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January 12, 2024

Financial Results for FY2023 Q2

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 Listing: Tokyo Stock Exchange
 Securities code: 4443
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 Scheduled date to file quarterly securities report: January 12, 2024
 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, 2024 (from June 1, 2023 to November 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	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	%
Six months ended										
November 30, 2023	15,726	33.0	522	704.2	312	–	268	–	143	(5.1)
November 30, 2022	11,824	23.5	65	–	(70)	–	(113)	–	151	(73.7)

Note: Comprehensive income Six months ended November 30, 2023: ¥118 million [(45.7)%]
 Six months ended November 30, 2022: ¥218 million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2023	1.14	1.13
November 30, 2022	1.21	1.20

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, 2023	31,312	13,695	41.6
May 31, 2023	31,200	13,190	40.6

Reference: Equity

As of November 30, 2023: ¥13,013 million

As of May 31, 2023: ¥12,660 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, 2023	—	0.00	—	0.00	0.00
Fiscal year ending May 31, 2024	—	0.00			
Fiscal year ending May 31, 2024 (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, 2024 (from June 1, 2023 to May 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating profit	
	Millions of yen	%	Millions of yen	%
Fiscal year ending May 31, 2024	32,653	28.0	1,240	31.7
	to	to	to	to
	33,674	32.0	1,852	96.6

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

2. For multi-step profit or loss 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) 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: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

(4) Number of issued shares (common shares)

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

As of November 30, 2023	125,639,668 shares
As of May 31, 2023	125,410,584 shares

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

As of November 30, 2023	871 shares
As of May 31, 2023	871 shares

c. Average number of outstanding shares during the period

For the six months ended November 30, 2023	125,497,002 shares
For the six months ended November 30, 2022	125,012,156 shares

* 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 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) Explanation of 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 ¥6,519.5 billion by FY2030 (an expected increase of ¥3,791.8 billion from FY2022) (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% increase year on year in FY2022.

Consolidated financial results for the first six months of the fiscal year ending May 31, 2024 (hereinafter, the “period under review”) is as follows.

	(Millions of yen)		
	Six months ended November 30, 2022	Six months ended November 30, 2023	YoY change
Net sales	11,824	15,726	+33.0%
Gross profit	10,200	13,423	+31.6%
Adjusted operating profit	65	522	+704.2%
Ordinary profit	(113)	268	–
Profit attributable to owners of parent	151	143	(5.1)%

In the second quarter of the fiscal year ending May 31, 2024 (hereinafter, the “quarter under review”), the Group strengthened the sales structure and carried out other measures, aiming for further growth in net sales backed by the positive order situation in Sansan/Bill One Business. In Eight Business, the Group switched to a concept of a specialized app for virtual card exchange and business card management, and worked to increase future profitability.

Consequently, results were strong in the period under review with net sales increasing 33.0% year on year, gross profit increasing 31.6% year on year, and a gross profit margin of 85.4%, down 0.9 points year on year. Adjusted operating profit significantly increased 704.2% year on year mainly due to a decline in the ratio of advertising expenses to net sales, in addition to an increase in net sales. Furthermore, mainly owing to the increase in adjusted operating profit, ordinary profit was in the black. Profit attributable to owners of parent decreased 5.1% year on year due to factors such as recording of a gain on sale of shares of subsidiaries and associates in the same period of the previous fiscal year.

- Notes:
1. Based on Market Edition and Vendor Strategy Edition of 2023 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)

Results by segment are as follows.

(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, 2022	Six months ended November 30, 2023	YoY change
Net sales (Note 5)	10,516	14,023	+33.3%
Sansan	9,532	11,012	+15.5%
Sansan recurring sales	9,039	10,401	+15.1%
Sansan other sales	492	610	+24.0%
Bill One	898	2,588	+188.2%
Others	86	422	+391.0%
Adjusted operating profit	2,964	3,907	+31.8%
Sansan			
Number of subscriptions	8,722 subscriptions	9,234 subscriptions	+5.9%
Monthly recurring sales per subscription	¥177 thousand	¥193 thousand	+9.0%
Last 12 months average of monthly churn rate (Note 6)	0.49%	0.46%	(0.03) pts.
Bill One			
MRR (Note 7)	177	494	+179.5%
Number of paid subscriptions	1,084 subscriptions	2,304 subscriptions	+112.5%
Monthly recurring sales per paid subscription	¥163 thousand	¥214 thousand	+31.3%
Last 12 months average of monthly churn rate (Note 6)	0.50%	0.47%	(0.03) pts.

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

6. Ratio of decrease in MRR associated with subscription cancellations to total MRR for existing subscriptions for each service

7. Monthly Recurring Revenue

a. Sansan

To further expand the number of Sansan subscriptions and the monthly recurring sales per subscription, the Group strengthened the sales structure through personnel hiring in the quarter under review.

Consequently, progress has been made in acquiring new subscriptions, mainly from medium and large enterprises, and the number of subscriptions and the monthly recurring sales per subscription for Sansan were up 5.9% year on year and 9.0% year on year, respectively. Furthermore, the last 12 months average of monthly churn rate was 0.46%, a decrease of 0.03 points year on year, maintaining a low churn rate of less than 1%.

As a result, net sales in Sansan increased 15.5% year on year, of which recurring sales (fixed revenue) was up 15.1% year on year and other sales was up 24.0% year on year.

b. Bill One

With the objective of achieving continued high growth for Bill One, the Group continued from the first quarter to enhance marketing activities and strengthen the sales structure through active personnel hiring in the quarter under review.

Consequently, in November 2023, MRR was up 179.5% year on year and ARR (Note 8) was ¥5,937 million. In addition, steady progress in acquiring new subscriptions from medium and large enterprises resulted in the increase of number of paid subscriptions, up 112.5% year on year, and the increase of monthly recurring sales per paid subscription, up 31.3% year on year. Furthermore, the last 12 months average of monthly churn rate was 0.47%, a decrease of 0.03 points year on year, maintaining a low churn rate of less than 1%.

As a result, net sales in Bill One increased 188.2% year on year. In light of the positive business results up until the end of the six months ended November 30, 2023, the Group aims for ARR of at least ¥7.5 billion in May 2024.

Note: 8. Annual Recurring Revenue

c. Others

The Group focused on the launch of services including Contract One, a contract DX solution, utilizing the strengths, knowledge, know-how, etc. cultivated through existing services. In addition, CREATIVE SURVEY INC. became a consolidated subsidiary in March 2023 and its contributions to consolidated earnings have been recorded from the fourth quarter of the fiscal year ended May 31, 2023.

As a result, net sales of others was up 391.0% year on year.

As a result of these efforts, net sales increased 33.3% year on year and adjusted operating profit increased 31.8% year on year in Sansan/Bill One Business.

(ii) Eight Business

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

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

	(Millions of yen)		
	Six months ended November 30, 2022	Six months ended November 30, 2023	YoY change
Net sales (Note 9)	1,235	1,509	+22.1%
B2C services	146	166	+13.6%
B2B services	1,088	1,342	+23.3%
Adjusted operating profit	(149)	4	-
Eight			
Number of Eight users (Note 10)	3.20 million people	3.43 million people	+0.23 million people
Number of subscriptions for Eight Team	3,195 subscriptions	4,194 subscriptions	+31.3%

Notes: 9. The sum of sales to external customers and intersegment sales or transfers

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

a. B2C services

Owing to the normalization of business due to the ending of the COVID-19 pandemic, and also the enhancement of functions such as the virtual card exchange function, the number of Eight users totaled 3.43 million, a steady increase of 0.23 million year on year, and net sales from B2C services increased 13.6% year on year.

b. B2B services

The Group worked on strengthening monetization of the various B2B services, including holding large-scale business events. As a result, net sales from B2B services increased 23.3% year on year. In addition, the number of subscriptions for Eight Team increased 31.3% year on year.

As a result of these efforts, net sales in Eight Business increased 22.1% year on year. Adjusted operating profit was in the black as a result of the increase in net sales as well as due to promoting business operation that focuses on improving profitability.

(2) Explanation of financial position

(i) Status of assets, liabilities and equity

	(Millions of yen)		
	As of May 31, 2023	As of November 30, 2023	Change from previous fiscal year-end
Total assets	31,200	31,312	111
Total liabilities	18,009	17,616	(393)
Total net assets	13,190	13,695	504
Total liabilities and net assets	31,200	31,312	111

Assets

Total assets at the end of the quarter under review were ¥31,312 million, up ¥111 million from the end of the previous fiscal year. This was primarily due to an increase of ¥378 million in investment securities, an increase of ¥1,762 million in leasehold deposits, an increase of ¥268 million in goodwill, a decrease of ¥2,170 million in cash and deposits, and a decrease of ¥221 million in accounts receivable - trade.

Liabilities

Total liabilities at the end of the quarter under review were ¥17,616 million, down ¥393 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥408 million in accounts payable - other and a decrease of ¥270 million in long-term borrowings.

Net assets

Net assets at the end of the quarter under review were ¥13,695 million, up ¥504 million from the end of the previous fiscal year. This was due to an increase of ¥106 million both in share capital and capital surplus as a result of exercise of stock options, and an increase of ¥143 million in retained earnings due to the recording of profit attributable to owners of parent.

(ii) Status of cash flows

	(Millions of yen)		
	Six months ended November 30, 2022	Six months ended November 30, 2023	YoY change
Cash flows from operating activities	(646)	611	1,257
Cash flows from investing activities	796	(2,711)	(3,507)
Cash flows from financing activities	430	(85)	(515)
Cash and cash equivalents at end of period	15,828	18,806	2,977

Cash and cash equivalents (hereinafter “capital”) at the end of the quarter under review totaled ¥18,806 million, a decrease of ¥2,178 million compared to the end of the previous fiscal year.

Cash flows from operating activities

The amount of capital provided by operating activities totaled ¥611 million (compared to ¥646 million used 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 ¥262 million, recognition of depreciation, non-cash

expense of ¥415 million, a decrease in trade receivables of ¥250 million, and an increase in trade payables of ¥154 million, and the main factors for the decrease in capital were a decrease in accounts payable - other of ¥484 million and an increase in prepaid expenses of ¥177 million.

Cash flows from investing activities

The amount of capital used in investing activities totaled ¥2,711 million (compared to ¥796 million provided in the same period of the previous fiscal year). The main factors for the decrease in capital were payments of leasehold deposits of ¥1,956 million, purchase of investment securities of ¥311 million, purchase of intangible assets of ¥195 million and purchase of property, plant and equipment of ¥139 million, and the main factor for the increase in capital was proceeds from refund of leasehold deposits of ¥192 million.

Cash flows from financing activities

The amount of capital used in financing activities totaled ¥85 million (compared to ¥430 million provided in the same period of the previous fiscal year). The main factor for the decrease in capital was ¥286 million in repayments of long-term borrowings, and the main factor for the increase in capital was ¥200 million in proceeds from issuance of new shares.

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

The forecasts of consolidated financial results for the fiscal year ending May 31, 2024 have not changed from the forecast announced on July 13, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of May 31, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	21,114	18,944
Accounts receivable - trade	1,180	958
Prepaid expenses	604	793
Other	341	331
Allowance for doubtful accounts	(32)	(34)
Total current assets	23,207	20,993
Non-current assets		
Property, plant and equipment	770	761
Intangible assets		
Software	827	769
Goodwill	706	974
Other	0	0
Total intangible assets	1,533	1,744
Investments and other assets		
Investment securities	3,705	4,083
Leasehold deposits	885	2,647
Deferred tax assets	595	574
Other	502	506
Total investments and other assets	5,689	7,813
Total non-current assets	7,993	10,318
Total assets	31,200	31,312

(Millions of yen)

	As of May 31, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	338	492
Current portion of long-term borrowings	558	542
Accounts payable - other	1,929	1,520
Income taxes payable	206	245
Accrued consumption taxes	410	347
Advances received	10,729	10,678
Provision for bonuses	601	720
Other	207	199
Total current liabilities	14,982	14,747
Non-current liabilities		
Long-term borrowings	2,838	2,568
Retirement benefit liability	–	51
Provision for retirement benefits for directors (and other officers)	–	54
Other	188	194
Total non-current liabilities	3,027	2,868
Total liabilities	18,009	17,616
Net assets		
Shareholders' equity		
Share capital	6,582	6,688
Capital surplus	4,178	4,285
Retained earnings	1,695	1,838
Treasury shares	(2)	(2)
Total shareholders' equity	12,454	12,810
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	156	137
Foreign currency translation adjustment	49	64
Total accumulated other comprehensive income	206	202
Share acquisition rights	457	539
Non-controlling interests	72	143
Total net assets	13,190	13,695
Total liabilities and net assets	31,200	31,312

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

(Millions of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Net sales	11,824	15,726
Cost of sales	1,624	2,303
Gross profit	10,200	13,423
Selling, general and administrative expenses	10,270	13,111
Operating profit (loss)	(70)	312
Non-operating income		
Interest and dividend income	1	2
Subsidy income	7	3
Gain on sale of investment securities	291	–
Surrender value of insurance policies	–	12
Other	3	4
Total non-operating income	303	22
Non-operating expenses		
Interest expenses	6	6
Foreign exchange losses	12	8
Commission expenses	5	1
Share of loss of entities accounted for using equity method	285	–
Loss on investments in investment partnerships	23	16
Penalty loss on cancellation of rental contracts	–	19
Other	13	13
Total non-operating expenses	346	66
Ordinary profit (loss)	(113)	268
Extraordinary income		
Gain on reversal of share acquisition rights	0	0
Gain on sale of shares of subsidiaries and associates	431	–
Total extraordinary income	431	0
Extraordinary losses		
Loss on retirement of non-current assets	25	6
Total extraordinary losses	25	6
Profit before income taxes	291	262
Income taxes - current	175	126
Income taxes - deferred	(39)	13
Total income taxes	136	140
Profit	155	122
Profit (loss) attributable to non-controlling interests	4	(21)
Profit attributable to owners of parent	151	143

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Profit	155	122
Other comprehensive income		
Valuation difference on available-for-sale securities	45	(18)
Foreign currency translation adjustment	17	15
Total other comprehensive income	63	(3)
Comprehensive income	218	118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	214	139
Comprehensive income attributable to non-controlling interests	4	(21)

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Cash flows from operating activities		
Profit before income taxes	291	262
Depreciation	418	415
Amortization of goodwill	13	55
Loss on retirement of non-current assets	25	6
Share-based payment expenses	121	75
Gain on reversal of share acquisition rights	(0)	(0)
Increase (decrease) in allowance for doubtful accounts	1	1
Increase (decrease) in provision for bonuses	57	107
Interest and dividend income	(1)	(2)
Interest expenses	6	6
Loss (gain) on sale of shares of subsidiaries and associates	(431)	–
Loss (gain) on sale of investment securities	(291)	–
Loss (gain) on investments in investment partnerships	23	16
Share of loss (profit) of entities accounted for using equity method	285	–
Decrease (increase) in trade receivables	102	250
Decrease (increase) in prepaid expenses	(41)	(177)
Decrease (increase) in other assets	(44)	41
Increase (decrease) in trade payables	(14)	154
Increase (decrease) in accounts payable - other	(245)	(484)
Increase (decrease) in advances received	(500)	(52)
Increase (decrease) in accrued consumption taxes	(184)	(71)
Increase (decrease) in other liabilities	2	7
Other, net	52	74
Subtotal	(352)	684
Interest and dividends received	1	3
Proceeds from insurance income	–	12
Interest paid	(6)	(6)
Income taxes paid	(288)	(82)
Net cash provided by (used in) operating activities	(646)	611

(Millions of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	49	–
Purchase of property, plant and equipment	(140)	(139)
Purchase of intangible assets	(264)	(195)
Purchase of investment securities	(286)	(311)
Proceeds from sale of investment securities	1,406	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(136)
Proceeds from sale of shares of subsidiaries and associates	546	–
Payments for investments in capital	(500)	(92)
Payments of leasehold deposits	(1)	(1,956)
Proceeds from refund of leasehold deposits	–	192
Other, net	(13)	(72)
Net cash provided by (used in) investing activities	796	(2,711)
Cash flows from financing activities		
Proceeds from long-term borrowings	500	–
Repayments of long-term borrowings	(241)	(286)
Proceeds from issuance of shares	169	200
Proceeds from issuance of share acquisition rights	22	19
Other, net	(20)	(19)
Net cash provided by (used in) financing activities	430	(85)
Effect of exchange rate change on cash and cash equivalents	3	6
Net increase (decrease) in cash and cash equivalents	583	(2,178)
Cash and cash equivalents at beginning of period	15,245	20,985
Cash and cash equivalents at end of period	15,828	18,806

(4) Notes to the quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable.

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

Not applicable.

(Segment information, etc.)

[Segment information]

I First six months of the fiscal year ended May 31, 2023 (from June 1, 2022 to November 30, 2022)

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	10,515	1,235	11,750	73	11,824
Intersegment sales or transfers	1	0	1	27	29
Total	10,516	1,235	11,752	101	11,853
Segment profit (loss) (Note) 2	2,964	(149)	2,815	(11)	2,804

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	Adjustments (Note)	Amount in the quarterly consolidated financial statement
Segment profit (loss)	2,964	(149)	(11)	(2,739)	65
Share-based payment expenses	50	18	–	52	121
Amortization of goodwill and amortization of intangible assets	–	10	3	–	13
Operating profit (loss)	2,914	(178)	(14)	(2,792)	(70)

Note: Adjustments are the amounts of corporate expenses not attributable to any reportable segment and mostly consist of general and administrative expenses.

2. Matters regarding changes in reportable segments

(Change in the method of measurement of profit (loss) of reportable segments)

Previously, segment profit (loss) was shown as operating profit (loss). However, from the first quarter of the fiscal year, this was changed so that 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), because the performance indicator used for management purposes was changed to an indicator that shows the regular capacity to generate corporate earnings after deducting expenses related to share-based payments, which may vary significantly depending on the level of the Company’s stock price, and expenses that arise from business combinations.

II First six months of the fiscal year ending 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	3,907	4	3,912	(36)	3,876

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	Adjustments (Note)	Amount in the quarterly consolidated financial statement
Segment profit (loss)	3,907	4	(36)	(3,353)	522
Share-based payment expenses	31	10	–	112	155
Amortization of goodwill and amortization of intangible assets	25	10	19	–	55
Operating profit (loss)	3,850	(15)	(56)	(3,466)	312

Note: Adjustments are the amounts of corporate expenses not attributable to any reportable segment and mostly consist of general and administrative expenses.

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 current 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.

(Significant events after reporting period)

(Borrowing of a large amount of funds)

Based on the resolution at the meeting of the Board of Directors held on December 19, 2023, the Company borrowed funds as described below.

- (1) Use of funds: Payment of leasehold deposits for the new office planned for the head office relocation, and other uses
- (2) Lenders: Four financial institutions
- (3) Amount of borrowings: ¥1,800 million
- (4) Interest rate: Base interest rate + spread, fixed interest rate
- (5) Borrowing date: December 29, 2023
- (6) Borrowing period: Four years or five years
- (7) Collateral: Unsecured, unguaranteed