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MEMBERSHIP

July 12, 2019

Consolidated Financial Results for the Fiscal Year Ended May 31, 2019 (under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4443
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Scheduled date of ordinary general meeting of shareholders: August 20, 2019
 Scheduled date to commence dividend payments: –
 Scheduled date to file annual securities report: August 28, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: 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, 2019 (from June 1, 2018 to May 31, 2019)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2019	10,206	39.3	(849)	–	(891)	–	(945)	–
May 31, 2018	7,324	51.3	(3,061)	–	(3,077)	–	(3,085)	–

Note: Comprehensive income For the fiscal year ended May 31, 2019: ¥(950) million [–%]
 For the fiscal year ended May 31, 2018: ¥(3,081) million [–%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
May 31, 2019	(40.42)	–	(40.5)	(12.4)	(8.3)
May 31, 2018	(168.44)	–	(462.8)	(70.0)	(41.8)

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended May 31, 2019: ¥– million
 For the fiscal year ended May 31, 2018: ¥– million

- Notes: 1. The Company conducted a stock split of common share at a ratio of 10,000-for-1 on June 15, 2018. Basic earnings per share is calculated on the assumption that said splitting of shares had been made at the beginning of the previous fiscal year.
2. Diluted earnings per share are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2019	9,079	3,372	37.0	114.60
May 31, 2018	5,299	1,312	24.8	(311.50)

Reference: Equity

For the fiscal year ended May 31, 2019: ¥3,362 million

For the fiscal year ended May 31, 2018: ¥1,312 million

Note: The Company conducted a stock split of common share at a ratio of 10,000-for-1 on June 15, 2018. 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, 2019	1,072	(2,282)	3,132	5,468
May 31, 2018	(1,609)	(679)	3,826	3,546

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, 2018	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended May 31, 2019	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending May 31, 2020 (Forecast)	–	–	–	–	–		–	

3. Consolidated earnings forecasts for the fiscal year ending May 31, 2020 (from June 1, 2019 to May 31, 2020)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending May 31, 2020	13,816	35.4	724	–	670	–	–	–	–

Note: Although the Company is expecting to return to the black and post a profit attributable to owners of parent, it is difficult to make a precise forecast. Accordingly, the Company will refrain from disclosing a concrete forecast at this point in time. For details, please refer to “(4) Future outlook” under “1. Review of operating results and others” on page 4 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
- Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - Changes in accounting policies due to other reasons: None
 - Changes in accounting estimates: None
 - Restatement: None

(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, 2019	29,432,353 shares
As of May 31, 2018	20,400,000 shares

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

As of May 31, 2019	–
As of May 31, 2018	–

- c. Average number of outstanding shares during the period

As of May 31, 2019	23,394,286 shares
As of May 31, 2018	20,400,000 shares

Note: The Company conducted a stock split of common share at a ratio of 10,000-for-1 on June 15, 2018. “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 shares outstanding 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, 2019 (from June 1, 2018 to May 31, 2019)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
May 31, 2019	10,200	39.4	(848)	–	(893)	–	(947)	–
May 31, 2018	7,318	51.4	(3,006)	–	(3,022)	–	(3,294)	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
May 31, 2019	(40.48)	–
May 31, 2018	(178.68)	–

(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, 2019	9,082	3,376	37.1	114.71
May 31, 2018	5,293	1,312	24.8	(311.50)

Reference: Equity

For the fiscal year ended May 31, 2019: ¥3,365 million

For the fiscal year ended May 31, 2018: ¥1,312 million

- Notes: 1. The Company conducted a stock split of common share at a ratio of 10,000-for-1 on June 15, 2018. Net assets per share and basic 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. Diluted earnings per share are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.

* 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. Review of operating results and others

(1) Review of operating results for the fiscal year under review

Under the mission of “Turning encounters into innovation,” the Group is developing business activities by providing various solution services such as business card management.

In the fiscal year under review, the Company engaged in initiatives such as strengthening the sales structure, including human resources, and advertising, focused on TV commercials, in order to realize continuous growth of net sales.

As a result, business results have steadily improved for the Sansan Business and the Eight Business, and net sales totaled ¥10,206,014 thousand (up 39.3% year on year), gross profit totaled ¥8,608,441 thousand (up 46.2% year on year), and gross profit margin was 84.3% (up 3.9 points year on year) in the fiscal year under review. On the other hand, losses were recorded for multi-step profit or loss under operating profit or loss due to being in the phase in which upfront investments were being made to realize growth. Operating loss totaled ¥849,739 thousand (compared to ¥3,061,454 thousand in the previous fiscal year), ordinary loss totaled ¥891,689 thousand (compared to ¥3,077,015 thousand in the previous fiscal year), and loss attributable to owners of parent totaled ¥945,539 thousand (compared to ¥3,085,890 thousand in the previous fiscal year). However, multi-step losses shrank compared to the previous fiscal year due to the continued growth of the Sansan and Eight businesses, as well as reduced advertising expenses for the Eight Business in particular.

In addition, the Company received ¥3,000,000 thousand in financing (capital increase through third-party allotment) in December 2018 to further strengthen and accelerate business development.

Results by segment are as follows.

(i) Sansan Business

The Company continued to engage in initiatives such as strengthening the sales structure, including hiring of salespeople, and advertising, focused on TV commercials, in order to further increase the number of accounts and increase net sales per account for Sansan, a B2B cloud-based business card management service. In addition, the Company made efforts to improve product strengths by reforming the product concept in March 2019 to “Sansan, Where Business Starts” and improving various functions, updating the design, etc. As a result, the number of accounts totaled 5,823 (up 13.1% year on year) and the average rate of monthly cancellations over the past 12 months was 0.66% (down 0.1 points year on year) at the end of the fiscal year under review.

As a result, net sales totaled ¥9,639,479 thousand (up 36.8% year on year) and segment profit totaled ¥2,909,507 thousand (up 102.4% year on year) at the end of the fiscal year under review.

(ii) Eight Business

Along with continued efforts to increase the number of users using Eight, our B2C business card management app, the Company focused on initiatives such as strengthening the development of services for businesses, as well as developing new services in order to accelerate full monetization of the entire business. Updates to the application were implemented in December 2018 for iOS and March 2019 for Android, and this effort to improve convenience for users led to 2,440 thousand users at the end of the fiscal year under review (up 300 thousand users year on year). In addition, we started “Meets”, a business event that encourages resolving challenges, in September 2018 and “Eight Career Design”, a recruitment service, in January 2019 as new services for businesses.

As a result, net sales for the fiscal year under review totaled ¥566,535 thousand (up 102.8% year on year). Segment loss was recorded at ¥1,212,980 thousand (compared to ¥2,964,347 thousand in the previous fiscal year) due to being in the phase in which upfront investments were being made to increase future profitability. On the other hand, losses greatly decreased this fiscal year compared to the previous fiscal year in which the Company strengthened advertising activities aiming to increase the number of users.

(2) Review of financial position for the fiscal year under review

Assets

Total assets at the end of the fiscal year under review were ¥9,079,116 thousand, up ¥3,780,090 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥1,093,800 thousand in the purchase of investment securities in addition to an increase of ¥2,081,017 thousand in cash and deposits due to financing (capital increase through third-party allotment) received in December 2018.

Liabilities

Total liabilities at the end of the fiscal year under review were ¥5,706,151 thousand, up ¥1,719,648 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥1,125,149 thousand in advances received from receiving a lump-sum payment of contract term fees from customers.

Net assets

Net assets at the end of the fiscal year under review were ¥3,372,965 thousand, up ¥2,060,441 thousand from the end of the previous fiscal year. This was primarily due to an increase in capital stock and capital surplus of ¥3,000,000 thousand from financing (capital increase through third-party allotment) received in December 2018, as well as a decrease of ¥945,539 thousand in retained earnings due to recognition of loss attributable to owners of parent. In addition, the Company reduced capital stock by ¥1,851,627 thousand and capital surplus by ¥1,443,034 thousand and transferred them to retained earnings in order to achieve future flexible and dynamic capital policy by eliminating cumulative loss early based on the resolution at the Ordinary General Meeting of Shareholders that took place on August 21, 2018.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter “capital”) for the fiscal year ended May 31, 2019 totaled ¥5,468,495 thousand, an increase of ¥1,922,476 thousand compared to the previous fiscal year (up 54.2% year on year).

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 ¥1,072,808 thousand (compared to ¥1,609,791 thousand used in the previous fiscal year). The main reason for this increase in capital was recognition of depreciation, non-cash expense, of ¥459,657 thousand and an increase of ¥1,125,161 thousand in advances received, and the main factor for the decrease in capital was recognition of loss before income taxes of ¥937,602 thousand.

Cash flows from investing activities

The amount of capital used in investing activities totaled ¥2,282,733 thousand (up 236.1% year on year). This was primarily due to purchase of property, plant and equipment totaling ¥316,310 thousand, purchase of intangible assets totaling ¥574,297 thousand, and purchase of investment securities totaling ¥1,093,800 thousand.

Cash flows from financing activities

The amount of capital provided by financing activities totaled ¥3,132,304 thousand (down 18.1% year on year). This was primarily due to ¥2,989,470 thousand in proceeds from the issuance of new shares, received through third-party allotment.

(4) Future outlook

In the fiscal year ending May 31, 2020, the Company is expecting to see net sales of ¥13,816,000 thousand (up 35.4% year on year) mainly due to the continued growth of the Sansan business, in addition to the development of monetization of the Eight business contributing to business results. In addition, for multi-step profit or loss, the Company is expecting various aspects to become profitable due to growth in net sales, with operating profit totaling ¥724,000 thousand (compared to operating loss of ¥849,739 thousand in the previous fiscal year) and ordinary profit totaling ¥670,000 thousand (compared to ordinary loss of ¥891,689 thousand in the previous fiscal year). Moreover, the Company is expecting profitability in profit attributable to owners of parent (compared to loss attributable to owners of parent of ¥945,539 thousand in the previous fiscal year) and an increased estimate of taxable income due to improved performance in the medium term. Accordingly, it is possible that the Company will record income taxes - deferred mainly due to an increase in deferred tax assets pertaining to tax loss carryforward in the fiscal year ending May 31, 2020, but as it is difficult to detail the amount to be recorded in income taxes - deferred based on prospective business performance, etc. for the fiscal year ending May 31, 2021, concrete forecasts for profit attributable to owners of parent are not disclosed.

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

(Thousands of yen)

	As of May 31, 2018	As of May 31, 2019
Assets		
Current assets		
Cash and deposits	3,546,018	5,627,035
Accounts receivable - trade	207,224	318,354
Prepaid expenses	255,550	322,660
Consumption taxes receivable	82,380	266
Other	79,867	32,996
Allowance for doubtful accounts	(4,517)	(2,704)
Total current assets	4,166,523	6,298,608
Non-current assets		
Property, plant and equipment		
Buildings and structures	222,633	502,742
Accumulated depreciation	(119,759)	(164,952)
Buildings and structures, net	102,873	337,789
Other	125,560	158,434
Accumulated depreciation	(64,081)	(89,299)
Other, net	61,478	69,134
Total property, plant and equipment	164,352	406,924
Intangible assets		
Software	601,830	834,737
Other	620	390
Total intangible assets	602,451	835,127
Investments and other assets		
Investment Securities	–	1,093,800
Leasehold deposits	358,313	439,537
Other	7,385	5,118
Total investments and other assets	365,698	1,538,455
Total non-current assets	1,132,502	2,780,508
Total assets	5,299,026	9,079,116

(Thousands of yen)

	As of May 31, 2018	As of May 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	59,883	96,169
Short-term loans payable	13,500	18,000
Current portion of long-term loans payable	94,534	133,134
Accounts payable - other	654,533	770,424
Income taxes payable	24,258	41,283
Accrued consumption taxes	–	184,745
Advances received	2,798,027	3,923,177
Provision for bonuses	133,416	199,010
Provision for loss on closure of business locations	–	6,960
Other	41,563	55,868
Total current liabilities	3,819,717	5,428,772
Non-current liabilities		
Long-term loans payable	127,706	233,714
Other	39,079	43,664
Total non-current liabilities	166,785	277,378
Total liabilities	3,986,502	5,706,151
Net assets		
Shareholders' equity		
Capital stock	3,164,128	2,812,501
Capital surplus	1,443,034	1,500,000
Retained earnings	(3,291,714)	(942,592)
Total shareholders' equity	1,315,448	3,369,909
Accumulated other comprehensive income		
Foreign currency translation adjustment	(2,925)	(7,607)
Total accumulated other comprehensive income	(2,925)	(7,607)
Share acquisition rights	–	10,663
Total net assets	1,312,523	3,372,965
Total liabilities and net assets	5,299,026	9,079,116

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

(Thousands of yen)

	Fiscal year ended May 31, 2018	Fiscal year ended May 31, 2019
Net sales	7,324,098	10,206,014
Cost of sales	1,435,520	1,597,573
Gross profit	5,888,577	8,608,441
Selling, general and administrative expenses	8,950,032	9,458,181
Operating loss	(3,061,454)	(849,739)
Non-operating income		
Interest and dividend income	37	2,079
Foreign exchange gains	495	1,492
Subsidy income	3,271	475
Cancellation penalty income	4,514	10,343
Other	2,279	1,679
Total non-operating income	10,597	16,069
Non-operating expenses		
Interest expenses	5,719	4,766
Loss on cancellation of leases	5,115	8,836
Share issuance cost	14,836	10,530
Stock market listing expenses	-	8,886
Loss on cancellation of rental contracts	-	16,130
Provision for loss on closure of business locations	-	6,960
Other	486	1,910
Total non-operating expenses	26,158	58,019
Ordinary loss	(3,077,015)	(891,689)
Extraordinary income		
Gain on reversal of share acquisition rights	-	4,725
Total extraordinary income	-	4,725
Extraordinary losses		
Loss on retirement of non-current assets	1,528	16,387
Impairment loss	-	34,250
Total extraordinary losses	1,528	50,637
Loss before income taxes	(3,078,543)	(937,602)
Income taxes - current	7,346	7,937
Loss	(3,085,890)	(945,539)
Loss attributable to owners of parent	(3,085,890)	(945,539)

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended May 31, 2018	Fiscal year ended May 31, 2019
Loss	(3,085,890)	(945,539)
Other comprehensive income		
Foreign currency translation adjustment	3,989	(4,682)
Total other comprehensive income	3,989	(4,682)
Comprehensive income	(3,081,901)	(950,221)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,081,901)	(950,221)

(3) Consolidated statement of changes in equity

Fiscal year ended May 31, 2018

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	1,053,230	–	(873,688)	179,541
Changes of items during period				
Issuance of new shares	2,110,898	2,110,898	–	4,221,797
Deficit disposition	–	(667,864)	667,864	–
Loss attributable to owners of parent	–	–	(3,085,890)	(3,085,890)
Net changes of items other than shareholders' equity	–	–	–	–
Total changes of items during period	2,110,898	1,443,034	(2,418,026)	1,135,906
Balance at end of current period	3,164,128	1,443,034	(3,291,714)	1,315,448

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	(6,914)	(6,914)	172,627
Changes of items during period			
Issuance of new shares	–	–	4,221,797
Deficit disposition	–	–	–
Loss attributable to owners of parent	–	–	(3,085,890)
Net changes of items other than shareholders' equity	3,989	3,989	3,989
Total changes of items during period	3,989	3,989	1,139,896
Balance at end of current period	(2,925)	(2,925)	1,312,523

Fiscal year ended May 31, 2019

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	3,164,128	1,443,034	(3,291,714)	1,315,448
Changes of items during period				
Issuance of new shares	1,500,000	1,500,000	–	3,000,000
Deficit disposition	(1,851,627)	(1,443,034)	3,294,661	–
Loss attributable to owners of parent	–	–	(945,539)	(945,539)
Net changes of items other than shareholders' equity	–	–	–	–
Total changes of items during period	(351,627)	56,965	2,349,122	2,054,460
Balance at end of current period	2,812,501	1,500,000	(942,592)	3,369,909

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(2,925)	(2,925)	–	1,312,523
Changes of items during period				
Issuance of new shares	–	–	–	3,000,000
Deficit disposition	–	–	–	–
Loss attributable to owners of parent	–	–	–	(945,539)
Net changes of items other than shareholders' equity	(4,682)	(4,682)	10,663	5,981
Total changes of items during period	(4,682)	(4,682)	10,663	2,060,441
Balance at end of current period	(7,607)	(7,607)	10,663	3,372,965

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended May 31, 2018	Fiscal year ended May 31, 2019
Cash flows from operating activities		
Loss before income taxes	(3,078,543)	(937,602)
Depreciation	366,437	459,657
Impairment loss	–	34,250
Increase (decrease) in provision for loss on closure of business locations	–	6,960
Share issuance cost	14,836	10,530
Loss on retirement of non-current assets	1,528	16,387
Increase (decrease) in allowance for doubtful accounts	(540)	(1,812)
Increase (decrease) in provision for bonuses	33,820	65,605
Interest and dividend income	(37)	(2,079)
Interest expenses	5,719	4,766
Gain on reversal of share acquisition rights	–	(4,725)
Decrease (increase) in notes and accounts receivable - trade	(41,779)	(111,289)
Decrease (increase) in prepaid expenses	204,868	(67,067)
Decrease (increase) in consumption taxes refund receivable	(79,009)	83,137
Decrease (increase) in other assets	(41,039)	49,929
Increase (decrease) in notes and accounts payable - trade	26,086	36,285
Increase (decrease) in accounts payable - other	333,545	50,277
Increase (decrease) in accrued consumption taxes	(104,907)	184,745
Increase (decrease) in advances received	697,744	1,125,161
Increase (decrease) in other liabilities	16,679	24,351
Other, net	46,608	56,123
Subtotal	(1,597,980)	1,083,592
Interest and dividend income received	37	1,297
Interest expenses paid	(5,719)	(4,822)
Income taxes paid	(6,127)	(7,258)
Net cash provided by (used in) operating activities	(1,609,791)	1,072,808
Cash flows from investing activities		
Net decrease (increase) in time deposits	–	(163,176)
Purchase of property, plant and equipment	(72,188)	(316,310)
Purchase of intangible assets	(408,415)	(574,297)
Purchase of investment securities	–	(1,093,800)
Payments for leasehold deposits	(199,182)	(226,962)
Other, net	600	91,813
Net cash provided by (used in) investing activities	(679,187)	(2,282,733)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(283,284)	4,500
Proceeds from long-term loans payable	50,000	290,000
Repayments of long-term loans payable	(131,756)	(145,392)
Proceeds from issuance of common shares	4,206,961	2,989,470
Proceeds from issuance of share acquisition rights	–	15,388
Other, net	(15,434)	(21,662)
Net cash provided by (used in) financing activities	3,826,486	3,132,304
Effect of exchange rate change on cash and cash equivalents	4,099	96
Net increase (decrease) in cash and cash equivalents	1,541,607	1,922,476

(Thousands of yen)

	Fiscal year ended May 31, 2018	Fiscal year ended May 31, 2019
Cash and cash equivalents at beginning of period	2,004,410	3,546,018
Cash and cash equivalents at end of period	3,546,018	5,468,495

(5) Notes to consolidated financial statements
(Notes on premise of going concern)

Not applicable.

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

The reportable segments used by the Group are components whose discrete financial data is available, and are subject to periodic review by the Board of Directors to facilitate decisions related to the allocation of resources and the evaluation of business performance.

In the operating 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 the two reportable segments of the "Sansan Business" and the "Eight Business."

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

Reportable segments	Description of services in segment
Sansan Business	Provision of "Sansan," a B2B business card management service
Eight Business	Provision of "Eight," a B2C professional network service

2. Methods of calculating the amount of sales, profit (loss), assets, liabilities, and other items for each reportable segment

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

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

3. Information on the amount of sales, profit (loss), assets, liabilities, and other items for each reportable segment

Fiscal year ended May 31, 2018

(Thousands of yen)

	Reportable segment			Adjustment (Note) 1	Amount in the consolidated financial statement (Note) 2
	Sansan Business	Eight Business	Total		
Net sales					
Sales to external customers	7,044,797	279,301	7,324,098	—	7,324,098
Inter-segment sales and transfers	—	—	—	—	—
Total	7,044,797	279,301	7,324,098	—	7,324,098
Segment profit (loss)	1,437,577	(2,964,347)	(1,526,770)	(1,534,683)	(3,061,454)
Other items					
Depreciation	224,891	83,692	308,583	57,854	366,437

- Notes: 1. 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.
2. Segment profit (loss) is adjusted with operating loss in the consolidated statement of income.
3. Segment assets and liabilities have not been shown, as information relating to assets and liabilities are not periodically provided to the supreme decision-making authority of the Company and are not subject to performance evaluation.

Fiscal year ended May 31, 2019

(Thousands of yen)

	Reportable segment			Adjustment (Note) 1	Amount in the consolidated financial statement (Note) 2
	Sansan Business	Eight Business	Total		
Net sales					
Sales to external customers	9,639,479	566,535	10,206,014	–	10,206,014
Inter-segment sales and transfers	–	–	–	–	–
Total	9,639,479	566,535	10,206,014	–	10,206,014
Segment profit (loss)	2,909,507	(1,212,980)	1,696,526	(2,546,266)	(849,739)
Other items					
Depreciation	282,509	43,413	325,923	133,734	459,657

- Notes: 1. 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.
2. Segment profit (loss) is adjusted with operating loss in the consolidated statement of income.
3. Segment assets and liabilities have not been shown, as information relating to assets and liabilities are not periodically provided to the supreme decision-making authority of the Company and are not subject to performance evaluation.

(Per share information)

	Fiscal year ended May 31, 2018 (from June 1, 2017 to May 31, 2018)	Fiscal year ended May 31, 2019 (from June 1, 2018 to May 31, 2019)
Net assets per share	(311.50) yen	114.60 yen
Basic loss per share	(168.44) yen	(40.42) yen

- Notes: 1. Net assets per share is calculated by deducting the portion of residual assets that are dividends to preferred shareholders.
2. Diluted earnings per share is not stated because, although a balance of share acquisition rights exists, basic loss per share was recorded.
3. The Company conducted a stock split at 10,000-for-1 on June 15, 2018 based on resolution at the meeting of the Board of Directors held on May 29, 2018. Basic loss per share is calculated on the assumption that the stock split had been made at the beginning of the previous fiscal year.
4. Basis for calculation of basic loss per share is as follows:

	Fiscal year ended May 31, 2018 (from June 1, 2017 to May 31, 2018)	Fiscal year ended May 31, 2019 (from June 1, 2018 to May 31, 2019)
Loss attributable to owners of parent (Thousands of yen)	(3,085,890)	(945,539)
Amounts not attributable to common shareholders (Thousands of yen)	350,386	—
[of which preferred dividends (Thousands of yen)]	[350,386]	—
Loss attributable to owners of parent related to common shares (Thousands of yen)	(3,436,277)	(945,539)
Average number of common shares outstanding during the period (Shares)	20,400,000	23,394,286
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	1st Share Acquisition Rights Number of share acquisition rights: 8 units (Common shares: 80,000 shares)	1st Share Acquisition Rights Number of share acquisition rights: 8 units (Common shares: 80,000 shares) 2nd Share Acquisition Rights Number of share acquisition rights: 45,000 units (Common shares: 45,000 shares) 3rd Share Acquisition Rights Number of share acquisition rights: 328,950 units (Common shares: 328,950 shares) 4th Share Acquisition Rights Number of share acquisition rights: 534,611 units (Common shares: 534,611 shares)

(Significant events after reporting period)*Issuance of shares*

The Company has received payment on June 18, 2019 for new shares through the public offering based on resolutions at meetings of the Board of Directors held on May 16 and May 30, 2019. Accordingly, the number of issued shares, the amount of capital stock and legal capital surplus have increased.

Type and number of shares for subscription	Common shares	500,000 shares
Issue price	¥4,500 per share	
Subscription price	¥4,207.5 per share	
Total issue price	¥2,250,000 thousand	
Total subscription price	¥2,103,750 thousand	
The amount of increase in capital stock and legal capital surplus	Increase in capital stock	¥1,051,875 thousand
	Increase in legal capital surplus	¥1,051,875 thousand
Payment date	June 18, 2019	
Fund usage	The Company plans to use the funds as working funds for marketing investments such as advertising expenses and promotion expenses, personnel expenses, and recruiting expenses.	