



**Nonfinancial Reporting Track:03**

# **Providing non-financial information to reporters, analysts and asset managers; the EDINET Case**

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# Contents for today's session

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- About EDINET and its upgrading plan
- Expectation for digitalizing non-financial information
- Non-financial information provided by new EDINET taxonomy
- New taxonomy design for non-financial information
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- For future upgrade
- Issues for XBRL non-financial information
- What we should do as a first step

About Nomura Research Institute ;

A research institute, which is a member of the group companies in financial sectors. Nomura securities used to be a parent company before we went to public on Tokyo Stock Exchange. Our department provides information and system solution for mainly asset management companies, trust banks, and advisory service companies, etc.

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Disclosure system EDINET will be upgraded to expand XBRL coverage to non-financial information this year

# What is EDINET?

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- About EDINET

- Electric disclosure for **INVESTORS** Network. Electronic disclosure system for securities reports and other documents. Company is required to submit all those reports under the **Financial Instruments and Exchange Law**.

- About Japanese disclosure regulation

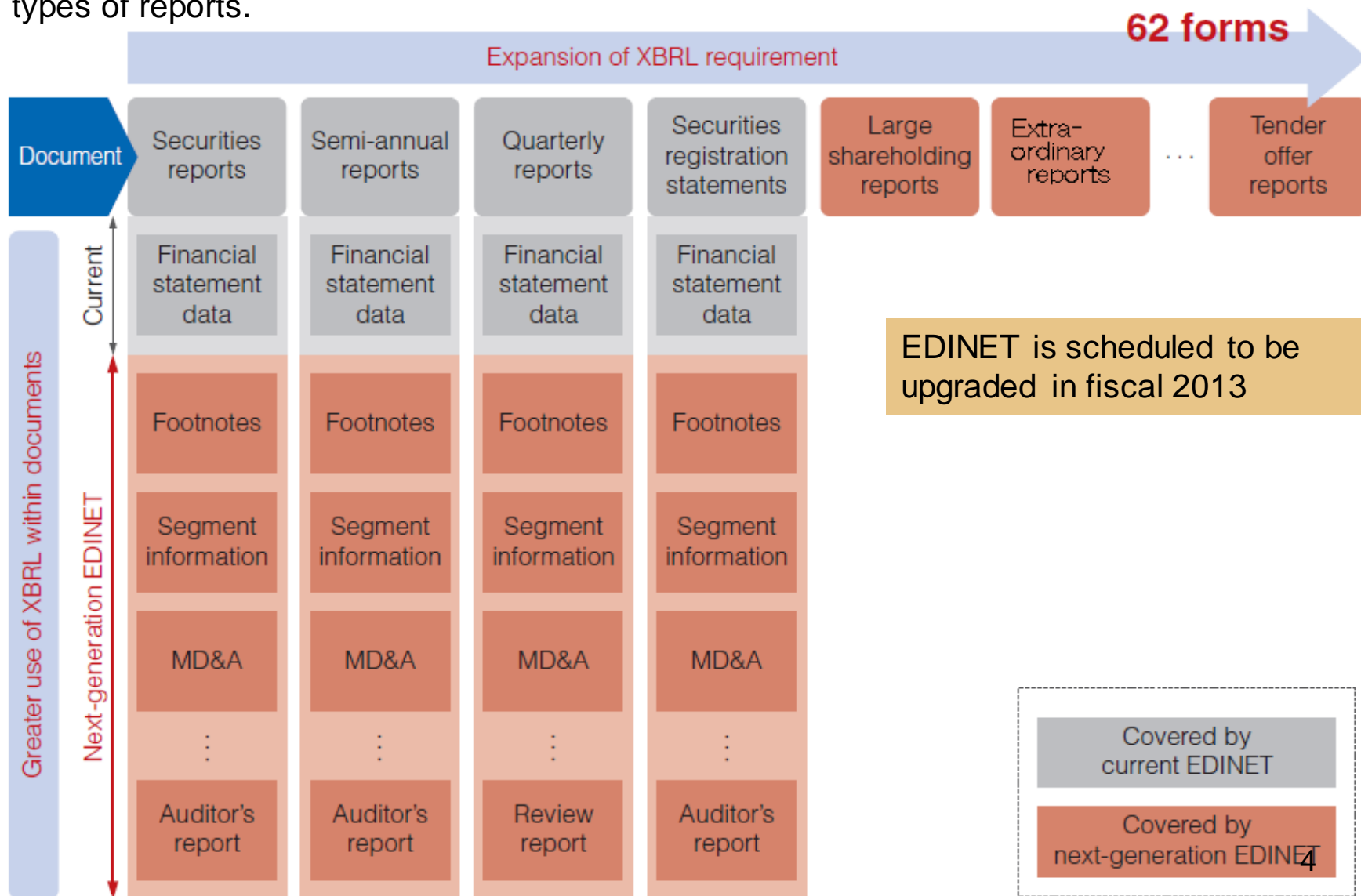
- Japanese companies are required to submit annual securities report, quarterly reports and extraordinary reports when material fact has been recognized. **In addition, when company buys treasury shares, TOB, or issues new securities, also has to file the documents.**

- History of XBRL in Japan

- Since 2008, all companies (except for companies that report under US GAAP) have to file their primary financial statements in XBRL.

# Plan for Next Generation EDINET

Expand XBRL coverage to non-financial information in the securities report or any other types of reports.



# **Expectation for digitalizing non-financial information**

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- **Handling events and alert function to notify corporate events.**
  - Using tags, application can pick up only necessary reports when it is announced in real time.
- **Tracing historical change in status or events.**
  - Compare and find companies with different tag that is included only on current year' => those companies have to be investigated carefully.
- **Comparative analysis**
  - Comparing several companies to find the companies that have the same tags => those companies might have similarities.

# Non-financial information provided by new EDINET taxonomy

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- Material fact
- Finance (issuance of new bonds or shares)
- Change in personnel of management
- M&A, requisitions
- Significant impact from unexpected events
- Corporate governance, historical event of the company
- MD&A or risk recognition
- Historical event related to corporate actions
- Investment PP&E, R&D, personnel, auditors reports.
  
- Etc, etc...

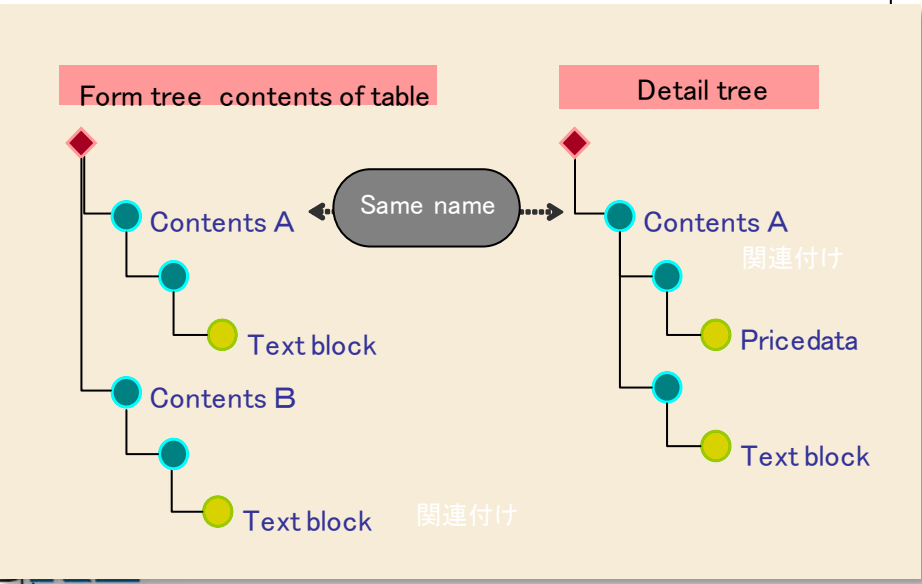
# New taxonomy design for non-financial information

Form tree	Structuring whole regulatory reports
Comprehensive tag and detail tag	Tag the whole section by a comprehensive tag, then tag only important fact by a detail tag within the comprehensive tag. Result is that all information has to be tagged at least once.
Tags for each chapter of regulation or policy	Existence of tags tells the fact of disclosure.
N/A tags or omitted disclosure due to lack of materiality	

“Form tree” as presentation link. It is consisted all list of contents from whole report.

Comprehensive tag covers all list of contents.

Each contents connects detail tree as separated ELS.





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What is expected from analysts and investors?

Let's see the sample data!

# Sample 1 "Going concern Risk"

Source

Inline XBRL on browser

4 【事業等のリスク】  
有価証券報告書に記載した事業の状況、経理の状況等に関する事項のうち、投資者の判断に重要な影響を及ぼす可能性のある事項には、以下のようなものがあります。  
なお、文中の将来に関する事項は、当連結会計年度末現在において当社グループが判断したものであります。

(1) ○○○○○○  
.....

(2) ○○○○○○  
.....

(3) 継続企業の前提に関する重要事象等  
当社グループは、売上高が前連結会計年度に比べ88億88百万円減少しており、営業損失88億88百万円、経常損失88億88百万円となりました。このことにより、継続企業の前提に重要な疑義を生じさせるような状況が存在しております。ただし、.....

5 【経営上の重要な契約等】  
(1) 技術援助等を受けている契約

契約会社名	相手方の名称	国名	契約品目	契約締結日	契約内容	契約期間
	○○○○○					平成88年88月88日から

```
<ix:nonNumeric  
name="jpcrp_cor:MaterialMattersRelatingToGoingConcernEtcBusinessRisksTextBlock" contextRef="FilingDateInstant" escape="true">  
<p style="margin-left: 18.0pt; line-height: 13.5pt">  
) 継続企業の前提に関する重要事象等  
</p>  
<p style="margin-left: 27.0pt; text-indent: 9.0pt; line-height: 13.5pt">  
当社グループは、売上高が前連結会計年度に比べ88億88百万円減少しており、  
営業損失88億88百万円、経常損失<br />88億88百万円となりました。このこと  
により、継続企業の前提に重要な疑義を生じさせるような状況が存在して  
お<br />ります。ただし、  
.....<br />  
.....<br />  
.....  
</p>  
</ix:nonNumeric>  
<p>&#160;</p>
```

## Taxonomy

Business risks [heading]
Business risks [text block]
Material matters relating to going concern, etc., Business risks [text block]
Critical contracts for operation [heading]
Critical contracts for operation [text block]
Research and development activities [heading]
Research and development activities [text block]
Research and development activities (N/A)
Analysis of financial position, operating results and cash flows [heading]
Analysis of financial position, operating results and cash flows [text block]
Analysis and responses to significant events related to going concern risks, etc., Analysis of financial position, operating results and cash flows [text block]

Have to find this sentence from more than 100 pages reports. Next generation, just search for existing of this tag to get this information (in English), immediately after the report is disclosed

Almost all investors and analysts expect it



# Sample 2 Subsidiaries, affiliates

Source

Inline XBRL On browser

名称	住所	資本金 (百万円)	主要な事業の内容	議決権の所 有割合又は 被所有割合 (%)	関係内容
(連結子会社) 〇〇機器㈱ (注) 2	東京都〇〇区	8,888	通信機器 計測機器	100	当社通信機器、計測機器を 製造している。
(持分法適用関連会社) 〇〇〇㈱	東京都〇〇区	888	通信機器 産業機械	88	.....

```
<ix:nonNumeric name="jpcrp_cor:OverviewOfGroupEntitiesTextBlock"
contextRef="FilingDateInstant" escape="true">
<h3> 4 関係会社の状況 </h3>
<div class="pageBreakAfter">
<table style="border-collapse: collapse">
<colgroup>
<col style="width: 108.0pt; min-width: 108.0pt" />
<col style="width: 65.0pt; min-width: 65.0pt" />
<col style="width: 54.0pt; min-width: 54.0pt" />
<col style="width: 84.75pt; min-width: 84.75pt" />
<col style="width: 57.75pt; min-width: 57.75pt" />
<col style="width: 118.5pt; min-width: 118.5pt" />
</colgroup>
<tbody>
<tr style="height: 50.25pt; min-height: 50.25pt">
<td style="border: solid black 0.75pt">
<p style="margin-right: 22.5pt; margin-left: 22.5pt; text-align: center;
line-height: 10.0pt">
名称</p>
</td>
<td style="border: solid black 0.75pt; border-left: none">
<p style="margin-right: 13.5pt; margin-left: 13.5pt; text-align: center;
line-height: 10.0pt">
住所</p>
</td>
```

## Taxonomy

Company history [heading]
Company history [text block]
Description of business [heading]
Description of business [text block]
Overview of group entities [heading]
Overview of group entities [text block]
Information about employees [heading]
Information about employees [text block]

Subsidiaries location and size tell us the company's business strength and main markets, etc. Useful information for estimating future performance.



Without categorize information such as area code or industrial classification, it is still difficult to use

# Sample 3 Corporate governance

Source

## Inline XBRL On browser

### 6【コーポレート・ガバナンスの状況等】

#### (1)【コーポレート・ガバナンスの状況】

※ コーポレート・ガバナンスに関する基本的な考え方は、

当社のコーポレート・ガバナンスに関する基本的な考え方は、.....

.....であります。

① ○○○○○○

.....

.....。

#### (2)【監査報酬の内容等】

##### ①【監査公認会計士等に対する報酬の内容】

区分	前連結会計年度		当連結会計年度	
	監査証明業務に基づく報酬(百万円)	非監査業務に基づく報酬(百万円)	監査証明業務に基づく報酬(百万円)	非監査業務に基づく報酬(百万円)
提出会社	8,888	8,888	8,888	8,888
連結子会社	8,888	8,888	8,888	8,888
計	8,888	8,888	8,888	8,888

##### ②【その他重要な報酬の内容】

(前連結会計年度)

当社の連結子会社である○○○○は、当社の監査公認会計士等と同一のネットワークに属している○○に対し

```
<ix:nonNumeric
name="jpcrp_cor:OtherMaterialRemunerationToIndependentAuditorsTextBlock" contextRef="FilingDateInstant" escape="true">
<div class="content3">②【その他重要な報酬の内容】</div>
<div class="content" style="margin-left: 36pt">(前連結会計年度)
</div>
<div>
<p style="margin-left: 36.0pt; line-height: 13.5pt">
&#160;&#160;当社の連結子会社である○○○○は、当社の監査公認会計士等と同一のネットワークに属している○○に対し<br />て、
.....<br />.....<br />.....<br />.....。
.....<br />.....。
.....<br />.....。
.....<br />.....。
</p>
</div>
```

If there are no "N/A" tag in this section, we can say, this company paid for the auditor for other material remuneration.

Asset managers

On the other hand, a tag "OtherMaterialRemunerationToIndependentAuditorsNA" means no remuneration except audit.

## Taxonomy

Explanation about corporate gov

Explanation about corporate gov

Explanation about corporate governance [text block]

Details of audit fee, etc. [heading]

Details of remuneration to independent auditors [heading]

Details of remuneration to independent auditors [text block]

Other material remuneration to independent auditors [heading]

Other material remuneration to independent auditors [text block]

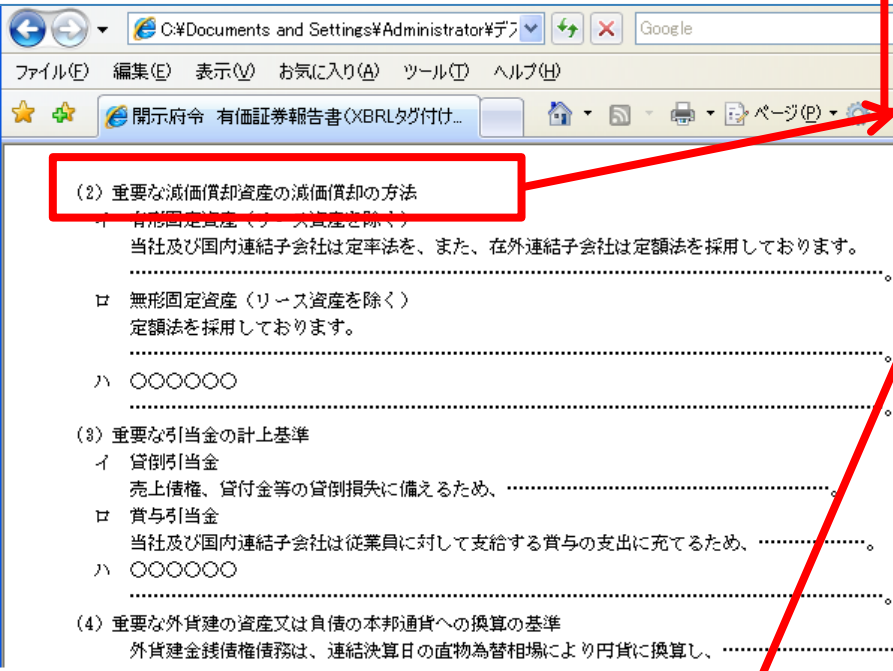
Other material remuneration to independent auditors (N/A)

Details of non-audit services rendered by independent auditors [heading]

Details of non-audit services rendered by independent auditors [text block]

Details of non-audit services rendered by independent auditors (N/A)

# Sample 4 Adopted accounting policy or methods



```
<ix:nonNumeric
name="jpcrp_cor:AccountingPolicyForDepreciationOfSignificantAssetsTextBlock"
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<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 45.0pt;
text-indent: -18.0pt">
(2) 重要な減価償却資産の減価償却の方法
</p>
```

```
<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 36.0pt">
イ&#160;&#160;有形固定資産（リース資産を除く）
</p>
<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 45.0pt">
&#160;&#160;当社及び国内連結子会社は定率法を、また、在外連結子会社は定額法を
採用しております。
</p>
<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 36.0pt">
ロ&#160;&#160;無形固定資産（リース資産を除く）
</p>
<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 45.0pt">
&#160;&#160;定額法を採用しております。
</p>
</ix:nonNumeric>
```

```
<ix:nonNumeric name="jpcrp_cor:AccountingPolicyForSignificantProvisionsTextBlock"
contextRef="CurrentYearDuration" escape="true">
<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 45.0pt;
text-indent: -18.0pt">
(3) 重要な引当金の計上基準
</p>
<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 36.0pt">
イ&#160;&#160;貸倒引当金
</p>
<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 45.0pt">
&#160;&#160;売上債権、貸付金等の貸倒損失に備えるため、
</p>
<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 36.0pt">
ロ&#160;&#160;賞与引当金
</p>
</ix:nonNumeric>
<ix:nonNumeric
name="jpcrp_cor:AccountingPolicyForForeignCurrencyTranslationForPreparationOfCon
solidatedFinancialStatementsTextBlock" contextRef="CurrentYearDuration"
escape="true">
<p style="margin-top: 0pt; margin-right: 0pt; margin-bottom: 0pt; margin-left: 45.0pt;
text-indent: -18.0pt">
(4) 重要な外貨建の資産又は負債の本邦通貨への換算の基準
```

DisclosureOfAccountingPoliciesAbstract
AccountingPolicyForMeasuringSignificantAssetsTextBlock
AccountingPolicyForDepreciationOfSignificantAssetsTextBlock
AccountingPolicyForSignificantProvisionsTextBlock
AccountingPolicyForRecognitionOfSignificantRevenuesAndExpensesTextBlock
AccountingPolicyForForeignCurrencyTranslationForPreparationOfConsolidatedFinancialStatementsTextBlock
AccountingPolicyForHedgingConsolidatedFinancialStatementsTextBlock
AccountingPolicyForGoodwillTextBlock
ScopeOfCashAndCashEquivalentsInConsolidatedStatementOfCashFlowsTextBlock
OtherSignificantInformationForPreparationOfConsolidatedFinancialStatementsTextBlock

## Sample 4 Adopted accounting policy or methods

Expect to use this information, but.....

These accounting policies are one of the most important information to analyze data. But how can we handle them?

Even if we put detail tags on the document by inlineXBRL, current document style doesn't seem to work for the calculation.....

Analysts



Before we start to discuss tags on this part, we should discuss what kind of information must be digitalized and tag on them.

For example,

“Accounting Policy For Depreciation Of Significant Assets”

First, we have to organize information,

For dimension members = asset name?

For elements = term, straight line / percentage other....., residual value

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User expects more after EDINET  
gets upgraded...

# For Future - flag information -

## 4【事業等のリスク】 Business risks

当社グループの事業等において、投資者の判断に重要な影響を及ぼす可能性のある事項には、次のようになります。

なお、これらは当年度末における事業等に関するリスクのうち代表的なものであり、実際に起こり得るリスクの限りではありません。また、本文中の将来に関する事項は、当年度末現在において当社グループが判断した事項です。

Even if Japanese,  
hard to read  
several pages.

### (1) 経営環境リスク

#### ① 情報サービス産業における

情報サービス産業では、事業  
及も進んでいることから、価格  
このような環境認識の下、当  
め、サービスの高付加価値化に  
しかしながら、想定以上の価

Flag Information abstract (The followings fact must be "true" or "false")

Unique management policy taken by company group

Abnormal changes in financial position or business performance

High dependence on certain suppliers or customers with whom continuity of transactions is uncertain

High dependence on certain products or technologies whose future is uncertain

Regarding damages relating to transactions based on unique business practices

Regarding long commercialization periods relating to new products or technologies

#### ② 運用サービス事業の安定性

運用サービスを展開するに  
であり、投資額の回収は顧客と  
運用サービスの契約は複数  
上高は比較的安定していると  
理を行うことにより、投資額の  
しかしながら、運用サービス  
や経営破綻、IT戦略の抜本的

Legal or regulatory restriction

Regarding major lawsuits

Significant items relating to directors, employees, shareholders, subsidiaries, jointly controlled entities and associates

Regarding significant business relationships relating to

Issues in future

Market fluctuation risk

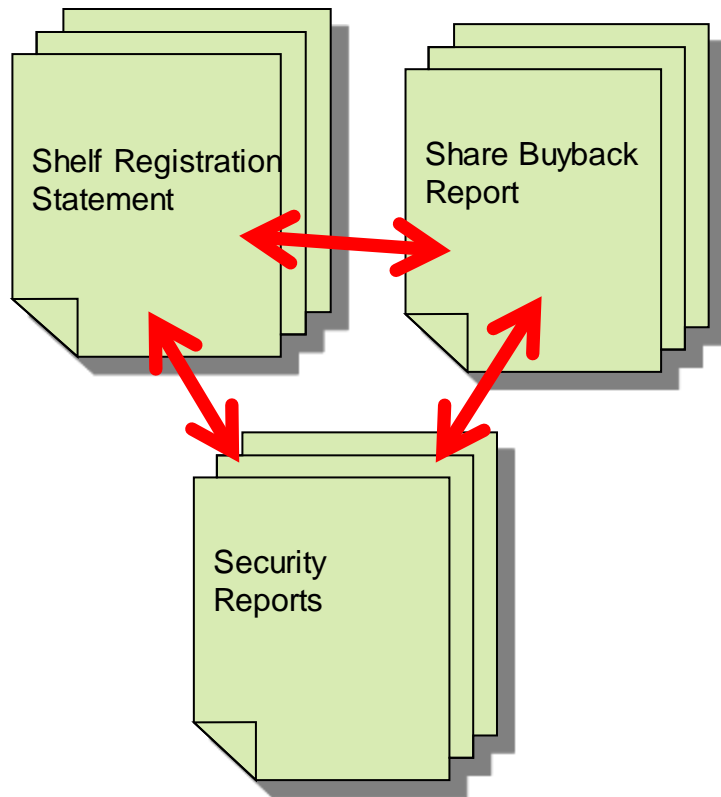
Foreign exchange rate fluctuation risk

Tags of risk as flag type elements seems fine. But can we categorize each company's risk?



# For Future - cross check related reports -

## Change in number of issued shares



We always want to know how many shares exist.

Asset managers

Company has to report when company issues new securities or buy treasury shares as “Shelf Registration Statement” or “Share Buyback Report”.

Then those events must be written in securities reports next year.

**If each document has the same tags ( e.g., number of shares, date of issues etc ), we can check the fact over several documents, historically.**

# For Future – adopt XBRL for voluntary disclosure

Even if all securities reports will be written in XBRL, we are still taking management plan (estimation) and performance data from Midterm Management Plan, which companies file to Tokyo Stock Exchange.

Asset  
managers

Analysts

Usually company gives us more detailed information on segment at the analyst conference. Disclosure of the securities reports isn't enough for analysis.

If EDINET will encourage to introduce infrastructure XBRL for company side, user hopes that company will make those document in XBRL as same format in future.

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# Issues for XBRL non-financial information

# What prevents it from realizing global comparability?

Financial information

BS

IS

CF

Non financial information

Corporate Governance

Risk

MD&A

Large Shareholder

Affiliate Subsidiery



Financial information has almost same globally but....

Fact is written in Local Language, what can we do?

```
<ix:nonNumeric
name="jpcrp_cor:MaterialMattersRelatingToGoingCon
cernEtcBusinessRisksTextBlock"
contextRef="FilingDateInstant" escape="true">
<p style="margin-left: 18.0pt; line-height: 13.5pt">
(3) 継続企業の前提に関する重要事象等
</p>
```

Need global code for company and rule for human name

Company code location, industry

Name has to be set a fact in alphabet

# How we can transfer non-financial information using XBRL?

- XBRL cannot solve all issues itself.
- We need to digitalize information before discuss taxonomy.
- Develop common framework of non-financial information to be able to share other reports.
- Introduce more systemic-friendly design e.g., flag control, global code supporting transfer information, etc..

**Most important... work together!**

# Conclusion -- What we should do ? --

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non-financial XBRL is going to start, will be developed many taxonomies very soon. But without any common frame or rule, it will be difficult to compare each other.



We should develop data structure or frame that can be shared globally **as soon as possible**.



On the other hand, we should develop discussion to check **reliability of narrative contents** and best practice to validate them (more difficult than financial information).

# Work Together, globally

Any Questions? **Thank you!**

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Nomura Research Institute