



# **Presentation Material for FY2018 Financial Results**

July 12, 2019  
Sansan, Inc.

Thank you for joining our first briefing since our listing last month (June).

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First, we'll give an overview of our company, before going onto fiscal 2018 results and future plans and forecasts.

**1 Sansan Group Overview**

**2 FY2018 Financial Results**

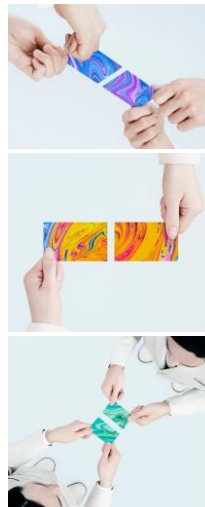
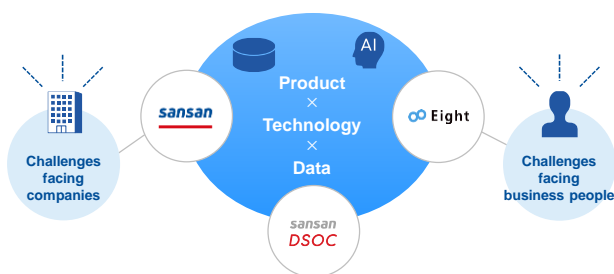
**3 Growth Strategies**

**4 FY2019 Forecasts**

## Mission

# Turning Encounters into Innovation

Business Platform to Challenge the World



Our company's mission is "Turning Encounters into Innovation."

Our services combine products, technology, and data to offer solutions to help resolve various issues related to contact management, for both corporations and business people.

Our two main services are the "Sansan" B2B service bearing the same name as our company, and the "Eight" B2C service.

We also have our Data Strategy & Operation Center (DSOC) which handles the digitization of business card information in addition to conducting various R&D activities.

## The Unique Value of Business Cards

- Business cards are exchanged when people meet for the first time
- Business cards contain accurate and valuable information representing the holder, such as name, company or organization, job title, and contact information
- Exchanging business cards itself is also a valuable source of information; with whom, for what purpose, and when
- Business cards are still paper-based even now in the 21st century and utilization of business cards have much room to improve business efficiency and effectiveness



So, we do we focus on business cards?

We believe business cards have unique and hidden value.

Business cards are almost always exchanged when business people meet for the first time.

They have accurate information representing that person's name, company or organization, title, and contact information.

Moreover, there is also value in recording business card exchanges themselves.

Since business cards are still paper-based and little progress has been made in their digitalization, we believe that much room remains for improvements in business efficiency and effectiveness.

1 Sansan Group Overview


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 **5,800** contracts 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 **2.4 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 users that downloaded the app and scanned their own business cards

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We have two main business segments.

The first is the Sansan B2B business.

“Sansan” is a contact management service for corporations with the concept of “Business Begins with Business Card Management.”

“Sansan” reached the No.1 position in the market with more than 5,800 contracts as of the end of May 2019 and a low monthly churn rate.

The second is the Eight B2C business.

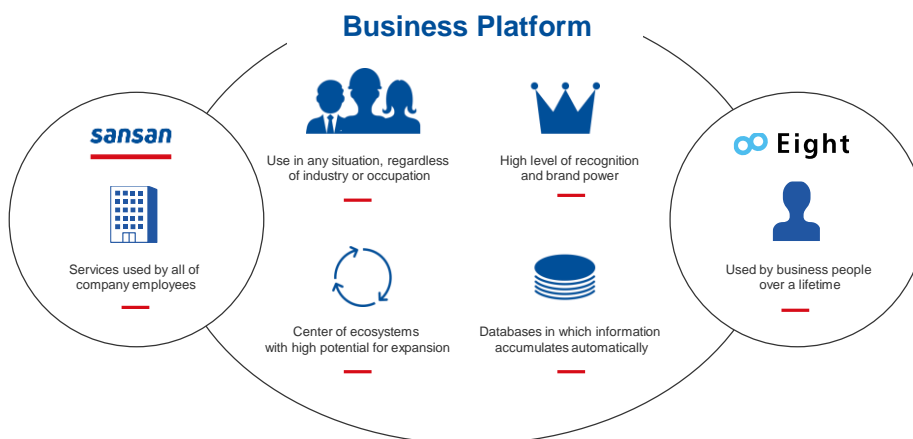
“Eight” is a business card application for individuals with the concept of “Business Social Networking Based on Business Card Information.”

“Eight” has more than 2.4 million users as of the end of May 2019 and holds the No.1 of active users in the Japanese business SNS market.

The two services offer different features, but both enable users to make the most of their business cards and contact networks.

## Features Characterizing the Business Platforms

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



Most people working in companies in Japan have business cards.

With that in mind, our Sansan service is designed to be used by basically all employees in a company, a rarity among such services.

Similarly, “Eight” is designed for lifetime use by business people, including across their own career changes.

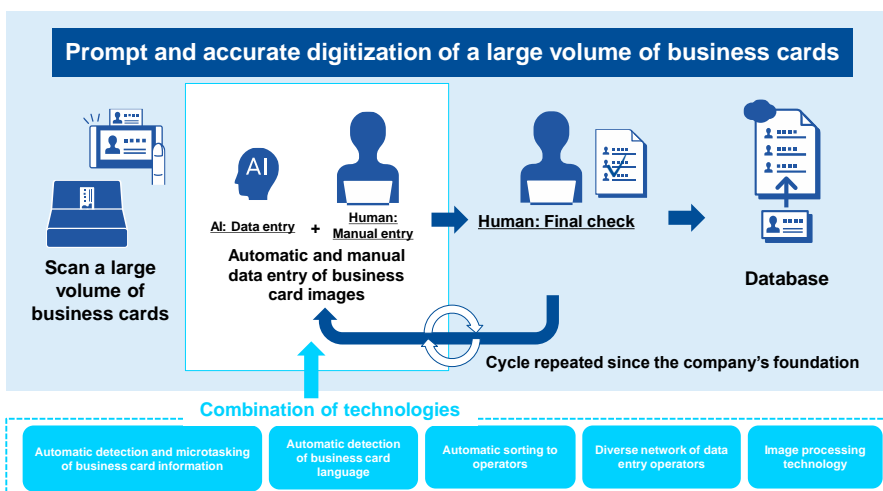
Moreover, as the two platforms respond to the basic business need for contact management, they are suitable for customers in all industries and occupations, and our business model enables customers to build up databases through automated information gathering.

They also have high extensibility, as they can be linked with functions of other services.

Thus, our platforms have great potential to become a key part of the business ecosystem, enabling various opportunities for medium- and long-term growth.



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



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With a contact management service, the accuracy of information (in our case business card digitization) is a fundamental element that determines the quality and competitiveness of the service.

“Sansan” offers 99.9% accuracy through a combination of technologies such as machine learning, and human power.

Since the company’s foundation, we have digitized huge number of business cards mainly through manual data entry.

This experience enabled us to develop and run a unique system for accurately and efficiently digitizing a large volume of business cards with maximum accuracy and minimum cost.

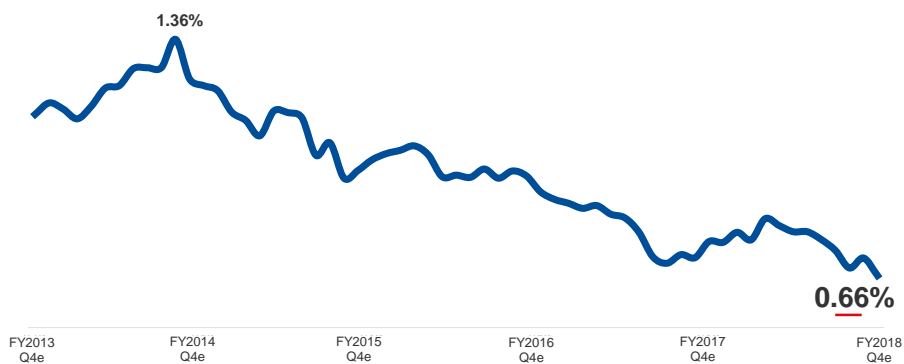
This technological strength and unique structure are the source of our competitiveness.



## Competitive Edge: Extremely Low Churn Rate Functions as High Entry Barrier

**The autonomous storage of information, which increases the database's value, and the high switching cost strengthen its competitive advantage**

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

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The average monthly churn rate for the last twelve months is a very low 0.66%.

We believe that the service value and high switching cost functions as a high entry barrier for competitors.

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So that was an overview of our group.

Now, We'll go over the results for fiscal 2018.

## Highlights

- **Consolidated sales increased by 39.3% as high growth continues**

Sansan Business growth 36.8%, Eight Business growth 102.8%

- **Consolidated operating loss reduced to 849 million yen due to Sansan Business growth and Eight Business monetization**

Reduced by 2,211 million yen from last year, and improved to a level where an operating profit can be expected in FY2019

- **Personnel hiring, one of our measures for achieving net sales growth in the medium- to long-term, is progressing**

The number of employees increased by 147 to 549, mainly in the Sansan Business' sales department

First, three key highlights.

Most importantly, our consistent strong net sales growth continued, as our overall net sales grew by 39.3% over last year.

Operating loss was significantly reduced, thanks to further growth of the Sansan Business, and successful start to monetization of the Eight Business.

Personnel hiring, focused on the Sansan Business' sales department, is progressing well, expanding by 147 to 549 employees in total.

## Consolidated Financial Results

**Strong net sales growth has continued, and operating loss has substantially decreased**

(in millions of yen)	FY2017	FY2018		
	Full-year Results	Full-year Forecast (announced on June 19)	Full-year Results	YoY
<b>Consolidated Results</b>				
Net Sales	7,324	10,069	10,206	+39.3%
Gross Profit	5,888	—	8,608	+46.2%
Gross Profit Margin	80.4%	—	84.3%	+3.9pt
Operating Profit	-3,061	-938	-849	—
Ordinary Profit	-3,077	-976	-891	—
Profit Attributable to Owners of Parent	-3,085	-988	-945	—

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

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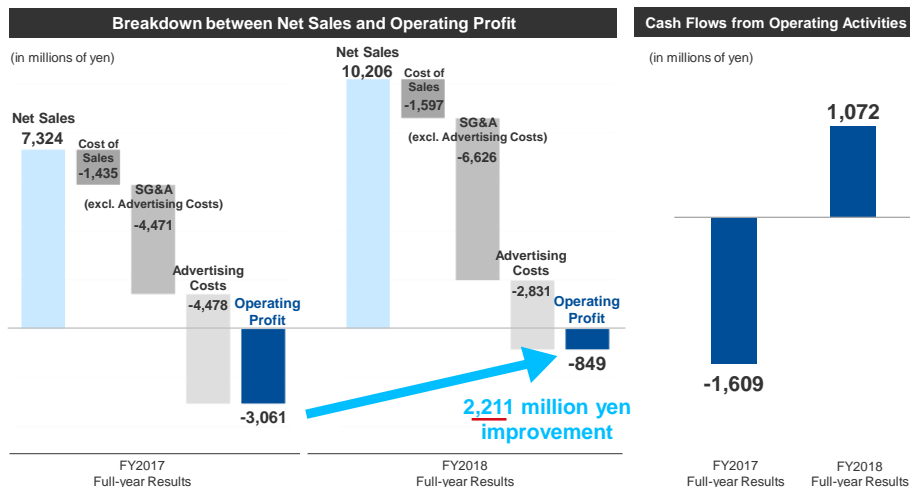
Here's an overview of our consolidated figures.

Each exceeded the full-year forecast announced on June 19, 2019.

Net sales increased by 39.3% over last year to 10,206 million yen, and operating loss has been significantly reduced.

## Consolidated Operating Profit and Cash Flows from Operating Activities

**Higher net sales and lower advertising expenditure help reduce operating loss**  
**Cash flow from operating activities turned positive**



This is a breakdown between net sales and operating profit.

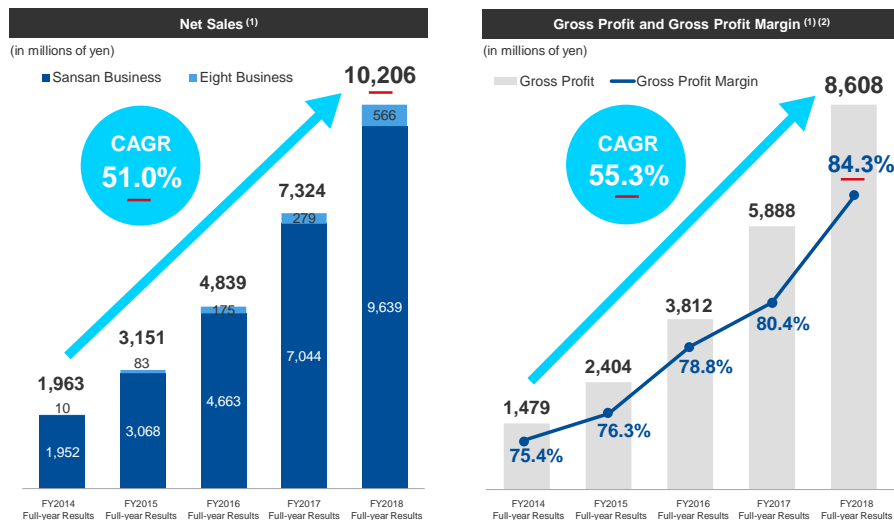
Operating loss decreased substantially, mainly due to a combination of decreasing advertising expenses and strong net sales growth.

With regard to advertising expenses, the Sansan Business continues to invest in advertising, but the Eight Business' advertising expenditure has dramatically decreased.

In fiscal 2017, a significant amount was invested into an Eight advertising campaign, whereas in fiscal 2018 the emphasis has been on Eight's monetization.

In addition, cash flow from operating activities turned positive in fiscal 2018.

## Business Performance



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Here you can see our business performance for the last few years.

The bar chart on the left shows net sales.

Over the last few years, we have consistently seen over 50% CAGR.

As you can see on the right, profit and margin are both growing at a higher rate than net sales, due to reduced costs, especially relating to digitization of cards (one of our main cost of sales).

It should be mentioned that the Eight Business' digitization costs are included in SG&A expenses as they are less related to net sales.



## Results by Segment: Sansan Business

## Operating profit margin rises thanks to continued strong net sales growth

(in millions of yen)

Sansan Business	FY2017	FY2018	
	Full-year Results	Full-year Results	YoY
Net Sales	7,044	9,639	+36.8%
Operating Profit	1,437	2,909	+102.4%
Operating Profit Margin	20.4%	30.2%	+9.7pt
Number of Subscriptions	5,147 subscriptions	5,823 subscriptions	+13.1%
Monthly Sales per Subscription <sup>(1)</sup>	Approx. ¥128,000	Approx. ¥156,000	+21.9%
Last 12 Months Average of Monthly Churn Rate <sup>(2)</sup>	0.76%	0.66%	-0.1pt
Number of Employees	244 persons	309 persons	+65 persons

<sup>(1)</sup> Results for the last month of Q4 (unaudited)<sup>(2)</sup> Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts

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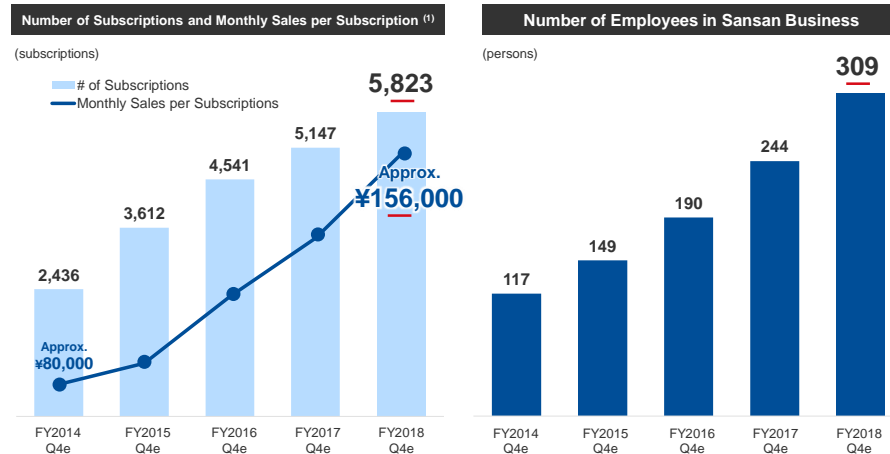
Here are the detailed results by segment.

First of all, in the Sansan Business, net sales increased by 36.8% compared to the same period last year, up to 9,639 million yen.

Operating profit increased by 102.4% to 2,909 million yen, as the profit margin significantly increased.

## Results by Segment: Key Indicators for Sansan Business

**Number of contracts and sales per contract are growing consistently,  
as are personnel numbers**



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The number of contracts for “Sansan” increased 13.1% to 5,823, and average monthly sales per contract increased 21.9% to approximately 156,000 yen.

In addition, the number of employees in the Sansan Business as a whole was 309, an increase of 65, as a result of aggressively promoting recruitment during the second half, mainly in the sales department.

## Results by Segment: Eight Business

**Net sales more than doubled thanks to strengthening monetization**

**Operating loss reduced significantly**

(in millions of yen)	FY2017	FY2018	
	Full-year Results	Full-year Results	YoY
<b>Eight Business</b>			
Net Sales	279	566	+102.8%
Operating Profit	-2,964	-1,212	—
Operating Profit Margin	—	—	—
Number of Eight Users <sup>(1)</sup>	2.14 million people	2.44 million people	+0.3 million people

(1) Number of users that downloaded the application and scanned their own business cards

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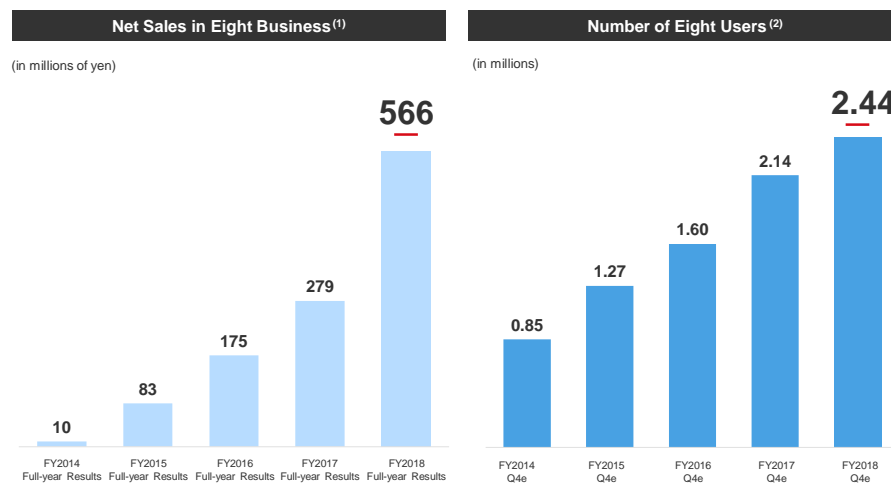
Next is the Eight Business.

Thanks to a strong effort to monetize, including through development of new services, net sales increased 566 million yen, a year-on-year growth of 102.8%.

Also, as mentioned before, operating loss was reduced significantly during fiscal 2018 as advertising expenses decreased compared to fiscal 2017.

## Results by Segment: Key Indicators for Eight Business

## Continued expansion of net sales and number of Eight users

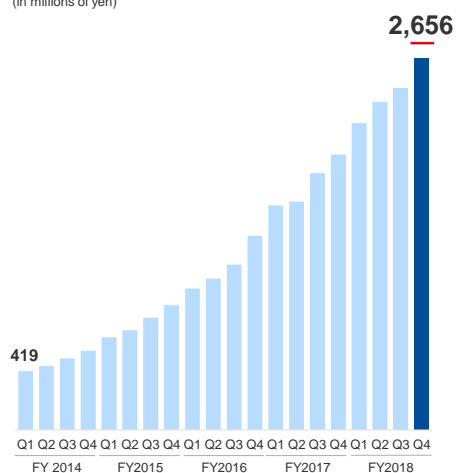


The graph on the right shows the growth in the number of Eight users, with an increase of 300,000 over last year to 2.44 million.

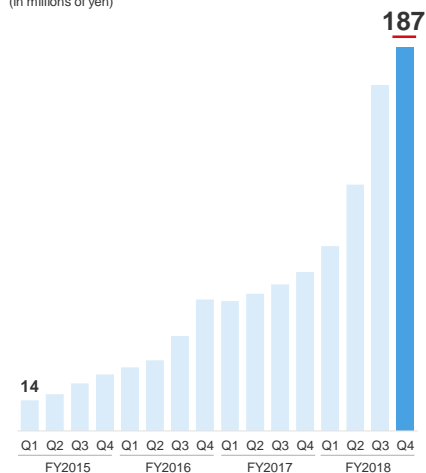
## Results by Segment: Quarterly Business Performance

Net Sales in Sansan Business <sup>(1)</sup>

(in millions of yen)

Net Sales in Eight Business <sup>(1)</sup>

(in millions of yen)



(1) Results for FY2017 and before are unaudited

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Here you can see net sales of both Sansan and Eight Businesses, displayed by quarter.

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

On the other hand, due to the impact of the timing of investments such as advertising expenses, profits tend to be higher in the first quarter of each year.

Please refer to “Supplemental Financial Data for FY2018” for details of profit figures etc, which are disclosed separately.

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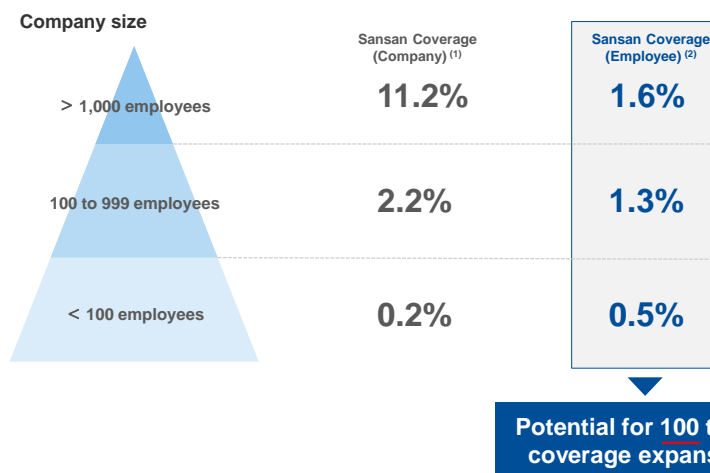
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Next, growth strategies.

## Sansan Business: 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.

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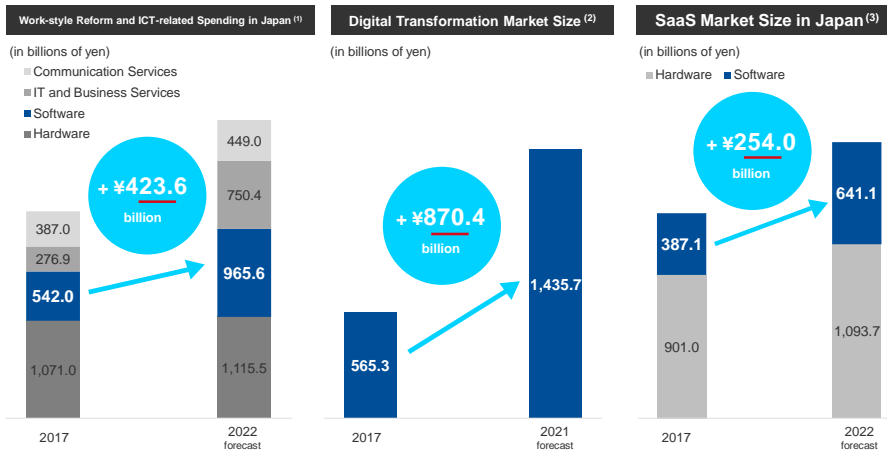
We said that Sansan’s market share has already reached 81.9%, but there is still much room to increase coverage.

For instance, the proportion of Sansan users to all employees working in Japan is about 1%, meaning we theoretically have only fulfilled 1% of our potential, and have the capacity for 100 times growth.

Of course that is only theoretical, but we believe that at least 10 to 20 times growth is realistic.

## Sansan Business: 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 Chimeira Research Institute  
 (3) Based on "2018 New Software Business Markets" by Fuji Chimeira Research Institute

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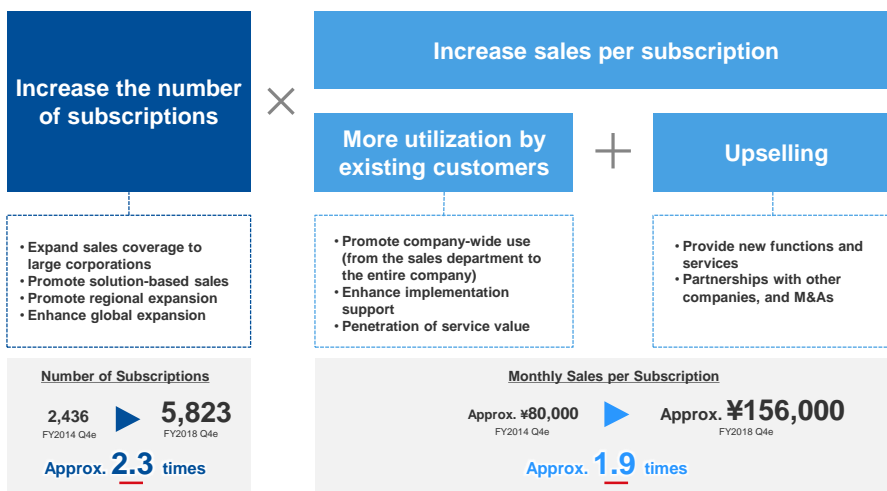
In addition, we anticipate that acceleration of work-style reform and digital transformation will boost needs for cloud-based contact management.

We aim to leverage these trends to achieve high growth for our business.



## Sansan Business: Strategy for Continuous Growth in Net Sales

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



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This explains Sansan's growth strategy in detail.

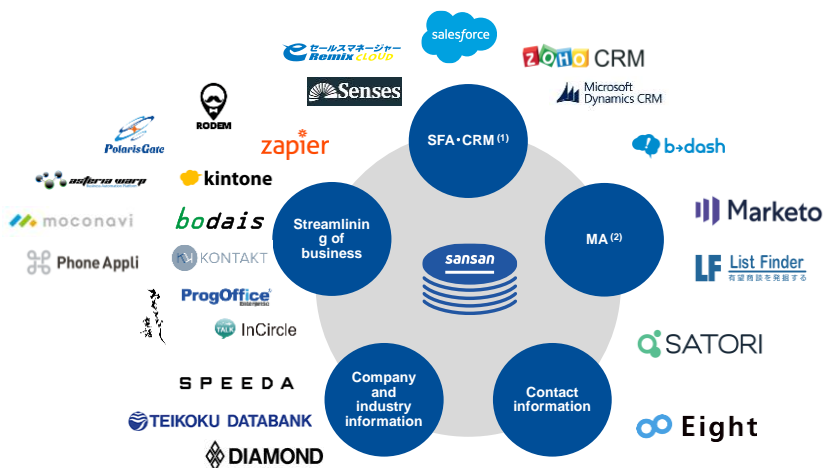
We think that an increase in both the number of subscriptions and sales per subscription are required.

To increase the number of subscriptions, we will expand selling and widely promote sales activities through our offices in Japan and overseas.

At the same time, we will strive to win contracts with large corporations and promote the selling of new value-added services to increase sales per subscription.

## Sansan Business: Improving the Value of Business Platform

Enhance data connection with various services indispensable in business



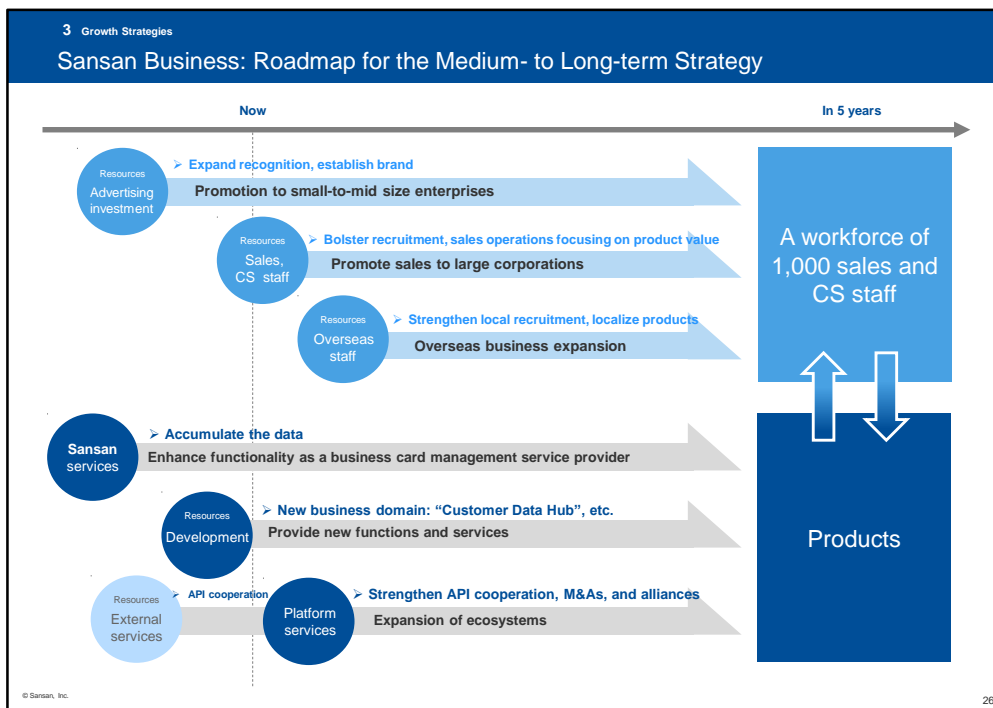
(1) SFA: Sales force automation, CRM: Customer relationship management  
(2) MA: Marketing automation

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In addition, we will accelerate integration between “Sansan” and SFA and CRM, marketing automation, ERP tools, etc. by utilization of Open API.

In the future, we intend to strengthen these developments and expand the functions on “Sansan” by utilizing various options such as M&A, alliance, and aim to improve the value as a business platform.



Thus far, we have made efforts to strengthen our advertising activities, enhance the level of recognition of our services, and establish our brands.

Our core customer base has been small and medium-sized companies.

Going forward, we will continue these business activities, but at the same time, we will focus on enhancing our sales structure in order to increase large customers and promote overseas expansion.

Furthermore, from the perspective of products, we will strive to expand our services not only via the Company's platforms but also in new domains by leveraging M&A and business alliances.

While generating synergistic effects between sales structure and our products, we will continue to realize growth over the medium to long term.

## Eight Business: 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 Premium for Corporations”	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

As for “Eight”, in addition to the ¥ 480 “Eight Premium” plan for individual users, there are various paid services for corporate customers.

By strengthening monetization measures on the B2B side, including the development of new services, we will aim for profitability of the Eight Business in the near future.

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Finally, our consolidated financial forecasts for fiscal 2019.

## Consolidated Financial Forecasts

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

(in millions of yen)

Consolidated Forecasts	FY2018	FY2019	
	Full-year Results	Full-year Forecasts	YoY
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.

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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 a profit.

We are also expecting profit attributable to owners of parent to be profitable although no figures have been disclosed as it is difficult to refine at this time.

As mentioned at the time of listing, it is not a phase to maximize profits, but to prioritize growth in net sales.

Therefore, the profit figures are not necessarily important, and it is expected that they will be profitable at least for the full fiscal year.

That's the end of the presentation.


Thank you very much for your time.

# Appendix

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## 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**

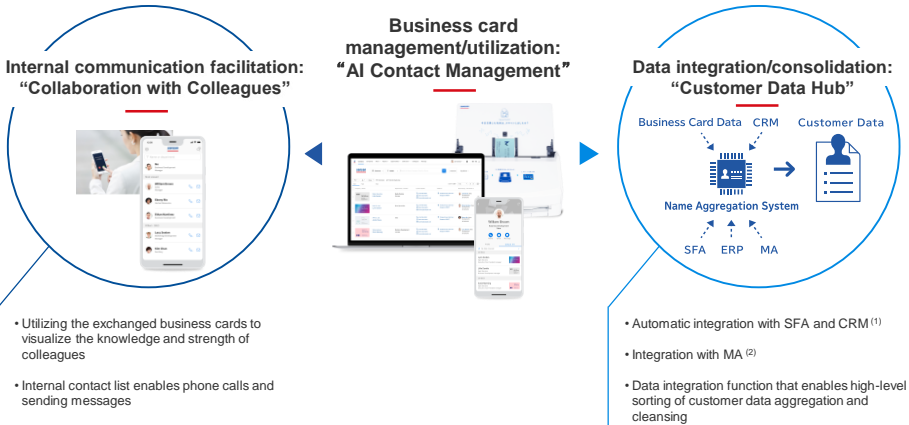
**Productivity   Streamlined operations   Cost reduction**  
**Creation of business opportunities**



## 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



<sup>(1)</sup> SFA: Sales force automation, CRM: Customer relationship management  
<sup>(2)</sup> Marketing automation

Basic Service Plan for “Sansan”

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

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

Recovery of costs

At the start of the contract

At the start of the contract

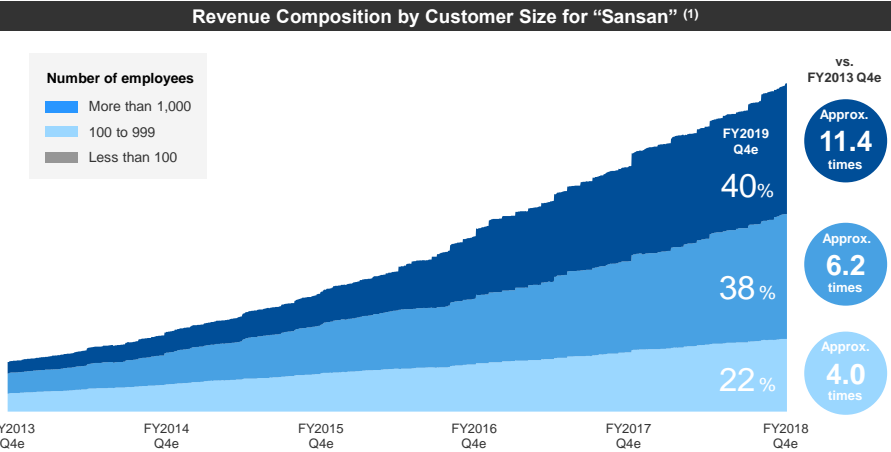
At the start or renewal of the contract

At the start or renewal of the contract

<sup>(1)</sup> Sansan also offers other options including security control, etc.  
<sup>(2)</sup> Assumes company-wide usage of Sansan service

Revenue Composition by Customer Size for “Sansan”

For the past five year, the growth has been especially boosted by large corporations bringing in high per-subscription revenue

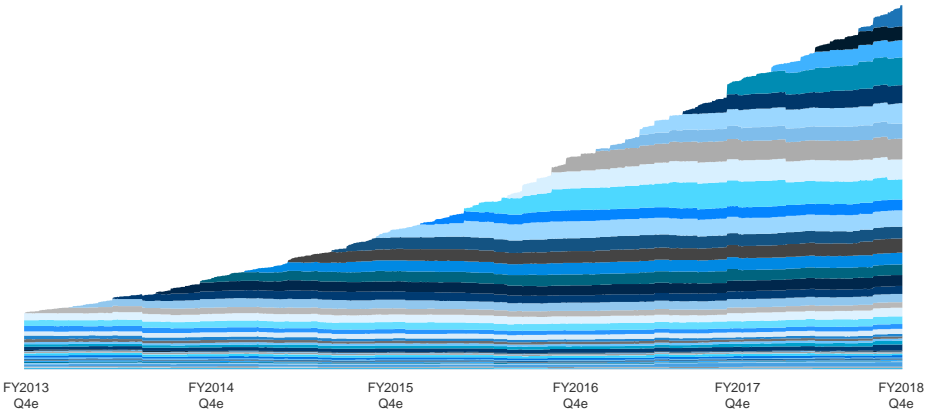


(1) Created based on monthly Sansan charge (unaudited)

“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>



<sup>(1)</sup> Status where increase of revenue generated by the existing subscriptions is greater than revenue reduced as a consequence of cancellation

<sup>(2)</sup> Created based on monthly Sansan license charge (unaudited)

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 Business

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 Premium for Corporations"

Ad. delivery: "Eight Ads"

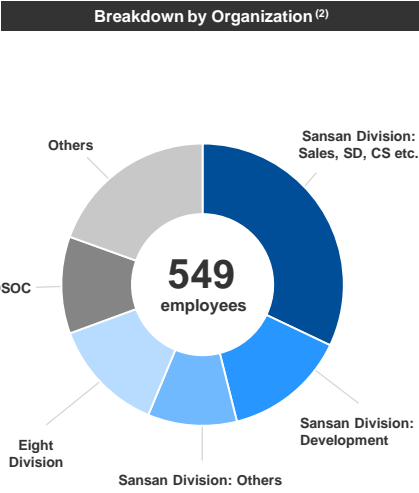
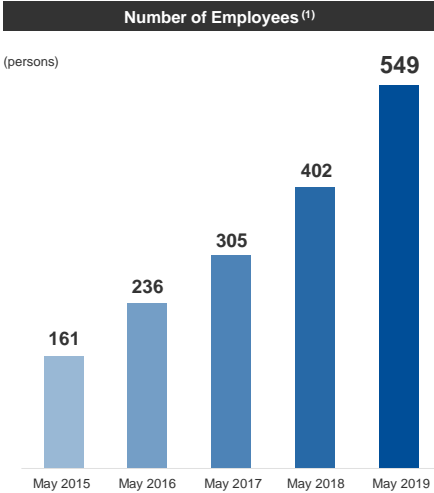
Business events: "Meets"

Recruiting platform: "Eight Career Design"

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	<b>Branch offices:</b> Osaka, Nagoya <b>Satellite offices:</b> 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	549 (As of May 31, 2019)
Capital	¥3,864 million (As of June 19, 2019)
Net Sales	10,206 million (FY2018)

About Employees



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

***sansan***