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October 11, 2024

Consolidated Financial Results for FY2024 Q1 (Under Japanese GAAP)

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Listing: Tokyo Stock Exchange
Securities code: 4443
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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 three months of the fiscal year ending May 31, 2025 (from June 1, 2024 to August 31, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating profit (Note 1)		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended										
August 31, 2024	9,584	27.7	207	44.4	(325)	—	(329)	—	(372)	—
August 31, 2023	7,504	31.3	143	—	120	—	110	—	31	—

Note: Comprehensive income Three months ended August 31, 2024: ¥(500) million [–%]
Three months ended August 31, 2023: ¥55 million [–%]

	Basic earnings per share	Diluted earnings per share (Note 2)
Three months ended	Yen	Yen
August 31, 2024	(2.96)	—
August 31, 2023	0.25	0.25

Notes: 1. Adjusted operating profit = operating profit + share-based payment expenses + expenses that arise from business combinations (amortization of goodwill and amortization of intangible assets)
2. Diluted earnings per share for the first quarter of the fiscal year ending May 31, 2025 are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2024	38,448	14,732	35.2
May 31, 2024	37,592	14,772	37.3

Reference: Equity

As of August 31, 2024:

¥13,541 million

As of May 31, 2024:

¥14,005 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, 2024	–	0.00	–	0.00	0.00
Fiscal year ending May 31, 2025	–				
Fiscal year ending May 31, 2025 (Forecast)		0.00	–	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, 2025 (from June 1, 2024 to May 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating profit	
	Millions of yen	%	Millions of yen	%
Fiscal year ending May 31, 2025	43,026	27.0	3,012	76.2
	to 44,042	to 30.0	to 4,404	to 157.6

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

2. For line-item profits or losses under operating profit or loss, Sansan, Inc. (the “Company”) refrains from disclosing a concrete forecast because it is difficult to make a reasonable estimate of share-based payment expenses, which may vary significantly depending on the level of the Company’s stock price, and some non-operating income or expenses.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: Yes

Note: For details, please refer to “(3) Notes to quarterly consolidated financial statements, Application of specific accounting for preparing the quarterly consolidated financial statements” under “2. Quarterly consolidated financial statements and significant notes thereto” on page 11 of the attached materials.

(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: None

b. Changes in accounting policies due to other reasons: Yes

c. Changes in accounting estimates: None

d. Restatement: None

Note: For details, please refer to “(3) Notes to quarterly consolidated financial statements, Changes in accounting policies” under “2. Quarterly consolidated financial statements and significant notes thereto” on page 11 of the attached materials.

(4) Number of issued shares (common shares)

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

As of August 31, 2024	126,109,596 shares
As of May 31, 2024	125,835,416 shares

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

As of August 31, 2024	142,571 shares
As of May 31, 2024	871 shares

c. Average number of outstanding shares during the period

For the three months ended August 31, 2024	125,869,980 shares
For the three months ended August 31, 2023	125,440,913 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the earnings 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 forecasts due to various factors.

Attached Material

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1. Qualitative information on quarterly financial results

(1) Operating results

Under the mission of “Turning encounters into innovation” and the vision of “Become business infrastructure,” the Company group (the “Group”) is providing cloud-based solutions that promote digital transformation (DX) and reshape how people work, leading to encounters with people and companies that become business opportunities by using approaches that combine systems that use technology and manpower to digitize analog information with cloud software.

Specifically, the Group is developing solutions to promote DX for corporate sales activities, invoicing work, contract work, etc. Moreover, as a result of reforming awareness regarding DX, changes to working styles, and greater attention being given to SaaS (Software as a Service) products, the DX market is forecast to reach ¥8,035.0 billion by FY2030 (an expected increase of ¥4,015.3 billion from FY2023) (Note 1), while the SaaS market in Japan is forecast to reach ¥2,099.0 billion by FY2027 (an expected increase of ¥686.2 billion from FY2023) (Note 2). A sales DX solution Sansan, provided by the Company, holds 82.4% share (Note 3) of the B2B business card management service market, and this market has seen approximately 16-fold expansion from 2013 to 2022 in conjunction with the growth in the Company’s services. In addition, Bill One, a cloud-based invoice management solution provided by the Company, captured the number one market share of the online invoice receiving solution in terms of net sales (Note 4), with this market seeing a 156.8% expansion year on year in FY2022.

Consolidated financial results for the first three months of the fiscal year ending May 31, 2025 (hereinafter, the “period under review”) is as follows.

	(Millions of yen)		
	Three months ended August 31, 2023	Three months ended August 31, 2024	YoY change
Net sales	7,504	9,584	+27.7%
Gross profit	6,510	8,313	+27.7%
Adjusted operating profit	143	207	+44.4%
Ordinary profit	110	(329)	–
Profit attributable to owners of parent (Note 5)	31	(372)	–

In the period under review, backed by the positive order situation, the Group engaged in strengthening the sales structure for Sansan and Bill One, as well as enhancing functions for each service aiming for further growth of net sales. In Eight Business, the Group worked to further increase future profitability under its business policy focused on profitability.

Consequently, results were strong in the period under review with net sales increasing 27.7% year on year, gross profit increasing 27.7% year on year, and a gross profit margin of 86.7%, down 0.1 percentage points year on year. Adjusted operating profit increased 44.4% year on year mainly due to an increase in net sales and a decline in the ratio of advertising expenses to net sales. Meanwhile, ordinary loss and loss attributable to owners of parent were recorded due to increased share-based payment expenses.

As announced on August 19, 2024, the Company sold a portion of its investment securities in September 2024 to improve the efficiency of owned assets. A gain on sale of investment securities of ¥416 million is expected to be recorded as extraordinary income in the second quarter of the fiscal year ending May 31, 2025.

- Notes:
1. Based on Market Edition and Corporate Edition of 2024 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute
 2. Based on 2023 New Software Business Markets by Fuji Chimera Research Institute
 3. Based on Latest Trends in Business Card Management Services in Sales Support DX 2024 (January 2024, survey by Seed Planning, in Japanese)
 4. Deloitte Tohmatsu MIC Research Institute, “The Market of Online Invoice Receiving Solution Continues to Grow at a Staggering Rate” (MIC IT Report, November 2023)

5. Effective from the period under review, the method of calculating tax expenses for quarterly financial reporting has been changed. This change has been reflected retrospectively in the results for the fiscal year ended May 31, 2024.

Results by segment are as follows.

From the period under review, corporate expenses that were previously not allocated to specific segments are now allocated to each segment according to a defined policy. This change has been retrospectively reflected in the results for the three months ended August 31, 2023.

(i) Sansan/Bill One Business

This business segment includes services such as sales DX solution Sansan, and cloud-based invoice management solution Bill One.

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

	(Millions of yen)		
	Three months ended August 31, 2023	Three months ended August 31, 2024	YoY change
Net sales (Note 6)	6,816	8,653	+26.9%
Sansan	5,439	6,280	+15.5%
Sansan recurring sales	5,114	5,928	+15.9%
Sansan other sales	324	352	+8.4%
Bill One	1,160	2,122	+82.8%
Others	216	251	+16.0%
Adjusted operating profit	459	404	(11.9)%
Sansan			
Number of subscriptions	9,067 subscriptions	10,031 subscriptions	+10.6%
Monthly recurring sales per subscription	¥189 thousand	¥198 thousand	+4.8%
Last 12 months average of monthly churn rate (Note 7)	0.46%	0.40%	(0.06) pts.
Bill One			
MRR (Note 8)	404	703	+73.9%
Number of paid subscriptions	1,952 subscriptions	3,033 subscriptions	+55.4%
Monthly recurring sales per paid subscription	¥207 thousand	¥232 thousand	+12.1%
Last 12 months average of monthly churn rate (Note 7)	0.56%	0.33%	(0.23) pts.

- Notes: 6. The sum of sales to external customers and intersegment sales or transfers
7. Ratio of decrease in MRR associated with subscription cancellations to total MRR for existing subscriptions for each service
8. Monthly Recurring Revenue

a. Sansan

To further expand the number of subscriptions and the monthly recurring sales per subscription, the Group worked on strengthening the sales structure mainly through personnel development. As a result, the number of subscriptions and the monthly recurring sales per subscription remained steady, up 10.6% year on year and 4.8% year on year, respectively. Furthermore, the

last 12 months average of monthly churn rate was 0.40%, a decrease of 0.06 percentage points year on year, maintaining a churn rate as low as less than 1%.

As a result, net sales in Sansan increased 15.5% year on year, of which recurring sales (fixed revenue) were up 15.9% year on year and other sales were up 8.4% year on year.

b. Bill One

In addition to working on strengthening the sales structure with a focus on hiring personnel, we launched Bill One Expenses, which utilizes our Bill One Business Card service. As a result, growth continued with the number of paid subscriptions and the monthly recurring sales per paid subscription increasing 55.4% year on year and 12.1% year on year, respectively. Furthermore, the last 12 months average of monthly churn rate was 0.33%, a decrease of 0.23 percentage points year on year, maintaining a churn rate as low as less than 1%.

As a result, ARR (Note 9) in Bill One as of August 31, 2024 amounted to ¥8,444, while net sales increased 82.8% year on year.

Note: 9. Annual Recurring Revenue

c. Others

The Group focused on strengthening the sales structure for Contract One, a contract DX solution service, utilizing the strengths, knowledge, know-how, etc. cultivated through existing services, and achieved a steady increase in the number of subscriptions.

As a result, net sales of others were up 16.0% year on year.

As a result of these efforts, net sales in Sansan/Bill One Business increased 26.9% year on year. However, adjusted operating profit decreased 11.9% year on year mainly due to increased personnel expenses related to our growth strategies.

(ii) Eight Business

This business segment includes Eight, a business card app, as well as logmi series event transcription service.

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

	(Millions of yen)		
	Three months ended August 31, 2023	Three months ended August 31, 2024	YoY change
Net sales (Note 10)	599	851	+42.0%
B2C services	81	95	+17.3%
B2B services	518	755	+45.8%
Adjusted operating profit	(289)	(159)	-
Eight			
Number of Eight users (Note 11)	3.37 million people	3.80 million people	+0.43 million people
Number of subscriptions for Eight Team	4,023 subscriptions	4,812 subscriptions	+19.6%

Notes: 10. The sum of sales to external customers and intersegment sales or transfers

11 Number of confirmed users who registered their business card to their profile after downloading the app

a. B2C services

As a result of the enhancement of functions such as the virtual card exchange function, the number of Eight users totaled 3.80 million, an increase of 0.43 million year on year, and net sales from B2C services increased 17.3% year on year.

b. B2B services

The Group continued to work on strengthening monetization of the various services, resulting in a steady 19.6% year-on-year increase in the number of subscriptions for Eight Team, our business card management service. In addition, Kaede IR Advisory Inc. became a consolidated subsidiary in June 2024 and its contributions to consolidated earnings have been recorded from the beginning of the period under review.

As a result, net sales from B2B services increased 45.8% year on year.

Kaede IR Advisory Inc. was merged into our consolidated subsidiary logmi, Inc. in September 2024.

As a result of these efforts, net sales in Eight Business increased 42.0% year on year, and adjusted operating loss was curtailed by ¥129 million year on year.

(2) Financial position

	(Millions of yen)		
	As of May 31, 2024	As of August 31, 2024	Change from previous fiscal year-end
Total assets	37,592	38,448	+856
Total liabilities	22,819	23,715	+895
Total net assets	14,772	14,732	(39)
Total liabilities and net assets	37,592	38,448	+856

Assets

Total assets at the end of the quarter under review were ¥38,448 million, up ¥856 million from the end of the previous fiscal year. This was primarily due to increases of ¥502 million in prepaid expenses, ¥984 million in property, plant and equipment, and ¥174 million in goodwill, which were partially offset by decreases of ¥753 million in cash and deposits, ¥390 million in accounts receivable - trade, and ¥128 million in leasehold deposits.

Liabilities

Total liabilities at the end of the quarter under review were ¥23,715 million, up ¥895 million from the end of the previous fiscal year. This was primarily due to increases of ¥1,253 million in advances received mainly as a result of receiving a lump-sum payment for the contract term from customers, and ¥260 million in accounts payable - other, which were partially offset by decreases of ¥340 million in accounts payable - trade, ¥340 million in provision for bonuses, ¥176 million in income taxes payable, and ¥228 million in long-term borrowings.

Net assets

Net assets at the end of the quarter under review were ¥14,732 million, down ¥39 million from the end of the previous fiscal year. This was primarily due to decreases of ¥299 million due to purchase of treasury shares, ¥372 million in retained earnings, and ¥103 million in valuation difference on available-for-sale securities, which were partially offset by increases of ¥159 million each in share capital and capital surplus as a result of the exercise of share acquisition rights, and ¥441 million in share acquisition rights.

(3) Consolidated earnings forecasts and other forward-looking statements

The forecasts of consolidated financial results for the fiscal year ending May 31, 2025 have not changed from the forecast announced on July 11, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of May 31, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	24,874	24,121
Accounts receivable - trade	1,229	839
Prepaid expenses	884	1,387
Other	715	1,179
Allowance for doubtful accounts	(34)	(6)
Total current assets	27,671	27,521
Non-current assets		
Property, plant and equipment	520	1,505
Intangible assets		
Software	691	708
Goodwill	919	1,093
Other	0	0
Total intangible assets	1,610	1,802
Investments and other assets		
Investment securities	3,799	3,743
Leasehold deposits	2,528	2,400
Deferred tax assets	950	965
Other	511	510
Total investments and other assets	7,790	7,619
Total non-current assets	9,920	10,926
Total assets	37,592	38,448

(Millions of yen)

	As of May 31, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	637	297
Current portion of long-term borrowings	930	948
Accounts payable - other	1,701	1,961
Income taxes payable	315	139
Accrued consumption taxes	676	503
Advances received	13,660	14,914
Provision for bonuses	846	506
Other	235	856
Total current liabilities	19,004	20,127
Non-current liabilities		
Long-term borrowings	3,549	3,320
Retirement benefit liability	53	54
Provision for retirement benefits for directors (and other officers)	58	58
Deferred tax liabilities	1	1
Other	152	152
Total non-current liabilities	3,815	3,588
Total liabilities	22,819	23,715
Net assets		
Shareholders' equity		
Share capital	6,774	6,933
Capital surplus	4,371	4,530
Retained earnings	2,648	2,275
Treasury shares	(2)	(302)
Total shareholders' equity	13,792	13,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	134	31
Foreign currency translation adjustment	79	72
Total accumulated other comprehensive income	213	103
Share acquisition rights	638	1,080
Non-controlling interests	128	111
Total net assets	14,772	14,732
Total liabilities and net assets	37,592	38,448

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

(Millions of yen)

	Three months ended August 31, 2023	Three months ended August 31, 2024
Net sales	7,504	9,584
Cost of sales	994	1,270
Gross profit	6,510	8,313
Selling, general and administrative expenses	6,389	8,639
Operating profit (loss)	120	(325)
Non-operating income		
Interest and dividend income	1	8
Foreign exchange gains	–	3
Subsidy income	1	1
Surrender value of insurance policies	12	–
Other	3	2
Total non-operating income	18	16
Non-operating expenses		
Interest expenses	3	5
Foreign exchange losses	7	–
Commission expenses	0	1
Loss on investments in investment partnerships	9	1
Other	7	11
Total non-operating expenses	28	20
Ordinary profit (loss)	110	(329)
Extraordinary income		
Gain on reversal of share acquisition rights	0	2
Total extraordinary income	0	2
Extraordinary losses		
Loss on retirement of non-current assets	–	0
Total extraordinary losses	–	0
Profit (loss) before income taxes	111	(328)
Income taxes	89	62
Profit (loss)	22	(390)
Profit (loss) attributable to non-controlling interests	(9)	(17)
Profit (loss) attributable to owners of parent	31	(372)

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended August 31, 2023	Three months ended August 31, 2024
Profit (loss)	22	(390)
Other comprehensive income		
Valuation difference on available-for-sale securities	21	(103)
Foreign currency translation adjustment	11	(6)
Total other comprehensive income	32	(110)
Comprehensive income	55	(500)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	64	(482)
Comprehensive income attributable to non-controlling interests	(9)	(17)

(3) Notes to quarterly consolidated financial statements

Going concern assumption

Not applicable.

Significant changes in the amount of shareholders' equity

Not applicable.

Changes in accounting policies

Change in the method of calculating tax expenses

Effective from the period under review, the method of calculating tax expenses, which was previously the same method used for the year-end closing, has been changed to facilitate timely and efficient quarterly financial reporting. Under the new method, tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, and multiplying profit before income taxes for each quarter of the fiscal year by the estimated effective tax rate.

Accordingly, the presentation of the quarterly consolidated statement of income has been changed from separately presenting "income taxes - current" and "income taxes - deferred" followed by "total income taxes" to a single line item titled "income taxes." This change in accounting policy has been applied retrospectively, and therefore the income taxes in the quarterly consolidated statement of income for the first quarter of the previous fiscal year reflect this retrospective application. As a result, income taxes for the first quarter of the previous fiscal year decreased by ¥6 million compared to the figures before retrospective application, while profit and profit attributable to owners of parent increased by the same amount.

Application of specific accounting for preparing the quarterly consolidated financial statements

Calculation of tax expenses

The Company and some of its consolidated subsidiaries calculate tax expenses by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year that includes the period under review, and then multiplying profit before income taxes for the period under review by this estimated effective tax rate. However, if the tax expenses calculated using the estimated effective tax rate are deemed significantly unreasonable, the calculation is made using the statutory effective tax rate.

Segment information

[Segment information]

I First three months of the fiscal year ended May 31, 2024 (from June 1, 2023 to August 31, 2023)

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

(Millions of yen)

	Reportable segments			Others (Note) 1	Total
	Sansan/ Bill One Business	Eight Business	Total		
Net sales					
Sales to external customers	6,814	599	7,413	90	7,504
Intersegment sales or transfers	1	0	2	27	29
Total	6,816	599	7,416	117	7,534
Segment profit (loss) (Note) 2	459	(289)	169	(26)	143

- Notes: 1. The “Others” category is a business segment that is not included in the reportable segments, and includes subsidiaries’ businesses.
2. Segment profit (loss) is shown as adjusted operating profit (loss), which is the sum of operating profit (loss) plus share-based payment expenses and expenses arising from business combinations (amortization of goodwill and amortization of intangible assets).

(Millions of yen)

	Sansan/ Bill One Business	Eight Business	Others	Amount recorded in quarterly consolidated statement of income
Segment profit (loss)	459	(289)	(26)	143
Share-based payment expenses	0	(5)	–	(5)
Amortization of goodwill and amortization of intangible assets	12	5	9	27
Operating profit (loss)	445	(288)	(36)	120

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

Significant change in goodwill amount

In the “Others” segment, the Company acquired shares of Institute of Language Understanding Inc. in the first quarter of the fiscal year and included the company in the scope of consolidation. In the three months ended August 31, 2023, the resulting increase in goodwill amounted to ¥316 million.

II First three months of the fiscal year ending May 31, 2025 (from June 1, 2024 to August 31, 2024)

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

(Millions of yen)

	Reportable segments			Others (Note) 1	Total
	Sansan/ Bill One Business	Eight Business	Total		
Net sales					
Sales to external customers	8,650	846	9,496	87	9,584
Intersegment sales or transfers	2	5	7	22	30
Total	8,653	851	9,504	110	9,615
Segment profit (loss) (Note) 2	404	(159)	244	(37)	207

- Notes: 1. The “Others” category is a business segment that is not included in the reportable segments, and includes subsidiaries’ businesses.
2. Segment profit (loss) is shown as adjusted operating profit (loss), which is the sum of operating profit (loss) plus share-based payment expenses and expenses arising from business combinations (amortization of goodwill and amortization of intangible assets).

(Millions of yen)

	Sansan/ Bill One Business	Eight Business	Others	Amount recorded in quarterly consolidated statement of income
Segment profit (loss)	404	(159)	(37)	207
Share-based payment expenses	417	82	–	500
Amortization of goodwill and amortization of intangible assets	12	10	9	32
Operating profit (loss)	(25)	(252)	(47)	(325)

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

Significant change in goodwill amount

In the “Eight Business” segment, the Company acquired shares of Kaede IR Advisory Inc. in the first quarter of the current fiscal year and included the company in the scope of consolidation. In the three months ended August 31, 2024, the resulting increase in goodwill amounted to ¥202 million.

3. Matters regarding changes in reportable segments

Previously, general and administrative expenses and other expenses not attributable to any reportable segment were recorded under adjustments as corporate expenses and not allocated to specific reportable segments. From the first quarter of the current fiscal year, corporate expenses are allocated to each reportable segment based on reasonable criteria in order to more accurately evaluate the performance of each reportable segment.

Segment information for the previous fiscal year has been disclosed based on the method of calculating reportable segment profit for the current fiscal year.

Notes to quarterly consolidated statement of cash flows

The Company has not prepared a quarterly consolidated statement of cash flows for the period under review. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the period under review are as follows.

	(Millions of yen)	
	Three months ended August 31, 2023	Three months ended August 31, 2024
Depreciation	209	254
Amortization of goodwill	27	32

Revenue recognition

The Group's net sales are revenue from contracts with customers, and the disaggregated breakdown by transaction type for the Group's reportable segments is as follows.

	(Millions of yen)	
Segment classification	Three months ended August 31, 2023	Three months ended August 31, 2024
Sansan/Bill One Business		
Sansan (recurring sales)	5,114	5,927
Sansan (other sales)	324	352
Bill One	1,160	2,121
Others	215	249
Eight Business		
B2C services	81	95
B2B services	517	750
Other Business	90	87
Revenue from contracts with customers	7,504	9,584
Sales to external customers	7,504	9,584

Events after the reporting period

Issuance of 15th Share Acquisition Rights

A resolution has been passed to issue the 15th Share Acquisition Rights (hereinafter in this item, “Share Acquisition Rights”) to the executive officers of the Company at the Board of Directors’ meeting held on September 17, 2024 in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act of Japan. The details were confirmed on the allotment date as follows.

15th Share Acquisition Rights

Number of share acquisition rights	228 units
Class and number of shares to be acquired upon exercise of share acquisition rights	22,800 common shares of the Company (100 shares per one unit of share acquisition right)
Exercise price of share acquisition rights	¥230,300 per unit of share acquisition right
Issue price and amount of capital paid in upon issuance of shares due to exercise of share acquisition rights	Issue price per share: ¥2,303 Amount of capital paid in per share: ¥1,152
Allotment date of share acquisition rights	October 4, 2024
Persons to whom share acquisition rights are to be allotted	The Company’s executive officers: 3 persons
Exercise period of share acquisition rights	From September 18, 2026 to September 17, 2034
Conditions of exercise of share acquisition rights	*

- (*) 1. The executive officers who have been allotted the Share Acquisition Rights (hereinafter, “Holders of the Share Acquisition Rights”) may exercise their Share Acquisition Rights if, on a specific day between the allotment date of the Share Acquisition Rights and the end date of the exercise period (September 17, 2034), the closing price of the common share of the Company in regular trading on the Tokyo Stock Exchange exceeds ¥3,987. However, if a stock split or reverse stock split is carried out after the allotment date, the value will be adjusted according to the following formula (rounded up to the nearest yen unit):

$$\text{Share Price after Adjustment} = \frac{\text{Share Price before Adjustment}}{\text{Ratio of Stock Split (or Reverse Split)}} \times 1$$

2. Holders of the Share Acquisition Rights are required to be any one of directors, corporate auditors, or employees of the Company or the Company’s subsidiaries and associates even at the time of the exercise of the Share Acquisition Rights; provided, however, that this shall not apply to the case where the Company’s Board of Directors recognizes that there are justifiable reasons such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age.
3. In the event that a holder of the Share Acquisition Rights dies, the exercise of the Share Acquisition Rights by his or her heirs shall not be permitted.
4. The pledging of the Share Acquisition Rights or establishment of a security interest shall not be permitted.
5. If the exercise of the Share Acquisition Rights causes the total number of issued shares of the Company to exceed the total number of authorized shares, such Share Acquisition Rights may not be exercised.
6. The Share Acquisition Right may not be exercised for less than one unit of the Share Acquisition Right.