

## Anticipated High-Interest Items in Q3 Results for Fiscal Year Ending May 31, 2024

### Consolidated Results

#### **Q1: What were the contributing factors for the decline in the gross profit margin in Q3 (3-month period)?**

This was due mainly to an increase in the composition ratio of Bill One, which still has a relatively low gross profit margin.

In the meantime, the gross profit margin for Bill One alone bottomed out from October to November 2023, when the Invoice System was launched. Since then, the improvement has continued every month, and it is assumed that Bill One's gross profit margin will improve going forward.

#### **Q2: What were the contributing factors for multi-step profit decreasing to below the Q3 (three-month period) adjusted operating profit?**

In addition to an increase in personnel expenses due to the strengthening of personnel recruitment as a growth strategy, there was also a backlash from the comparatively small amount spent on advertising expenses in the same period of the previous year, resulting in a decrease in profit.

In contrast, if we look at the cumulative Q3 results, the level of profit and loss up to ordinary profit has increased more than the net sales growth rate due to the strong sales trends.

#### **Q3: What were the factors behind the decrease in quarterly net profit attributable to owners of parent in the Q3 cumulative results?**

The main reason for this was that, as extraordinary income in the same period last year, 619 million yen was recorded as gain on sale of shares of subsidiaries and associates.

#### **Q4: How are the Q3 cumulative results progressing against the full-year forecast?**

Both net sales and adjusted operating profit are progressing well in line with forecasts. As of cumulative Q3, net sales are trending close to the upper end of the forecast range, and adjusted operating profit is trending in line with the midpoint of the forecast range.

### Sansan/Bill One Business

#### **Q5: What were the factors behind the slowdown in the growth rate of Sansan's Other net sales when compared with Q2?**

When introducing a new product, initial revenue is recorded under Others, but depending on the size and form of the subscriptions acquired, the amount and timing of net sales will vary. This is because the growth rate has a tendency to fluctuate easily when viewed on a quarterly basis.

The majority of net sales are recorded from Q4 onwards, but since current orders received have remained strong—due to the amount from new orders received for the single month of February 2024 having recorded an all-time high and other factors—there are no particular concerns.

**Q6: What were the reasons for the large increase in the number of Sansan subscriptions when compared with Q2?**

The net increase in the number of subscriptions in Q3 (three-month period) was 240, a significant increase from the 167 subscriptions achieved in Q2. This was mainly due to steady progress in acquiring new clients from medium-sized and large companies as a result of the strengthening of our sales structure and advertising activities.

Although the growth rate of monthly recurring sales per subscription has slowed down slightly due to the balancing out of the scale of the subscriptions acquired and other factors, we believe that both are solid results.

**Q7: Have there been any changes in Bill One growth following the launch of the Invoice System?**

Although there was a slight slowdown in the speed of growth as the last-minute demand related to the Invoice System dissipated, we believe the impact to have been minor. Although the nature of these orders varied, with some having already been recorded as Q3 net sales and some being recorded after Q4, the amount of new orders received in Q3 was extremely solid. Considering the effect of increasing the number of sales personnel, which is part of our growth strategy, we believe that we can expect even better orders from Q4 onwards.

**Eight Business**

**Q8: What was the reason for the decrease in net sales in Q3 (3-month period) when compared with Q2?**

This was because although we held a large business event in Q2, we did not hold one in Q3. Large-scale business events are held in Q2 and Q4 every fiscal year, and one is scheduled for Q4 this fiscal year as well.

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