

## **Presentation Material for FY2019 Q4**

Sansan, Inc.  
July 14, 2020

Thank you for joining our conference call today.

I am Terada and I am the CEO of Sansan, Inc.

## Disclaimer

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Sansan Group Overview / Sansan Business / Eight Business)

Now, I would like to explain the full-year initiatives and results and the growth strategies and so on.

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First, I'll explain the impact of COVID-19 outbreak and main initiatives.

<sup>1</sup> Regarding Novel Coronavirus (COVID-19)

## Impact of COVID-19 Outbreak and Main Initiatives

Despite a certain degree of negative impact, the effect on financial results for the fiscal year ended May 31, 2020, was within the expected range. It is assumed that the uncertain business environment will continue at least into the first half of the fiscal year ending May 31, 2021.

	Up to and including FY2019 Q4 (Up to May 2020)	From FY2020 (From June 2020 onward)
<b>Social Conditions</b>	<ul style="list-style-type: none"> <li>- State of emergency declaration issued</li> <li>- Exercising of self-restraint on going out and remote working accelerate</li> </ul>	<ul style="list-style-type: none"> <li>- State of emergency declaration lifted</li> <li>- Work styles based on remote working</li> <li>- Growing need for online business card exchanges</li> </ul>
<b>Sansan Group</b>	<ul style="list-style-type: none"> <li>- Work style/environment improvements for telecommuting</li> <li>- Partial review of investment plan <sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>- Partial review of recruitment plan</li> </ul>
<b>Sansan Business</b>	<ul style="list-style-type: none"> <li>- Slowed pace of gaining new subscriptions <sup>(1)</sup></li> <li>- Reduction in gaining of leads due to cancellation of offline attracting event <sup>(1)</sup></li> <li>- Shifting of sales resources to expand utilization by existing customers</li> </ul>	<ul style="list-style-type: none"> <li>- "Virtual Cards" function newly installed</li> </ul>
<b>Eight Business</b>	<ul style="list-style-type: none"> <li>- Holding of "Meets" offline business event cancelled <sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>- Negative impact on "Eight Career Design" due to slowdown in personnel recruitment activities</li> <li>- Promotion of "Virtual Cards" utilization</li> </ul>

<sup>(1)</sup> Impacts and initiatives expected to continue from June 2020 onward

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First of all, the negative impact on the financial results for FY2019, was within the expected range.

In the Sansan Business, there was negative impact to a certain degree on the gaining of new subscriptions due to factors such as corporate investment behavior and the mindset becoming progressively more cautious.

We were also unable to hold events to attract customers, which had previously been held offline, so the number of leads that resulted in the gaining of new subscriptions and in the number of business negotiations decreased.

In the Eight Business, we canceled the holding of offline business events such as "Meets."

In response to these circumstances, we implemented appropriate cost controls, such as reviewing some investment plans throughout the Company.

In FY2020, although it is difficult to make a reasonable estimate of when things will return to normal following the effects of the COVID-19 outbreak, the uncertain business environment is expected to continue for the time being. At least from FY2020 Q1 to Q2, we are assuming that certain negative impacts will continue to occur in both the Sansan Business and Eight Business, as was explained earlier.

1 Regarding Novel Coronavirus (COVID-19)

### Year-on-year comparison of weekly numbers of business cards digitized (March through June 2020)

**Despite the decrease in the number of business cards digitized from the time COVID-19 infections began to spread, the number recovered following the lifting of the state of emergency declaration in June.**

Year-on-year Comparison of Weekly Numbers of Business Cards Digitized in "Sansan"



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For your reference, we would like to introduce trends in the number of business cards being digitized in the B2B cloud-based business card management service "Sansan."

In accordance with the declaration of a state of emergency to prevent the spread of COVID-19 infections, each company promoted remote work, which resulted in a significant drop in the number of business cards being digitized.

Despite having decreased by 65.1% in the week commencing May 11, there was a recovering trend in the number of business cards being digitized from the week commencing June 1, after the lifting of the state of emergency declaration.

Although making a reasonable estimate presents difficulties, it is thought unlikely that the situation will get much worse from that in April and May, when the state of emergency declaration was in place.

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Next, I'll explain the highlights of FY2019 results.

## Highlights of Full-year Results

- **Net Sales +30.9%, High growth has continued**

Sansan Business +27.4%, Eight Business +90.3%

- **Achievement of profit in multi-step profit or loss**

Operating profit increased by 1,607 million yen year-on-year to 757 million yen

(Sansan Business +64.8%, Eight Business +318 million yen (decreased loss))

Ordinary profit and profit attributable to owners of parent also in the black in the period under review

- **Accelerate measures to achieve medium- to long-term growth and new business development**

The number of employees increased by 164 compared with the same period of the previous year to 713, and personnel recruitment is progressing smoothly

Promotion of “Sansan Plus” business strategy in Sansan Business and installation of the new “Virtual cards” function

New business development of “Bill One” and “Contract One,” which are horizontal developments of business card digitization technologies

I'll give three highlights.

The first point is the full-year net sales.

Net sales continued to grow at a high level of 30.9% year-on-year due to increased sales in the Sansan and Eight Businesses.

The second point is the achievement of profitability in multi-step profit or loss.

We achieved profitability in each stage under consolidated operating income by increasing profits in the Sansan Business and reducing deficit in the Eight Business.

The third point is our efforts toward achieving medium- to long-term growth.

First, with regard to the recruitment of personnel, as of May 31, 2020, the number of employees had steadily progressed to 713, which was 164 more people than on that date in the previous year.

In the Sansan Business, there had been promotion of the “Sansan Plus” business strategy designed to enhance the value of “Sansan” as a business platform, and the new “Virtual Cards” function has been installed to support the new ways of working. We also launched “Bill One” and “Contract One,” which are horizontal developments of our business card digitization technologies, as new businesses.



## Overview of Consolidated Financial Results

### Net Sales +30.9%, High growth has continued Achievement of profit in multi-step profit or loss

(millions of yen) Consolidated Results	FY2018	FY2019	
	Full-year Results	Full-year Results	YoY
Net Sales	10,206	13,362	+30.9%
Gross Profit <sup>(1)</sup>	8,608	11,541	+34.1%
Gross Profit Margin <sup>(1)</sup>	84.3%	86.4%	+2.1pt
Operating Profit	-849	757	—
Operating Profit Margin	—	5.7%	—
Ordinary Profit	-891	435	—
Profit Attributable to Owners of Parent	-945	339	—
EPS	-40.42 yen	10.98 yen	

<sup>(1)</sup> 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 for Full-year results.

Net sales increased by 30.9% compared to the same period last year, up to ¥13,362 million.

Operating profit increased ¥1,607 million to ¥757 million compared to the same period last year, and ordinary profit increased ¥1,327 million to ¥435 million.

In addition, profit attributable to owners of parent increased ¥1,285 million year on year to ¥339 million, achieving profitability in all stages of profit and loss.

## Results by Segment

**Net sales and operating profit (decreased loss) increased in both Sansan and Eight Businesses**

(millions of yen)	FY2018	FY2019	
	Full-year Results	Full-year Results	YoY
<b>Net Sales</b>			
Consolidated	10,206	13,362	+30.9%
Sansan Business	9,639	12,284	+27.4%
Eight Business	566	1,078	+90.3%
<b>Operating Profit</b>			
Consolidated	-849	757	—
Sansan Business	2,909	4,794	+64.8%
Eight Business	-1,212	-894	—
Adjustments	-2,546	-3,142	—

Here are the detailed results by segment.

In the Sansan Business, net sales increased by 27.4% compared to the same period last year, up to ¥12,284 million and operating profit increased by 64.8% to ¥4,794 million.

Eight Business net sales increased 90.3% compared with the same period in the previous year to ¥1,078 million, and the operating loss decreased by ¥318 million to ¥894 million.

With regard to the adjustment amount, the negative amount increased by ¥596 million.

This was due to the increases in personnel costs, recruiting expenses and rents due to the strengthening of personnel throughout the company.

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Next, I'll explain our growth strategies.

## Our Mission and the Surrounding Business Environment

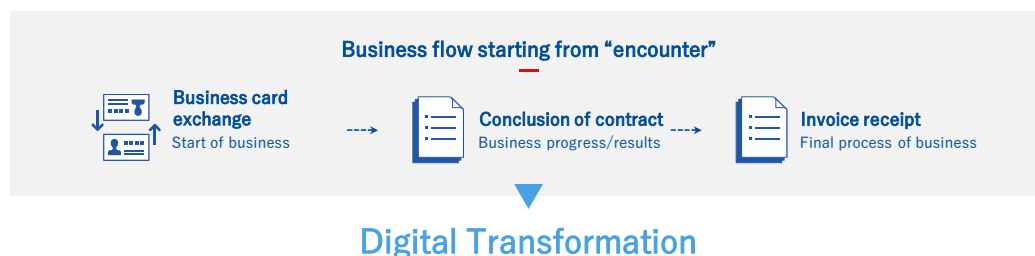
**Confront the business “encounters” and work to gain access to a variety of adjacent business opportunities**

**In post-COVID-19 society, Digital Transformation (DX) will rapidly accelerate**

### Mission

## Turning encounters into innovation

Our world is built on encounters; they are the very basis of society. We believe they bring innovation, which in turn leads to new ways of working and doing business. By developing innovative products, we change how people value their encounters, and even change how those encounters take place.



First, I would like to reiterate our mission.

Our mission is “turning encounters into innovation.” This encompasses thoughts of “creating new encounters that lead to innovation,” “bringing about innovation to business challenges with the power of encounters,” and “encounters that begin with a business card, even changing the way those encounters take place.”

If you consider the current business environment, the society that assumes the presence of COVID-19 has become commonplace. We believe that there will be even greater demand for responses to the new business environments—a variety of work-styles, including remote work, new business environments, such as non-face-to-face meetings and online sales activities—and behavioral changes to drastically improve labor productivity and efficiency.

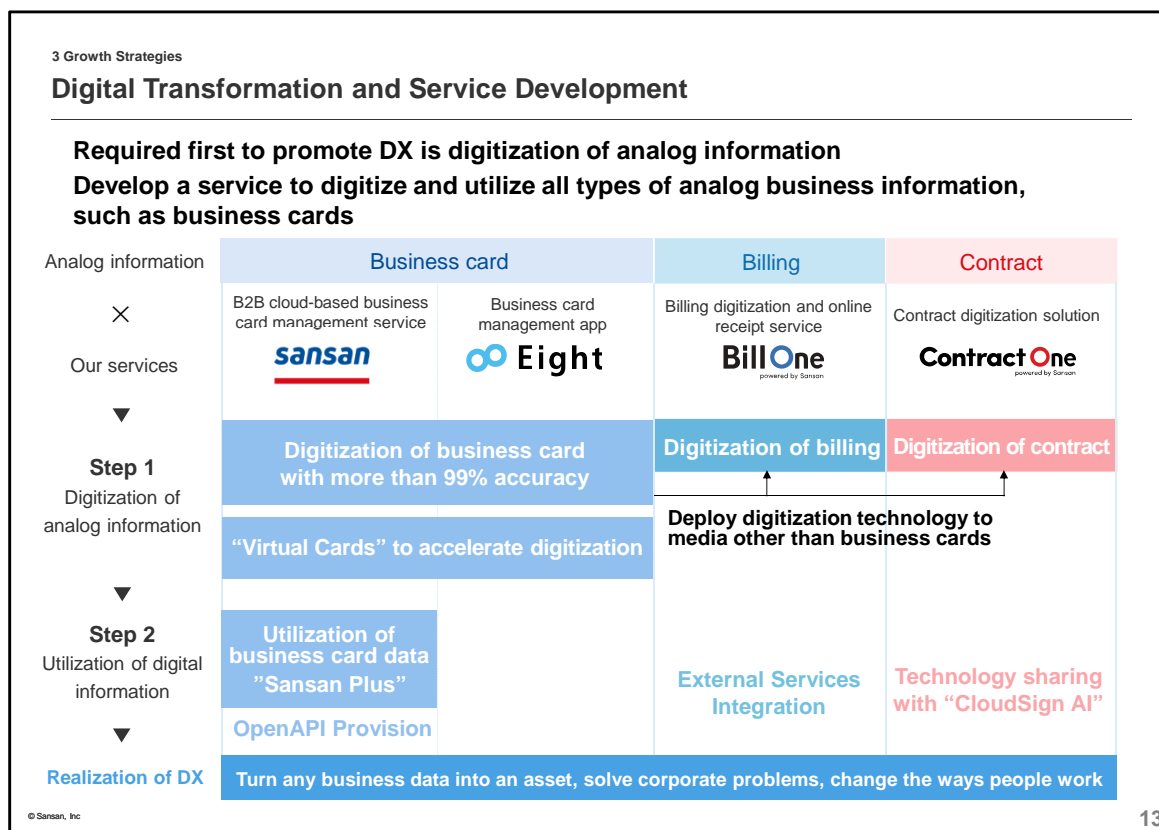
In returning to our mission, what we can do as our mission, and what should we be doing?

There is, for example, deploying the strengths that we have cultivated up to now by facing “encounters” in adjacent business fields. We believe that it is about innovating and changing the way the “encounter” itself ought to be with “Virtual Cards.”

Specifically, we are confronting business fields that stem from “encounters,” starting with business cards that are the “encounters” of business and then including the contracts that are generated from the results of progress made in business activities

and, in the final form, the invoices raised by companies.

In these fields we would like to make a contribution to corporate DX promotion.



Although from a market forecast created before COVID-19, the Japanese DX market in 2021 is expected to increase by ¥870.4 billion in comparison with 2017 to ¥1,435.7 billion. It is easy for anyone to imagine that DX will accelerate even further post COVID-19.

So what do companies need to do first to promote DX? They need to digitize analog information. To utilize digitized information and improve productivity—that is, to promote DX—it is first of all important to create the situation in which existing analog information and various types of business information that has been accumulated can be utilized.

Since our founding, we have been working on converting paper business cards into data and have created more than 99% accuracy of data conversion technology, which is unrivaled by competing companies.

As a result, "Sansan" has grown to a service that possesses a market share of 82.8%, but to further accelerate digitization—and in consideration of the current environment—we have introduced the "Virtual Cards" function.

We are promoting the "Sansan Plus" strategy to enhance the value of "Sansan" as a business platform by adding various functions that promote data utilization on "Sansan."

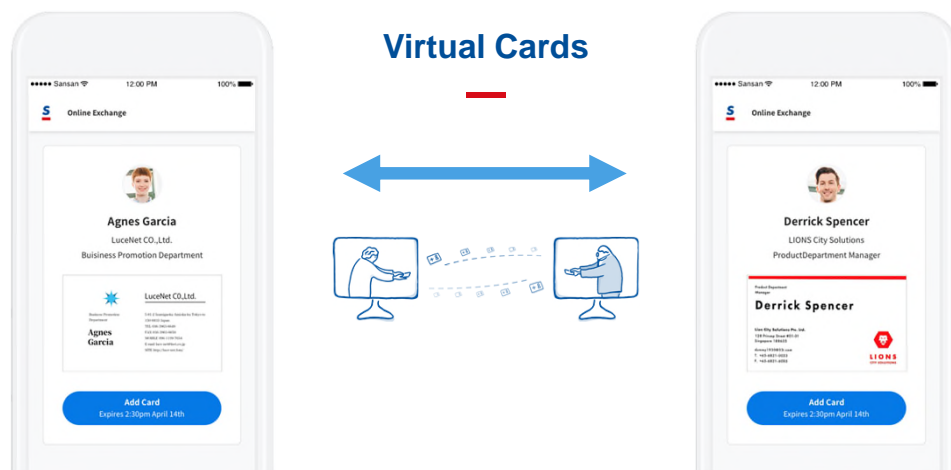
Next, the new businesses that utilize the accurate business card digitization technology cultivated with "Sansan" and "Eight" for media other than business cards, the "Bill One" billing digitization and online receipt service and the "Contract One"

contract digitization solution, have been newly launched.

While realizing corporate DX, we would like these service solutions to be the drivers of medium- to long-term business growth.

## “Virtual Cards” to Realize New Work Styles

Launching “Virtual Cards” function in June 2020 to realize new work styles



I will now explain the individual content in order.

First, let me touch on the “Virtual Cards” function that we started to provide as a specific Sansan Business initiative in June 2020.

As concluded from a report from a governmental panel of experts that is examining measures to combat the COVID-19 outbreak and also from a study of the situation from all industry groups, there is currently an increasing social need for online business card exchange as a new way of working to prevent the spread of infection in Japan over the long term.

The reason behind this is also to maintain social distancing, but with the expansion of remote working, there are situations arising in which the obtaining of contact information that is of primary importance for business cannot be smoothly completed.

The “Virtual Cards” function provided on “Sansan” is a function that enables people who do not use “Sansan” to receive and return business cards. “Eight” has already featured the capability to exchange business cards online, but this time we are planning to link with “Sansan.”

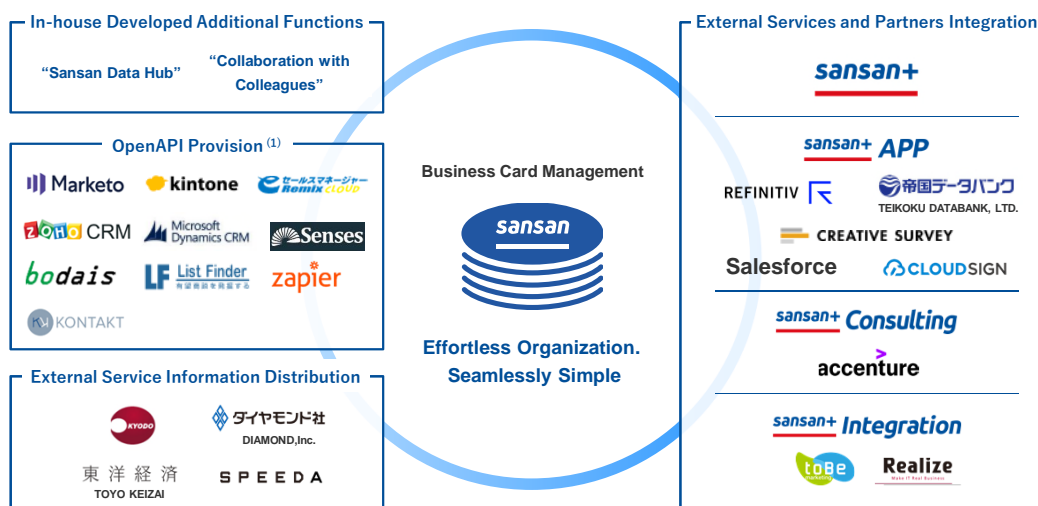
We believe that promoting the spread of these “Virtual Cards” functions will not only boost corporate activities but also expand the use of existing “Sansan” subscriptions, improve the continuation rate of use, and even lead to the winning of new subscriptions.



## Business Strategy “Sansan Plus”

By connecting various functions to “Sansan” with business card management function and customer information as entry points

Promoting data utilization, aiming to increase its value as a business platform



Next, I will provide an explanation of “Sansan Plus,” which will bring about the accelerated promotion of DX.

As a reference, this diagram shows the main options offered by “Sansan” and the status of external service integration etc.

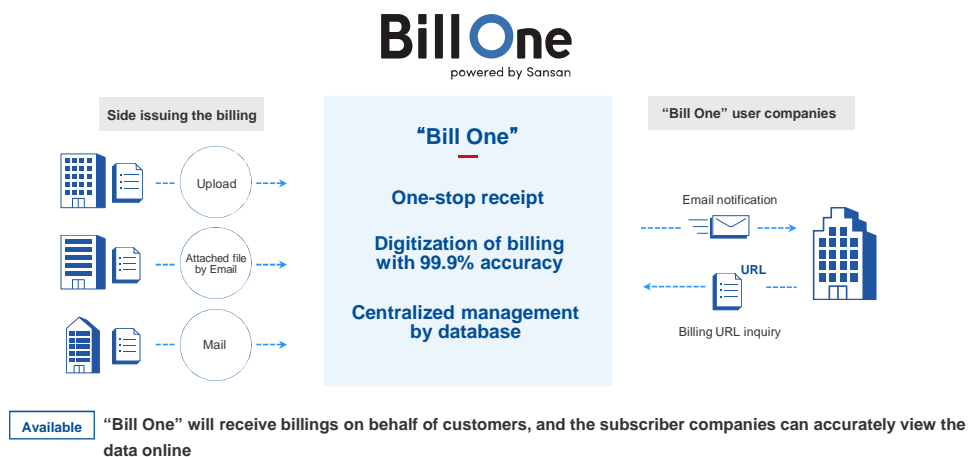
Even now, “Sansan” functions not only in the capitalization of business cards but also possesses functions to, for example, link with external tools—such as SFA, CRM and marketing automation—by the use of Open API, etc., and functions that enable the acquisition and utilization of information from external services. We are also seeking improvements in user convenience.

In addition to these developments, “Sansan Plus” promotes data utilization by adding various optional functions compatible with the “Sansan” application. We would like to aim to increase its value as a business platform that realizes improvements in productivity.

## “Bill One” Billing Digitization and Online Receipt Service

**A service that can convert paper and PDF billings into data with 99.9% accuracy and receive them online**  
**In the COVID-19 pandemic, contributing to remote working/BCP <sup>(1)</sup> problem solving, adding impetus to corporate growth**

“Bill One” enables online receipt and centralized management of all billings



(1) Business Continuity Plan

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Next comes the “Bill One” billing digitization and online receipt service.

Amid the current switch over to remote working, to which companies are being forced to prevent the spread of COVID-19 infections, there are major issues with regard to invoice-related work, such as having to come to work to receive and process paper media.

Allow me to offer a brief explanation the service outline. An online collection of paper and PDF invoices that were delivered to many locations and departments separately, this is a service that digitizes invoice information with 99.9% accuracy. By receiving invoices, converting them into data and building a database, we utilize these data not only to improve business productivity but can also make use of the data to control costs, create business opportunities and maximize future profits.

There are innumerable paper invoices distributed in Japan in various formats depending on the issuing company.

Since it is a service that converts invoices issued in these innumerable formats into data, without changing the behavior of the invoicing company, our “Bill One” service has the potential to become widespread if the usage needs of user companies, that is, the companies that receive the invoices, exist.

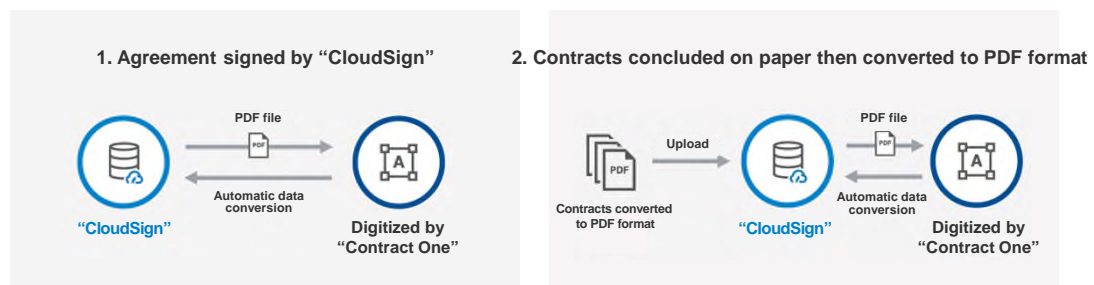
## “Contract One” Contract Digitization Solution

**A function that digitizes paper and PDF contracts and organizes the data required for management**

**Planning to provide “Contract One” technology to Bengo4.com, Inc., “CloudSign AI”**

Contract digitization solution

**Contract One**  
powered by Sanson



Planned for Summer 2020

“CloudSign” contracts and paper contracts can be centrally managed, boosting business reform of corporate legal affairs and improvements in productivity

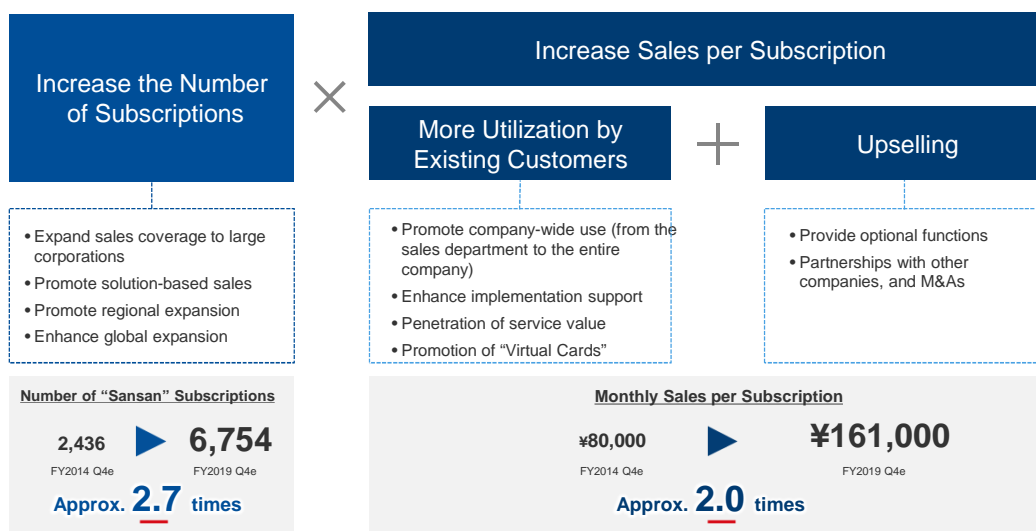
Next, I would like to explain the “Contract One” contract digitization solution, which is based on a similar concept to “Bill One.”

This service can convert paper and PDF into text data and extract and organize the items required for management. This not only improves the searchability and sharing efficiency of contract documents for user companies, but also enables the analysis and improvement of contract details.

We plan to provide this technology to Bengo4.com, Inc., “CloudSign AI.”

## Number of Subscriptions and Sales per Subscription

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



(1) Monthly results at the end of each quarter (unaudited)

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So far, we have explained new strategies and services, but as a strategy for existing areas of the Sansan Business, we will work to expand the number of subscription and sales per subscription.

Explaining specific initiatives, we have been working to strengthen our sales department, focusing on increasing the number of salespeople. To increase the number of subscriptions, we are establishing a sales system for medium- and large-sized companies and promoting a wide range of sales activities through domestic and overseas bases.

At the same time, we are working to increase net sales per subscription by acquiring large-scale subscriptions on the assumption that these will be used by an entire company and by promoting their greater use by existing customers.

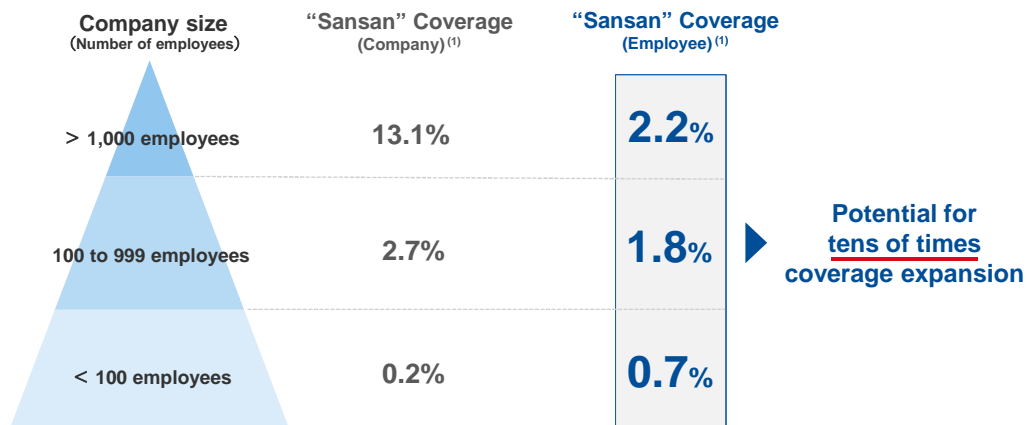
As an example from July onward, the Ministry of Economy, Trade and Industry (METI) has officially introduced "Sansan," which has been used by about 4,000 staff members.

Since last year, "Sansan" had been used by more than 100 METI staff members as a trial introduction. The service has now been officially introduced because of the effects seen in the form of improved productivity and streamlined information collection gained by digitizing business cards and in the activation of information sharing by means of the visualization of personal connections.

Toward the realization of DX that is being promoted by METI, the Ministry is also starting to make use of the "Virtual Cards" function.

## Potential Market Size in Japan (TAM) for Sansan Business

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



(1) "Sansan" coverage is calculated with the number of subscription and total number of IDs in "Sansan" for FY2019 Q4e 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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I would like to explain the thinking behind the markets we regard as targets with regard to the existing Sansan Business areas.

We said that Sansan's market share has already reached 82.8%, but there is still much room to increase coverage.

The number of its users increased by more than 40% year on year, nevertheless "Sansan" still accounts for less than 2% of the total number of employees in Japan, so I think there is room left for at least ten times more pioneering.

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At the end of my part, I'd like to talk about our full-year forecasts.

**Consolidated Financial Forecasts**

**In FY2020, growth rate temporarily expected to slow down due to impact of COVID-19 outbreak**

**Working to enhance investment to accelerate growth rate again, aiming for sales growth of 30% or more in FY2021**

(millions of yen)	FY2019	FY2020	
	Full-year Results	Full-year Forecasts	YoY
Consolidated Forecasts			
Net Sales	13,362	15,767 ~16,302	+18.0% ~+22.0%
Operating Profit	757	757 ~1,010	+0.0% ~+33.4%

(1) We also expect to record a surplus in ordinary profit and profit attributable to owners of parent, but currently we are in a phase of actively investing to maximize shareholder value and corporate value over the medium to long term. Additionally, since it is difficult to reasonably estimate some non-operating income and loss, we have not disclosed specific forecast figures.

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In the current fiscal year, the uncertain business environment is expected to continue due to the effects of the COVID-19 outbreak, so we have disclosed forecasts in their expected ranges.

We are expecting net sales to increase by between 18.0% and 22.0% year on year, and operating profit to increase by between 0.0% and 33.4%.

First, as a premise, it is assumed that a certain negative impact will be caused by the COVID-19 outbreak in the first half of the current fiscal year. However, the upper range limit assumes that there will be almost no negative impact caused in the second quarter, while the lower range limit conversely assumes that any negative impact will continue until the end of the fiscal year.

In the Sansan Business, we have to a certain extent factored in a slowdown in new subscription acquisitions and are assuming that there will be a gradual improvement as overall economic activity recovers during the period. In the Eight Business, we formulated the forecast while taking into consideration that we will not be able to hold offline business events for the time being.

For reference, although the figure represents a numerical value in management accounting, the consolidated monthly net sales for June 2020 are 18.1% higher than for the same month last year.

With regard to the growth rate in operating profit, the background is that, depending on the situation, it is assumed that this will be on par with the previous year's results. This is because we are aiming to accelerate the sales growth rate again from next

fiscal year, (FY2021), ending May 31, 2022, onward and would like to actively invest to contribute to growth.

Naturally further strengthening existing businesses, including expanding the market penetration of the “Virtual Cards” function, investment will be raised for new businesses, for example like the just explained “Bill One” and “Contract One,” and for other types of solutions.

With regard to the amount of investment, we would like to make expeditious and flexible decisions depending, for example, on the sales situation, investment opportunities and start-up status of new businesses during the period.

To reiterate the phase in which the Company is currently placed, we are at the stage where we are actively making the necessary investments geared toward the continuation of sales growth over the medium to long term. Since we are not in a maximizing profit phase, we would like to actively press ahead with these growth strategies and the investments for them in the current fiscal year.

We will aim for a sales growth rate of more than 30% in the fiscal year ending May 31, 2022.

Although disclosed separately today, in connection with the business outlook for the current fiscal year, we have also decided to issue performance target-linked stock options with charge for the purpose of further enhancing the motivation, morale, and cohesiveness of our directors and executive officers.

Next, Hashimoto will explain the details of the fourth quarter financial results.



# Appendix

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## **Consolidated Financial Results for FY2019 Q4 (three months)**

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Consolidated Financial Results for FY2019 Q4 (three months)

## Overview of Consolidated Financial Results

### Both net sales and profits increased year on year

(millions of yen)	FY2018	FY2019		(FYI) FY2019	
	Q4 Results	Q4 Results	YoY	Full-year Results	YoY
Consolidated Results					
Net Sales	2,844	3,690	+29.8%	13,362	+30.9%
Gross Profit <sup>(1)</sup>	2,422	3,227	+33.2%	11,541	+34.1%
Gross Profit Margin <sup>(1)</sup>	85.2%	87.4%	+2.2pt	86.4%	+2.1pt
Operating Profit	-194	563	—	757	—
Operating Profit Margin	—	15.3%	—	5.7%	—
Ordinary Profit	-207	354	—	435	—
Profit Attributable to Owners of Parent	-256	433	—	339	—

<sup>(1)</sup> Business card entry costs in the Eight Business are recorded in SG&A

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I am Hashimoto and I am the CFO of Sansan, Inc.

Now, I will explain the quarterly results for the fourth quarter.

Net sales increased by 29.8% compared to the same period last year, up to ¥3,690 million.

Due to the increase in sales, when compared with the same period of the previous year, operating profit improved by ¥758 million to remain in the black.

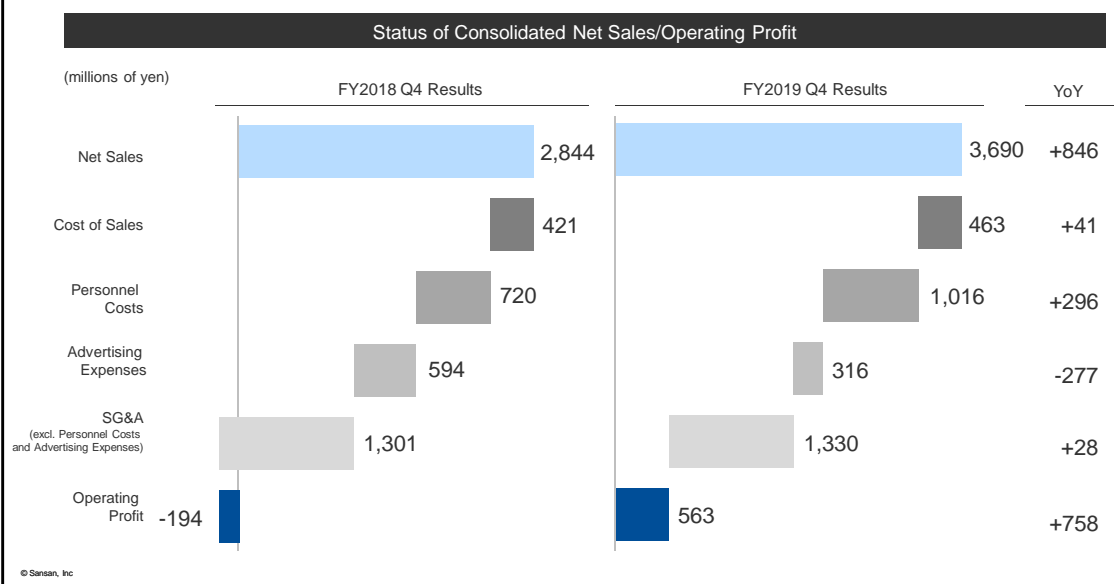
In addition, as a result of recording a loss on cancellation of rental contracts for some offices of ¥187 million as non-operating expenses, ordinary profit totaled ¥354 million.

As a result of careful consideration of the recoverability of deferred tax assets in the fourth quarter, we have decided to record deferred tax assets of ¥145 million.

As a result, a net income adjustment of ¥145 million was recorded, resulting in profit attributable to owners of parent of ¥433 million.

## Factors Contributing to Changes in Consolidated Operating Profit

**Operating income in the black due to sales growth and the decrease in advertising costs associated with the suspension of business events**



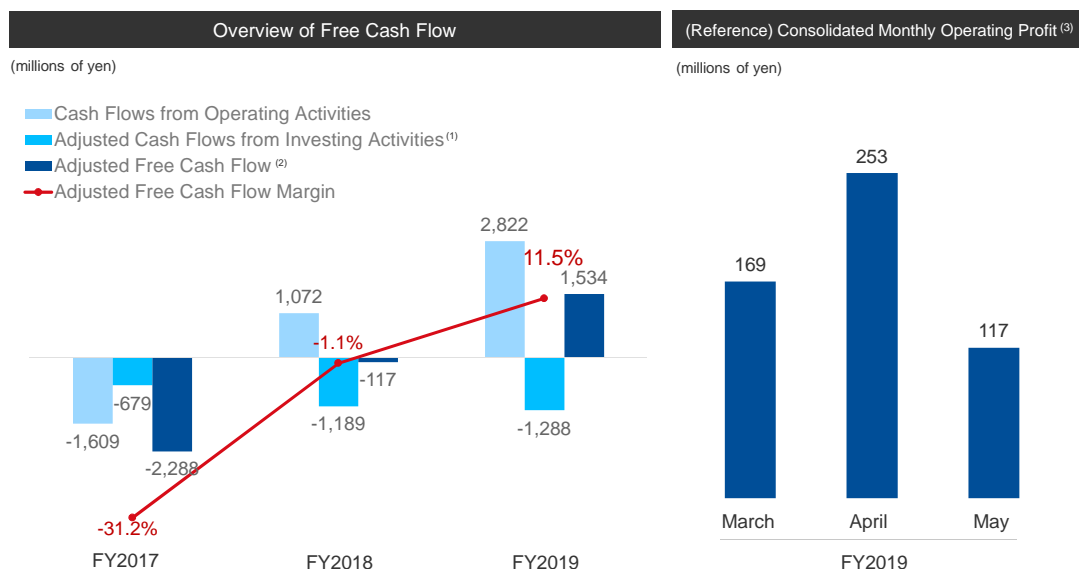
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I would like to take this opportunity to explain the background behind the improvement in operating profit.

In the fourth quarter, while personnel expenses and other SG&A expenses increased with the hiring of personnel,

operating profit returned to the black due to the increase in net sales and to the impact of the COVID-19 outbreak, which had resulted in a decline in advertising costs associated with the suspension of business events.

## (Reference) Overview of Free Cash Flow



(1) Cash flows from investing activities, excluding the acquisition of investment securities (Expenditures for the acquisition of investment securities: FY2017 ¥-; FY2018: ¥1,093 million; FY2019: ¥5,901 million)  
 (2) Sum of cash flows from investing activities and cash flow from operating activities, excluding the acquisition of investment securities  
 (3) Management accounting results (unaudited)

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I will now explain free cash flow.

As we are making flexible investments at the present time, depending on the fiscal year there are significant increases and decreases in cash flows, for example due to the acquisition of securities.

However, if free cash flow is calculated by excluding expenditures for the acquisition of investment securities, it will turn positive in FY2019 and free cash flow margin will achieve 11.5%.

## Results by Segments

**Net sales and operating profit (decreased loss) increased in both Sansan and Eight Businesses**

(millions of yen)	FY2018	FY2019		(FYI) FY2019	
Net Sales	Q4 Results	Q4 Results	YoY	Full-year Results	YoY
Consolidated	2,844	3,690	+29.8%	13,362	+30.9%
Sansan Business	2,656	3,353	+26.2%	12,284	+27.4%
Eight Business	187	337	+80.3%	1,078	+90.3%
Operating Profit					
Consolidated	-194	563	—	757	—
Sansan Business	939	1,558	+65.8%	4,794	+64.8%
Eight Business	-305	-178	—	-894	—
Adjustments	-829	-815	—	-3,142	—

Here are the detailed results by segment.

## Sansan Business Overview

**Net sales increased 26.2% compared with same period in previous fiscal year**  
**Operating profit margin increased due to continued growth in net sales and cost controls, such as of advertising expenses**

(millions of yen)	FY2018	FY2019		(FYI) FY2019	
Sansan Business	Q4 Results	Q4 Results	YoY	Full-year Results	YoY
Net Sales	2,656	3,353	+26.2%	12,284	+27.4%
Recurring Net Sales	2,362	3,062	+29.6%	11,169	+30.0%
Operating Profit	939	1,558	+65.8%	4,794	+64.8%
Operating Profit Margin	35.4%	46.5%	+11.1pt	39.0%	+8.8pt
Number of "Sansan" Subscriptions	5,823 Subscriptions	6,754 Subscriptions	+16.0%		
Monthly Sales per Subscription <sup>(1)</sup>	156,000 yen	161,000 yen	+3.2%		
Last 12 Months Average of Monthly Churn Rate <sup>(2)</sup>	0.68%	0.60%	-0.08pt		
Number of Employees	308 persons	420 persons	+112 persons		

<sup>(1)</sup> Monthly results for the end of Q4 in the Sansan Business (incl. some new services other than "Sansan", unaudited)

<sup>(2)</sup> Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts (In accordance with the revision of calculation method, we changed past numerical values)

Now I'd like to mention the individual achievements of the Sansan Business.

Net sales got off to a good start in March as a result of the effects of strengthening the sales system and efforts to improve productivity. As a certain negative impact on the gaining of new subscriptions was caused following the COVID-19 outbreak in April and May, net sales increased 26.2% year on year to ¥3,353 million.

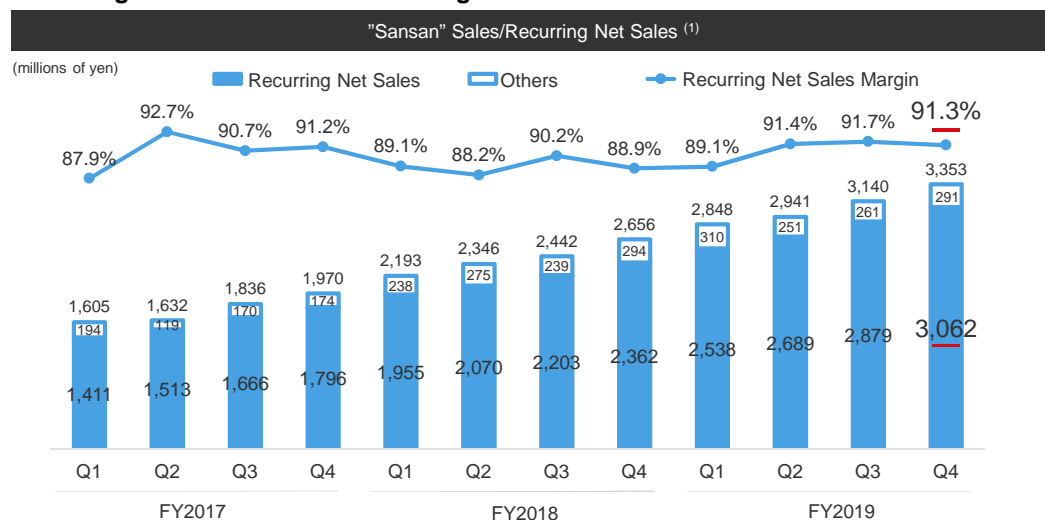
Operating profit increased 65.8% year on year to ¥1,558 million.

Operating profit margin improved by 11.1 points due to the increase in net sales and the decrease in advertising expenses.

## Sansan Business : "Sansan" Sales/Recurring Net Sales

**Recurring Net Sales increased 29.6% compared with corresponding period in previous fiscal year**

**Recurring Net Sales ratio remained high at 91.3%**



(1) Fixed revenue with regard to "Sansan" (unaudited)

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From now on, we will disclose recurring net sales for the Sansan Business.

Recurring net sales are fixed monthly revenues including scanner rental fees and subscription fees.

In addition, other sales include initial fees incurred from the bulk business card data digitization generated at the time of initial installation and the temporary fees for installation support.

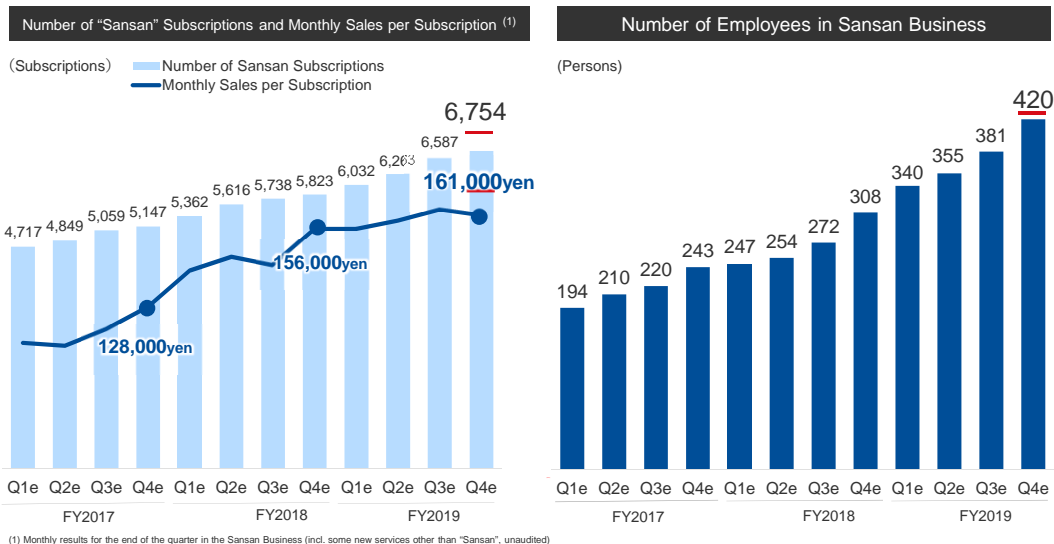
Recurring net sales amounted to ¥3,062 million, an increase of 29.6% compared with the same period of the previous year, and were favorable compared with net sales for the entire segment.



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

**Number of subscriptions increased 16.0% and monthly net sales per subscription increased 3.2% compared with same period in previous fiscal year**

**Recruitment of personnel, mainly for sales departments, also steady**



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The number of “Sansan” subscriptions increased by 16.0% year-on-year to 6,754, and monthly sales per subscription increased 3.2% to ¥161,000.

The number of subscriptions slowed compared with the previous quarter on account of the increased difficulty of acquiring new subscriptions due to the impact of the COVID-19 outbreak, but the number steadily increased by 167 subscriptions.

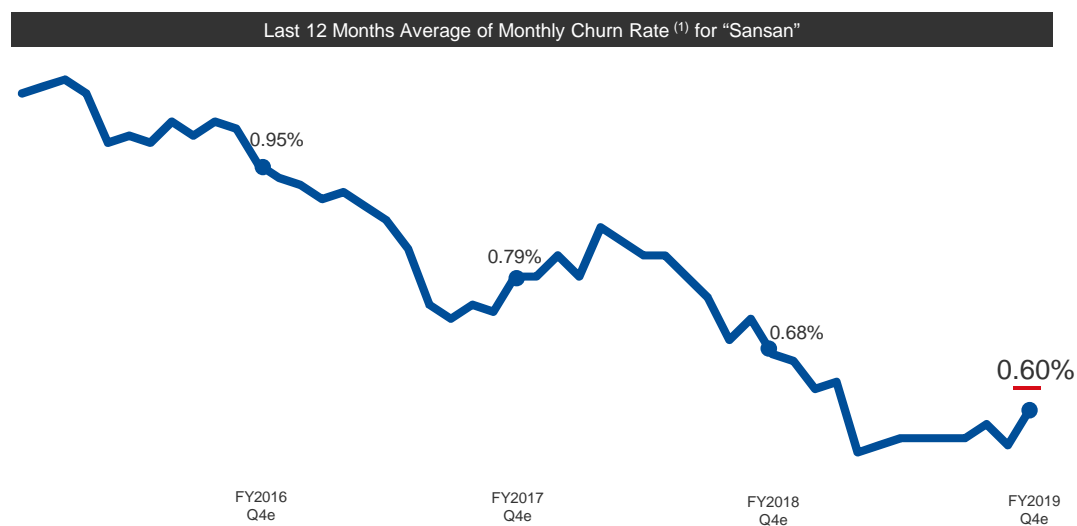
In contrast, monthly sales per subscription recorded only a 3.2% increase compared with the same period of the previous year, but this was because income other than the stock sales, explained just a moment ago, and initial sales at the time of new installations were sluggish due to the effects of the COVID-19 outbreak.

If monthly sales per subscription were calculated solely on a recurring net sales, the growth rate would be a steady 10.9% compared with the same period in the previous year.

The overall number of employees in the Sansan Business increased steadily by 112 compared with the previous fiscal year to 420 people.

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

Average churn rate over the last 12 months improved by 0.08 points compared to the same period last year, and remained at a low level

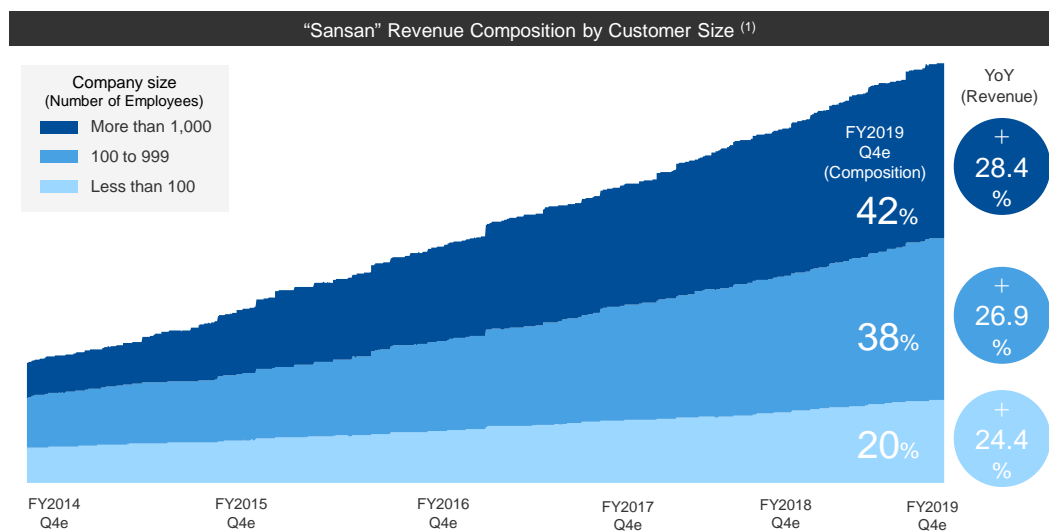


(1) Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts (In accordance with the revision of calculation method, we appealed and changed past numerical values)

The average monthly churn rate for the last twelve months is 0.60% 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



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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 28.4% year-on-year.

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

## Eight Business Overview

**Net sales continued to show year-on-year growth due to B2B services (paid services for companies)**

(millions of yen)	FY2018	FY2019		(FYI) FY2019	
	Q4 Results	Q4 Results	YoY	Full-year Results	YoY
<b>Eight Business</b>					
Net Sales	187	337	+80.3%	1,078	+90.3%
B2C Services	66	71	+7.9%	289	+21.7%
B2B Services	120	265	+120.0%	788	+139.8%
Operating Profit	-305	-178	—	-894	—
Operating Profit Margin	—	—	—	—	—
Number of “Eight” Users <sup>(1)</sup>	2.44 million people	2.70 million people	+0.26 million people		
Number of “Eight Company Premium” Subscriptions <sup>(2)</sup>	828 subscriptions	1,535 subscriptions	+85.4%		

<sup>(1)</sup> Number of confirmed users who registered their business card to their profile after downloading the application

<sup>(2)</sup> “Eight Company Premium” enables users to share their contacts with colleagues (targeting small companies with under 20 employees)

Next, I will explain the Eight Business.

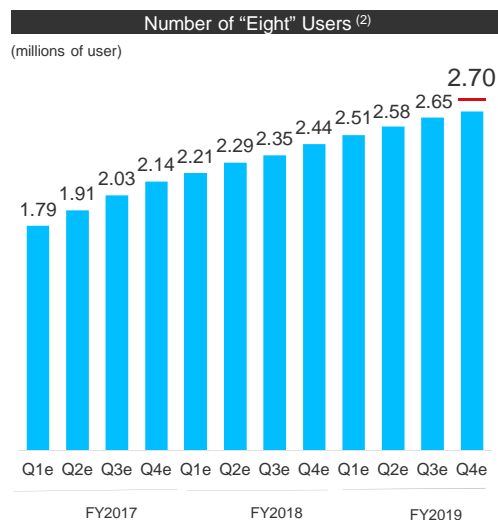
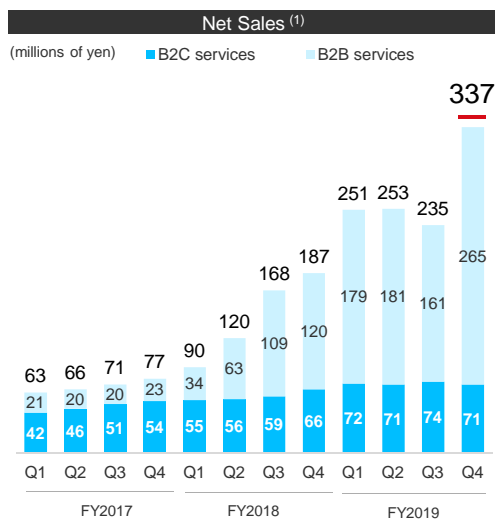
Net sales were ¥337 million, up 80.3% compared with the same period of the previous year, which was significantly faster than the growth rate in the third quarter. This was mainly due to expansion in temporary planning-type advertising services in B2B services.

Operating loss decreased by ¥126 million to ¥178 million due to increased net sales.

The number of “Eight Company Premium” subscriptions was 1,535, an increase of 85.4% year-on-year.

## Eight Business: Net Sales/“Eight” Users

### Steady increase in “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 0.26 million over the same period last year to 2.70 million.

That brings me to the end of our presentation.

Thank you.

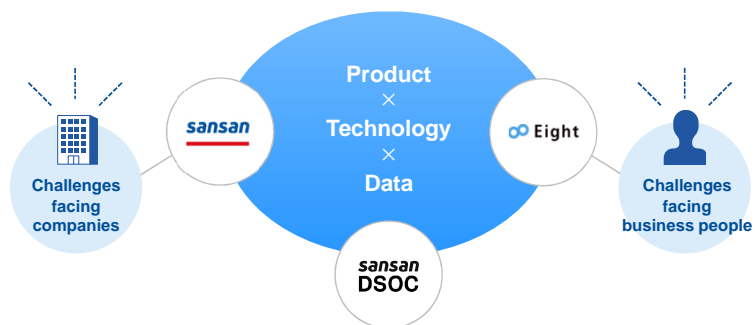
## Sansan Group Overview



## 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**

#### Effortless Organization. Seamlessly Simple

The No.1 share in B2B cloud-based business card management service, Supporting the growth of the company by collectively managing business cards owned by the company <sup>(1)</sup>



- More than **6,700** subscriptions constituting the customer base
- Monthly churn rate below **1.0%** <sup>(2)</sup>

**Eight**

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

Eight is a business management card app that builds your own business network with imported business cards <sup>(3)</sup>



- **No.1** share in mobile contact management apps
- More than **2.7 million** users <sup>(4)</sup>

<sup>(1)</sup> Sales share of companies in the contact management services for corporations based on "Contact Management Service Market and SFA/CRM Businesses 2020" by Seed Planning, Inc. released in January 2020

<sup>(2)</sup> 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

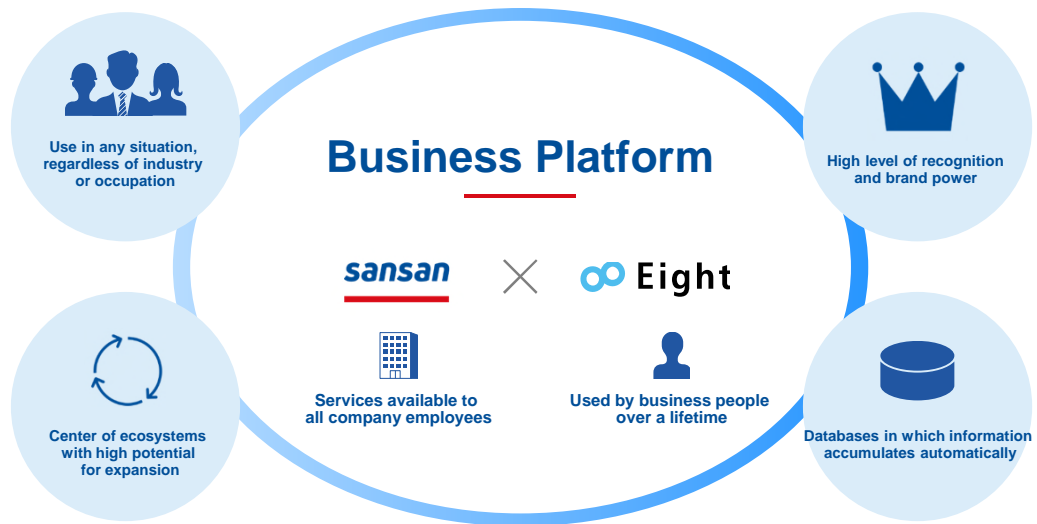
<sup>(3)</sup> The survey on the number of active users of business card management app services in Japan's major business categories from November 2016 to November 2018 (Survey method: App Annie)

<sup>(4)</sup> Number of confirmed users who registered their business card to their profile after downloading the application



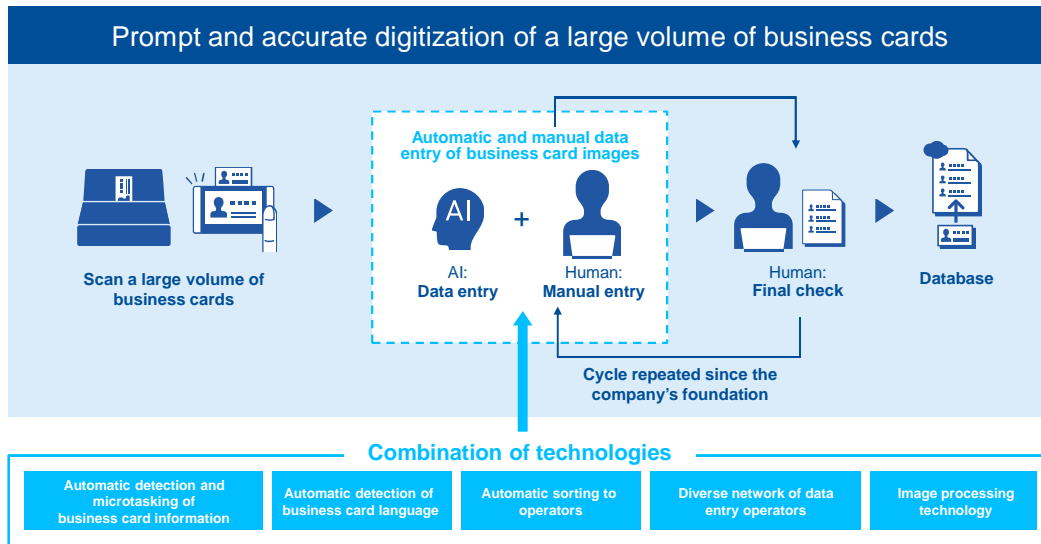
## Features Characterizing the Business Platforms

**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**



## Overwhelming Market Share and Recognition



**Sansan**  
**82.8%**



Ver. 5 TV commercial title:  
We know the customer 2017, "Our boss  
missed an opportunity" (2)



Ver. 7.5 TV commercial  
broadcast from June 2020

### Solid Customer Base with more than 6,700 Subscriptions



(1) Sales share of companies in the contact management services for corporations based on "Contact Management Service Market and SFA/CRM Businesses 2020" by Seed Planning, Inc. released in January 2020  
(2) Won the top prize in the service and culture section of the 71th Dentsu Advertising Awards

# Sansan Business



## Basic Features of “Sansan”

**“Sansan” offers “business card management” features to transform unused business cards into assets**



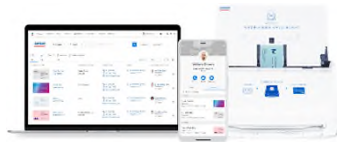
### Challenges facing companies

- 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

**Digitizes business card data with 99.9% accuracy**



Major features

Contact management



Customer management



- Business card search
- Business card sharing
- Smartphone app
- Person profile
- News feed
- Company search
- Organizational tree
- E-mail delivery



### User benefits

Productivity      Streamlined operations  
Cost reduction      Creation of business opportunities

## Sansan Business : Business Strategy “Sansan Plus”

Through these three concepts, we will maximize the value of “encounters” accumulated inside companies and solve business issues

**sansan+**

**sansan+ APP**

Package of optional functions  
usable within “Sansan”

Optional Functions

“ Risk Intelligence powered by Refinitiv”  
“Corporate Information Database  
powered by Teikoku Databank”  
“Survey Tool powered by CREATIVE SURVEY”  
“Salesforce Opportunity Integration”  
“ CloudSign Contract Management”

**sansan+ Consulting**

Utilize the “Sansan” services to  
comprehensively support corporate  
digitalization

Sansan Plus Partners specializing  
in data utilization

Accenture Japan Ltd.,

**sansan+ Integration**

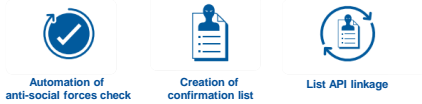
Consulting to integrate data  
scattered throughout the  
companies

Sansan Plus Partners specializing  
in data utilization

toBe marketing, inc.  
Realize Corporation

## Sansan Plus APP : Optional Functions that can be Added to “Sansan”

### “Risk Intelligence powered by Refinitiv”



Available

Checks against anti-social forces database just by scanning business cards. Prevents check omissions and greatly reduces man-hours for compliance personnel

### “Survey Tool powered by CREATIVE SURVEY”



Available

Questionnaire solution that can provide the questionnaire function necessary for B2B company seminars integrated with “Sansan”

### “Salesforce Opportunity Integration”



Available

On “Sansan”, users can ascertain “Salesforce” business negotiation information along with in-house personal connection information and business partner company information

### “CloudSign Contract Management”

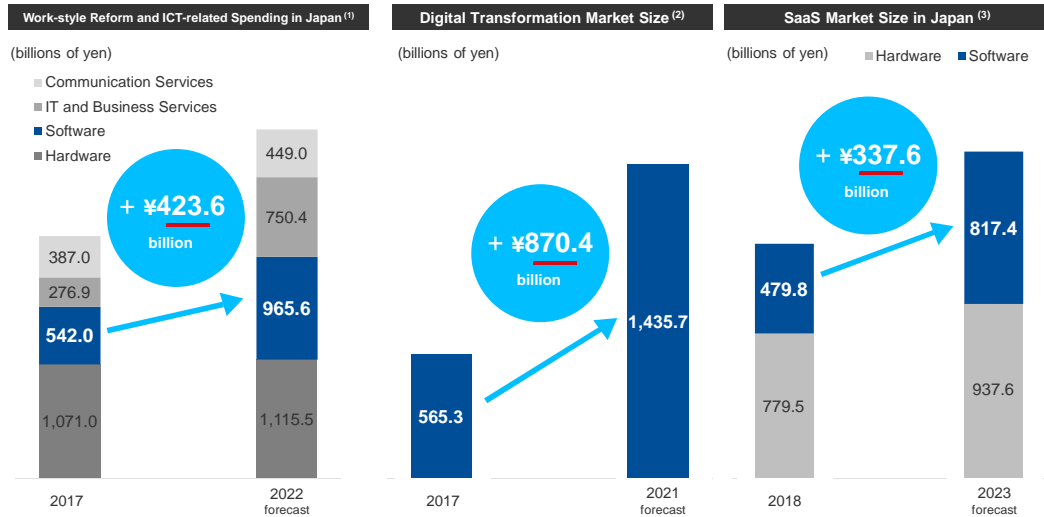


Available

Contract information can be viewed just by scanning a business card. Shorten the verification work and greatly reduced man-hours for legal staff

## Tailwind of Market Environment

The work-style reform and digital transformation is boosting the need for B2B cloud-based business card 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 "2019 New Software Business Markets" by Fuji Chimera Research Institute



## Service Plans for “Sansan”

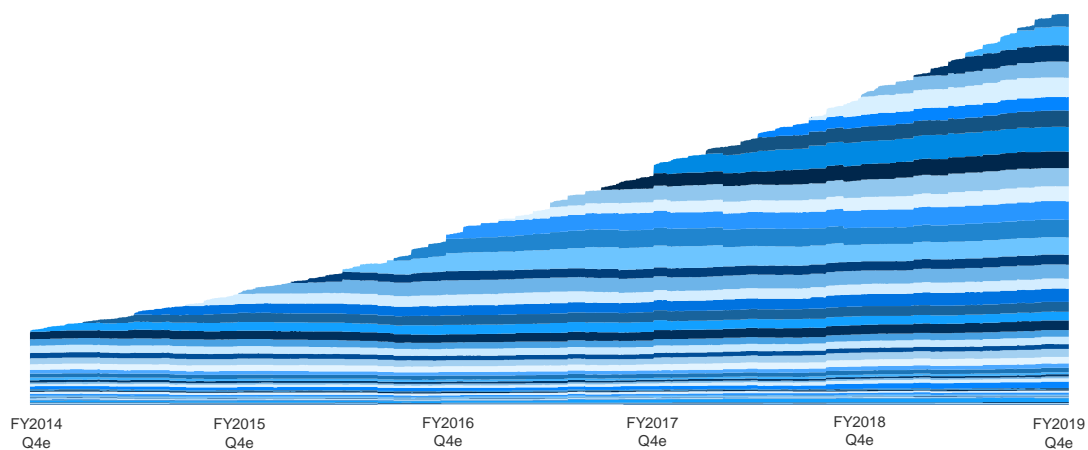
### Providing basic company-wide use plan

	A. Basic company-wide use plan	B. Previous plan (ID subscription)	Timing of payment
1 Initial cost (Initial costs)	<b>12 months' license cost</b> <b>Cost for digitizing existing business cards</b>	<b>Cost according to number of contract IDs</b> Data conversion costs for business cards already held (there is an upper limit placed on the number of business cards)	At the start of the contract
2 Customer Success Plan (Initial costs)	<b>Offer introduction support plans with individual quotation</b> Costs for implementation and operational support of “Sansan” services		At the start of the contract
3 Scanner (Running costs)	<b>Monthly ¥10,000 per scanner</b> Rent scanners and tablets to customers, whose number responds to the number of their office floors, and/or the number of branches		At the start or renewal of the contract
4 License cost (Running costs)	<b>Determined according to the monthly number of exchanged business cards</b> (annual subscription) Tens of thousands to millions of yen per subscription	<b>Setting according to number of contract IDs</b> (annual subscription) Fixed billing for each ID (there is an upper limit placed on the number of business cards converted into data)	At the start or renewal of the contract

## “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)

## **Eight Business**

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## 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

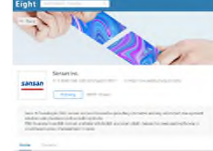
#### "Profile Management"



#### "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"

## Strengthening and Promotion of Monetization Plans

### Accelerate and strengthen the development of paid plans for B2B

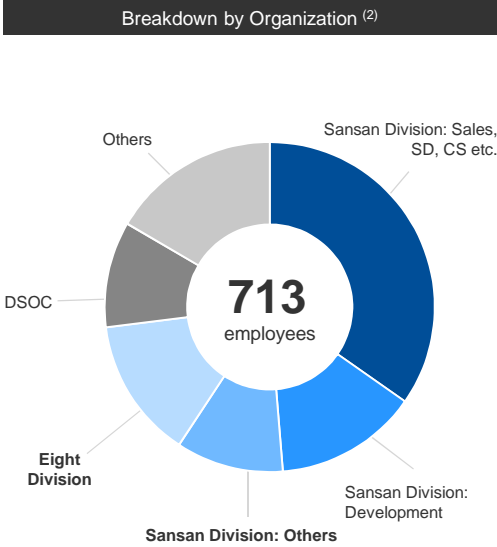
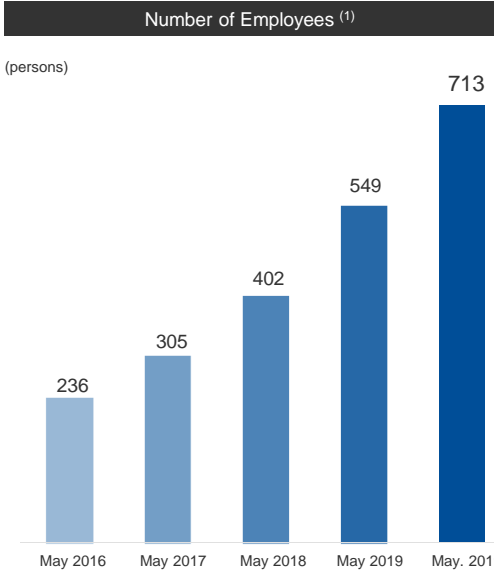
B2B		
<b>Paid plan for corporations:</b> <b>“Eight Company Premium”</b>	Fixed monthly fee (Annual subscription)	Enables users to share their contacts with colleagues <i>Targeting small companies with under 20 employees</i>
<b>Ad. Delivery:</b> <b>“Eight Ads”</b>	Pay-for-use charges depending on delivery volume <sup>(1)</sup> (Contract for a fixed period)	A service for delivering ads to “Eight” users <i>Timely and targeted advertising to career-oriented professionals</i>
<b>Business events:</b> <b>“Meets”</b>	Fixed fee per event <sup>(2)</sup>	An event matching “buyers” and “sellers” from within “Eight” <i>Uses proprietary technology to accurately match business people together</i>
<b>Recruiting platform:</b> <b>“Eight Career Design”</b>	Fixed monthly fee <sup>(3)</sup> (Contract for a fixed period)	Recruitment services targeting “Eight” users <i>Provides a new and unique targeted hiring method to the market</i>
B2C		
<b>Paid plan for individuals:</b> <b>“Eight Premium”</b>	Fixed monthly fee	Delivers additional functions to users, such as network data DL <i>Expand the overall number of “Eight” users, including free plan</i>

(1) There is a minimum advertisement placement price and also a normal advertisement menu.

(2) There are multiple fee settings depending on the type of event held, etc.

(3) There is an additional charge when a decision to hire is made.

About Employees



(1) Non-consolidated basis in FY2015 and before, and consolidated-basis since FY2016  
(2) As of May 31, 2020

## Company Overview <sup>(1)</sup>

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<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> Tokushima, Kyoto, Niigata, Hokkaido
<b>Subsidiaries</b>	Sansan Global PTE. LTD. (Singapore) Sansan Corporation (United States)
<b>CEO</b>	Chika Terada
<b>Number of Employees</b>	713
<b>Capital</b>	¥6,236 million
<b>Net Sales</b>	¥13,362 million (FY2019)
<b>Classification by Type of Shareholder</b>	Domestic Financial Institutions:14.58%, Security Firms:0.85%, Other Domestic Corporations:1.40%, Foreign Financial Institutions and Individuals:33.50%, Individuals and Others:49.66%

(1) As of May 31, 2020

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***sansan***