



Presentation Material for FY2019 Q1

October 15, 2019
Sansan, Inc.

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Sansan Group Overview

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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)

First, three key highlights.

Net sales increased by 35.8%, and operating profit increased by 252.8% compared to the same period last year, as high growth has continued.

The full-year earnings forecast announced at the beginning of the fiscal year also made steady progress as planned.

Personnel hiring, focused on the Sansan Division's sales department, is progressing well, expanding by 44 over last quarter to 593 employees in total.

1 Consolidated Financial Results

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

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

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Here's an overview of our consolidated figures.

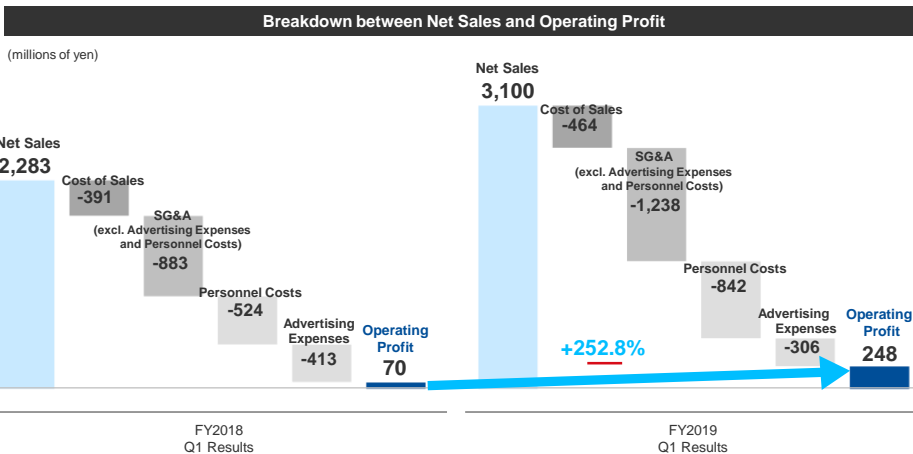
Net sales increased by 35.8% compared to the same period last year to 3,100 million yen.

Operating profit increased by 252.8% to 248 million yen, and profit attributable to owners of parent increased by 98.5% to 106 million yen as net sales grew.

Gross profit margin was 85.0%, a moderate improvement.

Operating Profit

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



In the first quarter, personnel and other SG&A expenses increased with the growth of recruitment, a growth strategy, but the profit ratio improved due to an increase in net sales and a decrease in the ratio of advertising expenses.

The growth rate greatly exceeded the net sales growth rate.

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
Net Sales			
Consolidated	2,283	3,100	+35.8%
Sansan Business	2,193	2,848	+29.9%
Eight Business	90	251	+179.1%
Operating Profit			
Consolidated	70	248	+252.8%
Sansan Business	877	1,264	+44.0%
Eight Business	-298	-239	—
Adjustments	-509	-776	—

Here are the detailed results by segment.

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

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)	FY2018	FY2019	
	Q1 Results	Q1 Results	YoY
Sansan Business			
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 ⁽¹⁾	Approx. ¥141,000	Approx. ¥156,000	+10.6%
Last 12 Months Average of Monthly Churn Rate ⁽²⁾	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

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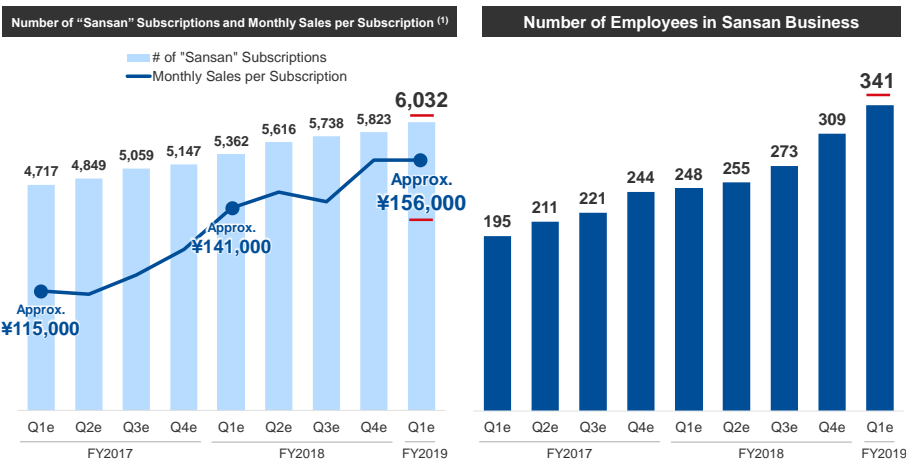
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First of all, in the Sansan Business, net sales increased by 29.9% compared to the same period last year, up to 2,848 million yen, and operating profit increased by 44.0% to 1,264 million yen.

Operating profit margin improved by 4.3 points thanks to decrease in advertising expenses ratio due to increase in net sales.

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.



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The number of "Sansan" subscriptions increased 12.5% to 6,032 and average monthly sales per subscriptions increased 11.0% to approximately 156,000 yen.

Although monthly sales per subscriptions were flat compared to the end of the previous quarter (three months ago), the short-term level depends on the number of new contracts acquired and the size of the clients.

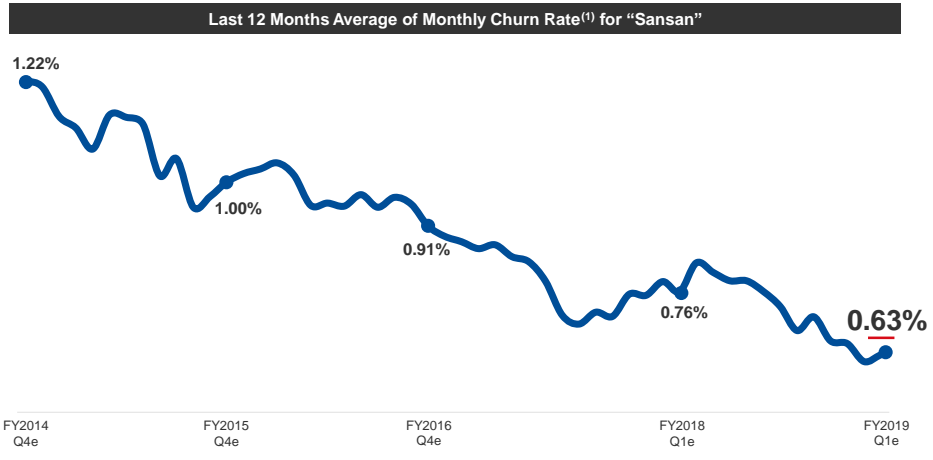
There is no change in the medium- to long-term upward trend.

The number of employees in the Sansan Business as a whole was 341, an increase of 93 compared to the same period last year.

Compared to the last quarter, there has been an increase of 32 people, and the growth strategy is progressing smoothly.

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.

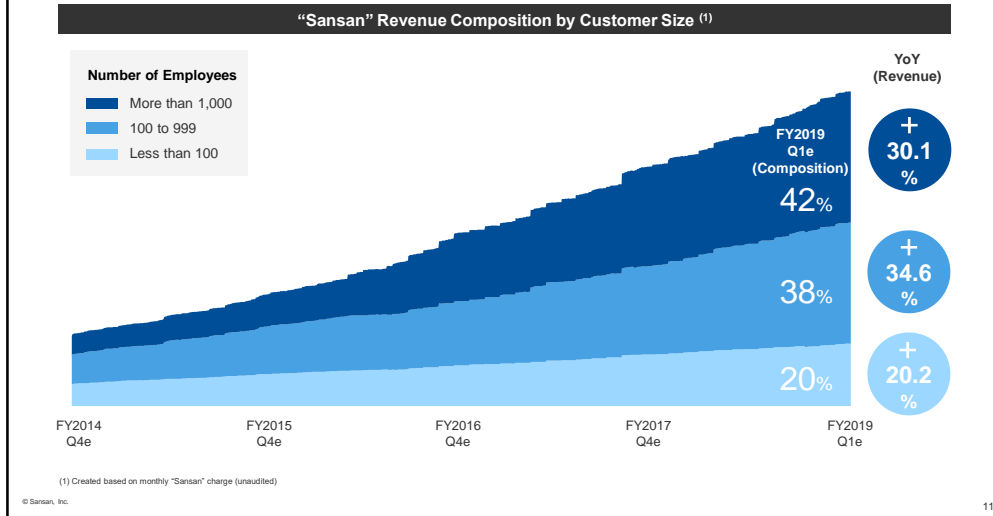


(1) Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts

The average monthly churn rate for the last twelve months is 0.63% and remains at very low level.

Sansan Business: "Sansan" Revenue Composition by Customer Size

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



When breaking down Sansan's revenue by client size (employee number), as with previous trends, revenue from large companies (over 1,000 employees) increased by 30.1% year-on-year.

From the second half of the previous fiscal year, we have increased the number of employees in the sales department and are working on strengthening sales activities for large companies, however it takes some time for these additional staff to make their presence felt, so this measure has not yet fully effected our business results.

In the first quarter, the revenue growth rate from medium companies (100 to 999 employees) was highest, due to the increase in the number of contracts received from SMEs while we are in the process of strengthening our sales structure.

We aim for net sales growth while continuing hiring, strengthening training and education for salespeople.

Eight Business Overview

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

(millions of yen)	FY2018	FY2019	
	Q1 Results	Q1 Results	YoY
Eight Business			
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 ⁽²⁾	2.21 million people	2.51 million people	+0.29 million people
Number of “Eight Company Premium” Subscriptions ⁽¹⁾	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

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Next is the Eight Business.

Thanks to a strong effort to monetize B2B services, net sales was 251 million yen, a year-on-year growth of 179.1%.

Operating loss decreased by 59 million yen to 239 million yen due to increased net sales.

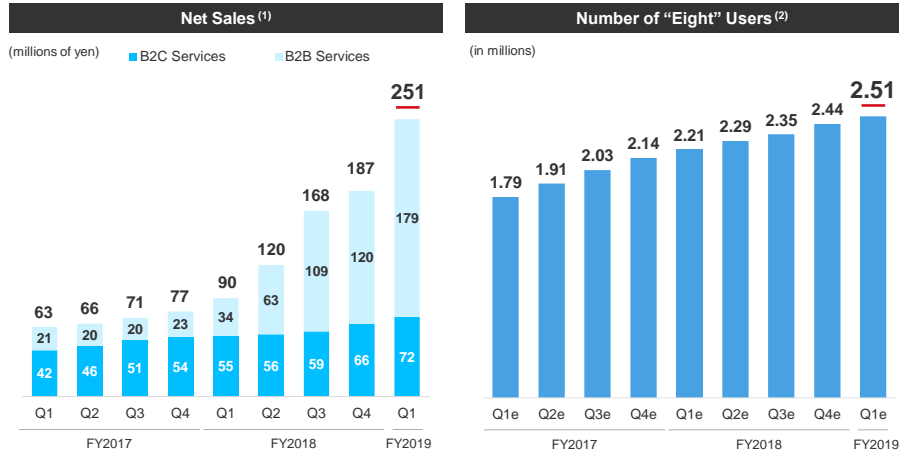
The number of “Eight Company Premium” subscriptions was 991, an increase of 222.8% year-on-year.

This is a service that enables the sharing of Eight contacts within a company, with a core target of small businesses with 2 to 20 employees.

In addition to the basic fee of ¥10,000 per month, the fee model is based on the number of users, and has exceeded 1,000 subscriptions as of the end of September.

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

The number of “Eight” users, with an increase of 0.29 million over the same period last year to 2.51 million.

3 Full-year Forecasts

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
Consolidated Forecasts			
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 ⁽¹⁾	—

(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.

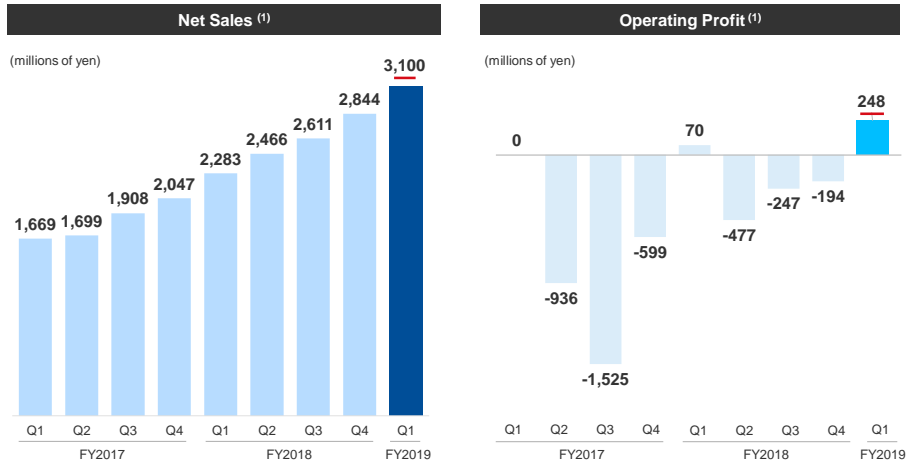
Lastly, regarding the full-year forecast, there is no change from the initial announcement.

In fiscal 2019, consolidated net sales are expected to increase by 35.4% to 13,816 million yen, mainly due to the continued growth of the Sansan Business and the monetization of the Eight Business.

In addition, with the increase in net sales, we expect to make profits.

(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.**



For your reference, we will supplement previous consolidated results in units of three months.

As you can see, there is no particular fluctuation or seasonal volatility in net sales.

On the other hand, due to the timing and volume of advertising activities, operating profit tends to be higher in the first quarter of each year.

In the current fiscal year, full-scale advertising expenditure is planned for the second quarter and beyond, and we expect a profit for the full year.

Since quarterly profit levels may fluctuate, we will endeavor to keep stakeholders abreast preemptively.

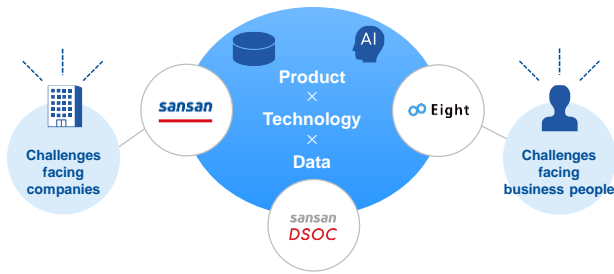
Appendix



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%** ⁽¹⁾

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

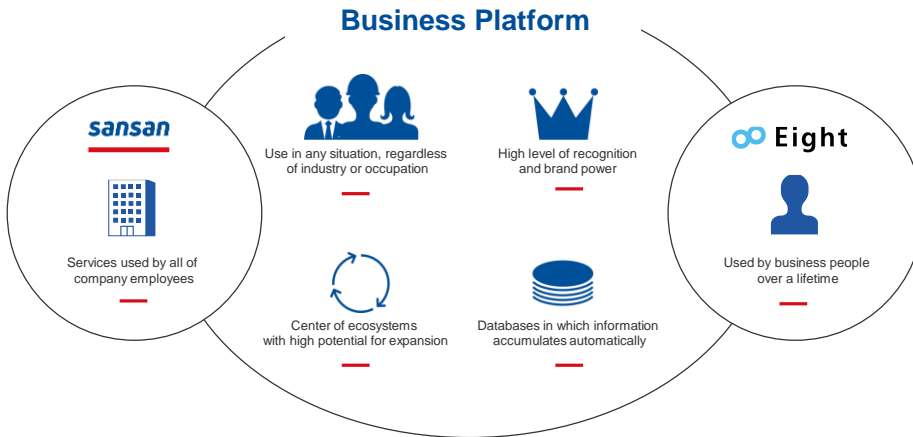


- **No.1** share in mobile contact management apps
- More than **2.5 million** users ⁽²⁾

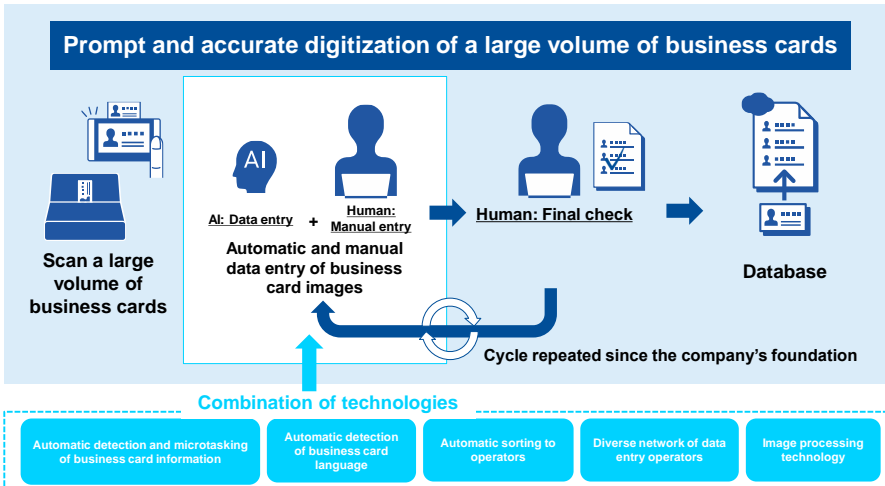
⁽¹⁾ Average monthly churn rate over the past 12 months, which is the ratio of decrease in monthly fees associated with contract cancellations to total monthly fees from existing contracts
⁽²⁾ Number of confirmed users who registered their business card to their profile after downloading the application

Features Characterizing the Business Platforms

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



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

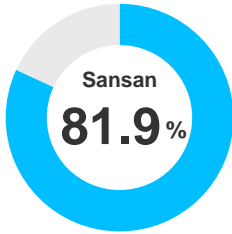


Competitive Edge: Overwhelming Market Share and Solid Customer Base

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 ⁽¹⁾



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



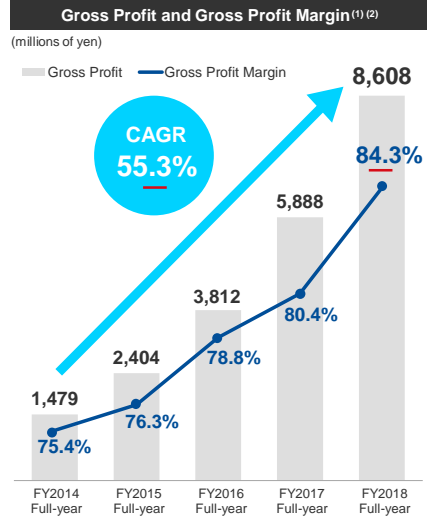
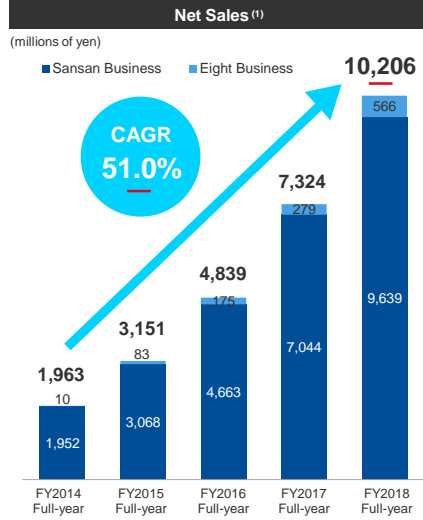
Sixth TV commercial title:
We know the customer 2018, "Our boss missed an opportunity again"

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 71st Dentsu Advertising Awards

Business Performance (FY2014 to FY2018)

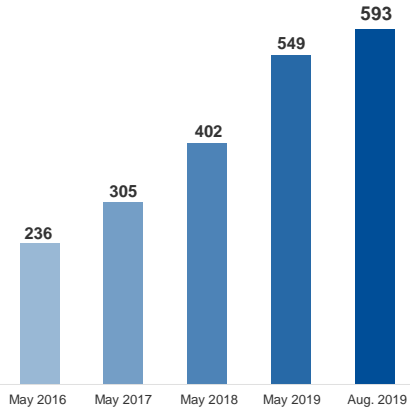


(1) Results for FY2015 and before are unaudited
 (2) Business card entry costs in the Eight Business are recorded in SG&A

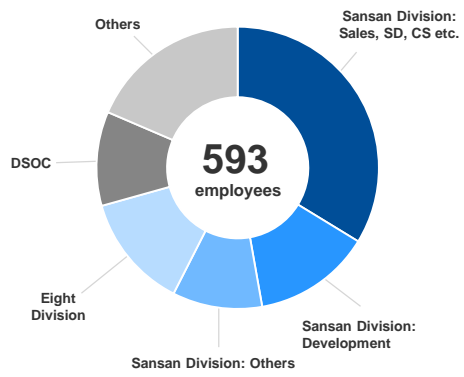
About Employees

Number of Employees ⁽¹⁾

(persons)



Breakdown by Organization ⁽²⁾




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

Company Overview

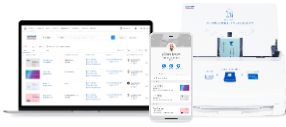
Company Name	Sansan, Inc.
Foundation	June 11, 2007
Head Office	Aoyama Oval Building 13F, 5-52-2 Jingumae, Shibuya-ku, Tokyo
Other locations	Branch offices: Osaka, Nagoya, Fukuoka Satellite offices: Kamiyama Lab (Tokushima), Sansan Innovation Lab (Kyoto), Nagaoka Lab, Sapporo Lab
Subsidiaries	Sansan Global PTE. LTD. (Singapore) Sansan Corporation (United States)
CEO	Chika Terada
Number of Employees	593 (As of August 31, 2019)
Capital	¥6,234 million
Net Sales	¥10,206 million (FY2018)
Classification by Type of Shareholder	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	<ul style="list-style-type: none">• Business card information not shared within the office• Insufficient internal communication• Not aware of the value of business card information
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Basic features of "Sansan"

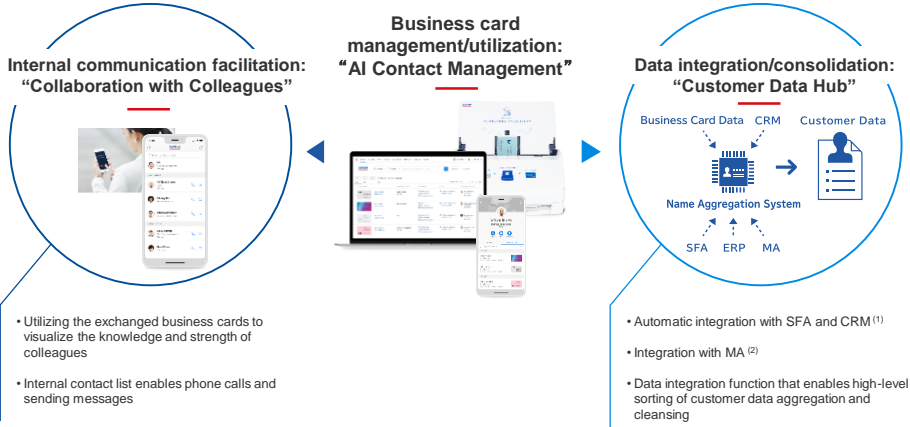
Business card management/utilization "AI Contact Management" Digitizes business card data with 99.9% accuracy 	<p>Major features</p> <ul style="list-style-type: none">Contact management<ul style="list-style-type: none">• Business card search• Business card sharing• Smartphone app• Person profileCustomer management<ul style="list-style-type: none">• News feed• Company search• Organizational tree• E-mail delivery
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 User benefits	Productivity Streamlined operations Cost reduction Creation of business opportunities
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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



(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 ⁽¹⁾

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

Recovery of costs

At the start of the contract

At the start of the contract

At the start or renewal of the contract

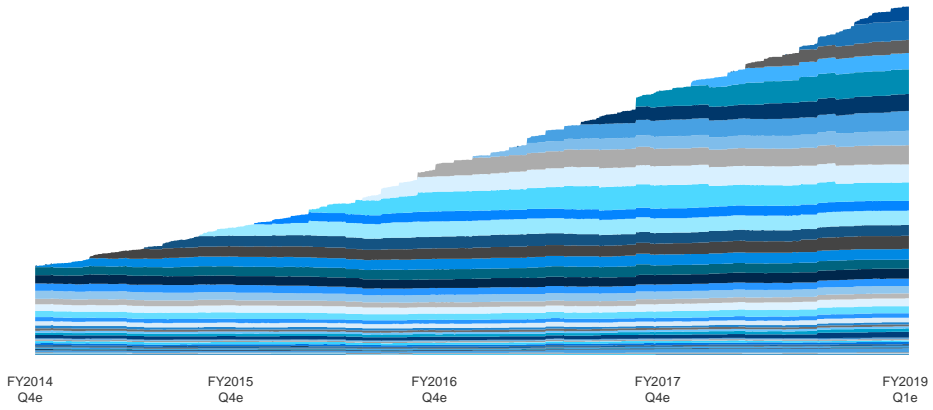
At the start or renewal of the contract

(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 ⁽¹⁾

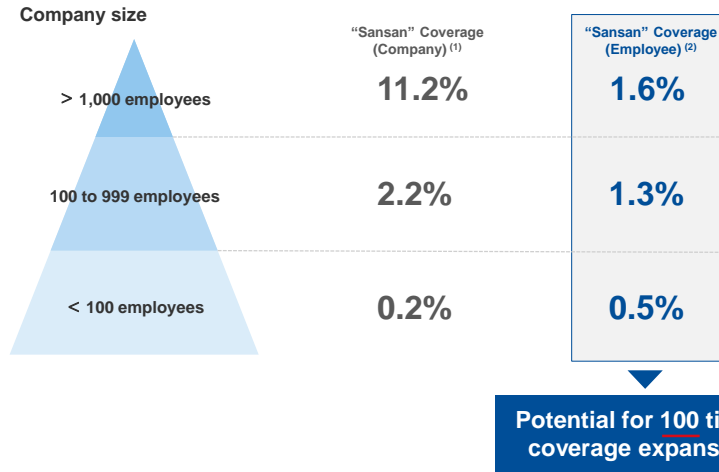
"Sansan" Revenue Stack-up: Accumulation of Net Sales by Service-in Timing ⁽²⁾



⁽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

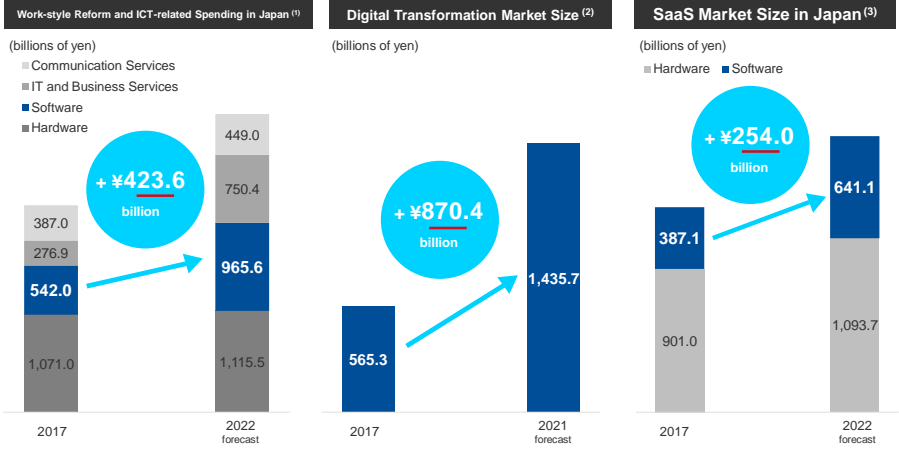
The number of users within current customers is limited, and there is room for 100 times more coverage expansion



(1) “Sansan” coverage is calculated with the number of subscription and total number of Ds 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

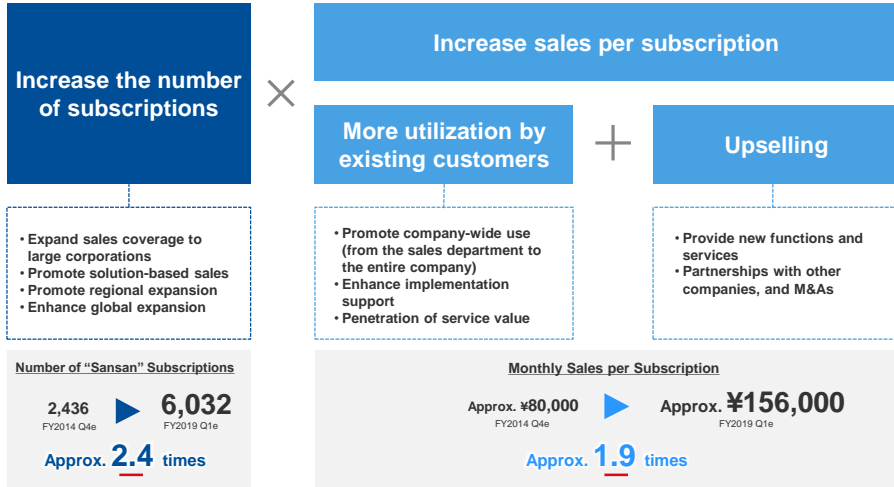
The work-style reform and digital transformation is boosting the need for cloud-based contact management



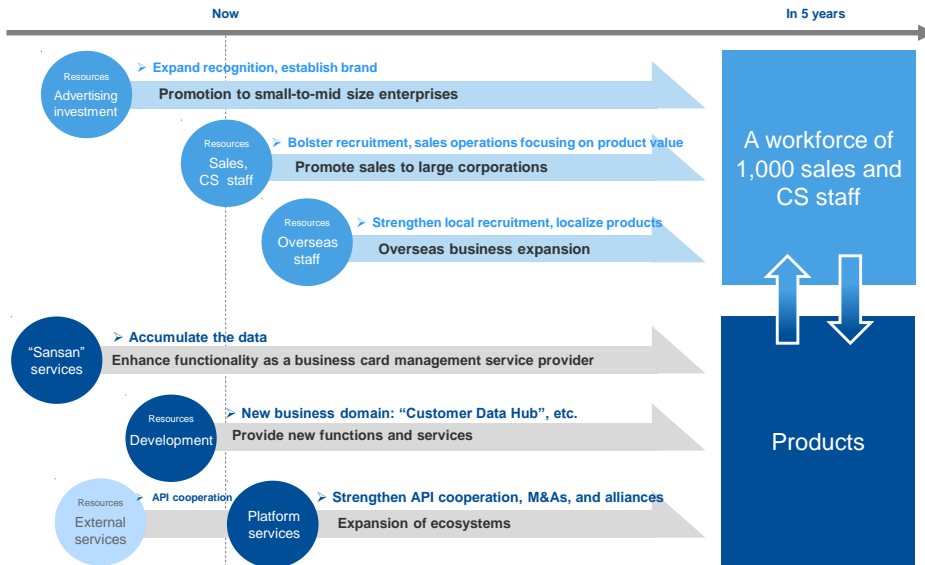
(1) Based on "2018 to 2022 Outlook of Work-style Reform and ICT-related Spending in Japan: by Hardware, Software, IT and Business Services, Communication Services" by IDC Japan (December 2018)
 (2) Based on "2018 Outlook of the Digital Transformation Market" by Fuji Chimera Research Institute
 (3) Based 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

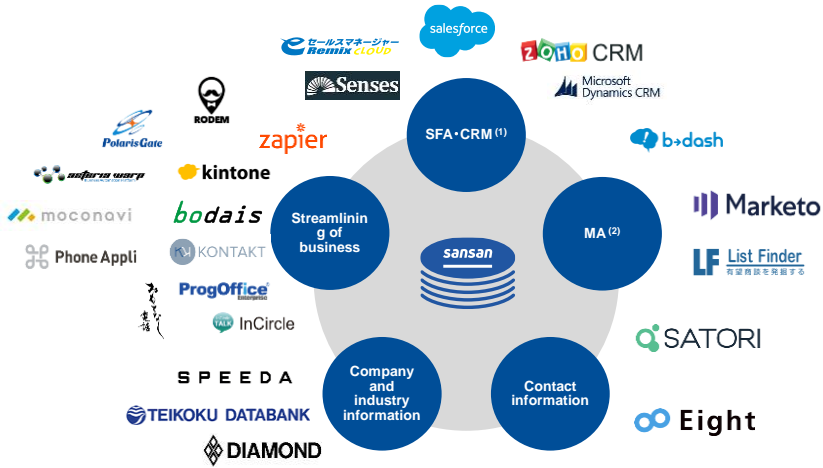


Roadmap for the Medium- to Long-term Strategy



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

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