OTHER ITEMS SUBJECT TO MEASURES FOR PROVIDING INFORMATION IN ELECTRONIC FORMAT

RE.

NOTICE OF THE 53RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

OF

DTS CORPORATION

System to Ensure Proper Business Execution

Overview of Operational Progress of Framework for Ensuring Appropriate Business Operations

Consolidated Statement of Changes in Equity

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Non-Consolidated Statement of Changes in Equity

Notes to the Non-Consolidated Financial Statements

(From April 1, 2024 through March 31, 2025)

System to Ensure Proper Business Execution

The Company has adopted the following basic policy on building the internal control system by resolution of the Board of Directors.

Basic Views on Building the Company's Internal Control System

When establishing internal control systems, the Company shall seek to formulate and appropriately operate frameworks relating to the building of an internal control system based on the concept explained below, and strive to continuously improve those frameworks in response to changes in the environment to ensure that its internal control systems comply with laws and regulations and the Company's Articles of Incorporation, and ensure the appropriateness of business operations and the reliability of financial reporting.

1) The Board of Directors shall decide on policies and plans for the development of internal control systems and receive regular progress reports.
2) The Company shall seek to maintain and further improve the supervisory function of Directors in the execution of their duties by continuously appointing Outside Directors.
3) The Representative Director and President shall establish, operate, and improve the internal control system as the chief executive officer for business execution.
4) The Company shall establish an Internal Control Promotion Department to build, operate, and improve internal control systems.
5) The Company shall establish the Internal Audit Office as a department that conducts internal audits from a standpoint that is independent from business activities. The Internal Audit Office shall monitor the effective building of frameworks to help establish an internal control system and to point out any necessary improvements.
6) The Company shall implement appropriate initiatives designed to ensure the reliability of internal controls related to financial reporting based on the Financial Instruments and Exchange Act.

Individual Frameworks Relating to the Internal Control System

(1) Framework for ensuring that the execution of duties by Directors and employees of the Company complies with laws and regulations and the Articles of Incorporation

1) The Company shall create a department to plan and manage compliance, and shall establish a compliance system.
2) The Company shall determine the DTS Compliance Guide and continue to instruct officers and employees through training, among other ways, to view compliance from their respective standpoints as their own immediate issue and to conduct business operations accordingly.
3) Based on the DTS Group Code of Conduct, the Company shall firmly eliminate ties to antisocial forces that pose a threat to the order and safety of civil society.
4) The Company shall establish a helpline as a way for its employees and other related persons to consult and report any activities that they suspect may be in violation of laws and regulations.
5) The Internal Audit Office shall create annual audit plans and conduct internal audits from a standpoint that is independent from the Company business activities.
6) The Company shall establish the necessary rules and systems to ensure reliable financial reporting.

(2) Framework for storing and managing information pertaining to the execution of duties by Directors of the Company

1) The Company shall stipulate in the Rules on the Management of Information Assets how documents related to the execution of duties by Directors (this includes electromagnetic records here and in all

references below) and other important information should be handled, and establish a system based on those rule to store those documents in an easily searchable format and enable them to be viewed when required by relevant parties.

2) The Company shall establish an internal information system for the storage, management, and effective use of necessary information for the execution of duties by its officers and employees.
3) With regard to information management, the Company shall establish a department to plan and manage information security and a system for information security. In addition, the Company shall establish basic policies and guidelines for protecting personal information.

(3) Regulations and other frameworks for managing the risk of incurring losses at the Company

1) The Board of Directors shall determine the Rules Regarding Risk Management and the Rules Regarding Crisis Management and ensure that the Representative Director and President and other Directors in charge of business execution execute business in accordance with those rules.
2) The Company shall establish the Sustainability Committee that is chaired by the person responsible for overseeing sustainability efforts, who is appointed by the Representative Director and President following consultation of the Management Council. The Committee shall work to identify risks and opportunities for sustainability issues, and make a plan and assessment of the efforts.
3) The Company shall establish the Risk Management Committee that is chaired by the person responsible for risk management, who is appointed by the Representative Director and President following consultation of the Management Council. The Committee shall manage risk management systems and operational risks on a company-wide basis. The Company shall also conduct consistent monitoring to ascertain whether any risks have occurred.
4) The Company shall establish emergency responses to deal with large-scale disasters, etc., and puts in place rules and systems to ensure business continuity.
5) The Company shall establish the Project Promotion Committee that is chaired by the person responsible for project development, who is appointed by the Representative Director and President following consultation of the Management Council. The Committee shall seek to eliminate or reduce any factors that impede efficiency and increase the likelihood of achieving targets by deliberating on the advantages and disadvantages of accepting orders and determining service launch for projects that meet the prescribed criteria.
6) The Company shall establish the Information Security Committee that is chaired by the Representative Director and President. The Committee shall review countermeasure policies mainly for cybersecurity and report response status and engage in reviewing and reporting of information security in general, including protecting personal information and disaster countermeasures.

(4) Framework for ensuring that the execution of duties by Directors of the Company is carried out efficiently

1) The Board of Directors shall determine the Rules Regarding the Authority to Execute Duties and ensure that the Representative Director and President and other Directors in charge of business execution execute business in accordance with those rules.
2) Regarding the pursuit of business throughout the Company, specific measures that need to be implemented and efficient business operations shall be conducted according to business execution authority and decision-making rules under internal regulations.
3) The Company shall set company-wide targets for both our executives and employees which it seeks to instill, and the Company shall also formulate medium-term management plans that cover a period of three business years and focus on those targets. Based on this medium-term management plan, the Company shall then set business targets and budgets in the form of short-term plans for individual

business divisions for each year.

4) The Company shall establish the Management Council as an organization designed to debate business execution policies, plans, and other important matters. The Company shall also provide monthly business corporate performance reports to the Management Council to help manage actual performance against the performance targets.

(5) Framework for ensuring the appropriateness of operations in the Group, which comprises the Company and its subsidiary companies

1) The Company shall establish the Subsidiary Companies' Management Department in order to ensure the appropriateness of business operations across the corporate group. The department shall offer guidance and advice to ensure that subsidiary companies develop appropriate internal control systems.
2) Persons assigned as part-time officers of subsidiary companies shall provide guidance and advice in cooperation with the Subsidiary Companies' Management Department to ensure that subsidiary companies comply with laws and regulations and conduct appropriate business operations.
3) The Company shall hold group-wide meetings to facilitate information sharing across the Group and to ensure the appropriateness of business operations.

(6) Framework for reporting matters pertaining to the execution of duties performed by Directors, etc. of subsidiary companies to the Company

1) The Company shall determine the Rules Relating to the Management of Affiliated Companies with regards to subsidiaries, which require those subsidiaries to seek the Company's approval or to submit a report regarding specific matters prior to resolution by the Board of Directors. Any matters that fall under the prescribed standards will be placed on the agenda for discussion by the Board of Directors.

(7) Regulations and other systems for managing the risk of incurring losses at subsidiary companies

1) The Company's Risk Management Committee shall seek to gain a clear grasp of issues and planned responses by subsidiary companies, and shall receive periodic progress reports on those plans. The Committee shall also consistently monitor subsidiary companies for risks.
2) Regarding projects at subsidiary companies that fall under the prescribed standards, the Company shall seek to eliminate or reduce any factors that impede efficiency and increase the likelihood of achieving targets by deliberating on the advantages and disadvantages of accepting orders and making judgements on the commencement of services in Project Promotion Committee meetings.

(8) Framework for ensuring that the execution of duties performed by Directors, etc. of subsidiary companies is carried out efficiently

1) The pursuit of business operations at subsidiary companies shall be in accordance with the rules on business execution authority and decision-making that are based on each subsidiary company's internal regulations. However, some specific matters shall be executed in accordance with the Company's Rules Relating to the Management of Affiliated Companies.
2) The Company shall set targets which it seeks to instill across all employees of the Company and its subsidiary companies. The subsidiary companies shall formulate a medium-term management plan that covers a period of three business years and focuses on these targets. Based on the medium-term management plan, the subsidiary companies shall also set operational targets and budgets in the form of short-term plans, and shall submit regular progress reports to the Company.

(9) Framework for ensuring that the execution of duties by Directors and employees of subsidiary companies complies with laws and regulations and the Articles of Incorporation

1) The Company shall disseminate a DTS Compliance Guide across its subsidiary companies. The Company shall also give guidance and advice to its subsidiary companies.
2) The Company shall establish a Group Helpline as a way for employees of subsidiary companies to consult and report any activities that they suspect may be in violation of laws and regulations.

(10) Matters concerning employees assigned to assist with the duties of the Company's Audit and Supervisory Committee

1) The Audit and Supervisory Committee may give instructions or directions to employees who assist with their duties with regards to items required for the execution of audits.

(11) Matters concerning the independence of the employees referred to in item 10 above from the Directors who are not Audit and Supervisory Committee Members

1) The Directors shall respect the opinions of the Audit and Supervisory Committee regarding personnel changes or performance evaluations, etc. of employees who are required to assist with the duties of the Audit and Supervisory Committee.

(12) Matters relating to ensuring the effectiveness of the Audit and Supervisory Committee's instructions to employees assisting the Audit and Supervisory Committee

1) Employees who have been given an instruction or direction by the Audit and Supervisory Committee when conducting audits cannot receive any instructions or directions from Directors who are not Audit and Supervisory Committee Members, etc. while they are executing those duties of the Audit and Supervisory Committee.

(13) Framework for Directors who are not Audit and Supervisory Committee Members and employees to report to the Audit and Supervisory Committee, and other frameworks relating to reporting to the Audit and Supervisory Committee

1) Audit and Supervisory Committee Members appointed by the Audit and Supervisory Committee (hereinafter referred to as "Appointed Audit and Supervisory Committee Members") may attend important meetings, such as meetings of the Board of Directors, Management Council, and Risk Management Committee, in order to fully grasp important decision-making processes and the status of business execution.
2) Appointed Audit and Supervisory Committee Members may view important documents circulated for approval as well as other documentation and may request explanations from Directors who are not Audit and Supervisory Committee Members and employees when necessary.
3) Directors who are not Audit and Supervisory Committee Members shall report the following matters to the Audit and Supervisory Committee as soon as they are discovered:
   i. Matters that cause, or could cause, significant damage to the Company or a significant deterioration in trust in the Company
   ii. Matters that represent, or could represent, serious violations of laws, regulations, Articles of Incorporation, or internal regulations
   iii. Important compliance-related matters
   iv. Other matters that pertain to i. to iii. above
4) Employees may report directly to the Audit and Supervisory Committee when they discover any serious facts relating to i. to iv. in the preceding paragraph.

(14) Framework for ensuring that Directors or employees, etc. of subsidiary companies, or any people who receive reports from those Directors, employees, etc., convey those reports to the Company's Audit and Supervisory Committee

1) Appointed Audit and Supervisory Committee Members of the Company may attend business planning hearings, etc. with Group companies.
2) Appointed Audit and Supervisory Committee Members of the Company may view Group companies' documents and request explanations from Directors, etc. of Group companies if necessary.
3) Directors or employees, etc. of subsidiary companies who have discovered any of the following matters or any persons who have received reports from those Directors or employees may report the matter directly to the Company's Audit and Supervisory Committee:
   i. Matters that cause, or could cause, significant damage to the Company or a significant deterioration in trust in the Company
   ii. Matters that represent, or could represent, serious violations of laws, regulations, Articles of Incorporation, or internal regulations
   iii. Important compliance-related matters
   iv. Other matters that pertain to i. to iii. above

(15) Framework for ensuring that a person who conveyed a report to the Audit and Supervisory Committee is not treated disadvantageously for having conveyed the report

1) The Company shall establish the Rules Relating to the Operation of the Whistleblowing System, which clearly stipulate the obligation to protect and confidentiality of whistleblowers. The Company shall also create the necessary environment to ensure all employees can access and read these rules.

(16) Procedures for prepayment or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee Members (limited to those related to the execution of duties of the Audit and Supervisory Committee) and other items regarding policies pertaining to the processing of expenses or obligations arising from the execution of said duties

1) Any expenses expected to be incurred in the audit plan determined by the Audit and Supervisory Committee are budgeted for in advance. Any expenses required to respond to a sudden event may either be paid in advance or reimbursed.

(17) Other frameworks for ensuring that audits by the Audit and Supervisory Committee are conducted effectively

1) The Audit and Supervisory Committee may hold meetings to exchange opinions with the Representative Director or the Accounting Auditor whenever necessary.
2) The Audit and Supervisory Committee may communicate and exchange information with the Directors and Auditors of subsidiary companies in order to perform their duties appropriately.
3) The Audit and Supervisory Committee may receive advice on auditing operations from external experts, such as lawyers and certified public accountants, when necessary and at their own discretion.

Overview of Operational Progress of Framework for Ensuring Appropriate Business Operations

The following is an outline of the operational progress made on the framework for ensuring the appropriateness of business operations for the fiscal year under review.

(1) Framework on Compliance with Laws and Regulations and the Articles of Incorporation

The Company and Group companies conduct compliance education and training for executives, employees, and partner company employees and take measures to raise compliance awareness. In addition, the Company has set up a common whistleblowing hotline and ensures that the hotline is operated appropriately.

Regarding the management of information deemed necessary for the execution of duties by officers and employees, the Company has established frameworks for information security and protecting personal information and has managed those systems appropriately in accordance with our Rules on the Management of Information Assets.

(2) Risk Management Framework

With the aim of maintaining and enhancing its corporate value, the Company has established a Risk Management Committee to appropriately manage various internal and external risks related to its business as well as to establish a company-wide risk management policy. The Committee discusses company-wide risk management systems and the management of risks to be addressed on a company-wide basis and approves risk management reports from each department and division. It also hears reports about the status of the Group's risk management response and, as needed, advises Group companies about appropriate measures.

The Company has established a department in charge of supervising risk management and a department in charge of risk management under the Risk Management Committee. For each class of risks, which is defined by the characteristics of the risks, the Company monitors its internal control systems and their operation and provides the necessary support, advice, supervision, etc.

(3) The Execution of Duties by Directors

In fiscal 2024, the Company held 15 meetings of the Board of Directors to determine matters stipulated by laws and regulations, etc. as well as important management-related issues, and to supervise business execution from the perspective of compliance with laws and regulations, the Company's Articles of Incorporation, and the appropriateness of business operations. We have determined the Rules Relating to the Management of Affiliated Companies and respond appropriately to all matters relating to Group companies. The Company has introduced an executive officer system to separate the supervisory functions of the Board of Directors' decision-making and business execution from the business execution functions, and to secure a management framework that facilitates prompt and appropriate business execution. The Company also held 30 meetings of the Management Council to discuss business execution policies and plans and other important matters when the Representative Director and President execute duties based on the management policy determined by the Board of Directors.

(4) The Execution of Duties by the Audit and Supervisory Committee

Audit and Supervisory Committee Members, including Outside Directors, conduct audits based on audit plans determined in the Audit and Supervisory Committee and attend important meetings such as the Board of Directors and various committee meetings to obtain a clear grasp of the Directors' decision-making processes and the status of business execution. In fiscal 2024, the Audit and Supervisory Committee convened 13 times.

The Audit and Supervisory Committee held meetings twice with the Representative Director and President to exchange views on important audit-related issues. Audit and Supervisory Committee Members also exchange opinions with Auditors and other members of Group companies regularly and conduct audits of Group companies in cooperation with local auditing staff.

Consolidated Statement of Changes in Equity

(April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,113	4,992	57,396	(8,527)	59,973
Changes during period					
Dividends of surplus			(4,593)		(4,593)
Profit attributable to owners of parent			10,635		10,635
Purchase of treasury shares				(10,999)	(10,999)
Disposal of treasury shares		89		149	239
Cancellation of treasury shares		(14,965)		14,965	–
Transfer from retained earnings to capital surplus		14,875	(14,875)		–
Net changes in items other than shareholders' equity					
Total changes in items during period	–	–	(8,833)	4,115	(4,717)
Balance at end of period	6,113	4,992	48,562	(4,412)	55,255

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,563	70	662	2,296	1,132	63,402
Changes during period						
Dividends of surplus						(4,593)
Profit attributable to owners of parent						10,635
Purchase of treasury shares						(10,999)
Disposal of treasury shares						239
Cancellation of treasury shares						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	162	192	153	509	151	660
Total changes in items during period	162	192	153	509	151	(4,057)
Balance at end of period	1,726	263	816	2,805	1,283	59,344

Notes to the Consolidated Financial Statements

(Notes on the Basis for Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 16

Names of main consolidated subsidiaries

DTS INSIGHT CORPORATION
Digital Technologies Corporation
Partners Information Technology, Inc.
JAPAN SYSTEMS ENGINEERING Corporation
DTS WEST CORPORATION
avanza Co., Ltd.
KYUSHU DTS CORPORATION
Tohoku Systems Support Co., Ltd.

In the previous fiscal year, I NET Rely Corporation, which had been a consolidated subsidiary of the Company, was excluded from the scope of consolidation as a result of an absorption-type merger effective April 1, 2024, in which Digital Technologies Corporation was the surviving company.

(2) Main non-consolidated subsidiaries

Names of main non-consolidated subsidiaries

DTS palette Inc.
Tohoku Advisor Co., Ltd.

(Reason for exclusion from the scope of consolidation)

Non-consolidated subsidiaries are small in scale, and do not have a material impact on the consolidated financial statements in terms of factors including their combined total assets, net sales, profit (the amount corresponding to the Company's equity interest), or retained earnings (the amount corresponding to the Company's equity interest).

2. Application of the equity method

(1) Non-consolidated subsidiaries and affiliates to which the equity method has been applied

None.

(2) Non-consolidated subsidiaries and affiliates to which the equity method has not been applied

Non-consolidated subsidiaries to which the equity method has not been applied

DTS palette Inc., Tohoku Advisor Co., Ltd.

Affiliates to which the equity method has not been applied

Spice Factory Co., Ltd.

Non-consolidated subsidiaries and affiliates to which the equity method has not been applied have been excluded from the scope of application of the equity method because this exclusion does not have a material impact on the consolidated financial statements in terms of factors including profit (the amount corresponding to the Company's equity interest) or retained earnings (the amount corresponding to the Company's equity interest), and is not material overall.

3. Matters concerning the fiscal year, etc. of consolidated subsidiaries

(1) The dates on which the fiscal year ends for the Company's consolidated subsidiaries are as follows.

December 31:	8 consolidated subsidiaries
January 31:	1 consolidated subsidiary
March 31:	7 consolidated subsidiaries

(2) For consolidated subsidiaries with fiscal years ending on December 31 and January 31, the financial statements as of those dates are used in the preparation of the consolidated financial statements. However, the necessary consolidation adjustments are made for significant transactions that have occurred after those dates and before the consolidated fiscal year-end.

(3) Tohoku Systems Support Co., Ltd., which became a consolidated subsidiary on March 31, 2024, changed its fiscal year-end to December 31, starting from the fiscal year under review. As a result of this change, the period from April 1, 2024 to December 31, 2024 (nine months) has been included in the consolidation for the fiscal year under review.

4. Matters concerning accounting policies

(1) Standards and methods for valuation of important assets

1) Securities

Available-for-sale securities

(i) Securities apart from shares, etc. without market prices ……Stated at fair value (valuation differences are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method).
However, the amortized cost method is used where the difference between the acquisition price and the nominal value is deemed to be attributable to interest adjustments.

(ii) Shares, etc. without market prices ……Stated at cost using the moving average method

2) Inventory

(i) Merchandise and finished goods ……. Mainly stated at cost using the moving average method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

(ii) Work in process ……. Stated at cost using the identified cost method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

(iii) Raw materials ……. Stated at cost using the moving average method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

(iv) Supplies ……. Stated at cost using the most recent purchase method.

(2) Depreciation or amortization method for important depreciable or amortizable assets

1) Property, plant and equipment (excluding leased assets and right-of-use assets)

Depreciated using the straight-line method.

The useful lives of the main components of property, plant and equipment are as follows:

Buildings and structures	3 years to 47 years
Tools, furniture and fixtures	2 years to 20 years

Assets with an acquisition price not less than 100 thousand yen and less than 200 thousand yen are generally depreciated using the straight-line method over 3 years.

2) Intangible assets (excluding leased assets and right-of-use assets)

Amortized using the straight-line method.

However, software for market sale is generally amortized beginning from the time when sales commence, based on the forecast number of units to be sold and the forecast profits from sale within the subsequent 3 years. If the amount of this amortization falls below the amount allocated using the straight-line method based on the remaining effective period, then the amount allocated using the straight-line method is used.

Software for internal use is amortized using the straight-line method over the period during which fees are paid (10 years) based on the relevant contract for software provided as a service (software under a designated customer license agreement), or is amortized using the straight-line method over the forecast period of internal use (no more than 5 years) for software with other cost reduction effects.

3) Right-of-use assets

Amortized using the straight-line method over the asset's useful life or the period of the lease, whichever is shorter.

(3) Standards for recording significant provisions and allowances

1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the estimated historical default rate for general claims. For accounts with a possibility of default and other designated accounts, the recoverable amount is estimated, and an allowance is provided equal to the unrecoverable amount.

2) Provision for bonuses

Provision for bonuses is recorded based on the estimated amount payable, in order to provide for the payment of bonuses to employees.

3) Provision for bonuses for directors (and other officers)

Provision for bonuses for directors (and other officers) is recorded based on the estimated amount payable, in order to provide for the payment of bonuses to directors (and other officers).

4) Provision for loss on orders received

Provision for loss on orders received is recorded equal to the amount of expected losses associated with contractual orders received as of the end of the fiscal year, in order to provide for future losses associated with orders received.

(4) Accounting treatment of retirement benefits

1) Method used to attribute the estimated benefit obligation to accounting periods

When calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the end of the fiscal year under review on a benefit formula basis.

2) Method used to amortize actuarial gains and losses and prior service costs

Prior service costs are amortized using the straight-line method over a designated period (10 years) within the average remaining service years for employees at the time when the costs were incurred.

Actuarial gains and losses are allocated proportionately from the fiscal year following the fiscal year when they were recognized, using the straight-line method over a designated period (from 10 to

12 years) within the average remaining service years for employees at the time when the gains or losses were recognized in each fiscal year.

(5) Standards for the recognition of significant revenue and expenses

The main performance obligations and the usual timing of revenue recognition in the main businesses of the Company and its consolidated subsidiaries are as follows.

1) Systems development

For systems development, the Company considers that performance obligations are satisfied as the project progresses, and recognizes revenue using the cost-to-cost method.

2) Systems engineering services

For systems engineering services, the Company considers that performance obligations are satisfied as services are provided, and recognizes revenue in accordance with the contract and the results of services provided.

3) Maintenance and other services

For maintenance and other services, the Company considers that performance obligations are satisfied with the passing of time, and recognizes the amount promised under the contract with the customer as revenue progressively over the period during which services are provided.

4) Products and merchandise

The Company considers that performance obligations for the sale of products and merchandise are satisfied at the time of delivery, when the customer gains control over the product or merchandise, and revenue is recognized at this time. However, for some domestic sales transactions, because there is a normal period of time between the shipment of the product or merchandise and the transfer of control to the customer, the Company applies the alternative treatment prescribed in Paragraph 98 of the Revenue Recognition Guidance, and recognizes revenue at the time of shipment.

(6) Standards for translation of significant foreign currency-denominated assets or liabilities into Japanese yen

Monetary claims and obligations denominated in foreign currencies are translated into Japanese yen at the spot exchange rates at the consolidated fiscal year-end. Differences arising from the translation are recorded as gains or losses in the consolidated statement of income. Assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the spot exchange rates at the consolidated fiscal year-end, and their revenues and expenses are translated into Japanese yen at the average exchange rates for the fiscal year. Differences arising from the translation are recorded in foreign currency translation adjustment under net assets.

(7) Goodwill amortization method and amortization period

Goodwill is amortized using the straight-line method over the period of its effect (from 5 to 20 years), based on the cause of the goodwill.

(Notes on Accounting Estimates)

1. Revenue recognized in cases where performance obligations are satisfied over time

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

(Millions of yen)

	Fiscal year under review
Net sales	125,908
(Of which, revenue recognized in cases where performance obligations are satisfied over time)	16,129

(2) Information on significant accounting estimates for identified items

1) Calculation method

For certain contracts under which the Group is obligated to deliver the results of made-to-order software development, etc., the Group considers the performance obligations satisfied over time. The Group applies a method under which revenue is recognized in accordance with a reasonable estimation of the degree of progress made in satisfying performance obligations as of the end of the fiscal year under review. The degree of progress is calculated based on the ratio of actual costs incurred, as of the end of the fiscal year, to the total cost of the project.

2) Main assumptions

The total cost of the project is reasonably estimated, as a rule, by multiplying the content of the work and man-hours for each contract by the number of staff required.

The Company has established a Project Promotion Committee to deliberate on the viability of projects that are expected to produce a certain amount of total revenue or are otherwise considered necessary, and to engage in regular monitoring of the progress of projects. The Project Promotion Committee reviews the total cost for projects that meet the prescribed criteria by monitoring the progress of actual results against the project plan.

3) Impact on the consolidated financial statements for the subsequent fiscal year

The Group considers the total cost of construction for contracts, reviewed based on the latest information including a comparison between costs incurred and estimated costs and the degree of project progress at the time, as appropriate. However, where actual results differ from estimates due to future changes in conditions, this may affect the amount of revenue recognized by the Group.

2. Estimation of the provision for loss on orders received for contracts

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

(Millions of yen)

	Fiscal year under review
Provision for loss on orders received	27

(2) Information on significant accounting estimates for identified items

1) Calculation method

The Group records provision for loss on orders received equal to the amount of expected losses associated with contractual orders received as of the end of the fiscal year, in order to provide for future losses associated with orders received.

For projects where the Group receives orders through individual contracts, and it is highly possible that the total cost will exceed total revenue and the amount of expected losses can be reasonably estimated, provision for loss on orders received is calculated as the expected amount of future losses.

2) Main assumptions

The total cost of the project is reasonably estimated, as a rule, by multiplying the content of the work and man-hours for each contract by the number of staff required.

The Company has established a Project Promotion Committee to deliberate on the viability of projects that are expected to produce a certain amount of total revenue or are otherwise considered necessary, and to engage in regular monitoring of the progress of projects. The Project Promotion Committee reviews the total cost for projects that meet the prescribed criteria by monitoring the progress of actual results against the project plan.

3) Impact on the consolidated financial statements for the subsequent fiscal year

The Group considers the expected amount of future losses, estimated based on the latest information including a comparison between costs incurred and estimated costs and the degree of project progress at the time, as appropriate. However, where actual results differ from estimates due to future changes in conditions, this may affect the amount of profit or loss recognized by the Group.

3. Assessment of goodwill

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

(Millions of yen)

	Fiscal year under review
Goodwill	4,988

(2) Information on significant accounting estimates for identified items

1) Calculation method

Goodwill of the Group represents the future excess earnings power of an acquired enterprise expected at the time of acquisition of said enterprise. If the acquired enterprise has not performed as well as expected in the future business plan available at the time of acquisition and the earnings or cash flows from its operating activities continue to be negative, or if it is determined that the business environment surrounding the acquired enterprise has significantly deteriorated, the Company considers it an indication of impairment of that asset group including goodwill, estimates future cash flows, and judges whether it is necessary to recognize an impairment loss. If it is consequently judged that an impairment loss should be recognized, the carrying amount of that asset group is reduced to its recoverable amount and that reduction is recorded as an impairment loss.

During the fiscal year under review, the Group recorded impairment losses on goodwill of 138 million yen, as stated in “3. Impairment losses” under “(Notes to the Consolidated Statement of Income)” in “(Notes to the Consolidated Balance Sheet).”

2) Main assumptions

Estimations of future cash flows are based on future business plans, the main assumptions of which are projected sales revenue and growth rates of sales revenue based on forecasts of orders received.

3) Impact on the consolidated financial statements for the subsequent fiscal year

In the main assumptions, there is uncertainty associated with estimation. Accordingly, if a material change occurs due to changes in the future business environment or other factors, it may become necessary to record an impairment loss, which may have a material impact on the consolidated financial statements for the subsequent fiscal year.

(Notes to the Consolidated Balance Sheet)

1. Accumulated depreciation on property, plant and equipment 4,097 million yen

2. Contingent liabilities

As it has been recognized that, at a certain overseas subsidiary of the Company, inappropriate payments were made to individuals deemed to be public servants and others in prior fiscal years and that those payments may be a violation of local anti-corruption law and other relevant laws and regulations, there is a possibility that this could lead to an investigation or prosecution by the local authorities in the future. However, the situation is uncertain at present. In addition, it is difficult for the Company to make any reasonable estimate of a specific future loss to be incurred because there are many uncertainties involved in the estimation of any fines or penalties that would be imposed by the authorities.

(Notes to the Consolidated Statement of Income)

1. Provision for loss on orders received

The amount of provision for loss on orders received included in cost of sales is 27 million yen.

2. Research and development expenses

The amount of research and development expenses included in general and administrative expenses is 168 million yen.

3. Impairment losses

In the current fiscal year under review, the Group recorded impairment losses on the asset groups below.

Location	Purpose	Type	Impairment loss (Millions of yen)
Head Office (Chuo-ku, Tokyo)	Business assets and shared assets	Software	110
Partners Information Technology, Inc. (State of California, the U.S.)	-	Goodwill	138

In principle, the Group groups its assets using each company as the basic unit of an asset group. Assets for which decisions such as business withdrawal have been made and idle assets or the like are grouped individually.

With respect to the software for which a business withdrawal policy has been determined, the Company decided to reduce the carrying amount to its recoverable amount. The recoverable amount is measured at value in use.

When the Company acquired the shares of Partners Information Technology, Inc., a consolidated subsidiary, the Company recorded goodwill on the basis of the subsidiary’s excess earnings power. However, as the initially anticipated earnings can no longer be expected, recognizing indications of impairment, the Company has recorded the entire carrying amount as an impairment loss.

(Notes to the Consolidated Statement of Changes in Equity)

1. Matters concerning the class and total number of issued shares, and the class and number of treasury shares

Item	Number of shares at the beginning of the fiscal year under review	Increase	Decrease	Number of shares at the end of the fiscal year under review
Total number of issued shares				
Common shares (Note 1)	46,854,132	-	5,356,100	41,498,032
Treasury shares				
Common shares (Note 2, Note 3)	3,956,824	2,658,448	5,413,267	1,202,005

(Notes) 1. The decrease of 5,356,100 in the number of issued common shares consisted of a decrease of 5,356,100 shares due to the cancellation of treasury shares.

2. The increase of 2,658,448 in the number of common treasury shares consisted of an increase of 2,656,100 shares due to the purchase of treasury shares based on the resolution of the Board of Directors, an increase of 93 shares due to the free-of-charge acquisition of treasury shares attributable to retirement of recipients of restricted stock compensation, an increase of 2,209 shares due to the free-of-charge acquisition of treasury shares for the granting of restricted stock to the DTS Group Employee Shareholding Association, and an increase of 46 shares due to the purchase of fractional shares.

3. The decrease of 5,413,267 in the number of common treasury shares consisted of a decrease of 5,356,100 shares due to the cancellation of treasury shares, a decrease of 7,179 shares due to the disposal of treasury shares as restricted stock compensation and a decrease of 49,988 shares due to the disposal of treasury shares for the granting of restricted stock to the DTS Group Employee Shareholding Association.

2. Matters concerning dividends

(1) Amount of dividends paid

(Resolution)	Class of shares	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 25, 2024 Annual General Meeting of Shareholders	Common shares	2,488	58	March 31, 2024	June 26, 2024
October 29, 2024 Board of Directors	Common shares	2,105	50	September 30, 2024	November 21, 2024

(2) Dividends for which the record date falls in the fiscal year under review and the effective date is in the following fiscal year

A resolution is planned as follows.

(Resolution schedule)	Class of shares	Total amount of dividend (Millions of yen)	Source of the dividend	Dividend per share (Yen)	Record date	Effective date
June 24, 2025 Annual General Meeting of Shareholders	Common shares	3,102	Retained earnings	77	March 31, 2025	June 25, 2025

(Notes on Financial Instruments)

1. Status of financial instruments

(1) Policy on financial instruments

The Group makes it a principle to manage funds by investing in highly stable financial assets. When financing is necessary, it mainly borrows from banks.

(2) Details and risks of financial instruments

Notes and accounts receivable - trade, which are trade receivables, are subject to customer credit risk.

Securities and investment securities mainly comprise shares of companies with which the Group has a business relationship and corporate bonds purchased for the purpose of surplus funds management. These are subject to the risk of market price movements.

Almost all accounts payable - trade, which are trade payables, fall due within one year.

(3) Risk management framework for financial instruments

1) Management of credit risk (the risk of contractual counterparty default, etc.)

The due dates and outstanding balances of trade receivables are managed for each trading partner in accordance with the Credit Control Regulations, and their financial status is ascertained through credit investigations and other means, in order to mitigate credit risk.

2) Management of market risk (the risk of market price movements, etc.)

The fair value and financial status of the issuer are regularly ascertained for securities and investment securities, and holdings of these securities are continuously reviewed in light of the Group's relationships with trading partners.

3) Management of liquidity risk associated with financing (the risk that the Group will be unable to pay by the due date)

Cash flow plans are prepared and updated in a timely manner, and cash is managed to ensure that the necessary cash on hand for business activities is maintained.

2. Matters concerning the fair value, etc. of financial instruments

The amounts recorded on the consolidated balance sheet for March 31, 2025, fair values and the differences between them are shown below.

(Millions of yen)

	Amount recorded on the consolidated balance sheet	Fair value	Difference
Securities and investment securities (Note 2)	6,944	6,944	-
Total assets	6,944	6,944	-

(Notes) 1. “Cash and deposits,” “Notes and accounts receivable - trade, and contract assets,” “Accounts payable - trade,” “Accounts payable - other,” and “Income taxes payable” have been omitted, as these are cash-based and settled in a short period of time, and the carrying amounts therefore approximates fair value. “Short-term borrowings,” “Long-term borrowings (including the current portion of long-term borrowings),” and “Bonds payable” have been omitted, as these are not material.

2. Shares, etc. without market prices are not included in “Securities and investment securities.” The carrying amount of these financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

Class	Amount recorded on the consolidated balance sheet
Unlisted shares	775

Notes are omitted for investments in partnerships and similar businesses carried at the net amount equivalent to the equity interest on the consolidated balance sheet. The amount of such investments carried on the consolidated balance sheet is 324 million yen.

3. Breakdown of financial instruments by level of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated using observable inputs that are market prices formed in active markets for the assets or liabilities for which fair value is to be calculated

Level 2 fair value: Fair value calculated using observable inputs other than those used to calculate Level 1 fair value

Level 3 fair value: Fair value calculated using unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(1) Financial instruments carried on the consolidated balance sheet at fair value

Class	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Listed shares	3,697	-	-	3,697
Bonds	-	3,148	-	3,148
Investment trusts	-	98	-	98
Total assets	3,697	3,247	-	6,944

(2) Financial instruments apart from those carried on the consolidated balance sheet at fair value
None.

(Note) Explanation of the valuation techniques and inputs used to calculate fair value
Securities and investment securities
Listed shares and bonds are valued using market prices. Because listed shares are traded in active markets, their fair value is classified as Level 1. However, because the markets for the bonds held by the Company are not regarded as active markets due to the low frequency of transactions, their fair value is classified as Level 2.
For investment trusts, for which there are no market transaction prices, net asset value is used as fair value, and their fair value is classified as Level 2, because there are no material restrictions to investment trusts, such as market participants' demand for compensation for risks associated with cancellation or request for redemption.

(Notes on Revenue Recognition)

1. Breakdown of revenue arising from contracts with customers

(Millions of yen)

	Fiscal year under review
Services	42,288
SI and development	77,134
Products	6,485
Revenue arising from contracts with customers	125,908
Net sales to external customers	125,908

2. Information fundamental for an understanding of revenue arising from contracts with customers

The Company and its consolidated subsidiaries are engaged in providing services, SI and development, and the sale of products. Revenue from each is recognized as follows.

1) Services

Transactions in which revenue is sourced from the provision of services include the development and sales of software products, IT outsourcing, cloud-related services, and other transactions where services are provided.

For these transactions, in cases where the Company considers that performance obligations are satisfied as services are provided, it recognizes revenue in accordance with the contract and the results of services provided. In cases where the Company considers that performance obligations are satisfied with the passing of time, it recognizes the amount promised under the contract with the customer as revenue progressively over the period during which services are provided.

2) SI and development

Transactions in which revenue is sourced from SI and development include systems development and the introduction of internally-developed solutions, and software maintenance development.

For these transactions, the Company generally considers that performance obligations are satisfied as the project progresses, and recognizes revenue using the cost-to-cost method.

3) Products

Transactions in which revenue is sourced from the provision of products include the sale and provision of predesignated property and services such as usage rights for specific hardware and software.

For these transactions, the Company generally considers that performance obligations for the sale of products and merchandise are satisfied at the time of delivery, when the customer gains control over the product or merchandise, and revenue is recognized at this time. However, for some domestic sales transactions, because there is a normal period of time between the shipment of the product or merchandise and the transfer of control to the customer, the Company applies the alternative treatment prescribed in Paragraph 98 of the Revenue Recognition Guidance, and recognizes revenue at the time of shipment.

3. Information on the relationship between the satisfaction of performance obligations based on contracts with customers and cash flow arising from these contracts, and information on the amount and timing of revenue expected to be recognized in future fiscal years from contracts existing at the end of the fiscal year under review

(1) Balance of contract assets and contract liabilities

(Millions of yen)

	Fiscal year under review	
	Balance as of April 1, 2024	Balance as of March 31, 2025
Receivables arising from contracts with customers	20,132	20,581
Contract assets	2,201	3,265
Contract liabilities (advances received)	1,249	1,203

Contract assets mainly relate to the rights held by the Company and its consolidated subsidiaries to receive consideration for property or services under contracts with customers for which performance obligations have been satisfied but not yet invoiced as of the end of the fiscal year. Contract assets are transferred to receivables arising from contracts with customers at the time when the rights held by the Company and its consolidated subsidiaries to receive consideration become unconditional. The consideration for the relevant property or services is invoiced, based on the contract with the customer, at the time when said property or services are accepted, and generally received within one month.

Contract liabilities mainly relate to advances received from customers based on maintenance service contracts, where the associated performance obligations will be satisfied from the next fiscal year onward. Contract liabilities are reversed as revenue is recognized.

Of the revenue recognized in the fiscal year under review, 895 million yen was included in contract liabilities as of April 1, 2024.

(2) Transaction price allocated to remaining performance obligations

The total amount of transaction price allocated to remaining performance obligations, and the expected timing of revenue recognition, is as follows.

(Millions of yen)

	Fiscal year under review
Within 1 year	37,040
Over 1 year	2,291
Total	39,331

(Notes on Per Share Information)

Net assets per share	1,440.87 yen
Basic earnings per share	253.80 yen

(Notes on Significant Subsequent Events)

Acquisition and cancellation of treasury shares

At a meeting of the Board of Directors held on May 1, 2025, the Company resolved on matters relating to the acquisition of its treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, paragraph (3) of the same Act. The Company also resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

1. Reasons for acquisition and cancellation of treasury shares

Based on a comprehensive consideration of opportunities for growth investment, capital conditions, and the market environment, to achieve our medium-term management goals of cash allocation, to improve capital efficiency and to further improve returns for our shareholders, we flexibly implement treasury share acquisition and cancellation.

2. Details of the acquisition of treasury shares resolved by the Board of Directors

(1) Class of shares to be acquired
Common shares

(2) Total number of shares to be acquired
750,000 shares (maximum)

(3) Total acquisition price of shares to be acquired
2,500 million yen (maximum)

(4) Acquisition period
From May 2, 2025 to July 31, 2025

(5) Method of acquisition
Market purchases on the Tokyo Stock Exchange
(discretionary trading by securities companies and off-auction own share repurchase trading [ToSTNet-3])

3. Details of cancellation of treasury shares resolved by the Board of Directors

(1) Class of shares to be cancelled
Common shares

(2) Number of shares to be cancelled
All the shares repurchased in 2 above

(3) Scheduled date of cancellation
August 13, 2025

(Other Notes)

Treatment of fractions

Amounts shown on the consolidated balance sheet, the consolidated statement of income, and the consolidated statement of changes in equity have been rounded down to the units indicated.

Non-Consolidated Statement of Changes in Equity

(April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for tax purpose reduction to promote open innovation	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	6,113	6,190	–	6,190	411	–	11,170	38,648	50,230
Changes during period									
Dividends of surplus								(4,593)	(4,593)
Profit								9,802	9,802
Purchase of treasury shares									
Disposal of treasury shares			89	89					
Cancellation of treasury shares			(14,965)	(14,965)					
Transfer from retained earnings to capital surplus			14,875	14,875				(14,875)	(14,875)
Provision of reserve for open innovation						62		(62)	–
Net changes in items other than shareholders' equity									
Total changes in items during period	–	–	–	–	–	62	–	(9,729)	(9,666)
Balance at end of period	6,113	6,190	–	6,190	411	62	11,170	28,919	40,563

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(8,527)	54,006	1,563	1,563	55,570
Changes during period					
Dividends of surplus		(4,593)			(4,593)
Profit		9,802			9,802
Purchase of treasury shares	(10,999)	(10,999)			(10,999)
Disposal of treasury shares	149	239			239
Cancellation of treasury shares	14,965	–			–
Transfer from retained earnings to capital surplus		–			–
Provision of reserve for open innovation		–			–
Net changes in items other than shareholders' equity			162	162	162
Total changes in items during period	4,115	(5,550)	162	162	(5,388)
Balance at end of period	(4,412)	48,455	1,726	1,726	50,181

Notes to the Non-Consolidated Financial Statements

(Notes on Significant Accounting Policies)

1. Standards and methods for valuation of securities

(1) Shares of subsidiaries and affiliates …… Stated at cost using the moving average method

(2) Available-for-sale securities

1) Securities apart from shares, etc. without market prices ……Stated at fair value (valuation differences are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method).
However, the amortized cost method is used where the difference between the acquisition price and the nominal value is deemed to be attributable to interest adjustments.

2) Shares, etc. without market prices ……Stated at cost using the moving average method

2. Standards and methods for valuation of inventory

(1) Merchandise …………Stated at cost using the identified cost method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

(2) Work in process …………Stated at cost using the identified cost method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

(3) Supplies …………Stated at cost using the most recent purchase method.

3. Depreciation or amortization method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciated using the straight-line method.

The useful lives of the main components of property, plant and equipment are as follows:

Buildings	3 years to 47 years
Tools, furniture and fixtures	2 years to 15 years

Assets with an acquisition price not less than 100 thousand yen and less than 200 thousand yen are depreciated using the straight-line method over 3 years.

(2) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

However, software for market sale is amortized beginning from the time when sales commence, based on the forecast number of units to be sold and the forecast profits from sale within the subsequent 3 years. If the amount of this amortization falls below the amount allocated using the straight-line method based on the remaining effective period, then the amount allocated using the straight-line method is used.

Software for internal use is amortized using the straight-line method over the period during which fees are paid (10 years) based on the relevant contract for software provided as a service (software under a designated customer license agreement), or is amortized using the straight-line method over the forecast period of internal use (no more than 5 years) for software with other cost reduction effects.

(3) Long-term prepaid expenses

Amortized using the straight-line method.

4. Standards for recording provisions and allowances

(1)	Allowance for doubtful accounts	Allowance for doubtful accounts is provided based on the estimated historical default rate for general claims. For claims with a possibility of default and other designated accounts, the recoverable amount is estimated, and an allowance is provided equal to the unrecoverable amount.
(2)	Provision for bonuses	Provision for bonuses is recorded based on the estimated amount payable, in order to provide for the payment of bonuses to employees.
(3)	Provision for bonuses for directors (and other officers)	Provision for bonuses for directors (and other officers) is recorded based on the estimated amount payable, in order to provide for the payment of bonuses to directors (and other officers).
(4)	Provision for loss on orders received	Provision for loss on orders received is recorded equal to the amount of expected losses associated with contractual orders received as of the end of the fiscal year, in order to provide for future losses associated with orders received.
(5)	Provision for retirement benefits	Provision for retirement benefits is recorded based on the estimated retirement benefit obligation and plan assets at the end of the fiscal year under review, in order to provide for the payment of retirement benefits to employees. However, the treatment of unrecognized actuarial gains and losses on the non-consolidated balance sheet differs from the treatment on the consolidated balance sheet. 1) Method used to attribute the estimated benefit obligation to accounting periods When calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the end of the fiscal year under review on a benefit formula basis. 2) Method used to amortize actuarial gains and losses Actuarial gains and losses are allocated proportionately from the fiscal year following the fiscal year when they were recognized, using the straight-line method over a designated period (11 years) within the average remaining service years for employees at the time when the gains or losses were recognized in each fiscal year.
(6)	Provision for loss on guarantees for subsidiaries and associates	In order to provide for losses on debt guarantees for subsidiaries and associates, an estimated amount of losses to be borne by the Company is recorded, considering the financial position, etc. of the subsidiaries and associates concerned.
(7)	Provision for loss on business of subsidiaries and associates	In order to provide for losses on the businesses of subsidiaries and associates, an estimated amount of losses to be borne by the Company is recorded, considering the financial position, etc. of the subsidiaries and associates concerned.

5. Standards for the recognition of revenue and expenses

The main performance obligations and the usual timing of revenue recognition in the main businesses of the Company are as follows.

(1) Systems development

For systems development, the Company considers that performance obligations are satisfied as the project progresses, and recognizes revenue using the cost-to-cost method.

(2) Systems engineering services

For systems engineering services, the Company considers that performance obligations are satisfied as services are provided, and recognizes revenue in accordance with the contract and the results of services provided.

(3) Maintenance and other services

For maintenance and other services, the Company considers that performance obligations are satisfied with the passing of time, and recognizes the amount promised under the contract with the customer as revenue progressively over the period during which services are provided.

(4) Products and merchandise

The Company considers that performance obligations for the sale of products and merchandise are satisfied at the time of delivery, when the customer gains control over the product or merchandise, and revenue is recognized at this time.

(Notes on Accounting Estimates)

Revenue recognized in cases where performance obligations are satisfied over time

(1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

(Millions of yen)

	Fiscal year under review
Net sales	86,263
(Of which, revenue recognized in cases where performance obligations are satisfied over time)	14,147

(2) Information on significant accounting estimates for identified items

The method used to calculate the amounts shown in (1) above is the same as described in “(Notes on Accounting Estimates) 1. Revenue recognized in cases where performance obligations are satisfied over time” in the Notes to the Consolidated Financial Statements.

(Notes to the Non-consolidated Balance Sheet)

1. **Accumulated depreciation on property, plant and equipment** 2,394 million yen

2. **Monetary claims and obligations with subsidiaries and associates**

Short-term monetary claims	237 million yen
Long-term monetary claims	184 million yen
Short-term monetary obligations	1,052 million yen

(Notes to the Non-consolidated Statement of Income)

Amounts of transactions with subsidiaries and associates

Amount of business transactions	
Net sales	239 million yen
Outsourcing expenses	3,904 million yen
Other business transactions	3,161 million yen
Amounts of transactions other than business transactions	1,005 million yen

(Notes to the Non-consolidated Statement of Changes in Equity)

Matters concerning the class and number of treasury shares

Item	Number of shares at the beginning of the fiscal year under review	Increase	Decrease	Number of shares at the end of the fiscal year under review
Common shares	3,956,824	2,658,448	5,413,267	1,202,005

(Notes) 1. The increase of 2,658,448 in the number of common treasury shares consisted of an increase of 2,656,100 shares due to the purchase of treasury shares based on the resolution of the Board of Directors, an increase of 93 shares due to the free-of-charge acquisition of treasury shares attributable to retirement of recipients of restricted stock compensation, an increase of 2,209 shares due to the free-of-charge acquisition of treasury shares for the granting of restricted stock to the DTS Group Employee Shareholding Association, and an increase of 46 shares due to the purchase of fractional shares.

2. The decrease of 5,413,267 in the number of common treasury shares consisted of a decrease of 5,356,100 shares due to the cancellation of treasury shares, a decrease of 7,179 shares due to the disposal of treasury shares as restricted stock compensation and a decrease of 49,988 shares due to the disposal of treasury shares for the granting of restricted stock to the DTS Group Employee Shareholding Association.

(Notes on Tax Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by cause

Deferred tax assets	
Shares of subsidiaries and associates	801 million yen
Provision for bonuses	794 million yen
Accrued enterprise tax	154 million yen
Provision for retirement benefits	146 million yen
Accrued expenses (social insurance premiums)	125 million yen
Software	116 million yen
Asset retirement obligations	101 million yen
Restricted stock issuance	90 million yen
Investment securities	49 million yen
Restricted stock compensation	25 million yen
Other	86 million yen
Total deferred tax assets	2,492 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(735) million yen
Asset retirement expenses for asset retirement obligations	(66) million yen
Other	(0) million yen
Total deferred tax liabilities	(802) million yen
Net deferred tax assets	1,689 million yen

2. Main components of the difference between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

Statutory tax rate	30.6%
(Adjustments)	
Entertainment and other expenses that are never tax deductible	0.1%
Proportional resident tax	0.1%
Adjustment for the increase in deferred tax assets at year-end due to tax rate changes	(0.3)%
Dividends and other income that is never taxable	(2.3)%
Tax credits	(1.0)%
Other	(0.2)%
Effective income tax rate after application of tax-effect accounting	27.0%

(Notes on Per Share Information)

Net assets per share	1,245.32 yen
Basic earnings per share	233.93 yen

(Notes on Significant Subsequent Events)

Acquisition and cancellation of treasury shares

At a meeting of the Board of Directors held on May 1, 2025, the Company resolved on matters relating to the acquisition of its treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, paragraph (3) of the same Act. The Company also resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

Details of the acquisition and cancellation of treasury shares are presented under (Notes on Significant Subsequent Events) in the Notes to the Consolidated Financial Statements.

(Other Notes)

Treatment of fractions

Amounts shown on the non-consolidated balance sheet, the non-consolidated statement of income, and the non-consolidated statement of changes in equity have been rounded down to the units indicated.