

## **Anticipated High-interest Items in Q2 Results for Fiscal Year Ending May 31, 2022**

### **Consolidated Results**

#### **Q1: With regard to the Q2 cumulative net sales and operating profit, what progress have you made against the full-year forecasts?**

Both net sales and operating profit are progressing steadily within the range of the full-year forecasts announced at the beginning of the fiscal year, and there are no changes to the current forecasts. In the first half of the year, there was a cumulative operating loss in Q2 due to a variety of investments aimed at achieving medium- to long-term growth in net sales, but this is also in line with the initial plan, and we are expecting to record operating profit in the second half.

#### **Q2: What factors contributed to the Q2 and Q2 cumulative operating losses?**

This is because we promoted company-wide recruitment and marketing activities to accelerate the medium- to long-term net sales growth rate, and the results are in line with the full-year earnings forecasts and investment policy announced at the beginning of the current fiscal year.

In the Q2 under review, year-on-year consolidated advertising expenses increased by ¥396 million (78.8%) compared with the same period of the previous fiscal year as a result of promoting marketing activities that included the broadcasting of Bill One TV commercials. In addition, the number of consolidated employees at the end of Q2 was 1,069 (781 at the end of the same period of the previous fiscal year), and personnel expenses increased by ¥513 million (46.0%) compared with the same period of the previous fiscal year.

#### **Q3: What factors contributed to the significant increase in ordinary profit and profit attributable to owners of parent compared with the same period of the previous fiscal year?**

The main factor was the recording of ¥979 million gain on sale of investment securities recorded under non-operating income in Q1 from having sold some of the investment securities held for the purpose of improving the efficiency of owned assets, as announced on July 19, 2021.

#### **Q4: Have there been any effects on business performance since the state of emergency was lifted in October 2021?**

At this point in time, there have been no major changes in business performance.

The state of emergency has been lifted, and there are signs of recovery in the number of exchanged business cards and in the corporate investment mindset with regard to innovative services. Despite these signs, however, the uncertain business environment is currently continuing, because the end of the COVID-19 pandemic is not yet fully foreseen, and we believe that it will take a certain period of time for growth in net sales to turn and follow a stronger recovery trend.

### **Sansan/Bill One Business**

#### **Q5: What were the factors that led to the decrease in segment operating profit in Q2?**

In addition to strengthening the recruitment of human resources mainly in our sales departments, in Bill One we promoted a variety of marketing activities, including the airing of TV commercials, that had not been implemented in the same period of the previous fiscal year.

**Q6: What were the reasons behind the Sansan's slower growth rate in Q2 compared with Q1?**

From the latter half of July to August 2021, the number of people infected with COVID-19 in Japan increased to a record high, and the prolonged pandemic brought about an even greater social impact. As the results of sales activities normally tend to be delayed a little, the main reason was that the pandemic impact exerted a negative effect, such as in terms of the acquisition of new Sansan subscriptions and in upselling in Q2.

**Q7: What was the reason for there being no change in monthly recurring sales per Sansan subscription from Q1 to Q2?**

The sales have a tendency to fluctuate readily on a quarterly basis depending, for example, on the size of newly acquired subscriptions and their number (percentage of the total that they account for). Although the results performance was at the same level as the previous quarter, growth was strong compared with the same period of the previous fiscal year, and we do not consider that there is any remarkable change happening to the upward trend seen up to now.

**Q8: What factors brought about the faster increase in the number of Bill One paid subscriptions in Q2?**

In addition to the successful strengthening of the sales system through the organizational restructuring implemented in July 2021, we believe that the increase shows the effects of the TV commercial that was aired in Q2 as well as of having refined the service, including the installation of an assortment journalizing function. We also consider that external factors, including the Revision of Act Concerning Preservation of Electronic Books, served to provide a tailwind.

**Q9: What factors contributed to the steady increase in monthly sales per Bill One paid subscription?**

Amid the steady progress being made in the acquisition of new paid subscriptions, we were able to obtain subscriptions from medium-sized and large companies for which the sales per subscription levels are relatively high. Additional factors that can be mentioned include the increases in the usage fees in some existing subscriptions.

**Q10: What is the number of companies in Bill One network?**

The number includes not only companies that use the Bill One service for a fee but also those that use the service for free plus those that send invoices to user companies. Due to the nature of the service, if the number of users increases, the number of companies participating in the network also tends to increase. As of the end of November 2021, the number of companies participating in the network stood at around 22,000.

**Q11: How is Contract One performing?**

As of January 13, 2022, the number of subscriptions stood at 45. We are at the stage of just have launched this service but are steadily expanding. The relevant earnings performance is recorded under the Sansan/Bill One Business. (Net sales are in Others under the Sansan/Bill One Business.)

**Eight Business**

**Q12: What were the factors that contributed to the Q2 net sales growth rate being slower than that in Q1?**

Up to and including Q1, logmi, Inc., which had become a Group company in the previous fiscal year, had

been newly contributing to performance. The reason for the slower growth rate from Q2 was due to this effect having run its course (logmi's consolidation had started from Q2 in the previous fiscal year).

**Q13: What were the factors behind the decrease in B2C service sales year on year?**

This was due to suffering some negative effects, such as the changes in working styles and changes in user behavior amid the COVID-19 pandemic. However, the impact on consolidated business results is minor, and the results are in line with the full-year business forecasts announced at the beginning of the fiscal year.

**Q14: What were the reasons for the significant increase in B2B service sales in Q2 compared with Q1?**

In addition to the steady expansion of B2B services, such as the Eight Team business card management service for small and medium-sized companies and the Eight Career Design platform for the targeted recruitment of professionals, the main reason was the significant increase in Q2 revenue compared with Q1 due to the holding of the Climbers business event.

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