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Items to be provided electronically at the convocation of the 18th Annual General Meeting of Shareholders

**Notes to Consolidated Financial Statements**  
**Notes to Non-Consolidated Financial Statements**

The 18th Term (From March 1, 2022 to February 28, 2023)

PR TIMES Inc.

The Notes to Consolidated Financial Statements and the Notes to Non-Consolidated Financial Statements are omitted from the documents to be delivered to shareholders who have requested for the delivery of documents (document stating items to be provided electronically) in accordance with laws and regulations and Article 14 of the Articles of Incorporation.

## Notes to Consolidated Financial Statements

1. Notes concerning significant matters that served as a basis for the preparation of the consolidated financial statements

(1) Scope of consolidation

1) Status of consolidated subsidiaries

Number of consolidated subsidiaries: 1

Name of consolidated subsidiary: THE BRIDGE, Inc.

2) Status of non-consolidated subsidiaries

Name of non-consolidated subsidiary: PR TIMES Inc.

Reason for exclusion from scope of consolidation: This non-consolidated subsidiary is excluded from the scope of consolidation because it is small in size and its total assets, net sales, net profit or loss (as calculated by equity method), and retained earnings (as calculated by equity method) have no material impact on the consolidated financial statements.

(2) Matters concerning application of the equity method

1) Status of non-consolidated subsidiaries and affiliates accounted for by the equity method:

Not applicable.

2) Status of non-consolidated subsidiaries and affiliates not accounted for by the equity method:

Company name: PR TIMES Inc.

Reason for not applying the equity method: The company is excluded from the scope of equity-method affiliates because its net profit or loss (as calculated by the equity method) and retained earnings (as calculated by the equity method) have a minimal effect on the consolidated financial statements and are not significant in relation to the consolidated financial statements.

(3) Matters concerning the business year of consolidated subsidiaries

The settlement date of consolidated subsidiaries is the same as the consolidated settlement date.

(4) Matters concerning accounting policies

1) Basis and method for valuation of assets

Basis and method for valuation of securities

Available-for-sale securities

Non-marketable equity securities, etc. Stated at cost determined by the moving-average method.

2) Depreciation and amortization method for non-current assets

Property, plant and equipment

Depreciated by the declining balance method.

(Excluding leased assets)

However, the straight-line method is applied to facilities attached to buildings and structures acquired on and after April 1, 2016.

The range of useful lives is principally as follows.

Buildings and structures 8 - 24 years

Tools, furniture and fixtures 4 - 10 years

Intangible assets (excluding leased assets)

Software for internal use

Amortized over the period of internal use (5 years) using the straight-line method.

Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

Depreciated to a residual value of zero using the straight-line method over the term of the lease.

3) Basis for allowances and provisions

Allowance for doubtful accounts

To prepare for possible losses on uncollectable receivables, an amount is provided according to the historical percentage of uncollectable receivables for general receivables, and for specific receivables with concerns regarding collectability, an estimated uncollectable amount is recorded based on investigation of the possibility of collection for each individual account.

Provision for bonuses

To prepare for the payment of bonuses to employees, the

Provision for shareholder benefit program	Company records the amount to be paid in the current fiscal year out of the estimated amount to be paid. To prepare for costs incurred based on the shareholder benefit program, the Company records the amount expected to be incurred in the following fiscal year and later.
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4) Basis for recording revenues and expenses

The Group's main service is "PR TIMES," a press release distribution business. Other services include "PR TIMES"-related services and SaaS services for businesses.

i) "PR TIMES"

"PR TIMES" provides a mechanism for user companies to distribute information about their products and services as press releases on the "PR TIMES" website. For pay-as-you-go plans, the performance obligation is satisfied when delivery is completed, and revenue is recognized at that time. For fixed-rate plans, revenue is recognized equally over the contract period, as performance obligations are satisfied over the contract period.

ii) Services related to "PR TIMES"

As for services related to "PR TIMES," we provide PR partner services and other services to help companies spread news of announcements of new products and services, events, and campaigns by planning and implementing measures to more effectively obtain publicity and spread the news via social networking services (SNS). At the start of the contract, the Company determines whether the performance obligation is to be satisfied over the term of the contract, and if it does not fall under such obligation, the performance obligation is deemed to be satisfied at a certain point in time, at which point revenue is recognized.

iii) SaaS services for businesses

As for SaaS services for businesses, the Company provides SaaS products such as "Jooto," a task and project management tool, and "Tayori," a customer support tool, as tools to help user companies improve operational efficiency. For these services, revenue is recognized equally over the contract period, as performance obligations are satisfied over the contract period.

2. Note concerning changes in accounting policy

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application assuming the new accounting policy had been applied to periods prior to the start of the current fiscal year, was added to or subtracted from the opening balance of retained earnings of the current fiscal year, and thus the new accounting policy is applied from such opening balance.

Moreover, "Unearned revenue" under current liabilities of the consolidated balance sheet as of the end of the previous fiscal year is included in "Contract liabilities" under current liabilities from the consolidated balance sheet as of the current fiscal year.

As a result, there is no impact on profit or loss or per share information for the current fiscal year.

Furthermore, there was no impact on the balance of retained earnings at the beginning of the period.

3. Note concerning changes in the method of presentation

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement and others are to be applied prospectively. There is no impact on the consolidated financial statements.

In addition, in "8. Notes on financial instruments," the Group has decided to provide notes on items such as the breakdown of the fair value of financial instruments by level.

(Consolidated balance sheet)

“Accounts payable - other,” which had been included in “Other” under Current liabilities until the previous fiscal year, is presented separately from the current fiscal year due to its increased importance in terms of amount.

The amount of “Accounts payable - other” in the previous fiscal year was ¥189,875 thousand.

4. Notes concerning accounting estimates

The following is a list of items for which an amount has been recorded in the consolidated financial statements for the current fiscal year due to an accounting estimate and which may have a material effect on the consolidated financial statements for the following fiscal year.

Valuation of investment securities

(1) Amount recorded in consolidated financial statements for the current fiscal year

Investment securities (unlisted stocks) ¥75,991 thousand

Loss on valuation of investment securities ¥49,399 thousand

(2) Information concerning details of accounting estimates related to identified items

Non-marketable equity securities, etc., are recorded at acquisition cost, which reflects the excess earning power of the investee’s future growth at the time of acquisition. However, if the investee’s business does not progress as planned and the excess earning power at the time of acquisition is impaired and the real value declines significantly, an impairment loss is recognized.

For investment securities for which no impairment loss has been recognized, the Group has determined that there has been no significant decline in the real value reflecting excess earning power at the time of acquisition, based on the assumption that the investee’s business plan is reasonable, considering the deviation between budget and actual results, performance trends, progress in business plans, and recent financing status of the investee.

There is a high amount of uncertainty in the business plans of the investees used in the estimates, and a significant decline in the real value of the investments may require impairment accounting, which may affect the consolidated financial statements for the following fiscal year.

5. Notes to the consolidated balance sheet

Amount of receivables under Notes and accounts receivable - trade arising from contracts with customers

Notes receivable - trade ¥2,640 thousand

Electronically recorded monetary claims ¥378 thousand

Accounts receivable - trade ¥651,360 thousand

6. Notes to the consolidated statement of income

Revenue arising from contracts with customers

Regarding net sales, revenues arising from contracts with customers and other revenues are not presented separately. The amounts of revenues arising from contracts with customers are as described in “11. Notes on revenue recognition, (1) Information that disaggregates revenue arising from contracts with customers.

7. Notes to the consolidated statement of changes in equity

(1) Matters concerning the type and total number of shares issued

Type of shares	Number of shares at beginning of current fiscal year	Current fiscal year Increase in number of shares	Current fiscal year Decrease in number of shares	Number of shares at end of current fiscal year
Common stock	13,457,200	–	–	13,457,200

(2) Matters concerning the type and number of treasury shares

Type of shares	Number of shares at beginning of current fiscal year	Current fiscal year Increase in number of shares	Current fiscal year Decrease in number of shares	Number of shares at end of current fiscal year
Common stock	30,847 shares	30,791 shares	14,734 shares	46,904 shares

Notes: 1. The increase in the number of treasury shares of 30,791 shares was due to 30,500 shares being added from market purchases based on resolution of the Board of Directors and an increase of 291 shares resulting from the gratis acquisition of restricted stock.

2. The decrease of treasury shares of 14,734 shares was due to a decrease of 9,134 shares due to restricted share-based remuneration and a decrease of 5,600 shares due to the exercise of stock options.
- (3) Type and number of shares subject to share acquisition rights at the end of the current fiscal year (excluding those for which the first day of the exercise period has not arrived)  
Common stock: 226,000 shares
- (4) Dividends of surplus  
Not applicable.

## 8. Notes on financial instruments

### (1) Matters concerning the status of financial instruments

#### 1) Policy for financial instruments

The Group's basic policy is to use its own funds to procure working capital that is the foundation of its business operations. However, when short-term working capital is required due to changes in the scale of business, the Company procures it through bank loans and factoring of operating receivables. In the event of medium- to long-term capital needs based on new business plans and related capital investment plans, the Company procures the necessary funds mainly through bank loans.

It is the Company's policy not to engage in speculative transactions, such as derivative transactions, unless there is a clear objective to avoid risks associated with foreign currency denominated business transactions.

#### 2) Nature and risk of financial instruments

Notes and accounts receivable - trade, which are operating receivables, are exposed to the credit risk of customers.

Investment securities are unlisted stocks and are exposed to credit risk of the issuers.

Leasehold and guarantee deposits are related to lease contracts mainly for the head office and are exposed to the credit risk of the party to whom they are pledged.

Notes and accounts payable - trade, which are operating payables, Accounts payable - other, and Income taxes payable are due within one year.

#### 3) Risk management related to financial instruments

##### • Credit risk management

In accordance with credit management rules, the Group assesses the financial status of each client individually with regard to trade receivables, sets credit limits and manages the balance of receivables, and conducts regular monitoring of clients in order to identify and mitigate concerns about collection due to deterioration in the financial status of clients at an early stage.

##### • Market risk management

With regard to investment securities, the Company periodically monitors the financial conditions of the issuers and reviews its holdings on an ongoing basis.

The Company endeavors to assess the creditworthiness of leasehold and guarantee deposits at the time of contract signing and renewal, and whenever necessary.

##### • Management of liquidity risk associated with funding

In order to maintain liquidity, the Group manages liquidity risk by conducting budget variance analysis based on annual budgets and periodically verifying changes in the balance of funds on hand on a monthly basis.

#### 4) Supplementary explanation of the fair value of financial instruments

Since variable factors have been incorporated in the calculation of the fair value of financial instruments, these values may fluctuate due to the adoption of different assumptions or other factors.

### (2) Fair value of financial instruments

The carrying values of financial instruments stated on the consolidated balance sheet on February 28, 2023, the fair values, and the differences between them are as follows. Non-marketable equity securities, etc. (consolidated balance sheet amount: ¥75,991 thousand) are not subject to fair value disclosure. Cash and deposits, Notes and accounts receivable - trade, Notes and accounts payable - trade, Accounts payable - other, and Income taxes payable are omitted from the notes because they are settled in a short period of time and their fair value approximates their book value.

(Thousands of yen)

	Carrying amount* on consolidated balance sheet	Fair value*	Difference
Leasehold and guarantee deposits	139,183	130,856	(8,326)

\* The "carrying amount\* on consolidated balance sheet" and "fair value" include the unamortized balance of the portion of leasehold and guarantee deposits that are not expected to be collected in the foreseeable future.

### (3) Matters concerning the breakdown of the fair value of financial instruments by level, etc.

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

Level 1 fair value: Fair value calculated based on quoted prices in active markets for identical assets or liabilities subject to such fair value calculations as one of the inputs to the calculation of

observable fair value

Level 2 fair value: Fair value calculated using inputs related to the calculation of observable fair value other than Level 1 inputs

Level 3 fair value: Fair value calculated using inputs for unobservable fair value calculations

When multiple inputs that have a significant impact on the fair value are used, the fair value is classified into the level of the lowest-priority input used in the calculation of fair value.

1) Financial instruments carried on the consolidated balance sheet at fair value: None applicable.

2) Financial instruments other than those recorded on the consolidated balance sheets at fair value:

(Thousands of yen)

Item	Fair value			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	–	130,856	–	130,856

Notes: Explanation of valuation techniques used in the calculation of fair value and inputs related to the calculation of fair value

Leasehold and guarantee deposits

Leasehold and guarantee deposits are classified as Level 2 fair value based on the present value of future cash flows discounted using an appropriate index such as government bond yields corresponding to the remaining period.

#### 9. Notes on per share information

(1) Net assets per share	¥333.01
(2) Earnings per share	¥57.96

#### 10. Significant events after the reporting period

(Purchase of treasury shares)

At the Board of Directors meeting held on February 22, 2023, the Company resolved to carry out the purchase of treasury shares prescribed in the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the said Act, and carried out the purchase of treasury shares as described below.

(1) Reason for the purchase of treasury shares

The Company provides opportunities for employees to become shareholders in order for them to build active ownership as a representative of the Company to realize the Company's mission of "Towards an age where information inspires hearts and minds." Currently at the Company, a system for share acquisition rights and restricted share-based remuneration has been introduced, and the policy is to utilize treasury shares in order to suppress dilution at the time of allotting shares. However, in light of the present number of allotted shares and the number of treasury shares held, the Company has decided to purchase additional treasury shares.

As stated in "Status of Progress in Accordance With Plan for Compatibility With Continued Listing Criteria for the Prime Market," which was disclosed in a timely manner on October 13, 2022, the Company has a tradeable share ratio of 36.9% as estimated by the Company, and has satisfied 35% of the criteria for being listed on the Prime Market. This ratio will slightly decline temporarily due to this purchase of treasury shares, but the impact will be minimal and the ratio is expected to recover as the allotment of treasury shares proceeds.

(2) Details of matters relating to purchase

- (i) Type of shares to be purchased:  
Common shares of the Company
- (ii) Total number of shares to be purchased:  
22,000 shares (maximum)  
(0.16% of the total number of shares issued excluding treasury shares)
- (iii) Total value of shares acquired:  
¥50,000 thousand (maximum)
- (iv) Purchase period:  
March 1, 2023 to March 3, 2023

- (v) Purchase method:  
Purchasing through the Tokyo Stock Exchange off-auction own share repurchase trading system (ToSTNeT-3)

(3) Result of the purchase of treasury shares

As a result of acquisition through the above mentioned purchase, the Company has acquired 20,000 common shares of the Company (total value of ¥36,580 thousand).

(Business combination through acquisition)

At the Board of Directors meeting held on March 28, 2023, the Company resolved to acquire all shares of glucose inc. (hereinafter “glucose”) and make it a subsidiary. The Company concluded a share transfer agreement on the same day, and acquired all shares on March 31, 2023.

(1) Overview of business combination

(i) Name of acquiree and its business description

Name of acquiree: glucose inc.  
Business description: Development of a wide range of applications and online services from the development of IoT devices and systems and services that incorporate AI (deep learning) to media, EC, etc.

(ii) Primary reason for business combination

The Company has stated its mission of “Towards an age where information inspires hearts and minds,” and seeks to realize a society in which the news focuses on the positive information of “people who carry out actions” and individuals are encouraged to have an optimistic outlook.

By adding glucose to the Group, the Company believes that it will combine the customer base and networks of “PR TIMES” and “BRIDGE” with the prototype assembly and service development capabilities of glucose, start the commissioned development business for new projects, make the desires of “people who carry out actions” concrete, and provide integrated support from product development to PR. Furthermore, the Company anticipates that it will enhance the speed and quality of development and implementation with a sense of purpose that is easy to make uniform, and contribute to business growth by switching externally outsourced development to development within the Group. Moreover, the Company believes that creating a system for secondment between the Company and glucose and changing the intentionality of engineers will prevent turnover and lead to the creation of opportunities for innovation and enhancement of recruitment capabilities, and has concluded the share transfer agreement.

(iii) Date of business combination

March 31, 2023

(iv) Legal form of business combination

Acquisition of shares

(v) Name of company after business combination

No change.

(vi) Percentage of voting rights acquired

100%

(vii) Main basis for determining acquiring company

The Company acquired the shares in consideration for cash.

(2) Acquisition cost of acquiree and components thereof by consideration type

(Thousands of yen)

Consideration for the acquisition:	Cash	238,029
Acquisition cost:		238,029

(3) Amount of goodwill, reason for recognition, amortization method and amortization period

Not confirmed at this stage.

(4) Amount and breakdown of assets acquired and liabilities assumed as of the date of business combination

Not confirmed at this stage.

11. Notes on revenue recognition

(1) Information that disaggregates revenue arising from contracts with customers

The Group has a single segment, the press release distribution business, and the following information disaggregates revenue arising from contracts with customers.



(Thousands of yen)

	Current fiscal year
“PR TIMES” and services related to “PR TIMES”	5,570,347
SaaS services for businesses	135,891
Revenue arising from contracts with customers	5,706,238
Other revenue	—
Net sales to external customers	5,706,238

(2) Information that provides a basis for understanding revenue arising from contracts with customers  
The basis for understanding revenue arising from contracts with customers is described in “1. Notes concerning significant matters that served as a basis for the preparation of the consolidated financial statements, (4) Matters concerning accounting policies, (iv) Basis for recording revenues and expenses.”

(3) Information for understanding the amount of revenue in the current and subsequent fiscal years  
(i) Balance of contract liabilities, etc.

(Thousands of yen)

	Beginning of current fiscal year	End of current fiscal year
Contract liabilities	208,783	240,137

Contract liabilities mainly relate to advances received from customers who use the “PR TIMES” subscription plan for press release distribution services. Contract liabilities are relieved upon recognition of revenue. The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period is ¥208,783 thousand. There were no significant changes in the balance of contract liabilities during the current fiscal year.

(ii) Transaction price allocated to remaining performance obligations

The Group applies the practical expedient method and omits the transaction price allocated to the remaining performance obligations, since there are no material contracts with an initially expected contract term of more than one year. Moreover, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

## 12. Other notes

Notes for other additional information

(Accounting estimates of the impact of the COVID-19 pandemic)

The Group has determined the accounting estimates based on information available at the time of the preparation of the consolidated financial statements. Although the COVID-19 pandemic is not currently causing any significant impact to the Group’s businesses or financial results, the Group will continue to pay close attention to trends going forward as there are many uncertainties with regard to when COVID-19 will come under control, etc.

## Notes to Non-Consolidated Financial Statements

1. Notes regarding matters concerning significant accounting policies
  - (1) Basis and method for valuation of assets
    - Basis and method for valuation of securities
      - Shares of subsidiaries Stated at cost determined by the moving-average method.
      - Available-for-sale securities
        - Non-marketable equity securities, etc. Stated at cost determined by the moving-average method.
    - (2) Depreciation and amortization method for non-current assets
      - 1) Property, plant and equipment (excluding leased assets)
        - Depreciated by the declining balance method.
        - However, the straight-line method is applied to facilities attached to buildings and structures acquired on and after April 1, 2016.
        - The range of useful lives is principally as follows.
          - Buildings and structures 8 - 24 years
          - Tools, furniture and fixtures 4 - 10 years
      - 2) Intangible assets (excluding leased assets)
        - Software for internal use
          - Amortized over the period of internal use (5 years) using the straight-line method.
      - 3) Leased assets
        - Leased assets related to finance lease transactions that do not transfer ownership
          - Depreciated to a residual value of zero using the straight-line method over the term of the lease.
    - (3) Basis for allowances and provisions
      - 1) Allowance for doubtful accounts
        - To prepare for possible losses on uncollectable receivables, an amount is provided according to the historical percentage of uncollectable receivables for general receivables, and for specific receivables with concerns regarding collectability, an estimated uncollectable amount is recorded based on investigation of the possibility of collection for each individual account.
      - 2) Provision for bonuses
        - To prepare for the payment of bonuses to employees, the Company records the amount to be paid in the current fiscal year out of the estimated amount to be paid.
      - 3) Provision for shareholder benefit program
        - To prepare for costs incurred based on the shareholder benefit program, the Company records the amount expected to be incurred in the following fiscal year and later.
    - (4) Basis for recording revenues and expenses
      - The Company's main service is "PR TIMES," a press release distribution business. Other services include "PR TIMES"-related services and SaaS services for businesses.
        - i) "PR TIMES"
          - "PR TIMES" provides a mechanism for user companies to distribute information about their products and services as press releases on the "PR TIMES" website. For pay-as-you-go plans, the performance obligation is satisfied when delivery is completed, and revenue is recognized at that time. For fixed-rate plans, revenue is recognized equally over the contract period, as performance obligations are satisfied over the contract period.
        - ii) Services related to "PR TIMES"
          - As for services related to "PR TIMES," we provide PR partner services and other services to help companies spread news of announcements of new products and services, events, and campaigns by planning and implementing measures to more effectively obtain publicity and spread the news via social networking services (SNS). At the start of the contract, the Company determines whether the performance obligation is to be satisfied over the term of the contract, and if it does not fall under such obligation, the performance obligation is deemed to be satisfied at a certain point in time, at which point revenue is recognized.
        - iii) SaaS services for businesses
          - As for SaaS services for businesses, the Company provides SaaS products such as "Jooto," a task and project management tool, and "Tayori," a customer support tool, as tools to help user companies

improve operational efficiency. For these services, revenue is recognized equally over the contract period, as performance obligations are satisfied over the contract period.

2. Note concerning changes in accounting policy

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application assuming the new accounting policy had been applied to periods prior to the start of the current fiscal year, was added to or subtracted from the opening balance of retained earnings of the current fiscal year carried forward, and thus the new accounting policy is applied from such opening balance.

Moreover, “Unearned revenue” under current liabilities of the balance sheet as of the end of the previous fiscal year is included in “Contract liabilities” under current liabilities from the balance sheet as of the current fiscal year.

As a result, there is no impact on profit or loss or per share information for the current fiscal year. Furthermore, there was no impact on the balance of retained earnings carried forward at the beginning of the period.

3. Notes concerning accounting estimates

The following is a list of items for which an amount has been recorded in the non-consolidated financial statements for the current fiscal year due to an accounting estimate and which may have a material effect on the non-consolidated financial statements for the following fiscal year.

Valuation of investment securities

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

Investment securities (unlisted stocks) ¥75,991 thousand  
Loss on valuation of investment securities ¥49,399 thousand

(2) Information concerning details of accounting estimates related to identified items

Details have been omitted since this information is presented in “Notes to Consolidated Financial Statements; 4. Notes concerning accounting estimates.”

4. Notes to the non-consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment

Buildings and structures ¥16,584 thousand  
Tools, furniture and fixtures ¥122,159 thousand  
Leased assets ¥8,664 thousand

(2) Receivables from and payables to subsidiaries and affiliates

Short-term monetary claims ¥20,642 thousand  
Short-term monetary obligations ¥1,702 thousand

5. Notes to the non-consolidated statement of income

Transactions with subsidiaries and affiliates

Operating transactions

Net sales ¥6,619 thousand  
Selling, general and administrative expenses ¥3,906 thousand  
Non-operating transaction ¥80 thousand

6. Notes to the non-consolidated statement of changes in equity

Matters concerning the type and number of treasury shares

Common stock: 46,904 shares

7. Notes on tax effect accounting

Breakdown of the main factors resulting in deferred tax assets and deferred tax liabilities

Deferred tax assets (Thousands of yen)  
Allowance for doubtful accounts 10,209

Provision for bonuses	11,941
Accrued expenses	15,186
Enterprise taxes payable	4,539
Impairment losses	3,747
Excess depreciation	10,091
Asset retirement obligations	6,382
Loss on valuation of investment securities	18,249
Loss on valuation of shares of subsidiaries and associates	5,353
Share-based payment expenses	7,901
Other	1,059
Total deferred tax assets	<u>94,663</u>

8. Notes on non-current assets used under lease

In addition to the non-current assets recorded on the balance sheet, some office equipment and other items are used under finance lease contracts that do not transfer ownership.

9. Notes to transactions with related parties

Officers and individual shareholders

Position	Name of the company or person	Ownership (owned) ratio of voting rights, etc.	Relationship with related party	Transaction details	Transaction amount (thousands of yen)	Item	Ending balance (thousands of yen)
Officer	Takumi Yamaguchi	Directly owned 5.98%	President and CEO of the Company	Disposal of treasury shares as a result of contribution in kind of monetary compensation claims*	15,115	-	-

\*Note: Contribution in kind of monetary compensation claims in connection with the restricted share-based remuneration.

10. Notes on per share information

(1) Net assets per share	¥333.45
(2) Earnings per share	¥58.00

11. Significant events after the reporting period

(Purchase of treasury shares)

Details have been omitted since this information is presented in “Notes to Consolidated Financial Statements; 10. Significant events after the reporting period (Purchase of treasury shares).”

(Business combination through acquisition)

Details have been omitted since this information is presented in “Notes to Consolidated Financial Statements; 10. Significant events after the reporting period (Business combination through acquisition).”

12. Notes on revenue recognition

Information that forms the basis for understanding revenue arising from contracts with customers is omitted because the same information is presented in “Notes to Consolidated Financial Statements; 11. Notes on revenue recognition.”

13. Other notes

Notes for other additional information

(Accounting estimates of the impact of the COVID-19 pandemic)

Details are omitted because the same information is provided in “Notes to Consolidated Financial Statements; 12. Other Notes – Notes for other additional information (Accounting estimates of the impact of the COVID-19 pandemic).”

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement and others are to be applied prospectively. There is no impact on the non-consolidated financial statements.