

## Anticipated High-interest Items in Full-year Results for Fiscal Year Ended May 31, 2022 (“FY2021”)

### FY2021 Results

#### Consolidated Results

#### Q1: What factors contributed to the accelerated net sales growth rate for the full year when compared with the Q3 cumulative results?

In addition to the slight acceleration in the net sales growth rate of the Sansan/Bill One Business due to Bill One’s ongoing high growth, the main factor in Q4 (three months) was the significant increase in the net sales growth rate of the Eight Business from, for example, the holding of large-scale business events and selling planned advertising products.

#### Q2: What factors contributed to the decrease in the full-year operating profit compared with the previous fiscal year?

The main factor was the strengthening the recruitment of human resources, mainly in our sales and engineering departments, to accelerate the net sales growth rate over the medium to long term, the results being consistent with the investment plan assumptions at the beginning of the fiscal year.

The number of consolidated employees at the end of FY2021 was 1,202, which increased by 248 compared with the end of the previous fiscal year, and personnel expenses increased by ¥2,013 million (42.4%) compared with the previous fiscal year.

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

The main factor was the recording of ¥979 million gain on sale of investment securities recorded under non-operating income 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.

#### Sansan/Bill One Business

#### Q4: What factors contributed to the decline in segment operating profit margin for the full year?

The main factor was the strengthening of marketing activities and the recruitment of human resources for Bill One’s ongoing high growth. Of the segment operating profit, the full-year operating profit margin for Sansan alone was 51.0% (up 9.1 pt. from the same period of the previous year), and profit margin improved in accordance with steady growth in net sales.

#### Q5: In terms of net sales and the number of subscriptions, for example, what factors contributed to Sansan’s growth rate slowing down every quarter?

As the scale of the business grows, it is very hard to sustain the same level of growth. However, the main reason for this was the weakening of new subscription acquisition due to the negative effects caused by the prolonged COVID pandemic in FY2021.

Although, if you look at the amounts for new orders received in a single month, the actual results for May

2022 were the highest in the last two fiscal years, and we believe that they will contribute to steady growth in FY2022.

**Q6: What is the status of the Sansan product reform?**

To work on reforming the product from the Sansan cloud-based business card management service to the Sansan Service for Sales DX we have enhanced the functions at two points, the corporate database and the contact database. It became possible to use the main functions from June 2022.

Previously, only company information with contacts could be viewed on Sansan in the corporate database, but by strengthening our cooperation with TEIKOKU DATABANK, it is now possible to browse company information without contacts. In addition, in the contact database, not only business card information but also signature information written in emails and information provided from the inquiry forms on websites can now be registered in Sansan as contact information. As a result, since contact information with all customers is accumulated and appears in visual form on Sansan, a database unique to the user company can be built on Sansan by combining the above-mentioned corporate information database. Based on this data, it has become possible to carry out strategic and effective sales activities for new customers and existing customers.

We are planning further functional enhancements from August 2022 onward, and by promoting new value as a business database think that this will lead to steady growth for Sansan.

**Q7: What factors made it possible to significantly exceed the Bill One annual recurring revenue (ARR) target?**

As a result of advancing on an ongoing basis a raft of measures that included the strengthening of the sales system and marketing activities as well as enhancing product functions, the main factor was that the number of paid subscriptions and monthly sales per paid subscription grew more than expected at the beginning of the term. In addition to having a vast potential market of about two million companies in Japan, since the invoice system is scheduled to be introduced in October 2023, we will work on a variety of measures designed to maintain a high growth rate in the years to come.

**Q8: What is the aim of strengthening the invoice issuing function on Bill One?**

Under the invoice system that will be introduced in October 2023, the demand for switching from paper to electronic invoices is increasing as many companies need to issue what are known as eligible invoices, and thus we are gradually expanding and upgrading Bill One's functions to meet these demands. In July 2022, we decided to start providing the invoice issuing function, which had previously been provided as an optional function, as a standalone service.

We aim to expand the Bill One invoice network by combining both invoice receiving and issuing functions.

**Eight Business**

**Q9: What were the reasons for the significant increase in net sales in Q4 compared with Q3?**

In addition to holding various business events, including Climbers, B2B service net sales in Q4 were strong as a result of limited sales of planned advertising products that were different from regular products.

**Q10: 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 our assumptions at the beginning of the fiscal year.

The number of Eight users, including free usage, continues to grow.

## **FY2022 Forecasts**

### **Q11: What are the assumptions for the upper and lower limits of the financial forecasts range?**

We have recently reformed the Sansan and Eight products and to some extent incorporated these effects in the business outlook for the fiscal year ending May 2023. At the present time, however, accurately predicting their impact on business performance is beset with difficulties, and so we have adopted a range in which the upper and lower limits are set within a reasonably conceivable range.

### **Q12: For what reasons is adjusted operating profit regarded as an important management indicator?**

In addition to increasing incentives to raise our corporate value, at the Board of Directors' meeting that was held on July 14, 2022, we resolved to issue stock options with stock price condition to our employees for the purpose of further sharing value with our shareholders. Furthermore, if the relevant proposals are approved at the 15th Annual General Meeting of Shareholders, which is scheduled for August 30, 2022, we plan to issue stock options with the same structure to our directors.

For said stock options, since the system is such that expenses are recorded according to the level of the Company's stock price at the end of each quarter and other factors, we adopted adjusted operating profit as an important management indicator as one that shows the profitability of a permanent company after deducting such temporary expenses. In calculating adjusted operating profit, in addition to this share-based payment expenses, various expenses (goodwill amortization and depreciation of intangible assets) incurred due to the business combination are also deducted.

### **Q13: While expecting an increase in adjusted operating profit, what is the trend in terms of undisclosed operating profit?**

With regard to operating profit, the costs (share-based payment expenses) related to the stock options with stock price condition are a mechanism that is determined by a variety of factors, such as the level and volatility of our stock price at the end of each quarter and the interest rate situation. It is thus difficult to calculate a rational outlook because of the possibility of significant fluctuations depending on stock market conditions.

### **Q14: What were the reasons behind your decision to aim for both net sales and profit growth as your medium-term financial targets?**

In aiming to improve corporate value over the medium to long term, the management indicator that is regarded as most important is the growth rate of consolidated net sales, and in that there is no change. However, by having made the necessary growth investments so far, we are currently in a phase where we can fully aim not only for net sales growth but also for a certain amount of profit growth, and we took the decision after having considered the latest stock market conditions and other factors. With regard to profit growth, we aim to improve the adjusted operating profit margin from which non-recurring expenses have been deducted.

## **Disclaimer**

In preparing these materials, Sansan, Inc. ("the Company") relies upon and assumes the accuracy and completeness of all available information. However, the Company makes no representations or warranties of any kind, expresses or implies, about the completeness and accuracy. This presentation

may contain future assumptions, prospects and forecasts based on planning, but these forward-looking statements are based on the information that is currently available to us, and on certain assumptions that we assume to be reasonable, but the Company does not promise to achieve these. Major differences may occur between the forecast and the actual performance, including changes in economic conditions, consumer needs and user preferences; competition with other companies; changes in laws, regulations and others; and a number of other future factors. Therefore, the actual performance announced may vary depending on these various factors. In addition, the Company has no obligation to revise or publish the future prospects posted on this site.