

**Anticipated High-interest Items in Q3 Results
for Fiscal Year Ending May 31, 2021 (“FY2020”)**

Consolidated Results

Q1: What has been the impact on the financial results of the state of emergency issued in some regions in January 2021?

There has been a certain negative impact on the acquisition of new "Sansan" subscriptions and other net sales, which mainly consist of the fees for usage exceeding a predetermined range (number of business cards digitized) in the Sansan Business.

In contrast, compared with April and May 2020, when an emergency declaration was issued throughout Japan, restrictions on sales activities have been limited and overall business performance was firm, with a net increase in the number of "Sansan" subscriptions of 293 in Q3 (three months).

Q2: What factors contributed to the growth rate of net sales in Q3 (three months) year-on-year slowing down slightly when compared with the growth rate in Q2?

In Q2, the newly held "Climbers" business event contributed to the business performance, but in this Q3 the main factor was that this event was not held, which is as planned at the beginning of the term. In addition, in the Sansan Business, there was a certain negative impact on the acquisition of new subscriptions (as described in the answer to Q1 above).

However, when compared with the growth rate in Q1 and when looking at the net increase in the number of "Sansan" subscriptions and other factors, the results are generally solid, and we feel that the trend toward recovery in the business environment is continuing.

Q3: What was the reason for the Q3YTD operating profit increasing significantly more than the year-on-year net sales growth rate?

Due to various investments associated with the execution of our growth strategy, operating expenses increased overall, with advertising expenses for Q3YTD increasing 13.9% year-on-year and personnel expenses increasing 26.6% year-on-year. However, since the net sales growth rate was 21.5%, which was higher than that, and the cost of sales ratio and SG&A ratio decreased, the profit margin improved.

Q4: The Q3YTD operating profit has already exceeded the lower limit of the financial forecast range, but what was the reason behind there having been no changes to the forecasts?

This is because we plan to consider and implement various measures, including the broadcasting of TV commercials, in Q4. We are aiming to achieve consolidated net sales growth of 30% or more in the next fiscal year, ending May 2022, and our policy is to actively promote the growth strategies and investments necessary to achieve medium- to long-term growth in the period under review.

Sansan Business

Q5: Whereas the growth rate of recurring net sales was solid year-on-year, what were the factors behind the decrease in other net sales?

Steady growth in recurring net sales continued since the number of "Sansan" subscriptions has been steadily increasing since the same period in the previous fiscal year, and the "Sansan" churn rate has remained at a low level even in the COVID-19 pandemic.

In contrast, other net sales consist of the service charges provided at the time of the initial installation of "Sansan" and the fees for usage exceeding a predetermined range (number of business cards digitized), and these sales have decreased year-on-year due to the negative impact of COVID-19.

Q6: What factors contributed to the recovery in the net increase in the number of "Sansan" subscriptions at a time when a state of emergency was in place in some areas?

Due to the negative impact of the state of emergency, a slight downward trend in the net increase in new subscriptions was seen toward the latter half of Q3, but compared with April and May 2020, when the state of emergency was issued throughout Japan, restrictions on sales activities were limited. The recovery trend continued due to the success of, for example, the expansion of the sales system centered on the recruitment of human resources, which has been promoted from before, and the strengthening of the collaborative system with other companies' partners in sales and marketing activities.

Q7: What was the reason for the growth rate of monthly sales per subscription remaining at the low level year-on-year?

Monthly sales per subscription are calculated based on the sales of the entire Sansan Business at the end of the month (February 2021 in this Q3). Other net sales, however, which consist of the service charges provided at the time of the initial installation of "Sansan" and the fees for usage exceeding a predetermined range (number of business cards digitized) were sluggish due to the impact of COVID-19 infections.

If monthly sales per subscription were calculated based on recurring net sales only, the increase was 6.7% year-on-year.

Q8: Average monthly churn rate for past 12 months has deteriorated slightly year-on-year. What do you understand from that?

The pandemic environment is one in which the churn rate is likely to rise, but it has deteriorated only at a slight level of 0.11 points year-on-year, and we have been able to maintain the churn rate itself at the low level of 0.67%, so we feel that it remains favorable.

Q9: How many salespeople do you have in the Sansan Business?

Including Inside Sales and Customer Success, we have 293 salespeople as of February 28, 2021, which increased by 74 year-on-year and by 29 quarter-on-quarter.

In the current fiscal year, the Company as a whole planned to hire about 250 people for the purpose of strengthening the development department and the sales department of the Sansan Business.

Eight Business

Q10: Net sales in Q3 (three-month) increased year-on-year, but what was the reason for the decrease compared with Q2?

In Q2, the newly held "Climbers" business event contributed to the business performance, but in this Q3 the main factor was that this event was not held, which is as planned at the beginning of the term.

Q11: What were the factors behind the decrease in B2C service sales in Q3 (three-month) year-on-year?

Impacted by the spread of COVID-19 infections amid rapid expansion of various work styles, including remote working, the main factor was the implementation of a campaign for the purpose of supporting these behavioral changes. Under the campaign, we are providing premium services (paid services) free of charge for one year to some users.

Q12: What were the factors behind the significant increase in B2B service sales in Q3 (three-month) year-on-year?

In addition to the 57.5% increase in the number of subscriptions for the "Eight Company Premium" business card management service and the steady growth of the "Eight Ads" advertising service, this is because the business performance of logmi, Inc., which became a subsidiary in August 2020, is newly making a contribution.

Others

Q13: In which segment is the performance of online invoice receiving solution "Bill One" recorded?

Currently, net sales and part of cost of sales related to "Bill One" are allocated to each segment based on internally established rules, while the rest of cost of sales and all SG&A expenses are recorded as corporate expenses that are not allocated to each segment.

Q14: How would you like to bring about "Bill One" growth in the years to come?

Although we have not disclosed the actual number at this time, the number of "Bill One" subscriptions as of the end of Q3 increased by 86.5% quarter-on-quarter.

In addition to starting the broadcast of TV commercials in the latter half of February 2021, we have been strengthening personnel recruitment since the establishment of the Bill One Division in December 2020. We are also working to improve the convenience of our services by strengthening cooperation with other companies' services, such as "Kanjo Bugyo Cloud," "Yayoi Kaikei" and "kintone," and aiming for more than 1,000 subscriptions as of the end of May 2022.

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