

Consolidated Financial Results for the Six Months Ended November 30, 2024 [Japanese GAAP]



December 27, 2024

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7921
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 Scheduled date of filing semi-annual securities report: January 10, 2025
 Scheduled date of commencing dividend payments: January 20, 2025
 Availability of supplementary briefing material on financial results: Available
 Schedule of financial results briefing session: None

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

1. Consolidated Financial Results for the Six Months Ended November 30, 2024 (June 1, 2024 to November 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
November 30, 2024	14,876	(0.8)	2,100	(16.1)	2,216	(13.2)	1,460	(13.1)
November 30, 2023	15,003	4.9	2,504	13.6	2,551	11.8	1,681	12.2

(Note) Comprehensive income: Six months ended November 30, 2024: ¥1,175 million [(34.6%)]
 Six months ended November 30, 2023: ¥1,798 million [13.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2024	112.55	—
November 30, 2023	129.00	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2024	35,208	28,664	80.4
As of May 31, 2024	36,194	28,001	76.4

(Reference) Equity: As of November 30, 2024: ¥28,294 million
 As of May 31, 2024: ¥27,645 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2024	—	40.00	—	40.00	80.00
Fiscal year ending May 31, 2025	—	45.00			
Fiscal year ending May 31, 2025 (Forecast)			—	45.00	90.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

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 profit		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

(Note) Revisions to the financial result forecast most recently announced: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: No

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: No

(3) 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

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

November 30, 2024: 13,153,293 shares

May 31, 2024: 13,153,293 shares

2) Total number of treasury shares at the end of the period:

November 30, 2024: 173,286 shares

May 31, 2024: 175,785 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Six months ended November 30, 2024: 12,978,726 shares

Six months ended November 30, 2023: 13,034,168 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

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

(Caution regarding the forward-looking statements and others)

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 to 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 “1. Overview of Operating Results, etc., (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the attached documents.

(Supplementary briefing material on financial results)

Supplementary briefing material on semi-annual financial results will be available on the Company’s website promptly after the earnings announcement.

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1. Overview of Operating Results, etc.

(1) Explanation of Operating Results for the Period under Review

During the six months ended November 30, 2024, the Japanese economy showed a gradual recovery, seeing an improvement in employment and wage conditions 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 have cast a shadow of uncertainty. These include still-elevated raw material and energy prices, persistent inflation, potential future policy changes following the US presidential election in November, and escalating tensions in the Middle East and other overseas situations.

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"), the Nikkei Stock Average once again recovered to the 40,000-yen level in early July against the backdrop of the expectations on Japan's full-blown economic recovery and the robust semiconductor stocks enjoying strong earnings growth. However, it recorded the biggest intra-day drop in early August and continued to be choppy, but it has since recovered gradually. Thus, the Nikkei Stock Average fluctuated in the range of a 31,000 to 42,000-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 adopting Japan's revised Corporate Governance Code and implementing management that is conscious of the 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 and Translation business, the interpretation business saw an increase in the number of customers for various types of meetings and conferences, including both onsite meetings and hybrid meetings that combine face-to-face and online meetings because of a return of international conferences and events held in Japan and stable demands for internal online meetings, which was significantly boosted during the pandemic. The translation business enjoyed increased orders received. We strived to reinforce the organization structure and focus on improving cost rate such as by reviewing our operation process.

As a result, the Group's net sales for the six months ended November 30, 2024 decreased by ¥126 million, or 0.8%, year on year to ¥14,876 million. Operating profit decreased by ¥403 million, or 16.1%, year on year to ¥2,100 million, ordinary profit decreased by ¥335 million, or 13.2%, year on year to ¥2,216 million, and profit attributable to owners of parent decreased by ¥220 million, or 13.1%, year on year to ¥1,460 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 by ¥162 million, or 1.5%, year on year to ¥11,059 million thanks to an increase in the sales of prospectus and other documents. Still segment profit decreased by ¥235 million, or 11.7%, year on year to ¥1,786 million due to factors such as an increase in manufacturing costs, personnel expenses, and other expenses.

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

• Products relating to the 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 prospectus, net sales increased ¥277 million by, or 6.3%, year on year to ¥4,685 million.

• Products relating to the 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 brought the related sales forward to May 2024 during the previous fiscal year. As a result, net sales decreased by ¥144 million, or 6.2%, year on year to ¥2,171 million.

- Products relating to IR

Due to an increase in the sales of integrated reports, net sales increased by ¥33 million, or 1.0%, year on year to ¥3,367 million.

- Other products

Due to decreased sales of system development that support corporate disclosure processes, net sales decreased by ¥4 million, or 0.5%, year on year to ¥835 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 decreased by ¥288 million, or 7.0%, year on year to ¥3,817 million.

The interpreting business has been normalizing since late 2023, after demand soared around May 2023, as the events and international conferences suspended or postponed during the pandemic resumed. Demands related to internal online meetings, which had grown during the pandemic, maintained their momentum, and the number of customers using meetings in various forms, such as on-site conferences and hybrid meetings that combine face-to-face and online meetings, increased; however, large-scale projects ran out of steam, resulting in a year-on-year decrease of sales.

In the translation business, sales decreased year on year, due to factors including a decline in orders from major clients and a fall in unit prices.

Segment profit decreased by ¥238 million, or 75.6%, year on year to ¥76 million, mainly attributable to higher SG&A expenses and machine translation-related expenses associated with reinforcing the structure, as well as a higher cost rate.

(2) Explanation of Financial Position for the Period under Review

(i) Changes in financial position

(Assets)

Current assets decreased by ¥460 million, or 2.1%, from the end of the previous fiscal year to ¥21,038 million. This was mainly due to decreases in notes and accounts receivable - trade of ¥2,029 million and work in process of ¥309 million, despite an increase in cash and deposits of ¥1,893 million.

Non-current assets decreased by ¥525 million, or 3.6%, from the end of the previous fiscal year to ¥14,170 million. This was mainly due to decreases in goodwill of ¥104 million, software of ¥91 million, and investment securities of ¥210 million, despite increases in property, plant and equipment of ¥89 million and deferred tax assets of ¥54 million.

As a result, total assets decreased by ¥985 million, or 2.7%, from the end of the previous fiscal year to ¥35,208 million.

(Liabilities)

Current liabilities decreased by ¥1,579 million, or 22.7%, from the end of the previous fiscal year to ¥5,366 million. This was mainly due to decreases in accounts payable - trade of ¥757 million and accrued expenses of ¥641 million, despite an increase in provision for bonuses of ¥194 million.

Non-current liabilities decreased by ¥69 million, or 5.6%, from the end of the previous fiscal year to ¥1,177 million. This was mainly due to a decrease in deferred tax liabilities of ¥90 million.

As a result, total liabilities decreased by ¥1,649 million, or 20.1%, from the end of the previous fiscal year to ¥6,544 million.

(Net assets)

Total net assets increased by ¥663 million, or 2.4%, from the end of the previous fiscal year to ¥28,664 million. This was mainly due to an increase resulting from the recording of profit attributable to owners of parent of ¥1,460 million, despite the payment of dividends of ¥519 million.

(ii) Cash flows

The Group's cash and cash equivalents (hereinafter "net cash") at the end of the period under review increased by ¥1,893 million, or 13.0%, from the end of the previous fiscal year to ¥16,429 million.

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

(Cash flows from operating activities)

Net cash provided by operating activities increased by ¥896 million year on year to ¥2,895 million.

Major sources of operating cash inflows were profit before income taxes of ¥2,215 million, depreciation of ¥512 million, and a decrease in trade receivables of ¥2,013 million. Major items of cash outflows were a

decrease in trade payables of ¥757 million, a decrease in accrued expenses of ¥641 million, and income taxes paid of ¥712 million.

(Cash flows from investing activities)

Net cash used in investing activities increased by ¥35 million year on year to ¥456 million.

Major sources of investing cash inflows were proceeds from distributions from investment partnerships of ¥22 million, while major items of cash outflows were purchase of property, plant and equipment and intangible assets of ¥458 million.

(Cash flows from financing activities)

Net cash used in financing activities decreased by ¥256 million year on year to ¥532 million.

Major items of cash outflows were dividends paid of ¥517 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There is no revision to the full-year forecasts announced on July 9, 2024.

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousand yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	14,640,894	16,533,999
Notes and accounts receivable - trade	5,508,455	3,478,940
Work in process	994,114	684,376
Raw materials and supplies	31,232	30,829
Other	335,239	312,208
Allowance for doubtful accounts	(11,283)	(1,981)
Total current assets	21,498,653	21,038,373
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,385,843	3,464,064
Accumulated depreciation	(2,720,461)	(2,744,743)
Buildings and structures, net	665,381	719,320
Machinery, equipment and vehicles	1,387,256	1,404,039
Accumulated depreciation	(1,216,198)	(1,237,438)
Machinery, equipment and vehicles, net	171,057	166,601
Land	3,130,576	3,130,576
Construction in progress	375,133	376,100
Other	984,347	1,053,029
Accumulated depreciation	(793,757)	(823,286)
Other, net	190,589	229,743
Total property, plant and equipment	4,532,737	4,622,341
Intangible assets		
Goodwill	1,900,789	1,796,032
Customer relationship	660,794	605,728
Software	1,711,062	1,619,471
Software in progress	193,949	208,436
Other	309,023	289,356
Total intangible assets	4,775,619	4,519,025
Investments and other assets		
Investment securities	3,332,550	3,121,753
Retirement benefit asset	1,116,711	1,104,636
Deferred tax assets	78,457	132,719
Other	862,136	688,046
Allowance for doubtful accounts	(1,871)	(17,902)
Total investments and other assets	5,387,984	5,029,253
Total non-current assets	14,696,341	14,170,621
Total assets	36,194,994	35,208,994

(Thousand yen)

	As of May 31, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,799,507	1,042,437
Short-term borrowings	50,000	50,000
Current portion of long-term borrowings	28,884	8,880
Income taxes payable	840,264	827,312
Accrued expenses	1,984,879	1,343,427
Contract liabilities	1,384,553	1,299,533
Provision for bonuses	–	194,951
Provision for bonuses for directors (and other officers)	44,003	15,866
Other	814,252	584,188
Total current liabilities	6,946,343	5,366,597
Non-current liabilities		
Long-term borrowings	28,188	33,750
Long-term accounts payable - other	69,377	69,377
Deferred tax liabilities	893,772	803,543
Retirement benefit liability	255,837	259,645
Other	–	11,511
Total non-current liabilities	1,247,174	1,177,828
Total liabilities	8,193,518	6,544,425
Net assets		
Shareholders' equity		
Share capital	2,278,271	2,278,271
Capital surplus	4,433,053	4,434,462
Retained earnings	19,248,769	20,190,397
Treasury shares	(409,546)	(403,829)
Total shareholders' equity	25,550,549	26,499,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,127,041	969,376
Foreign currency translation adjustment	34,466	17,099
Remeasurements of defined benefit plans	933,129	808,626
Total accumulated other comprehensive income	2,094,637	1,795,102
Non-controlling interests	356,289	370,163
Total net assets	28,001,475	28,664,568
Total liabilities and net assets	36,194,994	35,208,994

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Thousand yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Net sales	15,003,569	14,876,830
Cost of sales	8,599,091	8,659,102
Gross profit	6,404,478	6,217,727
Selling, general and administrative expenses		
Promotion expenses	206,297	201,041
Freight and packing costs	99,769	105,787
Provision of allowance for doubtful accounts	2,534	7,231
Remuneration for directors (and other officers)	129,048	139,823
Salaries and allowances	1,803,887	1,945,228
Provision for bonuses	80,137	109,685
Provision for bonuses for directors (and other officers)	23,300	15,866
Retirement benefit expenses	18,256	(21,285)
Welfare expenses	381,555	408,447
Repair and maintenance expenses	55,687	57,396
Taxes and dues	108,599	125,000
Depreciation	131,989	138,036
Amortization of goodwill	104,757	104,757
Rent expenses	155,670	196,438
Other	598,831	584,056
Total selling, general and administrative expenses	3,900,322	4,117,512
Operating profit	2,504,156	2,100,214
Non-operating income		
Interest income	84	601
Dividend income	33,621	43,033
Foreign exchange gains	–	10,946
Commission income	10,146	8,591
Gain on investments in investment partnerships	–	31,285
Other	10,154	22,161
Total non-operating income	54,008	116,620
Non-operating expenses		
Interest expenses	826	564
Loss on investments in investment partnerships	5,362	–
Other	83	120
Total non-operating expenses	6,273	685
Ordinary profit	2,551,890	2,216,149
Extraordinary income		
Gain on sale of investment securities	–	116
Total extraordinary income	–	116
Extraordinary losses		
Loss on retirement of non-current assets	56	502
Loss on sale of investment securities	–	213
Loss on valuation of investment securities	1,433	–
Total extraordinary losses	1,489	716
Profit before income taxes	2,550,401	2,215,550
Income taxes - current	856,502	758,434
Income taxes - deferred	(4,931)	(18,608)
Total income taxes	851,570	739,826
Profit	1,698,830	1,475,724
Profit attributable to non-controlling interests	17,453	14,995
Profit attributable to owners of parent	1,681,376	1,460,728

Semi-annual Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Profit	1,698,830	1,475,724
Other comprehensive income		
Valuation difference on available-for-sale securities	157,692	(157,676)
Foreign currency translation adjustment	16,847	(18,477)
Remeasurements of defined benefit plans, net of tax	(75,358)	(124,502)
Total other comprehensive income	99,181	(300,656)
Comprehensive income	1,798,012	1,175,067
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,778,865	1,161,194
Comprehensive income attributable to non-controlling interests	19,147	13,873

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousand yen)

	For the Six months ended November 30, 2023	For the Six months ended November 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,550,401	2,215,550
Depreciation	515,206	512,821
Amortization of goodwill	104,757	104,757
Increase (decrease) in provisions	114,588	173,543
Increase (decrease) in retirement benefit liability	(97,457)	(165,958)
Interest and dividend income	(33,706)	(43,634)
Interest expenses	826	564
Decrease (increase) in trade receivables	1,162,471	2,013,484
Decrease (increase) in inventories	277,574	310,141
Increase (decrease) in trade payables	(701,698)	(757,070)
Increase (decrease) in accrued consumption taxes	(125,862)	(58,268)
Increase (decrease) in accrued expenses	(678,329)	(641,451)
Loss (gain) on valuation of investment securities	1,433	–
Loss (gain) on investments in investment partnerships	5,362	(31,285)
Retirement benefits for directors (and other officers)	–	(5,439)
Other, net	(208,393)	(276,720)
Subtotal	2,887,173	3,351,034
Interest and dividends received	33,706	43,634
Interest paid	(714)	(564)
Cancellation of insurance fund	–	213,855
Income taxes paid	(921,336)	(712,924)
Net cash provided by (used in) operating activities	1,998,828	2,895,034
Cash flows from investing activities		
Purchase of property, plant and equipment	(141,522)	(166,158)
Purchase of intangible assets	(248,752)	(292,674)
Purchase of investment securities	(3,612)	(14,483)
Payments for investment in partnerships	(35,000)	–
Proceeds from distributions from investment partnerships	6,990	22,393
Other, net	1,580	(5,251)
Net cash provided by (used in) investing activities	(420,318)	(456,174)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(50,000)	–
Repayments of long-term borrowings	(70,442)	(14,442)
Dividends paid	(455,918)	(517,560)
Purchase of treasury shares	(212,473)	(575)
Net cash provided by (used in) financing activities	(788,833)	(532,577)
Effect of exchange rate change on cash and cash equivalents	3,449	(13,176)
Net increase (decrease) in cash and cash equivalents	793,126	1,893,105
Cash and cash equivalents at beginning of period	13,034,988	14,536,394
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	340,911	–
Cash and cash equivalents at end of period	14,169,027	16,429,499

(4) Notes to Semi-annual Consolidated Financial Statements
 (Notes on going concern assumption)
 Not applicable

(Notes in case of significant changes in shareholders' equity)
 Not applicable

(Notes on segment information, etc.)

1. Disclosure of net sales and profit (loss) for each reportable segment, and breakdown of revenue

For the six months ended November 30, 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	4,407,735	—	4,407,735	—	4,407,735
Products relating to Companies Act	2,316,226	—	2,316,226	—	2,316,226
Products relating to IR	3,333,851	—	3,333,851	—	3,333,851
Other products	839,967	—	839,967	—	839,967
Interpreting & Translation business	—	4,105,788	4,105,788	—	4,105,788
Revenue from contracts with customers	10,897,781	4,105,788	15,003,569	—	15,003,569
Net sales to external customers	10,897,781	4,105,788	15,003,569	—	15,003,569
Transactions with other segments	930	550,676	551,606	(551,606)	—
Total	10,898,711	4,656,465	15,555,176	(551,606)	15,003,569
Segment profit	2,022,606	315,419	2,338,025	166,130	2,504,156

Notes: 1. ¥166,130 thousand of the adjustment amount for segment profit includes ¥(1,235,259) thousand of the elimination of internal transactions between the holding company (company reporting consolidated financial statements) and segments, and ¥1,401,389 thousand of profit (loss) pertaining to the holding company that is not allocated to each reportable segment.

2. Segment profit is adjusted with operating profit in the semi-annual consolidated statements of income.

For the six months ended November 30, 2024

(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	4,685,205	—	4,685,205	—	4,685,205
Products relating to Companies Act	2,171,800	—	2,171,800	—	2,171,800
Products relating to IR	3,367,142	—	3,367,142	—	3,367,142
Other products	835,680	—	835,680	—	835,680
Interpreting & Translation business	—	3,817,001	3,817,001	—	3,817,001
Revenue from contracts with customers	11,059,828	3,817,001	14,876,830	—	14,876,830
Net sales to external customers	11,059,828	3,817,001	14,876,830	—	14,876,830
Transactions with other segments	777	584,753	585,530	(585,530)	—
Total	11,060,606	4,401,754	15,462,361	(585,530)	14,876,830
Segment profit	1,786,659	76,887	1,863,547	236,667	2,100,214

Notes: 1. ¥236,667 thousand of the adjustment amount for segment profit includes ¥(1,309,528) thousand of the elimination of internal transactions between the holding company (company reporting consolidated financial statements) and segments, and ¥1,546,195 thousand of profit (loss) pertaining to the holding company that is not allocated to each reportable segment.

2. Segment profit is adjusted with operating profit in the semi-annual consolidated statements of income.