

Anticipated High-Interest Items in Q2 Results for Fiscal Year Ending May 31, 2026 (“FY2025”)

Consolidated Results/Others

Q1: What explains the significant increase in adjusted operating profit for the cumulative second quarter, which rose 265.2% year on year, exceeding the net sales growth rate?

Along with steady growth in net sales, progress in the use of our proprietary, internally developed AI has increased the automation rate in data digitization, leading to an improvement in gross profit margin. In addition, reductions in SG&A expenses, including a lower personnel expenses as a percentage of net sales, also contributed to profit growth. As a result, adjusted operating profit for the first half of the fiscal year reached a record high.

By segment, the adjusted operating profit margin for the Sansan/Bill One Business improved by 7.7 percentage points, driven by a substantial year-on-year improvement in operating loss in Bill One.

Q2: We understood that 25% of full-year profit was expected to be recorded in the first half and 75% in the second half. Can we consider that profit performance in the first half exceeded the plan?

Progress in adjusted operating profit for the first half of the fiscal year has reached a level that significantly exceeds our initial expectations. This was driven not only by steady net sales but also by cost efficiencies that progressed beyond what we had initially anticipated. On the other hand, this also reflects the impact of certain growth investments originally planned for the first half being deferred to the second half, resulting in progress that differs from our initial outlook for the profit recognition mix of 25% in the first half and 75% in the second half.

For the full year, we plan to make the necessary investments as scheduled to support further net sales and profit growth from the next fiscal year onward. At this time, there are no changes to our full-year forecast.

Q3: Advertising expenses are increasing. How do you view the outlook for the full year?

As new services such as Bill One Expense and Contract One have launched steadily, we strategically invested in advertising expenses primarily in Q1 to further expand brand awareness and acquire new customers.

At this time, we do not plan to make any changes to the initial plan for advertising expenses for the full year.

Sansan/Bill One Business

Q4: What factors are contributing to the continued stable growth of Sansan’s net sales?

As a result of the successful growth strategy, including the reinforcement of our sales structure and the enhancement of functions, we have continued to secure steady new orders, and the number of subscriptions and monthly recurring sales per subscription has been steadily increasing.

Q5: What led to the year-on-year decrease in Sansan's amount of new contracts for the three months of the second quarter?

In Q2 of the previous fiscal year, we achieved a record high in new order value thanks to the acquisition of several high-value mid-sized and large enterprise customers. Although new order value for this fiscal year is below that level, it still increased 13.1% compared with Q1 and remains at a high level.

Q6: What factors contributed to the continued growth in Bill One's quarterly net increase in MRR and the record-high level of the amount of new contracts in the second quarter (three-month period)?

This was driven by the reinforcement of our sales structure, diversification of sales approaches, and enhancements to new services and features such as Bill One Expense and Bill One Accounts Receivable, all implemented as part of our growth strategy. As a result, we consistently achieved strong performance with our invoice receiving solution, while usage of our expense management solution also expanded steadily.

Q7: What led to the year-on-year decrease in Bill One's monthly recurring sales per paid subscription?

Monthly recurring sales per paid subscription tend to fluctuate, reflecting the scale and type of contracts won. With that, performance was influenced in Q2 by the acquisition of a greater number of relatively small-scale customers. We do not see any issues, as the metric remains at a high level across customer size segments and overall.

Eight Business

Q8: What explains the significant increase in adjusted operating profit, exceeding the net sales growth rate?

This reflects the strong performance of our B2B services, such as business events and recruitment services, under a business operation focused on profitability.

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