

## **Anticipated High-Interest Items in Full-Year Results for Fiscal Year Ended May 31, 2025 (“FY2024”)**

### **Results for FY2024**

#### **■ Consolidated Results**

##### **Q1: What factors contributed to the year-on-year improvement in the gross profit margin?**

This was primarily due to an increase in the gross profit margin of Bill One as a result of improved operation to digitize analog information.

##### **Q2: What explains the sharper increase in adjusted operating profit compared to revenue?**

Key factors were an improvement in the gross profit margin and a lower SG&A-to-sales ratio. The decline in the SG&A-to-sales ratio was primarily attributable to a reduction in personnel expenses as a percentage of sales, reflecting a year-on-year decrease in new hires.

##### **Q3: In Q4, what drove the large year-on-year increase in advertising and promotion expenses?**

The increase was mainly attributable to a large-scale promotional campaign launched in Q4, focused on TV commercials, for services such as Sansan, Bill One, and Contract One. This campaign was implemented in consideration of several factors, including the smooth launch of new services such as Bill One Expense and Contract One, the strong pace of profit generation, and ample investment capacity.

##### **Q4: What were the reasons for the significant decrease in profit attributable to owners of parent?**

This was due to the recording of a provision for loss on share sale contract of ¥2,301 million as an extraordinary loss in Q4, resulting from a series of transactions, as announced on May 22, 2025, in the “Notification Regarding Additional Acquisition of Preferred Stock of and Termination of the Capital and Business Alliance with Unipos Inc., and Booking of Loss Arising from Transfer of Investment Securities (Extraordinary Loss).”

#### **■ Sansan/Bill One Business**

##### **Q5: What factors contributed to the increase in growth rate in Sansan’s recurring sales in Q4?**

With strong new orders in Q3 as a backdrop, Q4 saw substantial growth in number of new contracts won

and in monthly recurring sales per subscription. The last 12 months average of the monthly churn rate rose slightly in Q4, but as this is a period when contract renewals are concentrated, the trend remains within the expected range.

**Q6: What led to the decrease in Bill One's monthly recurring sales per paid subscription from Q3?**

We saw a net increase in the number of paid subscriptions but a decrease in monthly recurring sales per paid subscription because we acquired a greater number of relatively small-scale customers. This outcome is a result of our current sales approach and is within expectations. It is worth noting that our monthly recurring sales per paid subscription tend to fluctuate by quarter, reflecting the scale and type of contracts won.

**Q7: There were earlier concerns that the Bill One's sales team was taking longer than expected to become fully productive. Could you share the current status?**

The productivity of the sales representatives has been steadily improving, with new order volume in Q4 increasing compared to both Q3 and the same period last year. We expect the team to be fully up to speed in the second half of FY2025. In addition to this progress, we plan to offer a bundled package that includes features of Bill One Invoice Receive, Bill One Expense, and Bill One Accounts Receivable. This is expected to drive a gradual increase in new order volume throughout FY2025.

**■ Eight Business**

**Q8: What were the reasons for the decline in Q4 in the sales growth rate of B2B services compared to Q3?**

In previous years, the number of business events held in Q3 was typically low, as major events were concentrated in Q2 and Q4. However, this fiscal year, the establishment of a stronger internal structure enabled us to hold more business events in Q3 than in previous years, which led to a higher-than-usual sales growth rate for that quarter.

**Q9: What were the factors behind the return to adjusted operating profitability for the full year?**

The turnaround was driven by a continued focus on profitability, supported by steady growth in B2C services and robust B2B sales growth, notably in Eight Team and business events.

**■ Forecasts for FY2025**

**Q10: What assumptions were used to determine the upper and lower bounds of the forecast range?**

The forecasts for FY2025 incorporate, to a certain extent, the expected effects of various growth

strategies, including the enhancement of sales structures for each service, progress in enabling the sales representatives, and the rollout of new services and features. As it is difficult to accurately forecast the impact of these factors at this point, we have adopted a range with upper and lower bounds, based on what we consider to be a reasonable outlook for new orders in our key services.

**Q11: What are the key factors behind the expected acceleration in adjusted operating profit?**

While we expect steady revenue growth, the SG&A-to-sales ratio is projected to decline, primarily because personnel expenses are expected to increase by only around 19% year on year, mainly due to a slower hiring pace. The absence of approximately ¥550 million in one-time expenses related to the headquarters relocation recorded in FY2024 is also contributing to the projected decline in the SG&A-to-sales ratio.

**Q12: What is the expected breakdown of adjusted operating profit between the first and second halves of the fiscal year?**

Our business model is based primarily on recurring sales, which gradually accumulate as the quarters progress and tend to drive stronger performance toward the second half of the fiscal year. Accordingly, adjusted operating profit is expected to be weighted toward the second half, with approximately 25% of the full-year forecast to be recorded in the first half and around 75% in the second half.

**Q13: You announced a purchase of treasury shares around this time last year. Do you have any plans to do so again this year?**

Following a comprehensive assessment of various factors, there is nothing to announce at this time. However, our policy remains unchanged. We will continue to consider flexible implementation of share repurchases as part of our commitment to shareholder returns.

**Q14. What is the status of your initiatives related to generative AI?**

We have positioned our generative AI initiatives under two strategic directions—those that contribute to revenue growth and those that enhance cost efficiency. We are currently focusing on the former, advancing the development of various AI-driven functions across our core services to support top-line growth.

For Sansan, we plan to build an environment that connects our extensive, accumulated database—covering information on company profiles, individuals, and activities—with external generative AI tools, enabling users to retrieve necessary information through natural language queries. We have also already introduced features within Sansan that utilize generative AI to help users make more effective use of their data. For Bill One, we are developing new services and features that utilize generative AI to more intelligently digitize invoice details and related information, and use the resulting data to help speed up monthly closing. In Contract One, we have already launched generative AI-based features and will

continue to pursue further improvements in usability going forward.

On the cost efficiency side, we plan to apply internally developed generative AI tools to improve the efficiency of digitizing analog information, with the goal of achieving cost savings of approximately ¥100 million in FY2025.

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