,490 million, up 20.4% year on year.

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(2) Consolidated financial results for the fiscal year ended March 31, 2023

**Net sales**

**¥35,242** million  
+14.0% year on year [↗](#)

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**Operating profit**

**¥3,458** million  
+16.6% year on year [↗](#)

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**Ordinary profit**

**¥3,714** million  
+20.5% year on year [↗](#)

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**Profit attributable to owners of parent for the period under review**

**¥2,490** million  
+20.4% year on year [↗](#)

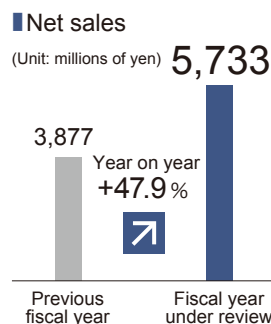
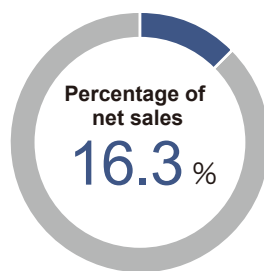
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## Business Report

### Status of activities by field

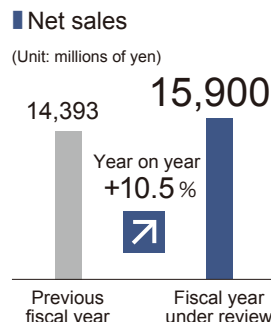
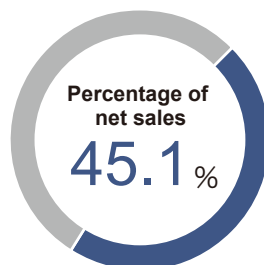
#### IT consulting and services

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 1)/data warehousing (DWH) (Note 2) and enterprise resource planning (ERP) (Note 3)/customer relationship management (CRM) (Note 4). During this fiscal year, the Group made solid progress on SaaS (Note 5) solution service projects related to IT service management and cloud managed services. As a result, net sales in this field increased 47.9% year on year to ¥5,733 million.



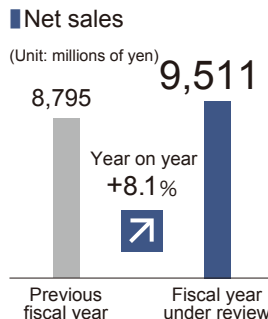
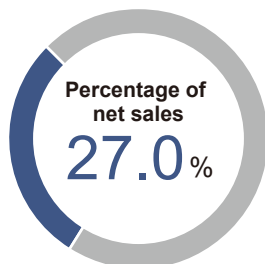
#### IT solutions for financial services

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 10.5% year on year to ¥15,900 million.



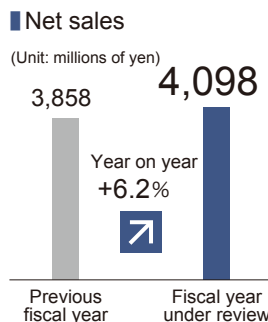
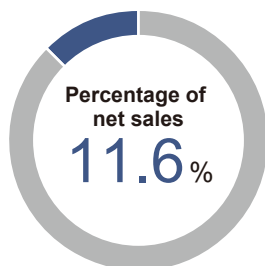
## IT solutions for public and general corporations

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 8.1% year on year to ¥9,511 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 6.2% year on year to ¥4,098 million.



- Notes: 1. BI: Business intelligence. A process for analyzing a company's internal information to harness it in business management.
2. 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.
3. ERP: Enterprise resource planning. A core information system.
4. CRM: Customer relationship management. A customer management system.
5. SaaS: Software as a Service. A form of providing software that runs on a server as a service.

### (2) Situation of capital investment, etc.

Not applicable.

### (3) Financing situation

Not applicable.

### (4) Issues to address

In the information services industry in which the TDC SOFT Group does business, DX trends to strengthen business and promote innovation are expected to increase the need for strategic investments toward stronger corporate competitiveness, which will in turn further heighten that demand.

In accordance with the medium-term management plan “Shift to the Smart SI Plus” for the period between April 2022 to March 2025, the TDC SOFT Group will continue its basic concept inherited from the previous medium-term management plan to provide high-value-added IT services based on the potential needs of the market and society. Our vision is to evolve into a next-generation system integration (“SI”) business geared toward new trends in digital technologies.

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

One is to “create 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. Another is to “support 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 initiatives to differentiate ourselves from competitors. Last is to “expand our business domain.” We are promoting measures to broaden our scope 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, and in providing managed services that integrate all aspects of IT solutions, starting from development through to operation and maintenance.

#### (1) Creating 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

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(2) Supporting 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 use of highly skilled human resources for a widerange of projects
- Building a unique Company agreement contract model

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.

(3) Expanding business domains

We expand businesses to new domains primarily around SI business to thoroughly respond to the IT needs of customers and society.

- Expanding DX/IT consultation businesses and technical training services
- Expanding product and service sales businesses based on user needs and seeds
- Expanding business volume in the SI business, including managed services in maintenance and upkeep

In response to the solid market environment, we will continue to aggressively invest in advanced elemental technologies and in securing and training human resources in order to promote our medium-term management plan, while working to expand our business by increasing floor space and other measures.

Investments in specific technology areas will include the preemptive acquisition of elemental technologies that are likely to have a significant impact on the SI business in the future, such as agile, security, UXD, cloud-native, data analytics platforms, front-end frameworks, and automated managed services, and the promotion of the development of services and products that meet the diverse IT needs of our customers.

Investments in the human resources field will continue to promote branding strategies, expansion of the recruitment system, strengthening of education measures, efforts to restructure the human resources system, and other efforts. We will also promote the “Smart Work Concept” as part of our workplace strategy to improve engagement, and work to relocate our headquarters to create a system and environment in which a diverse workforce can work more enthusiastically.

## Business Report

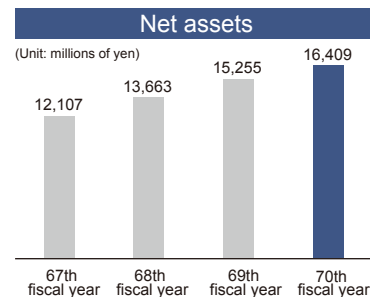
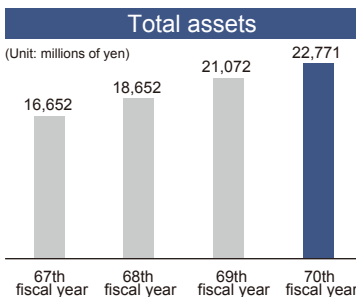
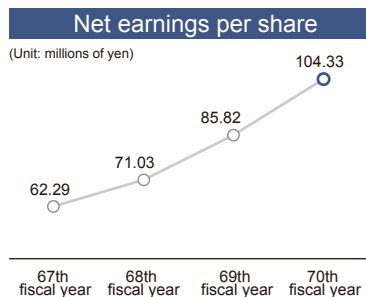
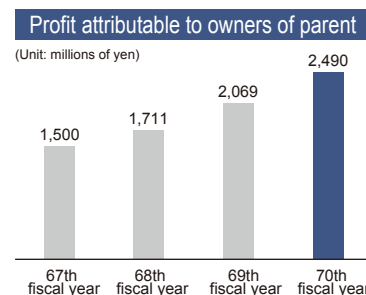
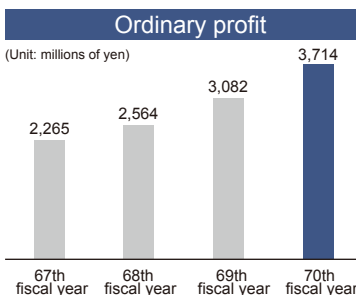
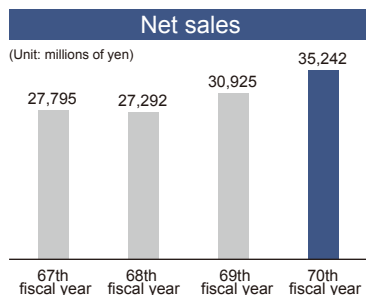
### (5) Changes in assets and profit and loss

#### (1) Group assets and profit and loss

Item	Period	67th fiscal year	68th fiscal year	69th fiscal year	70th fiscal year
		(from April 1, 2019 to March 31, 2020)	(from April 1, 2020 to March 31, 2021)	(from April 1, 2021 to March 31, 2022)	(current fiscal year) (from April 1, 2022 to March 31, 2023)
Net sales	(Millions of yen)	27,795	27,292	30,925	35,242
Ordinary profit	(Millions of yen)	2,265	2,564	3,082	3,714
Profit attributable to owners of parent	(Millions of yen)	1,500	1,711	2,069	2,490
Net earnings per share	(Yen)	62.29	71.03	85.82	104.33
Total assets	(Millions of yen)	16,652	18,652	21,072	22,771
Net assets	(Millions of yen)	12,107	13,663	15,255	16,409
Net earnings per share	(Yen)	502.43	566.99	632.64	688.47

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.
Yell Business Consulting, Inc.	¥20 million	100%	System development and sales, 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
Yell Business Consulting, Inc.	Chiyoda-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 1,972	Persons 156

(2) Number of employees of the Company

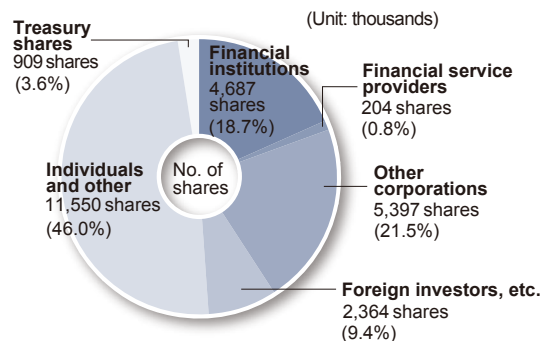
Classification	Number of employees	Increase (decrease) from the end of the previous fiscal year (- represents a decrease)	Average age	Average no. of years of service
	Persons	Persons	Age	Years
Male	1,444	70	37.8	12.4
Female	328	35	31.5	7.1
Total or average	1,772	105	36.6	11.4

### (10) Principal lenders

Lender	Balance of borrowings
	Millions of yen
Mizuho Bank, Ltd.	206
MUFG Bank, Ltd.	133
Resona Bank, Limited	71
The Ogaki Kyoritsu Bank, Ltd.	43

## 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 909,039 treasury shares)
- (3) **Number of shareholders** 4,090 persons  
(decrease of 621 persons from the end of the previous fiscal year)



### (4) Major shareholders

Shareholder name	No. of shares held	Shareholding ratio
	Shares	%
Nozaki Office	3,072,300	12.7
TDC Soft Employee Stock Ownership Plan	2,137,600	8.8
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,057,400	8.5
Custody Bank of Japan, Ltd. (Trust Account)	833,800	3.4
Satoshi Nozaki	805,200	3.3
ID Holdings Corporation	600,000	2.5
Toru Nozaki	569,200	2.4
Yoshifumi Fujii	544,700	2.3
Mizuho Bank, Ltd.	528,000	2.2
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	523,245	2.2

Notes: 1. The Company holds 909,039 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 369,400 of the Company's shares. The Company's shares held in Trust Account E are not included in treasury shares.

## Business Report

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

Not applicable.

### **(6) Other significant matters about shares**

Shares acquired during the fiscal year under review

Common stock:	285,080 shares
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Total purchase price:	¥304 million
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## **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, 2023)

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 Solutions Business Headquarters In charge of Kansai branch	TDC Futech Corporation President and Representative Director Yell Business Consulting, Inc. President and Representative Director
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	
Director	Shigeru Kuwabara		
Director	Junzo Nakagawa		
Director	Kumiko Kawasaki		
Director	Masakazu Kuramoto		
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		

## Business Report

- Notes: 1. Directors Shigeru Kuwabara, Junzo Nakagawa, Kumiko Kawasaki and Masakazu Kuramoto 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.
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. Director Yuji Kawashima retired at the conclusion of the 69th Annual General Meeting of Shareholders held on June 29, 2022.
5. Following organizational and personnel changes effective April 1, 2023, 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 Public Social System Headquarters 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 System Headquarters In charge of Financial Business Design Headquarters In charge of System Development Headquarters
Director	Yasuo Kawai	Executive Officer In charge of Corporate 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 In charge of Enterprise Agile Business Headquarters

### (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.

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### **(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 under 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 (5)	338 (13)	201 (13)	130 (—)	7 (—)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	3 (2)	28 (15)	28 (15)	— (—)	— (—)
Total	15 (7)	367 (29)	229 (29)	130 (—)	7 (—)

- 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.



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## (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 12 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 12 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 Kumiko Kawasaki
    - i) Attendance at Board of Directors' meetings  
Dr. Kawasaki attended 12 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 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.

## Business Report

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- Director Masakazu Kuramoto
  - i) Attendance at Board of Directors' meetings  
Mr. Kuramoto 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  
Based on his extensive experience and insight in the system development industry at multiple companies, 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.
  
- 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 16 of the 16 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 16 of the 16 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	¥37 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	¥37 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.

## Business Report

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- (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.

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- 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 companyIn 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.



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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.

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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, 2023)

(thousands of yen)

Particulars	Amount	Particulars	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>18,827,646</b>	<b>Current liabilities</b>	<b>6,045,147</b>
Cash and deposits	12,010,240	Accounts payable – trade	1,507,332
Notes and accounts receivable - trade, and contract assets	6,277,248	Short-term borrowings	453,000
Work in process	58,808	Accounts payable – other	459,978
Other	481,349	Accrued expenses	2,077,943
		Income taxes payable	815,962
		Accrued consumption taxes	340,340
		Provision for bonuses for directors (and other officers)	138,220
		Asset retirement obligations	57,922
		Other	194,447
<b>Non-current assets</b>	<b>3,943,572</b>	<b>Non-current liabilities</b>	<b>316,179</b>
<b>Property, plant and equipment</b>	<b>219,001</b>	Provision for share-based remuneration for employees	57,842
Buildings	134,070	Provision for share-based remuneration for directors (and other officers)	77,228
Tools, furniture and fixtures	51,645	Asset retirement obligations	55,176
Leased assets	33,285	Retirement benefit liability	38,755
<b>Intangible fixed assets</b>	<b>89,181</b>	Other	87,176
Software	5,134		
Software temporary account	9,283	<b>Total liabilities</b>	<b>6,361,326</b>
Telephone subscription rights	4,973	<b>(Net assets)</b>	
Goodwill	69,789	<b>Shareholders' equity</b>	<b>15,222,370</b>
<b>Investments and other assets</b>	<b>3,635,390</b>	<b>Capital</b>	<b>970,400</b>
Investment securities	2,599,725	<b>Capital surplus</b>	<b>986,256</b>
Shares of subsidiaries and associates	0	<b>Retained earnings</b>	<b>13,939,945</b>
Guarantee deposits	756,969	<b>Treasury shares</b>	<b>(674,231)</b>
Deferred tax assets	240,185	<b>Accumulated other comprehensive income</b>	<b>1,187,522</b>
Other	38,509	Valuation difference on available-for-sale securities	1,187,522
		<b>Total net assets</b>	<b>16,409,892</b>
<b>Total assets</b>	<b>22,771,219</b>	<b>Total liabilities and net assets</b>	<b>22,771,219</b>

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

## Consolidated Statement of Income

( April 1, 2022 to  
March 31, 2023 )

(thousands of yen)

Particulars	Amount	
<b>Net sales</b>		<b>35,242,866</b>
<b>Cost of sales</b>		<b>27,763,088</b>
<b>Gross profit</b>		<b>7,479,778</b>
<b>Selling, general and administrative expenses</b>		<b>4,020,865</b>
<b>Operating profit</b>		<b>3,458,912</b>
<b>Non-operating income</b>		<b>262,004</b>
Interest income	159	
Dividend income	71,175	
Surrender value of insurance policies	84,753	
Subsidy income	21,154	
Gain on investments in partnerships	1,556	
Gain on sales of investment securities	71,212	
Other	11,992	
<b>Non-operating expenses</b>		<b>6,471</b>
Interest expenses	3,446	
Loss on valuation of investment securities	2,769	
Other	255	
<b>Ordinary profit</b>		<b>3,714,445</b>
<b>Profit before income taxes</b>		<b>3,714,445</b>
Income taxes – current	1,272,834	
Income taxes – deferred	(48,546)	
<b>Profit</b>		<b>2,490,157</b>
<b>Profit attributable to owners of parent for the period under review</b>		<b>2,490,157</b>

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, 2022 to  
March 31, 2023 )

(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	12,555,835	(374,322)	14,138,168
Changes of items during the period					
Dividends of surplus			(1,097,758)		(1,097,758)
Profit attributable to owners of parent for the period under review			2,490,157		2,490,157
Purchase of treasury shares				(304,209)	(304,209)
Disposal of treasury shares				4,301	4,301
Change in scope of consolidation			(8,288)		(8,288)
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	—	1,384,109	(299,908)	1,084,201
Balance at the end of the period	970,400	986,256	13,939,945	(674,231)	15,222,370

(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	1,116,901	1,116,901	15,255,069
Changes of items during the period			
Dividends of surplus			(1,097,758)
Profit attributable to owners of parent for the period under review			2,490,157
Purchase of treasury shares			(304,209)
Disposal of treasury shares			4,301
Change in scope of consolidation			(8,288)
Net changes of items other than shareholders' equity	70,621	70,621	70,621
Total changes of items during the period	70,621	70,621	1,154,822
Balance at the end of the period	1,187,522	1,187,522	16,409,892

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, 2023)

(thousands of yen)

Particulars	Amount	Particulars	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>17,260,477</b>	<b>Current liabilities</b>	<b>5,662,005</b>
Cash and deposits	11,050,626	Accounts payable – trade	1,409,415
Notes and accounts receivable - trade, and contract assets	5,687,334	Short-term borrowings	453,000
Work in process	55,285	Accounts payable – other	445,911
Other	467,231	Accrued expenses	1,923,645
		Income taxes payable	761,146
		Accrued consumption taxes	305,689
		Provision for bonuses for directors (and other officers)	130,000
		Asset retirement obligations	57,922
		Other	175,275
<b>Non-current assets</b>	<b>4,232,347</b>	<b>Non-current liabilities</b>	<b>262,423</b>
<b>Property, plant and equipment</b>	<b>187,912</b>	Provision for share-based remuneration for employees	57,842
Buildings	109,186	Provision for share-based remuneration for directors (and other officers)	77,228
Tools, furniture and fixtures	45,440	Asset retirement obligations	55,176
Leased assets	33,285	Other	72,176
		<b>Total liabilities</b>	<b>5,924,429</b>
<b>Intangible fixed assets</b>	<b>16,744</b>	<b>(Net assets)</b>	
Software	4,043	<b>Shareholders' equity</b>	<b>14,386,249</b>
Software temporary account	9,283	<b>Capital</b>	<b>970,400</b>
Telephone subscription rights	3,416	<b>Capital surplus</b>	<b>986,256</b>
		Legal capital surplus	242,600
		Other capital surplus	743,656
<b>Investments and other assets</b>	<b>4,027,691</b>	<b>Retained earnings</b>	<b>13,103,824</b>
Investment securities	2,581,176	Other retained earnings	13,103,824
Shares of subsidiaries and associates	500,970	General reserve	2,900,000
Guarantee deposits	735,252	Deferred retained earnings	10,203,824
Deferred tax assets	172,125	<b>Treasury shares</b>	<b>(674,231)</b>
Other	38,166	<b>Valuation and translation adjustments</b>	<b>1,182,146</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>1,182,146</b>
		<b>Total net assets</b>	<b>15,568,395</b>
<b>Total assets</b>	<b>21,492,825</b>	<b>Total liabilities and net assets</b>	<b>21,492,825</b>

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

## Non-consolidated Financial Statements

### Statement of Income

( April 1, 2022 to  
March 31, 2023 )

(thousands of yen)

Particulars	Amount	
<b>Net sales</b>		<b>32,739,611</b>
<b>Cost of sales</b>		<b>25,789,495</b>
<b>Gross profit</b>		<b>6,950,116</b>
<b>Selling, general and administrative expenses</b>		<b>3,680,755</b>
<b>Operating profit</b>		<b>3,269,360</b>
<b>Non-operating income</b>		<b>164,325</b>
Interest income	150	
Dividend income	70,943	
Subsidy income	8,874	
Gain on investments in partnerships	1,556	
Gain on sales of investment securities	71,212	
Other	11,588	
<b>Non-operating expenses</b>		<b>6,471</b>
Interest expenses	3,446	
Loss on valuation of investment securities	2,769	
Other	255	
<b>Ordinary profit</b>		<b>3,427,213</b>
<b>Profit (loss) before income taxes</b>		<b>3,427,213</b>
Income taxes – current	1,170,439	
Income taxes – deferred	(53,111)	
<b>Profit</b>		<b>2,309,885</b>

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

## Statement of Changes in Net Assets

( April 1, 2022 to  
March 31, 2023 )

(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	8,991,697	11,891,697	(374,322)	13,474,031
Changes of items during the period									
Dividends of surplus				—		(1,097,758)	(1,097,758)		(1,097,758)
Profit				—		2,309,885	2,309,885		2,309,885
Purchase of treasury shares				—			—	(304,209)	(304,209)
Disposal of treasury shares				—			—	4,301	4,301
Net changes of items other than shareholders' equity				—			—		—
Total changes of items during the period	—	—	—	—	—	1,212,126	1,212,126	(299,908)	912,218
Balance at the end of the period	970,400	242,600	743,656	986,256	2,900,000	10,203,824	13,103,824	(674,231)	14,386,249

## 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	1,116,901	1,116,901	14,590,932
Changes of items during the period			
Dividends of surplus		—	(1,097,758)
Profit		—	2,309,885
Purchase of treasury shares		—	(304,209)
Disposal of treasury shares		—	4,301
Net changes of items other than shareholders' equity	65,245	65,245	65,245
Total changes of items during the period	65,245	65,245	977,463
Balance at the end of the period	1,182,146	1,182,146	15,568,395

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

### Independent Auditor's Report

May 9, 2023

To the Board of Directors  
of TDC SOFT Inc.

Deloitte Touche Tohmatsu LLC  
Tokyo Office

Designated Engagement Partner      Toru Ikeda  
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, 2022 to March 31, 2023, 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, 2023, 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

## Independent Auditor's Report

May 9, 2023

To the Board of Directors  
of TDC SOFT Inc.

Deloitte Touche Tohmatsu LLC  
Tokyo Office

Designated Engagement Partner	Toru Ikeda 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 70th fiscal year from April 1, 2022 to March 31, 2023, 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, 2023, 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.

## Audit Report

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

## 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 70th fiscal year from April 1, 2022 to March 31, 2023. 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, 2023.

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.

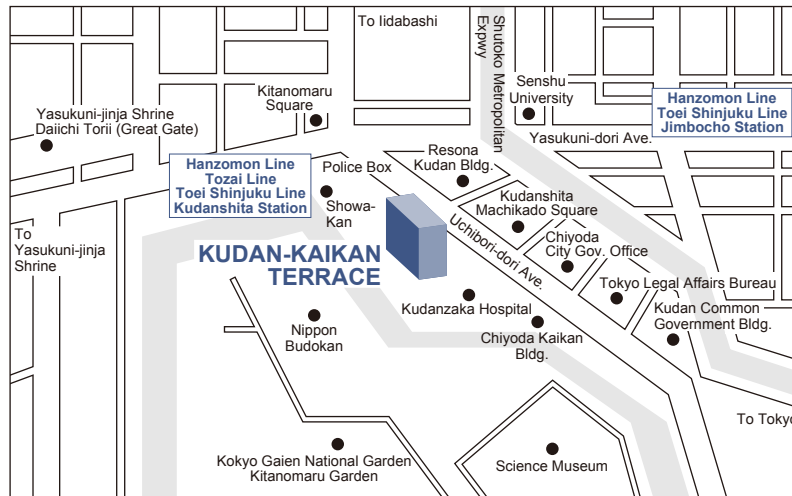
May 11, 2023

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)

## Location Map of the Venue of the General Meeting of Shareholders

KUDAN-KAIKAN TERRACE, 3F 302 Akane Conference Room  
1-6-5 Kudanminami, Chiyoda-ku, Tokyo  
TEL: 03-6260-9110

(The venue is different from last year.  
Please refer to the map below to avoid any mistakes.)



### Access information

Four minute walk from Kudanshita Station Exit 4  
on the Tokyo Metro Hanzomon/Tozai Lines

One minute walk from Kudanshita Station Exit 4  
on the Toei Subway Shinjuku Line

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