

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



April 11, 2022

Financial Results for FY2021 Q3

Company name: Sansan, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4443
 URL: <https://www.corp-sansan.com/>
 Representative: Chikahiro Terada, Representative Director & CEO
 Inquiries: Muneyuki Hashimoto, Director, Executive Officer, CFO
 TEL: +81-3-6758-0033
 Scheduled date to file quarterly securities report: April 11, 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 nine months of the fiscal year ending May 31, 2022 (from June 1, 2021 to February 28, 2022)

(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	%
Nine months ended								
February 28, 2022	14,705	25.1	234	(71.5)	750	56.7	575	39.0
February 28, 2021	11,753	21.5	823	324.5	479	490.4	413	–

Note: Comprehensive income Nine months ended February 28, 2022: ¥(1,095) million[–%]
 Nine months ended February 28, 2021: ¥400 million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
February 28, 2022	4.61	4.53
February 28, 2021	3.32	3.28

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	%
February 28, 2022	21,482	11,755	54.1
May 31, 2021	24,310	12,584	51.5

Reference: Equity
 As of February 28, 2022: ¥11,627 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 February 28, 2022	124,935,344 shares
As of May 31, 2021	124,734,580 shares

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

As of February 28, 2022	736 shares
As of May 31, 2021	160 shares

c. Average number of outstanding shares during the period

For the nine months ended February 28, 2022	124,807,577 shares
For the nine months ended February 28, 2021	124,559,955 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

Index

1. Qualitative information on quarterly consolidated financial results	2
(1) Explanation of operating results	2
(2) Explanation of financial position	6
(3) Explanation of consolidated earnings forecasts and other forward-looking statements	6
2. Quarterly consolidated financial statements and significant notes thereto	7
(1) Quarterly consolidated balance sheet	7
(2) Quarterly consolidated statements of income and comprehensive income	9
Quarterly consolidated statement of income	9
Quarterly consolidated statement of comprehensive income	10
(3) Notes to the quarterly consolidated financial statements.....	11
(Notes on premise of going concern).....	11
(Notes on significant changes in the amount of shareholders' equity)	11
(Changes in accounting policies).....	11
(Segment information, etc.).....	12
(Significant events after reporting period).....	13

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 to promote digital transformation (DX) for corporate business activities, invoicing work, contract work, etc. 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 ¥5,195.7 billion by 2030 (an increase of ¥3,813.6 billion since 2020) (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 Company's services have 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 nine months of the fiscal year ending May 31, 2022 (hereinafter, the "period under review") is as follows.

	(Millions of yen)		
	Nine months ended February 28, 2021	Nine months ended February 28, 2022	YoY change
Net sales	11,753	14,705	+25.1%
Gross profit	10,321	12,973	+25.7%
Operating profit	823	234	(71.5%)
Ordinary profit	479	750	+56.7%
Profit attributable to owners of parent	413	575	+39.0%

In the third quarter ended February 28, 2022, the Group engaged in initiatives to strengthen the sales structure through strategic hiring, in order to realize continuous growth of net sales. In addition, the Group engaged in efforts such as enhancing the functions of Bill One, an online invoice receiving solution, Sansan, a service for sales DX, and Eight, a business card management app.

Moreover, as announced on October 8, 2021, the Company selected and applied for the "Prime Market" in Tokyo Stock Exchange, Inc.'s new market segments. Accordingly, following the simultaneous transition to the new market segments on April 4, 2022, the Company's shares are listed on the Prime Market.

As a result, net sales increased 25.1% year on year, gross profit increased 25.7% year on year, and gross profit margin was 88.2%, up 0.4 points year on year in the period under review. Although operating profit decreased 71.5% year on year, progress was made in the strategy to achieve medium-to long-term growth of net sales, so in addition to the ¥424 million year-on-year increase in advertising expenses, this was attributed to the ¥1,492 million year-on-year increase in personnel expenses mainly 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 56.7% year on year and profit attributable to owners of parent increased 39.0% year on year, 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 Market Edition and Vendor Strategy Edition of 2022 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 service for sales DX 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)		
	Nine months ended February 28, 2021 (Note 4.)	Nine months ended February 28, 2022	YoY change
Net sales (Note 5.)	10,660	13,199	+23.8%
Sansan	10,625	12,662	+19.2%
Sansan recurring sales	10,103	12,062	+19.4%
Sansan other sales	522	600	+14.9%
Bill One	34	498	+1,356.4%
Others	0	38	+4,543.1 %
Operating profit	4,061	4,029	(0.8%)
Sansan			
Number of subscriptions	7,523 subscriptions	8,314 subscriptions	+10.5%
Monthly recurring sales per subscription	¥159 thousand	¥167 thousand	+5.0%
Last 12 months average of monthly churn rate (Note 6.)	0.67%	0.65%	(0.02 pt.)
Bill One			
MRR (Note 7.)	9	92	+886.7%
Number of paid subscriptions	138 subscriptions	707 subscriptions	+412.3%
Monthly sales per paid subscription	¥67 thousand	¥130 thousand	+94.0%

Notes: 4. Figures other than net sales and operating profit for the nine months ended February 28, 2021 are exempt from review conducted by an audit corporation.

5. The sum of sales to external customers and intersegment sales or transfers

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

7. 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 COVID-19 negatively affected the acquisition of new subscriptions, we succeeded in effectively allocating resources and enhancing our sales system, and steadily acquired new subscriptions from medium and large enterprises. As a result, the number of subscriptions and the monthly recurring sales per subscription for Sansan were up 10.5% and 5.0% 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 0.65%, a decrease of 0.02 points year on year, maintaining a low churn rate.

As a result, net sales in Sansan increased 19.2% year on year, of which recurring sales (fixed revenue) was up 19.4% year on year and other sales was up 14.9% year on year.

In March 2022, the Company revamped the product Sansan, a B2B business card-based contact management service, based on the concept of “The database to power your sales” to create Sansan, a service for sales DX. Specifically, by collaborating with TEIKOKU DATABANK, Ltd., the Company is able to newly install a corporate database on Sansan that allows users to view over 1 million pieces of company information, as well as store and enable visualization of all types of contact information, including email signatures and online forms in addition to business cards. By combining this contact information with a corporate database, companies using Sansan can build custom databases that include not only information for companies with established contacts, but also information for companies no current contacts. Aiming for growth of Sansan in the fiscal year ending May 31, 2023 onward, the Company plans to add these main functions during the first quarter of the fiscal year ending May 31, 2023.

b. Bill One

We engaged in efforts such as strengthening the sales structure through strategic hiring and enhancing functions to further increase MRR for Bill One. As a result, in February 2022, MRR was up 886.7% year on year and ARR (Note 8.) was ¥1,109 million, allowing the Company to achieve its goal of ARR of ¥1.0 billion or more by the end of May 2022 ahead of schedule. In addition, steady progress in acquiring new subscriptions from medium and large enterprises resulted in the increase of number of paid subscriptions for Bill One, up 412.3% year on year, and the increase of monthly sales per paid subscription, up 94.0% year on year.

As a result, net sales in Bill One increased 1,356.4% year on year.

Note: 8. Annual Recurring Revenue

c. Others

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

As a result, net sales of others was up 4,543.1% year on year.

As a result, net sales increased 23.8% year on year and segment profit decreased 0.8% 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)			
	Nine months ended February 28, 2021 (Note 4.)	Nine months ended February 28, 2022	YoY change
Net sales (Note 5.)	1,094	1,430	+30.7%
B2C services	221	213	(3.7%)
B2B services	872	1,217	+39.4%
Operating profit	(548)	(396)	-
Eight			
Number of Eight users (Note 9.)	2.86 million people	3.05 million people	+0.19 million people
Number of subscriptions for Eight Team	2,132 subscriptions	2,621 subscriptions	+22.9%

Note: 9. Number of confirmed users who registered their business card to their profile after downloading the application

a. B2C services

Due to the efforts to enhance service functions, etc., the number of Eight users totaled 3.05 million, an increase of 0.19 million year on year, but net sales from B2C services decreased 3.7% year on year.

b. B2B services

The Company worked on strengthening monetization of the various B2B services. As a result, net sales from B2B services increased 39.4% year on year, and the number of Eight Team subscriptions increased 22.9% year on year.

As a result, net sales in Eight Business increased 30.7% year on year, and segment loss was curtailed by ¥151 million year on year.

(2) Explanation of financial position

	(Millions of yen)		
	As of May 31, 2021	As of February 28, 2022	Change from previous fiscal year-end
Total assets	24,310	21,482	(2,828)
Total liabilities	11,725	9,726	(1,999)
Total net assets	12,584	11,755	(829)
Total liabilities and net assets	24,310	21,482	(2,828)

Assets

Total assets at the end of the third quarter of the fiscal year ending May 31, 2022 were ¥21,482 million, down ¥2,828 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥1,080 million in cash and deposits, a decrease of ¥2,327 million in investment securities, an increase of ¥346 million in property, plant and equipment, and an increase of ¥190 million in deferred tax assets.

Liabilities

Total liabilities at the end of the quarter under review were ¥9,726 million, down ¥1,999 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 ¥636 million in current portion of long-term borrowings, a decrease of ¥342 million in accounts payable - other, a decrease of ¥571 million in deferred tax liabilities, a decrease of ¥756 million in advances received from receiving a lump-sum payment of contract term fees from customers, and an increase of ¥466 million in long-term borrowings.

Net assets

Net assets at the end of the quarter under review were ¥11,755 million, down ¥829 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥1,670 million in valuation difference on available-for-sale securities and an increase of ¥575 million in retained earnings due to recording of profit attributable to owners of parent.

(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.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of May 31, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	12,389	11,308
Accounts receivable - trade	571	493
Prepaid expenses	469	532
Other	117	215
Allowance for doubtful accounts	(4)	(6)
Total current assets	13,542	12,543
Non-current assets		
Property, plant and equipment	504	851
Intangible assets		
Software	1,023	982
Goodwill	185	236
Other	0	0
Total intangible assets	1,209	1,219
Investments and other assets		
Investment securities	8,344	6,017
Leasehold deposits	702	650
Deferred tax assets	–	190
Other	6	10
Total investments and other assets	9,053	6,868
Total non-current assets	10,768	8,938
Total assets	24,310	21,482

(Millions of yen)

	As of May 31, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	195	161
Short-term borrowings	200	–
Current portion of long-term borrowings	1,085	449
Accounts payable - other	1,175	833
Income taxes payable	154	222
Accrued consumption taxes	271	261
Advances received	6,719	5,963
Provision for bonuses	359	230
Other	82	179
Total current liabilities	10,243	8,301
Non-current liabilities		
Long-term borrowings	879	1,345
Deferred tax liabilities	571	–
Other	31	79
Total non-current liabilities	1,482	1,425
Total liabilities	11,725	9,726
Net assets		
Shareholders' equity		
Share capital	6,312	6,414
Capital surplus	4,053	4,154
Retained earnings	526	1,102
Treasury shares	(0)	(1)
Total shareholders' equity	10,892	11,669
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,622	(48)
Foreign currency translation adjustment	1	7
Total accumulated other comprehensive income	1,623	(41)
Share acquisition rights	65	122
Non-controlling interests	2	5
Total net assets	12,584	11,755
Total liabilities and net assets	24,310	21,482

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

(Millions of yen)

	Nine months ended February 28, 2021	Nine months ended February 28, 2022
Net sales	11,753	14,705
Cost of sales	1,432	1,731
Gross profit	10,321	12,973
Selling, general and administrative expenses	9,497	12,739
Operating profit	823	234
Non-operating income		
Interest and dividend income	0	16
Cancellation penalty income	3	2
Subsidy income	5	1
Gain on sale of investment securities	32	979
Gain on investments in investment partnerships	2	-
Other	0	24
Total non-operating income	45	1,024
Non-operating expenses		
Interest expenses	19	7
Commission expenses	24	6
Foreign exchange losses	1	1
Penalty loss on cancellation of rental contracts	92	-
Share of loss of entities accounted for using equity method	232	462
Loss on investments in investment partnerships	-	16
Other	19	13
Total non-operating expenses	389	508
Ordinary profit	479	750
Extraordinary income		
Gain on reversal of share acquisition rights	-	0
Gain on change in equity	-	105
Total extraordinary income	-	105
Extraordinary losses		
Loss on retirement of non-current assets	3	6
Impairment losses	-	9
Loss on valuation of investment securities	-	113
Total extraordinary losses	3	129
Profit before income taxes	475	727
Income taxes - current	167	221
Income taxes - deferred	(105)	(62)
Total income taxes	61	158
Profit	413	568
Loss attributable to non-controlling interests	(0)	(6)
Profit attributable to owners of parent	413	575

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended February 28, 2021	Nine months ended February 28, 2022
Profit	413	568
Other comprehensive income		
Valuation difference on available-for-sale securities	(23)	(1,670)
Foreign currency translation adjustment	10	5
Total other comprehensive income	(13)	(1,664)
Comprehensive income	400	(1,095)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	400	(1,089)
Comprehensive income attributable to non-controlling interests	(0)	(6)

(3) 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 nine months of the current fiscal year was immaterial.

Furthermore, the information on disaggregation of revenue from contracts with customers during the first nine 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 nine months ended February 28, 2022.

(Segment information, etc.)

[Segment information]

I First nine months of the fiscal year ended May 31, 2021 (from June 1, 2020 to February 28, 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	10,660	1,092	11,753	–	11,753	–	11,753
Intersegment sales or transfers	–	2	2	–	2	(2)	–
Total	10,660	1,094	11,755	–	11,755	(2)	11,753
Segment profit (loss)	4,061	(548)	3,512	–	3,512	(2,689)	823

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 ¥2,689 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 losses 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 nine months ended February 28, 2021, the resulting increase in goodwill amounted to ¥190 million.

II First nine months of the fiscal year ending May 31, 2022 (from June 1, 2021 to February 28, 2022)

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	13,198	1,427	14,626	78	14,705	–	14,705
Intersegment sales or transfers	1	2	3	1	5	(5)	–
Total	13,199	1,430	14,630	80	14,710	(5)	14,705
Segment profit (loss)	4,029	(396)	3,632	(18)	3,614	(3,379)	234

- 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 ¥3,379 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. 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 nine months ended February 28, 2021 is based on the division of the reportable segment of the nine months ended February 28, 2022.

(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 nine months of the current fiscal year is immaterial.

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

(Significant change in goodwill amount)

Not applicable.

(Significant events after reporting period)

Not applicable.