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April 11, 2024

## Financial Results for FY2023 Q3

Company name: Sansan, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4443  
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 Scheduled date to file quarterly securities report: April 11, 2024  
 Scheduled date to commence dividend payment: –  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

### 1. Consolidated financial results for the first nine months of the fiscal year ending May 31, 2024 (from June 1, 2023 to February 29, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating profit (Note)		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended										
February 29, 2024	24,234	33.3	1,113	46.5	738	36.9	677	35.2	539	(26.9)
February 28, 2023	18,177	23.6	760	148.4	539	129.8	501	(33.2)	738	28.4

Note: Comprehensive income    Nine months ended February 29, 2024: ¥505 million [(38.5)%]  
 Nine months ended February 28, 2023: ¥822 million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
February 29, 2024	4.30	4.24
February 28, 2023	5.91	5.84

Note: Adjusted operating profit = operating profit + share-based payment expenses + expenses that arise from business combinations (amortization of goodwill and amortization of intangible assets)

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
February 29, 2024	32,823	14,338	41.2
May 31, 2023	31,200	13,190	40.6

Reference: Equity

As of February 29, 2024: ¥13,532 million

As of May 31, 2023: ¥12,660 million

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2023	—	0.00	—	0.00	0.00
Fiscal year ending May 31, 2024	—	0.00	—		
Fiscal year ending May 31, 2024 (Forecast)				0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating profit	
	Millions of yen	%	Millions of yen	%
Fiscal year ending May 31, 2024	32,653	28.0	1,240	31.7
	to	to	to	to
	33,674	32.0	1,852	96.6

Notes: 1. Revisions to the earnings forecasts most recently announced: None

2. For multi-step profit or loss under operating profit or loss, Sansan, Inc. (the “Company”) refrains from disclosing a concrete forecast because it is difficult to make a reasonable estimate of share-based payment expenses, which may vary significantly depending on the level of the Company’s stock price, and some non-operating income or expenses.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None
  - d. Restatement: None

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of February 29, 2024	125,781,264 shares
As of May 31, 2023	125,410,584 shares

b. Number of treasury shares at the end of the period

As of February 29, 2024	871 shares
As of May 31, 2023	871 shares

c. Average number of outstanding shares during the period

For the nine months ended February 29, 2024	125,554,735 shares
For the nine months ended February 28, 2023	125,095,318 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the earnings forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the forecasts due to various factors.

## Attached Material

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## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

Under the mission of “Turning encounters into innovation” and the vision of “Become business infrastructure,” the Company group (the “Group”) is providing cloud-based solutions that promote digital transformation (DX) and reshape how people work, leading to encounters with people and companies that become business opportunities by using approaches that combine systems that use technology and manpower to digitize analog information with cloud software.

Specifically, the Group is developing solutions to promote DX for corporate sales activities, invoicing work, contract work, etc. Moreover, as a result of reforming awareness regarding DX, changes to working styles, and greater attention being given to SaaS (Software as a Service) products, the DX market is forecast to reach ¥6,519.5 billion by FY2030 (an expected increase of ¥3,791.8 billion from FY2022) (Note 1), while the SaaS market in Japan is forecast to reach ¥2,099.0 billion by FY2027 (an expected increase of ¥686.2 billion from FY2023) (Note 2). A sales DX solution Sansan, provided by the Company, holds 82.4% share (Note 3) of the B2B business card management service market, and this market has seen approximately 16-fold expansion from 2013 to 2022 in conjunction with the growth in the Company’s services. In addition, Bill One, a cloud-based invoice management solution provided by the Company, captured the number one market share of the online invoice receiving solution in terms of net sales (Note 4), with this market seeing a 156.8% increase year on year in FY2022.

Consolidated financial results for the first nine months of the fiscal year ending May 31, 2024 (hereinafter, the “period under review”) is as follows.

	(Millions of yen)		
	Nine months ended February 28, 2023	Nine months ended February 29, 2024	YoY change
Net sales	18,177	24,234	+33.3%
Gross profit	15,746	20,649	+31.1%
Adjusted operating profit	760	1,113	+46.5%
Ordinary profit	501	677	+35.2%
Profit attributable to owners of parent	738	539	(26.9)%

In the period under review, backed by the positive order situation, the Group engaged in strengthening the sales structure for Sansan and Bill One, as well as enhancing functions for each service, aiming for further growth of net sales. In Eight Business, the Group worked to increase future profitability.

Consequently, results were strong in the period under review with net sales increasing 33.3% year on year, gross profit increasing 31.1% year on year, and a gross profit margin of 85.2%, down 1.4 points year on year. Adjusted operating profit increased 46.5% year on year and ordinary profit increased 35.2% year on year, mainly due to a decline in the ratio of advertising expenses to net sales, in addition to an increase in net sales. In addition, profit attributable to owners of parent decreased 26.9% year on year due to factors such as recording of a gain on sale of shares of subsidiaries and associates in the same period of the previous fiscal year.

- Notes:
1. Based on Market Edition and Vendor Strategy Edition of 2023 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute
  2. Based on 2023 New Software Business Markets by Fuji Chimera Research Institute
  3. Based on Latest Trends in Business Card Management Services in Sales Support DX 2024 (January 2024, survey by Seed Planning, in Japanese)
  4. Deloitte Tohmatsu MIC Research Institute, “The Market of Online Invoice Receiving Solution Continues to Grow at a Staggering Rate” (MIC IT Report, November 2023)

Results by segment are as follows.

(i) Sansan/Bill One Business

This business segment includes services such as sales DX solution Sansan, and cloud-based invoice management solution Bill One.

Results for Sansan/Bill One Business in the period under review are as follows.

	(Millions of yen)		
	Nine months ended February 28, 2023	Nine months ended February 29, 2024	YoY change
Net sales (Note 5)	16,232	21,669	+33.5%
Sansan	14,548	16,758	+15.2%
Sansan recurring sales	13,781	15,846	+15.0%
Sansan other sales	766	911	+18.9%
Bill One	1,543	4,269	+176.6%
Others	140	641	+356.9%
Adjusted operating profit	5,197	6,289	+21.0%
<b>Sansan</b>			
Number of subscriptions	8,844 subscriptions	9,474 subscriptions	+7.1%
Monthly recurring sales per subscription	¥180 thousand	¥193 thousand	+7.2%
Last 12 months average of monthly churn rate (Note 6)	0.46%	0.44%	(0.02) pts.
<b>Bill One</b>			
MRR (Note 7)	229	570	+149.0%
Number of paid subscriptions	1,300 subscriptions	2,607 subscriptions	+100.5%
Monthly recurring sales per paid subscription	¥176 thousand	¥218 thousand	+23.9%
Last 12 months average of monthly churn rate (Note 6)	0.59%	0.33%	(0.26) pts.

Notes: 5. The sum of sales to external customers and intersegment sales or transfers

6. Ratio of decrease in MRR associated with subscription cancellations to total MRR for existing subscriptions for each service

7. Monthly recurring revenue

a. Sansan

In addition to working on strengthening the sales structure through hiring personnel, the Group has been optimizing the pricing structure and reviewing the fee settings taking into account the market environment, the status of service enhancements, and other factors. As a result, the number of subscriptions and the monthly recurring sales per subscription for Sansan were up 7.1% year on year and 7.2% year on year, respectively. Furthermore, the last 12 months average of monthly churn rate was 0.44%, a decrease of 0.02 points year on year, maintaining a low churn rate of less than 1%.

As a result, net sales in Sansan increased 15.2% year on year, of which recurring sales (fixed revenue) was up 15.0% year on year and other sales was up 18.9% year on year.

b. Bill One

In addition to working on strengthening the sales structure with a focus on hiring personnel, we have been optimizing the pricing structure and reviewing the fee settings taking into account the market environment, the status of service enhancements, and other factors. As a result, steady progress has been made in acquiring new subscriptions, mainly from medium and large enterprises, and the number of paid subscriptions and the monthly recurring sales per paid subscription were up 100.5% year on year and 23.9% year on year, respectively. Furthermore, the last 12 months average of monthly churn rate was 0.33%, a decrease of 0.26 points year on year, maintaining a low churn rate of less than 1%.

As a result, net sales in Bill One increased 176.6% year on year, while in February 2024, MRR was up 149.0% year on year and ARR (Note 8) was ¥6,844 million. In light of the positive business results up until the end of the nine months ended February 29, 2024, the Group aims for ARR of at least ¥7.5 billion in May 2024.

Note: 8. Annual recurring revenue

c. Others

The Group focused on the launch of the Contract One, a contract DX solution service, utilizing the strengths, knowledge, know-how, etc. cultivated through existing services. In addition, CREATIVE SURVEY INC. became a consolidated subsidiary in March 2023 and its contributions to consolidated earnings have been recorded from the fourth quarter of the fiscal year ended May 31, 2023.

As a result, net sales of others was up 356.9% year on year.

As a result of these efforts, net sales increased 33.5% year on year and adjusted operating profit increased 21.0% year on year in Sansan/Bill One Business.

(ii) Eight Business

This business segment includes Eight, a business card app, as well as the event transcription service logmi series.

Results for Eight Business in the period under review are as follows.

	(Millions of yen)		
	Nine months ended February 28, 2023	Nine months ended February 29, 2024	YoY change
Net sales (Note 9)	1,848	2,280	+23.3%
B2C services	225	255	+13.2%
B2B services	1,623	2,025	+24.8%
Adjusted operating profit	(206)	(7)	-
<b>Eight</b>			
Number of Eight users (Note 10)	3.24 million people	3.52million people	+0.27 million people
Number of subscriptions for Eight Team	3,398 subscriptions	4,397 subscriptions	+29.4%

Notes: 9. The sum of sales to external customers and intersegment sales or transfers

10. Number of confirmed users who registered their business card to their profile after downloading the app

a. B2C services

As a result of the enhancement of functions such as the virtual card exchange function, the number of Eight users totaled 3.52 million, an increase of 0.27 million year on year, and net sales from B2C services increased 13.2% year on year.

b. B2B services

The Group worked on strengthening monetization of the various services. As a result, net sales from B2B services increased 24.8% year on year. In addition, the number of subscriptions for Eight Team increased 29.4% year on year.

As a result of these efforts, net sales in Eight Business increased 23.3% year on year, and adjusted operating loss was curtailed by ¥198 million year on year.



**(2) Explanation of financial position**

	(Millions of yen)		
	As of May 31, 2023	As of February 29, 2024	Change from previous fiscal year-end
Total assets	31,200	32,823	+1,622
Total liabilities	18,009	18,484	+475
Total net assets	13,190	14,338	+1,147
Total liabilities and net assets	31,200	32,823	+1,622

Assets

Total assets at the end of the quarter under review were ¥32,823 million, up ¥1,622 million from the end of the previous fiscal year. This was primarily due to an increase of ¥1,824 million in leasehold deposits, an increase of ¥548 million in prepaid expenses, an increase of ¥429 million in investment securities, an increase of ¥240 million in goodwill, a decrease of ¥1,046 million in cash and deposits, a decrease of ¥351 million in accounts receivable - trade, and a decrease of ¥117 million in property, plant and equipment.

Liabilities

Total liabilities at the end of the quarter under review were ¥18,484 million, up ¥475 million from the end of the previous fiscal year. This was primarily due to an increase of ¥939 million in long-term borrowings, an increase of ¥379 million in the current portion of long-term borrowings, a decrease of ¥666 million in accounts payable - other and a decrease of ¥181 million in provision for bonuses.

Net assets

Net assets at the end of the quarter under review were ¥14,338 million, up ¥1,147 million from the end of the previous fiscal year. This was primarily due to an increase of ¥166 million both in share capital and capital surplus as a result of exercise of stock options, an increase of ¥539 million in retained earnings due to the recording of profit attributable to owners of parent and an increase of ¥216 million in share acquisition rights.

**(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

The forecasts of consolidated financial results for the fiscal year ending May 31, 2024 have not changed from the forecast announced on July 13, 2023.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of May 31, 2023	As of February 29, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	21,114	20,068
Accounts receivable - trade	1,180	829
Prepaid expenses	604	1,152
Other	341	584
Allowance for doubtful accounts	(32)	(34)
Total current assets	23,207	22,600
Non-current assets		
Property, plant and equipment	770	653
Intangible assets		
Software	827	727
Goodwill	706	946
Other	0	0
Total intangible assets	1,533	1,674
Investments and other assets		
Investment securities	3,705	4,134
Leasehold deposits	885	2,710
Deferred tax assets	595	545
Other	502	505
Total investments and other assets	5,689	7,895
Total non-current assets	7,993	10,223
Total assets	31,200	32,823

(Millions of yen)

	As of May 31, 2023	As of February 29, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	338	362
Current portion of long-term borrowings	558	937
Accounts payable - other	1,929	1,262
Income taxes payable	206	109
Accrued consumption taxes	410	486
Advances received	10,729	10,631
Provision for bonuses	601	419
Other	207	192
Total current liabilities	14,982	14,403
Non-current liabilities		
Long-term borrowings	2,838	3,778
Retirement benefit liability	–	51
Provision for retirement benefits for directors (and other officers)	–	56
Other	188	194
Total non-current liabilities	3,027	4,081
Total liabilities	18,009	18,484
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,582	6,748
Capital surplus	4,178	4,345
Retained earnings	1,695	2,235
Treasury shares	(2)	(2)
Total shareholders' equity	12,454	13,327
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	156	136
Foreign currency translation adjustment	49	68
Total accumulated other comprehensive income	206	205
Share acquisition rights	457	674
Non-controlling interests	72	131
Total net assets	13,190	14,338
<b>Total liabilities and net assets</b>	<b>31,200</b>	<b>32,823</b>

**(2) Quarterly consolidated statements of income and comprehensive income**

**Quarterly consolidated statement of income**

(Millions of yen)

	Nine months ended February 28, 2023	Nine months ended February 29, 2024
Net sales	18,177	24,234
Cost of sales	2,431	3,585
Gross profit	15,746	20,649
Selling, general and administrative expenses	15,207	19,911
Operating profit	539	738
Non-operating income		
Interest and dividend income	3	3
Subsidy income	11	15
Gain on sale of investment securities	291	–
Surrender value of insurance policies	–	12
Other	16	5
Total non-operating income	322	36
Non-operating expenses		
Interest expenses	9	11
Foreign exchange losses	12	19
Commission expenses	6	2
Share of loss of entities accounted for using equity method	287	–
Loss on investments in investment partnerships	28	22
Penalty loss on cancellation of rental contracts	–	19
Other	15	21
Total non-operating expenses	360	97
Ordinary profit	501	677
Extraordinary income		
Gain on reversal of share acquisition rights	0	2
Gain on sale of investment securities	–	36
Gain on sale of shares of subsidiaries and associates	619	–
Total extraordinary income	620	39
Extraordinary losses		
Loss on retirement of non-current assets	26	6
Loss on sale of investment securities	–	13
Total extraordinary losses	26	19
Profit before income taxes	1,094	696
Income taxes - current	292	143
Income taxes - deferred	59	46
Total income taxes	351	190
Profit	742	506
Profit (loss) attributable to non-controlling interests	3	(33)
Profit attributable to owners of parent	738	539

**Quarterly consolidated statement of comprehensive income**

(Millions of yen)

	Nine months ended February 28, 2023	Nine months ended February 29, 2024
Profit	742	506
Other comprehensive income		
Valuation difference on available-for-sale securities	62	(20)
Foreign currency translation adjustment	17	19
Total other comprehensive income	79	(1)
Comprehensive income	822	505
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	818	538
Comprehensive income attributable to non-controlling interests	3	(33)

**(3) Notes to the quarterly consolidated financial statements**  
**(Notes on premise of going concern)**

Not applicable.

**(Notes on significant changes in the amount of shareholders' equity)**

Not applicable.

**(Segment information, etc.)**

[Segment information]

I First nine months of the fiscal year ended May 31, 2023 (from June 1, 2022 to February 28, 2023)

1. Information on the amount of sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Others (Note) 1	Total
	Sansan/ Bill One Business	Eight Business	Total		
Net sales					
Sales to external customers	16,229	1,847	18,077	100	18,177
Intersegment sales or transfers	2	1	3	45	48
Total	16,232	1,848	18,080	145	18,226
Segment profit (loss) (Note) 2	5,197	(206)	4,990	(28)	4,962

Notes: 1. The “Others” category is a business segment that is not included in the reportable segments, and includes subsidiaries’ businesses.

2. Segment profit (loss) is shown as adjusted operating profit (loss), which is the sum of operating profit (loss) plus share-based payment expenses and expenses arising from business combinations (amortization of goodwill and amortization of intangible assets).

(Millions of yen)

	Sansan/ Bill One Business	Eight Business	Others	Adjustments (Note)	Amount in the quarterly consolidated financial statement
Segment profit (loss)	5,197	(206)	(28)	(4,202)	760
Share-based payment expenses	82	30	–	87	200
Amortization of goodwill and amortization of intangible assets	–	15	5	–	20
Operating profit (loss)	5,114	(252)	(33)	(4,290)	539

Note: Adjustments are the amounts of corporate expenses not attributable to any reportable segment and mostly consist of general and administrative expenses.

2. Matters regarding changes in reportable segments

(Change in the method of measurement of profit (loss) of reportable segments)

Previously, segment profit (loss) was shown as operating profit (loss). However, from the first quarter of the fiscal year, this was changed so that segment profit (loss) is shown as adjusted operating profit (loss), which is the sum of operating profit (loss) plus share-based payment expenses and expenses arising from business combinations (amortization of goodwill and amortization of intangible assets), because the performance indicator used for management purposes was changed to an indicator that shows the regular capacity to generate corporate earnings after deducting expenses related to share-based payments, which may vary significantly depending on the level of the Company’s stock price, and expenses that arise from business combinations.

II First nine months of the fiscal year ending May 31, 2024 (from June 1, 2023 to February 29, 2024)

1. Information on the amount of sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Others (Note) 1	Total
	Sansan/ Bill One Business	Eight Business	Total		
Net sales					
Sales to external customers	21,664	2,275	23,939	294	24,234
Intersegment sales or transfers	5	4	10	84	95
Total	21,669	2,280	23,950	379	24,329
Segment profit (loss) (Note) 2	6,289	(7)	6,281	(61)	6,219

Notes: 1. The “Others” category is a business segment that is not included in the reportable segments, and includes subsidiaries’ businesses.

2. Segment profit (loss) is shown as adjusted operating profit (loss), which is the sum of operating profit (loss) plus share-based payment expenses and expenses arising from business combinations (amortization of goodwill and amortization of intangible assets).

(Millions of yen)

	Sansan/ Bill One Business	Eight Business	Others	Adjustments (Note)	Amount in the quarterly consolidated financial statement
Segment profit (loss)	6,289	(7)	(61)	(5,105)	1,113
Share-based payment expenses	88	28	–	174	292
Amortization of goodwill and amortization of intangible assets	38	15	29	–	83
Operating profit (loss)	6,161	(51)	(91)	(5,280)	738

Note: Adjustments are the amounts of corporate expenses not attributable to any reportable segment and mostly consist of general and administrative expenses.

2. Information on impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Significant change in goodwill amount)

In the “Others” segment, the Company acquired shares of Institute of Language Understanding Inc. in the first quarter of the current fiscal year and included the company in the scope of consolidation. In the nine months ended February 29, 2024, the resulting increase in goodwill amounted to ¥299 million.

**(Significant events after reporting period)**

Not applicable.