

Sansan, Inc.

Briefing for Earning Results for FY2020 Q2 and Eight Business

January 15, 2021

Event Summary

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[Participants]	100	
[Number of Speakers]	3 Chika Terada Muneyuki Hashimoto Kenji Shiomi CEO, Representative Director CFO, Director Director, Managing Executive (Eight Business)	
[Analyst Names]*	Kenichi Ito Jumpei Yoshida Hiroshi Yamashina Yusuke Saito	Ichiyoshi Research Institute, Inc. Nomura Securities Co., Ltd. Macquarie Capital Securities (Japan), Ltd. Snow Lake Capital, Ltd.

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A.

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Presentation

Moderator: It is time for Sansan Corporation to start the consolidated results briefing for the second quarter of the fiscal year ending May 2021.

First of all, I would like to introduce today's speakers. This is Terada, President and CEO; Shiomi, Director, Managing Executive (Eight Division). I am Hashimoto, Director and CFO.

First of all, we will use two materials: consolidated results briefing material and material on the Eight Business. We will also share screens in Zoom, but if you are participating by telephone, please visit our IR website.

Next, regarding the time schedule, we will first explain the outline of consolidated results from Terada and Hashimoto for about 20 minutes. We will explain the Eight Business in about 25 minutes from Shiomi. After that, up to 11:00 will be the time for questioning and answering.

I will now hand over to Terada.

1 Consolidated Financial Results for FY2020 Q2 (six-month results)

Highlights of Q2 Results

- Consolidated net sales increased 21.3%, consolidated operating profit increased 525.4%

Net sales: Sansan Business 19.2% growth, Eight Business 46.3% growth

Operating profit: Sansan Business 35.1% increase, Eight Business ¥107 million reduction of deficit

- Good progress against full-year earnings forecast

Although the number of people infected by COVID-19 is on an upward trend, restrictions on sales activities were tending to be relaxed

Consolidated business performance expanding steadily, no change to the initially established forecasts

- Online invoice receiving service "Bill One" records fastest ever launch

Capturing the needs of companies in the COVID-19 pandemic, the number of subscriptions has steadily increased to 10.6 times that at the end of June 2020

The fastest beginning of any of the Company's services

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Terada: Thank you for attending our consolidated results briefing today. This is Terada, CEO.

Let me now explain the cumulative results for the second quarter and new initiatives.

First, regarding the cumulative results for the second quarter of the fiscal year ending May 2021, see page five. I will explain three highlights.

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The first point concerns the cumulative results for the second quarter.

Consolidated net sales grew by 21.3% YoY, and Consolidated operating profit grew significantly by 525.4% YoY.

The second point is progress against the full-year earnings forecast.

The number of COVID infections in Japan has been on an increasing trend, and the negative impact on business activities continued to be certain. However, compared to April and May 2020, when the Emergency Declaration was issued throughout Japan, constraints in sales activities and other factors continued to improve. Consequently, consolidated performance progressed smoothly compared to the initial forecast.

Third, regarding the cloud invoicing service, Bill One.

The number of Bill One subscribers grew steadily by 10.6 times compared to the end of June 2020, making it the fastest-launched service among our services to date.

1 Consolidated Financial Results for FY2020 Q2 (six-month results)

Overview of Consolidated Financial Results

Net sales increased by 21.3% compared with the same period in the previous fiscal year
Commensurate with the increase in net sales, the profit margin improved and there were significant increases in income at each stage of profit and loss

(millions of yen)	FY2019		FY2020	
	Q2YTD Results	Q2YTD Results	YoY	
Consolidated Results				
Net Sales	6,294	7,636	+21.3%	
Gross Profit ⁽¹⁾	5,382	6,690	+24.3%	
Gross Profit Margin ⁽¹⁾	85.5%	87.6%	+2.1pt	
Operating Profit	109	686	+525.4%	
Operating Profit Margin	1.7%	9.0%	+7.3pt	
Ordinary Profit	17	454	—	
Profit Attributable to Owners of Parent	-91	388	—	
EPS	-2.97 yen	12.46 yen	—	

⁽¹⁾ Business card entry costs in the Eight Business are recorded in SG&A

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Consolidated results for the cumulative Q2 were as shown on page six.

Sales increased 21.3% YoY to JPY7.636 billion, representing a re-acceleration in the growth rate compared to the previous quarter. Operating profit increased 525.4% YoY to JPY686 million due to increased sales.

Ordinary profit and quarterly net income attributable to owners of the parent were JPY454 million and JPY388 million, respectively.

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Results by Segment

Net sales and operating profit (decreased loss) increased in both Sansan and Eight Businesses

(millions of yen)	FY2019	FY2020	
Net Sales	Q2YTD Results	Q2YTD Results	YoY
Consolidated	6,294	7,636	+21.3%
Sansan Business	5,789	6,899	+19.2%
Eight Business	504	738	+46.3%

Operating Profit

Consolidated	109	686	+525.4%
Sansan Business	2,112	2,854	+35.1%
Eight Business	-466	-358	—
Adjustments	-1,536	-1,809	—

The results by segment are shown on page seven.

In Sansan business, both sales and profits increased, while in the Eight Business, sales increased and losses shrank. As a result, the quarterly growth rate in sales also accelerated.

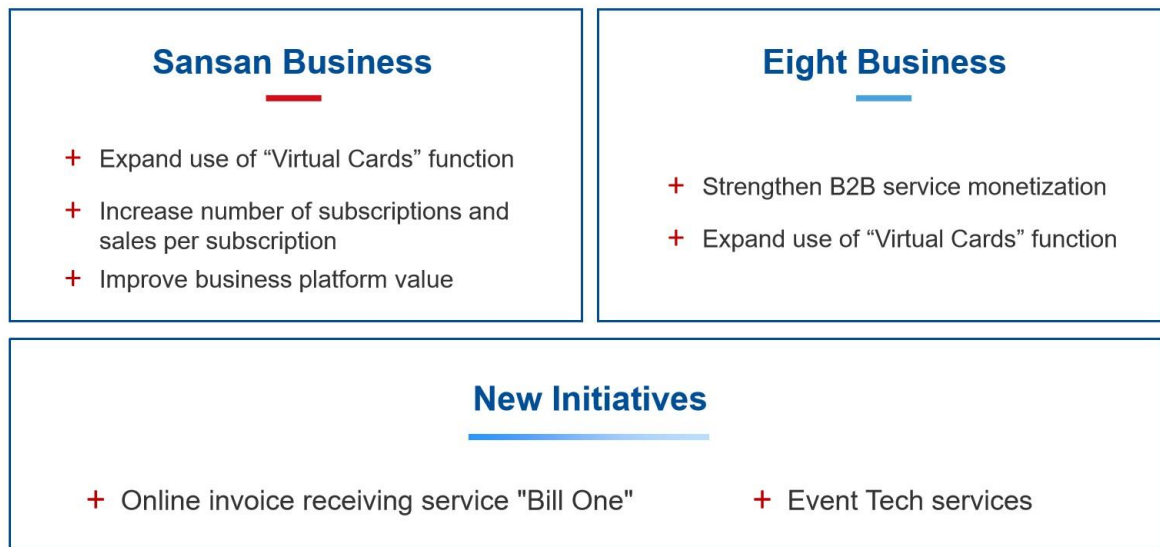
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Business Strategies

Realization of further growth of existing businesses and creation of new services for which proprietary technologies are utilized



Next, I will explain our new initiatives.

Please refer to page nine. Prior to the new initiatives, I will first explain the measures that we are currently focusing on in our existing businesses.

In Sansan business, we are focusing on expanding the number of contracts and sales per subscriber that we have been working on, developing functions to improve the value of our business platforms, and collaborating with other companies. In addition, we are focusing on expanding the use of online business card functions, which we began offering in June 2020.

In addition to linking functions with Eight, we began linking business cards with Microsoft Teams in October. Teams customers can now send Sansan online business cards through the service's calendar feature.

Next, in the Eight Business, we are working to strengthen the monetization of B2B services and to expand the use of online business cards.

In B2B services, we are focusing on growing existing services and launching new business event services.

New initiatives include focusing on expanding our cloud invoicing service Bill One and event-tech services.

Beginning on the next page, I will explain the new initiatives individually.

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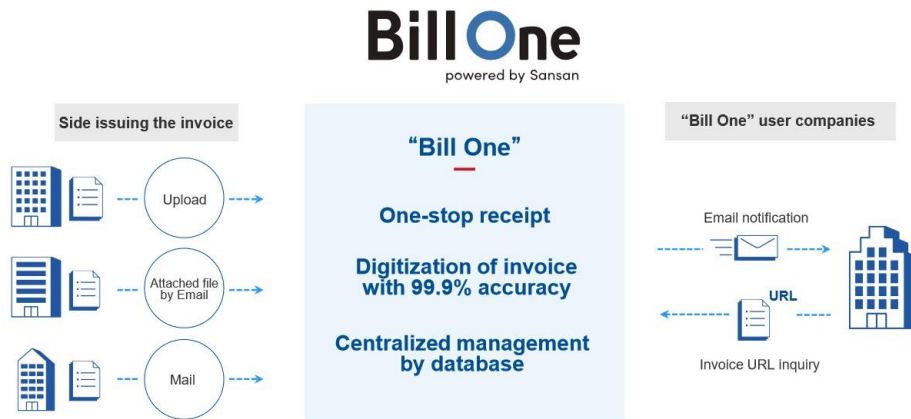
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“Bill One”: Service Overview

A service that can convert paper and PDF invoices into data with 99.9% accuracy and receive them online

In the COVID-19 pandemic, contributing to remote working/BCP ⁽¹⁾ problem solving, adding impetus to corporate growth

“Bill One” enables online receipt and centralized management of all invoices



“Bill One” will receive invoices on behalf of customers, and the subscriber companies can accurately view the data online

(1) Business Continuity Plan

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Please refer to page 10. The first new initiative is Bill One.

In terms of the outline of our services, the Cloud Invoice Receipt Service Bill One enables users to centralize the online receipt of paper, PDF, and other invoices that are delivered separately to numerous locations and divisions.

Paper invoices will be received by Bill One's Scan Agent on behalf of the customer, and invoices attached to emails will be received with a dedicated email address, which Bill One will record with 99.9% accuracy.

Thus, the company receiving the invoice can just make Bill One the recipient and will be able to receive all invoices online. In addition, the issuing side is also able to send invoices in the same format as in the past, including paper, so there is no burden. I think business cards and invoices are very similar.

The transition to remote work is an urgent issue for businesses during the COVID pandemic. Invoicing-related work is also a major issue, as the portion of paper-based information still remains to be handled at offices even during the pandemic.

Bill One customers can perform online, from invoice receipts to payment authorizations, at 99.9% data accuracy on any format invoice, and can centrally manage it. This is exactly the invoice version of Sansan.

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“Bill One”: External Services Integration

Improving service value of “Bill One” by syncing with various other companies’ services

<p>OBIC BUSINESS CONSULTANTS CO., LTD.</p>  <p>Released on November 4, 2020</p> <p>Invoice information converted into data and images received by means of “Bill One” can be confirmed on “Kanjo Bugyo Cloud”</p>	<p>Yayoi Co., Ltd.</p>  <p>Planned for March 2021</p> <p>Invoice information converted into data by means of “Bill One” can be obtained in a file format compatible with “Yayoi Kaikei lineup”</p>	<p>Cybozu, Inc.</p>  <p>Planned for Spring 2021</p> <p>Invoice information received by means of “Bill One” is linked to “kintone” to automate operations from invoice receipt to payment request applications</p>
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Please refer to page 11. We are promoting collaboration with other companies' services in Bill One.

We began collaborating with Kanjyo-Bugyo Cloud, a financial accounting system, in November 2020. In this collaboration, the invoice information received in Bill One and the data-converted invoice information and the image itself are half-automatically reflected in Kanjyo-Bugyo Cloud, and the business flow from the receipt of the invoice to the accounting process is digitized. It supports the implementation of telework by the people in charge of accounting.

In the future, we plan to collaborate with accounting software Yayoi Accounting, business app development platforms, and kintone, and we intend to increase service value through collaboration with various other companies' services.

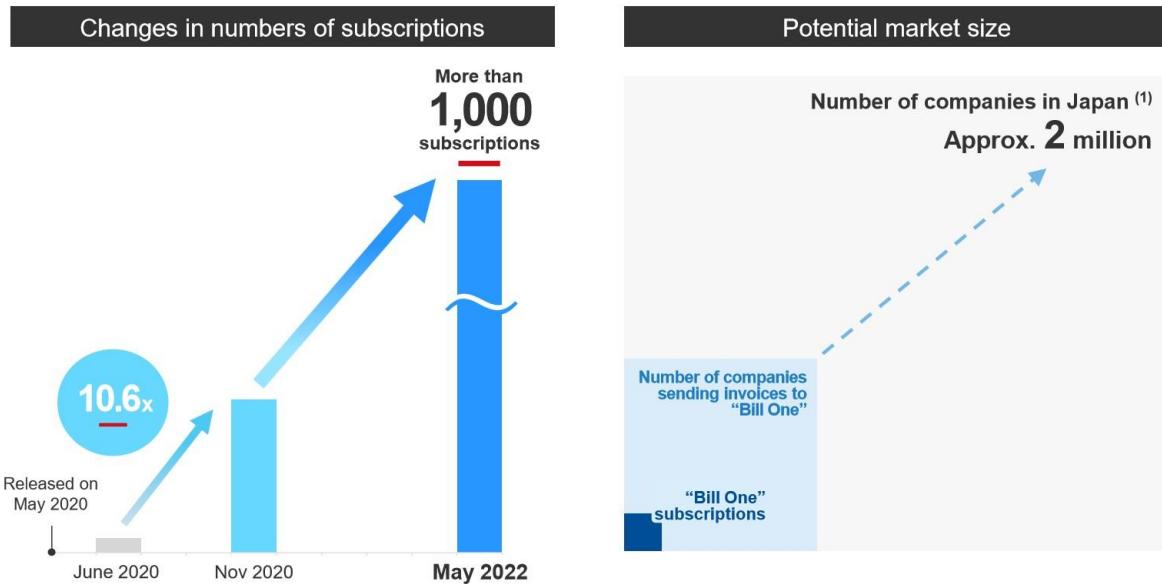
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“Bill One” : Changes in numbers of subscriptions and size of potential market

Aiming for more than 1,000 “Bill One” subscriptions by the end of FY2021 against the backdrop of vast room for coverage expansion in Japan



(1) the number based on Economic Census for Business Activity in 2016 issued by the Statistics Bureau.

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Please refer to page 12. The graph on the left shows trends in the number of Bill One subscribers.

We will refrain from providing a detailed track record because this service has just started, but the number of subscribers at the end of November 2020 was 10.6 times higher than at the end of June 2020.

In December, we established Bill One Division to strengthen the system. At the time of its establishment in December, it had 22 employees, but we are strengthening hiring to build a team of 40 employees by the end of May 2021. By strengthening the team and improving services, we aim to have 1,000 contracts by the end of the fiscal year ending May 2022.

Next, I will talk about our concept of TAM.

Bill One is a unique service that allows the recipient company to use invoice data without changing the behavior of the invoicing company.

As it is a service that can be used regardless of industry or business size, we believe that the target companies are all Japanese companies, as with Sansan.

In the graph on the right, the dark blue represents the number of Bill One contracts as of the end of November, the light blue represents the number of companies issuing invoices to Bill One, and the big grey square represents the number of companies in Japan.

As you can see, while there is considerable room for development, it is a model in which the number of companies sending invoices increases more than the number of Bill One contracts, so we expect that points of contact with companies will increase at an accelerating pace.

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Furthermore, since this is a unique service that captures corporate needs in the aftermath of the coronavirus crisis, we believe it has the potential to become a mainstay of our Group-wide Revenues.

2 New Initiatives

Event Tech Services: Service portfolio

Providing various kinds of solutions to solve business event management issues



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Next, as a second new initiative, please refer to page 13 for the Event Tech Service.

In the previous briefing on consolidated results in October, I gave an overview of the service, which I will reiterate.

This diagram shows the portfolio of event tech services we are working on.

In Japan, a variety of business events are held, ranging from large-scale exhibitions, conferences, and small-scale seminars. I think this is essential as a place where companies meet in the B2B domain.

In the operation of business events, various challenges arise not only in offline events, but also in the online events that rapidly became common during the COVID pandemic. Our Group provides a variety of solutions to solve issues related to the operation of business events from the management of seminars and events to the period before, during, and after the seminars and events.

The demand for EventHub online service provided by EventHub, which we invest in, has grown about 3.5 times in number of client companies in about half a year since its introduction in April 20 and about 20 times in sales.

We believe that this is precisely the area where we must work head-on to create innovation from the encounter of people.

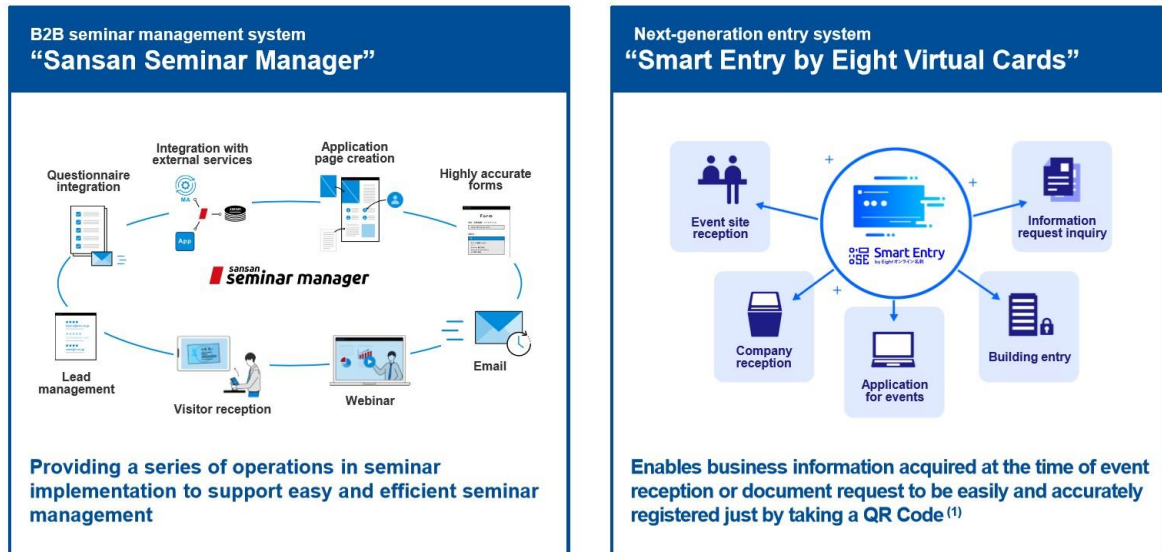
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Strengthen our service portfolio by providing a variety of new services



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Please refer to page 14. I will explain two specific services.

On the left, Sansan Seminar Manager is a service that allows seminar management to be conducted easily and efficiently.

Even without specialized knowledge, users are able to conduct a series of operations from the creation of application forms to the holding of seminars and reception in a single package. In addition, we are able to build an accurate visitor database through our proprietary technology. It also supports webinars, which are attracting attention due to the pandemic.

This service enables collaboration with marketing automation tools, etc., and links seminars from one-time operations to marketing operations to support effective seminar management. Furthermore, we also expect that collaboration with corporate cloud business card management services and Sansan will contribute to enhancing the functions of Sansan at the same time.

Next, on the right is the new-generation entry form Smart Entry by Eight online business card service. This is a new-generation entry system that eliminates any time and effort for entry by making direct use of online business card information provided on the business card app, Eight.

I believe that everyone has experience accepting events and registering forms when requesting for materials, but it takes time and effort every time you enter them. It is also possible to stop registration itself. In addition, there are issues such as the inability to obtain accurate information due to entry errors.

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In this service, just by the registrant scanning a QR code on a smartphone, accurate information on the online business card is sent to the company, and registration is completed. This service can be used by anyone, including those other than Eight users.

Since the launch of this service, more than 12,000 entries have been registered on the website for multiple events. In addition to streamlining the management operations of event participants, this system has also contributed to the realization of a contactless reception system at offline sites as a measure against the COVID pandemic.

Going forward, we will continue to work to build a system that can support business events from all aspects.

3 Full-year Forecasts for FY2020

Consolidated Financial Forecasts

No changes to consolidated earnings forecast

Working to strengthen investment to accelerate growth again, aiming for sales growth rate of 30% or more in next fiscal year (ending May 2022)

(millions of yen)	FY2019	FY2020	
	Full-year Results	Full-year Forecasts	YoY
Consolidated Forecasts			
Net Sales	13,362	15,767 ~16,302	+18.0% ~+22.0%
Operating Profit	757	757 ~1,010	+0.0% ~+33.4%

(1) We also expect to record a surplus in ordinary profit and profit attributable to owners of parent, but currently we are in a phase of actively investing to maximize shareholder value and corporate value over the medium to long term. Additionally, since it is difficult to reasonably estimate some non-operating income and loss, we have not disclosed specific forecast figures.

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Finally, I will explain our full-year earnings forecasts. Please refer to page 16.

In January 2021, the Emergency Declaration was issued in some regions, so future trends warrant close monitoring. However, we believe that at least there will be no impact as much as in April and May 2020.

Accordingly, we do not anticipate any further significant negative impact, and there are no changes to the full-year earnings forecasts announced at the beginning of the fiscal year in light of solid performance trends to date.

Cumulative Q2 results have progressed steadily against the full-year results forecast. In particular, we have achieved a high rate of progress for operating profit, but we plan to consider and implement various strategies aimed at accelerating sales growth from the third quarter onward, as well as investing to achieve this.

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We aim to achieve a sales growth rate of 30% or more in the fiscal year ending May 2022 by strengthening our investments and initiatives that contribute to re-acceleration of growth.

That was my presentation of consolidated results. Finally, I have one thing to report to you.

Yesterday, we were approved by the Tokyo Stock Exchange to change our listing from Mothers to the First Section of the Tokyo Stock Exchange. I would like to express my deep thanks to our shareholders and all other stakeholders who support us.

Going forward, the Group as a whole will continue to strive to be widely recognized by society as a business infrastructure and to work toward sustainable enhancement of corporate value.

That's all from me.

Next, the quarterly results will be shared from Hashimoto.

4 Consolidated Financial Results for FY2020 Q2 (three-month results)

Overview of Consolidated Financial Results

Remaining strong even amid the COVID-19 pandemic, net sales increased 24.3% compared with the same period in the previous fiscal year

Commensurate with the increase in net sales, the profit margin improved and there were significant increases in income at each stage of profit

(millions of yen)	FY2019	FY2020	
	Q2 Results	Q2 Results	YoY
Consolidated Results			
Net Sales	3,194	3,969	+24.3%
Gross Profit ⁽¹⁾	2,746	3,460	+26.0%
Gross Profit Margin ⁽¹⁾	86.0%	87.2%	+1.2pt
Operating Profit	-139	492	—
Operating Profit Margin	—	12.4%	—
Ordinary Profit	-175	352	—
Profit Attributable to Owners of Parent	-197	302	—
EPS	-6.36 yen	9.72 yen	—

⁽¹⁾ Business card entry costs in the Eight Business are recorded in SG&A

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Hashimoto: This is Hashimoto, CFO. I will explain the three-month results for the second quarter.

Consolidated results for the second quarter are as shown on page 18 of the report.

Sales increased 24.3% YoY to JPY3.969 billion, representing a re-acceleration in the growth rate compared to the previous quarter. Operating profit increased significantly, rising JPY632 million YoY to JPY492 million. Ordinary profit amounted to JPY352 million due to the recording of equity in net losses of affiliates.

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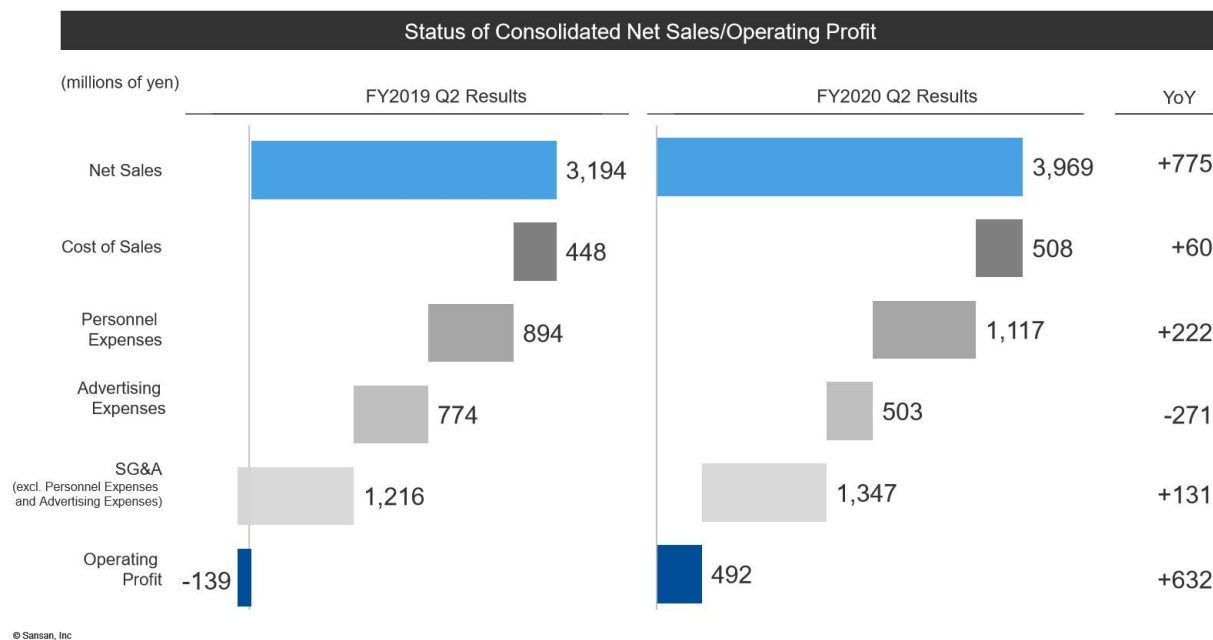
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Due to the recording of additional deferred tax assets in the second quarter, the Company recorded a negative JPY80 million adjustment. As a result, quarterly net income attributable to owners of the parent was JPY302 million.

4 Consolidated Financial Results for FY2020 Q2 (three-month results)

Factors Contributing to Changes in Consolidated Operating Profit

In addition to the increase in net sales, operating profit increased significantly as a result of a decrease in advertising expenses as there were no TV commercials broadcast in Q2



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Page 19 describes the reasons for the change in Consolidate Operating profit.

Operating profit increased significantly due to a JPY775 million YoY increase in Consolidated Net Sales and a JPY271 million YoY decrease in advertising expenses.

In Sansan business, we produce and broadcast new TV commercials each fiscal year. However, while it aired from the second quarter in the previous fiscal year, in the fiscal year under review, we did so from the first quarter, so advertising expenses for the second quarter decreased.

The JPY222 million rise in Personnel costs was due to increased recruitment.

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Sansan Business Overview

Net sales increased by 20.4% compared with same period in previous fiscal year

As a result of the decrease in advertising expenses in Q2, the gross profit margin increased

(millions of yen)	FY2019	FY2020		FYI: FY2020	
Sansan Business	Q2 Results	Q2 Results	YoY	Q2YTD Results	YoY
Net Sales	2,941	3,543	+20.5%	6,899	+19.2%
Recurring Net Sales ⁽¹⁾	2,689	3,362	+25.0%	6,561	+25.5%
Operating Profit	848	1,582	+86.4%	2,854	+35.1%
Operating Profit Margin	28.9%	44.6%	+15.7pt	41.4%	+4.9pt
Number of "Sansan" Subscriptions	6,263 Subscriptions	7,230 Subscriptions	+15.4%		
Monthly Sales per Subscription ⁽²⁾	159,000 yen	165,000 yen	+3.8%		
Average Monthly Churn Rate over Past 12 Months ⁽³⁾	0.56%	0.65%	+0.09pt		
Number of Employees	355 persons	443 persons	+88 persons		

⁽¹⁾ Fixed revenue with regard to "Sansan" (unaudited)

⁽²⁾ Monthly results for the end of Q2 in the Sansan Business (incl. some new services other than "Sansan", unaudited)

⁽³⁾ Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts

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Next, I would like to talk about the results of our Sansan business. Please refer to page 20.

Sales increased 20.5% YoY to JPY3.543 billion. Operating profit increased 86.4% YoY to JPY1.581 billion. Operating profit margin increased 15.7 percentage points YoY due to higher sales and lower advertising expenses.

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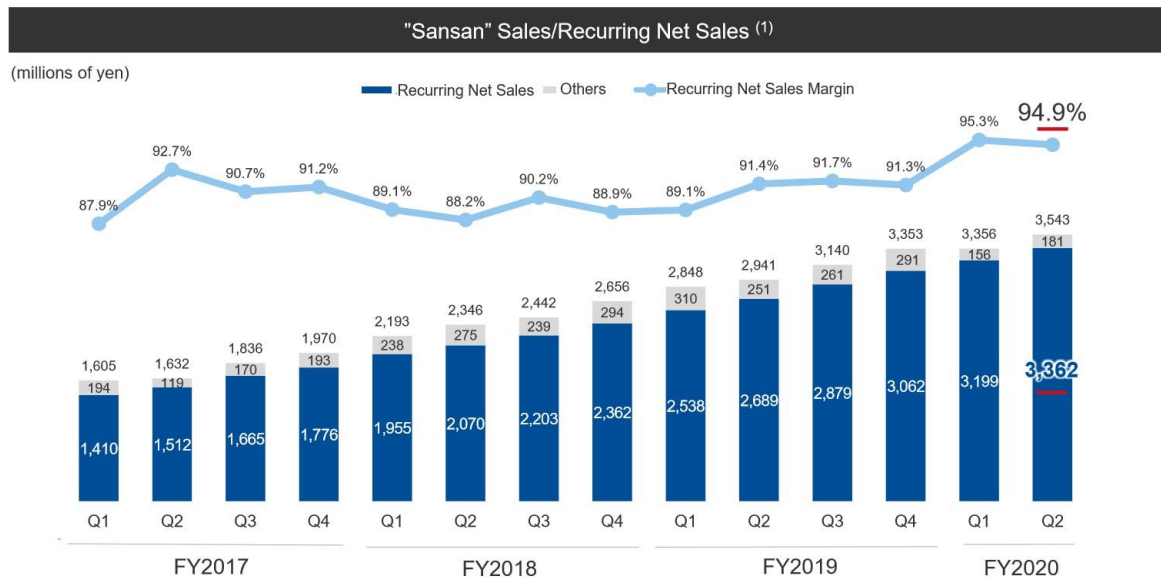
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Sansan Business: "Sansan" Sales/Recurring Net Sales

Recurring net sales steadily increased by 25.0% compared with same period in previous fiscal year against a backdrop of steady increase in number of subscriptions



(1) Fixed revenue with regard to "Sansan" (unaudited)

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Page 21 shows recurring net sales of Sansan business.

As a reminder, recurring net sales refers to fixed monthly revenue, based on the cost of renting scanners and the contents of the contracts.

Other net sales include the initial revenue generated when the business cards already in possession at the time of new installation are bundled into data, the one-time revenue incurred when supporting the installation, and the revenue charged on a volume-as-you-go basis when the maximum number of subscription data is exceeded.

Recurring sales increased 25% YoY to JPY3.362 billion, reflecting the accumulation of Sansan subscribers over the past year and the low churn rate in Sansan even during the COVID pandemic. As a result, the number of subscribers remained steady compared with sales for the segment as a whole.

Meanwhile, other sales declined YoY due to a slowdown in the number of new contracts and a decline in the number of cases where data exceeded the contract volume, due to the impact of the pandemic.

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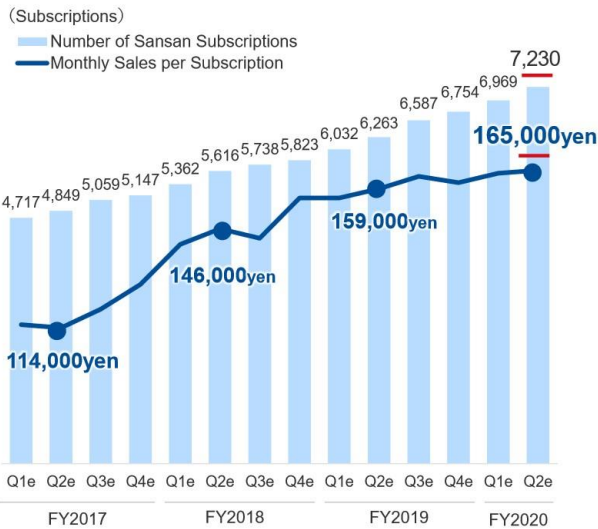
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Sansan Business: Number of “Sansan” Subscriptions, Monthly Sales and Number of Employees

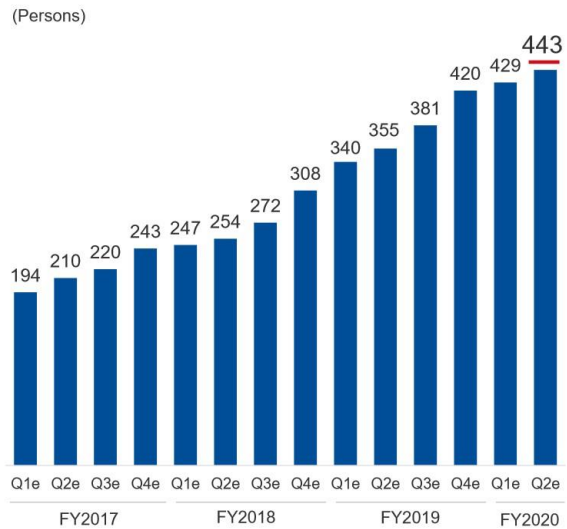
Number of subscriptions increased by 15.4% and monthly sales per subscription increased by 3.8% compared with same period in previous fiscal year

Personnel recruitment mainly for sales department progressing smoothly

Number of “Sansan” Subscriptions and Monthly Sales per Subscription ⁽¹⁾



Number of Employees in Sansan Business



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Please refer to page 22 for the number of Sansan subscribers and monthly sales per subscriber.

The number of contracts increased 15.4% YoY to 7,230 as a result of progress in the acquisition of new contracts, mainly with small and medium-sized companies, thanks to the easing of constraints on sales activities and the successful strengthening of cooperative structures with other companies' partners in the sales and marketing activities of Sansan, which have been undertaken from before.

On the other hand, the monthly sales per subscriber rose only 3.8% YoY to JPY165,000, but this was because revenues other than recurring net sales, which I explained earlier, and initial revenue at the time of new introduction was sluggish due to the impact of the COVID pandemic.

When the monthly sales per subscriber is calculated using recurring net sales only, it increased by 7.5% YoY.

The number of employees in Sansan business as a whole increased by 88 YoY to 443 employees.

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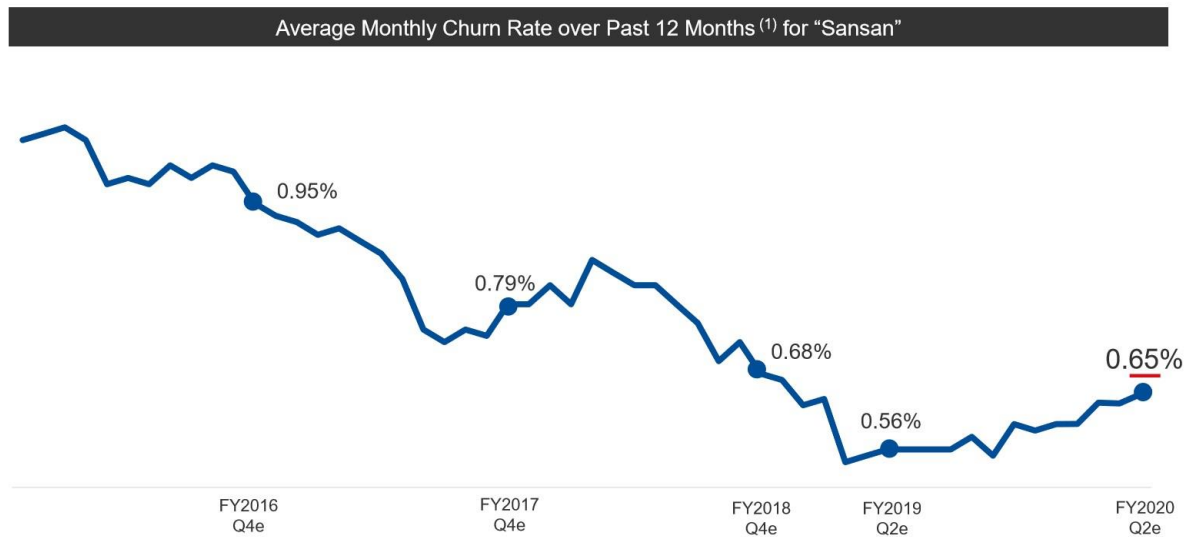
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Sansan Business: Average Monthly Churn Rate over Past 12 Months

Average monthly churn rate over the past 12 months remained low at less than 1%



(1) Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts

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Sansan's most recent 12-month average monthly churn rate is shown on page 23.

We continue to maintain a low level at 1% or less.

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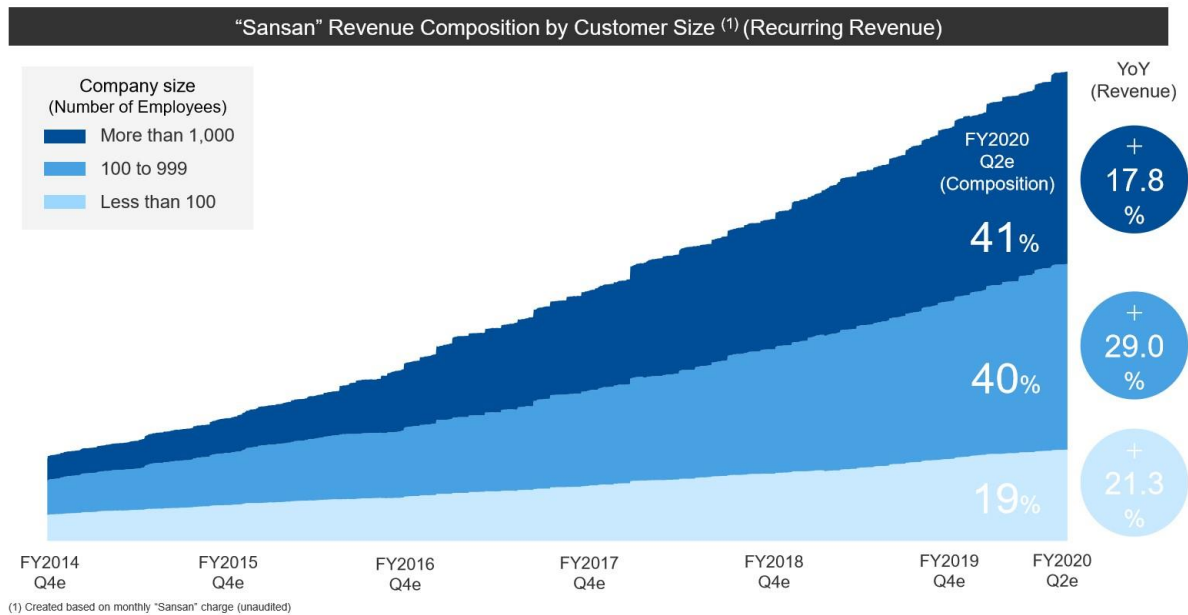
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Sansan Business: “Sansan” Revenue Composition by Customer Size (Recurring Revenue)

No significant change in revenue composition ratio by customer size



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The revenue composition of Sansan by client size is shown on page 24.

As in the past trends, there has been no significant change in the revenue composition. We will continue to recruit personnel while strengthening training and education to accelerate sales growth.

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Eight Business Overview

Net sales continued to show year-on-year growth due to B2B services
The performance of logmi, Inc. contributed for the three months from September 2020
(recorded under B2B service sales)

(millions of yen)	FY2019	FY2020		FYI: FY2020	
	Q2 Results	Q2 Results	YoY	Q2YTD Results	YoY
Eight Business					
Net Sales	253	427	+68.9%	738	+46.3%
B2C Services	71	73	+4.0%	148	+3.6%
B2B Services	181	353	+94.2%	589	+63.2%
Operating Profit	-227	-167	—	-358	—
Operating Profit Margin	—	—	—	—	—
Number of "Eight" Users ⁽¹⁾	2.58 million people	2.81 million people	+0.23 million people		
Number of "Eight Company Premium" Subscriptions	1,164 subscriptions	1,949 subscriptions	+67.4%		

⁽¹⁾ Number of confirmed users who registered their business card to their profile after downloading the application

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Please refer to page 25 for details on the Eight Business.

Sales increased by 68.9% YoY to JPY427 million due to the increase in B2B services. As a result of the increase in operating profit, the amount of loss decreased by JPY60 million to JPY167 million.

The results of logmi acquired in August contributed over the three-month period from September to November 2020, and its sales is included in B2B Services Sales.

The number of Eight enterprise premium contracts increased 67.4% YoY to 1,949. As of today, the number has exceeded 2,000 and is steadily expanding.

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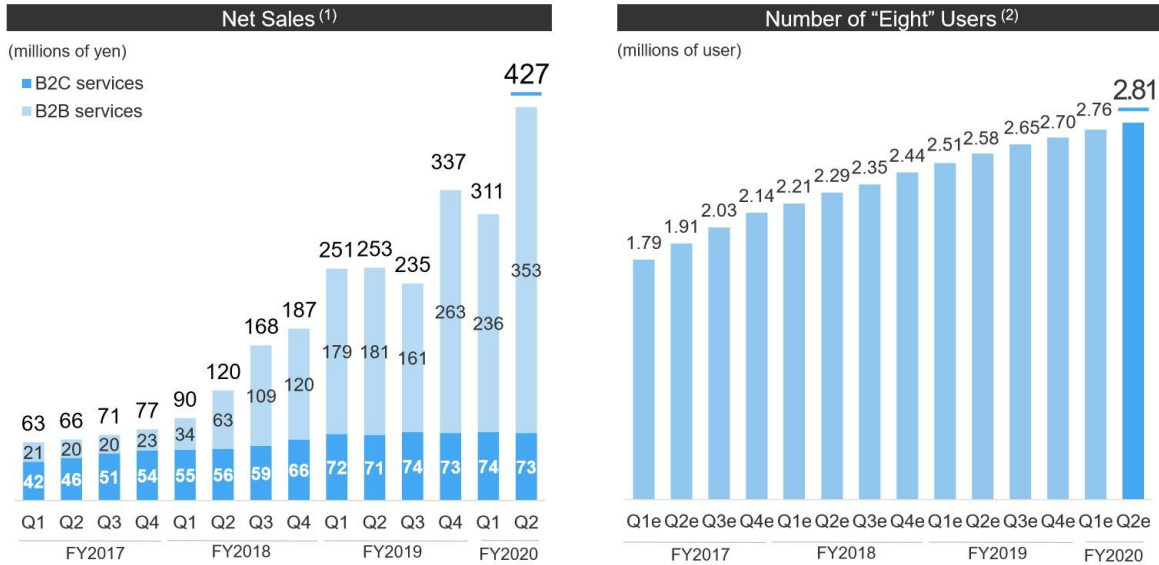
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Eight Business: Net Sales/“Eight” Users

BtoB service sales increased significantly in accordance with the implementation of “Climbers” business events

Continued growth of net sales and number of “Eight” users



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Please refer to page 26.

The business event Climbers held in November 2020 resulted in a significant increase in revenues from B2B Servicing Sales.

The number of Eight users increased steadily, rising by 230,000 YoY to 2.81 million.

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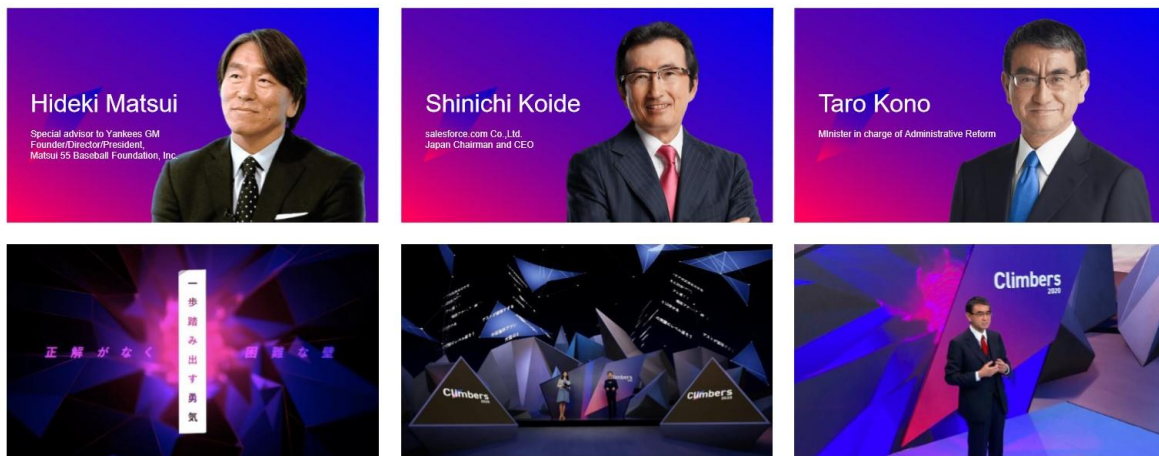
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Eight Business: Business Events “Climbers”

“Climbers” business events newly held

Received more than 14,000 entries, the highest number ever at our business events

“Climbers 2020” was held in November 2020



We hold lectures by leaders from various fields and online exhibitions by companies. At the events, we utilize participation registration by means of, for example, exchanges on Eight’s “Virtual Card” business card app with the speakers and “Smart Entry by Eight Virtual Cards” Scheduled to be held twice a year.

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Please refer to page 27. I will explain about the newly launched business event called Climbers.

This is a business event for young executives and businesspeople, mainly employers, in which lectures by top runners in various industries and exhibitions by companies are held offline or online.

During the event, we utilize in-house event technology know-how, such as online business card exchanges with the speakers through the business card app Eight and registration for participation in Smart Entry using Eight online business cards.

In the first business event held, we had more than 14,000 entrants, making it one of the largest achievements in our past business events. This event is scheduled to be held once more in the fiscal year under review.

With this, I would like to close my explanation.

Next, Shiomi will talk about the Eight Business.

Shiomi: This is Shiomi. Thank you very much for giving me the opportunity to introduce the Eight Business.

Until now, there have been few occasions where I spend a lot of time explaining the Eight Business to investors and analysts. Today, I would like to explain the basic content, focusing on the various monetization plans of Eight.

I would be very happy if you could deepen your understanding through this opportunity.

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Self-introduction



Kenji Shiomi

Sansan, Inc.
Director, Eight Division Head

At Bussan System Integration Co. Ltd. (now Mitsui Knowledge Industry [MKI]), Kenji was responsible for designing and developing digital satellite broadcasting systems and mail systems for major mobile phone carriers. Kenji cofounded Sansan, Inc. in 2007, and currently manages business strategy as head of the Eight Division.

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2

First, let me introduce myself. Please refer to page two.

Currently, I am in charge of the Eight Business as a director. Sansan was founded in 2007 by five members, including CEO Terada. I am one of the co-founders.

I originally worked as a software engineer at an SI company affiliated with Mitsui & Co. I have been mainly involved in the design and development of mobile phone email systems and satellite broadcasting systems.

In 2001, when he was in his former position, I encountered Terada when we worked together at Mitsui's overseas branch in Silicon Valley.

Since that time, Terada has been telling me about Sansan's business ideas, and we were discussing them even after I came back to Japan, but as Facebook and LinkedIn have become widespread, to be honest, I, an engineer, was not really sure at the beginning to focus on business cards.

However, if you think through it, a business card is not just a slip of the paper with which the contact is written, but a sign of the connection between people and people. Needless to say, in the US as well, everyone highly values personal connections. However, many of the proof of such connections are buried in people's desks and being underutilized.

We wanted to create services that enable companies and individuals to properly accumulate business activities as assets and maximize use of them. And we want to bring software from Japan to the world which can compete on par with Silicon Valley ventures. With this in mind, I participated in the establishment of Sansan.

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If you don't mind, let's exchange business cards online. This is limited to those who are viewing Zoom screen, but by reading the QR code on the screen on your smartphone, you can receive my business card. If you use Sansan or Eight, you can easily pick it up or return it.

Even if you are not using either of the services, you can take a picture of your own business card and send it back to me after you receive my business card with images and data.

We provide this online business card function with both Sansan and Eight, but on today's screen we introduce Eight. I hope that we will be able to exchange cards.

Table of Contents

1 Eight Business Overview

2 Business Models

3 Growth Strategies

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3

Now, let's go to the main topic.

Today, as stated on page three, I would like to explain in roughly three parts.

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Basic Functions/Features of “Eight”

A business card management app with the characteristics of a business SNS that business people use as individuals

Basic Functions of "Eight"

Business Social Networking Based on Business Card Information

Eight is a business management card app that builds your own business network with imported business cards

Main Functions

- Business card management
- Profile management
- Message with connected people
- Notification of connected people's latest status information, etc.

(1) There are multiple services for corporations

(2) There are multiple paid services for individuals and corporations

Features of "Eight" Basic Functions (Comparison with "Sansan")

Main User	Individual ⁽¹⁾	Corporation
Pricing	Free service ⁽²⁾	Paid service
Network (SNS) Function	Installed	Not installed
Advanced business card data utilization function	Not installed	Installed
"Virtual Cards" Function	Installed	Installed

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5

First is the outline of the Eight Business. Please refer to page five.

Eight is essentially a business card management app with the nature of business social media offered for individuals. Whereas companies are the main users of Sansan, Eight mainly targets individual business people.

Therefore, when you change where you work, you will no longer be able to use Sansan account you had been using at the former company, but Eight is characterized by being able to continue using them throughout your career.

As a flow of service usage, first you take a business card of your own, and the information is correctly converted into data and your own account is created. In social media, this is your own profile information.

In addition to recording business cards and side business cards every time a business card changes, as well as registering past business cards, you can also enter job experience and skills, so the design enables you to manage your own profile throughout your career.

After an account is created, you can take images of business cards received from other people and use the business card management function in the cloud.

Because it is a business card management app for individuals, it does not have highly sophisticated data utilization features like Sansan, but it has highly convenient basic features such as managing business cards, searching them, and making them easily accessible.

Holders of data business cards can also connect on the app if he or she is an Eight user. You can contact the other party in chat format through a message function and also use the network function, such as automatic

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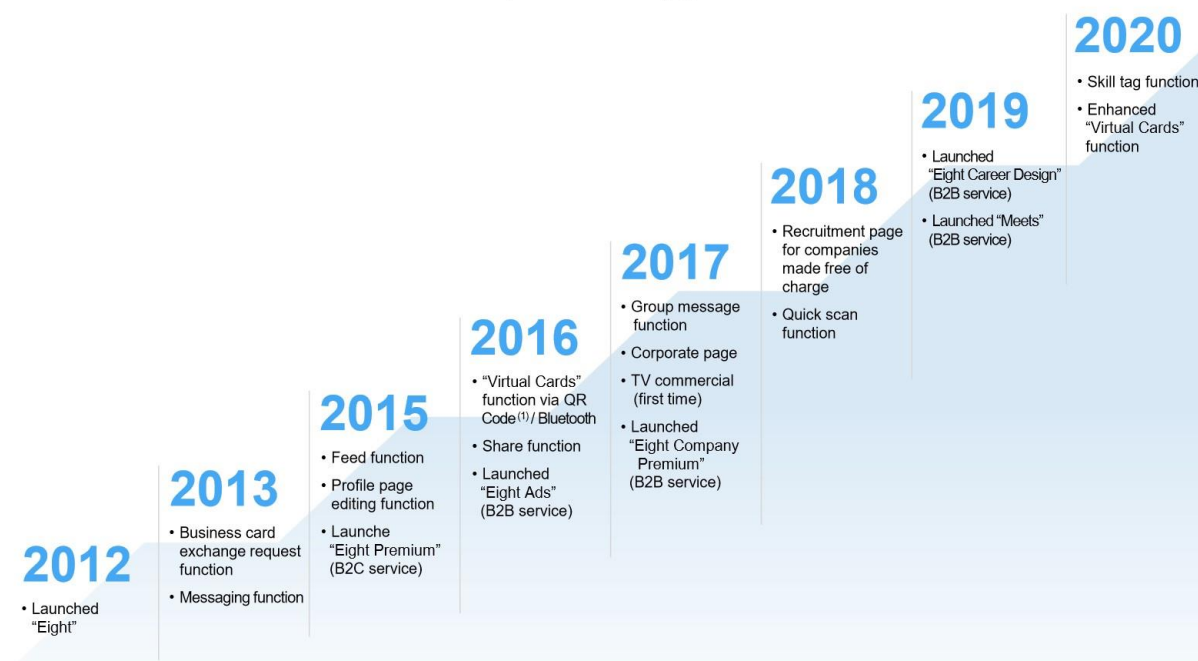
notification, when there is a change in the other person's business card information. These basic functions are offered free of charge.

I will explain later where we are monetizing.

1 Eight Business Overview

History of “Eight”

Evolution into a business network by function upgrades



(1) QR Code is a registered trademark of DENSO WAVE INCORPORATED.

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Next, on page six, I will explain the history of Eight.

Eight started in a corner of Sansan Division with two employees and one intern.

In 2012, we began offering services to the public after a variety of tests and verifications, such as in-house limited disclosure and use through invitations.

Currently, we support the service with over 100 members.

Although Sansan, a business card management service for corporations, was our founding business, we wanted to cover all business card exchanges digitally at some point. To realize this goal, we considered it necessary to work on both a corporate and individual basis.

In addition, as I mentioned earlier, business connections or networks are personal assets, but there were no services that could manage them, so we decided to create a service that can consolidate business contacts.

In terms of functions, we have been conducting various trials and errors since 2010, but since 2013, when we installed messaging functions, we have created a major format and framework for our present Eight service. This is not an app for business card information, but an app that leverages business connections. In other words, it has evolved into a business network.

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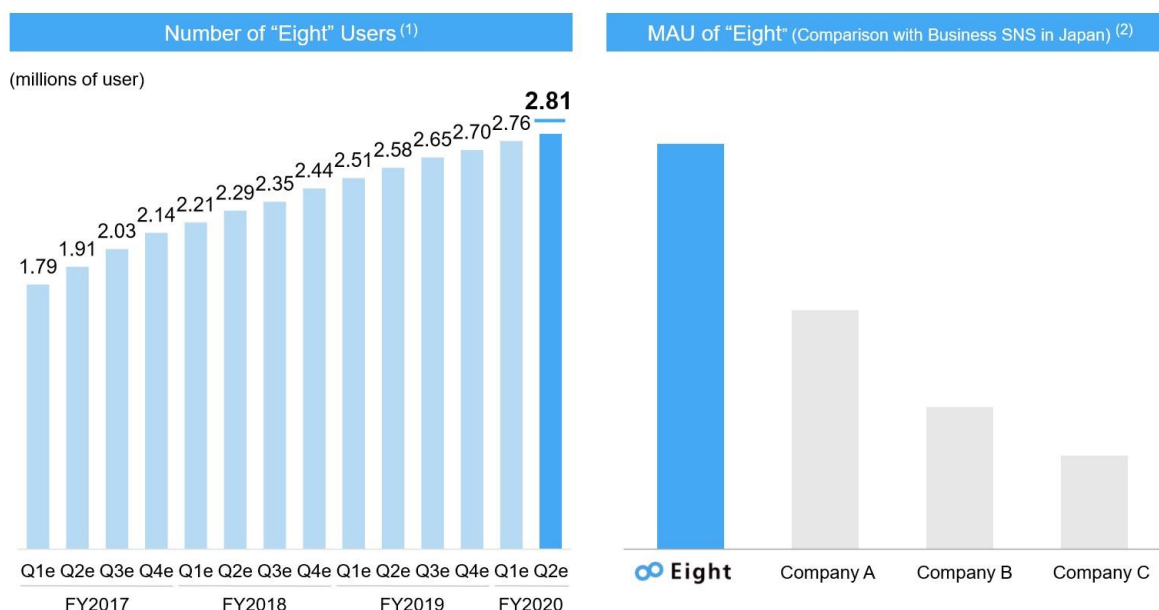
For this reason, we have provided not only messaging but also profiling and online business card exchange functions, and we have been continuing to provide updates so that it will be used as a business platform.

I will explain the details later. In 2015, we began offering paid services to individuals, and in 2017 and beyond, we began offering a variety of paid services to companies. We are now working to strengthen this monetization.

1 Eight Business Overview

Current Position of “Eight”

Business SNS with the largest number of monthly active users in Japan



(1) Number of confirmed users who registered their business card to their profile after downloading the application

(2) Source: “Average number of monthly active users, domestic business SNS apps, January-December 2020 (App Store+Google Play),” January 2021, App Annie research

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Page seven.

At the end of Second Quarter, Eight had 2,810,000 users. The definition of the number of users is not the number of downloads of the app, but the number of users who have registered their own business cards to the profile after downloading the app and have actually started using it.

Since the service was launched, it has been covered by various media, and the number of users has steadily increased.

In the third quarter of the fiscal year ended May 2018, the Company launched TV commercials for the first time. Since then, the Company has continued to steadily expand without incurring significant promotion costs.

Consequently, when comparing the monthly numbers of active users with the main social media services available in Japan by other companies, such as LinkedIn, Eight has the number one position.

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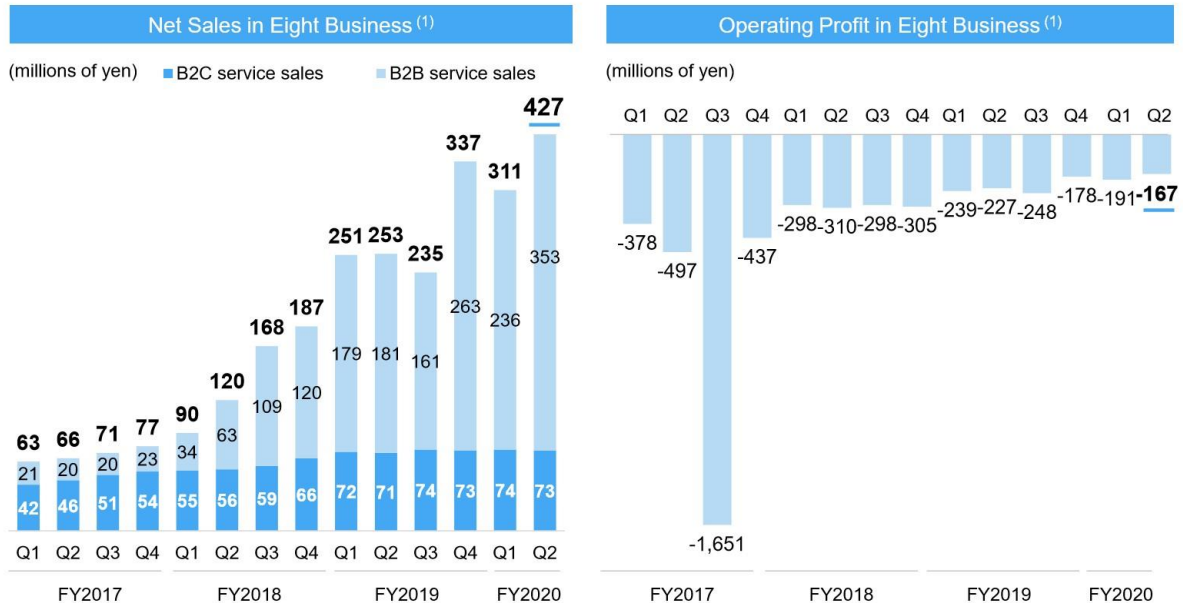
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Business Performance ⁽¹⁾

Growth in B2B service sales drives growth in overall segment performance



(1) Quarterly results for FY2017 were unaudited

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The eighth page is the quarterly performance of the Eight Business.

The graph on the left shows Sales by B2C and B2B services, which I will explain later.

Paid services for B2C have just been launched since 2015 and those for B2B since 2017, so their size is not yet large, but they are continuing to grow steadily. In particular, we have been accelerating growth and driving the growth of the segment as a whole by strengthening B2B servicing monetization since the fiscal year ended May 2019.

Regarding Operating profit on the right, shortly after we began monetizing this business, we are still in the red, as it is still a phase of upfront investment. As explained earlier, in the third quarter of May 2018, the Company posted a large loss due to the broadcasting of TV commercials. However, since no major advertising activities have been conducted since then, the Company has entered a phase in which the deficit is gradually decreasing with the rise in sales.

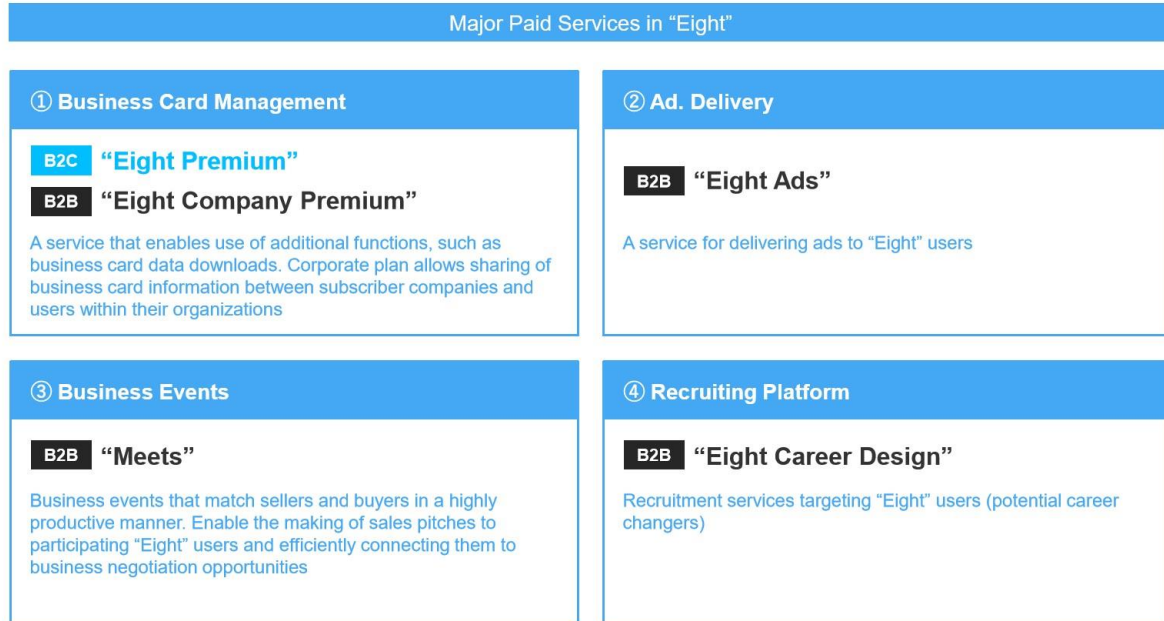
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Monetization Policy

Strengthen and accelerate monetization by strengthening existing services in the B2B domain and creating new services



Next, I would like to explain the fee-based services and their respective business models.

Page 10 shows the main current monetization plans.

There are four broad categories of paid services: business card management service, advertising service, business event service, and recruitment service. In this context, we are developing a paid plan for business card management services in both B2C and B2B, while all remaining services will be monetized on the B2B side by companies.

In addition, services other than business card management can be said to have a monetization plan unique to Eight, making use of its userbase.

As you can see in the trends in business results, the driving force behind growth will be plans for these B2B.



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① Business Card Management: “Eight Premium”/“Eight Company Premium”

Develop paid plans with additional functions available for both individuals (B2C) and companies (B2B)

“Eight Premium” Overview		“Eight Company Premium” Overview	
B2C	 Eight Premium	B2B	 Eight 企業向けプレミアム
Main Target	- All business people with business card management needs	Main Target	- Targeting small companies with under 20 employees - Number of small businesses in Japan: 1.8 million + ⁽¹⁾
Main Services Provided	- In addition to the basic functions, mainly the following additional functions are available: “Business card data download,” “Image memo function,” “contact application syncing,” etc. - Speedily converts into data all items on the front and reverse of business cards	Main Services Provided	- In addition to the “Eight Premium” functions shown on the left, mainly the following additional functions are available: “Sharing of business card information between employees,” “Business card information management by shared tag settings” - Enables subscriptions to be made for each department/organization within a company
Pricing	- Monthly ¥480 or annually ¥4,800	Pricing ⁽²⁾	- Basic fee: monthly ¥10,000 - Account fee: monthly ¥400 per user

(1) Number of companies with under 99 employees (based on Economic Census for Business Activity in 2016 issued by the Statistics Bureau as the denominator on June 28, 2018)
(2) Annual contract for basic fee, monthly contract for account fee

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In page 11 and beyond, I will explain the details of each plan.

First, about the business card management service.

Eight premiums offered to individuals provides additional functions such as downloading of business cards and screen memo functions at JPY480 per month or JPY4,800 YoY in addition to basic functions that are free of charge. In addition, when you are using the free service, the data of the main items on the surface of the business card will be converted on a best-effort basis, but in the paid plan, the items including the back side will be the top priority and swiftly converted to data.

Next is the corporate service Eight enterprise premium. This is a service that allows companies or Eight premium users within organizations to share business card information and manage customer information.

Unlike Sansan, which enables sophisticated data utilization, it is a service that meets the minimum need for business card management as a company. It mainly offers small companies with around 20 employees a monthly fee of JPY10,000 and an additional number of users × JPY400.

As I mentioned, its target is differentiated from Sansan, but there are some cases in which customers switch to new contracts for Sansan after using the Eight premium service. Therefore, from the perspective of creating the entire business card management market, we view this service as having a synergistic impact.

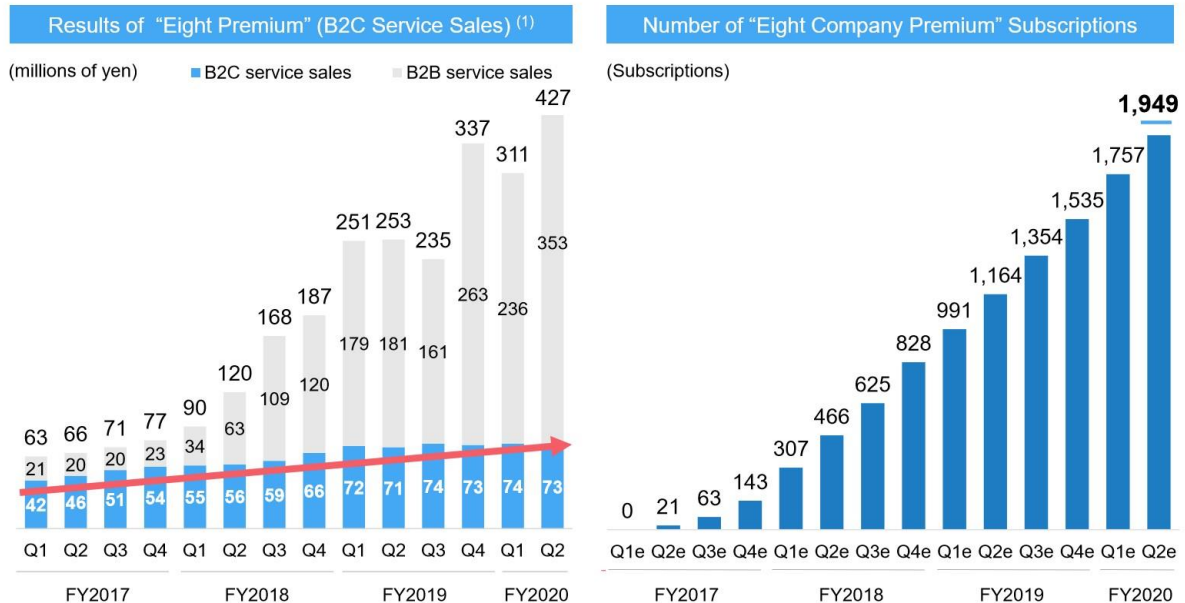
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① Business Card Management: “Eight Premium”/“Eight Company Premium”

Contributing to stable growth of Eight Business as recurring net sales



Page 12 shows the actual results.

First of all, in terms of Eight premium, B2C service sales that we are presently disclosing is a track record composed entirely of this service. Please note that we do not disclose the number of users of Eight premium.

Next, regarding Eight premium for companies, although we do not disclose sales on a standalone basis, we have disclosed the number of contracts, and steady expansion continues as shown in the graph on the right.

This can also be said for Sansan, but the penetration of business card management services in the working population in Japan is still at a low level of around 2%. Meanwhile, there are approximately 1.8 million small companies with 99 or fewer employees, so we believe that the growth in corporate services is extremely large.

In addition, sales of both individual and corporate services can be counted as recurring sales due to the nature of the fee model. This contributes to the stable growth of the Eight Business.

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② Ad. Delivery: “Eight Ads”

Enables deployment of various advertising strategies to the largest group of business people in Japan (“Eight” users)

“Eight Ads” Overview

B2B

 **Eight Ads**

Main Target	<ul style="list-style-type: none"> - All companies with advertising placement needs - Internet advertising market in Japan: ¥1,845.9 billion (forecast) ⁽¹⁾
Main Services Provided	<ul style="list-style-type: none"> - “Eight Native Ad” (Basic in-feed advertising) - “Lead Generation Option” (B2B lead acquisition advertising) - “BNL Branding Option” (Corporate tie-up articles) - Programmatic advertising, etc.
Pricing	<ul style="list-style-type: none"> - Pay-for-use charges depending on delivery volume - There is a minimum advertisement placement price for each service

Utilizing business card data, enables use for a variety of purposes, such as corporate tie-up articles and in-feed advertisements



(1) Source: “2019 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media” issued by Dentsu Inc. on March 17, 2020

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Next, I will explain about the advertising service Eight Ads. Please refer to page 13.

The Eight app has a feed screen and a timeline screen, and we are acquiring advertisements placed primarily there from a variety of companies.

The detailed explanation of each advertising service is omitted, but we provide a wide range of services, including data-based management-type advertising services, such as ordinary in-feed advertising, advertising specializing in lead acquisition, and article advertising from a branding perspective.

Pricing differs for each service, but the system is centered on a pay-as-you-go system based on the number displayed and the number of deliveries.

One characteristic of Eight's advertising service is that it allows users to utilize their own business card data and profile information they register and thus delivers advertisements to targeted users who are considered to be highly reactive to information.

In addition, Eight is one of the largest services in Japan where business people are registered, and many users tend to access the app when they are in a business-oriented mindset, so viewers can be expected to be highly engaged in the appeal of B2B advertising. These characteristics have also been observed.

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③ Business Events: “Meets”

Business events that provide opportunities to meet for services (corporations) and customers (“Eight” users)

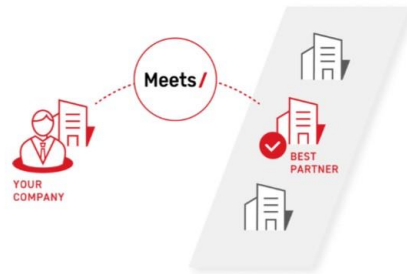
“Meets” Overview

B2B

Meets /

Main Target	- All companies with sales opportunity needs
Main Services Provided	<ul style="list-style-type: none"> - “Pitch Event” (Sales pitch, Q&A session/networking, meeting) - “Online Seminar” (Seminar video, online meeting)
Pricing	<ul style="list-style-type: none"> - Mainly fixed system according to the form and scale of event being held - Charges are incurred for each event

A new form of business event where the best services can be found by the shortest route



Focus on holding online from 2020

On page 14, I will explain the business event service called Meets.

This service facilitates events that provide a place where companies that want to sell services and customers who want to buy them meet for pitches and business meetings.

Specifically, we draw on Eight’s technologies and data to achieve optimal visitor targeting and attract high-quality prospective customers from among Eight users. The participating company then does a six-minute sales pitch, followed by a question-and-answer session, and eventually an individual meeting is designed between the service provider and the prospective customers, who are Eight users.

Only companies that are trying to sell their services incur fees. Fixed fees are based on the type and scale of events held. Depending on the event, it ranges from about several hundred thousand to JPY1 million to JPY2 million per company.

Prior to the COVID pandemic, we were mainly hosting events offline, but now we are facilitating seminar videos and holding meetings in online formats.

In addition, as mentioned in the consolidated results section, we also held a new business event called Climbers in the second quarter of the fiscal year under review, and we intend to continue to hold this event on a regular basis in the future.

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④ Recruiting Platform: “Eight Career Design”

Enables direct recruiting for personnel (“Eight” users) who are differentiated from other companies’ services

“Eight Career Design” Overview

B2B

 **Eight Career Design**

Main Target	<ul style="list-style-type: none"> - All companies with recruiting needs - Recruitment Market in Japan: Job Advertisement: ¥952.8 billion ⁽¹⁾ Job Placement: 308.0 billion ⁽²⁾
Main Services Provided	<ul style="list-style-type: none"> - “Direct Scouting Service” (Use the messaging function of “Eight”) - Recruitment candidate pool function - Utilization for referral recruitment of in-house personal connections
Pricing ⁽³⁾	<ul style="list-style-type: none"> - Fixed monthly fee for each plan - There is an additional charge when a decision to hire is made



Extends reach to untapped talented personnel



Promote referral hiring



Realization of direct recruiting

⁽¹⁾ Job information service market size in FY2018 (Source: “Results of the Market Size Survey of the Job Information Service and the Number of Recruitment Advertisements” issued by Association of Job Information of Japan on January 24, 2020)

⁽²⁾ Job placement service market size in FY2019 (Source: “Human Resources Business Market in Japan: Key Research Findings 2020” issued by Yano Research Institute Ltd. on October 15, 2020)

⁽³⁾ Six-month contract (minimum)

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As the last part of the monetization plan, I will explain Eight Career Design. Please refer to page 15.

It is about two years since launching. This is a recruitment service that enables direct recruiting of Eight users. So far, we have explained that Eight has one of the largest businessperson networks in Japan, but from the viewpoint of recruitment services, it has another major feature.

Because Eight users first register in the app for the purpose of managing business cards, it can be regarded as an untapped group of talent that has not yet registered for the recruitment services of other companies.

In addition, business card information can be set as own profile information, and information such as job history and skills can be registered. This service enables the recruiting side to easily find and pool talented candidates.

In order to smoothly proceed with the recruitment of excellent talent amid the tightening supply in recent years, it is extremely important to capture the right timing. In Eight Career Design, since the specifications allow timely grasping of the timing of the heightened intention to change jobs, such as updating the user profile and changes in the level of job-hopping intentions, it is a service that responds to the issues in the current recruitment market.

The pricing model employs a fixed monthly fee based on the plan, plus an incentive fee per employee at the time of recruitment decisions. We believe this model is highly price competitive compared to general competitor services, where a fee of 35% of annual income is incurred.

As the domestic recruitment market is an extremely large market, we expect it to become a major pillar of our revenues in the future.

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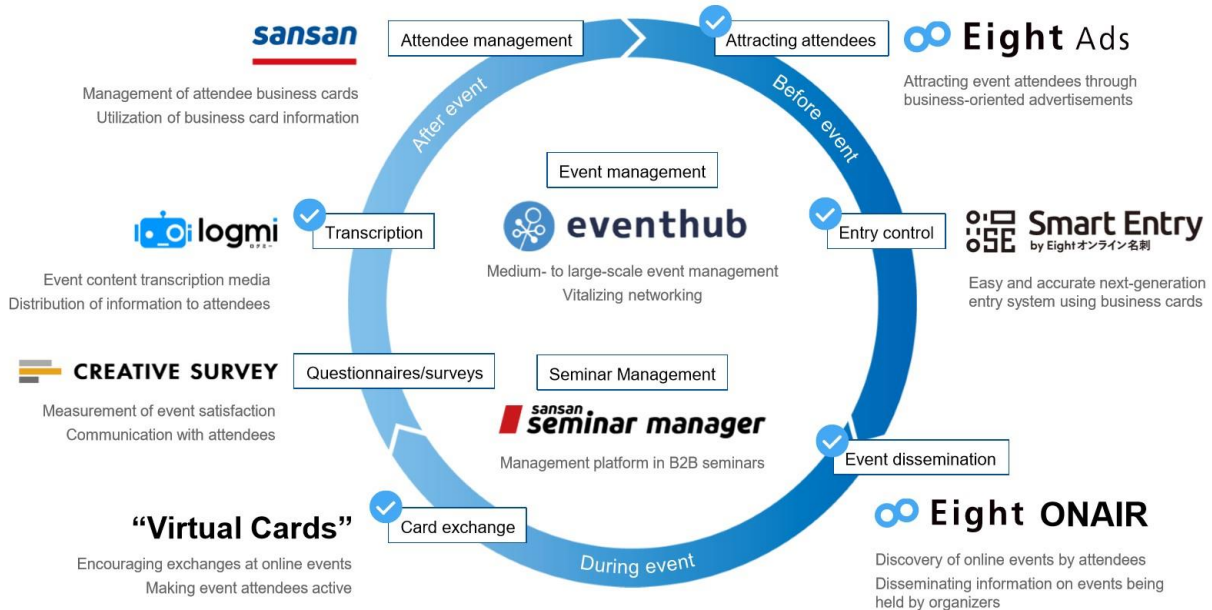
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Relevance to Event Tech Services

Multiple Eight Business-related services and functions make up Event Tech service portfolio

✓ Services/functions related to Eight Business



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Please refer to page 16.

The Eight Business is also playing a major role in Event Tech Service, our new Group initiative, which we announced last day.

Event Tech Service refers to services that use technology to support the organizers and operators of events, so we believe it differs from the business event service that we sponsor, such as Meets, which I just described.

Of the Event Tech Services, Eight Ads are explained earlier, and Smart Entry was described in the consolidated results part. Here, I would like to briefly introduce the platform services and Eight ONAIR for business events.

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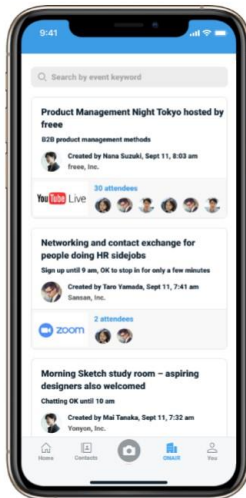
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Business Event Platform: “Eight ONAIR”

A highly convenient online platform for both event organizers and participants

“Eight ONAIR” Overview



Screen under development

Eight ONAIR

Events taking place in real time are also posted
Take part in events that fit your schedule

- Display recommended events according to job and attributes
- Search and list events
- Manage favorites
- One-tap joining via “Virtual Cards” function

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Please refer to page 17.

Eight ONAIR is a function currently under development, but it will be a dedicated page on Eight that summarizes and displays events currently held and expected to be held in the future as a list.

Due to the pandemic, online seminars and events became mainstream and eliminated the need for travel time of participating users, making it easier to view and use niche time effectively.

However, there are many frustrations around the experience of finding events, which mainly involve searching online and finding them by chance on social media. Therefore, people feel they are unable to catch up with interested information in real time.

Eight ONAIR allows you to find the best events for your occupation and attributes simply by looking at a dedicated page on Eight.

And Eight users have already registered their own business card information as profiles, so they can participate in the event on the spot just by pushing the participating key without troublesome form entries.

The organizer of the event can easily open the announcement page, which allows access to Eight audience. In addition, participant information is not by manual input that can easily cause errors but is derived from business card information that has been correctly converted to data, so we believe that it is a huge benefit for the host side as well.

Currently, we do not plan to monetize this function, but we expect this to not only boost the growth of event tech services, but also contribute significantly to the increase in Eight users.

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Eight Division Structure

Build organizational structure that can strongly promote monetization of each service



(1) As of December 1, 2020
(2) As of November 30, 2020

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Next, I would like to introduce the structure of the Eight Business unit. Please refer to page 18.

Currently, the Eight Business unit is composed of five divisions, as you can see. Approximately a year ago, we did not have clear divisions within the business unit, but we changed and strengthened the organizational structure in line with the enhancement of the monetization plan and the status of progress.

Within the business unit is the Product Division, which has a dedicated development staff that differs from Sansan.

We do not have so many salespeople, as we have just begun monetizing B2B services. However, for example, we have seven members that sell Eight premium for companies, about 10 involved in Eight Ads, and about six in Career Design.

Based on the premise that Sales will grow steadily, in order to accelerate monetization, we believe that we need to strengthen personnel recruitment going forward.

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Main Challenges in/Measures for Achieving Growth

Plant to achieve medium- to long-term growth by both broadening user base and strengthening monetization of B2B services



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Finally, about our future strategies.

On page 20, I will explain the main issues and measures for achieving growth.

In order to greatly increase Eight services, it is essential to further increase the number of users. Therefore, we monitor them every month as a key indicator.

Currently, the number of users is steadily expanding due to the penetration of business card management services without carrying out major promotions, but we intend to further expand new functions, such as Eight ONAIR described earlier.

It is also important to increase the engagement of each user, so we will invest in various initiatives, such as online business card functions and features to enhance user profiles, in an effort to improve the daily active usage rate.

On the other hand, if we only invest in enhancing networking value, it will become difficult to achieve revenues as a business, so we will also strengthen monetization at the same time.

First, in the short term, we intend to achieve monthly profitability in the Eight Business. While B2B services are at the heart of monetization, at this stage they have just begun, so our policy is to grow these four services in a balanced manner: business card management services, advertising services, business events, and recruitment services for companies.

We will also actively work to create new services utilizing the high-quality data possessed by Eight, as we have added historical business events and recruitment services.

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**Grow to become a platform for creating new encounters and
the Group’s next largest earnings pillar after the Sansan Business**



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Finally, page 21 is about the future image and vision that the Eight Business is aiming for. It will be a platform for creating new encounters.

I think that today's Eight can play a role in connecting analog and digital. However, in order to grow significantly, we need to become a network service that provides even more adequate value than now in the world of digital-to-digital interactions.

For example, I think business events, Meets, event platform services, and Eight ONAIR online, as I explained earlier, are values and roles unique to Eight that cannot be realized through Sansan services. By utilizing Eight's userbase and valuable data, I believe we can still create many new encounters that we are not able to realize today.

In just one example, this is a new way of making it easier to record encounters through digital interactions, and by doing so, to create an environment in which you can easily recall weak business connections that have been hidden, with the means you need when you need them.

From the standpoint of advancing the digitization of these products, we believe that the current COVID pandemic is a tailwind for our business, and we will work to achieve our vision at an early stage.

We expect that the number of Eight users will be several times larger than today's, and we will grow the Eight Business into a major Revenue pillar for our group after Sansan business.

With this, I would like to close my explanation. Thank you very much.

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Question & Answer

Moderator: We will now start the question-and-answer session.

Today's briefing will be transcribed and posted on external media, including the content of the question-and-answer session. Therefore, please tell us if you prefer to be anonymous when asking a question.

We would like to take questions from as many participants as possible, so please ask up to two questions per time. If you have three questions or more, I would like to ask you to raise your hand again.

So, is there anyone who has any questions?

Mr. Yoshida, please.

Yoshida: Thank you. I am Yoshida from Nomura Securities. Thank you in advance.

I have two questions. I would like to ask Mr. Shiomi about the Eight Business first.

I have been a user, and I have recently been using the online business card function and find it very convenient. I think it will be extremely important to make online business cards widely used in order to make it a network that connects digital to digital.

On the other hand, there still aren't many people who use it personally and send cards back to me. However, I think there are many people are having issues not being able to find the contact information in online meetings, so the potential needs are very big, and it has not spread so far yet.

How will Eight's online business cards move forward and become more popular at a more explosive pace? Please let me know if you have any current outlook on something, what to do with the bottleneck, and how it will be resolved. This is the first question.

Shiomi: Thank you for your question. This is Shiomi. I understood your question as how to spread online business cards.

As I explained earlier, I think it is most important to increase the number of places where online business cards can be actually used first.

As I explained earlier, we are putting in place entry points for using online business cards in the Event Tech Service. In particular, in the Eight Business, the Smart Entry system is compatible with online business cards. We believe that the first priority is to first increase the number of businesses and services connected to this system and to create an environment in which online business cards can be used conveniently.

Of course, we intend to promote online business cards through Eight ONAIR, which we will provide in the near future with convenient features using online business cards in events like Climbers and Meets, as well as online business card exchange meetings.

Yoshida: Thank you. I understood that by increasing exposure related to events, the service will be able to penetrate the market. Personally, I hope that you can resolve the issue that even if I send a business card, the counterpart very often does not send one in return.

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My second question is about Bill One. This time, you are disclosing an ambitious target of 1,000 contracts in the remaining year and a half, but if the unit price is around JPY100,000, the ARR will be JPY1.2 billion if 1,000 companies are introduced, so it seems to be a fairly high target for the remaining year and a half.

On the other hand, I think the background to this is that you have newly established a business unit and several dozen employees are now involved in sales activities.

Can you tell us what the sales structure has been and achieved results through November, and I think that not only will you increase the number of employees, but also conduct marketing activities? So, just a little more specifically, what kind of sales activity will you conduct in order to achieve 1,000 contracts? Thank you in advance.

Terada: As I mentioned earlier, the division has a team of more than 20 employees. We are hiring more and more people recently, so if we go back to around November last year, we just had a few members, and now we're getting more and more.

As I mentioned earlier, the figures in the business division includes personnel from development to sales to customer satisfaction, basically everything required for a SaaS business, so the scale of sales is about that.

On the other hand, as Sansan, we have the intention of putting all the know-how we have cultivated in expanding our SaaS businesses into Bill One, and I would like to move forward with recruitment at full force as well.

In addition, as you pointed out, we are planning various measures in light of the know-how we have cultivated over the years in marketing, as well as our priorities for growing Bill One, so we are not hesitant to make investments.

Sansan brand will be used to the fullest extent possible, and Bill One will be launched in a comprehensive manner, including marketability and marketing. At present, we are devoting our resources to this project with the feeling that we can do enough things in a short period of time, such as a year, what we did to build the early days of Sansan over the initial few years.

The reason why we can do this is that Sansan business itself does not have to forcefully devote resources. As a company, we are still in the phase of continuing to invest in Sansan, while focusing on Bill One on the side, so we would like to make great use the brand for further growth.

Yoshida: Thank you. I expect that I might be watching Bill One TV commercials in the future, and I am looking forward to the creative content. Thank you very much.

Terada: Thank you very much.

Moderator: Next, Yamashina, please.

Yamashina: This is Yamashina from Macquarie Capital Securities. Thank you in advance.

I would also like to ask one thing about the Eight Business. Currently, the number of users is 2.81 million. If it is possible to disclose MAU or DAU, I would like to ask how often and how much it is used. It does not matter if it is not a specific number.

Secondly, in addition to this, I have some expectation that the DAU will increase through such an interesting activity like ONAIR. I would like to ask what you think you can do for the MAU and DAU to increase. What is your current expectation, and how long do you think it will take?

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Shiomi: Thank you very much. We do not disclose specific figures for MAU, so there are some points that are difficult to mention, but I can say its roughly one-third of the current number of users.

We are planning to increase the number of MAUs and DAUs through ONAIR. I believe Eight is a service that is used quite frequently, but I think there is still a shortage of news and content that users check every day.

In this situation, I expect that MAU and DAU will be considerably lifted by obtaining information other than business card management and increasing the number of touch points for business-related content by providing event-related information that are in need.

By repeatedly spreading the experience that Eight enables very easy participation in events, existing users will become active, and we believe that we can capture users who actually want to use Eight to participate in events at a considerable degree of certainty.

We intend to launch the service during the current fiscal year and aggressively promote it. Have I answered your question?

Yamashina: Okay. Thank you very much.

Moderator: Is there anyone else who has any other questions? Miyazaki, please go ahead.

Miyazaki: This is Miyazaki from Goldman Sachs. I'd like to ask some questions.

Firstly, I would like to ask about the overall situation. The churn rate seems to have increased slightly, so could you please tell us your recognition and if there is a background? The first point is the churn rate. Thank you.

Hashimoto: I will answer your question. As shown in the churn rate figures and disclosure, the churn rate for the most recent 12 months is 0.65%.

On the average of 12 months, you pointed out that this has increased a little. Specifically, this tendency does not mean that we lost some major customers, but I believe that this is the result of the accumulation on an individual basis.

On a monthly basis, there are some months when the churn rate is lower, and there are some months when it is slightly higher than 0.65. So, although there are still fluctuations, we don't feel there is an extremely urgent management issue, but rather, we are taking a straightforward approach to prevent cancellations. If the measures are successful, we expect to gradually shift to a downward trend.

Miyazaki: Thank you. As another question, I would like to ask about Bill One.

I may have missed what you said about this, but could you tell me about the fee structure, how much you are monetizing this way, how much is the unit price set for users, what are the numbers that lead to sales, and if the number of subscribers increases in the future, whether you might adopt a slightly different form of monetization? Can you tell us about the current situation and the future? Thank you.

Terada: Bill One is a pure SaaS model. Therefore, we set a monthly fee and receive it from our customers. This means that we receive a monthly fee from the companies that use Bill One to receive invoices.

The business model was the same in Sansan, but I think it will keep improving day by day. Currently, the monthly fee is set according to the number of invoices received, and this model is similar to Sansan model. As the number of invoices varies widely depending on the size of the business, the monthly fee also varies accordingly.

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The current situation is still in the start-up phase, and we have started from relatively small and medium-sized companies. The fee ranges from several tens of thousands of yen to JPY100,000 or JPY200,000.

But in the same way as Sansan, it is a service that can compete well in the enterprise domain as well, and we're starting to experiment a little more, so I think that we be able to charge a monthly fee that's in a different digit in the enterprise domain.

Therefore, it is difficult to tell you about the ARPU outlook, but I think there is a good chance that it will follow the same trend as Sansan.

Miyazaki: Okay. Thank you very much.

Moderator: Saito, please go ahead.

Saito: This is Saito from Snow Lake Capital. I would also like to ask two questions.

The first is about the Sansan business. Can you give an update on the status of sales activities? Approximately three months ago, it has improved considerably from the drop following the COVID pandemic but had not returned to pre-pandemic levels. What is the current situation like?

Then, it became possible to engage in online business negotiations, and there is now another emergency situation. Please tell us about whether this is affecting sales activities.

The second point is about Bill One, where I think that some manual work is necessary even for digitization. Please comment on marginal profit of this business to the extent possible.

Those are the two questions.

Terada: To be honest, it's rather difficult to see what a normal state during the pandemic is. Nevertheless, we can say to some extent that we have been conducting sufficient sales activities and business operations within the scope that we anticipated at the beginning of the fiscal year.

However, compared to if there was no pandemic, I do not think that the level is satisfactory. Therefore, we are aggressively driving the evolution of our products with post-COVID in mind while continuing to strengthen our sales capabilities.

What I can say is, we will continue to increase the number of sales members without hesitation, so I think that we will be able to accelerate the business again.

Regarding Bill One, the service itself is truly Sansan-like, and the team that is responsible for the conversion of bills into data also handles the data conversion of business cards called DSOC.

This is a combination of technology and operations, and it is now in the beginning phase, so there is a very large portion of manual work. So did Sansan. However, as we know ourselves, it should be possible to increase the automation rate more and more, including the data that is accumulated from here. As we scale, I think we will not only increase the processing capacity, but the unit price per sheet will also decline steadily.

Although we cannot share marginal profit and other details, at least the cost of processing one business card for our current Sansan business is less than one-tenth of the cost since our foundation.

Ultimately, I think the cost of processing that data will fall to the point where it can be fully absorbed in terms of the cost of software, so I believe we can aim for a business that is highly profitable.

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Saito: But regarding this Bill One, I think that the actual business cards will all be scanned by the users, but with Bill One the invoices will be sent to your Company, and I think that you need to scan them at your side. Is that a different way of thinking?

Terada: Most of them are attached to emails or uploaded to Bill One by the users. Regarding the paper invoices, we receive them at our center and scan them. However, I think that the share of such cases is not high: it's actually rather low.

To put it another way, for the early stage of Sansan's user acquisition, we have a business card scanning center, and we are taking care of the physical business cards of our customers and scanning them on a day-to-day basis. With Bill One, such workload is about the same or rather lower in comparison, so I don't think that the cost is something that changes the business structure in any way.

Saito: I see. Thank you very much.

Moderator: Next, please.

Ito: This is Ito from Ichiyoshi Research Institute.

I would like to ask you about Bill One. I think there are talks about introducing an international standard for invoices. What are your thoughts about changes in the business climate in the event of standardization?

Terada: We are also involved in the discussions on Peppol, invoices, and electronic invoices, by sending members to meetings.

I believe that the standardization of invoice data or data formats will be a very strong tailwind for Bill One.

In the end, the most important reason why Bill One was launched is that there is a very wide variety of invoice formats, just like business cards, and there are various ways of sending them, and the digitization is not advancing after all, due to such combinations.

Even if the electronic formatting of invoices, such as Peppol, and the standardization of electronic invoices, have progressed, it is not necessarily the case that everything can be handled. For example, it is our presence, including the fact that small and medium-sized companies are unable to cope with this situation, that is why we are also responsible for transforming this format.

In fact, we have heard of such expectations toward us, and I believe we can accelerate the trend in Bill One business while actively engaging in the standardization of invoices themselves as distribution formats.

Ito: For example, I think there are factors for the invoicing side and the recipient side, but by unifying the specifications, do you think there would be changes in the competitive landscape, like players previously focused on the issuing side starting to enter the market of digitizing the receiving side, as in the case of Bill One?

Terada: I don't think we can necessarily predict the movements of other companies in a delicate way, but after all, there are various formats. Let me use business cards as an example again. If I were to say that all business cards should be handled through data from the beginning, that would solve the problem. However, I think a variety of formats would keep appearing, depending on the size of each company and the financial strength of each.

In this context, I think the current situation is that we do not anticipate much that the emergence of this format will change our business structure or that it will bring in different players.

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Ito: Okay. Thank you very much.

Moderator: Is there anyone else who has any other questions?

Then, Yamashina, please.

Yamashina: This is Yamashina from Macquarie Capital Securities. Sorry for a vague question, but I think there might be an increase in cases where the form of employment or contract changes, such as Dentsu spinning off their employees as individual business owners and forming relationships as a company and private businesses.

If such changes occur, I guess your approach can be to offer Sansan if individuals are employed and Eight if they are independent businesses. I think that's fine at the moment.

But if such forms diversify, I imagine there will be more relationships that fall somewhere in the middle. Do you have any thoughts on this at the moment?

Terada: Firstly, for example, in Eight, we launched the second business card function last fall, and it received quite a response. This allows users to register their side jobs and side business cards as part of their profile.

I explained earlier about Eight Career Service, which is an agent-like career change service. Going forward, I think Eight can also work to sufficiently match such side businesses.

As for Sansan, there are many cases in which companies using Sansan manage different relationships in an integrated manner as a database, including outsourced operations and contract workers. After all, the challenge of how the company manages its client assets remains the same.

We believe that the more diverse the types of contracts, or the more remote they become, the greater the importance of managing them in an integrated manner. In fact, we believe that the importance of Sansan will increase in this trend.

Yamashina: Okay. Thank you very much.

Moderator: Is there anyone else who has any other questions?

So, Yoshida, please.

Yoshida: This is Yoshida from Nomura Securities.

I also have an additional question, and I apologize for the vague content. Looking at this time's Integrated Report and the new year message on the website from President Terada, you seem to reinforce your will to become business infrastructure.

I believe that this was something that you talked about in the IPO process. Once again, what is the state of the business infrastructure that the president envisions, and what is presently missing at your Company?

Terada: Put shortly, I'm thinking of something like layers of essential services. I think the key is whether we can create a multi-layered situation where all companies and businesspeople use our services in some way or another.

By multi-layered, I mean the baseline is managing people-to-people relationships through business cards as customer assets, including online formats, and this time we are also working on invoicing.

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We are also working on contract documents with Bengo4.com. In addition, with event tech, we are extending our reach to places where people meet and places where people come together to create businesses.

Of course, what we introduced today was not something that suddenly started last year, but something we have been working on for the past several years. We are continuing to implement new initiatives that have not been put into the world right this moment as well.

When we unfold each initiative, what we are doing is to create a new market one by one, and we are proud that we have created a new market in the form of Sansan. Although this online business card is a function on top of Sansan, we are working on it with the awareness that we are creating a new market.

As for Bill One, we have a very strong sense that we are creating a new market, and because the term Event Tech had not yet entered Japan, it is what we are making.

We're creating something that only we can, but is practical, versatile, and absolutely necessary when doing business. It may be an innovation at the outset, but each one of them should become commonplace over time. We will accumulate facts where a world without them cannot be imagined. This operation itself represents the intention behind what I said about becoming business infrastructure.

Therefore, I do not want to say that this is the goal, but rather that it is an important position for us at the moment to express our resolve and our commitment to pursue the ambition toward becoming business infrastructure. That is what I have set forth.

Yoshida: Thank you. I understood very well.

Moderator: Is there anyone else who has any other questions?

Now, there seems to be no questions, so we will close the consolidated results briefing.

Thank you very much for participating today.

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