

# **Presentation Material for FY2019 Q1**

October 15, 2019  
Sansan, Inc.

# Disclaimer

---

In preparing these materials, Sansan, Inc. (“the Company”) relies upon and assumes the accuracy and completeness of all available information. However, the Company make no representations or warranties of any kind, express or implied, about the completeness and accuracy. This presentation may contain future assumptions, prospects and forecasts based on planning, but these forward-looking statements are based on the information that is currently available to us, and on certain assumptions that we assume to be reasonable, but the Company does not promise to achieve these. Major differences may occur between the forecast and the actual performance, including changes in economic conditions, consumer needs and user preferences; competition with other companies; changes in laws, regulations and others; and a number of other future factors. Therefore, the actual performance announced may vary depending on these various factors. In addition, the Company has no obligation to revise or publish the future prospects posted on this site.

## **| 1 Consolidated Financial Results**

## **| 2 Results by Segment**

## **| 3 Full-year Forecasts**

## **| Appendix**

**Sansan Group Overview**

**Sansan Business**

**Eight Business**

## Highlights

---

- **Net Sales +35.8%. Operating Profit +252.8%. High growth has continued.**

Net Sales : Sansan Business +29.9%, Eight Business +179.1%

Operating Profit : Sansan Business +44.0%, Eight Business +59 million yen (decreased loss)

- **Progressing as forecast announced on July 12, 2019**

Due to no large advertising expenses during Q1, operating profit growth rate will increase.

- **Hiring, strengthened from fiscal 2018 2H, is progressing**

Number of employees increased by 44 over last quarter to 593 (Sansan Business +32)

# Overview of Consolidated Financial Results

**Strong net sales and profit growth has continued.**

**Gross profit margin remains on a moderate upward trend.**

(millions of yen) <b>Consolidated Results</b>	FY2018	FY2019	
	Q1 Results	Q1 Results	YoY
<b>Net Sales</b>	<b>2,283</b>	<b>3,100</b>	<b>+35.8%</b>
<b>Gross Profit <sup>(1)</sup></b>	<b>1,892</b>	<b>2,636</b>	<b>+39.3%</b>
<b>Gross Profit Margin <sup>(1)</sup></b>	<b>82.9%</b>	<b>85.0%</b>	<b>+2.1pt</b>
<b>Operating Profit</b>	<b>70</b>	<b>248</b>	<b>+252.8%</b>
<b>Operating Profit Margin</b>	<b>3.1%</b>	<b>8.0%</b>	<b>+4.9pt</b>
<b>Ordinary Profit</b>	<b>55</b>	<b>192</b>	<b>+247.1%</b>
<b>Profit Attributable to Owners of Parent</b>	<b>53</b>	<b>106</b>	<b>+98.5%</b>

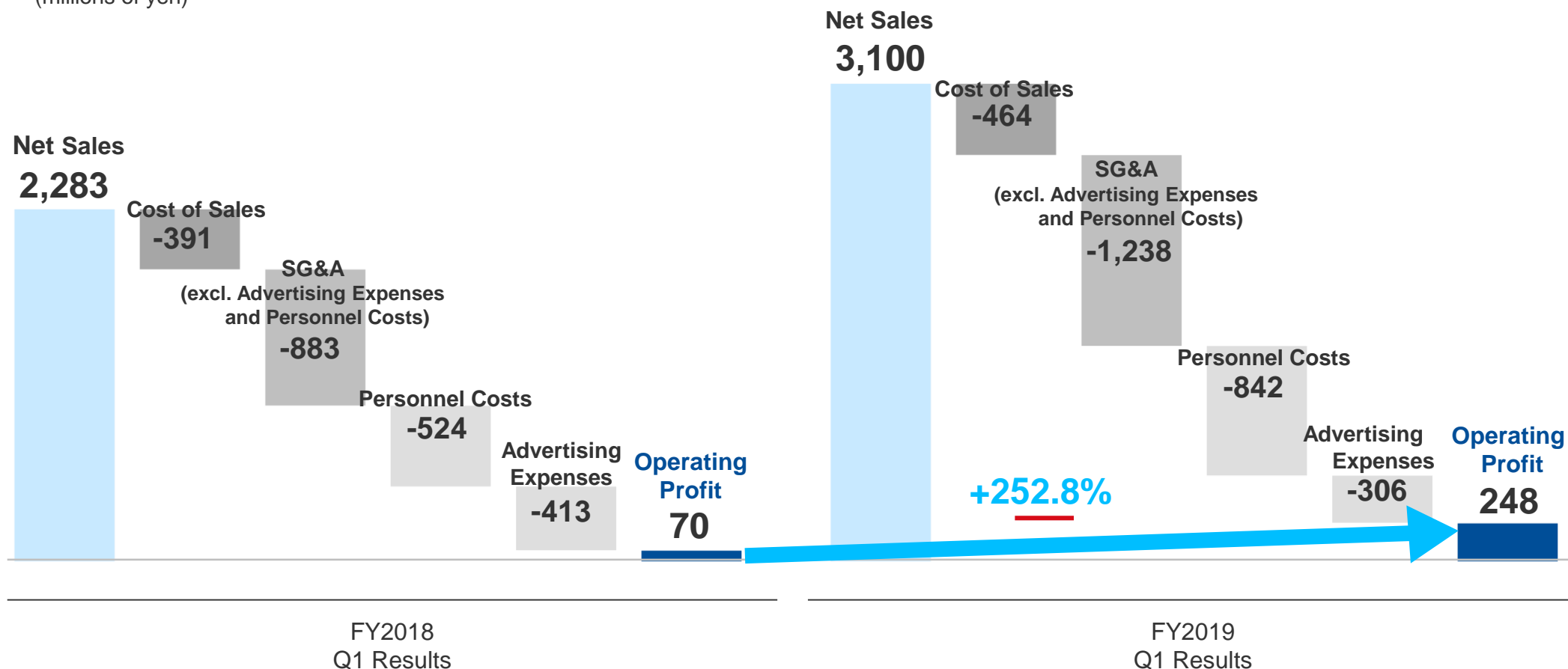
(1) Business card entry costs in the Eight Business are recorded in SG&A

# Operating Profit

Due to net sales growth and decrease in advertising expenses ratio, operating profit increased significantly.

## Breakdown between Net Sales and Operating Profit

(millions of yen)



## Results by Segment

**Net sales and operating profit increased in both Sansan and Eight Businesses.**

(millions of yen)	FY2018	FY2019	
	Q1 Results	Q1 Results	YoY
<b>Net Sales</b>			
Consolidated	2,283	3,100	+35.8%
Sansan Business	2,193	2,848	+29.9%
Eight Business	90	251	+179.1%
<b>Operating Profit</b>			
Consolidated	70	248	+252.8%
Sansan Business	877	1,264	+44.0%
Eight Business	-298	-239	—
Adjustments	-509	-776	—

# Sansan Business Overview

Operating profit margin has risen thanks to continued net sales growth.

No large advertising expenditure during Q1 (advertising expenditure planned to increase after Q2).

(millions of yen)

Sansan Business	FY2018	FY2019	
	Q1 Results	Q1 Results	YoY
Net Sales	2,193	2,848	+29.9%
Operating Profit	877	1,264	+44.0%
Operating Profit Margin	40.0%	44.4%	+4.3pt
Number of “Sansan” Subscriptions	5,362 subscriptions	6,032 subscriptions	+12.5%
Monthly Sales per Subscription <sup>(1)</sup>	Approx. ¥141,000	Approx. ¥156,000	+10.6%
Last 12 Months Average of Monthly Churn Rate <sup>(2)</sup>	0.76%	0.63%	-0.13pt
Number of Employees	248 persons	341 persons	+93 persons

(1) Monthly results for the end of Q1 in the Sansan Business (incl. some new services other than “Sansan”, unaudited)

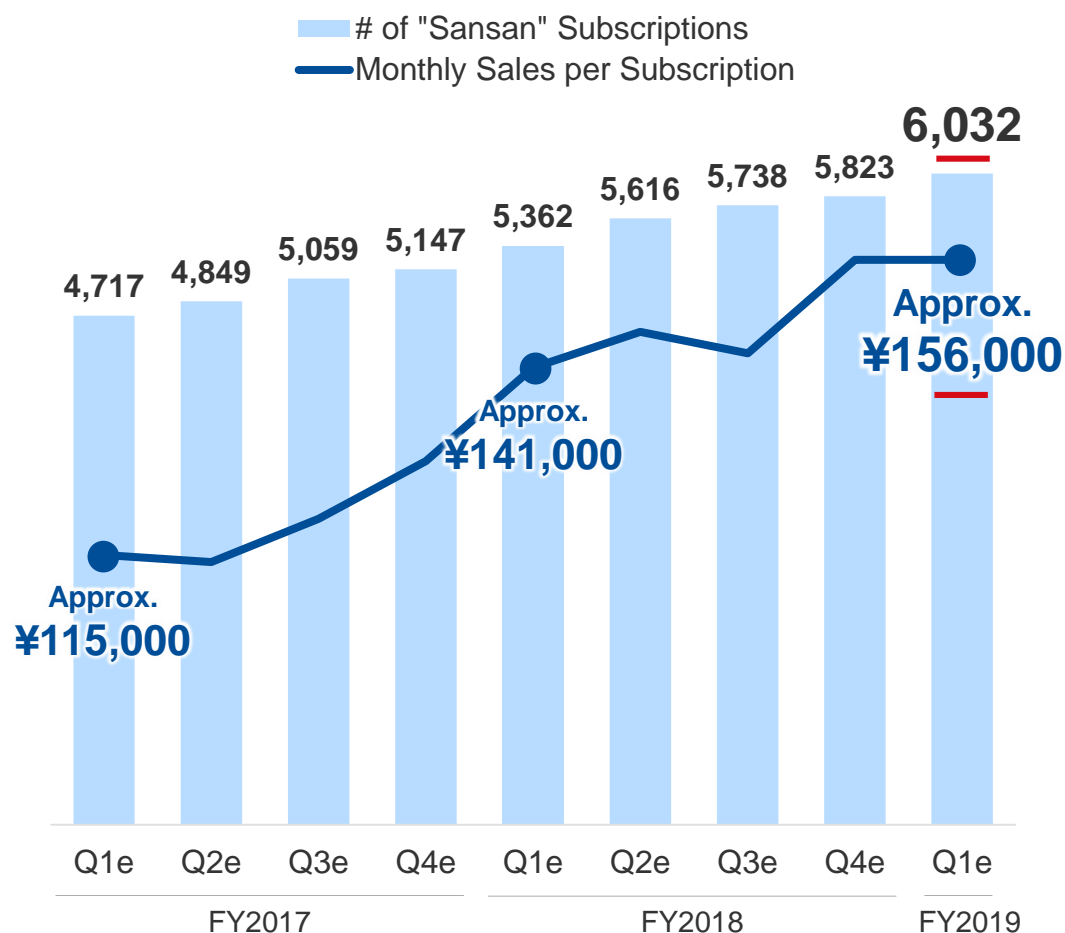
(2) Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts



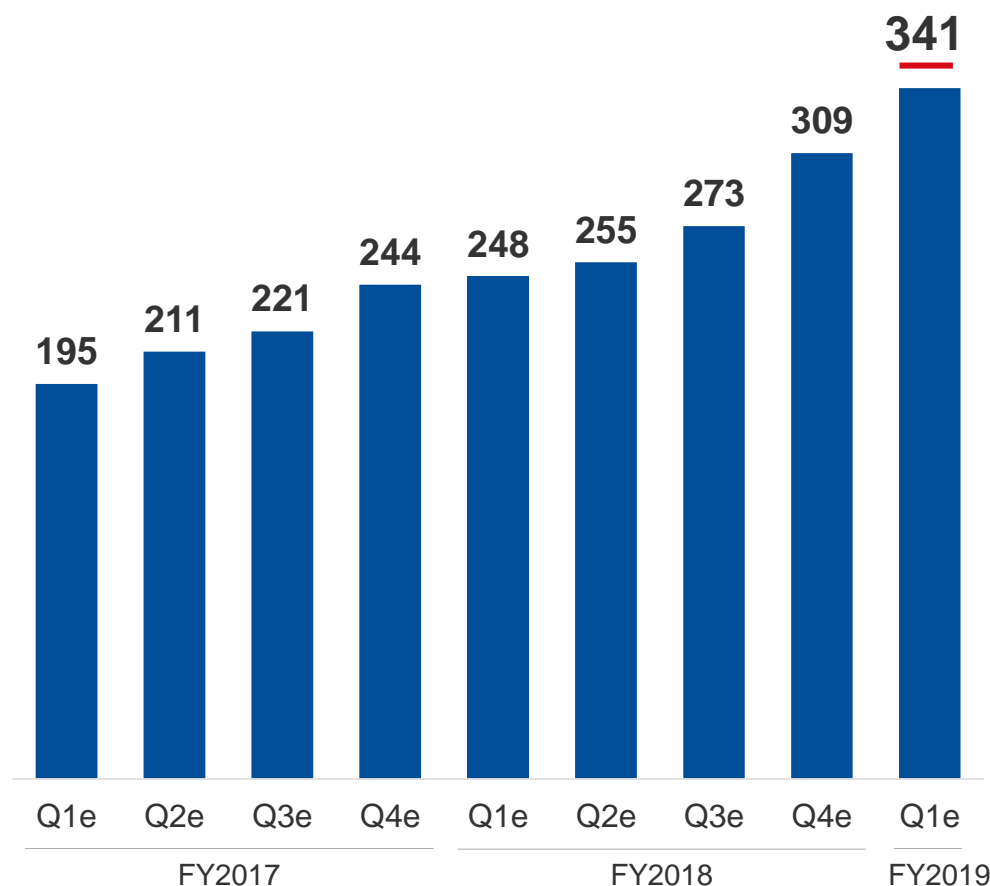
# Sansan Business: Number of “Sansan” Subscriptions, Monthly Sales and Number of Employees

Number of subscriptions and monthly sales per subscription have grown steadily. Personnel hiring, focused on the sales department, is progressing well.

Number of “Sansan” Subscriptions and Monthly Sales per Subscription <sup>(1)</sup>



Number of Employees in Sansan Business

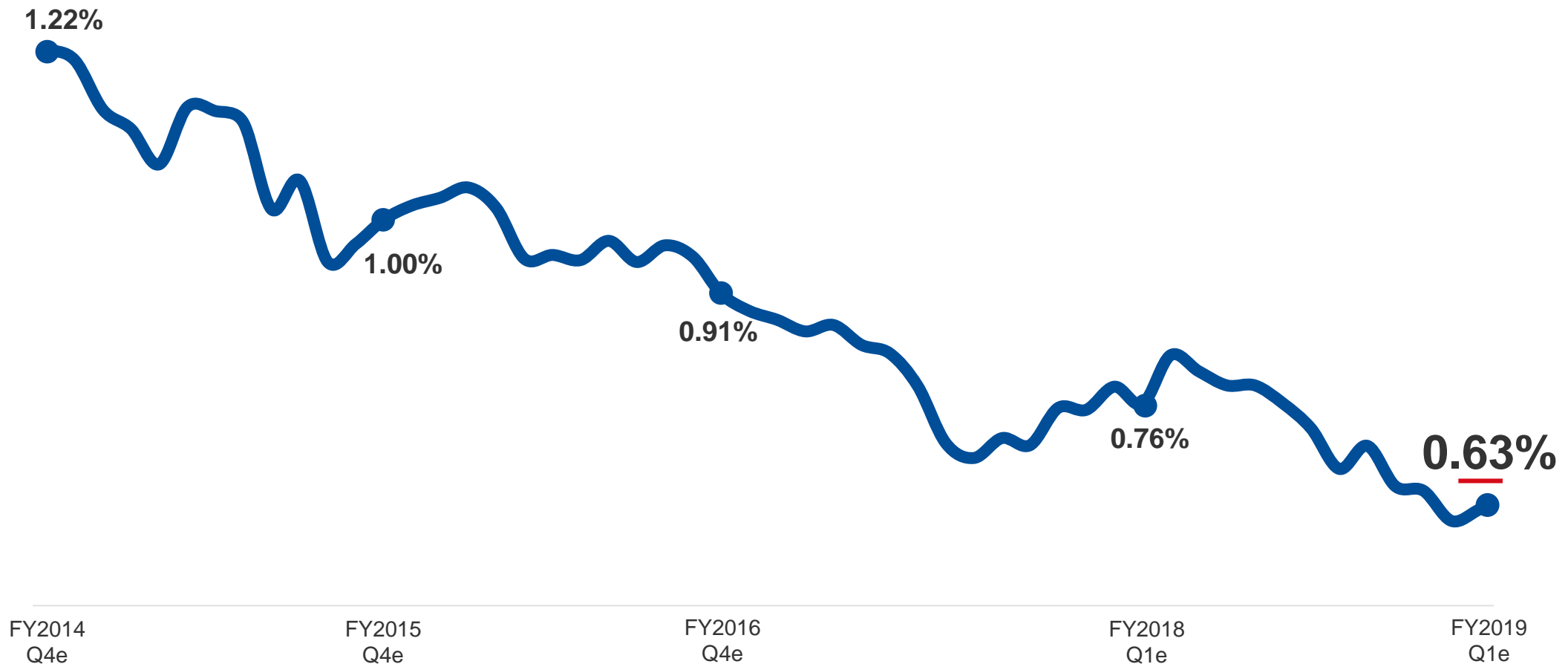


(1) Monthly results for the end of Q1 in the Sansan Business (incl. some new services other than “Sansan”, unaudited)

## Sansan Business: Last 12 Months Average of Monthly Churn Rate

Average churn rate over the last 12 months improved by 0.13 points compared to the same period last year, and remained at a low level.

Last 12 Months Average of Monthly Churn Rate <sup>(1)</sup> for “Sansan”

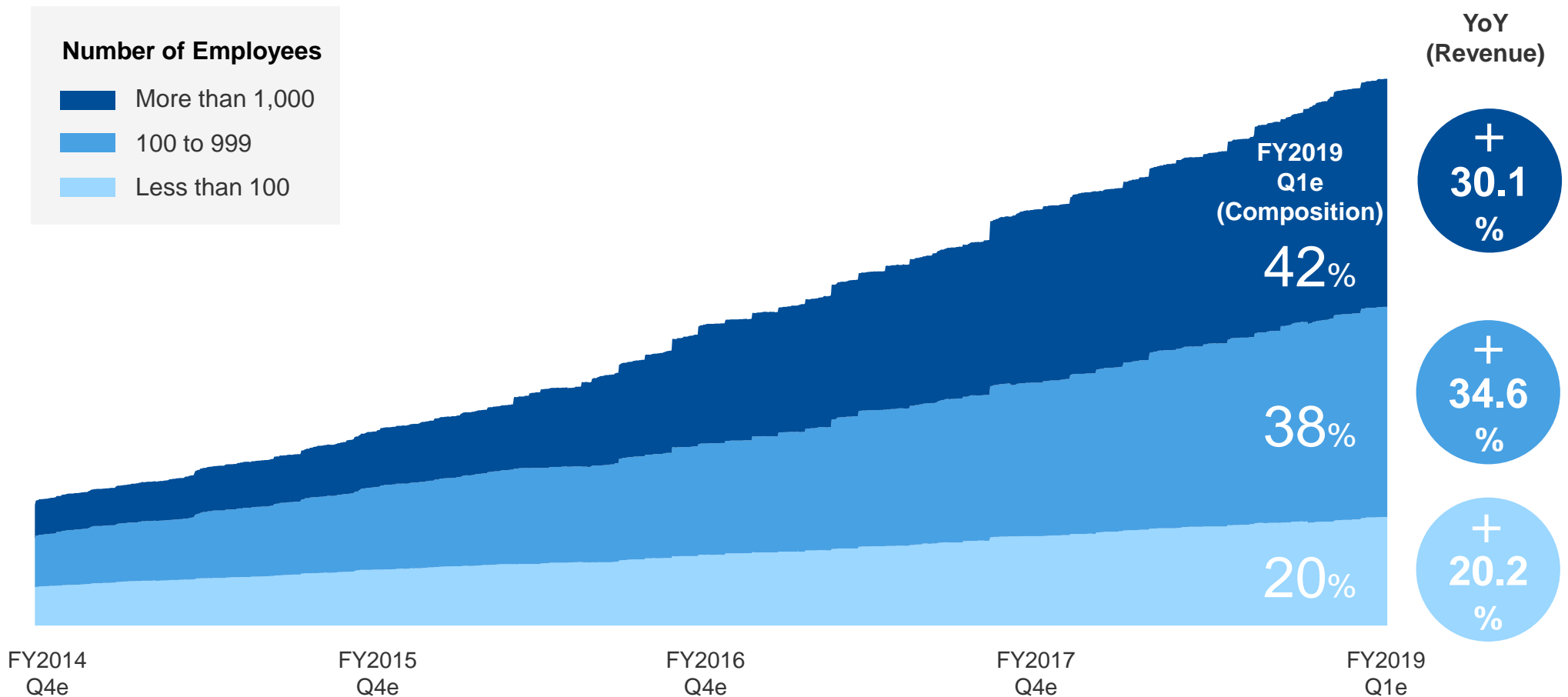


(1) Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts

# Sansan Business: “Sansan” Revenue Composition by Customer Size

Revenue ratio from larger customers with large sales per subscription continues to rise.

“Sansan” Revenue Composition by Customer Size <sup>(1)</sup>



(1) Created based on monthly “Sansan” charge (unaudited)

# Eight Business Overview

**Strong net sales growth has continued thanks to strengthening monetization.  
Growth being driven by the paid B2B services.**

(millions of yen)

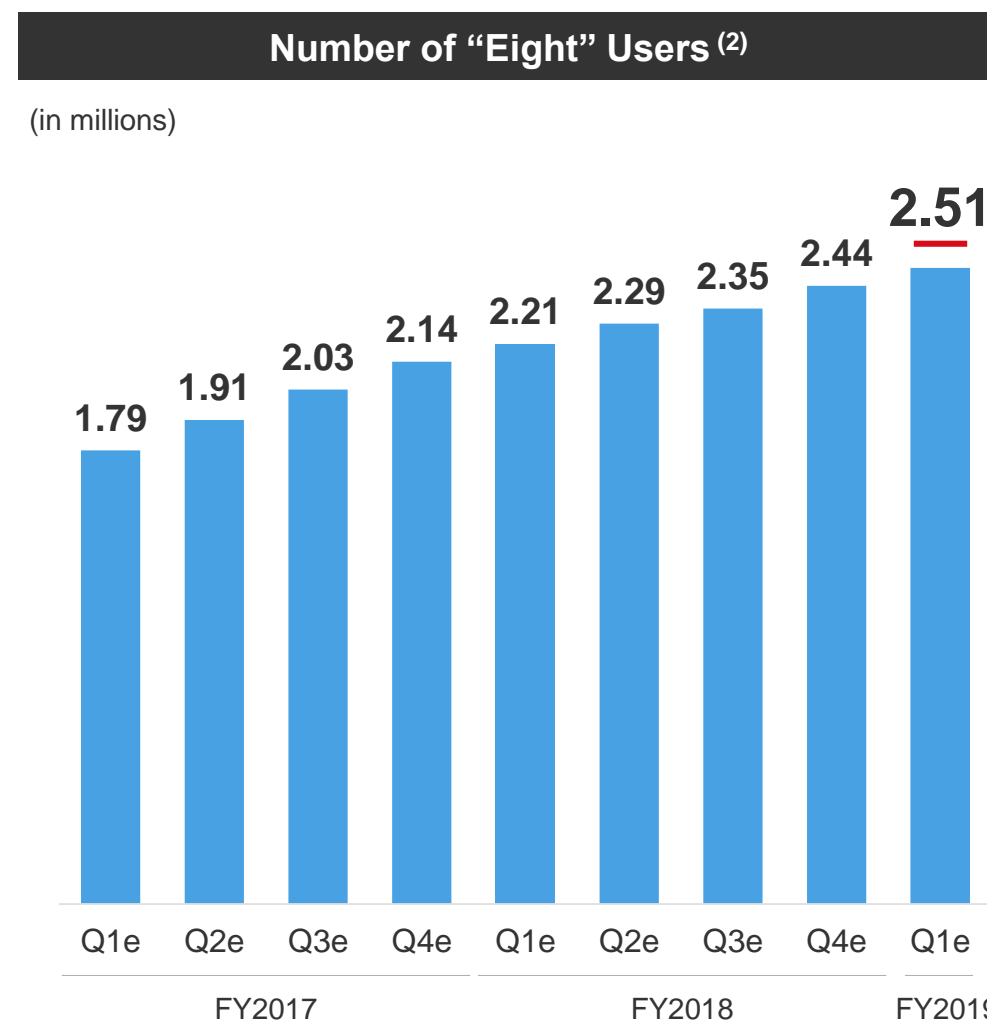
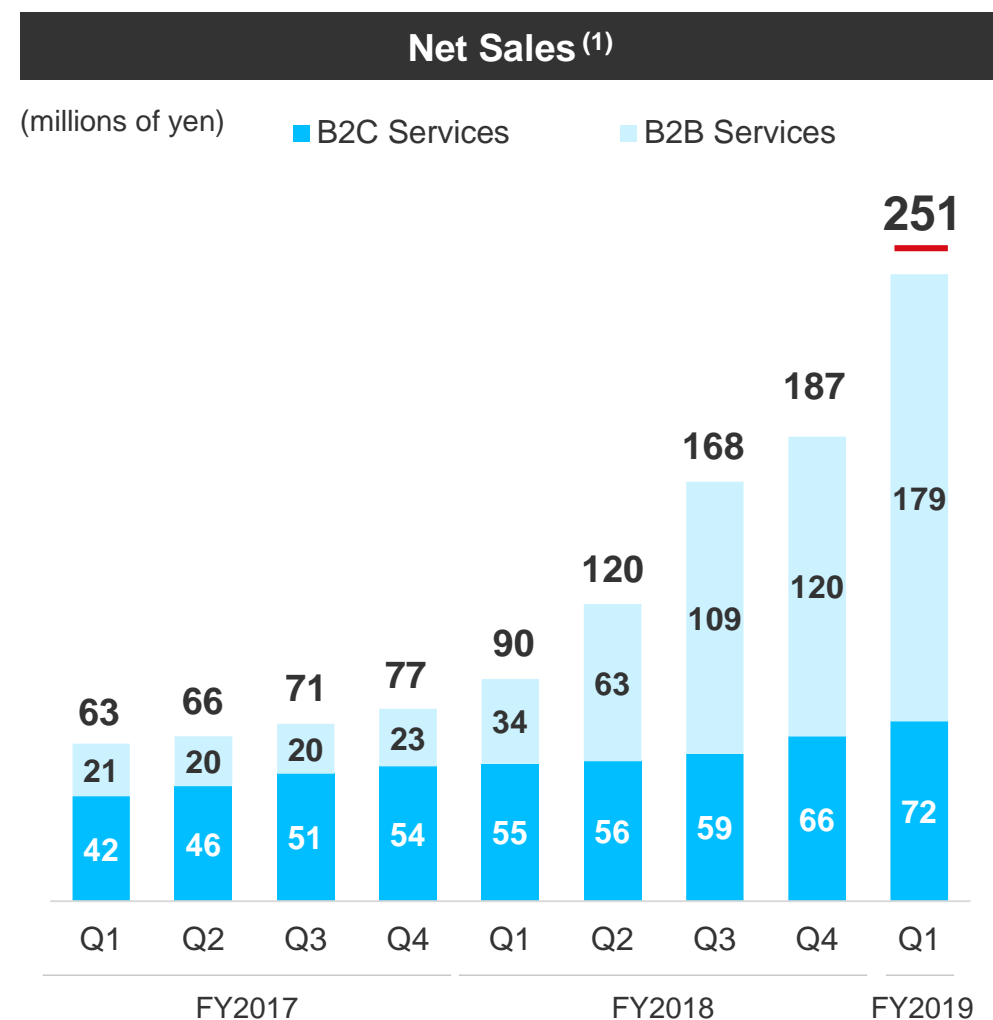
Eight Business	FY2018	FY2019	
	Q1 Results	Q1 Results	YoY
Net Sales	90	251	+179.1%
B2C Services	55	72	+29.7%
B2B Services	34	179	+419.0%
Operating Profit	-298	-239	—
Operating Profit Margin	—	—	—
Number of “Eight” Users <sup>(2)</sup>	2.21 million people	2.51 million people	+0.29 million people
Number of “Eight Company Premium” Subscriptions <sup>(1)</sup>	307 subscriptions	991 subscriptions	+222.8%

(1) “Eight Company Premium” enables users to share their contacts with colleagues (targeting small companies with under 20 employees)

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

# Eight Business: Net Sales and “Eight” Users

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



(1) Quarterly results for FY2017 were unaudited

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

## Consolidated Financial Forecasts

**Full-year outlook unchanged from initial forecast.**

**Net sales are expected to increase by 35.4%, and profit is expected.**

(millions of yen)	FY2018	FY2019	
	Full-year Results	Full-year Forecasts (announced on Jul. 12)	YoY
<b>Consolidated Forecasts</b>			
Net Sales	10,206	13,816	+35.4%
Operating Profit	-849	724	—
Operating Profit Margin	—	5.2%	—
Ordinary Profit	-891	670	—
Profit Attributable to Owners of Parent	-945	Turn Black <sup>(1)</sup>	—

(1) Sansan, Inc. ("the Company") is expecting an increased estimate of taxable income due to improved performance in the medium term. Accordingly, it is possible that the Company will record income taxes -deferred mainly due to an increase in deferred tax assets pertaining to tax loss carryforward in FY2019, but as it is difficult to detail the amount to be recorded in income taxes -deferred based on prospective business performance, etc. for FY2020, concrete forecasts for profit attributable to owners of parent are not disclosed.

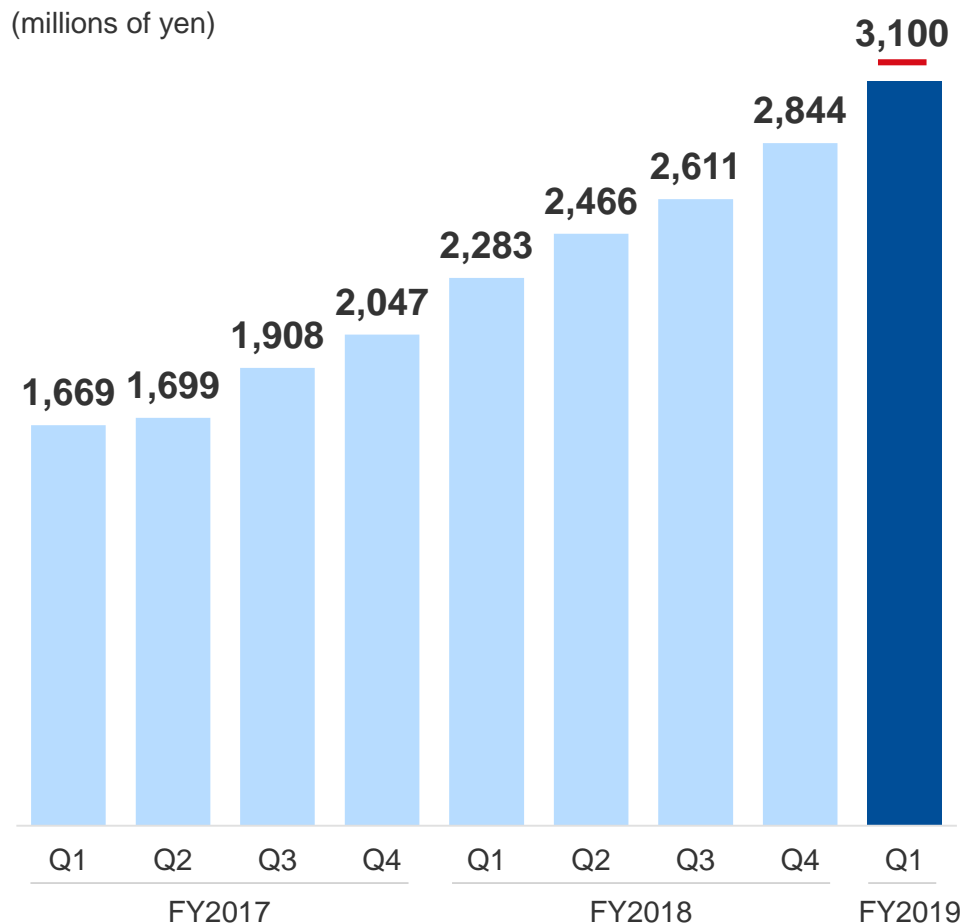
## (reference) Consolidated Financial Results: Quarterly Results (three-month results)

**Due to advertising expenses, operating profit is higher in each Q1.**

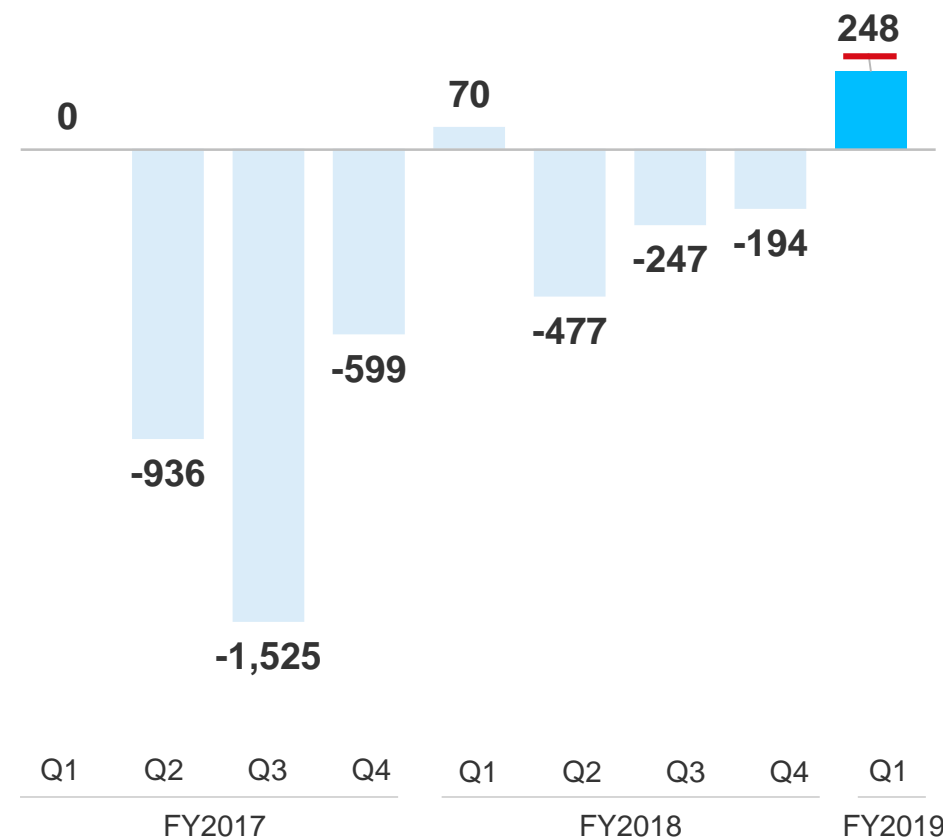
**In the current fiscal year, advertising activities planned to increase after Q2.**

Net Sales <sup>(1)</sup>

(millions of yen)

Operating Profit <sup>(1)</sup>

(millions of yen)



(1) Quarterly results for FY2017 were unaudited

# Appendix

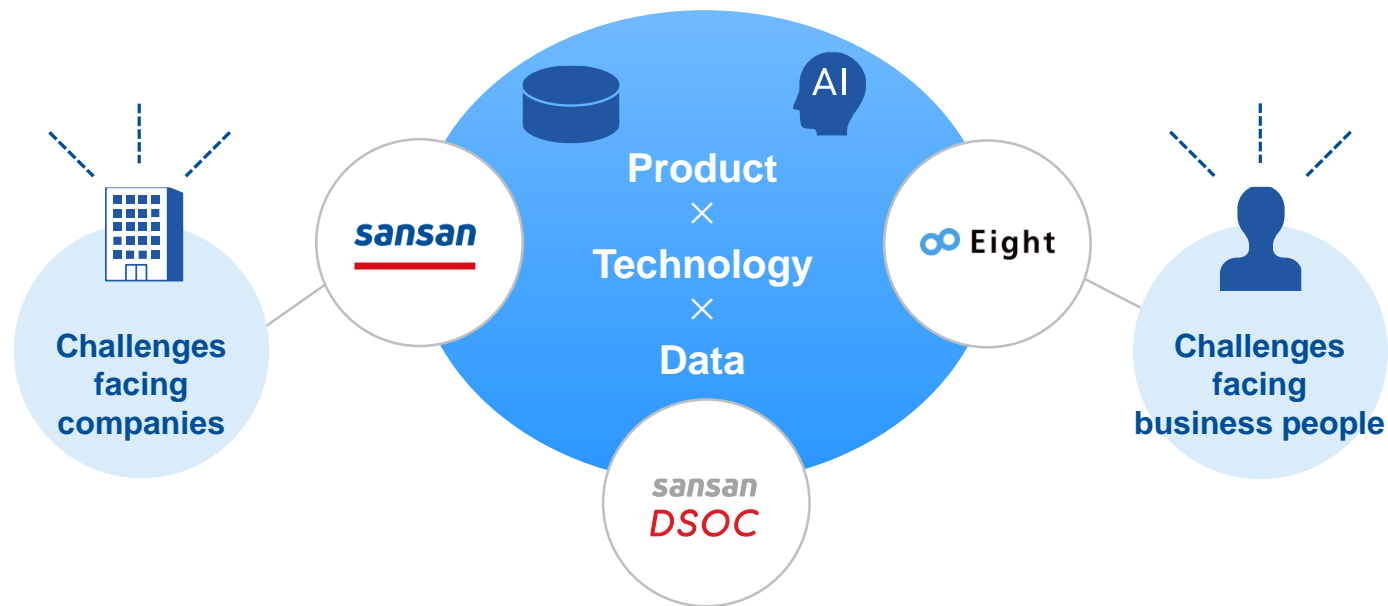




# Mission

## Turning Encounters into Innovation

— A Business Platform to Challenge the World —



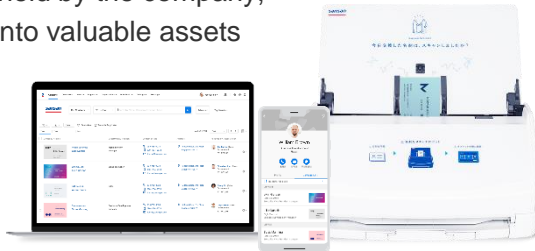
## Overview of Businesses and Services

### Platforms to transform business and individual contact information into assets

**sansan**

#### Where Business Starts; Business Begins with Business Card Management

The No.1 share in contact management service,  
gathering all business cards held by the company,  
to transform business cards into valuable assets



- More than **6,000** subscriptions constituting the customer base
- Monthly churn rate below **1.0%** <sup>(1)</sup>

**Eight**

#### Business Social Networking Based on Business Card Information

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



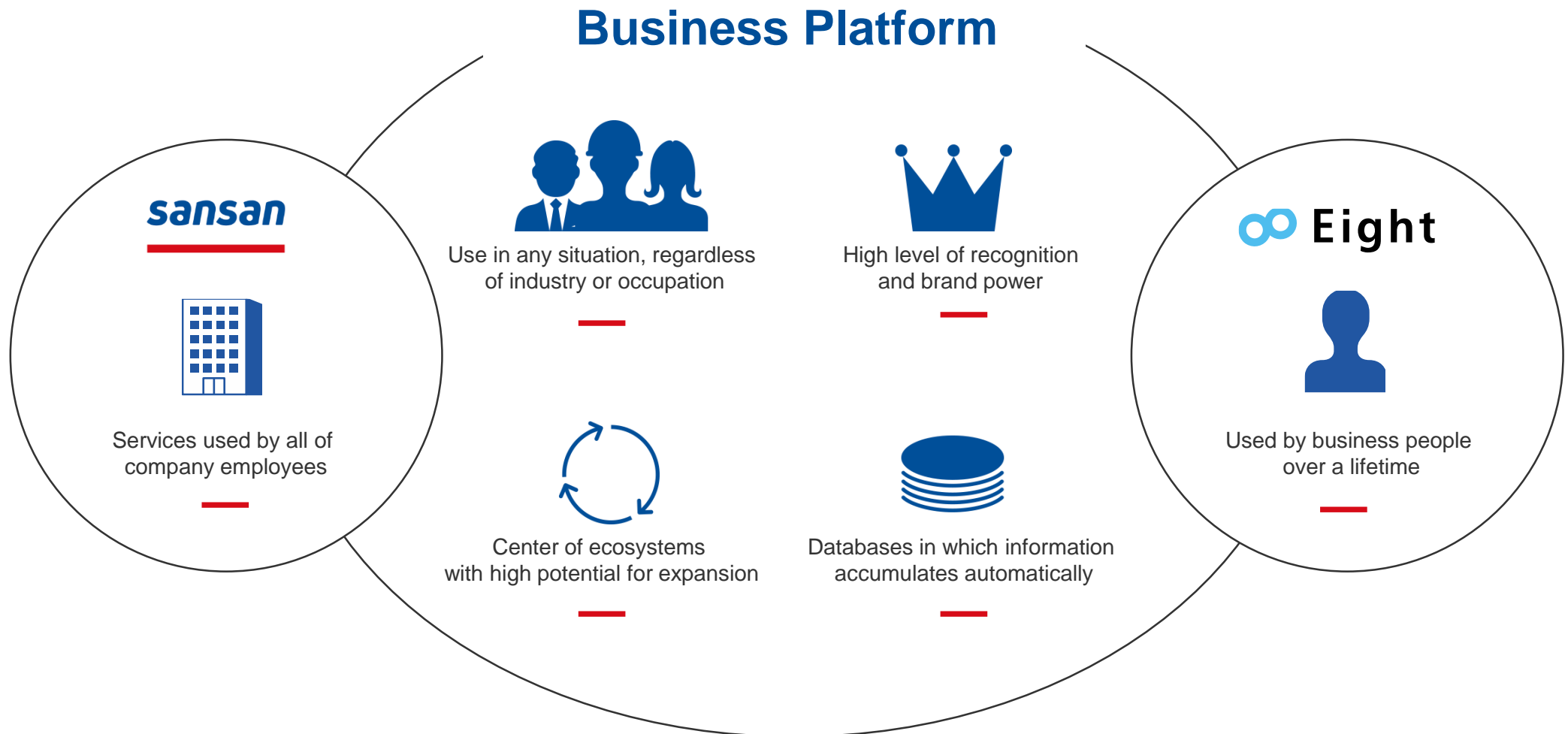
- **No.1** share in mobile contact management apps
- More than **2.5 million** users <sup>(2)</sup>

(1) Average monthly churn rate over the past 12 months, which is the ratio of decrease in monthly fees associated with contract cancellations to total monthly fees from existing contracts

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

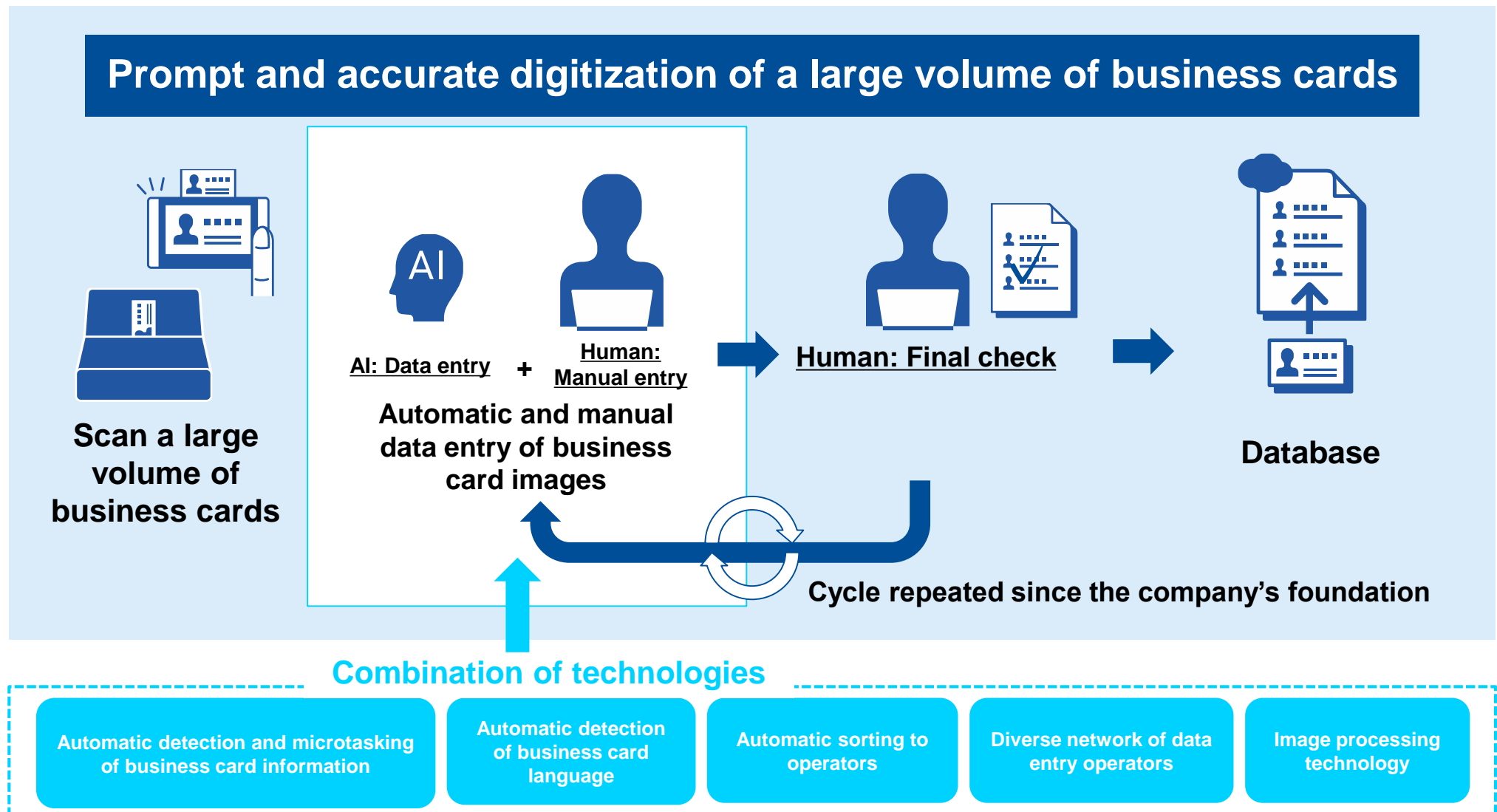
## Features Characterizing the Business Platforms

**Establish a solid position as a business platform  
while diversifying medium- to long-term growth opportunities**



## Competitive Edge: Unique Structure and Technology that Enables Card Digitization with 99.9% Accuracy

**The establishment of a business card digitization operation structure unsurpassed by competitors**

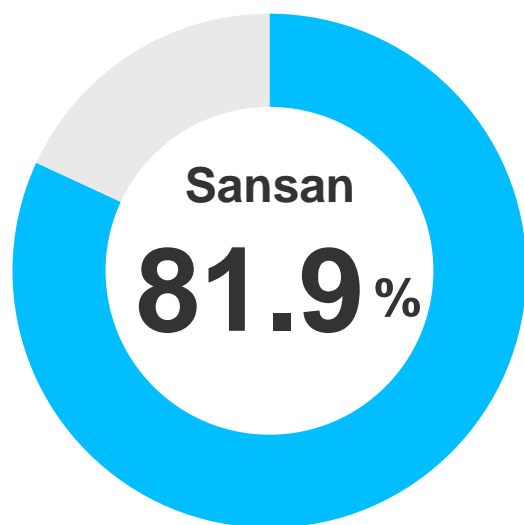


# Competitive Edge: Overwhelming Market Share and Solid Customer Base

**Sansan, the contact management market pioneer, has acquired overwhelming market share and diverse set of customers**

## Overwhelming Market Share and Recognition

Sales share in 2017 <sup>(1)</sup>



Fifth TV commercial title:  
We know the customer 2017, "Our boss missed an opportunity" <sup>(2)</sup>



Sixth TV commercial title:  
We know the customer 2018, "Our boss missed an opportunity again"

## Solid Customer Base with more than 6,000 Subscriptions



(1) Sales share of companies in the contact management services for corporations based on "Contact Management Service Market and SFA/CRM Businesses" by Seed Planning, Inc. released in November 2018

(2) Won the top prize in the service and culture section of the 71th Dentsu Advertising Awards

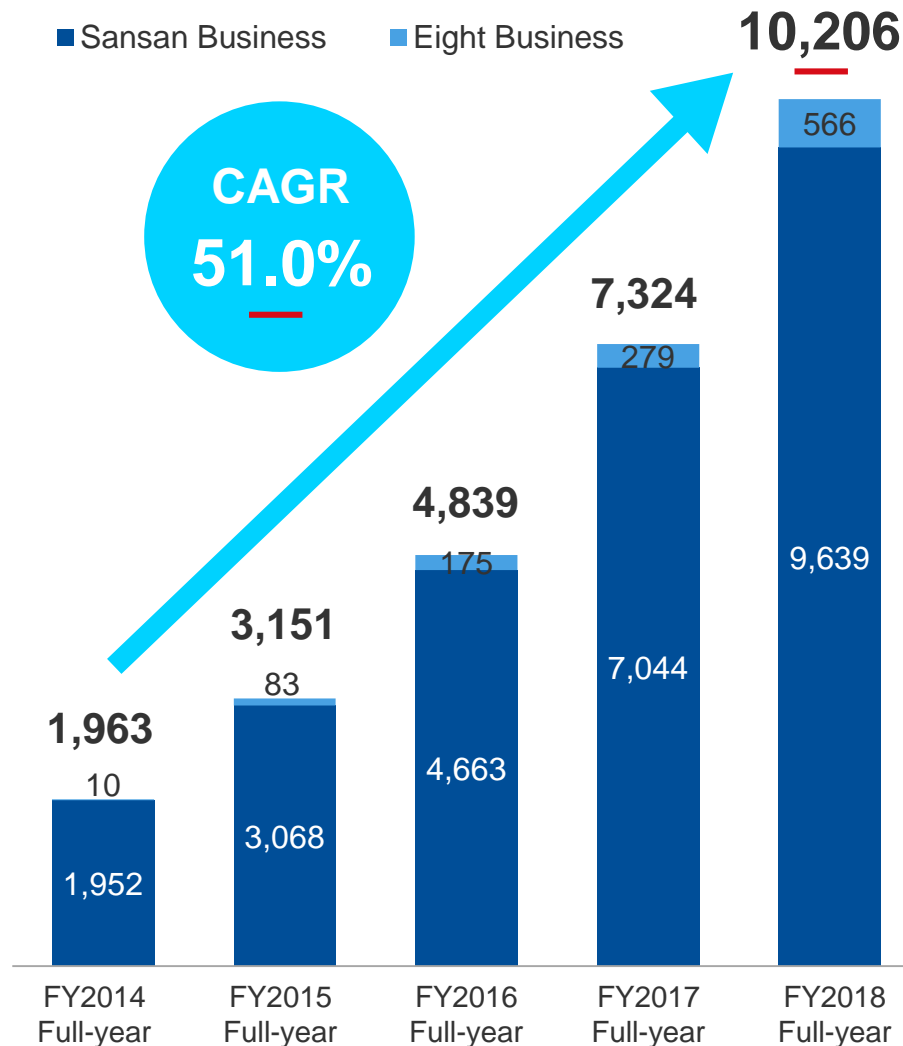
## Business Performance (FY2014 to FY2018)

Net Sales <sup>(1)</sup>

(millions of yen)

■ Sansan Business

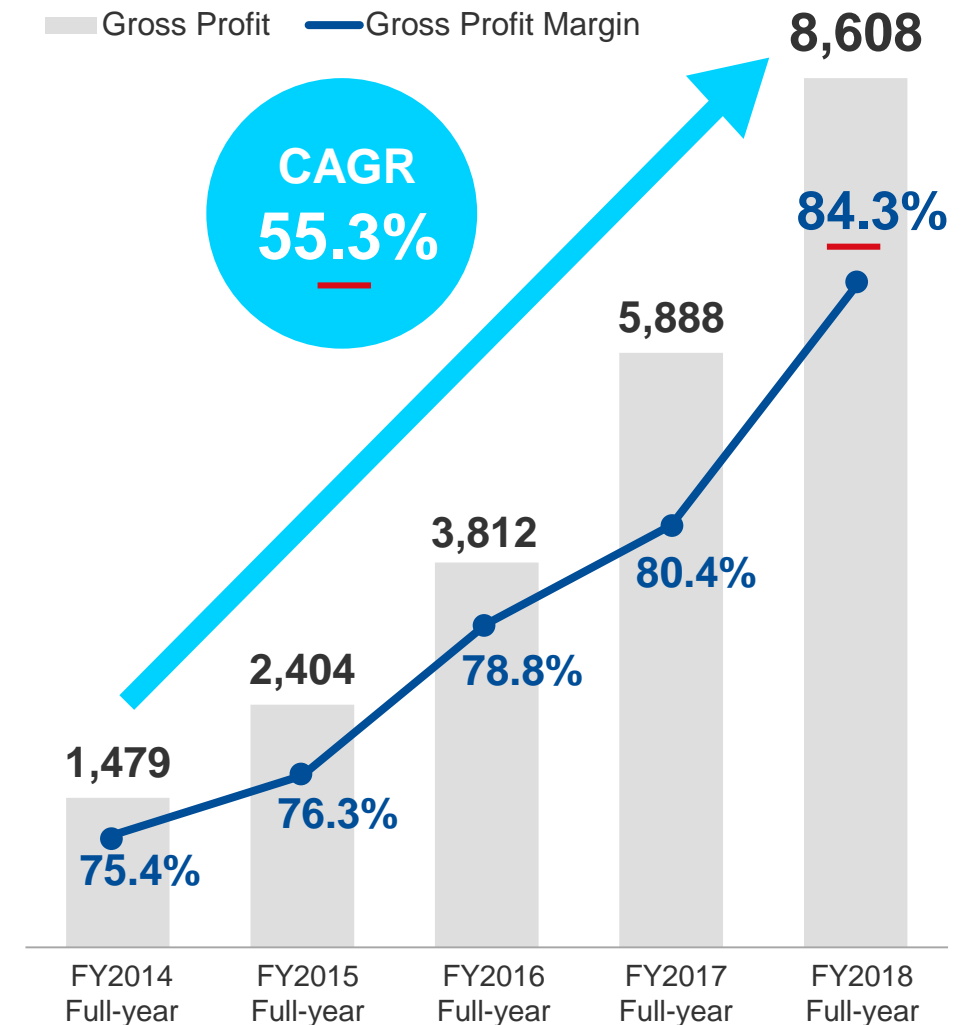
■ Eight Business

Gross Profit and Gross Profit Margin <sup>(1) (2)</sup>

(millions of yen)

■ Gross Profit

— Gross Profit Margin



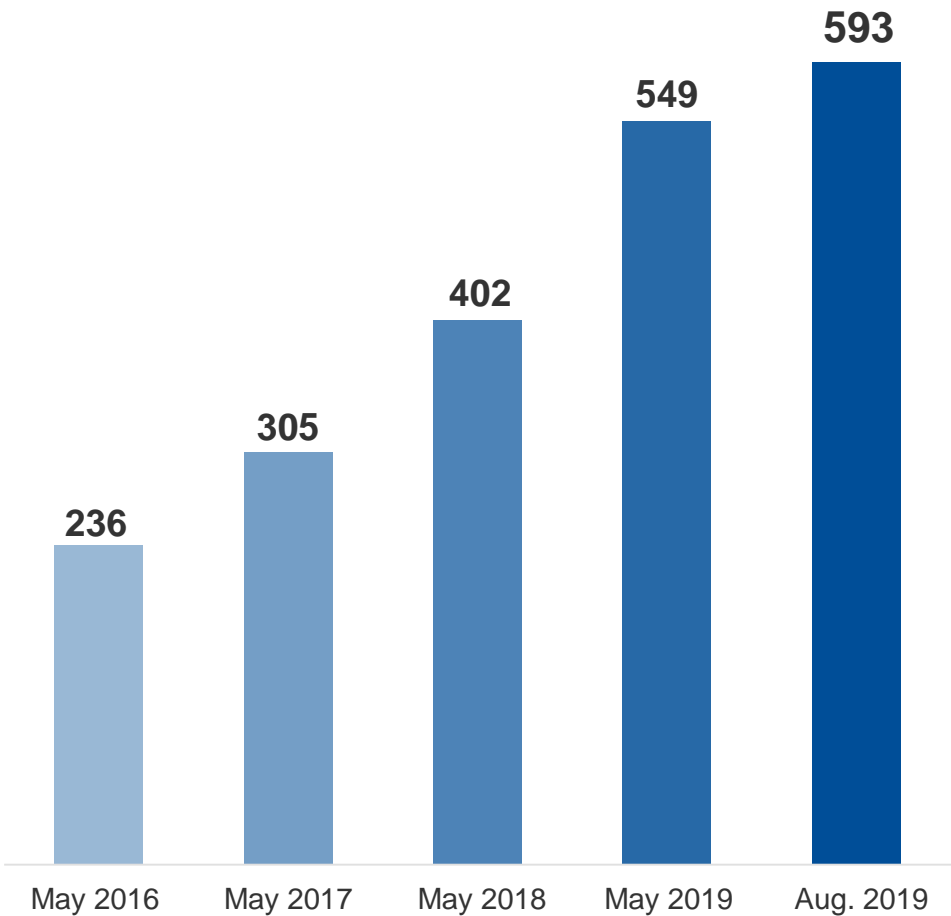
(1) Results for FY2015 and before are unaudited

(2) Business card entry costs in the Eight Business are recorded in SG&amp;A

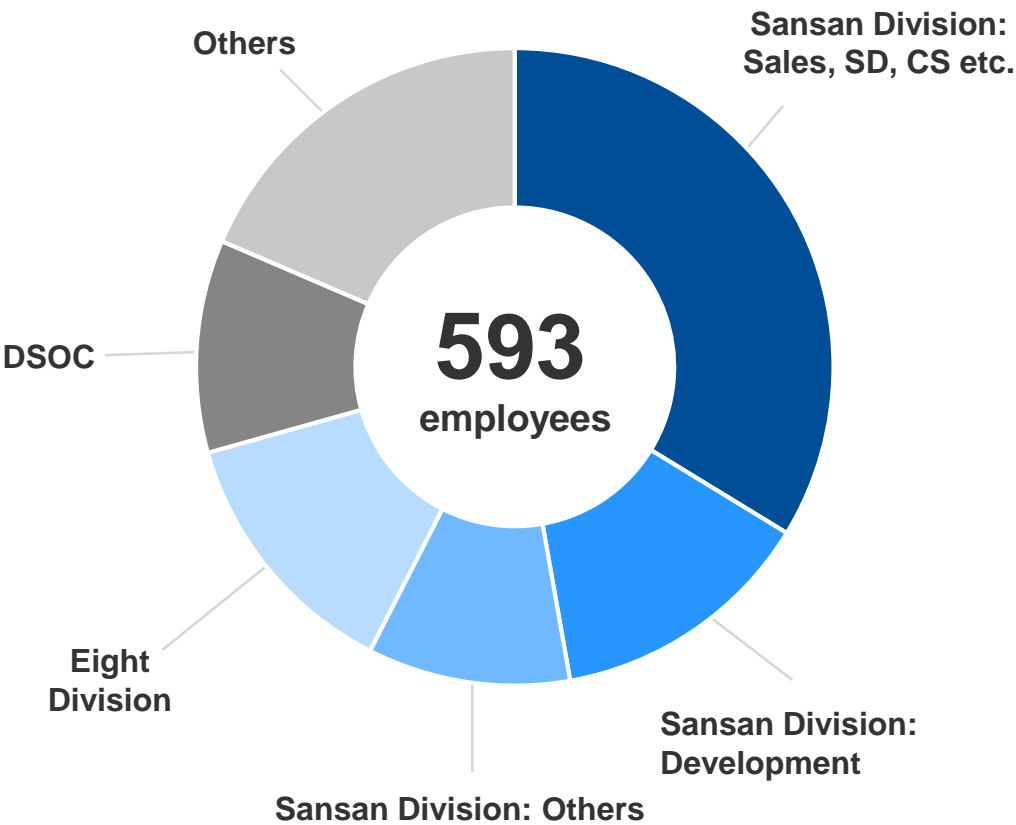
# About Employees

Number of Employees <sup>(1)</sup>

(persons)



Breakdown by Organization <sup>(2)</sup>



(1) Non-consolidated basis in FY2015 and before, and consolidated-basis since FY2016  
(2) As of the August 31, 2019

# Company Overview

---

<b>Company Name</b>	Sansan, Inc.
<b>Foundation</b>	June 11, 2007
<b>Head Office</b>	Aoyama Oval Building 13F, 5-52-2 Jingumae, Shibuya-ku, Tokyo
<b>Other locations</b>	<b>Branch offices:</b> Osaka, Nagoya, Fukuoka <b>Satellite offices:</b> Kamiyama Lab (Tokushima), Sansan Innovation Lab (Kyoto), Nagaoka Lab, Sapporo Lab
<b>Subsidiaries</b>	Sansan Global PTE. LTD. (Singapore) Sansan Corporation (United States)
<b>CEO</b>	Chika Terada
<b>Number of Employees</b>	593 (As of August 31, 2019)
<b>Capital</b>	¥6,234 million
<b>Net Sales</b>	¥10,206 million (FY2018)
<b>Classification by Type of Shareholder</b>	Domestic Financial Institutions:13.08%, Security Firms:0.47%, Other Domestic Corporations:8.42%, Foreign Financial Institutions and Individuals:26.51%, Individuals and Others:51.50% (As of August 31, 2019)



# Basic Features of “Sansan”

**“Sansan” offers contact management features to transform unutilized business cards into assets**



## Challenges facing companies

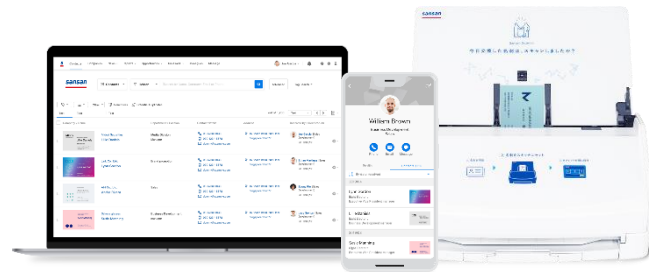
- Business card information not shared within the office
- Insufficient internal communication
- Not aware of the value of business card information



## Basic features of “Sansan”

### Business card management/utilization

**“AI Contact Management”** Digitizes business card data with 99.9% accuracy



### Major features

#### Contact management



- Business card search
- Business card sharing
- Smartphone app
- Person profile

#### Customer management



- News feed
- Company search
- Organizational tree
- E-mail delivery



## User benefits

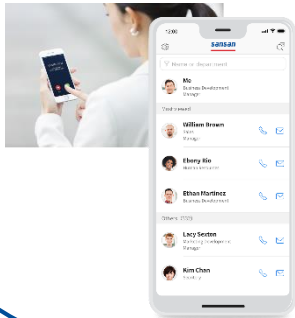
**Productivity   Streamlined operations   Cost reduction**  
**Creation of business opportunities**

# Enhanced Features of “Sansan”

**Eliminates inconveniences experienced by all companies and business persons, to maximize the value of business encounters**

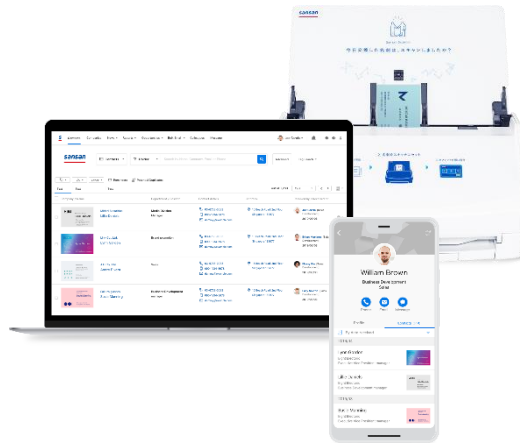
## Business Begins with Business Card Management

### Internal communication facilitation: “Collaboration with Colleagues”

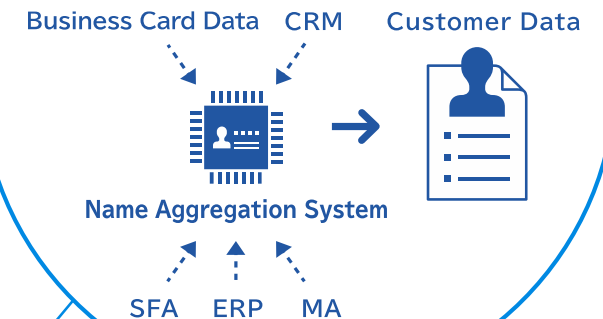


- Utilizing the exchanged business cards to visualize the knowledge and strength of colleagues
- Internal contact list enables phone calls and sending messages

### Business card management/utilization: “AI Contact Management”



### Data integration/consolidation: “Customer Data Hub”



- Automatic integration with SFA and CRM <sup>(1)</sup>
- Integration with MA <sup>(2)</sup>
- Data integration function that enables high-level sorting of customer data aggregation and cleansing

(1) SFA: Sales force automation, CRM: Customer relationship management

(2) Marketing automation

# Basic Service Plan for “Sansan”

**Service price for “Sansan” is determined by the following four features <sup>(1)</sup>**

## Recovery of costs

<b>1</b>	<b>Initial cost</b> (Initial costs)	<ul style="list-style-type: none"> <li>✓ <b>12 months' license cost</b></li> <li>✓ Cost for digitizing all existing business cards</li> </ul>
<b>2</b>	<b>Introduction and support costs</b> (Initial costs)	<ul style="list-style-type: none"> <li>✓ <b>Offer plans ranging between a monthly fee of ¥200,000 and ¥1,500,000</b></li> <li>✓ Costs for implementation and operational support of Sansan's services</li> </ul>
<b>3</b>	<b>Scanner</b> (Running costs)	<ul style="list-style-type: none"> <li>✓ <b>Monthly ¥10,000 per scanner</b></li> <li>✓ Rent scanners and tablets to customers, whose number responds to the number of their office floors, and/or the number of branches</li> </ul>
<b>4</b>	<b>License cost</b> (Running costs)	<ul style="list-style-type: none"> <li>✓ <b>Determined according to the monthly number of exchanged business cards</b></li> <li>✓ Between a monthly fee of ¥75,000 <sup>(2)</sup> and several million yen per subscription</li> </ul>

**At the start of the contract**

**At the start of the contract**

**At the start or renewal of the contract**

**At the start or renewal of the contract**

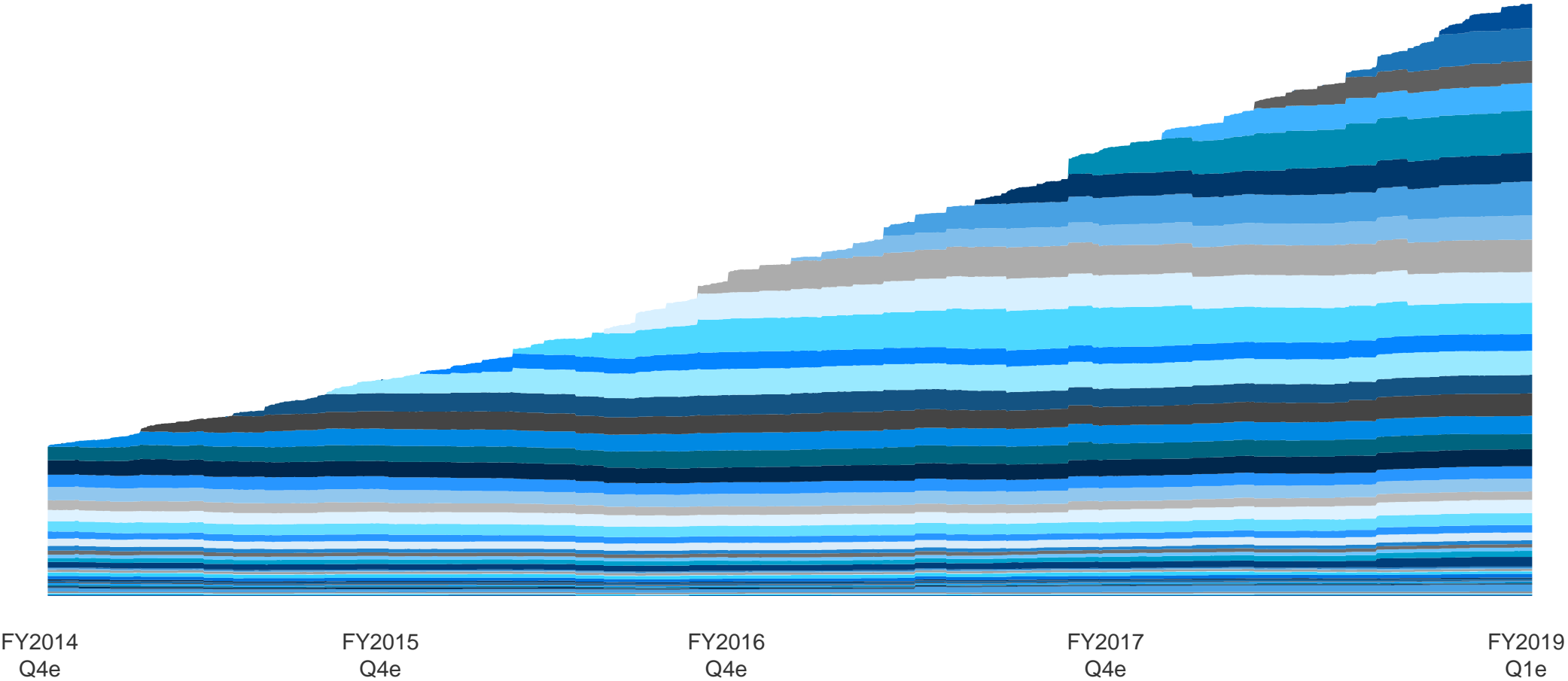
(1) “Sansan” also offers other options including security control, etc.

(2) Assumes company-wide usage of “Sansan” service

# “Sansan” Revenue Stack-up: Accumulation of Net Sales by Service-in Timing

Continued achievement of negative churn <sup>(1)</sup>

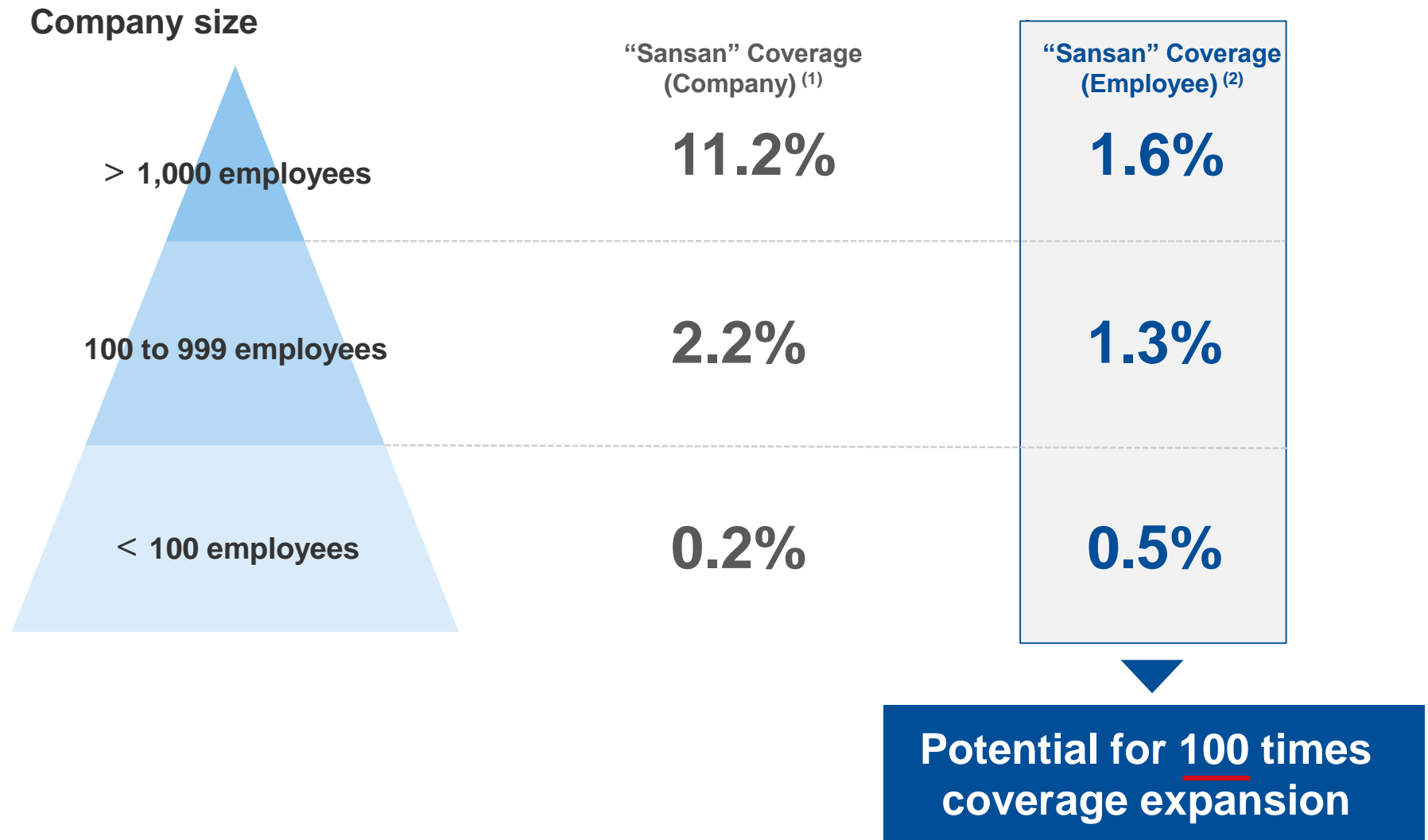
“Sansan” Revenue Stack-up: Accumulation of Net Sales by Service-in Timing <sup>(2)</sup>



(1) Status where increase of revenue generated by the existing subscriptions is greater than revenue reduced as a consequence of cancellation  
(2) Created based on monthly “Sansan” license charge (unaudited)

# Large Potential for “Sansan” to Expand Coverage in the Japanese Market

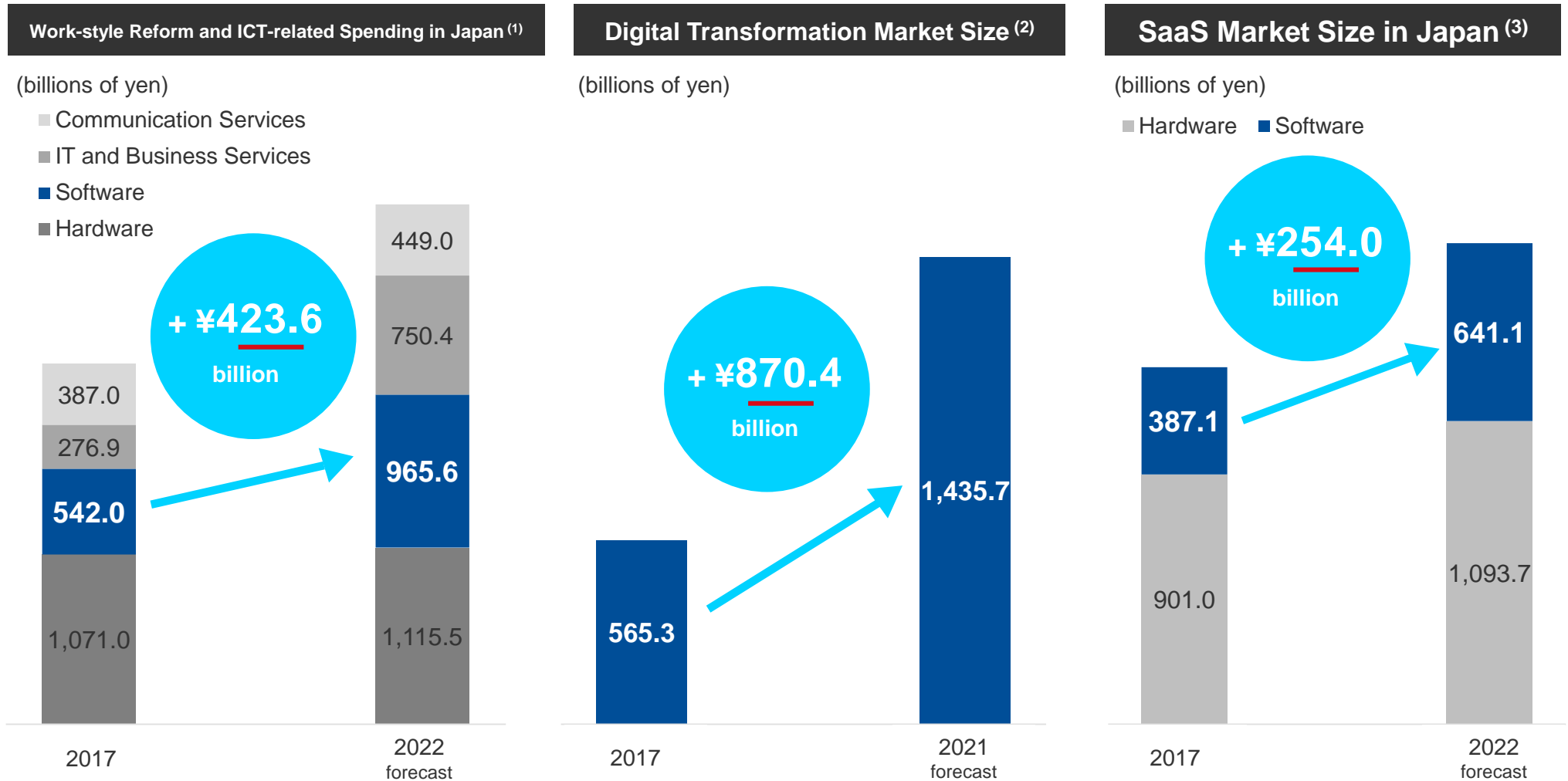
The number of users within current customers is limited, and there is room for 100 times more coverage expansion



(1) “Sansan” coverage is calculated with the number of subscription and total number of IDs in “Sansan” for FY2018 as the numerator and the number based on Economic Census for Business Activity in 2016 issued by the Statistics Bureau as the denominator.

# Market Opportunities to Support

## The work-style reform and digital transformation is boosting the need for cloud-based contact management



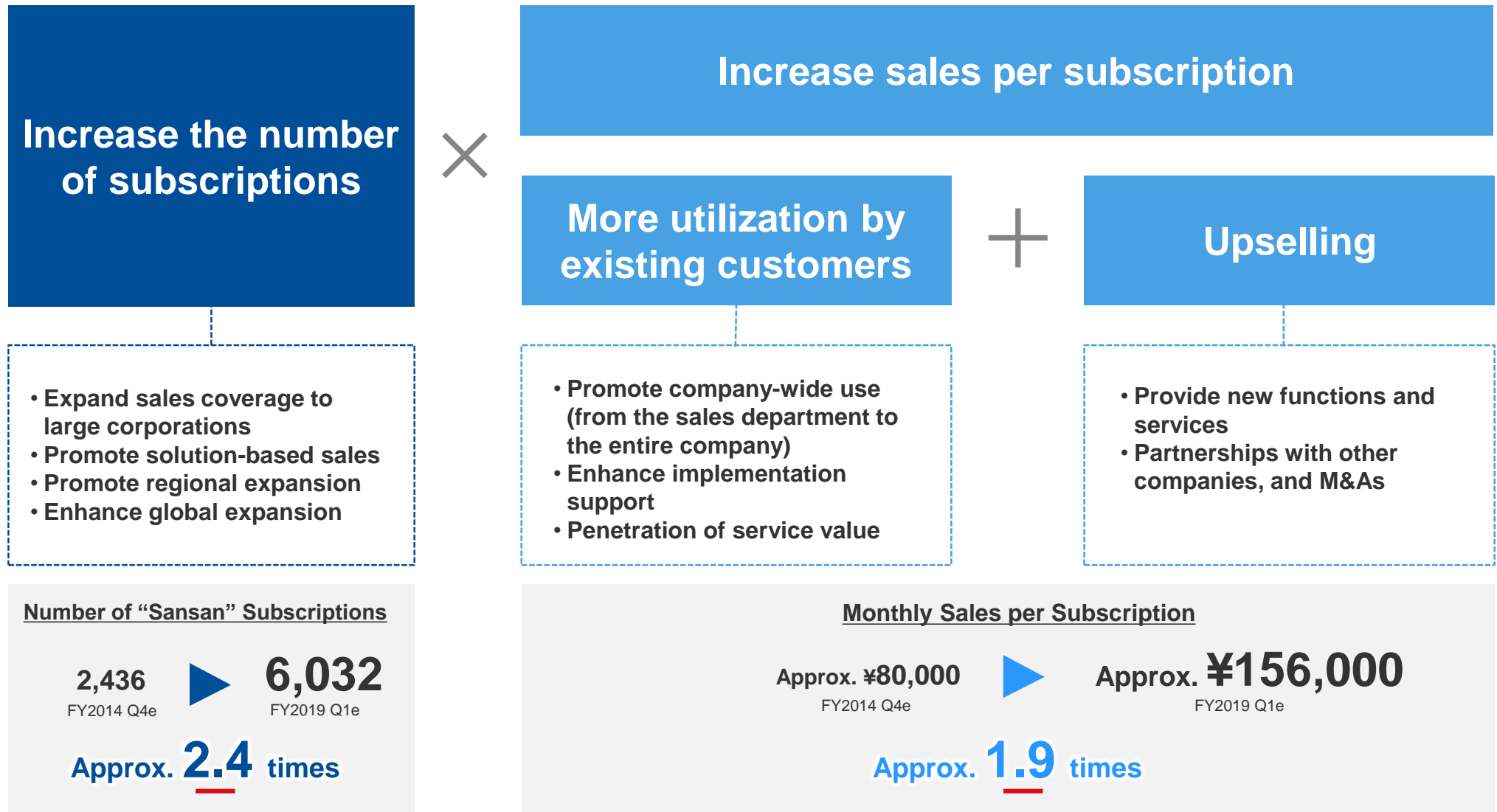
(1) Based on "2018 to 2022 Outlook of Work-style Reform and ICT-related Spending in Japan: by Hardware, Software, IT and Business Services, Communication Services" by IDC Japan (December 2018)

(2) Based on "2018 Outlook of the Digital Transformation Market" by Fuji Chimera Research Institute

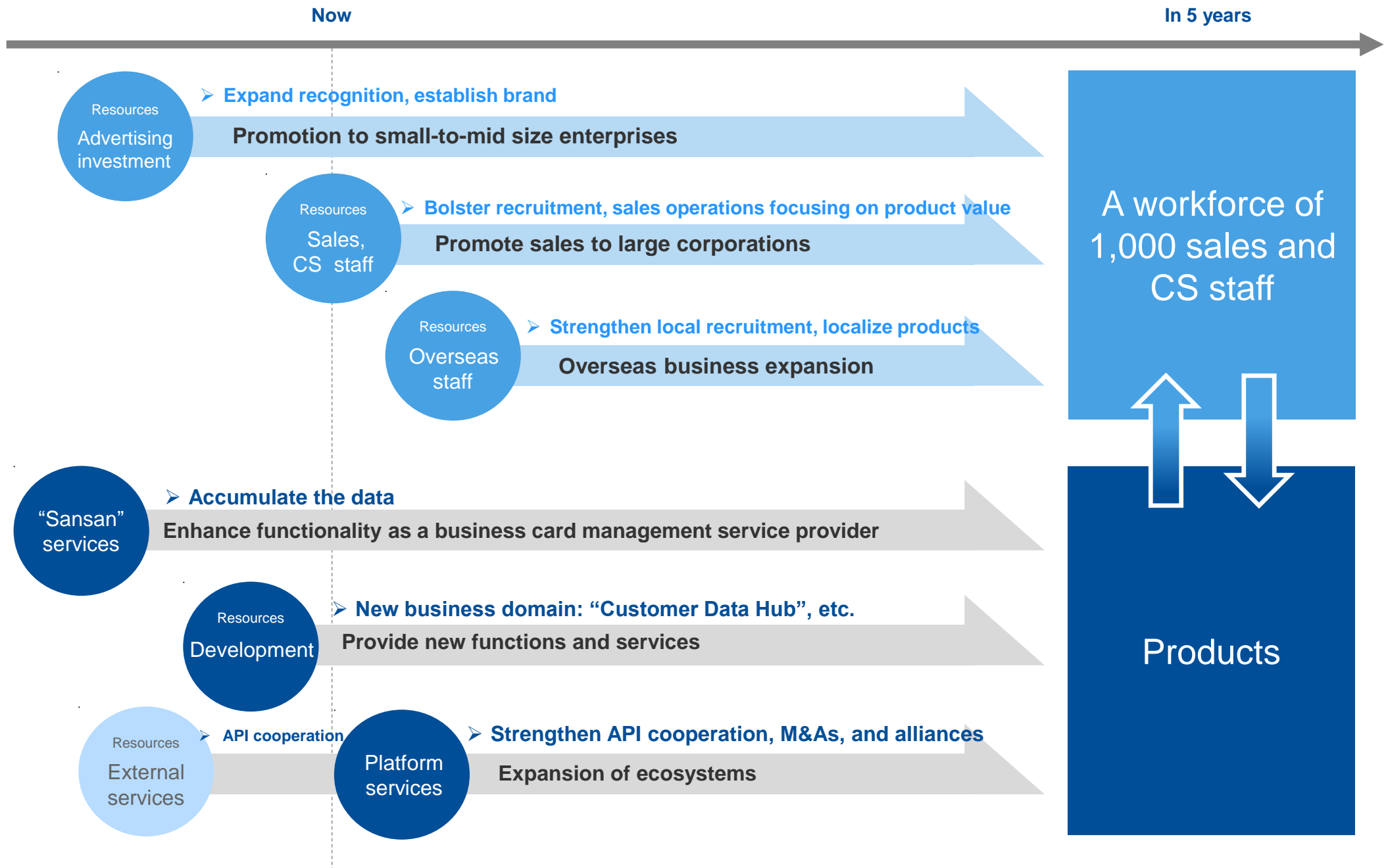
(3) Based on "2018 New Software Business Markets" by Fuji Chimera Research Institute

# Strategy for Continuous Growth in Net Sales

**Achieve growth through an increase in both the number of subscriptions and sales per subscription**



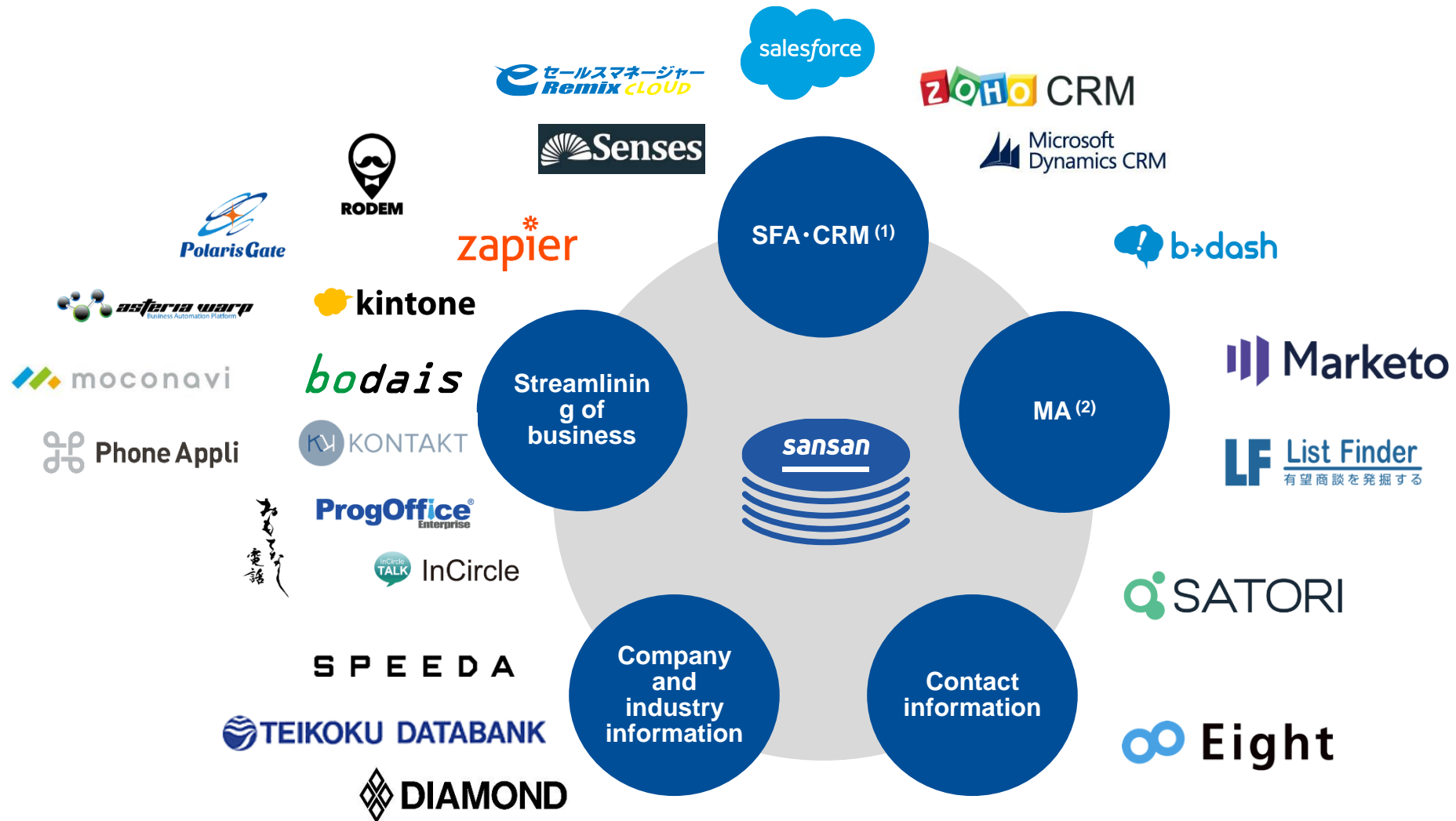
# Roadmap for the Medium- to Long-term Strategy





# Improving the Value of Business Platform

Enhance data connection with various services indispensable in business



(1) SFA: Sales force automation, CRM: Customer relationship management  
(2) MA: Marketing automation

# Service Outline of "Eight"

## SNS platform for business with the largest number of active users in Japan



### Challenges facing business people

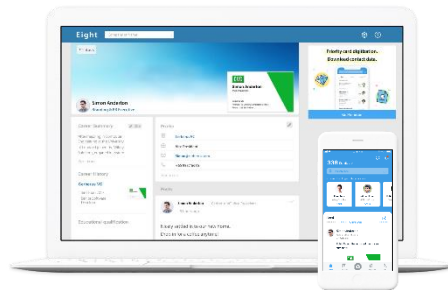
- Is not making the most out of business encounters
- Lacks sufficient access to business card information
- Desire to use business SNS without becoming friends



Digitize business cards with high level of accuracy by using technologies developed through Sansan Division

### Offering a lifetime SNS platform for business

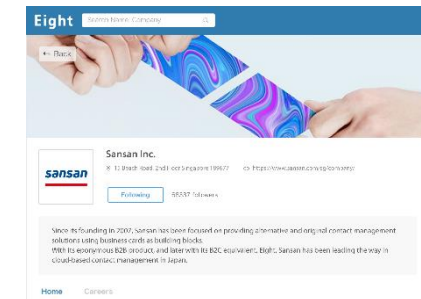
#### Profile Management



#### Contact Management Communications



#### Connect with Companies (information gathering)



### Monetize opportunities

#### B2C Model

Paid plan for individuals:  
**"Eight Premium"**

#### B2B Model

Paid plan for corporations:  
**"Eight Company Premium"**

Ad. delivery:  
**"Eight Ads"**

Business events:  
**"Meets"**

Recruiting platform:  
**"Eight Career Design"**

## Promotion of Monetization Measures

**Accelerate and strengthen the development of B2B services and aim to quickly monetize the entire Eight Business**

B2B	
Paid plan for corporations: <b>“Eight Company Premium”</b>	<b>Enables users to share their contacts with colleagues</b> <b>Targeting small companies with under 20 employees</b>
Ad. delivery <b>“Eight Ads”</b>	<b>A service for delivering ads to “Eight” users</b> <b>Timely and targeted advertising to career-oriented professionals</b>
Business events: <b>“Meets”</b>	<b>An event matching “buyers” and “sellers” from within “Eight”</b> <b>Uses proprietary technology to accurately match business people together</b>
Recruiting platform: <b>“Eight Career Design”</b>	<b>Recruitment services targeting “Eight” users</b> <b>Provides a new and unique targeted hiring method to the market</b>
B2C	
Paid plan for individuals: <b>“Eight Premium”</b>	<b>Delivers additional functions to users, such as network data downloads</b> <b>Expand the overall number of “Eight” users, including free plan</b>

***sansan***

---