



Presentation Material for FY2019 Q2

**January 14, 2020
Sansan, Inc.**

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5 Consolidated Financial Results (three-month results)

Highlights

- **Net Sales +32.5%. Operating Profit Returns to Profit, High growth has continued**

Net Sales : Sansan Business +27.5%, Eight Business +139.8%

Operating Profit : Sansan Business +65.3%, Eight Business +142 million yen (decreased loss)

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

As planned, progress rate of operating profit decreased due to advertising activities centered on TV commercials

- **Started aggressively expanding into new and peripheral areas in Sansan Business**

Joint development of anti-social forces check option with Refinitiv Japan K.K.

Capital and business alliance concluded with WingArc1st Inc.

Overview of Consolidated Financial Results

Net sales continued to grow at a high year-on-year rate
Operating profit returned to profit due to increased net sales

(millions of yen)	FY2018	FY2019	
Consolidated Results	Q2YTD Results	Q2YTD Results	YoY
Net Sales	4,750	6,294	+32.5%
Gross Profit ⁽¹⁾	3,967	5,378	+35.7%
Gross Profit Margin ⁽¹⁾	83.5%	85.5%	+2.0pt
Operating Profit	-407	109	—
Operating Profit Margin	—	1.7%	—
Ordinary Profit	-423	17	—
Profit Attributable to Owners of Parent	-430	-91	—

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

Results by Segment

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

(millions of yen)	FY2018	FY2019	
Net Sales	Q2YTD Results	Q2YTD Results	YoY
Consolidated	4,750	6,294	+32.5%
Sansan Business	4,539	5,789	+27.5%
Eight Business	210	504	+139.8%

Operating Profit

Consolidated	-407	109	—
Sansan Business	1,278	2,112	+65.3%
Eight Business	-608	-466	—
Adjustments	-1,076	-1,536	—

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Sansan Business: Main Initiatives in New and Peripheral Areas (1)

Joint development with Refinitiv Japan K.K. of anti-social forces check option

Function Overview



Automation of
anti-social forces
check



Creation of
confirmation list



List API linkage

- ✓ Checks against anti-social forces database just by scanning business cards
- ✓ Prevents check omissions and greatly reduces man-hours for compliance personnel
- ✓ Scheduled to be implemented in March 2020
- ✓ As an option of “Sansan,” about 20% of monthly usage fee assumed as additional cost

Refinitiv Japan K.K. Overview



- ✓ World's leading financial data provider
- ✓ Providing services to more than 40,000 companies and institutions in around 190 countries
- ✓ Providing the highly reliable “World-Check” information provision solution to comply with corporate regulations and identify potential financial crimes
- ✓ Can be used for customer due diligence, anti-money laundering measures, sanctions and screening for terrorist financing

Sansan Business: Main Initiatives in New and Peripheral Areas (2)

Concluded capital and business alliance agreement with WingArc1st Inc., and acquired 11.44% of shares

Alliance Overview

Business Alliance

- ✓ Deployment of “MotionBoard” as an application that can be used on “Sansan” (expansion of business card data and customer information analysis functions)
- ✓ Implementation of cross-selling through mutual sales activities

Capital Alliance

- ✓ Investment amount: 4,998 million yen
- ✓ Ownership: 11.44%

Others

- ✓ Sansan Representative Director and CEO Chika Terada appointed outside director of WingArc1st Inc.
- ✓ Scheduled to be implemented by 2020

WingArc1st Inc. Overview

WingArc1ST

- ✓ Net sales 17.2 billion yen, operating profit 4.9 billion yen (fiscal year ended February 2019)
- ✓ Providing data empowerment solutions that analyze and visualize data as well as software infrastructure solution services, etc.

 **MOTIONBOARD**

- ✓ Dashboards for visualizing accumulated data
- ✓ Combines a myriad ways of expressing data, real-time processing and ease of operation and maintenance with support for data analysis/utilization

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Growth Strategies by Segment

sansan

 **Eight**

1. Existing Area

Expand Use of “Sansan” Service

Strengthening of sales and sales systems centered on hiring of salespeople

Promotion of solution sales based on company-wide use

Maintenance and improvement of brand recognition and brand power

2. New / Peripheral Areas

Promotion of “Sansan” Platform Development

Provision of new options and expansion of ecosystem

Utilization of M&A and strengthening of partnerships with other companies

Strengthening of in-house development

3. B2B Area

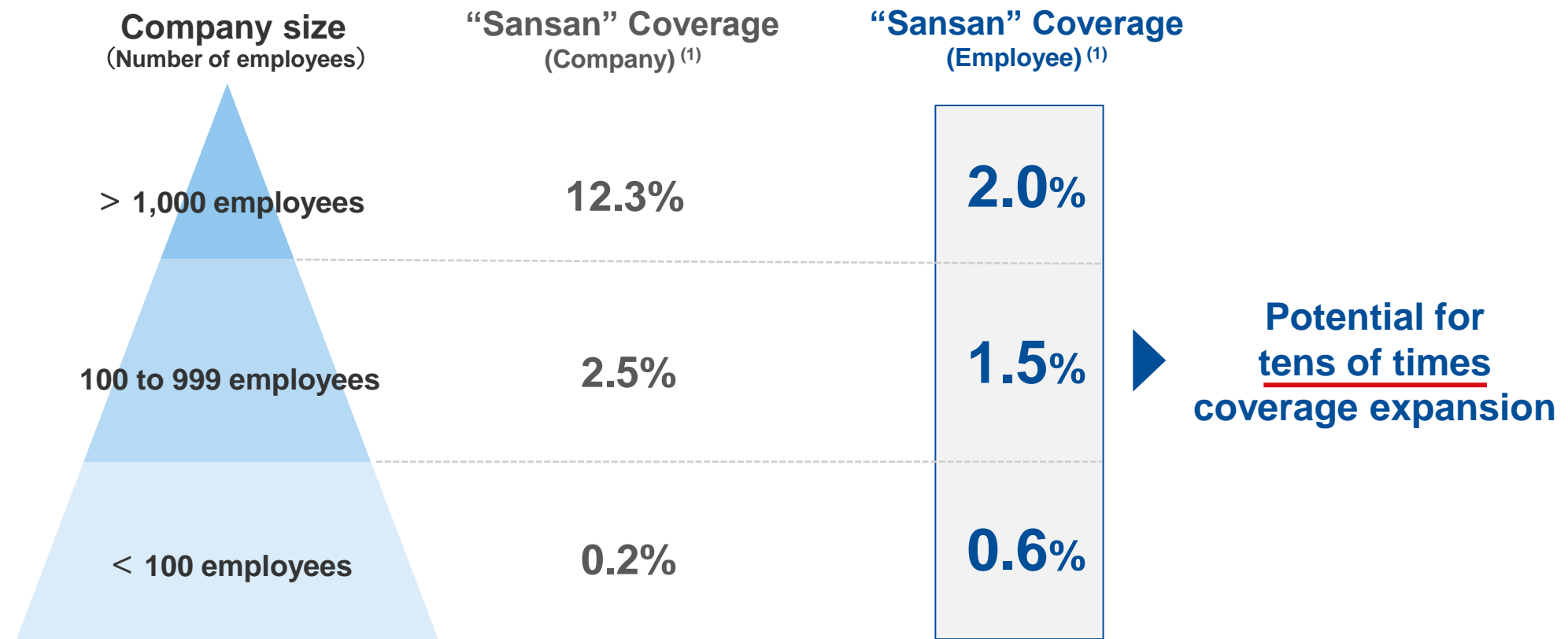
Strengthening and promotion of monetization

Develop new plans

Upgrade sales and sales systems

Potential Market Size in Japan (TAM)

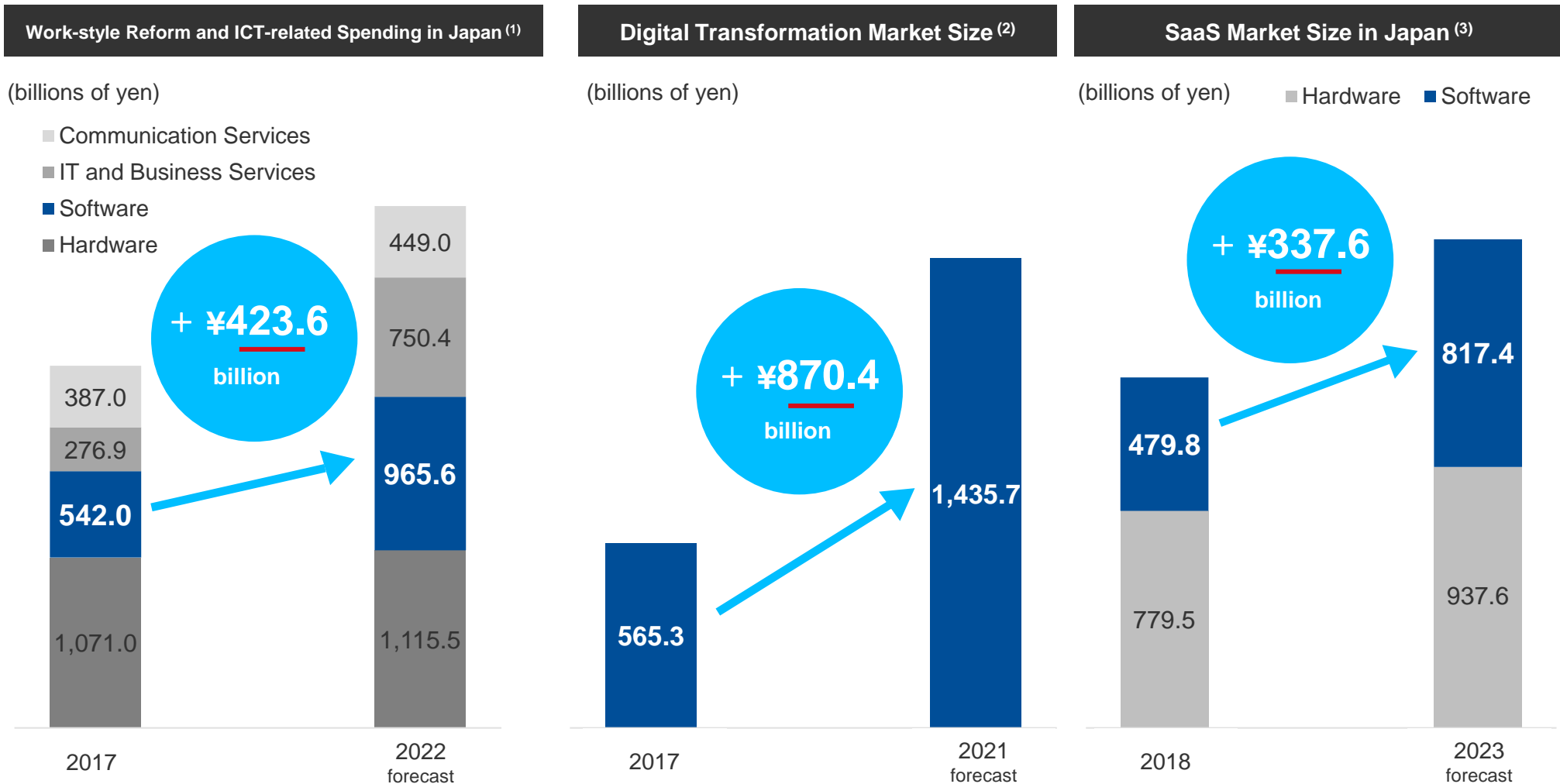
The number of users within current customers is limited, and there is room for tens of times more coverage expansion



(1) “Sansan” coverage is calculated with the number of subscription and total number of IDs in “Sansan” for FY2019 Q2e as the numerator and the number based on Economic Census for Business Activity in 2016 issued by the Statistics Bureau as the denominator.

Tailwind of Market Environment

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



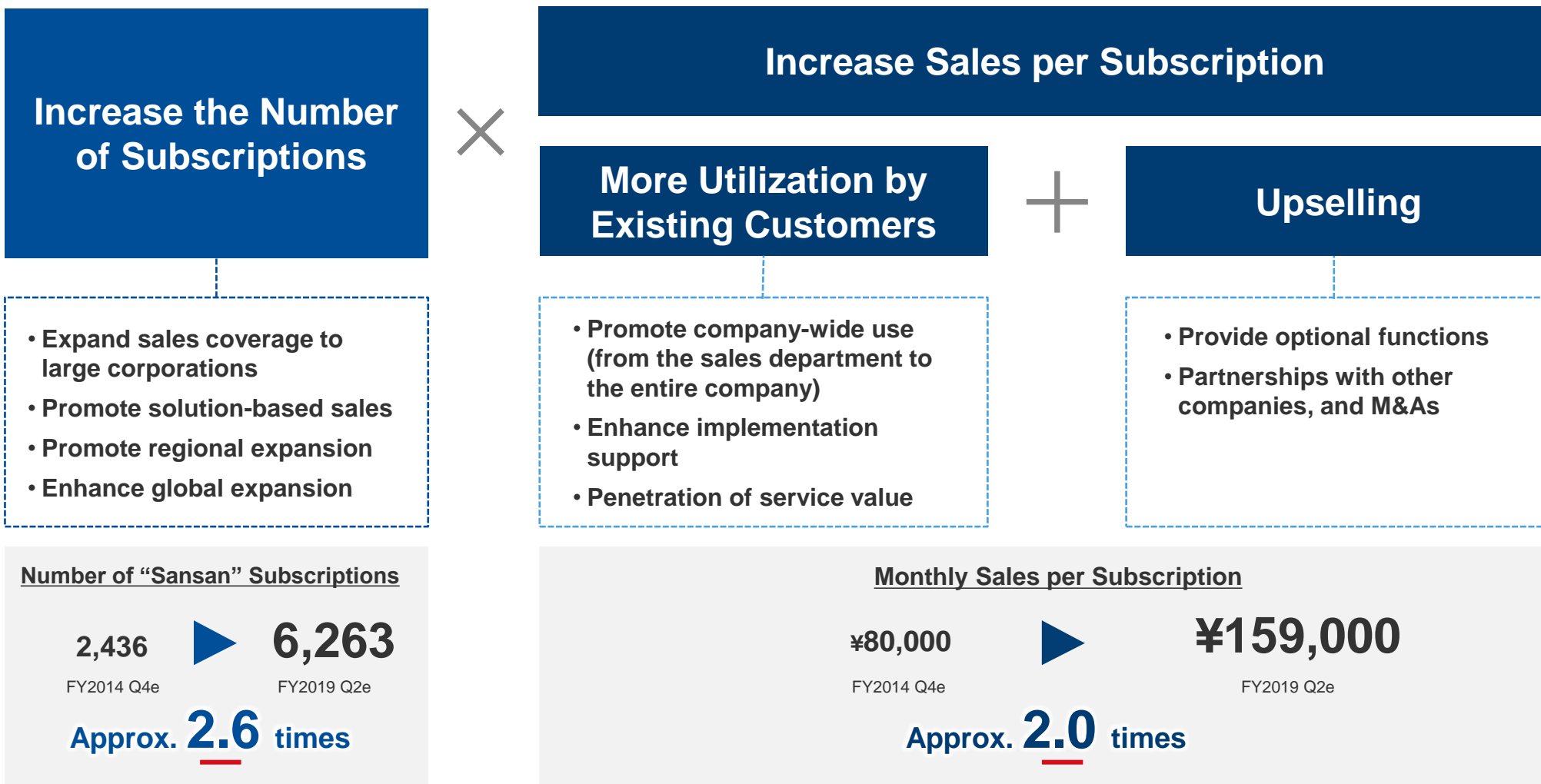
(1) Based on "2018 to 2022 Outlook of Work-style Reform and ICT-related Spending in Japan: by Hardware, Software, IT and Business Services, Communication Services" by IDC Japan (December 2018)

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

(3) Based on "2019 New Software Business Markets" by Fuji Chimera Research Institute

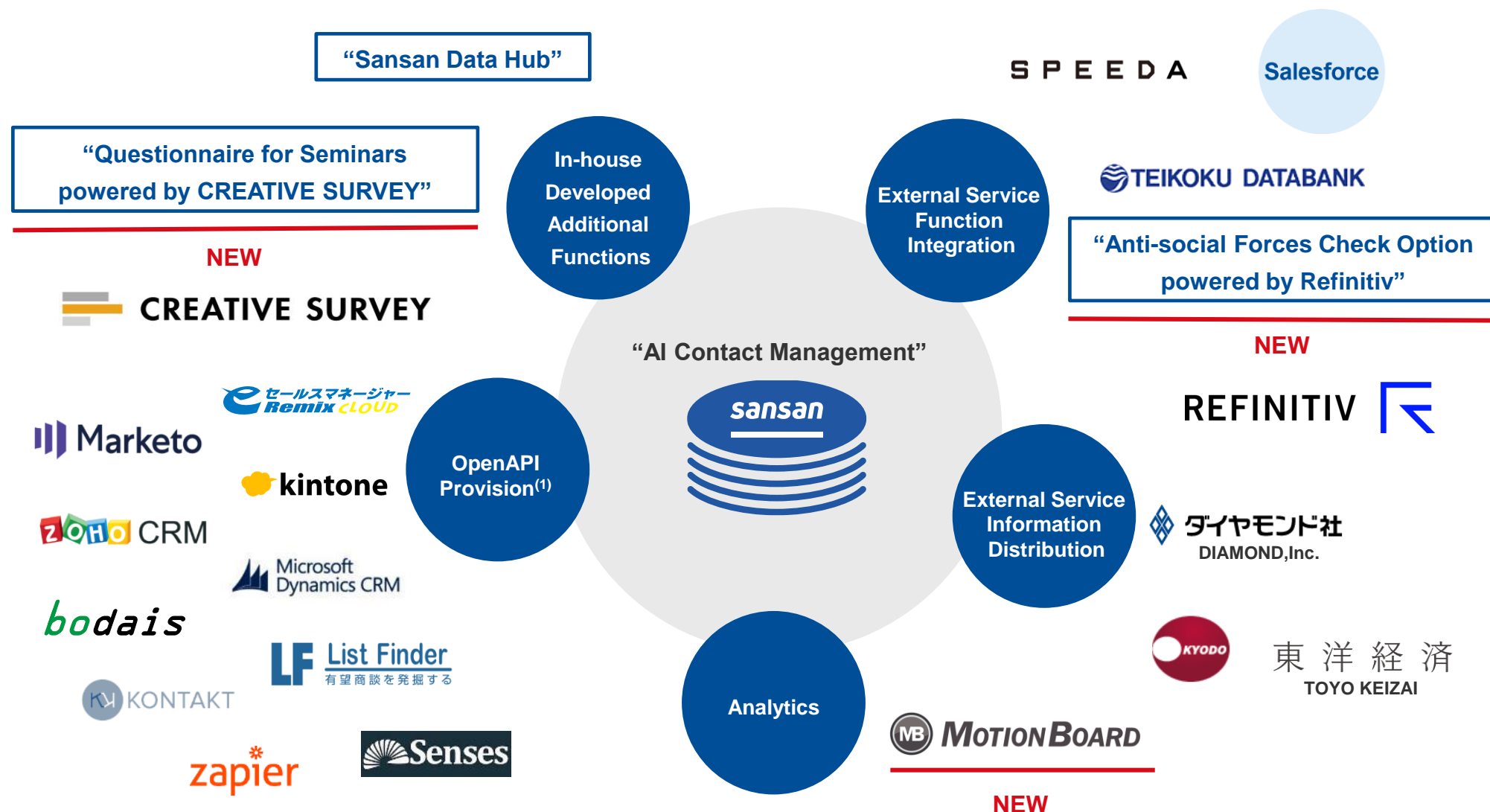
Strategy for Continuous Growth in Net Sales

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



Improving the Value of Business Platform

Providing various functions and services by treating business card management as portal



(1) OpenAPI provided to more than 50 other companies' services, including Sales Force Automation, Customer Relationship Management, Marketing Automation

Evovement of “Sansan” as a Platform

Provide solutions to consolidate various operations on "Sansan" platform

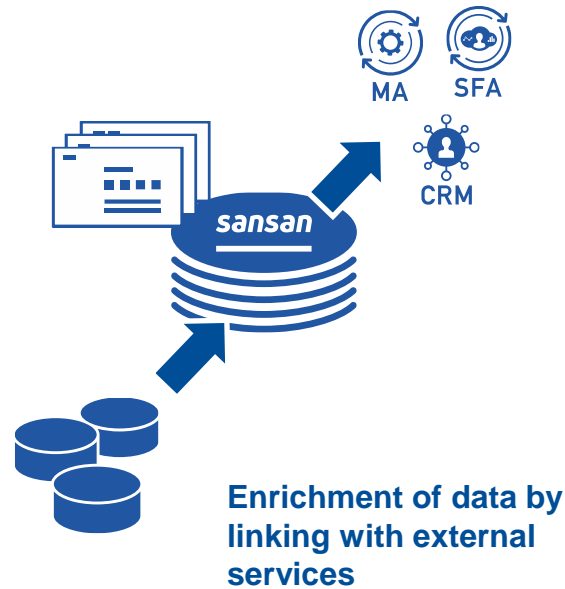
To Date

Capitalization of business cards

(From business cards to the information that can be used)

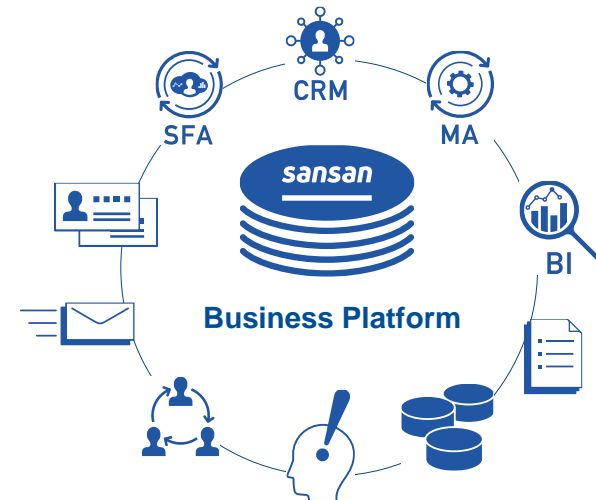


Data integration with external service



From Now

Seamlessly provide various solutions on “Sansan”



Consolidation of Various Operations on “Sansan” Platform

API Integration with External Service

Capitalization of Business Cards

Capitalization of Business Cards

API Integration with External Service

Capitalization of Business Cards

Phase 1

Capitalization of Business Cards

Phase 2

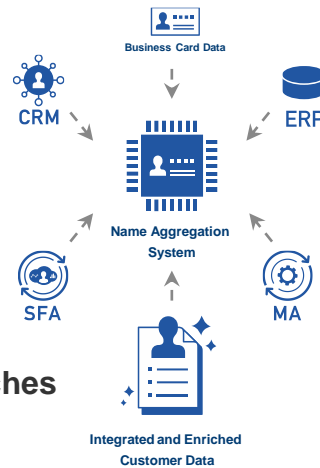
Utilization of Business Cards’ Assets

Phase 3: Business Platform

“Effortless Organization. Seamlessly Simple.”

Main Options of “Sansan”

“Sansan Data Hub”



Available

A service that integrates and enriches all internal customer data and accelerates marketing from data integration

“Anti-social Forces Check Option powered by Refinitiv”



Planned for March 2020

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

“Questionnaire for Seminars powered by CREATIVE SURVEY”



Available

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

Use of “MotionBoard”



Planned for 2020

Linking with business card data (customer information) on “Sansan,” aggregating, analyzing and presenting in visual form a variety of information and data from inside and outside a company

Strengthening and Promotion of Monetization Plans

Accelerate and strengthen the development of paid plans for B2B

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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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.

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(three-month results)**

Overview of Consolidated Financial Results (three-month results)

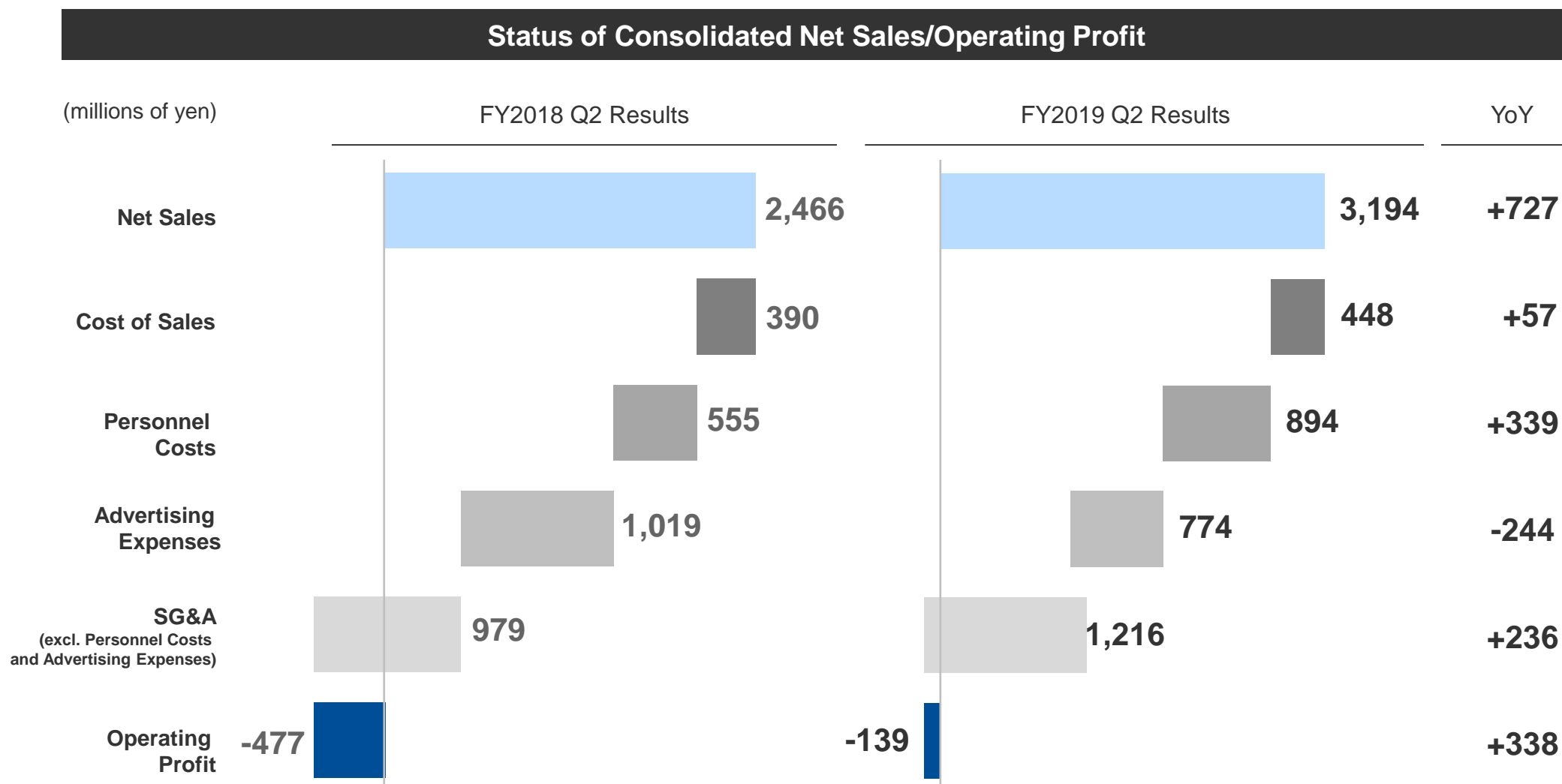
Both net sales and profits increased year on year (decreased loss)
Despite operating loss, operating results are on track

(millions of yen) Consolidated Results	FY2018	FY2019		(FYI)FY2019	
	Q2 Results	Q2 Results	YoY	Q2YTD Results	YoY
Net Sales	2,466	3,194	+29.5%	6,294	+32.5%
Gross Profit ⁽¹⁾	2,075	2,746	+32.3%	5,382	+35.7%
Gross Profit Margin ⁽¹⁾	84.2%	86.0%	+1.8pt	85.5%	+2.0pt
Operating Profit	-477	-139	—	109	—
Operating Profit Margin	—	—	—	1.7%	—
Ordinary Profit	-478	-175	—	17	—
Profit Attributable to Owners of Parent	-484	-197	—	-91	—

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

Factors Contributing to Changes in Consolidated Operating Profit

Operating profit improved due to higher net sales and lower advertising expenses



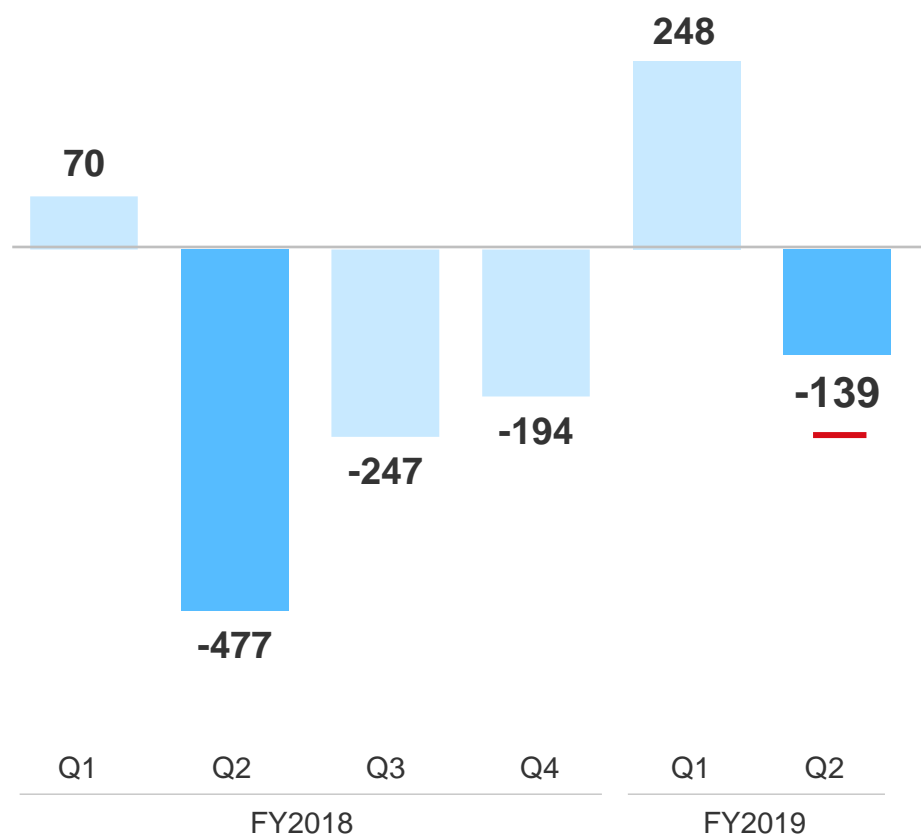
Quarterly Results of Consolidated Operating Profit and Advertising Expenses

In Q2, profits are less likely to be generated compared with other quarters due to increased advertising expenses

As planned, in this Q2 we carried out advertising activities centered on TV commercials

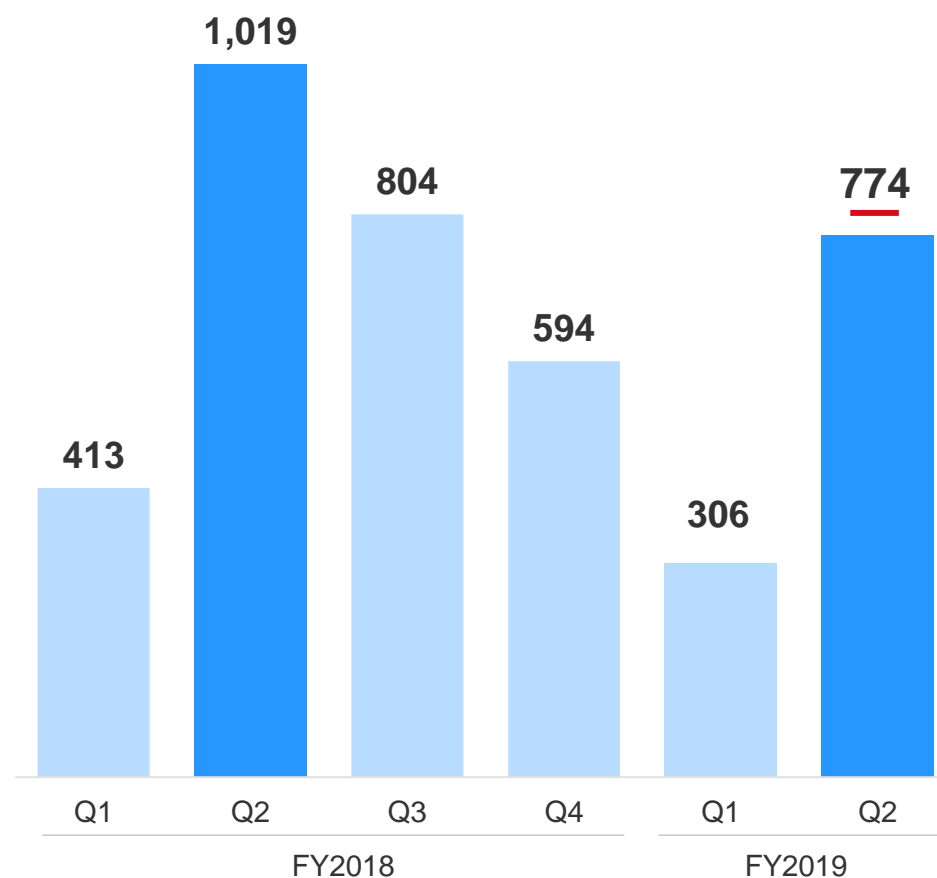
Operating Profit

(millions of yen)



Advertising Expenses

(millions of yen)



Overview of Consolidated Balance Sheet

**Investment securities increased due to capital and business partnership with WingArc1st Inc.
Borrowed 5.0 billion yen as stock acquisition cost**

(millions of yen)	FY2018	FY2019	
	Full-year Results	Q2 Results	Chg of Amount
Current Assets	6,298	13,177	+6,878
Cash and Deposits	5,627	12,407	+6,780
Non-current Assets	2,780	8,031	+5,251
Investment Securities	1,093	6,112	+5,019
Total Assets	9,079	21,208	+12,129
Current Liabilities	5,428	6,909	+1,480
Non-current Liabilities	277	4,172	+3,894
Long-term Loans Payable	233	4,123	+3,889
Total Liabilities	5,706	11,081	+5,375
Total Net Assets	3,372	10,127	+6,754
Total Liabilities and Net Assets	9,079	21,208	+12,129

Sansan Business Overview

Operating profit margin greatly improved thanks to continued net sales growth

Profit margin declined compared with Q1 due to having implemented TV commercials in Q2, but as planned

(millions of yen)	FY2018	FY2019		FYI: FY2019	
Sansan Business	Q2 Results	Q2 Results	YoY	Q2YTD Results	YoY
Net Sales	2,346	2,941	+25.4%	5,789	+27.5%
Operating Profit	400	848	+111.9%	2,112	+65.3%
Operating Profit Margin	17.1%	28.9%	+11.8pt	36.5%	+8.3pt
Number of “Sansan” Subscriptions	5,616 subscriptions	6,263 subscriptions	+11.5%		
Monthly Sales per Subscription ⁽¹⁾	146,000 yen	159,000 yen	+8.9%		
Last 12 Months Average of Monthly Churn Rate ⁽²⁾	0.79%	0.54%	-0.25pt		
Number of Employees	255 persons	357 persons	+102 persons		

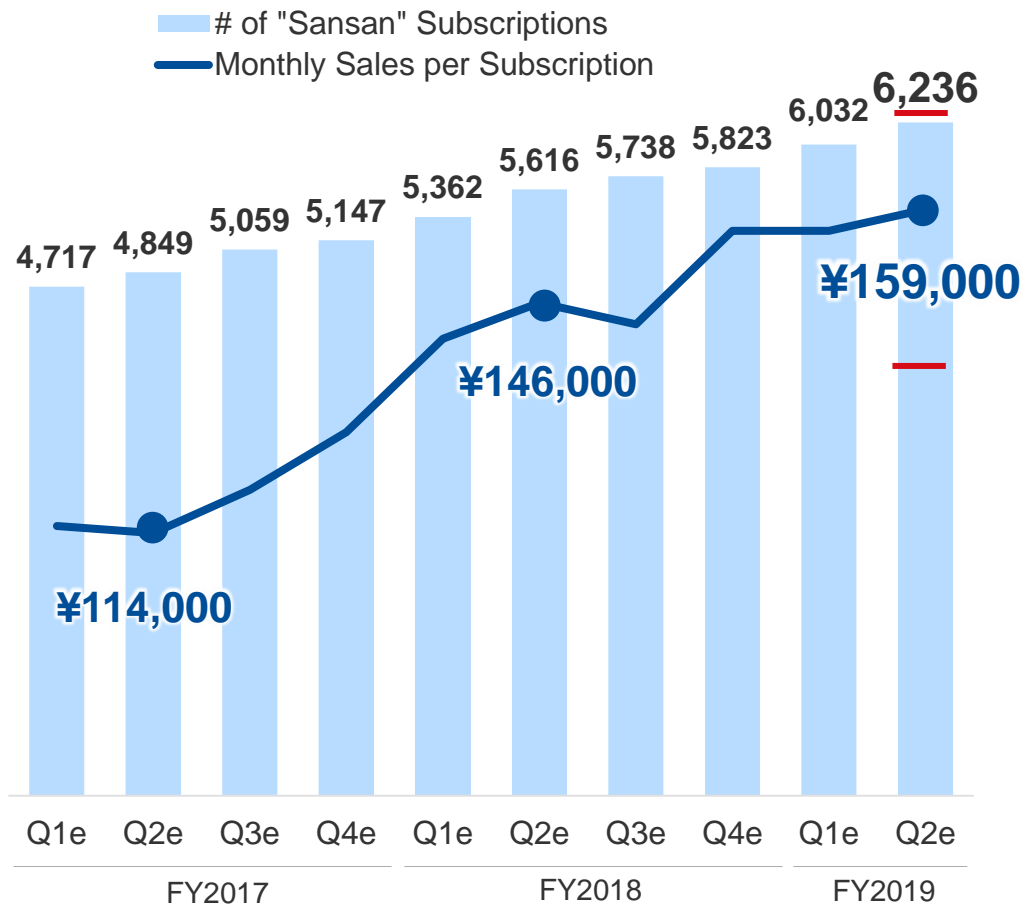
(1) Monthly results for the end of Q1 in the Sansan Business (incl. some new services other than “Sansan”, unaudited)

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

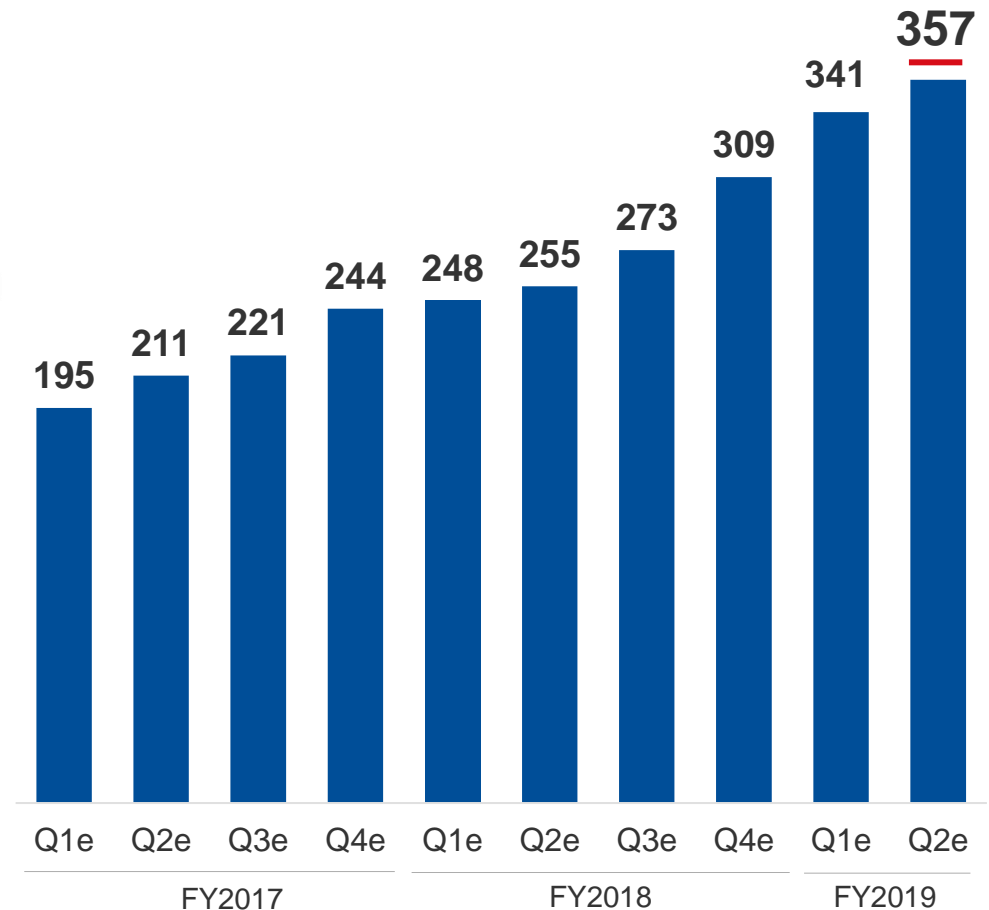
Sansan Business: Number of “Sansan” Subscriptions, Monthly Sales and Number of Employees

Number of subscriptions and monthly sales per subscription have grown steadily
Pace of personnel recruitment, which is mainly for sales department, slowed down slightly but is planned to accelerate in second half

Number of “Sansan” Subscriptions and Monthly Sales per Subscription ⁽¹⁾



Number of Employees in Sansan Business

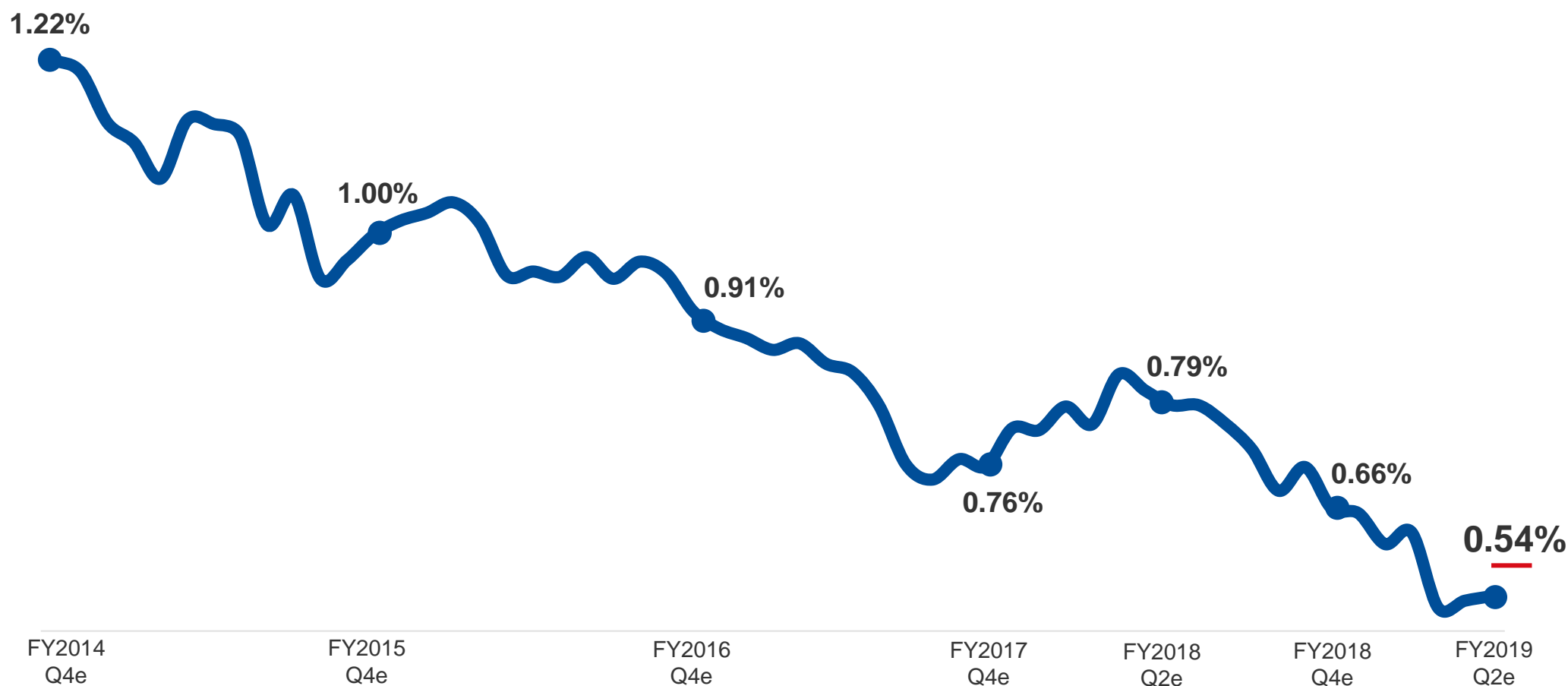


(1) Monthly results for the end of Q1 in the Sansan Business (incl. some new services other than “Sansan”, unaudited)

Sansan Business: Last 12 Months Average of Monthly Churn Rate

Average churn rate over the last 12 months improved by 0.25 points compared to the same period last year, and remained at a low level

Last 12 Months Average of Monthly Churn Rate ⁽¹⁾ for “Sansan”

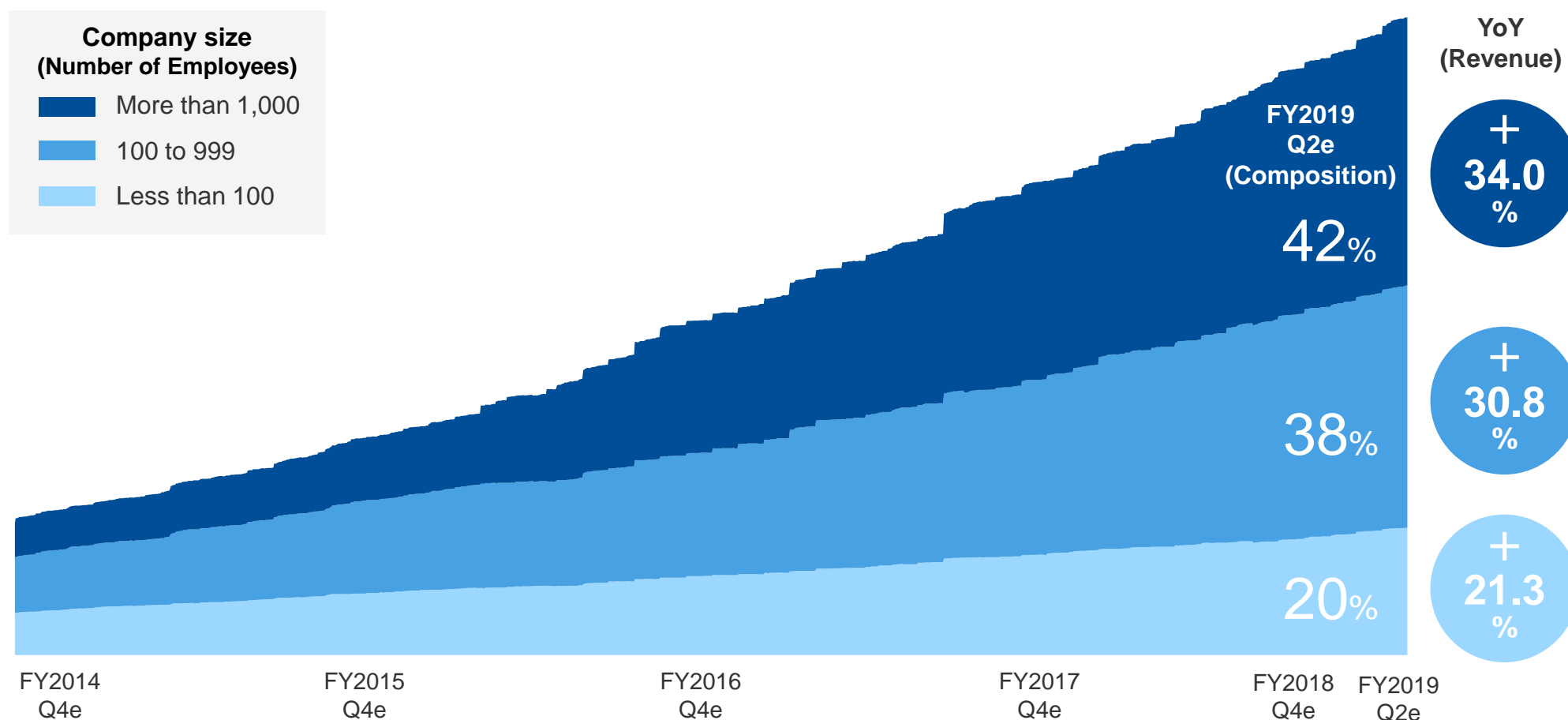


(1) Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts

Sansan Business: “Sansan” Revenue Composition by Customer Size

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

“Sansan” Revenue Composition by Customer Size ⁽¹⁾



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

Eight Business Overview

**Net sales continued to show high year-on-year growth due to strengthened monetization
B2B paid services are driving growth**

(millions of yen)	FY2018	FY2019		FYI: FY2019	
Eight Business	Q2 Results	Q2 Results	YoY	Q2YTD Results	YoY
Net Sales	120	253	+110.2%	504	+139.8%
B2C Services	56	71	+25.6%	143	+27.7%
B2B Services	63	181	+185.4%	361	+267.6%
Operating Profit	-310	-227	—	-466	—
Operating Profit Margin	—	—	—	—	—
Number of “Eight” Users ⁽¹⁾	2.29 million people	2.58 million people	+0.29 million people		
Number of “Eight Company Premium” Subscriptions ⁽²⁾	466 subscriptions	1,164 subscriptions	+149.8%		

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

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

Eight Business: Net Sales and “Eight” Users

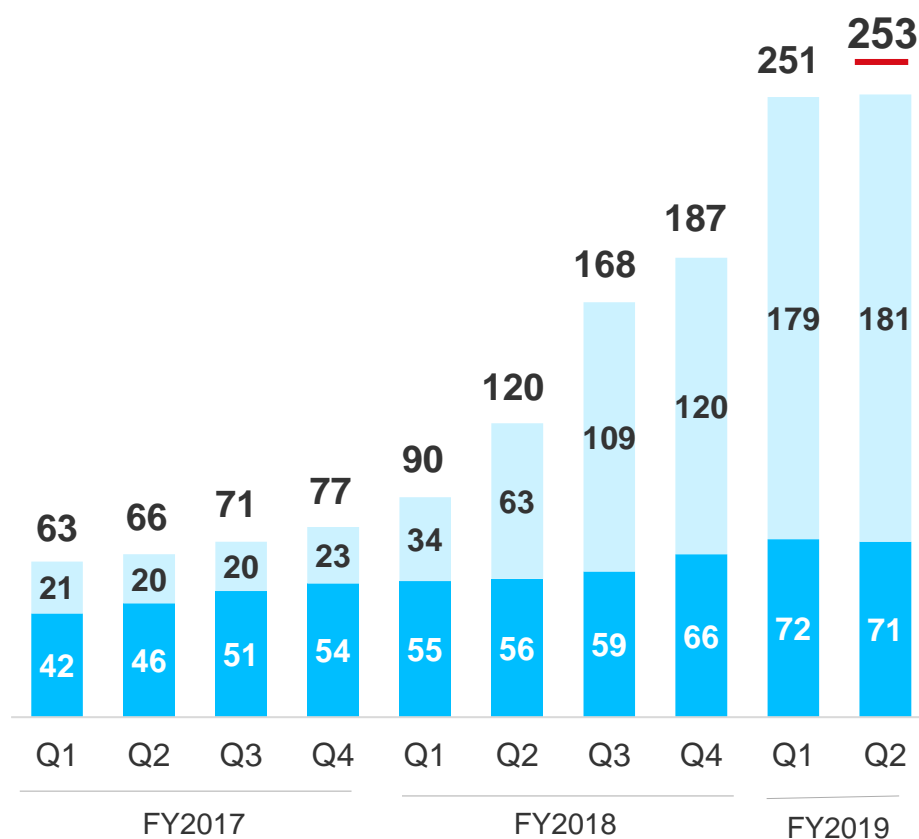
Continued growth of net sales and number of “Eight” users

Net Sales ⁽¹⁾

(millions of yen)

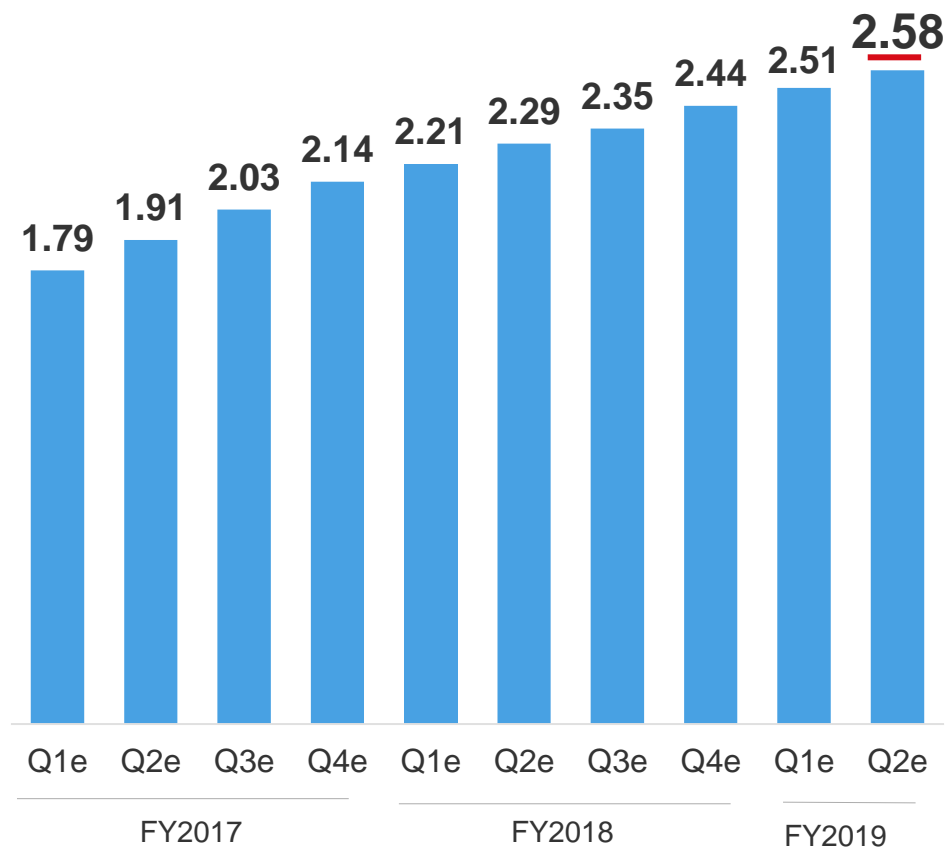
■ B2C Services

■ B2B Services



Number of “Eight” Users ⁽²⁾

(millions of user)



(1) Quarterly results for FY2017 were unaudited

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

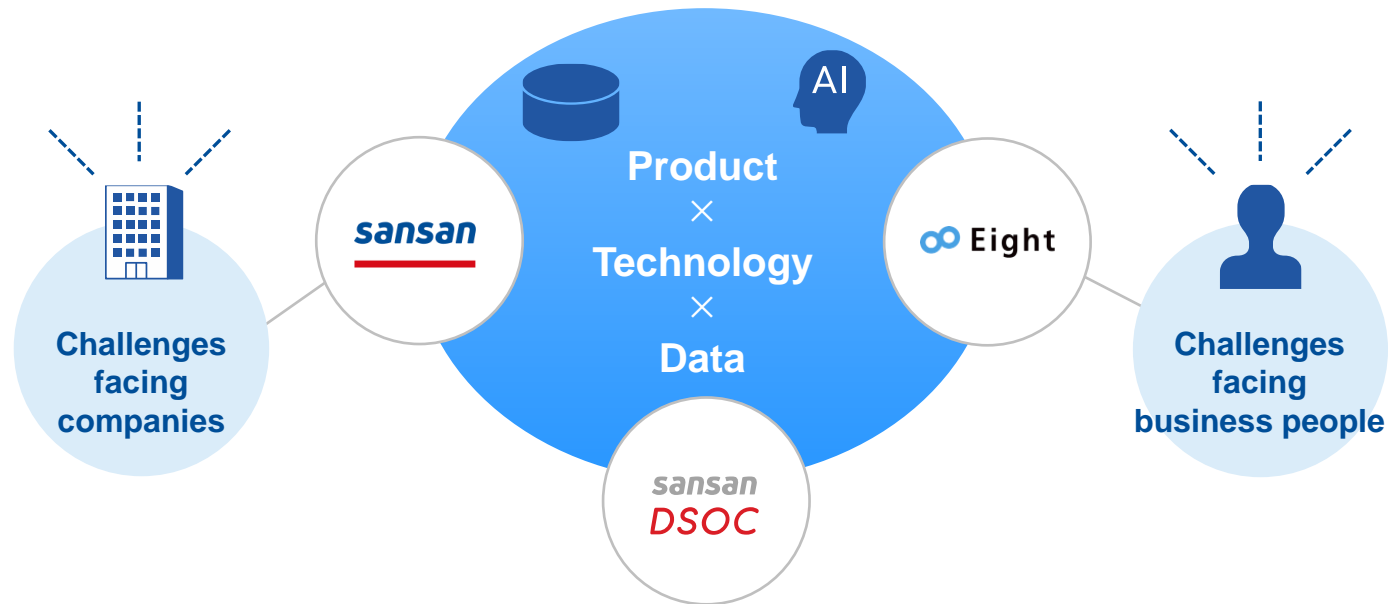
Appendix



Mission

Turning Encounters into Innovation

— A Business Platform to Challenge the World —



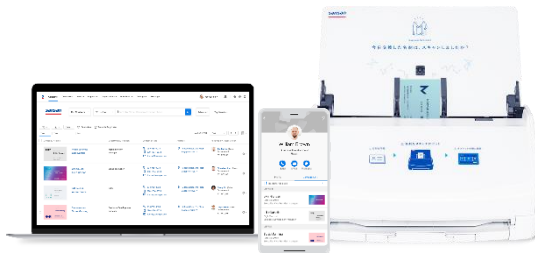
Overview of Businesses and Services

Platforms to transform business and individual contact information into assets

sansan

Effortless Organization. Seamlessly Simple.

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 **6,200** 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



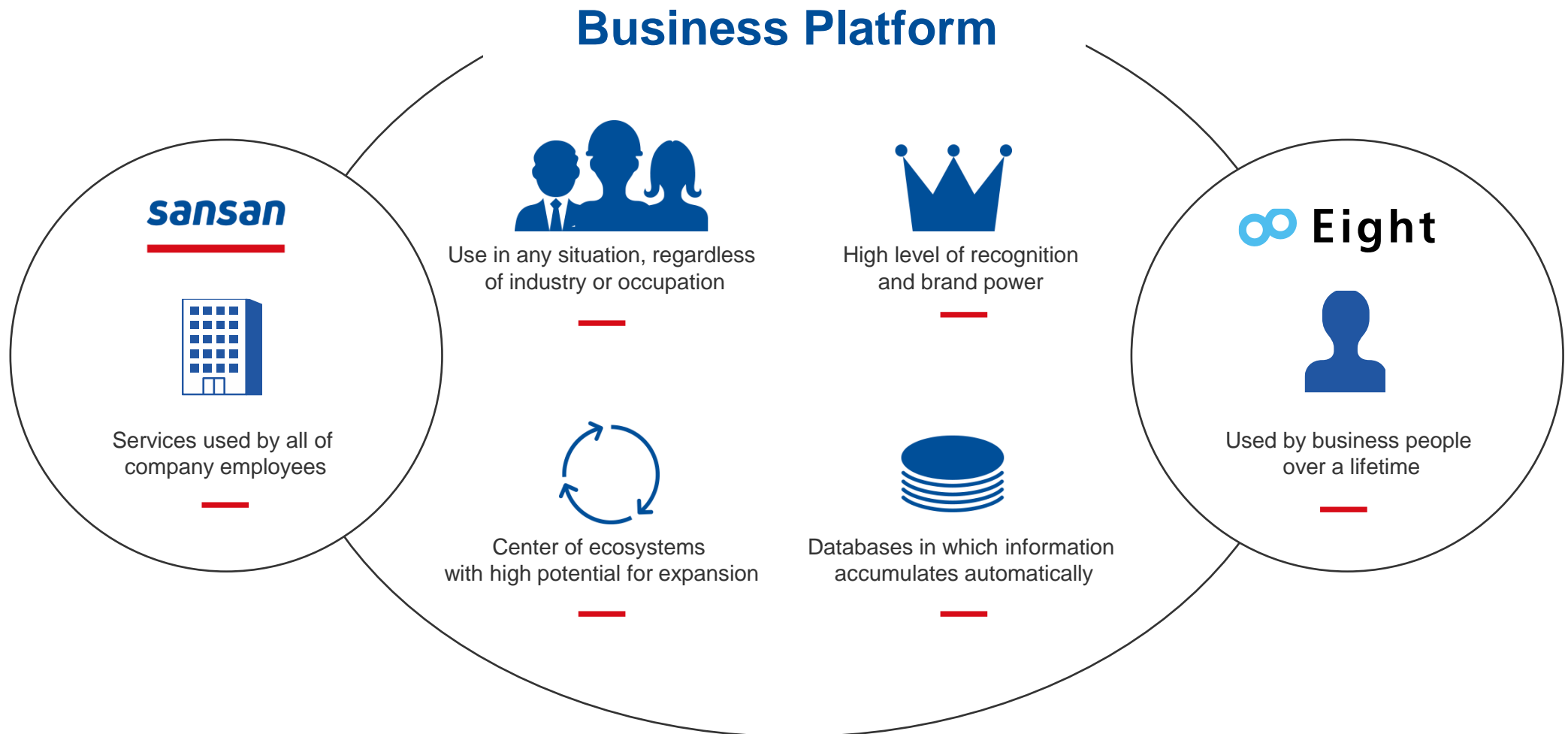
- **No.1** share in mobile contact management apps
- More than **2.5 million** users ⁽²⁾

(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

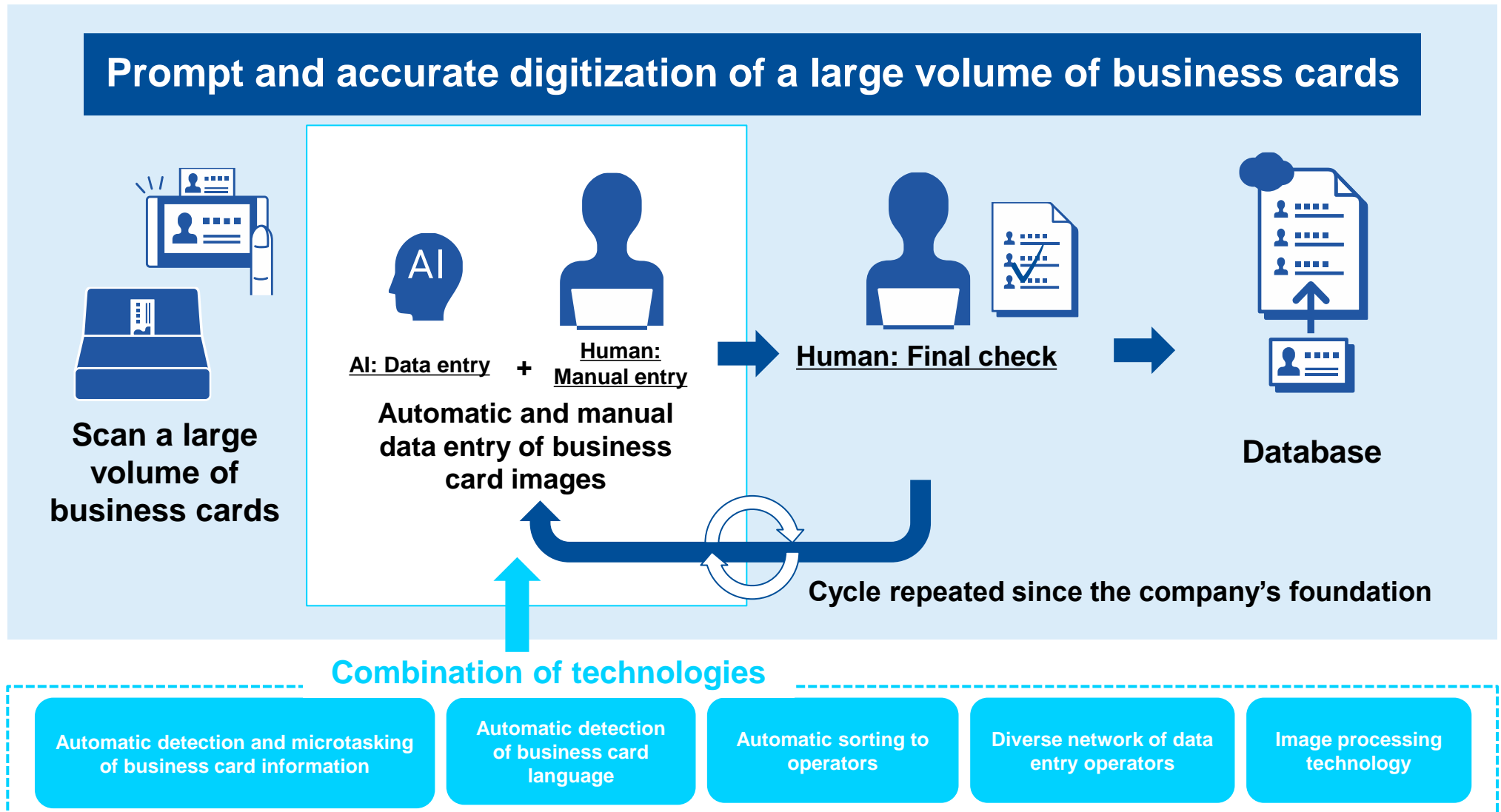
Features Characterizing the Business Platforms

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



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

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

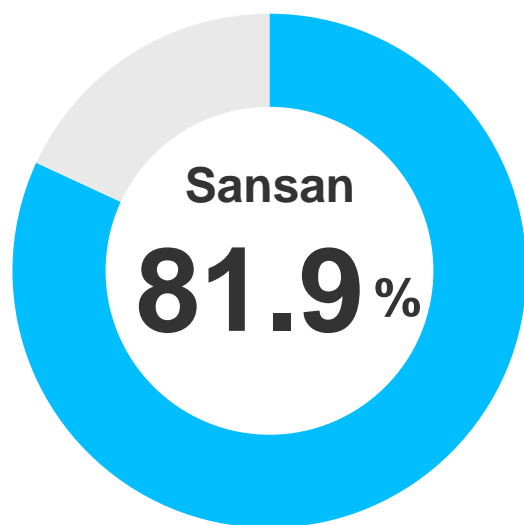


Competitive Edge: Overwhelming Market Share and Solid Customer Base

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

Overwhelming Market Share and Recognition

Sales share in 2017 ⁽¹⁾



Fifth TV commercial ⁽²⁾



Seventh TV commercial
broadcast from November 4, 2019

Solid Customer Base with more than 6,200 Subscriptions



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

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

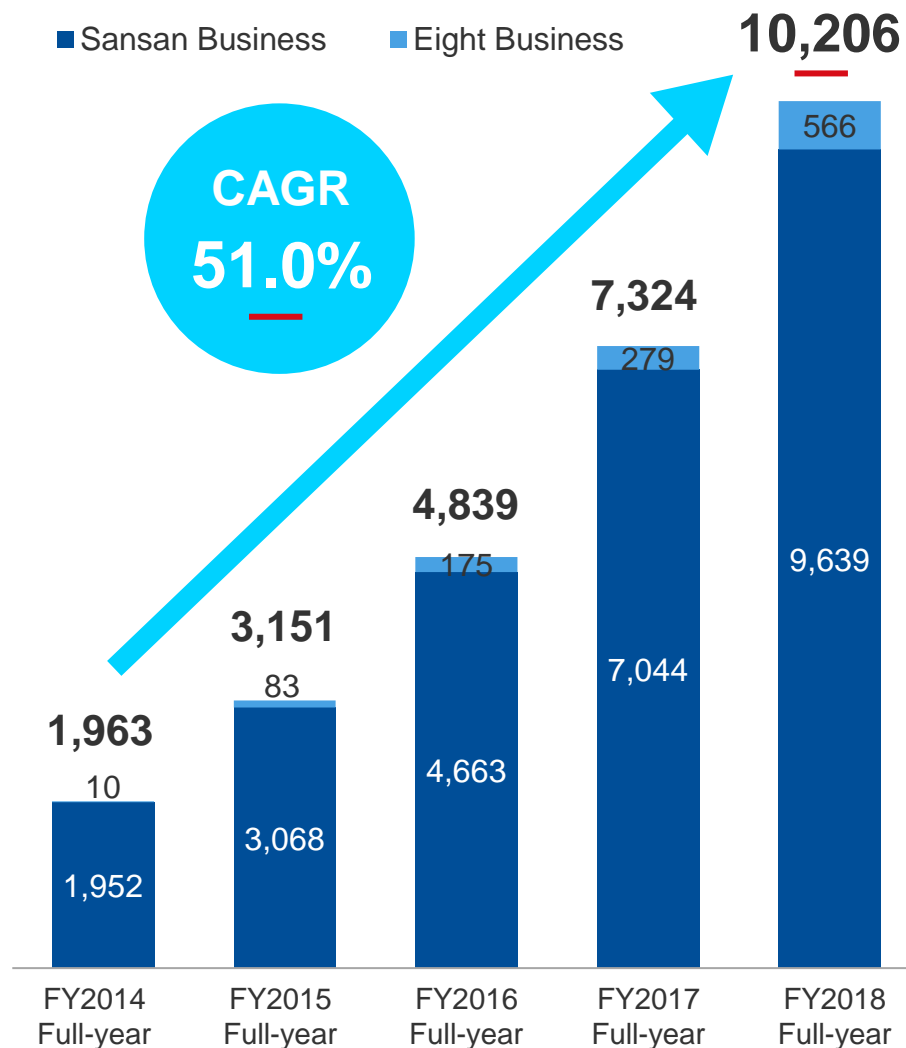
Business Performance (FY2014 to FY2018)

Net Sales ⁽¹⁾

(millions of yen)

■ Sansan Business

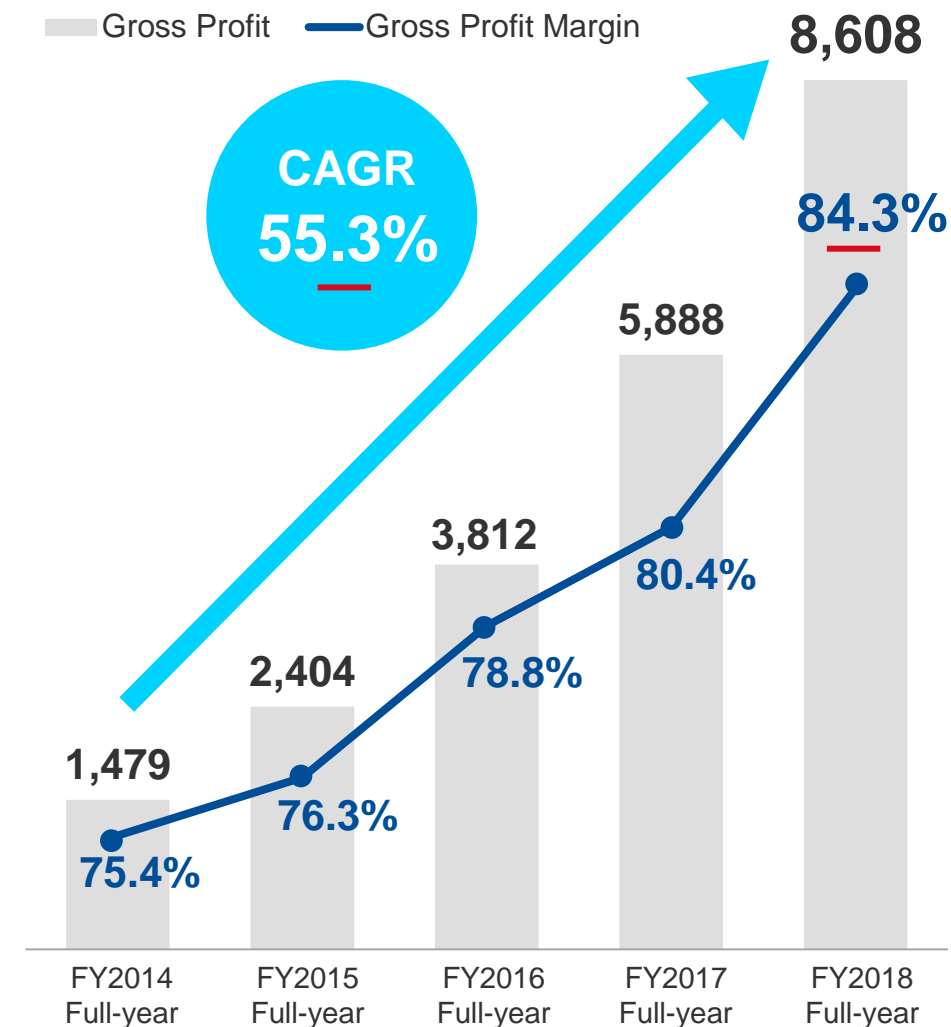
■ Eight Business

Gross Profit and Gross Profit Margin ^{(1) (2)}

(millions of yen)

■ Gross Profit

— Gross Profit Margin



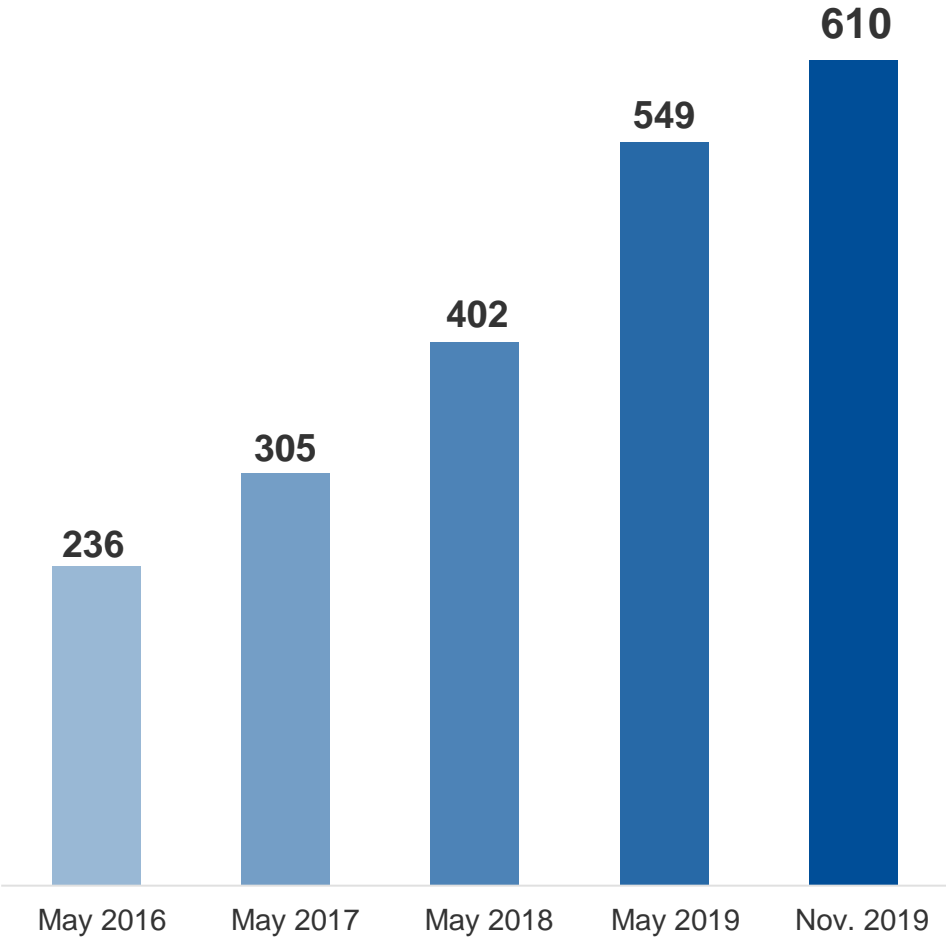
(1) Results for FY2015 and before are unaudited

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

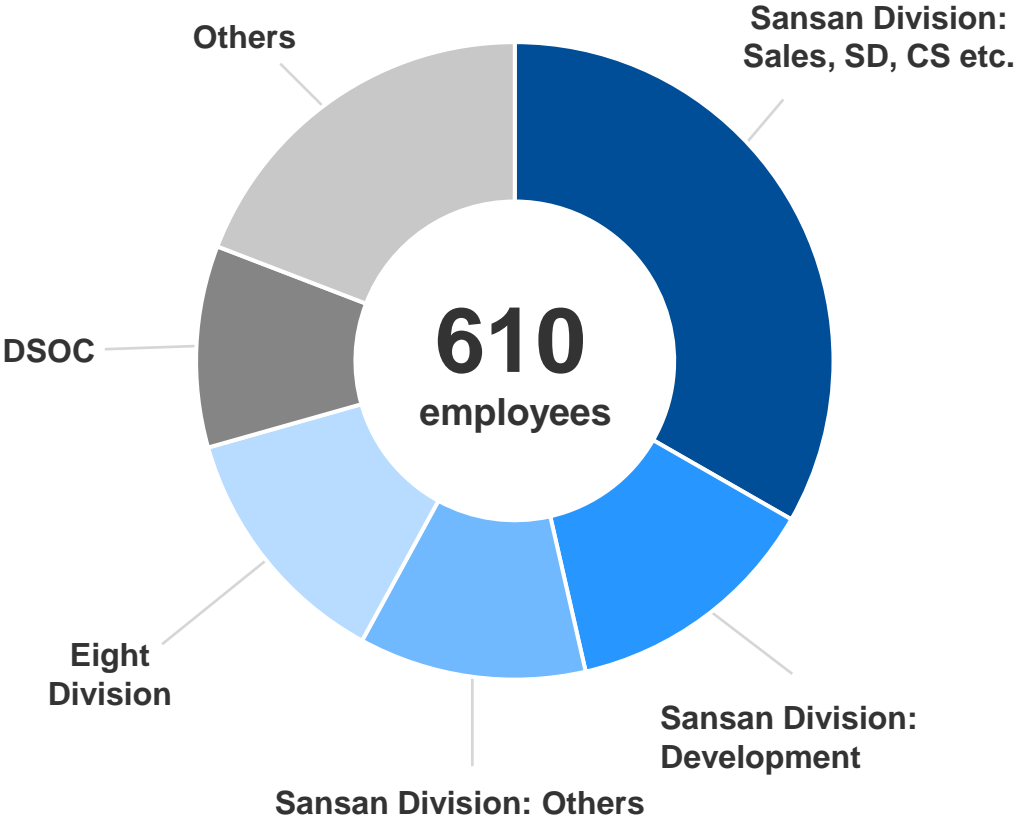
About Employees

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 November 30, 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	610 (As of November 30, 2019)
Capital	¥6,234 million
Net Sales	¥10,206 million (FY2018)
Classification by Type of Shareholder	Domestic Financial Institutions:15.90%, Security Firms:1.76%, Other Domestic Corporations:3.43%, Foreign Financial Institutions and Individuals:27.72%, Individuals and Others:51.19% (As of November 30, 2019)

Basic Features of “Sansan”

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



Challenges facing companies

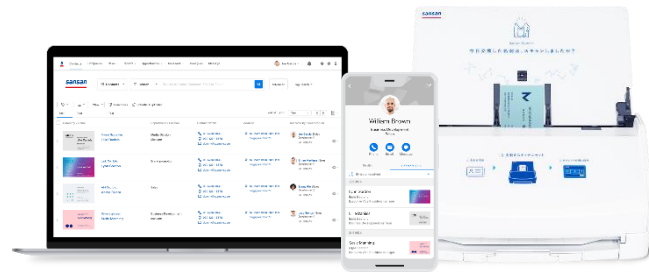
- Business card information not shared within the office
- Insufficient internal communication
- Not aware of the value of business card information



Basic features of “Sansan”

Business card management/utilization

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



Major features

Contact management



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

Customer management



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



User benefits

Productivity Streamlined operations Cost reduction
Creation of business opportunities

Basic Service Plan for “Sansan”

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

1	Initial cost (Initial costs)	12 months' license cost Cost for digitizing all existing business cards
2	Customer Success Plan (Initial costs)	Offer ¥200,000, ¥600,000 and ¥1,500,000 plans ⁽²⁾ Costs for implementation and operational support of Sansan's services
3	Scanner (Running costs)	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)	Determined according to the monthly number of exchanged business cards Tens of thousands to millions of yen per subscription ⁽³⁾

Timing of payment

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.

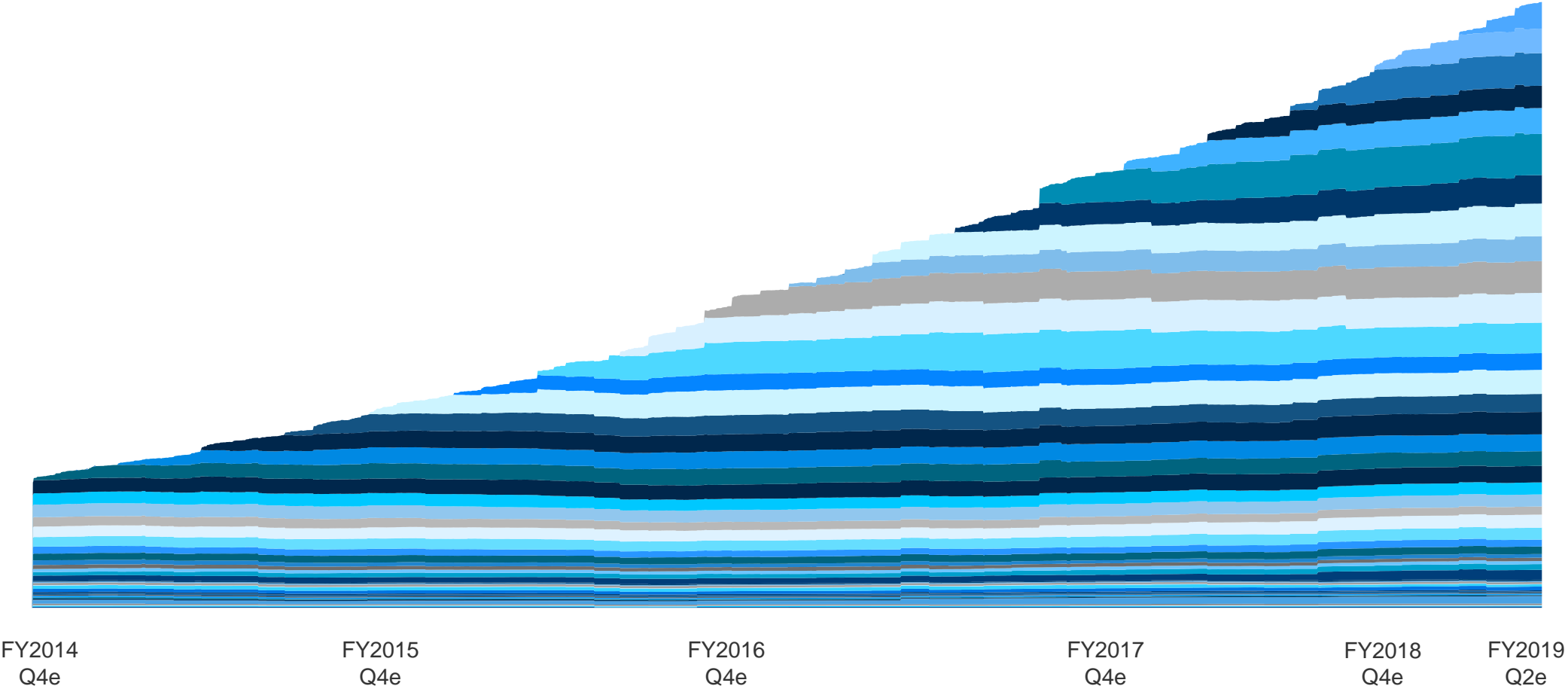
⁽²⁾ Sansan” also offers annual subscription plans according to license cost

⁽³⁾ 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)

Service Outline of "Eight"

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



Challenges facing business people

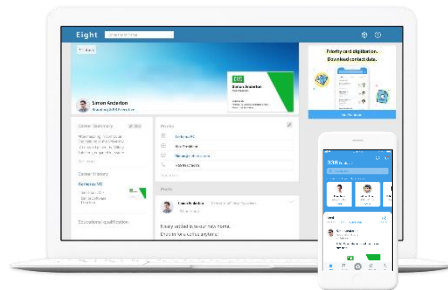
- Is not making the most out of business encounters
- Lacks sufficient access to business card information
- Desire to use business SNS without becoming friends



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

Offering a lifetime SNS platform for business

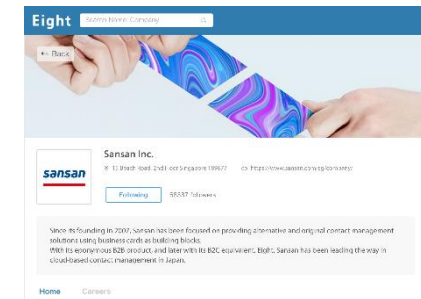
Profile Management



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"

sansan
