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MEMBERSHIP

January 14, 2025

Consolidated Financial Results for FY2024 Q2 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4443
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 Scheduled date to file semi-annual securities report: January 14, 2025
 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, 2025 (from June 1, 2024 to November 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Six months ended	Net sales		Adjusted operating profit (Note)		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	%
November 30, 2024	20,058	27.5	828	58.4	183	(41.1)	139	(48.1)	320	85.9
November 30, 2023	15,726	33.0	522	704.2	312	—	268	—	172	13.9

Note: Comprehensive income Six months ended November 30, 2024: ¥239 million [62.6%]
 Six months ended November 30, 2023: ¥147 million [(32.6)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2024	2.54	2.50
November 30, 2023	1.37	1.36

Note: Adjusted operating profit = operating profit + share-based payment expenses + expenses that arise from business combinations (amortization of goodwill and amortization of intangible assets)

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
November 30, 2024	38,858	15,688	37.3
May 31, 2024	37,592	14,772	37.3

Reference: Equity

As of November 30, 2024: ¥14,507 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	–	0.00			
Fiscal year ending May 31, 2025 (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, 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 semi-annual consolidated financial statements: Yes
 Note: For details, please refer to “(4) Notes to semi-annual consolidated financial statements, Application of specific accounting for preparing the semi-annual consolidated financial statements” under “2. Semi-annual consolidated financial statements and significant notes thereto” on page 13 of the attached materials.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- Changes in accounting policies due to revisions to accounting standards and other regulations: YES
 - Changes in accounting policies due to other reasons: None
 - Changes in accounting estimates: None
 - Restatement: None

Note: For details, please refer to “(4) Notes to semi-annual consolidated financial statements, Changes in accounting policies” under “2. Semi-annual consolidated financial statements and significant notes thereto” on page 13 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 November 30, 2024	126,268,044 shares
As of May 31, 2024	125,835,416 shares

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

As of November 30, 2024	142,571 shares
As of May 31, 2024	871 shares

c. Average number of outstanding shares during the period

For the six months ended November 30, 2024	125,941,614 shares
For the six months ended November 30, 2023	125,497,002 shares

* Semi-annual financial results reports are exempt from the review conducted by certified public accountants or an audit firm.

* 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 semi-annual 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 the number one market share of 84.1% (Note 3) in the B2B business card management service market in terms of net sales, and this market has seen approximately 18-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 47.0% (Note 4) in the online invoice receiving solution market in terms of net sales, with this market seeing a 133.1% expansion year on year in FY2023.

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

	(Millions of yen)		
	Six months ended November 30, 2023	Six months ended November 30, 2024	YoY change
Net sales	15,726	20,058	+27.5%
Gross profit	13,423	17,341	+29.2%
Adjusted operating profit	522	828	+58.4%
Ordinary profit	268	139	(48.1)%
Profit attributable to owners of parent (Note 5)	172	320	+85.9%

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 27.5% year on year, gross profit increasing 29.2% year on year, and a gross profit margin of 86.5%, up 1.1 percentage points year on year. Adjusted operating profit increased 58.4% 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 profit decreased year on year due to a temporary large increase in share-based payment expenses in the first quarter. Profit attributable to owners of parent increased significantly year on year due to the recording of a gain on sale of investment securities of 416 million yen from the sale of a portion of the shares held.

- 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 2025 (January 2025, survey by Seed Planning, in Japanese)
 4. Deloitte Tohmatsu MIC Research Institute, “The Market of Online Invoice Receiving Solution Continues to Grow at a High Rate” (MIC IT Report, December 2024)
 5. The method of calculating tax expenses for quarterly financial reporting was changed from the first quarter of the current fiscal year. The change has been reflected retrospectively in the results for the six months ended November 30, 2023.

Results by segment are as follows.

From the first quarter of the current fiscal year, 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 six months ended November 30, 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)		
	Six months ended November 30, 2023	Six months ended November 30, 2024	YoY change
Net sales (Note 6)	14,023	17,743	+26.5%
Sansan	11,012	12,748	+15.8%
Sansan recurring sales	10,401	12,059	+15.9%
Sansan other sales	610	689	+12.8%
Bill One	2,588	4,456	+72.1%
Others	422	538	+27.4%
Adjusted operating profit	945	996	+5.4%
Sansan			
Number of subscriptions	9,234 subscriptions	10,205 subscriptions	+10.5%
Monthly recurring sales per subscription	¥193 thousand	¥202 thousand	+4.7%
Last 12 months average of monthly churn rate (Note 7)	0.46%	0.39%	(0.07) pts.
Bill One			
MRR (Note 8)	494	779	+57.7%
Number of paid subscriptions	2,304 subscriptions	3,310 subscriptions	+43.7%
Monthly recurring sales per paid subscription	¥214 thousand	¥235 thousand	+9.8%
Last 12 months average of monthly churn rate (Note 7)	0.47%	0.36%	(0.11) 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

The Group worked on strengthening the sales structure mainly through personnel development. As a result, the number of subscriptions increased 10.5% year on year, and the monthly recurring sales per subscription increased 4.7% year on year. Furthermore, the last 12 months average of monthly churn rate was 0.39%, a decrease of 0.07 percentage points year on year, maintaining a churn rate as low as less than 1%.

As a result, net sales in Sansan increased 15.8% year on year, of which recurring sales (fixed revenue) were up 15.9% year on year and other sales were up 12.8% 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, in June 2024, and Bill One Issue, which enables users to complete all the processes from invoice issuing to payment reconciliation, in September 2024. As a result, growth continued with the number of paid subscriptions and the monthly recurring sales per paid subscription increasing 43.7% year on year and 9.8% year on year, respectively. Furthermore, the last 12 months average of monthly churn rate was 0.36%, a decrease of 0.11 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 November 30, 2024 amounted to ¥9,349, while net sales increased 72.1% year on year.

Notes: 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. In addition, our consolidated subsidiary, CREATIVE SURVEY INC., undertook efforts such as strengthening the sales of Ask One.

As a result, net sales of others were up 27.4% year on year.

As a result of these efforts, net sales in Sansan/Bill One Business increased 26.5% year on year, and adjusted operating profit increased 5.4% year on year.

(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)		
	Six months ended November 30, 2023	Six months ended November 30, 2024	YoY change
Net sales (Note 10)	1,509	2,135	+41.5%
B2C services	166	194	+16.4%
B2B services	1,342	1,941	+44.6%
Adjusted operating profit	(386)	(115)	-
Eight			
Number of Eight users (Note 11)	3.43 million people	3.89 million people	+0.46 million people
Number of subscriptions for Eight Team	4,194 subscriptions	5,026 subscriptions	+19.8%

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 3.89 million, an increase of 0.46 million year on year, and net sales from B2C services increased 16.4% year on year.

b. B2B services

The Group continued to work on strengthening monetization of the various services, including the holding of large-scale business events. As a result, net sales from B2B services increased 44.6% year on year. Furthermore, Eight Team, our business card management service, experienced a steady 19.8% year-on-year increase in the number of subscriptions.

Notably, Kaede IR Advisory Inc. was merged into logmi, Inc., our consolidated subsidiary, in September 2024, and its contribution has been reflected in the consolidated earnings since the first quarter of the current fiscal year.

As a result of these efforts, net sales in Eight Business increased 41.5% year on year, and adjusted operating loss was improved by ¥271 million year on year.

(2) Financial position

(i) Status of assets, liabilities and equity

	(Millions of yen)		
	As of May 31, 2024	As of November 30, 2024	Change from previous fiscal year-end
Total assets	37,592	38,858	+1,266
Total liabilities	22,819	23,170	+350
Total net assets	14,772	15,688	+915
Total liabilities and net assets	37,592	38,858	+1,266

Assets

Total assets at the end of the period under review were ¥38,858 million, up ¥1,266 million from the end of the previous fiscal year. This was primarily due to increases of ¥2,176 million in property, plant and equipment, ¥141 million in goodwill, ¥217 million in prepaid expenses, and ¥749 million in other current assets, which were partially offset by decreases of ¥1,230 million in cash and deposits, ¥361 million in leasehold deposits, ¥254 million in investment securities, and ¥216 million in accounts receivable - trade.

Liabilities

Total liabilities at the end of the period under review were ¥23,170 million, up ¥350 million from the end of the previous fiscal year. This was primarily due to increases of ¥219 million in accounts payable - other, ¥109 million in provision for bonuses, ¥983 million in other current liabilities, and ¥309 million in other non-current liabilities, which were partially offset by decreases of ¥457 million in long-term borrowings, ¥394 million in accrued consumption taxes, and ¥216 million in advances received.

Net assets

Net assets at the end of the period under review were ¥15,688 million, up ¥915 million from the end of the previous fiscal year. This was primarily due to increases of ¥273 million both in share capital and capital surplus as a result of exercise of stock options, ¥320 million in retained earnings due to the recording of profit attributable to owners of parent, and ¥299 million in treasury shares.

(ii) Status of cash flows

	(Millions of yen)		
	Six months ended November 30, 2023	Six months ended November 30, 2024	YoY change
Cash flows from operating activities	611	1,009	+398
Cash flows from investing activities	(2,711)	(1,873)	+838
Cash flows from financing activities	(85)	(359)	-274
Cash and cash equivalents at end of period	18,806	23,503	+4,697

Cash and cash equivalents (hereinafter “capital”) at the end of the period under review totaled ¥23,503 million, an increase of ¥4,697 million compared to the end of the first half of the previous fiscal year.

Cash flows from operating activities

The amount of capital provided by operating activities totaled ¥1,009 million (compared to ¥611

million provided in the same period of the previous fiscal year). The main factors for the increase in capital were recognition of profit before income taxes of ¥406 million, recognition of depreciation, non-cash expense of ¥510 million, recognition of share-based payment expenses of ¥553 million, a decrease in trade receivables of ¥270 million, and an increase in other liabilities of ¥870 million, and the main factors for the decrease in capital were recognition of gain on sale of investment securities of ¥416 million, a decrease in accrued consumption taxes of ¥360 million, an increase in prepaid expenses of ¥199 million, a decrease in advances received of ¥216 million, and an increase in other assets of ¥366 million.

Cash flows from investing activities

The amount of capital used in investing activities totaled ¥1,873 million (compared to ¥2,711 million used in the same period of the previous fiscal year). The main factors for the decrease in capital were purchase of property, plant and equipment of ¥2,002 million, purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥230 million, and purchase of intangible assets of ¥230 million, and the main factors for the increase in capital were proceeds from sale of investment securities of ¥666 million and proceeds from refund of leasehold deposits of ¥158 million.

Cash flows from financing activities

The amount of capital used in financing activities totaled ¥359 million (compared to ¥85 million used in the same period of the previous fiscal year). The main factor for the decrease in capital was ¥449 million in repayments of long-term borrowings and ¥299 million in purchase of treasury shares, and the main factor for the increase in capital was ¥409 million in proceeds from issuance of new shares.

(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. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	24,874	23,644
Accounts receivable - trade	1,229	1,013
Prepaid expenses	884	1,102
Other	715	1,465
Allowance for doubtful accounts	(34)	(8)
Total current assets	27,671	27,216
Non-current assets		
Property, plant and equipment	520	2,696
Intangible assets		
Software	691	698
Goodwill	919	1,060
Other	0	0
Total intangible assets	1,610	1,759
Investments and other assets		
Investment securities	3,799	3,545
Leasehold deposits	2,528	2,167
Deferred tax assets	950	958
Other	511	514
Total investments and other assets	7,790	7,185
Total non-current assets	9,920	11,641
Total assets	37,592	38,858

(Millions of yen)

	As of May 31, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	637	484
Current portion of long-term borrowings	930	938
Accounts payable - other	1,701	1,920
Income taxes payable	315	252
Accrued consumption taxes	676	282
Advances received	13,660	13,444
Provision for bonuses	846	956
Other	235	1,219
Total current liabilities	19,004	19,499
Non-current liabilities		
Long-term borrowings	3,549	3,091
Retirement benefit liability	53	56
Provision for retirement benefits for directors (and other officers)	58	58
Deferred tax liabilities	1	1
Other	152	462
Total non-current liabilities	3,815	3,671
Total liabilities	22,819	23,170
Net assets		
Shareholders' equity		
Share capital	6,774	7,047
Capital surplus	4,371	4,644
Retained earnings	2,648	2,968
Treasury shares	(2)	(302)
Total shareholders' equity	13,792	14,358
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	134	70
Foreign currency translation adjustment	79	77
Total accumulated other comprehensive income	213	148
Share acquisition rights	638	1,067
Non-controlling interests	128	113
Total net assets	14,772	15,688
Total liabilities and net assets	37,592	38,858

(2) Semi-annual consolidated statements of income and comprehensive income
Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024
Net sales	15,726	20,058
Cost of sales	2,303	2,717
Gross profit	13,423	17,341
Selling, general and administrative expenses	13,111	17,157
Operating profit	312	183
Non-operating income		
Interest and dividend income	2	9
Subsidy income	3	1
Surrender value of insurance policies	12	–
Other	4	11
Total non-operating income	22	22
Non-operating expenses		
Interest expenses	6	12
Foreign exchange losses	8	4
Commission expenses	1	2
Loss on investments in investment partnerships	16	22
Penalty loss on cancellation of rental contracts	19	–
Other	13	25
Total non-operating expenses	66	67
Ordinary profit	268	139
Extraordinary income		
Gain on reversal of share acquisition rights	0	2
Gain on sale of investment securities	–	416
Total extraordinary income	0	419
Extraordinary losses		
Loss on retirement of non-current assets	6	18
Head office relocation expenses	–	134
Total extraordinary losses	6	152
Profit before income taxes	262	406
Income taxes	111	100
Profit	150	305
Profit (loss) attributable to non-controlling interests	(21)	(14)
Profit attributable to owners of parent	172	320

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024
Profit	150	305
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	(63)
Foreign currency translation adjustment	15	(1)
Total other comprehensive income	(3)	(65)
Comprehensive income	147	239
Comprehensive income attributable to:		
Owners of parent	168	254
Non-controlling interests	(21)	(14)

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024
Cash flows from operating activities		
Profit before income taxes	262	406
Depreciation	415	510
Amortization of goodwill	55	65
Loss on retirement of non-current assets	6	18
Share-based payment expenses	75	553
Gain on reversal of share acquisition rights	(0)	(2)
Increase (decrease) in allowance for doubtful accounts	1	(25)
Increase (decrease) in provision for bonuses	107	111
Interest and dividend income	(2)	(9)
Interest expenses	6	12
Loss (gain) on investments in investment partnerships	16	22
Loss (gain) on sale of investment securities	–	(416)
Decrease (increase) in trade receivables	250	270
Decrease (increase) in prepaid expenses	(177)	(199)
Decrease (increase) in other assets	41	(366)
Increase (decrease) in trade payables	154	(152)
Increase (decrease) in accounts payable - other	(484)	121
Increase (decrease) in advances received	(52)	(216)
Increase (decrease) in accrued consumption taxes	(71)	(360)
Increase (decrease) in other liabilities	7	870
Other, net	74	(36)
Subtotal	684	1,176
Interest and dividends received	3	9
Proceeds from insurance income	12	–
Interest paid	(6)	(11)
Income taxes paid	(82)	(164)
Net cash provided by (used in) operating activities	611	1,009
Cash flows from investing activities		
Purchase of property, plant and equipment	(139)	(2,002)
Purchase of intangible assets	(195)	(230)
Purchase of investment securities	(311)	(96)
Proceeds from sale of investment securities	–	666
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(136)	(230)
Payments for investments in capital	(92)	–
Payments of leasehold deposits	(1,956)	(11)
Proceeds from refund of leasehold deposits	192	158
Other, net	(72)	(125)
Net cash provided by (used in) investing activities	(2,711)	(1,873)
Cash flows from financing activities		
Repayments of long-term borrowings	(286)	(449)
Proceeds from issuance of shares	200	409
Proceeds from issuance of share acquisition rights	19	14
Purchase of treasury shares	–	(299)
Other, net	(19)	(34)
Net cash provided by (used in) financing activities	(85)	(359)
Effect of exchange rate change on cash and cash equivalents	6	(3)
Net increase (decrease) in cash and cash equivalents	(2,178)	(1,226)
Cash and cash equivalents at beginning of period	20,985	24,729
Cash and cash equivalents at end of period	18,806	23,503

(4) Notes to semi-annual consolidated financial statements

Going concern assumption

Not applicable.

Significant changes in the amount of shareholders' equity

Not applicable.

Changes in accounting policies

Application of Accounting Standard for Current Income Taxes

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc. have been applied from the beginning of the period under review.

Revisions concerning the categories in which income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). The change in accounting policies had no impact on the semi-annual consolidated financial statements for the period under review.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the period under review. The change in accounting policies was applied retrospectively to the semi-annual consolidated financial statements for the first half of the previous fiscal year and the consolidated financial statements for the previous fiscal year. The change in the accounting policies had no impact on the semi-annual consolidated financial statements for the first half of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

Application of specific accounting for preparing the semi-annual 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 six months of the fiscal year ended May 31, 2024 (from June 1, 2023 to November 30, 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	14,020	1,507	15,527	199	15,726
Intersegment sales or transfers	2	2	5	58	64
Total	14,023	1,509	15,532	257	15,790
Segment profit (loss) (Note) 2	945	(386)	559	(36)	522

- 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 semi-annual consolidated statement of income
Segment profit (loss)	945	(386)	(36)	522
Share-based payment expenses	136	19	–	155
Amortization of goodwill and amortization of intangible assets	25	10	19	55
Operating profit (loss)	783	(415)	(56)	312

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 half of the fiscal year and included the company in the scope of consolidation. In the six months ended November 30, 2023, the resulting increase in goodwill amounted to ¥307 million.

II First six months of the fiscal year ending May 31, 2025 (from June 1, 2024 to November 30, 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	17,737	2,129	19,867	191	20,058
Intersegment sales or transfers	5	6	11	50	62
Total	17,743	2,135	19,879	241	20,121
Segment profit (loss) (Note) 2	996	(115)	881	(53)	828

- 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 semi-annual consolidated statement of income
Segment profit (loss)	996	(115)	(53)	828
Share-based payment expenses	482	95	–	578
Amortization of goodwill and amortization of intangible assets	25	20	19	65
Operating profit (loss)	488	(231)	(73)	183

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. (now logmi, Inc.) in the period under review and included the company in the scope of consolidation. In the six months ended November 30, 2024, an increase in goodwill resulting from the event amounted to ¥197 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 period under review, 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 first half of the previous fiscal year has been disclosed based on the method of calculating reportable segment profit for the period under review.

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.

Segment classification	(Millions of yen)	
	Six months ended November 30, 2023	Six months ended November 30, 2024
Sansan/Bill One Business		
Sansan (recurring sales)	10,400	12,058
Sansan (other sales)	610	689
Bill One	2,587	4,454
Others	421	535
Eight Business		
B2C services	166	194
B2B services	1,340	1,934
Other Business		
	199	191
Revenue from contracts with customers	15,726	20,058
Sales to external customers	15,726	20,058

Events after the reporting period
Not applicable.