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July 14, 2022

Financial Results for FY2021 Q4

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 Listing: Tokyo Stock Exchange
 Securities code: 4443
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 Scheduled date of annual general meeting of shareholders: August 30, 2022
 Scheduled date to commence dividend payment: –
 Scheduled date to file annual securities report: August 31, 2022
 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 fiscal year ended May 31, 2022 (from June 1, 2021 to May 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2022	20,420	26.2	631	(14.2)	968	158.3	857	369.7
May 31, 2021	16,184	21.1	736	(2.7)	375	(13.9)	182	(46.2)

Note: Comprehensive income For the fiscal year ended May 31, 2022: ¥(658) million [–%]
 For the fiscal year ended May 31, 2021: ¥1,820 million [449.3%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2022	6.87	6.77	7.0	3.9	3.1
May 31, 2021	1.47	1.45	1.6	1.6	4.6

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended May 31, 2022: ¥(609) million
 For the fiscal year ended May 31, 2021: ¥(285) million

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

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2022	26,292	12,093	45.4	95.59
May 31, 2021	24,310	12,584	51.5	100.34

Reference: Equity

As of May 31, 2022: ¥11,944 million

As of May 31, 2021: ¥12,516 million

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
May 31, 2022	3,123	(1,014)	909	15,245
May 31, 2021	3,011	(551)	(2,902)	12,223

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended May 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended May 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending May 31, 2023 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated earnings forecasts for the fiscal year ending May 31, 2023 (from June 1, 2022 to May 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating profit	
	Millions of yen	%	Millions of yen	%
Fiscal year ending May 31, 2023	25,117	23.0	917	25.5
	to	to	to	to
	25,764	26.2	1,288	76.3

Note: For multi-step profit or loss under operating profit or loss, 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 profit or loss items. For details, please refer to "(4) Future outlook" under "1. Qualitative information on consolidated financial results for the fiscal year ended May 31, 2022" on page 7 of the attached materials.

*** Notes**

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

Note: For details, please refer to the section of “Changes in accounting policies” of “(5) Notes to consolidated financial statements” under “3. Consolidated financial statements and significant notes thereto” on page 18 of the attached materials.

(3) Number of issued shares (common shares)

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

As of May 31, 2022	124,963,596 shares
As of May 31, 2021	124,734,580 shares

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

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

- c. Average number of outstanding shares during the period

Fiscal year ended May 31, 2022	124,841,631 shares
Fiscal year ended May 31, 2021	124,590,310 shares

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

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended May 31, 2022 (from June 1, 2021 to May 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2022	20,057	25.0	683	(10.7)	1,651	141.3	1,429	191.4
May 31, 2021	16,042	20.1	765	0.9	684	41.4	490	26.3

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
May 31, 2022	11.45	11.28
May 31, 2021	3.94	3.88

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

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2022	27,202	13,128	47.7	103.92
May 31, 2021	24,610	12,933	52.3	103.16

Reference: Equity

As of May 31, 2022: ¥12,986 million

As of May 31, 2021: ¥12,867 million

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

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

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

Attached Material

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1. Qualitative information on consolidated financial results for the fiscal year ended May 31, 2022

(1) Explanation of operating results

Under the mission of “Turning encounters into innovation” and the vision of “Become business infrastructure,” the Group is providing business databases that 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 data input to digitize analog information with cloud software.

Specifically, the Group is developing services to promote digital transformation (DX) for corporate sales activities, invoicing work, contract work, etc. Moreover, as a result of recent changes to working styles due to the spread of COVID-19, new ways of thinking toward DX, and greater attention being attracted to the SaaS (Software as a Service) products, the DX market is forecast to reach ¥5,195.7 billion by 2030 (an increase of ¥3,813.6 billion since 2020) (Note 1.), while the SaaS market in Japan is forecast to reach ¥1,117.8 billion by 2024 (an increase of ¥516.2 billion since 2019) (Note 2.). Service for sales DX Sansan, provided by the Company, holds 83.1% share (Note 3.) of the B2B business card management service market, and this market has seen 13-fold expansion from 2013 to 2020 in conjunction with the growth in the Company’s services. In addition, Bill One, an online invoice receiving solution provided by the Company, captured the number one market share of the online invoice receiving solution in terms of net sales (Note 4.), a 226.0% increase year on year in the this market in FY2021.

Consolidated financial results for the fiscal year ended May 31, 2022 are as follows.

	(Millions of yen)		
	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022	YoY change
Net sales	16,184	20,420	+26.2%
Gross profit	14,192	17,904	+26.2%
Operating profit	736	631	(14.2)%
Ordinary profit	375	968	+158.3%
Profit attributable to owners of parent	182	857	+369.7%

In the fourth quarter of the fiscal year under review, the Group engaged in strengthening the sales structure, including strategic hiring, in order to realize continuous growth of net sales. Furthermore, the Group engaged in initiatives such as enhanced functions for Sansan, Bill One, and Eight, a contact and career management app.

As a result, net sales for the fiscal year under review increased 26.2% year on year, gross profit increased 26.2% year on year, and gross profit margin was same as previous fiscal year at 87.7%, and despite the negative impact from the COVID-19 pandemic, results were overall solid. On the other hand, although operating profit decreased 14.2% year on year, this was attributed to the ¥2,013 million year on year increase in personnel expenses due to the progress in active personnel hiring as well as the ¥145 million year on year increase in advertising expenses due to enhanced marketing activities, resulting in progress being made in the strategy to achieve medium- to long-term growth of net sales. In addition, ordinary profit increased 158.3% year on year and profit attributable to owners of parent increased 369.7% year on year. This was mainly the result of recording a gain on sale of investment securities of ¥979 million in non-operating income, as announced on July 19, 2021.

Notes: 1. Based on Market Edition and Vendor Strategy Edition of 2022 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute

2. Based on 2020 New Software Business Markets by Fuji Chimera Research Institute

3. Based on Latest Trends in Business Card Management Services in Sales Support DX 2022 (December 2021, survey by Seed Planning, in Japanese)

4. Deloitte Tohmatsu MIC Research Institute, “The Present and Future of the Market of Online Invoice Receiving Solution Expected to Grow at a Staggering Rate” (MIC IT Report, July 2022).

Results by segment are as follows.

(i) Sansan/Bill One Business

This business segment includes services such as service for sales DX Sansan, and online invoice receiving solution Bill One.

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

	(Millions of yen)		
	Fiscal year ended May 31, 2021 (Note 5.)	Fiscal year ended May 31, 2022	YoY change
Net sales (Note 6.)	14,605	18,105	+24.0%
Sansan	14,519	17,214	+18.6%
Sansan recurring sales	13,811	16,349	+18.4%
Sansan other sales	707	865	+22.3%
Bill One	84	826	+878.1%
Others	1	64	+4,414.0%
Operating profit	5,278	5,725	+8.5%
Sansan			
Number of subscriptions	7,744 subscriptions	8,488 subscriptions	+9.6%
Monthly recurring sales per subscription	¥162 thousand	¥170 thousand	+4.9%
Last 12 months average of monthly churn rate (Note 7.)	0.63%	0.62%	(0.01 pt.)
Bill One			
MRR (Note 8.)	20	117	+479.7%
Number of paid subscriptions	239 subscriptions	853 subscriptions	+256.9%
Monthly sales per paid subscription	¥84 thousand	¥137 thousand	+63.1%
Last 12 months average of monthly churn rate (Note 7.)	–	0.49%	–

Notes: 5. Figures other than net sales and operating profit for the fiscal year ended May 31, 2021 are exempt from audit conducted by an audit corporation.

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

7. Ratio of decrease in monthly fees associated with subscription cancellations to total monthly fees for existing subscriptions for each service.

8. Monthly Recurring Revenue

a. Sansan

The Company revamped the product Sansan, a B2B business card-based contact management service, based on the concept of “The database to power your sales” to create Sansan, a service for sales DX to further expand the number of Sansan subscriptions and the monthly sales per

subscription. Specifically, apart from a corporate database that allows users to view over 1 million pieces of company information on Sansan, the Company engaged in developing functions able to store and visualize contact information not only from business cards but also email signatures, etc. in preparation for usage to commence in the first quarter of the fiscal year ending May 31, 2023. By combining this contact information with a corporate database, companies using Sansan can build custom databases that also include information for companies with which they have no current contacts. While the spread of COVID-19 negatively affected the acquisition of new subscriptions, we succeeded in strengthening our sales system and steadily acquired new customers among medium and large enterprises. As a result, the number of Sansan subscriptions increased 9.6% year on year and the monthly recurring sales per subscription increased 4.9% year on year. Furthermore, as a result of carrying out ongoing initiatives to expand use among existing customers, the last 12 months average of monthly churn rate was 0.62%, a decrease of 0.01 points year on year, maintaining a low churn rate.

As a result, net sales in Sansan increased 18.6% year on year, of which recurring sales (fixed revenue) was up 18.4% year on year and other sales was up 22.3% year on year.

b. Bill One

Due to efforts such as strengthening our sales system through measures including personnel hiring and enhancing functions for continued high growth of Bill One we made steady progress in acquiring new subscriptions from medium and large enterprises, resulting in the 256.9% year on year increase in the number of paid subscriptions, and the 63.1% year on year increase in monthly sales per paid subscription.

As a result, net sales in Bill One increased 878.1% year on year. In addition, in May 2022, MRR was up 479.7% year on year and ARR (Note 9.) was ¥1,407 million, allowing the Company to substantially exceed its goal of ARR of ¥1.0 billion.

Note: 9. Annual Recurring Revenue

c. Others

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

As a result, net sales of others was up 4,414.0% year on year.

As a result, net sales in Sansan/Bill One Business increased 24.0% year on year. Segment profit increased 8.5% year on year, mainly due to increased investment to realize further growth of Bill One.

(ii) Eight Business

Apart from Eight, a contact and career management app, this business segment includes the transcribed media service provided by logmi, Inc. (hereinafter, “logmi”).

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

(Millions of yen)

	Fiscal year ended May 31, 2021 (Note 6.)	Fiscal year ended May 31, 2022	YoY change
Net sales (Note 7.)	1,582	2,213	+39.9%
B2C services	296	286	(3.6)%
B2B services	1,286	1,927	+49.9%
Operating profit	(754)	(386)	—
Eight			
Number of Eight users (Note 10.)	2.92 million people	3.10 million people	+0.18 million people
Number of subscriptions for Eight Team	2,253 subscriptions	2,819 subscriptions	+25.1%

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

In April 2022, the business card management app Eight was revamped into a product based on the concept of “Manage your contacts and your career.” Specifically, by implementing a tab function for career improvement that collect information useful for career formation on Eight, users are able to obtain information in an efficient manner.

a. B2C services

Due to the efforts to enhance service functions, etc., the number of Eight users totaled 3.10 million, an increase of 0.18 million year on year, but net sales from B2C services decreased 3.6% year on year.

b. B2B services

Due to efforts to strengthen monetization of the various B2B services, including holding the 2nd “Climbers” major business event for the fiscal year under review in May 2022, net sales from B2B services increased 49.9% year on year. In addition, the number of subscriptions for Eight Team increased 25.1% year on year.

As a result, net sales in Eight Business increased 39.9% year on year, and segment loss was curtailed by ¥367 million year on year.

(2) Review of financial position

	(Millions of yen)		
	As of May 31, 2021	As of May 31, 2022	Change from previous fiscal year-end
Total assets	24,310	26,292	1,982
Total liabilities	11,725	14,199	2,473
Total net assets	12,584	12,093	(491)
Total liabilities and net assets	24,310	26,292	1,982

Assets

Total assets at the end of the fiscal year under review were ¥26,292 million, up ¥1,982 million from the end of the previous fiscal year. This was primarily due to an increase of ¥3,043 million in cash and deposits, an increase of ¥185 million in accounts receivable - trade, and a decrease of ¥2,082 million from sale of investment securities.

Liabilities

Total liabilities at the end of the fiscal year under review were ¥14,199 million, up ¥2,473 million from the end of the previous fiscal year. This was primarily due to an increase of ¥1,668 million in new long-term borrowings, an increase of ¥1,479 million in advances received from receiving a lump-sum payment of contract term fees from customers, a decrease of ¥608 million in current portion of long-term borrowings, a decrease of ¥200 million in short-term borrowings and a decrease of ¥571 million in deferred tax liabilities.

Net assets

Net assets at the end of the fiscal year under review were ¥12,093 million, down ¥491 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥1,536 million in valuation difference on available-for-sale securities as a result of the year-end valuation of investment securities, an increase of ¥113 million in capital as a result of exercise of share acquisition rights and an increase of ¥857 million in retained earnings due to recording of profit attributable to owners of parent.

(3) Overview of cash flows

	(Millions of yen)		
	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022	YoY change
Cash flows from operating activities	3,011	3,123	111
Cash flows from investing activities	(551)	(1,014)	(463)
Cash flows from financing activities	(2,902)	909	3,811
Cash and cash equivalents at end of period	12,223	15,245	3,021

Cash and cash equivalents (hereinafter “capital”) at the end of the fiscal year under review totaled ¥15,245 million, an increase of ¥3,021 million compared to the previous fiscal year (up 24.7% year on year). This increase includes the effect of ¥3 million due to exchange fluctuations on capital.

The respective cash flow positions and the factors thereof in the fiscal year under review are as follows.

Cash flows from operating activities

The amount of capital provided by operating activities totaled ¥3,123 million (¥3,011 million provided in the previous fiscal year). The main reasons for the increase in capital were recognition of profit before income taxes of ¥908 million, recognition of depreciation, non-cash expense, of ¥768 million, recognition of share of loss of entities accounted for using equity method of ¥609 million, and an increase in advances received of ¥1,479 million and the main factors for the decrease in capital were recognition of gain on sale of investment securities of ¥979 million, and an increase in trade receivables of ¥183 million.

Cash flows from investing activities

The amount of capital used in investing activities totaled ¥1,014 million (¥551 million used in the previous fiscal year). This was primarily due to purchase of investment securities of ¥2,555 million, purchase of shares of subsidiaries and associates of ¥500 million, purchase of intangible assets of ¥453 million, and purchase of property, plant and equipment of ¥468 million and proceeds from sale of investment securities of ¥3,224 million.

Cash flows from financing activities

The amount of capital provided by financing activities totaled ¥909 million (¥2,902 million used in the previous fiscal year). This was primarily due to proceeds from long-term borrowings of ¥3,250 million, proceeds from issuance of shares of ¥209 million, a net decline in short-term borrowings of ¥200 million and repayments of long-term borrowings of ¥2,190 million.

(4) Future outlook

As the medium-term targets from the fiscal year ending May 31, 2023 to the fiscal year ending May 31, 2025, the Company aims for growth in both net sales and profit.

First, for consolidated net sales, which is the most important management indicator, we aim for continuous solid growth in the 20%+ range or higher. Next, as a profit indicator that is emphasized, the Company uses adjusted operating profit (Note 12.), which excludes share-based payment expenses and expenses arising from business combinations, and the Company aims to improve adjusted operating profit margin in each accounting period while making the necessary investments for net sales growth in each business. For realizing an improvement in profit margin, the Company aims to record operating profit of ¥10.0 billion or more in total for the Sansan and Bill One services (Note 13.) for the fiscal year ending May 31, 2025 and record stable adjusted operating profit over the full year in Eight Business.

Note: 12. Adjusted operating profit: operating profit + share-based payment expenses + expenses arising from business combinations (amortization of goodwill and amortization of intangible assets)

Note: 13. Total for “Sansan” and “Bill One” in Sansan/Bill One Business, excluding the “Others” category

Consolidated earnings forecasts for the fiscal year ending May 31, 2023 are as follows.

(Millions of yen)			
	Fiscal year ended May 31, 2022	Fiscal year ending May 31, 2023	YoY change
Net sales	20,420	25,117 to 25,764	+23.0% to +26.2%
Sansan/Bill One Business	18,105	21,998 to 22,632	+21.5% to +25.0%
Eight Business	2,213	2,900 to 3,010	+31.0% to +36.0%
Adjusted operating profit	730	917 to 1,288	+25.5% to +76.3%
Adjusted operating profit margin	3.6%	3.7% to 5.0%	+0.1 pt. to +1.4 pt.

Consolidated net sales are expected to increase 23.0% to 26.2% year on year due to the effects of revamping the “Sansan” and “Eight” products and the expected continued high growth of “Bill One.” Net sales in Sansan/Bill One Business are expected to increase 21.5% to 25.0% year on year and net sales in Eight Business are expected to increase 31.0% to 36.0% year on year. Because it is difficult to accurately estimate the impact of revamping the products on financial results and other factors at this point in time, the Company has disclosed a range-based outlook for each business.

Although selling, general and administrative expenses are expected to increase as a result of making investments for growth, the solid growth of net sales is expected to increase adjusted operating profit by 25.5% to 76.3% year on year, and adjusted operating profit margin is expected to increase 0.1 points to 1.4 points. In addition, as the main expenses in selling, general and administrative expenses, personnel expenses are expected to increase approximately 23.7% year on year and advertising expenses are expected to increase approximately 6.5% year on year.

For multi-step profit or loss under operating profit or loss, 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 profit or loss items.

2. Basic concept regarding selection of accounting standards

In consideration of comparability with other companies in Japan, the Group applies Japanese accounting standard.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of May 31, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	12,389	15,432
Accounts receivable - trade	571	756
Prepaid expenses	469	478
Other	117	194
Allowance for doubtful accounts	(4)	(3)
Total current assets	13,542	16,856
Non-current assets		
Property, plant and equipment		
Buildings and structures	825	1,227
Accumulated depreciation	(405)	(582)
Buildings and structures, net	419	645
Other	257	339
Accumulated depreciation	(172)	(178)
Other, net	85	161
Total property, plant and equipment	504	806
Intangible assets		
Software	1,023	917
Goodwill	185	229
Other	0	0
Total intangible assets	1,209	1,147
Investments and other assets		
Investment securities	8,344	6,262
Leasehold deposits	702	793
Deferred tax assets	—	416
Other	6	10
Total investments and other assets	9,053	7,481
Total non-current assets	10,768	9,435
Total assets	24,310	26,292

(Millions of yen)

	As of May 31, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	195	253
Short-term borrowings	200	—
Current portion of long-term borrowings	1,085	477
Accounts payable - other	1,175	1,081
Income taxes payable	154	380
Accrued consumption taxes	271	398
Advances received	6,719	8,199
Provision for bonuses	359	487
Other	82	229
Total current liabilities	10,243	11,507
Non-current liabilities		
Long-term borrowings	879	2,547
Deferred tax liabilities	571	—
Other	31	144
Total non-current liabilities	1,482	2,691
Total liabilities	11,725	14,199
Net assets		
Shareholders' equity		
Share capital	6,312	6,426
Capital surplus	4,053	4,023
Retained earnings	526	1,384
Treasury shares	(0)	(1)
Total shareholders' equity	10,892	11,832
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,622	85
Foreign currency translation adjustment	1	26
Total accumulated other comprehensive income	1,623	112
Share acquisition rights	65	142
Non-controlling interests	2	5
Total net assets	12,584	12,093
Total liabilities and net assets	24,310	26,292

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Net sales	16,184	20,420
Cost of sales	1,992	2,515
Gross profit	14,192	17,904
Selling, general and administrative expenses	13,455	17,272
Operating profit	736	631
Non-operating income		
Interest income	0	0
Dividend income	57	33
Subsidy income	10	1
Cancellation penalty income	3	–
Gain on sale of investment securities	32	979
Other	1	26
Total non-operating income	106	1,042
Non-operating expenses		
Interest expenses	23	10
Commission expenses	25	7
Foreign exchange losses	1	9
Penalty loss on cancellation of rental contracts	92	–
Loss on investments in investment partnerships	12	20
Share of loss of entities accounted for using equity method	285	609
Other	27	47
Total non-operating expenses	468	705
Ordinary profit	375	968
Extraordinary income		
Gain on reversal of share acquisition rights	0	0
Gain on change in equity	–	105
Total extraordinary income	0	105
Extraordinary losses		
Loss on retirement of non-current assets	4	16
Loss on valuation of investment securities	–	140
Impairment losses	–	9
Total extraordinary losses	4	165
Profit before income taxes	370	908
Income taxes - current	202	353
Income taxes - deferred	(13)	(296)
Total income taxes	189	56
Profit	180	852
Loss attributable to non-controlling interests	(1)	(5)
Profit attributable to owners of parent	182	857

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Profit	180	852
Other comprehensive income		
Valuation difference on available-for-sale securities	1,622	(1,536)
Foreign currency translation adjustment	17	25
Total other comprehensive income	1,639	(1,510)
Comprehensive income	1,820	(658)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,821	(652)
Comprehensive income attributable to non-controlling interests	(1)	(5)

(3) Consolidated statement of changes in equity

Fiscal year ended May 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,236	3,977	344	—	10,557
Changes during period					
Issuance of new shares	76	76	—	—	152
Purchase of treasury shares	—	—	—	(0)	(0)
Profit attributable to owners of parent	—	—	182	—	182
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	76	76	182	(0)	334
Balance at end of period	6,312	4,053	526	(0)	10,892

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	—	(15)	(15)	10	—	10,552
Changes during period						
Issuance of new shares	—	—	—	—	—	152
Purchase of treasury shares	—	—	—	—	—	(0)
Profit attributable to owners of parent	—	—	—	—	—	182
Net changes in items other than shareholders' equity	1,622	17	1,639	55	2	1,697
Total changes during period	1,622	17	1,639	55	2	2,032
Balance at end of period	1,622	1	1,623	65	2	12,584

Fiscal year ended May 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,312	4,053	526	(0)	10,892
Changes during period					
Issuance of new shares	113	113	—	—	226
Purchase of treasury shares	—	—	—	(1)	(1)
Purchase of shares of consolidated subsidiaries	—	(143)	—	—	(143)
Profit attributable to owners of parent	—	—	857	—	857
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	113	(30)	857	(1)	939
Balance at end of period	6,426	4,023	1,384	(1)	11,832

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	1,622	1	1,623	65	2	12,584
Changes during period						
Issuance of new shares	—	—	—	—	—	226
Purchase of treasury shares	—	—	—	—	—	(1)
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(143)
Profit attributable to owners of parent	—	—	—	—	—	857
Net changes in items other than shareholders' equity	(1,536)	25	(1,510)	76	3	(1,430)
Total changes during period	(1,536)	25	(1,510)	76	3	(491)
Balance at end of period	85	26	112	142	5	12,093

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	370	908
Depreciation	691	768
Amortization of goodwill	15	25
Impairment losses	–	9
Loss on retirement of non-current assets	4	16
Share-based payment expenses	33	72
Gain on reversal of share acquisition rights	(0)	(0)
Loss (gain) on sale of investment securities	(32)	(979)
Loss (gain) on valuation of investment securities	–	140
Loss (gain) on investments in investment partnerships	12	20
Share of loss (profit) of entities accounted for using equity method	285	609
Loss (gain) on change in equity	–	(105)
Increase (decrease) in allowance for doubtful accounts	1	(1)
Increase (decrease) in provision for bonuses	69	127
Interest and dividend income	(58)	(34)
Interest expenses	23	10
Commission expenses	0	0
Decrease (increase) in trade receivables	(121)	(183)
Decrease (increase) in prepaid expenses	(50)	12
Decrease (increase) in other assets	61	(76)
Increase (decrease) in trade payables	90	57
Increase (decrease) in accounts payable - other	620	(90)
Increase (decrease) in advances received	1,401	1,479
Increase (decrease) in accrued consumption taxes	(162)	131
Increase (decrease) in other liabilities	(66)	237
Other, net	35	92
Subtotal	3,224	3,250
Interest and dividends received	58	34
Interest paid	(24)	(16)
Income taxes paid	(246)	(144)
Net cash provided by (used in) operating activities	3,011	3,123

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(273)	(468)
Purchase of intangible assets	(636)	(453)
Purchase of investment securities	(336)	(2,555)
Proceeds from sale of investment securities	1,680	3,224
Purchase of shares of subsidiaries and associates	(660)	(500)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(132)	(61)
Payments of leasehold deposits	(186)	(202)
Other, net	(5)	2
Net cash provided by (used in) investing activities	(551)	(1,014)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	173	(200)
Proceeds from long-term borrowings	–	3,250
Repayments of long-term borrowings	(3,220)	(2,190)
Proceeds from issuance of shares	152	209
Proceeds from issuance of share acquisition rights	21	21
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(143)
Other, net	(29)	(37)
Net cash provided by (used in) financing activities	(2,902)	909
Effect of exchange rate change on cash and cash equivalents	2	3
Net increase (decrease) in cash and cash equivalents	(440)	3,021
Cash and cash equivalents at beginning of period	12,663	12,223
Cash and cash equivalents at end of period	12,223	15,245

(5) Notes to consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the current fiscal year, was added to or subtracted from the opening balance of retained earnings of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

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

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44(2) of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

The application of the "Accounting Standard for Fair Value Measurement" and relevant ASBJ regulations has no effect on the consolidated financial statements for the current fiscal year.

Additional information

(Accounting estimates associated with the spread of COVID-19)

Regarding the impact of COVID-19, it is difficult to accurately predict when the pandemic will finally end, etc. As a result, accounting estimates, such as the recoverability of deferred tax assets, were made for the next fiscal year based on the assumption that a certain economic impact will continue until the end of the fiscal year ending May 31, 2023.

Segment information

a. Segment information

1. Description of reportable segments

The reportable segments used by the Group are components for which discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors, in particular, to make decisions about resources to be allocated to the segments and assess their performance.

In the operation of its business activities, the Group has established business divisions and companies to engage in specific services, and it formulates comprehensive strategies for the services that each business division and company provides.

Accordingly, the Group's operations are made up of segments engaged in specific services under the basic operating structures of business divisions or companies, and it has two reportable segments of the "Sansan/Bill One Business" and the "Eight Business."

Descriptions of the services belonging to each segment are stated below.

Reportable segments	Description of services in segment
Sansan/Bill One Business	Provision of "Sansan," a service for sales DX, "Bill One," an online invoice receiving solution, etc.
Eight Business	Provision of "Eight," a contact and career management app

2. Methods of calculating the amounts of net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting method used for operating segments reported is the same as the description in "Matters forming the basis of preparing the consolidated financial statements."

The profit stated for the reportable segments is a figure based on operating profit.

3. Information on the amounts of net sales, profit or loss, assets, liabilities, and other items for each reportable segment

Fiscal year ended May 31, 2021

	Reportable segments			Others (Note) 1	Total	Adjustments (Note) 2	Amount in the quarterly consolidated financial statement (Note) 3
	Sansan/ Bill One Business	Eight Business	Total				
Net sales							
Sales to external customers	14,605	1,579	16,184	—	16,184	—	16,184
Intersegment sales or transfers	—	3	3	—	3	(3)	—
Total	14,605	1,582	16,188	—	16,188	(3)	16,184
Segment profit (loss)	5,278	(754)	4,524	—	4,524	(3,787)	736
Other items							
Depreciation	415	17	432	—	432	258	691

- Notes: 1. The "Others" category is a business segment that is not included in the reportable segments, and includes subsidiaries' businesses.
2. The adjustments stated for segment profit (loss) and depreciation are the amounts of corporate expenses not attributable to any reportable segment and mostly consist of general and administrative expenses.
3. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.
4. Segment assets and liabilities have not been shown, as information relating to assets and liabilities are not regularly provided to the chief operating decision maker and are not subject to the assessment of performance.
5. Intersegment sales or transfers are based on actual market price.

Fiscal year ended May 31, 2022

(Millions of yen)

	Reportable segments			Others (Note) 1	Total	Adjustments (Note) 2	Amount in the quarterly consolidated financial statement (Note) 3
	Sansan/ Bill One Business	Eight Business	Total				
Net sales							
Sales to external customers	18,104	2,204	20,309	111	20,420	–	20,420
Intersegment sales or transfers	1	9	10	15	25	(25)	–
Total	18,105	2,213	20,319	126	20,446	(25)	20,420
Segment profit (loss)	5,725	(386)	5,338	(28)	5,310	(4,678)	631
Other items							
Depreciation	507	18	525	0	525	242	768

- Notes: 1. The “Others” category is a business segment that is not included in the reportable segments, and includes subsidiaries’ businesses.
2. The adjustments stated for segment profit (loss) and depreciation are the amounts of corporate expenses not attributable to any reportable segment and mostly consist of general and administrative expenses.
3. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.
4. Segment assets and liabilities have not been shown, as information relating to assets and liabilities are not regularly provided to the chief operating decision maker and are not subject to the assessment of performance.
5. Intersegment sales or transfers are based on actual market price.

4. Matters regarding changes in reportable segments

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

The segment information of the previous fiscal year is based on the division of the reportable segment of the current fiscal year.

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

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

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

b. Information associated with reportable segments

1. Information for each product or service

This information is omitted because the same information has been presented in Segment information.

2. Information for each region

(1) Net sales

This has been omitted because net sales to external Japanese customers account for more than 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This has been omitted because the value of property, plant and equipment in Japan accounts for more than 90% of the value of property, plant and equipment on the consolidated balance sheet.

3. Information for each of main customers

This has been omitted because there is no external customer that accounts for 10% or more of net sales recorded on the consolidated statement of income.

c. Disclosure of impairment losses on non-current assets for each reportable segment

Fiscal year ended May 31, 2021

Not applicable.

Fiscal year ended May 31, 2022

Impairment losses of ¥9 million for corporate expenses not belonging to any reportable segment were recorded.

d. Amortization and unamortized balance of goodwill for each reportable segment

Fiscal year ended May 31, 2021

(Millions of yen)

	Sansan/Bill One Business	Eight Business	Corporate and eliminations	Total
Amortization of goodwill	—	15	—	15
Goodwill	—	185	—	185

Fiscal year ended May 31, 2022

(Millions of yen)

	Sansan/Bill One Business	Eight Business	Corporate and eliminations	Total
Amortization of goodwill	—	20	5	25
Goodwill	—	165	64	229

e. Information about gain on bargain purchase for each reportable segment

Not applicable.

Per share information

(Yen)

	Fiscal year ended May 31, 2021 (from June 1, 2020 to May 31, 2021)	Fiscal year ended May 31, 2022 (from June 1, 2021 to May 31, 2022)
Net assets per share	100.34	95.59
Basic earnings per share	1.47	6.87
Diluted earnings per share	1.45	6.77

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

2. Basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended May 31, 2021 (from June 1, 2020 to May 31, 2021)	Fiscal year ended May 31, 2022 (from June 1, 2021 to May 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	182	857
Amounts not attributable to common shareholders (Millions of yen)	—	
Profit attributable to owners of parent related to common shares (Millions of yen)	182	857
Average number of common shares outstanding during the period (Shares)	124,590,310	124,841,631
Diluted earnings per share		
Adjustments stated for profit attributable to owners of parent (Millions of yen)	—	—
Increase in number of common shares (Shares)	1,795,463	1,896,164
[Of which share acquisition rights] (Shares)	[1,795,463]	[1,896,164]
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	—	Stock options 2021 (the 6th share acquisition rights) 200 units

Significant events after reporting period

Issuance of the 7th share acquisition rights

At the meeting of the Board of Directors held on July 14, 2022, the Company resolved to issue the 7th Share Acquisition Rights to employees of the Company and employee of the Company's subsidiary in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

7th Share Acquisition Rights

Number of share acquisition rights	6,559 units
Class and number of shares to be acquired upon exercise of the share acquisition rights	Common shares of the Company, 655,900 shares (100 shares per one unit acquisition right)
Exercise price of share acquisition rights	¥102,100 per one unit acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,021 per one share Additional paid-in capital: ¥511 per one share
Allotment date of share acquisition rights	July 29, 2022
Persons subject to allotment of share acquisition rights	138 employees of the Company 1 employee of the Company's subsidiary
Exercise period of share acquisition rights	From July 15, 2024 to July 14, 2032
Exercise conditions of share acquisition rights	*

- * 1. Persons who have received an allotment of the share acquisition rights (the "Share Acquisition Rights Holder") may exercise their share acquisition rights if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (July 14, 2032) exceeds the ¥2,344. However, in the event of a share split or reverse share split after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Split (or Reverse split) ratio}}$$

- The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
- In the event the Share Acquisition Rights Holder dies, inheritance shall not be recognized.
- Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
- The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
- It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

Issuance of the 8th share acquisition rights (compensatory stock options)

At the meeting of the Board of Directors held on July 14, 2022, the Company resolved to issue the 8th Share Acquisition Rights to Directors and Executive Officers of the Company in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

8th Share Acquisition Rights

Number of share acquisition rights	1813 units
Class and number of shares to be acquired upon exercise of the share acquisition rights	Common shares of the Company, 181,300 shares (100 shares per one unit acquisition right)
Issuance price of share acquisition rights	¥12,500 per one unit acquisition right
Exercise price of share acquisition rights	¥102,100 per one unit acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,021 per one share Additional paid-in capital: ¥511 per one share
Allotment date of share acquisition rights	September 2, 2022
Persons subject to allotment of share acquisition rights	5 Directors of the Company 15 Executive Officers of the Company
Exercise period of share acquisition rights	From September 1, 2023 to September 1, 2032
Exercise conditions of share acquisition rights	*

- * 1. Persons who have received an allotment of the share acquisition rights (the “Share Acquisition Rights Holder”) may exercise their share acquisition rights only if the amount of net sales in the Company’s consolidated statement of income for the fiscal year ending May 31, 2023 has exceeded ¥25,265 million. In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company’s Board of Directors.
2. The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
3. In the event the Share Acquisition Rights Holder dies, inheritance shall not be recognized.
4. Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
5. The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
6. It shall not be possible to exercise fractions less than one unit of the share acquisition rights.