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January 13, 2022

## Financial Results for FY2021 Q2

Company name: Sansan, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4443  
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 Scheduled date to file quarterly securities report: January 13, 2022  
 Scheduled date to commence dividend payment: –  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

### 1. Consolidated financial results for the first six months of the fiscal year ending May 31, 2022 (from June 1, 2021 to November 30, 2021)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
November 30, 2021	9,577	25.4	(133)	–	643	41.7	573	47.8
November 30, 2020	7,636	21.3	686	525.4	454	–	388	–

Note: Comprehensive income Six months ended November 30, 2021: ¥(725) million [–%]  
 Six months ended November 30, 2020: ¥392 million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2021	4.60	4.52
November 30, 2020	3.12	3.08

Note: The Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021. Therefore, basic earnings per share and diluted earnings per share are calculated on the assumption that said splitting of shares had been made at the beginning of the previous fiscal year.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
November 30, 2021	22,284	12,037	53.5
May 31, 2021	24,310	12,584	51.5

Reference: Equity  
 As of November 30, 2021: ¥11,918 million  
 As of May 31, 2021: ¥12,516 million

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2021	–	0.00	–	0.00	0.00
Fiscal year ending May 31, 2022	–	0.00			
Fiscal year ending May 31, 2022 (Forecast)			–	0.00	0.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending May 31, 2022 (from June 1, 2021 to May 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending May 31, 2022	20,230	25.0	450	(38.9)	–	–	–	–	–
	to 20,716	to 28.0	to 800	to 8.6					

Notes: 1. Revisions to the earnings forecasts most recently announced: None

2. Although the Company is expecting to record a surplus in both ordinary profit and profit attributable to owners of parent, it is difficult to make a precise forecast. Accordingly, the Company will refrain from disclosing a concrete forecast at this point in time.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None
  - d. Restatement: None

(4) Number of issued shares (Common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2021	124,861,316 shares
As of May 31, 2021	124,734,580 shares

b. Number of treasury shares at the end of the period

As of November 30, 2021	672 shares
As of May 31, 2021	160 shares

c. Average number of outstanding shares during the period

For the six months ended November 30, 2021	124,775,466 shares
For the six months ended November 30, 2020	124,555,367 shares

Note: The Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021. Therefore, total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of outstanding shares during the period are calculated on the assumption that said splitting of shares had been made at the beginning of the previous fiscal year.

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the consolidated forecasts due to various factors.

## Attached Material

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## 1. Qualitative information on quarterly consolidated financial results

### (1) Explanation of operating results

Under the mission of Turning encounters into innovation and the vision of Become business infrastructure, the Group is developing services to solve various business issues by using new approaches that combine systems that use technology and data input to digitize analog information with cloud software.

Specifically, the Group is developing services in areas such as business card management, invoices and contracts, as well as business events and seminars, to promote digital transformation (DX) to change the working styles of companies and business people. Moreover, as a result of recent changes to working styles due to the spread of COVID-19, new ways of thinking toward DX, and greater attention being attracted to the SaaS (Software as a Service) products, the DX market is forecast to reach ¥3,042.5 billion (an increase of ¥2,251.3 billion since 2019) by 2030 (Note 1.), while the SaaS market in Japan is forecast to reach ¥1,117.8 billion by 2024 (an increase of ¥516.2 billion since 2019) (Note 2.). In addition, as the Group has grown, the B2B business card management service market has seen 13-fold expansion from 2013 to 2020, and the Sansan, operated by the Company, holds an 83.1% market share in this market (Note 3.).

Consolidated financial results for the first six months of the fiscal year ending May 31, 2022 (hereinafter, the “period under review”) is as follows.

	(Millions of yen)		
	Six months ended November 30, 2020	Six months ended November 30, 2021	YoY change
Net sales	7,636	9,577	+25.4%
Gross profit	6,690	8,446	+26.2%
Operating profit	686	(133)	–
Ordinary profit	454	643	+41.7%
Profit attributable to owners of parent	388	573	+47.8%

In the period under review, the Group engaged in initiatives to strengthen the sales structure through strategic hiring, in order to realize continuous growth of net sales. In addition, apart from conducting advertising focused on TV commercials for the Bill One, an online invoice receiving solution, the Group engaged in initiatives such as expanding functions for the B2B business card-based contact management service Sansan and Eight, a business card management app.

In addition, as announced on October 8, 2021, the Company implemented a 4-for-1 stock split of common shares with an effective date of December 1, 2021.

As a result, net sales increased 25.4% year on year, gross profit increased 26.2% year on year, and gross profit margin was 88.2%, up 0.6 points year on year. However, operating profit decreased by ¥820 million year on year. Progress was made in the strategy to achieve medium- to long-term growth of net sales, so in addition to the ¥605 million year-on-year increase in advertising expenses, this was attributed to the ¥1,003 million year-on-year increase in personnel expenses due to the boosted hiring of employees and was in line with the consolidated earnings forecast announced at the beginning of the fiscal year. In addition, although ordinary profit increased 41.7% year on year and profit attributable to owners of parent increased 47.8% year on year, both representing significant increases, this was mainly the result of recording a gain on sale of investment securities in non-operating income in the first quarter of the fiscal year ending May 31, 2022, as announced on July 19, 2021.

- Notes:
1. Based on 2020 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute
  2. Based on 2020 New Software Business Markets by Fuji Chimera Research Institute
  3. Based on Latest Trends in Business Card Management Services in Sales Support DX 2022 (December 2021, survey by Seed Planning, in Japanese)

Results by segment are as follows.

(i) Sansan/Bill One Business

This business segment includes services such as B2B business card-based contact management service Sansan, and online invoice receiving solution Bill One.

Results for Sansan/Bill One Business in the period under review are as follows.

	(Millions of yen)		
	Six months ended November 30, 2020 (Note 4.)	Six months ended November 30, 2021	YoY change
Net sales	6,903	8,548	+23.8%
Sansan	6,892	8,295	+20.4%
Sansan recurring sales	6,561	7,926	+20.8%
Sansan other sales	330	369	+11.8%
Bill One	10	238	+2,135.7%
Others	0	14	+3,167.2%
Operating profit	2,835	2,366	(16.5%)
<b>Sansan</b>			
Number of subscriptions	7,230 subscriptions	8,186 subscriptions	+13.2%
Monthly recurring sales per subscription	¥157 thousand	¥164 thousand	+4.5%
Last 12 months average of monthly churn rate (Note 5.)	0.65%	0.66%	+0.01 pt.
<b>Bill One</b>			
MRR (Note 6.)	5	61	+1,131.4%
Number of paid subscriptions	74 subscriptions	575 subscriptions	+677.0%
Monthly sales per paid subscription	¥67 thousand	¥107 thousand	+59.7%

Notes: 4. Figures other than net sales and operating profit for the six months ended November 30, 2020 are exempt from review conducted by an audit corporation.

5. Ratio of decrease in monthly fees associated with subscription cancellations to total monthly fees for existing subscriptions for Sansan.

6. Monthly Recurring Revenue

a. Sansan

The Company engaged in efforts such as strengthening the sales structure and enhancing service functions, aimed at further increasing the number of subscriptions and the monthly sales per subscription for Sansan. Although the COVID-19 negatively affected the acquisition of new subscriptions, we succeeded in enhancing our sales system, and steadily acquired new subscriptions from medium and large enterprises and expanded use among existing customers. As a result, the number of subscriptions and the monthly recurring sales per subscription for Sansan were up 13.2% and 4.5% year on year, respectively. Furthermore, as a result of carrying out ongoing initiatives to expand use among existing customers to achieve a stronger customer foundation, the last 12 months average of monthly churn rate was 0.66%, an increase of 0.01 points year on year, maintaining a low churn rate.

As a result, net sales in Sansan increased 20.4% year on year, of which recurring sales (fixed revenue) was up 20.8% year on year and other sales was up 11.8% year on year.

b. Bill One

We engaged in efforts such as strengthening the sales structure through strategic hiring and conducting advertising activities with TV commercials, etc., to further expand the number of paid subscriptions and MRR for Bill One. As a result, the number of paid subscriptions for Bill One increased 677.0% year on year and, in November 2021, MRR was up 1,131.4% year on year, continuing to grow at a high rate. In addition, steady progress in acquiring new subscriptions from medium and large enterprises resulted in the increase of monthly sales per paid subscription, up 59.7% year on year. By working on personnel hiring, advertising activities, and making improvements to the service, the Group aims to amass more than ¥1.0 billion in ARR (Note 7.) by May 31, 2022.

As a result, net sales in Bill One increased 2,135.7% year on year.

Note: 7. Annual Recurring Revenue

c. Others

The Group focused on the launch of Contract One, a cloud-based contract business service, utilizing the strengths, knowledge, know-how, etc. cultivated through existing services.

As a result, net sales of others was up 3,167.2% year on year.

As a result, net sales increased 23.8% year on year and segment profit decreased 16.5% year on year in Sansan/Bill One Business.

(ii) Eight Business

Apart from Eight, a business card management app, this business segment includes the transcribed media service provided by logmi, Inc. (hereinafter, "logmi").

Results for Eight Business in the period under review are as follows.

	(Millions of yen)		
	Six months ended November 30, 2020 (Note 4.)	Six months ended November 30, 2021	YoY change
Net sales	734	976	+33.0%
B2C services	148	142	(4.0%)
B2B services	585	833	+42.3%
Operating profit	(363)	(291)	-
<b>Eight</b>			
Number of Eight users (Note 8.)	2.81 million people	3.01 million people	+0.20 million people
Number of subscriptions for Eight Team (Note 9.)	1,949 subscriptions	2,481 subscriptions	+27.3%

Notes: 8. Number of confirmed users who registered their business card to their profile after downloading the application

9. Changed name from Eight Company Premium to Eight Team.

a. B2C services

Due to the efforts to enhance service functions, etc., the number of Eight users totaled 3.01 million, an increase of 0.20 million year on year, but net sales from B2C services decreased 4.0% year on year.

b. B2B services

In addition to holding the Climbers 2021 Autumn business event, etc., the Company worked on strengthening monetization of the various B2B services. As a result, net sales from B2B services increased 42.3% year on year, and the number of Eight Team subscriptions increased 27.3% year on year.

As a result, net sales in Eight Business increased 33.0% year on year, and segment loss was curtailed by ¥71 million year on year.



## (2) Explanation of financial position

### (i) Status of assets, liabilities and equity

	(Millions of yen)		
	As of May 31, 2021	As of November 30, 2021	Change from previous fiscal year-end
Total assets	24,310	22,284	(2,025)
Total liabilities	11,725	10,247	(1,477)
Total net assets	12,584	12,037	(547)
Total liabilities and net assets	24,310	22,284	(2,025)

#### Assets

Total assets at the end of the second quarter of the fiscal year ending May 31, 2022 were ¥22,284 million, down ¥2,025 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥2,230 million in investment securities due to the sale of shares of WingArc 1st Inc., a decrease of ¥321 million in cash and deposits, and an increase of ¥346 million in property, plant and equipment.

#### Liabilities

Total liabilities at the end of the quarter under review were ¥10,247 million, down ¥1,477 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥200 million in short-term borrowings, a decrease of ¥633 million in current portion of long-term borrowings, a decrease of ¥290 million in accounts payable - other, a decrease of ¥571 million in deferred tax liabilities, a decrease of ¥481 million in advances received from receiving a lump-sum payment of contract term fees from customers, and an increase of ¥576 million in long-term borrowings.

#### Net assets

Net assets at the end of the quarter under review were ¥12,037 million, down ¥547 million from the end of the previous fiscal year. This was due to a decrease of ¥1,297 million in valuation difference on available-for-sale securities and an increase of ¥573 million in retained earnings due to recording of profit attributable to owners of parent.

### (ii) Status of cash flows

	(Millions of yen)		
	Six months ended November 30, 2020	Six months ended November 30, 2021	YoY change
Cash flows from operating activities	201	(576)	-
Cash flows from investing activities	214	391	176
Cash flows from financing activities	(1,853)	(137)	-
Cash and cash equivalents at end of period	11,227	11,901	674

Cash and cash equivalents (hereinafter “capital”) at the end of the quarter under review totaled ¥11,901 million, a decrease of ¥321 million compared to the end of the previous fiscal year.

#### Cash flows from operating activities

The amount of capital used by operating activities totaled ¥576 million (compared to ¥201 million provided in the same period of the previous fiscal year). The main reasons for the increase in capital

were recognition of profit before income taxes of ¥631 million, recognition of depreciation, non-cash expense, of ¥349 million and recognition of share of loss of entities accounted for using equity method of ¥205 million, and the main factors for the decrease in capital were recognition of gain on sale of investment securities of ¥979 million, a decrease in advances received of ¥481 million and a decrease in accounts payable - other of ¥282 million.

#### Cash flows from investing activities

The amount of capital provided by investing activities totaled ¥391 million (compared to ¥214 million provided in the same period of the previous fiscal year). The main reason for the increase in capital was proceeds from sale of investment securities of ¥3,224 million, and the main factors for the decrease in capital were purchase of property, plant and equipment of ¥395 million, purchase of intangible assets of ¥250 million and purchase of investment securities of ¥2,083 million.

#### Cash flows from financing activities

The amount of capital used in financing activities totaled ¥137 million (¥1,853 million used in the previous fiscal year). The main reasons for the increase in capital were ¥1,900 million in proceeds from long-term borrowings and ¥116 million in proceeds from issuance of new shares, and the main factor for the decrease in capital was ¥1,956 million in repayments of long-term borrowings.

### **(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

The forecasts of consolidated financial results for the fiscal year ending May 31, 2022 have not changed from the forecast announced on July 14, 2021. Although the Company recorded an operating loss in the period under review due to making various investments to realize medium- to long-term growth of net sales, the results were as expected and in line with the consolidated forecasts announced at the beginning of the fiscal year.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of May 31, 2021	As of November 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	12,389	12,068
Accounts receivable - trade	571	517
Prepaid expenses	469	517
Other	117	176
Allowance for doubtful accounts	(4)	(6)
Total current assets	13,542	13,273
Non-current assets		
Property, plant and equipment	504	851
Intangible assets		
Software	1,023	1,003
Goodwill	185	243
Other	0	0
Total intangible assets	1,209	1,246
Investments and other assets		
Investment securities	8,344	6,114
Leasehold deposits	702	699
Deferred tax assets	–	86
Other	6	13
Total investments and other assets	9,053	6,913
Total non-current assets	10,768	9,011
<b>Total assets</b>	<b>24,310</b>	<b>22,284</b>

(Millions of yen)

	As of May 31, 2021	As of November 30, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	195	185
Short-term borrowings	200	–
Current portion of long-term borrowings	1,085	452
Accounts payable - other	1,175	885
Income taxes payable	154	264
Accrued consumption taxes	271	161
Advances received	6,719	6,237
Provision for bonuses	359	436
Other	82	89
Total current liabilities	10,243	8,712
Non-current liabilities		
Long-term borrowings	879	1,456
Deferred tax liabilities	571	–
Other	31	79
Total non-current liabilities	1,482	1,535
Total liabilities	11,725	10,247
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,312	6,376
Capital surplus	4,053	4,116
Retained earnings	526	1,100
Treasury shares	(0)	(1)
Total shareholders' equity	10,892	11,591
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,622	324
Foreign currency translation adjustment	1	1
Total accumulated other comprehensive income	1,623	326
Share acquisition rights	65	108
Non-controlling interests	2	9
Total net assets	12,584	12,037
Total liabilities and net assets	24,310	22,284

**(2) Quarterly consolidated statements of income and comprehensive income**

**Quarterly consolidated statement of income**

(Millions of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Net sales	7,636	9,577
Cost of sales	946	1,130
Gross profit	6,690	8,446
Selling, general and administrative expenses	6,003	8,579
Operating profit (loss)	686	(133)
Non-operating income		
Interest and dividend income	0	16
Foreign exchange gains	0	-
Cancellation penalty income	2	0
Subsidy income	2	1
Gain on sale of investment securities	32	979
Gain on investments in investment partnerships	5	-
Other	0	22
Total non-operating income	44	1,021
Non-operating expenses		
Interest expenses	15	5
Commission expenses	3	5
Foreign exchange losses	-	1
Loss on investments in investment partnerships	-	15
Share of loss of entities accounted for using equity method	157	205
Penalty loss on cancellation of rental contracts	92	-
Other	8	10
Total non-operating expenses	277	243
Ordinary profit	454	643
Extraordinary income		
Gain on reversal of share acquisition rights	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of non-current assets	3	3
Impairment losses	-	9
Total extraordinary losses	3	12
Profit before income taxes	450	631
Income taxes - current	164	165
Income taxes - deferred	(103)	(105)
Total income taxes	61	59
Profit	388	571
Profit (loss) attributable to non-controlling interests	0	(2)
Profit attributable to owners of parent	388	573

**Quarterly consolidated statement of comprehensive income**

(Millions of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Profit	388	571
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(1,297)
Foreign currency translation adjustment	4	0
Total other comprehensive income	4	(1,296)
Comprehensive income	392	(725)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	392	(723)
Comprehensive income attributable to non-controlling interests	0	(2)

**(3) Quarterly consolidated statement of cash flows**

(Millions of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	450	631
Depreciation	338	349
Amortization of goodwill	5	12
Impairment losses	–	9
Loss on retirement of non-current assets	3	3
Share-based payment expenses	11	31
Gain on reversal of share acquisition rights	–	(0)
Penalty loss on cancellation of rental contracts	92	–
Increase (decrease) in allowance for doubtful accounts	0	1
Increase (decrease) in provision for bonuses	29	77
Interest and dividend income	(0)	(16)
Interest expenses	15	5
Commission expenses	0	0
Loss (gain) on sale of investment securities	(32)	(979)
Loss (gain) on investments in investment partnerships	(5)	15
Share of loss (profit) of entities accounted for using equity method	157	205
Decrease (increase) in trade receivables	(0)	53
Decrease (increase) in prepaid expenses	(54)	(39)
Decrease (increase) in other assets	(87)	(42)
Increase (decrease) in trade payables	2	(10)
Increase (decrease) in accounts payable - other	100	(282)
Increase (decrease) in advances received	(360)	(481)
Increase (decrease) in accrued consumption taxes	(244)	(106)
Increase (decrease) in other liabilities	(59)	28
Other, net	15	34
Subtotal	377	(500)
Interest and dividends received	0	0
Interest paid	(16)	(8)
Income taxes paid	(160)	(67)
Net cash provided by (used in) operating activities	201	(576)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(207)	(395)
Purchase of intangible assets	(324)	(250)
Purchase of investment securities	(131)	(2,083)
Proceeds from sale of investment securities	1,680	3,224
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(132)	(61)
Purchase of shares of subsidiaries and associates	(660)	–
Payments of leasehold deposits	(10)	(33)
Proceeds from refund of leasehold deposits	1	1
Other, net	–	(11)
Net cash provided by (used in) investing activities	214	391

(Millions of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	123	(200)
Proceeds from long-term borrowings	–	1,900
Repayments of long-term borrowings	(1,984)	(1,956)
Proceeds from issuance of shares	–	116
Proceeds from issuance of share acquisition rights	21	21
Other, net	(14)	(17)
Net cash provided by (used in) financing activities	(1,853)	(137)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(1,436)	(321)
Cash and cash equivalents at beginning of period	12,663	12,223
Cash and cash equivalents at end of period	11,227	11,901



**(4) Notes to the quarterly consolidated financial statements**

**(Notes on premise of going concern)**

Not applicable.

**(Notes on significant changes in the amount of shareholders' equity)**

Not applicable.

**(Changes in accounting policies)**

(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 effective from the beginning of the first quarter 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 first quarter of the current fiscal year, was added to or subtracted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

The impact of this change on profit and loss, the opening balance for retained earnings for the first six months of the current fiscal year was immaterial.

Furthermore, the information on disaggregation of revenue from contracts with customers during the first six months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020).

(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 first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for 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 application of the "Accounting Standard for Fair Value Measurement" and relevant ASBJ regulations has no effect on the quarterly consolidated financial statements for the six months ended November 30, 2021.

**(Segment information, etc.)**

[Segment information]

I First six months of the fiscal year ended May 31, 2021 (from June 1, 2020 to November 30, 2020)

1. Information on the amount of sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Others (Note) 1	Total	Adjustments (Note) 2	Amount in the quarterly consolidated financial statement (Note) 3
	Sansan/ Bill One Business	Eight Business	Total				
Net sales							
Sales to external customers	6,903	733	7,636	–	7,636	–	7,636
Intersegment sales or transfers	–	0	0	–	0	(0)	–
Total	6,903	734	7,637	–	7,637	(0)	7,636
Segment profit (loss)	2,835	(363)	2,471	–	2,471	(1,785)	686

- Notes: 1. The “Others” category is a business segment that is not included in the reportable segments, and includes subsidiaries’ businesses.
2. The adjustments stated for segment profit (loss) of negative ¥1,785 million comprises the amounts of corporate expenses not attributable to any reportable segment and mostly consists of general and administrative expenses.
3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment

(Significant change in goodwill amount)

Goodwill was recorded in the “Eight Business” segment due to the inclusion of logmi in the scope of consolidation as a consolidated subsidiary through the purchase of that company’s shares in the first quarter of the fiscal year ended May 31, 2021. In the six months ended November 30, 2020, the resulting increase in goodwill amounted to ¥195 million.

II First six months of the fiscal year ending May 31, 2022 (from June 1, 2021 to November 30, 2021)

1. Information on the amount of sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Others (Note) 1	Total	Adjustments (Note) 2	Amount in the quarterly consolidated financial statement (Note) 3
	Sansan/ Bill One Business	Eight Business	Total				
Net sales							
Sales to external customers	8,548	974	9,523	53	9,577	–	9,577
Intersegment sales or transfers	0	1	1	0	2	(2)	–
Total	8,548	976	9,524	54	9,579	(2)	9,577
Segment profit (loss)	2,366	(291)	2,075	0	2,075	(2,209)	(133)

Notes: 1. The “Others” category is a business segment that is not included in the reportable segments, and includes subsidiaries’ businesses.

2. The adjustments stated for segment profit (loss) of negative ¥2,209 million comprises the amounts of corporate expenses not attributable to any reportable segment and mostly consists of general and administrative expenses.
3. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statement of income.

2. Matters regarding changes in reportable segments

Effective from the first quarter of the current fiscal year, the Company has reorganized its business management system with the aim of optimizing the allocation of resources to each product, in order to promote the growth of each product. As a result, the former “Sansan Business” has been changed to “Sansan/Bill One Business” as a business that includes multiple products including “Sansan” and “Bill One.”

The segment information of the six months ended November 30, 2020 is based on the division of the reportable segment of the six months ended November 30, 2021.

(Application of accounting standard for revenue recognition, etc.)

As stated in the above changes in accounting policies, effective from the beginning of the first quarter of the current fiscal year, the Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations and changed the accounting processing methods related to revenue recognition, resulting in similar changes to the measurement method for profit or losses in the business segments.

As a result, the effect of this change on the quarterly consolidated financial statements for the first six months of the current fiscal year is immaterial.

3. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment

(Significant change in goodwill amount)

Not applicable.

**(Significant events after reporting period)**

*(Stock split)*

Based on the resolution at the meeting of the Board of Directors held on October 8, 2021, the Company implemented a stock split on December 1, 2021.

(1) Objective of the stock split

The purpose of the stock split is to lower the unit investment amount, thereby increasing stock liquidity and broadening the shareholder base.

(2) Outline of the stock split

(i) Method of stock split

The Company implemented a 4-for-1 stock split of common shares owned by shareholders listed or recorded in the closing register of shareholders with a record date of November 30, 2021.

(ii) Number of shares increased by stock split

Total number of issued shares before the stock split	31,215,329 shares
Number of shares increased by this stock split	93,645,987 shares
Total number of issued shares after the stock split	124,861,316 shares
Total number of shares authorized to be issued after the stock split	470,800,000 shares

(iii) Schedule of the stock split

Date of public notice of the record date	November 16, 2021
Record date	November 30, 2021
Effective date	December 1, 2021

(iv) Impact on per share information

The impact on per-share information is stated in the applicable section of this document.

(3) Other

(i) Change in the amount of share capital

The amount of share capital has not changed as a result of this stock split.

(ii) Adjustment of exercise price of share acquisition rights

Following the above stock split, the exercise price per share of the share acquisition rights have been adjusted as follows effective December 1, 2021.

	Date of resolution of the Board of Directors meeting	Exercise price before adjustment	Exercise price after adjustment
2nd Share Acquisition Rights	June 14, 2018	¥1,760	¥440
3rd Share Acquisition Rights	January 9, 2019	¥3,400	¥850
4th Share Acquisition Rights	January 9, 2019	¥3,400	¥850
5th Share Acquisition Rights	July 14, 2020	¥5,350	¥1,338
6th Share Acquisition Rights	July 14, 2021	¥8,370	¥2,093