Start Date of Electronic Provision Measures: June 5, 2023

To our shareholders:

Other Items for Electronic Provision Measures for the 70th Ordinary General Meeting of Shareholders (Items Omitted from the Paper-based Documents Delivered)

TDC SOFT Inc.

Consolidated Financial Statements

Notes to Consolidated Financial Statements

Notes on important basic items for creating consolidated financial statements

1. Items related to the scope of consolidation

(1) Names and number of consolidated subsidiaries

Number of consolidated subsidiaries	Two companies
Consolidated subsidiary name	TDC Futech Corporation
	Yell Business Consulting, Inc.
	Until the previous consolidated fiscal year, Yell Business Consulting, Inc. was a non-consolidated subsidiary, but from the consolidated fiscal year under review, it is included in the scope of consolidation due to its increased importance.

(2) Names of non-consolidated subsidiaries

Number of non-consolidated subsidiaries	One company
Non-consolidated subsidiary name	TDC Ireq Inc.

(Reason for exclusion from the scope of consolidation)

The non-consolidated subsidiaries have been excluded because they are small-scale and have no important effect on consolidated financial statements in terms of total assets, net sales, net profit, retained earnings, etc.

2. Equity method-related items

Names of non-consolidated subsidiaries to which the equity method does not apply

Number of non-consolidated subsidiaries	One company
Non-consolidated subsidiary name	TDC Ireq Inc.

(Reason the equity method does not apply)

Non-consolidated subsidiaries to which the equity method does not apply have only a minor effect on consolidated financial statements and are not important overall from the standpoint of net profit, retained earnings, etc. even if they are excluded from equity method targets.

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

The consolidated subsidiary closing date matches the consolidated closing date.

4. Accounting policy-related items

(1) Important asset valuation criteria and valuation methods

a. Security valuation criteria and valuation methods

Subsidiary shares and affiliate shares

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

Other securities

Items other than shares with no market value, etc.

Market value method

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

Shares with no market value, etc.

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

b. Inventories valuation criteria and valuation methods

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

(2) Depreciation and amortization methods for important depreciable and amortizable assets

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

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

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

b. Intangible fixed assets (excluding leased assets)

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

c. Leased assets

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

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

(3) Recording criteria for important provisions

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

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

b. Provision for share-based remuneration for employees

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

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

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

(4) Accounting treatment method for retirement benefits

For one consolidated subsidiary, the simplified method is applied to the calculation of liabilities for retirement benefits and retirement benefit expenses, using the amount payable at the end of the fiscal year as the retirement benefit obligation.

(5) Revenue and cost recording criteria

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

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

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

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

5. Changes in accounting policies

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

We have applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) (hereinafter referred to as the “Implementation Guidance on Accounting Standard for Fair Value Measurement”) from the start of fiscal 2022. Furthermore, in accordance with the transitional treatment provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies set forth in the said Implementation Guidance are to be applied prospectively. This change has no impact on the consolidated financial statements.

6. Notes on accounting-based estimates

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

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

(Thousands of yen)

	Fiscal 2022
Net sales (Net sales related to projects in progress at the end of the consolidated fiscal year under review)	440,823
Contract assets	440,823

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

The Group recognizes promised goods or services as revenue at the amount expected to be received upon the exchange of said goods or services at the point of time that the control of said goods or services is transferred to the customer. Regarding contracts for which performance obligations are to be satisfied over a fixed period of time, the progress of performance-obligation satisfaction is estimated based on the amount in line with the actual total cost as a ratio of the estimated total cost on the termination date, and the results are recorded using a method for which the revenue is recognized over a specific period based on the progress.

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

(2) Provision for loss on orders received

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

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

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

Consolidated Financial Statements

7. Supplemental information

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

(1) Board Benefit Trust (BBT) for directors

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

a. Transaction outline

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

b. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding the amount of incidental expenses). The book value and number of shares of treasury shares were ¥112.964 thousand and 178,600 shares for the consolidated fiscal year under review.

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

Not applicable.

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

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

a. Transaction outline

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

b. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding the amount of incidental expenses). The book value and number of shares of said treasury shares were ¥120.681 thousand and 190,800 shares for the consolidated fiscal year under review.

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

Not applicable.

8. Notes on the consolidated balance sheet

Accumulated depreciation of property, plant and equipment	¥338,736 thousand

9. Notes on the consolidated statement of income

Research and development costs included in general and administrative expenses	¥74,714 thousand

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

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

Common stock 25,113,600 shares

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

Common stock 1,278,439 shares

Note: This includes the 369,400 shares owned by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP).

(3) Dividend-related items

a. Dividend payment

Resolution	Share type	Total dividends (thousand yen)	Dividends per share (yen)	Record date	Effective date	Dividend resource
Ordinary General Meeting of Shareholders on June 29, 2022 (Note 1)	Common stock	734,689	30	March 31, 2022	June 30, 2022	Retained earnings
Meeting of the Board of Directors on August 4, 2022 (Note 2)	Common stock	363,069	15	September 30, 2022	December 5, 2022	Retained earnings

Notes: 1. The "total dividends" includes the ¥11,286 thousand in dividends for the 376,200 shares owned by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP).

2. The “total dividends” includes the ¥5,643 thousand in dividends for the 376,200 shares owned by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP).

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

The following will be proposed at the ordinary general meeting of shareholders to be held on June 27, 2023.

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

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

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

11. Notes on financial instruments

(1) Items related to the financial instrument situation

(Financial instrument-related action policy)

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

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

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

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

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

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

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

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

The amounts recorded on the consolidated balance sheet for March 31, 2023 (the consolidated closing date for fiscal 2022), market values, and differences are as follows.

(Thousands of yen)

	Amount recorded on the consolidated balance sheet	Market value	Difference
(1) Investment securities	2,502,766	2,505,316	2,550
(2) Guarantee deposits	756,969	695,796	(61,173)

Notes: 1. Cash and deposits, notes and accounts receivable - trade, and contract assets, accounts payable - trade, short-term borrowings, accounts payable - other, accrued expenses, income taxes payable, and accrued consumption taxes are settled in a short period of time and their market values approximate their book values; therefore the notes are omitted.

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

(Thousands of yen)

Category	Amount recorded on the consolidated balance sheet
Unlisted shares	4,300
Investment partnerships	92,659
Shares of subsidiaries and affiliates	0
Total	96,959

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

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

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

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

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

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

a. Financial assets and liabilities that use the amounts recorded on the consolidated balance sheet with the market value

(Thousands of yen)

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	2,422,511	—	—	2,422,511
Investment trusts	67,855	—	—	67,855

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

(Thousands of yen)

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Golf membership rights	—	14,950	—	14,950
Guarantee deposits	—	695,796	—	695,796

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

・ Investment securities

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

・ Guarantee deposits

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

12. Notes on revenue recognition

(1) Information on disaggregated revenue from customers and contracts

(Thousands of yen)

	IT consulting and services	IT solutions for financial services	IT solutions for public corporations	Platform solutions	Total
Goods transferred at a certain point in time	328,370	9,049	43,767	144	381,331
Goods transferred over a fixed period of time	5,404,967	15,891,298	9,467,386	4,097,883	34,861,535
Revenue from contracts with customers	5,733,338	15,900,347	9,511,153	4,098,027	35,242,866
Revenue for external customers	5,733,338	15,900,347	9,511,153	4,098,027	35,242,866

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

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

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

a. Contract balance

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

(Thousands of yen)

	Start of fiscal 2022	End of fiscal 2022
Receivables from contracts with customers	5,361,299	5,836,424
Contract assets	26,237	440,823
Contract liabilities	61,771	59,224

On the consolidated balance sheet, receivables from contracts with customers and contract assets are included in "accounts receivable - trade and contract assets," while contract liabilities are included in "current liabilities: other" and "non-current liabilities: other." In addition, the ¥61,771 thousand in contract liabilities as of the start of the fiscal year have been recorded as revenue for the consolidated fiscal year under review.

b. Transaction amount allocated to remaining performance obligations

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

13. Notes related to information per share

(1) Book value per share ¥688.47

(2) Basic earnings per share ¥104.33

Note: The Company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares to be deducted from the total number of shares outstanding at the end of the period for the purpose of calculating book value per share, and are included in treasury shares to be deducted for the purpose of calculating net earnings per share during the period for the average number of shares outstanding. The number of shares of treasury shares at the end of the period, which are deducted for the purpose of calculating book value per share, was 369,400 shares in the consolidated fiscal year under review, and the average number of shares of treasury shares during the period, which are deducted for the purpose of calculating net earnings per share, was 370,406 shares in the consolidated fiscal year under review.

14. Notes on important events after the reporting period

Not applicable.

Non-consolidated Financial Statements

Notes to Non-consolidated Financial Statements

1. Notes on important items related to accounting policies

(1) Asset valuation criteria and valuation methods

a. Security valuation criteria and valuation methods

Subsidiary shares and affiliate shares

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

Other securities

Items other than shares with no market value, etc.

Market value method

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

Shares with no market value, etc.

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

b. Inventories valuation criteria and valuation methods

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

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

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

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

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

b. Intangible fixed assets (excluding leased assets)

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

c. Leased assets

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

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

(3) Provision recording criteria

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

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

b. Provision for share-based remuneration for employees

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

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

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

(4) Revenue and cost recording criteria

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

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

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

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

2. Changes in accounting policies

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

We have applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) (hereinafter referred to as the “Implementation Guidance on Accounting Standard for Fair Value Measurement”) from the start of fiscal 2022. Furthermore, in accordance with the transitional treatment provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies set forth in the said Implementation Guidance are to be applied prospectively. This change has no impact on the consolidated financial statements.

3. Notes on accounting-based estimates

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

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

(Thousands of yen)

	Fiscal 2022
Net sales (Net sales related to projects in progress at the end of the consolidated fiscal year under review)	440,823
Contract assets	440,823

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

Other information to contribute to the understanding of financial statement users is provided in "Note 6" of the notes to consolidated financial statements.

(2) Provision for loss on orders received

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

Note that details on the provision for loss on orders received are provided in "Note 6" of the notes to consolidated financial statements.

4. Supplemental information

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

(1) Board Benefit Trust (BBT) for directors

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

a. Transaction outline

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

b. The Company's shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding the amount of incidental expenses). The book value and number of treasury shares were ¥112.964 thousand and 178,600 shares at the end of the fiscal year under review.

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

Not applicable.

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

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

a. Transaction outline

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

b. The Company's shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding the amount of incidental expenses). The book value and number of treasury shares were ¥120.681 thousand and 190,800 shares at the end of the fiscal year under review.

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

Not applicable.

5. Notes on the balance sheet

(1) Monetary debt to directors

Long-term monetary debt	¥29,100 thousand

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

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

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

Short-term monetary claims	¥1,497 thousand
Short-term monetary debt	¥64,372 thousand

(3) Accumulated depreciation of property, plant and equipment ¥314,827 thousand

6. Notes on the statement of income

(1) Volume of transactions with subsidiaries and associates

Transaction volume due to business transactions

Net sales	¥2,767 thousand
Subcontracting transaction volume, etc.	¥657,618 thousand

(2) Research and development costs included in general and administrative expenses ¥74,714 thousand

7. Notes on the statement of changes in net assets

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

Common stock	1,278,439 shares

Note: This includes the 369,400 shares owned by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP).

Non-consolidated Financial Statements

8. Notes on tax effect accounting

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

Deferred tax assets	
Accrued bonuses	¥520,772 thousand
Accrued business taxes	¥50,511 thousand
Accrued defined contribution pension premiums	¥6,004 thousand
Loss on valuation of investment securities	¥58,025 thousand
Software	¥58,689 thousand
Accrued officer retirement benefits	¥8,910 thousand
Other	¥95,388 thousand
Subtotal of deferred tax assets	¥798,303 thousand
Valuation allowance	¥(100,626) thousand
Total of deferred tax assets	¥697,677 thousand
Deferred tax liabilities	
Retirement benefit trust gains from forfeiture	¥(2,693) thousand
Retirement costs to handle asset retirement obligations	¥(15,392) thousand
Valuation difference on available-for-sale securities	¥(507,464) thousand
Total of deferred tax liabilities	¥(525,551) thousand
Net deferred tax assets	¥172,125 thousand

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

Normal effective statutory tax rate	30.6%
(Adjusted)	
Non-deductible items, including entertainment expenses, etc.	2.1%
Inhabitant tax on a per capita basis	0.1%
Valuation allowance	(0.1)%
Other	(0.1)%
Burden rate of income taxes after the application of tax effect accounting	32.6%

9. Notes on transactions with related parties

(Thousands of yen)

Type	Name of the company, etc.	Ownership ratio of voting rights, etc.	Relationship with related parties	Transaction details	Transaction amount	Account item	End of year balance
Subsidiary	TDC Futech Corporation	Owned directly 100%	System development contracting and consignment Concurrent officer posts	Contracted system development, etc.	612,744	Accounts payable – trade Accounts payable – other	57,783 1,345

Notes: 1. Of the above amounts, the transaction amount does not include consumption taxes.
2. Transaction conditions and transaction-condition determination policy
Regarding the price and transaction conditions—similarly to third parties that have no relationship with the Company—we comprehensively consider the quality, price, and other details of provided services when determining the transaction advisability and price.

10. Notes on revenue recognition

Basic information necessary to understand revenue from contracts with customers

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

11. Notes related to information per share

(1) Book value per share ¥653.17

(2) Basic earnings per share ¥96.78

Note: The Company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares to be deducted from the total number of shares outstanding at the end of the period for the purpose of calculating book value per share, and are included in treasury shares to be deducted for the purpose of calculating net earnings per share during the period for the average number of shares outstanding. The number of shares of treasury shares at the end of the period, which are deducted for the purpose of calculating book value per share, was 369,400 shares in the fiscal year under review, and the average number of shares of treasury shares during the period, which are deducted for the purpose of calculating net earnings per share, was 370,406 shares in the fiscal year under review.