July 13, 2023
Sansan, Inc.

Anticipated High-Interest Items in Full-Year Results for Fiscal Year Ended May 31, 2023

Full-Year Results for FY2022

- **Consolidated Results**

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

This was because, in addition to Sansan—the recovery trend in new orders for which carried on from Q2 onward—in Bill One, the net sales growth rate for Q4 accelerated due to the progress made in acquiring new subscriptions from medium- and large-sized companies.
The contribution of newly consolidated subsidiaries in the Q4 of the fiscal year ended May 31, 2023, was about 0.5 of a percentage point, out of a full-year net sales growth rate of 24.9%.

Q2: What factors contributed to the improvement in the adjusted operating profit margin for the full year?

Advertising expenses increased by ¥336 million year on year due to enhanced marketing activities for Bill One. Looking at the rate of increase, however, the main factor was that while net sales increased by 24.9%, in contrast advertising expenses remained at 11.3%.
Adjusted operating profit for Q4 (three months) decreased compared with the previous quarter, but this was due to an increase in advertising expenses due to, for example, the airing of a TV commercial for Bill One.

Q3: What were the reasons for the decrease in ordinary profit and profit attributable to owners of parent?

As regards ordinary profit, in addition to newly incurred expenses relating to stock options with share price conditions granted to the Company's directors and Group employees—the expenses for which fluctuate in accordance with the Company's stock price level—and trust-type stock options, the decrease was mainly due to the fact that in the same period of the previous fiscal year, gain on the sale of investment securities of ¥979 million had been recorded as non-operating profit. In addition to the decrease in ordinary profit, a deficit amount was also recorded under profit attributable to owners of parent due to the recording of an extraordinary loss of ¥980 million in valuation loss on investment securities.

- **Sansan/Bill One Business**

Q4: What was the reason for the decrease in adjusted operating profit margin for the full year?

The main factors were the strengthening of marketing activities and of the recruitment of the human resources needed to maintain the high growth of Bill One.
In terms of the segment adjusted operating profit, the adjusted operating profit margin for Sansan alone for the full year was 56.0%, an improvement of 4.9 percentage points.

Q5: What were the factors behind Sansan's net sales growth rate continuing to accelerate over two consecutive quarters?

This was because, in June 2022, the product was remodeled from a cloud-based business card contact management service to a service for sales DX. As a result of having undertaken product-strengthening activities, which included installing a function to visualize more than one million items of corporate information and a variety of contact information, such as e-mails and seminars as well as business cards, there were improvements in the average monthly churn rate over the past 12 months and in the order situation from Q2 onwards, and recurring sales performed solidly.
The reason why the growth rate in the number of subscriptions remained low compared with the growth rate of monthly recurring sales per subscription is because we are concentrating Sansan's new sales resources and allocating them to medium- and large-sized companies, and this is the trend we envisioned when we formulated our strategy.

Q6: What factors contributed to Bill One ARR greatly exceeding the target?

This is because, as a result of having strengthened the sales structure and marketing activities, the acquisition of new medium- and large-sized companies progressed smoothly, and both the number of paid subscriptions and the monthly recurring sales per paid subscription were strong.
In light of the current robust order situation, the ARR target for the fiscal year ending May 31, 2024, has been revised upward, from ¥6 billion or more to ¥7 billion or more.

Q7: What is the aim of starting to provide a Bill One Business Card?

Up to now, Bill One has provided cloud-based, invoice payment-related functions, but there is an increasing trend toward credit card payments as a method of inter-company debt settlement. To meet this demand, we have installed the new Bill One Business Card as an optional function.
The Bill One Business Card streamlines corporate card payment operations and contributes to a further speeding up of monthly the closing process. In addition, as the card enables compatibility with the Invoicing System and the Revision of Electronic Bookkeeping Act and can reduce the risk of fraud, we believe that this will not only expand the introduction of optional functions themselves but also contribute to further net sales growth for Bill One.

- **Eight Business**

Q8: What factors caused the net sales growth rate to fall below the lower end of the segment's full-year forecast range?

Among B2B services, those for business events have continued to show steady growth. In contrast, in response to recruitment-related services having not achieved the results we had expected, from Q3 onwards we shifted to profitability-focused business operations.
Under this same policy in the fiscal year ending May 31, 2024, we aim to return adjusted operating profit for the full year to the black.

Forecasts for FY2023

Q9: What is the background to accelerating the consolidated net sales growth rate from the same period of the previous year?

In the Eight Business, the net sales growth rate is expected to slow down due to the conducting of operations focused on the profitability the business. In contrast, we are expecting robust growth for Sansan and the continuation of high growth for Bill One. We aim to increase Sansan's net sales growth rate by 14.5%–15.5% year on year and that of Bill One by 135.0%–155.0 % year on year. In addition, the new earnings contribution due to the increase in the number of Group companies is expected to be approximately 2.5 percentage points.

Q10: What was the reason for revising upward your medium-term net sales target?

In light of recent strong business growth, such as Sansan's solid growth and Bill One's continued high growth, we revised upward our growth rate target from "20% or higher" to "25% or higher."