

Consolidated Financial Results for the Fiscal Year Ended May 31, 2024 [Japanese GAAP]



July 9, 2024

Company name: TAKARA & COMPANY LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7921

URL: <https://www.takara-company.co.jp/>

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Scheduled date of Ordinary General Meeting of Shareholders: August 23, 2024

Scheduled date of filing annual securities report: August 23, 2024

Scheduled date of commencing dividend payments: August 2, 2024

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended May 31, 2024 (June 1, 2023 to May 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
May 31, 2024	29,278	6.2	4,231	11.0	4,307	8.1	3,014	16.1
May 31, 2023	27,568	8.9	3,811	7.1	3,983	8.2	2,595	15.4

(Note) Comprehensive income: Fiscal year ended May 31, 2024: ¥3.917 million [41.8%]

Fiscal year ended May 31, 2023: ¥2,763 million [28.5%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2024	231.76	–	11.5	12.4	14.5
May 31, 2023	197.66	–	10.9	12.4	13.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 31, 2024: ¥ – million

Fiscal year ended May 31, 2023: ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2024	36,194	28,001	76.4	2,130.24
As of May 31, 2023	33,443	25,082	74.0	1,895.87

(Reference) Equity: As of May 31, 2024: ¥27,645 million

As of May 31, 2023: ¥24,762 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
May 31, 2024	3,355	(832)	(1,371)	14,536
May 31, 2023	4,723	(691)	(1,191)	13,034

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
May 31, 2023	–	35.00	–	35.00	70.00	917	35.4	3.8
May 31, 2024	–	40.00	–	40.00	80.00	1,038	34.5	4.0
Fiscal year ending May 31, 2025 (Forecast)	–	45.00	–	45.00	90.00		40.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2025 (June 1, 2024 to May 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Profit attributable to owners of parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	30,000	2.5	4,300	1.6	2,900	(3.8)	223.46	

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
May 31, 2024: 13,153,293 shares
May 31, 2023: 13,153,293 shares
 - 2) Total number of treasury shares at the end of the period:
May 31, 2024: 175,785 shares
May 31, 2023: 91,770 shares
 - 3) Average number of shares during the period:
Fiscal year ended May 31, 2024: 13,005,843 shares
Fiscal year ended May 31, 2023: 13,131,899 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2024 (June 1, 2023 to May 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2024	2,655	(0.4)	1,616	(2.3)	1,665	(3.7)	1,632	8.0
May 31, 2023	2,666	(27.4)	1,654	(38.6)	1,728	(37.7)	1,512	(38.8)

Fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
May 31, 2024	125.54		-	
May 31, 2023	115.14		-	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of May 31, 2024	23,874		23,288		97.5		1,794.55	
As of May 31, 2023	23,093		22,498		97.4		1,722.52	

(Reference) Equity: As of May 31, 2024: ¥23,288 million

As of May 31, 2023: ¥22,498 million

* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

- The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions that the Company regards as reasonable, and are not intended as a guarantee that the Company will achieve these targets. Actual results may therefore differ materially from these statements for various reasons. For details on the specific assumptions on which the forecasts are based and cautionary statements regarding the use of financial forecasts, please see “(4) Future Outlook of 1. Overview of Operating Results, etc.” from page 6 of the attached documents.
- The financial results briefing session for institutional investors and securities analysts is scheduled to be held on Thursday, July 11, 2024 (live streaming is available). The proceedings and audio content of the financial results briefing session will be available on the Company’s website promptly after the session.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended May 31, 2024, the Japanese economy showed a gradual recovery throughout the fiscal year, amid a strong resurgence of inbound tourism demand fueled by the economy's normalization and robust corporate earnings. However, several worrying factors possibly weighing on capital expenditures and personal consumption, such as still-elevated raw material and energy prices and persistent inflation, have cast a shadow of uncertainty.

Under these circumstances, in the domestic stock market, which is relevant to the Disclosure-related business of the Company and its consolidated subsidiaries (the "Group"), attracted a large volume of buying of semiconductor-related stocks, which benefitted from the recovery of the domestic economy and robust earnings results, and export-oriented stocks supported by a depreciation in the yen. As a result, the Nikkei Stock Average exceeded its all-time high for the first time in 34 years in late February, hovering at a 30,000 to 40,000 yen-level.

In such a business environment, we believe that demand for responses to diversified and sophisticated information disclosure, including technological innovations in disclosure support systems, as well as the digitalization and globalization of businesses, will continue to gain traction.

In the Disclosure-related business, to meet the customers' needs that seek to increase their corporate value, we have made efforts to increase the number of companies implementing "WizLabo," an integrated business reporting system that facilitates their financial disclosure operations. We also continued to work on the digitization of general shareholder meeting processes, including "Net de Shoshu (online convocation)" and live/on-demand streaming of shareholder meetings. Meanwhile, we doubled down on our efforts to refine our value proposition, strengthen our production system, and enhance the quality of the various services. Such services include: IR support and translation services that facilitate more proactive engagement with stakeholders and further enhance disclosure of the company information to foreign investors, which are indispensable to adopt Japan's revised Corporate Governance Code and implement management that is conscious of cost of capital; voluntary disclosure-related services such as preparation of integrated reports to meet demand for enhanced disclosure of non-financial information, including sustainability information; and environment-related consulting services.

In the interpreting business, in addition of a return in demand for holding large-scale conferences and events, we also saw the spread of "interprefy," remote simultaneous interpreting platform during the pandemic, as this tool enables customers to receive interpreting services at large-scale events in a less expensive and more simplified manner than before and interpreters to provide their services at conferences held outside Japan without travelling abroad. As such, demand for interpretation at conferences using "interprefy" remains stable, and we consider this platform as part of the foundation of the interpreting business.

As a result, the Group's net sales for the fiscal year ended May 31, 2024 increased ¥1,710 million, or 6.2%, from the previous fiscal year to ¥29,278 million. Operating income increased ¥419 million, or 11.0%, to ¥4,231 million, ordinary income increased ¥324 million, or 8.1%, to ¥4,307 million, and profit attributable to owners of parent increased ¥418 million, or 16.1%, to ¥3,014 million.

Operating results by segment are as follows.

The figures for each segment are after offsetting and eliminating intersegment sales and transfers.

(Disclosure-related business)

Net sales of the Disclosure-related business segment increased ¥1,322 million, or 6.7%, from the previous fiscal year to ¥21,071 million thanks to increases in the sales of “WizLabo,” an integrated business reporting system, and shareholder meeting-related products. Segment income also increased ¥720 million, or 27.2%, to ¥3,368 million.

Results by product category in the Disclosure-related business were as follows.

As we reviewed the sales classification of the Disclosure-related business segment, “disclosure-related translation” and “shareholders meeting-related products,” which were previously classified into “products relating to IR” and “other products,” have been reclassified into “products relating to Financial Instruments and Exchange Act” and “products relating to Companies Act,” respectively, to adapt to changes in the nature of services provided to customers. We restated the figures for the previous fiscal year to reflect the new sales classification.

- Products relating to Financial Instruments and Exchange Act

Thanks to an increase in the number of companies implementing “WizLabo,” an integrated business reporting system, and an increase in the sales of translation of documents relating to the Financial Instruments and Exchange Act, net sales increased ¥440 million, or 6.0%, to ¥7,832 million.

- Products relating to Companies Act

In Japan, many customers’ fiscal years end in March; therefore, the deliveries of shareholders meeting-related products are generally concentrated in May and June. However, there is a trend toward earlier disclosure of shareholder meeting convocation notices, which increased relating sales in May 2024. As a result, net sales increased ¥104 million, or 1.6%, to ¥6,600 million.

- Products relating to IR

Due to an increase in the sales of integrated reports, net sales increased ¥216 million, or 4.8%, to ¥4,733 million.

- Other products

Due to increases in sales relating to WEB and public notice, and orders received for development of systems that support corporate disclosure processes, net sales increased ¥561 million, or 41.7%, to ¥1,905 million.

Net sales of the Disclosure-related business in the first and fourth quarters tend to be higher than in other quarters due to seasonal fluctuations associated with the concentration of our customers’ fiscal year-end in March.

(Interpreting & Translation business)

Net sales of the Interpreting & Translation business segment increased ¥387 million, or 5.0%, from the previous fiscal year to ¥8,206 million.

The interpreting business saw an increase in sales. This was because international conferences and events that had been suspended or postponed during the pandemic resumed around May 2023, when Covid-19 was reclassified as class 5 under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases. Moreover, demand related to internal online meetings, which had grown during the pandemic, maintained its momentum, resulting in increased orders received for meetings in various forms such as on-site conferences and hybrid meetings that combine face-to-face and online meetings.

The translation business saw stable demand for translation related to corporate management supported by vigorous corporate activities. Beside that, winning bids for large-scale projects also drove growth in sales both in Japan and overseas, among other factors.

On the profit side, however, segment income decreased ¥15 million, or 2.9%, to ¥528 million mainly attributable to higher SG&A expenses associated with reinforcing the structure and higher cost rate partly due to declining translation unit costs in the market.

Production results and orders received by product category are as follows.

a. Production results

Segment name	Product category	For the fiscal year ended May 31, 2023	For the fiscal year ended May 31, 2024	Year-on-year	
		Amount (Thousand yen)	Amount (Thousand yen)	Amount (Thousand yen)	(%)
Disclosure-related business	Financial Instruments and Exchange Act-related	7,391,263	7,832,012	440,748	6.0
	Companies Act-related	6,496,387	6,600,558	104,170	1.6
	IR-related	4,516,673	4,733,659	216,985	4.8
	Other	1,344,389	1,905,431	561,042	41.7
	Disclosure-related business total	19,748,714	21,071,662	1,322,947	6.7
Interpreting & Translation business	Interpreting & Translation	7,819,419	8,206,593	387,173	5.0
Total		27,568,134	29,278,256	1,710,121	6.2

Note: The figures above are based on sales prices.

b. Orders received

Segment name	Product category	For the fiscal year ended May 31, 2023		For the fiscal year ended May 31, 2024		Year-on-year	
		Orders received (Thousand yen)	Order backlog (Thousand yen)	Orders received (Thousand yen)	Order backlog (Thousand yen)	Orders received (Thousand yen)	Order backlog (Thousand yen)
Disclosure-related business	Financial Instruments and Exchange Act-related	7,640,361	3,086,291	8,278,007	3,532,287	637,646	445,995
	Companies Act-related	6,550,602	1,601,396	6,354,878	1,355,715	(195,724)	(245,680)
	IR-related	4,496,091	1,420,441	4,824,759	1,511,541	328,667	91,099
	Other	1,352,203	148,954	2,007,113	250,636	654,909	101,681
	Disclosure-related business total	20,039,259	6,257,084	21,464,758	6,650,180	1,425,499	393,096
Interpreting & Translation business	Interpreting & Translation	7,820,796	41,188	8,194,848	29,443	374,051	(11,745)
Total		27,860,056	6,298,272	29,659,607	6,679,624	1,799,551	381,351

(2) Overview of Financial Position for the Fiscal Year under Review

1) Assets

Current assets increased ¥2,027 million, or 10.4%, from the end of the previous fiscal year to ¥21,498 million. This was mainly due to increases in cash and deposits of ¥1,501 million and accounts receivable - trade of ¥645 million, despite a decrease in work in process of ¥37 million.

Non-current assets increased ¥723 million, or 5.2%, from the end of the previous fiscal year to ¥14,696 million. This was mainly due increases in investment securities of ¥275 million and retirement benefit asset of ¥833 million, as well as amortization of goodwill of ¥209 million and customer-related assets of ¥110 million.

As a result, total assets increased ¥2,751 million, or 8.2%, from the end of the previous fiscal year, to ¥36,194 million.

2) Liabilities

Current liabilities decreased ¥242 million, or 3.4%, from the end of the previous fiscal year to ¥6,946 million. This was mainly due to decreases in account payable - trade of ¥83 million and current portion of long-term borrowings of ¥106 million.

Non-current liabilities increased ¥74 million, or 6.4%, from the end of the previous fiscal year to ¥1,247 million. This was mainly due to an increase in deferred tax liabilities of ¥220 million, despite a decrease in retirement benefit liability of ¥109 million.

As a result, total liabilities decreased ¥167 million, or 2.0%, from the end of the previous fiscal year to ¥8,193million.

3) Net assets

Total net assets increased ¥2,919 million, or 11.6%, from the end of the previous fiscal year to ¥28,001 million. This was mainly due to an increase resulting from the recording of profit attributable to owners of parent of ¥3,014 million, despite the payment of dividends of ¥976 million.

(3) Overview of Cash Flows for the Fiscal Year under Review

The Group's cash and cash equivalents (hereinafter "net cash") at the end of fiscal year under review increased ¥1,501 million, or 11.5%, from the end of the previous fiscal year to ¥14,536 million.

The status of cash flows during the fiscal year under review and their primary factors are explained below.

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥3,355 million, a year-on-year decrease of 29.0%.

Major sources of operating cash inflows were profit before income taxes of ¥4,453 million, while major items of cash outflows were an increase in trade receivables of ¥520 million and income taxes paid of ¥1,517 million.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥832 million, a year-on-year increase of 20.3%.

Major sources of investing cash inflows were proceeds from sale of investment securities of ¥223 million, while major items of cash outflows were purchase of property, plant and equipment and intangible assets of

¥1,051 million.

3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥1,371 million, a year-on-year increase of 15.0%.

Major items of cash outflows were dividends paid of ¥973 million and purchase of treasury shares of ¥212 million.

(Reference) Cash flow-related indicators

	FY5/2020	FY5/2021	FY5/2022	FY5/2023	FY5/2024
Equity ratio (%)	60.8	70.8	74.6	74.0	76.4
Equity ratio on a market value basis (%)	79.8	72.6	76.9	86.0	95.8
Ratio of interest-bearing debt to cash flows (Years)	0.9	0.3	0.1	0.1	0.0
Interest coverage ratio (Times)	283.7	219.3	628.7	2,020.6	2,766.2

Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest expenses

- Notes: 1. All figures are calculated based on consolidated financial data.
 2. Market capitalization is calculated based on the total number of shares issued excluding treasury shares.
 3. Cash flows mean cash flows from operating activities.
 4. Interest-bearing debt represents all liabilities recorded on the consolidated balance sheet that are subject to interest payments.

(4) Future Outlook

The Group as a whole will continue to meet the various customers' needs for disclosure and global business expansion under our Medium-term Management Plan FY2026, an important management goal, and will strive to enhance our business performance by maximizing synergies among group companies.

(Million yen)

	FY5/2024 (Actual)	FY5/2025 (Forecast)	Year-on-year (%)
Net sales	29,278	30,000	2.5
Operating income	4,231	4,300	1.6
Profit attributable to owners or parent	3,014	2,900	(3.8)

The outlook for each segment is as follows.

(Disclosure-related business)

We will strive to shore up the support for disclosure under the Financial Instruments and Exchange Act, the Companies Act, and the timely disclosure system, as well as IR and sustainability-related disclosure, while expanding our consulting services. Specifically, we will focus on strengthening the functions and increasing sales of our digitization products, such as *Net de* series and web services that respond to the further digitization of shareholder meeting convocation, while promoting the full-scale operation of a new service system that addresses the revision of the quarterly disclosure system. Moreover, we will strive to raise our business performance by accelerating technological innovations through the implementation of AI on our disclosure support tool "WizLabo" and the expansion of API linkage, and by further strengthening our integrated report preparation support system, which

boasts a leading market share in Japan. Looking ahead to the mandatory disclosure of company information to investors simultaneously in Japanese and English, we will continue to seek to strengthen the Company's structure for providing high quality translation services and increase orders received by utilizing new technologies, including AI translation.

(Interpreting & Translation business)

While robust demand is expected in the interpreting business, challenges faced by the interpreting industry have changed to the lack of next-generation interpreters and the threat of alternatives driven by advanced AI. Setting the acquisition and development of next-generation interpreters and the commercialization of AI-related services as key priorities, we will leverage our strengths as the industry leader in terms of quality and quantity to further expand our business. In the translation business, we will further develop our specialty in two mainstay areas: disclosure translation and business translation. Moreover, we will actively utilize AI and other technologies and leverage economies of scale, which helps us increase the number of words to be translated, reduce costs, raise market presence, to gain a competitive advantage. We also aim to establish a structure that can meet the diversified needs of customers and support customers seeking globalization by enhancing localization services to foreign companies and transcreation (translation that emphasizes marketing and creative aspects) services, and increasing the number of languages that we can handle.

(5) Basic Policy on Profit Allocation and Dividends for the Current and Following Fiscal Years

Based on the recognition the long-term return of profits to shareholders as one of its important management issues, the Company's basic policy is to pay a stable dividend, and pay dividends according to financial results, while taking into consideration the reinforcement of our corporate structure and future business development.

Under this basic policy, we plan to pay an annual dividend of ¥80 per share, which consists of a year-end dividend of ¥40 per share and an interim dividend of ¥40 per share, for the fiscal year under review as we believe that we currently have necessary internal reserves for smooth execution of business. The dividend payout ratio is expected to stand at 34.5%.

The annual dividend for the next fiscal year is expected to be ¥90 (the interim dividend of ¥45 and the year-end dividend of ¥45) per share, and the dividend payout ratio is expected to be 40.3%, considering the current consolidated financial results forecast and the payment of dividends according to future business development and financial results.

To return profits to shareholders and enhance capital efficiency, the Company intends to repurchase its shares as necessary, considering the liquidity of the Company's shares and other factors.

2. Basic Policy on Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP in consideration of comparability of consolidated financial statements between different companies.

The Group intends to work on the adoption of the International Financial Reporting Standards (IFRS) in an appropriate manner, taking into consideration various domestic and international circumstances.

3. Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheets

(Thousand yen)

	As of May 31, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	13,139,488	14,640,894
Notes receivable - trade	92,887	80,935
Accounts receivable - trade	4,782,393	5,427,519
Work in process	1,031,736	994,114
Raw materials and supplies	32,455	31,232
Other	399,257	335,239
Allowance for doubtful accounts	(7,365)	(11,283)
Total current assets	19,470,855	21,498,653
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,356,613	3,385,843
Accumulated depreciation	(2,694,038)	(2,720,461)
Buildings and structures, net	662,575	665,381
Machinery, equipment and vehicles	1,408,654	1,387,256
Accumulated depreciation	(1,176,002)	(1,216,198)
Machinery, equipment and vehicles, net	232,651	171,057
Land	3,130,576	3,130,576
Construction in progress	7,315	375,133
Other	876,415	984,347
Accumulated depreciation	(723,037)	(793,757)
Other, net	153,377	190,589
Total property, plant and equipment	4,186,495	4,532,737
Intangible assets		
Goodwill	2,110,304	1,900,789
Customer-related assets	770,926	660,794
Software	2,026,145	1,711,062
Software in progress	175,372	193,949
Other	346,865	309,023
Total intangible assets	5,429,614	4,775,619
Investments and other assets		
Investment securities	3,056,799	3,332,550
Retirement benefit asset	282,866	1,116,711
Deferred tax assets	197,919	78,457
Other	820,976	862,136
Allowance for doubtful accounts	(1,637)	(1,871)
Total investments and other assets	4,356,925	5,387,984
Total non-current assets	13,973,035	14,696,341
Total assets	33,443,890	36,194,994

(Thousand yen)

	As of May 31, 2023	As of May 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,883,125	1,799,507
Short-term borrowings	100,000	50,000
Current portion of long-term borrowings	134,884	28,884
Income taxes payable	919,567	840,264
Accrued expenses	1,857,629	1,984,879
Contract liabilities	1,283,612	1,384,553
Provision for bonuses for directors (and other officers)	59,203	44,003
Other	951,002	814,252
Total current liabilities	7,189,024	6,946,343
Non-current liabilities		
Long-term borrowings	57,072	28,188
Long-term accounts payable - other	74,816	69,377
Deferred tax liabilities	673,519	893,772
Retirement benefit liability	365,192	255,837
Other	1,875	–
Total non-current liabilities	1,172,476	1,247,174
Total liabilities	8,361,501	8,193,518
Net assets		
Shareholders' equity		
Share capital	2,278,271	2,278,271
Capital surplus	4,432,688	4,433,053
Retained earnings	17,029,287	19,248,769
Treasury shares	(205,256)	(409,546)
Total shareholders' equity	23,534,991	25,550,549
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	787,851	1,127,041
Foreign currency translation adjustment	17,111	34,466
Remeasurements of defined benefit plans	422,943	933,129
Total accumulated other comprehensive income	1,227,906	2,094,637
Non-controlling interests	319,491	356,289
Total net assets	25,082,389	28,001,475
Total liabilities and net assets	33,443,890	36,194,994

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended May 31, 2023	For the fiscal year ended May 31, 2024
Net sales	27,568,134	29,278,256
Cost of sales	16,125,277	17,059,181
Gross profit	11,442,856	12,219,074
Selling, general and administrative expenses		
Promotion expenses	396,740	422,706
Freight and packing costs	190,161	197,326
Provision of allowance for doubtful accounts	(3,799)	4,152
Remuneration for directors (and other officers)	224,262	271,521
Salaries and allowances	3,781,194	3,967,748
Provision for bonuses for directors (and other officers)	54,793	39,593
Retirement benefit expenses	61,847	33,675
Provision for retirement benefits for directors (and other officers)	7,158	–
Welfare expenses	740,663	788,571
Repair and maintenance expenses	119,824	109,033
Taxes and dues	237,553	251,228
Depreciation and amortization	261,141	273,245
Amortization of goodwill	209,514	209,514
Rent expenses	334,834	312,792
Other	1,015,129	1,106,357
Total selling, general and administrative expenses	7,631,021	7,987,467
Operating income	3,811,835	4,231,606
Non-operating income		
Interest income	110	122
Dividend income	56,092	60,375
Rental income from real estate	22,825	2,478
Foreign exchange gains	19,242	–
Commission income	42,281	21,750
Insurance return	1,763	–
Gain on investments in investment partnerships	15,529	–
Other	34,451	20,066
Total non-operating income	192,298	104,793
Non-operating expenses		
Interest expenses	2,558	1,436
Sales discounts	8,795	–
Foreign exchange losses	–	14,346
Loss on investments in investment partnerships	–	12,987
Other	9,279	87
Total non-operating expenses	20,634	28,858
Ordinary income	3,983,499	4,307,541

(Thousand yen)

	For the fiscal year ended May 31, 2023	For the fiscal year ended May 31, 2024
Extraordinary income		
Gain on sale of non-current assets	45,059	–
Gain on sales of investment securities	7,979	157,865
Total extraordinary income	53,039	157,865
Extraordinary losses		
Loss on retirement of non-current assets	7,401	91
Impairment losses	–	9,880
Loss on valuation of investment securities	18,572	1,853
Loss on reversal of foreign currency translation adjustment	1,059	–
Total extraordinary losses	27,034	11,824
Profit before income taxes	4,009,504	4,453,582
Income taxes - current	1,384,171	1,421,969
Income taxes - deferred	495	(17,428)
Total income taxes	1,384,667	1,404,540
Profit	2,624,837	3,049,041
Profit attributable to non-controlling interests	29,211	34,835
Profit attributable to owners of parent	2,595,625	3,014,205

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended May 31, 2023	For the fiscal year ended May 31, 2024
Profit	2,624,837	3,049,041
Other comprehensive income		
Valuation difference on available-for-sale securities	152,548	339,276
Foreign currency translation adjustment	12,177	19,231
Remeasurements of defined benefit plans, net of tax	(25,765)	510,185
Total other comprehensive income	138,961	868,693
Comprehensive income	2,763,798	3,917,734
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,733,932	3,880,935
Comprehensive income attributable to non-controlling interests	29,865	36,798

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended May 31, 2023

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,278,271	4,432,688	15,275,005	(6,445)	21,979,521
Changes in items during period					
Dividends of surplus			(841,343)		(841,343)
Profit attributable to owners of parent			2,595,625		2,595,625
Purchase of treasury shares				(198,811)	(198,811)
Disposal of treasury shares					—
Change in scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes in items during period	—	—	1,754,281	(198,811)	1,555,470
Balance at end of period	2,278,271	4,432,688	17,029,287	(205,256)	23,534,991

	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	634,974	5,915	448,708	1,089,599	294,625	23,363,746
Changes in items during period						
Dividends of surplus						(841,343)
Profit attributable to owners of parent						2,595,625
Purchase of treasury shares						(198,811)
Disposal of treasury shares						—
Change in scope of consolidation						—
Net changes in items other than shareholders' equity	152,877	11,195	(25,765)	138,307	24,865	163,173
Total changes in items during period	152,877	11,195	(25,765)	138,307	24,865	1,718,643
Balance at end of period	787,851	17,111	422,943	1,227,906	319,491	25,082,389

For the fiscal year ended May 31, 2024

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,278,271	4,432,688	17,029,287	(205,256)	23,534,991
Changes in items during period					
Dividends of surplus			(976,258)		(976,258)
Profit attributable to owners of parent			3,014,205		3,014,205
Purchase of treasury shares				(212,511)	(212,511)
Disposal of treasury shares		365		8,221	8,586
Change in scope of consolidation			181,534		181,534
Net changes in items other than shareholders' equity					
Total changes in items during period	—	365	2,219,481	(204,289)	2,015,557
Balance at end of period	2,278,271	4,433,053	19,248,769	(409,546)	25,550,549

	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	787,851	17,111	422,943	1,227,906	319,491	25,082,389
Changes in items during period						
Dividends of surplus						(976,258)
Profit attributable to owners of parent						3,014,205
Purchase of treasury shares						(212,511)
Disposal of treasury shares						8,586
Change in scope of consolidation						181,534
Net changes in items other than shareholders' equity	339,189	17,355	510,185	866,730	36,798	903,528
Total changes in items during period	339,189	17,355	510,185	866,730	36,798	2,919,086
Balance at end of period	1,127,041	34,466	933,129	2,094,637	356,289	28,001,475

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended May 31, 2023	For the fiscal year ended May 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,009,504	4,453,582
Depreciation and amortization	1,009,830	1,041,356
Amortization of goodwill	209,514	209,514
Increase (decrease) in provision	(72,247)	(11,048)
Increase (decrease) in retirement benefit liability	(144,237)	(202,019)
Interest and dividend income	(56,202)	(60,498)
Interest expenses	2,558	1,436
Loss on retirement of non-current assets	7,401	91
Gain on sale of non-current assets	(45,059)	–
Loss (gain) on sale of investment securities	(7,979)	(157,865)
Loss (gain) on valuation of investment securities	18,572	1,853
Decrease (increase) in trade receivables	(424,257)	(520,584)
Decrease (increase) in inventories	145,896	41,315
Increase (decrease) in trade payables	18,027	(141,506)
Increase (decrease) in accrued consumption taxes	279,569	(95,504)
Increase (decrease) in accounts payable - other, and accrued expenses	165,698	101,633
Loss (gain) on investments in investment partnerships	(15,529)	12,987
Insurance return	(1,763)	–
Other, net	118,622	138,735
Subtotal	5,217,920	4,813,479
Interest and dividends received	56,202	60,498
Interest paid	(2,337)	(1,213)
Proceeds from cancellation of insurance funds	51,763	–
Income taxes paid	(600,151)	(1,517,269)
Net cash provided by (used in) operating activities	4,723,396	3,355,495
Cash flows from investing activities		
Purchase of property, plant and equipment	(186,323)	(552,009)
Purchase of intangible assets	(637,860)	(499,677)
Proceeds from sale of property, plant and equipment	87,275	–
Purchase of investment securities	(6,566)	(27,109)
Proceeds from sales of investment securities	15,786	223,018
Payments for investment in investment partnerships	(35,000)	(35,000)
Proceeds from distributions from investment partnerships	70,647	56,121
Other, net	86	2,135
Net cash provided by (used in) investing activities	(691,954)	(832,521)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,000)	(50,000)
Repayments of long-term borrowings	(140,884)	(134,884)
Repayments of lease obligations	(1,779)	–
Dividends paid	(839,292)	(973,500)
Dividends paid to non-controlling interests	(5,000)	–
Purchase of treasury shares	(198,811)	(212,789)
Other, net	(96)	–
Net cash provided by (used in) financing activities	(1,191,863)	(1,371,174)
Effect of exchange rate change on cash and cash equivalents	3,414	8,693
Net increase (decrease) in cash and cash equivalents	2,842,993	1,160,493
Cash and cash equivalents at beginning of period	10,191,995	13,034,988
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	340,911
Cash and cash equivalents at end of period	13,034,988	14,536,394

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant accounting policies for preparation of consolidated financial statements)

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries:

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Names of major consolidated subsidiaries

TAKARA PRINTING CO., LTD.

Task Co, Ltd.

Three C Consulting Co., Ltd.

e2 Inc.

TOIN Corporation

Simul International, Inc.

Since the fiscal year under review, Disclosure Innovation Inc. and TSS Consulting Co., Ltd. (renamed from TAKARA Solutions & Services as of November 1, 2023), which were unconsolidated subsidiaries, have been included in the scope of consolidation, due to their increased significance.

In addition, TOIN EUROPE B.V., which was newly established in the fiscal year under review, has been included in the scope of consolidation.

(2) Names of major unconsolidated subsidiaries

TRANSLASIA HOLDINGS PTE. LTD.

(Reason for excluding from the scope of consolidation)

The unconsolidated subsidiaries are excluded from the scope of consolidation because they are small-scale companies, and their total assets, net sales, profit or loss (corresponding to equity held), retained earnings (corresponding to equity held), etc. do not have a significant effect on the consolidated financial statements.

2. Disclosure about application of equity method

(1) Number of unconsolidated subsidiaries and associates to which the equity method is applied

There are no unconsolidated subsidiaries and associates to which the equity method is applied.

(2) Names of major unconsolidated subsidiaries and associates to which the equity method is not applied

TRANSLASIA HOLDINGS PTE. LTD.

(Reason for not applying the equity method)

The companies to which the equity method is not applied are excluded from the scope of the application of the equity method because they have a slight effect on profit or loss (corresponding to equity held), retained earnings (corresponding to equity held), etc., and they, as a whole, do not have a significant effect.

3. Disclosure about the fiscal year of consolidated subsidiaries

Among the consolidated subsidiaries, the closing date of TOIN Corporation and its subsidiaries, as well as that of Simul International, Inc. and its subsidiaries is March 31. Consolidated financial statements are prepared using financial statements as of the said closing date, and significant transactions that occurred between the said closing date and the consolidated closing date are subject to the adjustments necessary for consolidation. The last day of the fiscal year of other consolidated subsidiaries falls on the same day as the consolidated closing date.

4. Disclosure of accounting policies

(1) Valuation standards and methods for important assets

1) Securities

Available-for-sale securities

Securities other than shares, etc. for which market prices are not available

Stated at fair value

(the amount of valuation difference is directly included in net assets, and the cost of sold securities is calculated based on the moving-average method)

Shares, etc. for which market prices are not available

Stated at cost by the moving-average method

The investments in limited investment partnerships, which are deemed to be “securities” pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act, are stated at the net amount of the equity interests held in the partnerships based on the latest financial statements available as of the closing dates prescribed in respective limited partnership agreements for investment.

2) Inventories

Inventories held for the purpose of ordinary sale

Stated at cost (by the inventory write-down method based on decreased profitability)

(i) Raw materials: Mainly by the moving-average method

(ii) Work in process: Specific identification method

(iii) Supplies: Mainly by the last cost method

(2) Depreciation and amortization methods for significant depreciable assets

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

Declining balance method according to the standards identical to the method prescribed in the Corporation Tax Act; however, buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016 are depreciated under the straight-line method according to the standards identical to the method prescribed in the Corporation Tax Act.

Useful lives

Buildings and structures 15 to 50 years

Machinery, equipment and vehicles 10 years

2) Intangible assets (excluding leased assets)

- (i) Software (for internal use): Straight-line method based on its term available for use (5 years)
- (ii) Customer related assets: 10 years
- (iii) Other: Straight-line method according to the standards identical to the method prescribed in the Corporation Act
Trademark rights, etc. identified from business combination are subject to the straight-line method based on their effective period (11 to 13 years).

3) Leased assets

Leased assets concerning non-transfer ownership finance lease transactions

Leased assets are depreciated over lease terms by the straight-line method with no residual value.

(3) Accounting standards for significant allowances/provisions

1) Allowance for doubtful accounts

In order to provide for possible credit losses, the Company recognizes an estimated uncollectible amount for general receivables based on historical write-off ratio, and an estimated uncollectible amount for doubtful accounts and other certain receivables based on their individual collectability.

2) Provision for bonuses to directors and other officers

In order to provide for the payment of bonuses to directors and other officers, the Company recognizes an estimated amount of bonuses payable to directors and other officers for the fiscal year under review.

(4) Accounting methods for retirement benefits

1) Method of allocating projected retirement benefits to periods of service

In calculating retirement benefit obligation, the benefit formula basis is used for allocating projected retirement benefits up to the end of the fiscal year under review.

2) Amortization of actuarial gains (losses)

Actuarial gains (losses) are amortized evenly using the straight-line method over the determined number of years (five years) that is not longer than the average remaining service years of employees at the time of occurrence in each fiscal year, beginning from the fiscal year following the time of the occurrence.

3) Adoption of simplified method in small companies

For the purpose of calculating retirement benefit liability and retirement benefit expenses, some of the consolidated subsidiaries adopt a simplified method in which the amount of retirement benefits payable at fiscal year-end due to voluntary resignation is recognized as retirement benefit obligation.

(5) Accounting standards for significant revenues and expenses

Key performance obligations of mainstay businesses in relation to revenues generated from contracts with customers of the Company and its consolidated subsidiaries, and the usual point of time when such obligations are satisfied (the point of time when revenue is recognized) are as follows.

1) Disclosure-related business

The products and services offered by the Disclosure-related business include the production and printing of disclosure- and IR-related documents, such as statutory disclosure documentation that is required by the Financial Instruments and Exchange Act and the Companies Act (annual securities reports, shareholders meeting convocation notices, etc.) and voluntary disclosure documentation that is prepared for shareholders and investors as part of IR activities (shareholder newsletters, business reports, etc.), the provision of disclosure documentation support system and consulting services, mainly targeting customers in Japan.

For some products and services we offer, such as shareholder benefits, the role of the Company and its consolidated subsidiaries is deemed to be acting as an agent. In such cases, the revenue is recognized by subtracting the amount of payment to third parties from the total amount of consideration we receive from our customers.

- Disclosure & IR-related electronic data deliverables

With regard to electronic data that are delivered to a customer, at the point the customer receives and accepts the data, our performance obligation is satisfied and control over the product is transferred. Thus, we recognize revenue from the deliverables at such point. Payments for transactions are mostly made within two months from the delivery of products (there are also cases in which we receive advances in accordance with the relevant contract). Therefore, we do not make adjustments to significant financing components for receivables arising from the contract with the customer concerned.

- Disclosure & IR-related printed documents

The control over printed documents is transferred when the documents are delivered to a customer, thereby our performance obligation is satisfied. Thus, we recognize revenue from the products at the point of delivery. However, as lead time from shipment to delivery for sales in Japan is not extraordinary, we recognize the revenues at the point when the shipment is completed. Payments for transactions are mostly made within two months from the delivery of products (there are also cases in which we receive advances in accordance with the relevant contract). Therefore, we do not make adjustments to significant financing components for receivables arising from the contract with the customer concerned.

- Disclosure documentation support system, etc.

Disclosure documentation support and online services we offer are provided to customers so that they can utilize these services over a contract period. As such, we consider that, in these services, our performance obligations are satisfied over time.

In addition, as we believe that customers can utilize the said services over a contract period and thereby enjoy their benefits evenly over the period, we recognize revenue from these services evenly over the contract period.

Payments for transactions are mostly made within two months from the beginning of their contract period. Therefore, we do not make adjustments to significant financing components for receivables arising from the contract with the customer concerned.

- Consulting services

Consulting services include the support for preparation of application documents and advisory services mainly for customers that aim to list their shares on a stock exchange. In the consulting services business, as we dispatch staff with professional knowledge to customers to provide consulting over the contract period, we have determined that customers begin enjoying the benefits from the start of the service provision. As such, in these services, we consider that our performance obligations are satisfied over time, and thus, recognize revenue from the services in line with the time spent on the provision of the services.

Payments for transactions are made in phases in accordance with contract terms but we generally receive all the payments within two months from the end of the contract period (there are also cases in which we receive advances depending on the progress of work). Therefore, we do not make adjustments to significant financing components for receivables arising from the contract with the customer concerned.

2) Interpreting & Translation business

The Interpreting & Translation business offers services including interpreting services mainly at international conferences, events, and symposiums; general translation services as well as localization and transcreation for European and North American companies operating in Japan that require translation highly attractive to a Japanese audience.

• Interpreting services

The performance obligation of the interpreting services is the provision of interpreting services to customers. Therefore, the performance obligation is satisfied at the point the services are provided to a customer, and thus, we recognize revenue from the services at that point. With regard to the consideration for transactions, we recognize revenue at the amount of payment to be made in exchange for the products or services we deliver. We do not make adjustments to significant financing components for receivables arising from the contract with the customer concerned.

• Translation services

The performance obligation of translation services is the provision of translated deliverables to customers. At the point a customer receives or accepts the deliverables, our performance obligation is satisfied and control over the products and services concerned is transferred. Thus, we recognize revenue from the services at that point.

With regard to the consideration for transactions, we recognize revenue from the transactions at the amount of payment to be made in exchange for the products or services we deliver. We do not make adjustments to significant financing components for receivables arising from the contract with the customer concerned.

(6) Standards for translating significant foreign currency-denominated assets or liabilities into yen

Foreign currency-denominated monetary claims and obligations are translated into the Japanese yen, using the spot exchange rates on the consolidated closing date, and the resulting translation gains or losses are recognized as income or expenses. The assets, liabilities, revenues, and expenses of overseas subsidiaries, etc. are translated into the Japanese yen using the spot exchange rates on respective closing dates. Translation adjustments are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Method and period for amortization of goodwill

Goodwill is amortized in equal installments over the period in which the economic benefits are expected to be realized (10 to 14 years).

(8) Scope of funds in the consolidated statements of cash flows

Funds include cash on hand; demand deposits at banks; and short-term, highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value with a maturity period of three months or less from the date of acquisition.

(9) Other significant matters for preparation of consolidated financial statements

Not applicable.

(Changes in presentation)

(Consolidated balance sheets)

“Construction in progress,” which was included in “Other” under “Property, plant and equipment” in the fiscal year ended May 31, 2023, has been presented separately since the fiscal year ended May 31, 2024, as its quantitative materiality has become significant. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended May 31, 2023 have been reclassified.

As a result, ¥883,730 thousand presented in “Other” under “Property, plant and equipment” in the consolidated balance sheets for the fiscal year ended May 31, 2023 has been reclassified as “Construction in progress” of ¥7,315 thousand and “Other” of ¥876,415 thousand.

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

(1) How to determine reportable segments

Reportable segments of the Group are defined as the components of the Group for which separate financial information is available and which are subject to regular review by the Board of Directors to determine the allocation of management resources and to evaluate their operating performance.

The Group, based on the Group-wide management strategies designed by the Company as a holding company, formulates strategies for products and services offered by each of the operating companies, which are the Company’s subsidiaries, to operate its business activities.

Therefore, the Group consists of the segments classified by type of products and services offered by each operating company, namely the following two reportable segments: the “Disclosure-related business” and the “Interpreting & Translation business.”

(2) Types of products and services under each reportable segment

The Disclosure-related business is engaged in the production and printing of primarily disclosure and IR-related materials and the provision of related services, consisting mainly of TAKARA PRINTING CO., LTD., Task Co., Ltd., Three C Consulting Co., Ltd. and e2 Inc.

The Interpreting & Translation business provides localization and transcreation (translation that emphasizes marketing and creative aspects) services in addition to interpreting and translation services, consisting mainly of Simul International, Inc. and TOIN Corporation.

2. Calculation method for net sales, income (loss), assets, liabilities, and other items for each reportable segment

The accounting method used for reportable business segments is largely the same as what is stated in “Significant accounting policies for preparation of consolidated financial statements.”

The figures for reportable segment income are based on operating income.

Transactions between reportable segments constitute transactions between the consolidated companies and are based on prevailing market prices.

3. Disclosure of net sales, income (loss), assets, liabilities, and other items for each reportable segment, and breakdown of revenue

For the fiscal year ended May 31, 2023

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Disclosure- related business	Interpreting & Translation business	Total		
Net sales					
Products relating to Financial Instruments and Exchange Act	7,391,263	–	7,391,263	–	7,391,263
Products relating to Companies Act	6,496,387	–	6,496,387	–	6,496,387
Products relating to IR	4,516,673	–	4,516,673	–	4,516,673
Other products	1,344,389	–	1,344,389	–	1,344,389
Interpreting & Translation business	–	7,819,419	7,819,419	–	7,819,419
Revenue from contracts with customers	19,748,714	7,819,419	27,568,134	–	27,568,134
Net sales to external customers	19,748,714	7,819,419	27,568,134	–	27,568,134
Transactions with other segments	1,625	1,007,633	1,009,258	(1,009,258)	–
Total	19,750,339	8,827,052	28,577,392	(1,009,258)	27,568,134
Segment income	2,648,588	544,241	3,192,829	619,006	3,811,835
Segment assets	17,297,226	7,380,279	24,677,506	8,766,384	33,443,890
Other items					
Depreciation and amortization	752,594	194,611	947,205	62,624	1,009,830
Amortization of goodwill	–	209,514	209,514	–	209,514
Increase in property, plant and equipment and intangible assets	787,166	46,090	833,257	23,673	856,930

Notes: 1. The figures are adjusted as follows.

- (1) ¥619,006 thousand of the adjustment amount for segment income includes ¥(974,259) thousand of the elimination of internal transactions between the holding company (company reporting consolidated financial statements) and segments, and ¥1,593,266 thousand of income (loss) pertaining to the holding company that is not allocated to each reportable segment.
 - (2) ¥8,766,384 thousand of the adjustment amount for segment assets includes mainly cash and deposits and investment securities of the holding company (company reporting consolidated financial statements) that are not attributed to reportable segments.
 - (3) ¥62,624 thousand of the adjustment amount for depreciation and amortization is mainly associated with corporate assets.
 - (4) ¥23,673 thousand of the adjustment amount for increase in property, plant and equipment and intangible assets includes mainly the amount of capital investment in corporate assets.
2. Segment income is adjusted with operating income in the consolidated statements of income.

For the fiscal year ended May 31, 2024

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Disclosure- related business (Note 3)	Interpreting & Translation business	Total		
Net sales					
Products relating to Financial Instruments and Exchange Act	7,832,012	–	7,832,012	–	7,832,012
Products relating to Companies Act	6,600,558	–	6,600,558	–	6,600,558
Products relating to IR	4,733,659	–	4,733,659	–	4,733,659
Other products	1,905,431	–	1,905,431	–	1,905,431
Interpreting & Translation business	–	8,206,593	8,206,593	–	8,206,593
Revenue from contracts with customers	21,071,662	8,206,593	29,278,256	–	29,278,256
Net sales to external customers	21,071,662	8,206,593	29,278,256	–	29,278,256
Transactions with other segments	1,190	1,300,515	1,301,705	(1,301,705)	–
Total	21,072,852	9,507,108	30,579,961	(1,301,705)	29,278,256
Segment income	3,368,951	528,416	3,897,367	334,239	4,231,606
Segment assets	19,385,446	7,212,527	26,597,973	9,597,020	36,194,994
Other items					
Depreciation and amortization	776,521	200,452	976,974	64,381	1,041,356
Amortization of goodwill	–	209,514	209,514	–	209,514
Increase in property, plant and equipment and intangible assets (Note 4)	548,789	63,614	612,403	420,361	1,032,765

Notes: 1. The figures are adjusted as follows.

- (1) ¥334,239 thousand of the adjustment amount for segment income includes ¥(1,261,788) thousand of the elimination of internal transactions between the holding company (company reporting consolidated financial statements) and segments, and ¥1,596,027 thousand of income (loss) pertaining to the holding company that is not allocated to each reportable segment.
 - (2) ¥9,597,020 thousand of the adjustment amount for segment assets includes mainly cash and deposits and investment securities of the holding company (company reporting consolidated financial statements) that are not attributed to reportable segments.
 - (3) ¥64,381 thousand of the adjustment amount for depreciation and amortization is mainly associated with corporate assets.
 - (4) ¥420,361 thousand of the adjustment amount for increase in property, plant and equipment and intangible assets includes mainly the amount of capital investment in corporate assets.
2. Segment income is adjusted with operating income in the consolidated statements of income.
 3. As we reviewed the sales classification of this segment, “disclosure-related translation” and “shareholders meeting-related products,” which were previously classified into “products relating to IR” and “other products,” have been reclassified into “products relating to Financial Instruments and Exchange Act” and “products relating to Companies Act,” respectively, to adapt to changes in the nature of services provided to customers. We restated the figures for the previous fiscal year to reflect the new sales classification.
 4. Increase in property, plant and equipment and intangible assets does not include an increase associated with new consolidation.

[Related information]

For the fiscal year ended May 31, 2023

1. Information by product and service

The description is omitted as similar information is disclosed in segment information.

2. Information by geographic segment

(1) Net sales

The description is omitted, as net sales to external customers in Japan exceeds 90% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

The description is omitted, as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

There is no description, as there is no external customer that accounts for 10% or more of net sales on the consolidated statements of income.

For the fiscal year ended May 31, 2024

1. Information by product and service

The description is omitted as similar information is disclosed in segment information.

2. Information by geographic segment

(1) Net sales

The description is omitted, as net sales to external customers in Japan exceeds 90% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

The description is omitted, as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

There is no description, as there is no external customer that accounts for 10% or more of net sales on the consolidated statements of income.

[Information on impairment loss of non-current assets by reportable segment]

For the fiscal year ended May 31, 2023

Not applicable.

For the fiscal year ended May 31, 2024

The description is omitted as the information is not significant.

[Information on amortization and unamortized balance of goodwill by reportable segment]

For the fiscal year ended May 31, 2023

(Thousand yen)

	Reportable segment			Corporate / Elimination	Total
	Disclosure- related business	Interpreting & Translation business	Total		
Amortization during period	–	209,514	209,514	–	209,514
Balance at end of period	–	2,110,304	2,110,304	–	2,110,304

For the fiscal year ended May 31, 2024

(Thousand yen)

	Reportable segment			Corporate / Elimination	Total
	Disclosure- related business	Interpreting & Translation business	Total		
Amortization during period	–	209,514	209,514	–	209,514
Balance at end of period	–	1,900,789	1,900,789	–	1,900,789

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended May 31, 2023

Not applicable.

For the fiscal year ended May 31, 2024

Not applicable.

(Per share information)

	For the fiscal year ended May 31, 2023	For the fiscal year ended May 31, 2024
Net assets per share	¥1,895.87	¥2,130.24
Basic earnings per share	¥197.66	¥231.76

Notes: 1. “Diluted earnings per share” is not shown as there were no potential shares.

2. The basis for calculation of basic earnings per share is as follows.

	For the fiscal year ended May 31, 2023	For the fiscal year ended May 31, 2024
Profit attributable to owners of parent (Thousand yen)	2,595,625	3,014,205
Amount not attributable to common shareholders (Thousand yen)	–	–
Profit attributable to owners of parent relating to common shares (Thousand yen)	2,595,625	3,014,205
Average number of common shares during period (Shares)	13,131,899	13,005,843

3. The basis for calculation of net assets per share is as follows.

	As of May 31, 2023	As of May 31, 2024
Total net assets (Thousand yen)	25,082,389	28,001,475
Amount deducted from total net assets (Thousand yen)	319,491	356,289
[Non-controlling interests included in the above (Thousand yen)]	[319,491]	[356,289]
Amount of net assets relating to common shares at end of period	24,762,898	27,645,186
Number of common shares used to calculate net assets per share at end of period (Shares)	13,061,523	12,977,508

(Significant subsequent events)

Not applicable.

4. Other

(1) Changes in directors

1) Change in representative
Not applicable.

2) Changes in other directors (scheduled for August 23, 2024)

1. Candidate for new director

Director SHIRAI Kota

(currently, Director and Managing Executive Officer of TAKARA PRINTING CO., LTD.)

2. Director to resign

Director and Managing Executive Officer OKADA Ryusuke