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To whom it may concern:

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Notification regarding Booking of Non-operating Expenses and Extraordinary Losses, and Revision of Consolidated Full-year Earnings Forecasts

Sansan, Inc. (the “Company”) announces today that it has booked the following non-operating expenses and extraordinary losses in the financial results for the nine months ended February 29, 2020. The Company also announces the following revisions to its consolidated earnings forecasts for the fiscal year ending May 31, 2020 (“FY2019”) from the previous forecasts announced on July 12, 2019, reflecting the recent business performance.

1. Details of the Non-operating Expenses and Extraordinary Losses

(Non-operating Expenses)

The Company recorded a ¥37 million loss on share of loss of entities accounted for using equity method associated with CREATIVE SURVEY Inc., an equity method affiliate of the Company. Established in 2014, their main business is providing online questionnaire tools, but a deficit has been recorded as they are currently at the stage where it is actively investing in business growth, such as in product development and marketing.

(Extraordinary Losses)

Amid the situation caused by the spread of novel coronavirus (COVID-19) infections, we canceled the Company-hosted “Sansan Innovation Project 2020” business conference, which was planned for March 12 and 13, 2020, and the holding of all types of seminars. Due to these matters, various expenses of ¥54 million incurred in making the preparations for holding the events are recorded as loss on cancellation of events.

The aforementioned non-operating expenses and extraordinary losses have been fully reflected in the financial results announced today as the “Financial Results for FY2019 Q3.”

2. Revised Consolidated Full-year Earnings Forecasts for FY2019

	Net sales	Operating profit	Ordinary Profit	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (a)	13,816	724	670	—	—
Revised forecasts (b)	13,221	591	485	—	—
Variance (b-a)	-595	-133	-185	—	—
% change (b/a)	-4.3	-18.4	-27.6	—	—

(For reference) Results for FY2018	10,206	-849	-891	-945	-40.42
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* The Company is expecting to turn to the black and post a profit attributable to owners of parent, this has not changed from the previous forecasts. 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.

3. Reason for the Revision

In the Eight Business, the Company revised the number of events to be held downward as a result of greatly revising the events planned to be held for the business event “Meets” after taking performance, etc. until the second quarter into consideration. In addition, as a result of circumstances such as the possible postponement of a large-scale event and other events that were planned for the fourth quarter due to the spread of the novel coronavirus (COVID-19), the Company is expecting financial results to fall short of the earnings forecasts made at the beginning of the fiscal year.

In the Sansan Business, as a result of the strengthening of the sales structure, which proceeded from the second half of the previous fiscal year, steady growth continued year on year through the third quarter. Due to the spread of the novel coronavirus (COVID-19), the “Sansan Innovation Project 2020” business conference was canceled and the business environment is partially uncertain in the fourth quarter from the aspect of new subscription acquisition, but the Sansan Business performance is expected to be largely in line with the earnings forecasts made at the beginning of the fiscal year. Although there is a rapidly growing trend of expanding diverse working styles such as remote work and non-face-to-face sales, significant impacts on existing subscriptions in the Sansan Business, which accounts for a large portion of the Company’s financial results, are not expected to occur. This is because “Sansan,” a cloud-based business card management service, has the ability to support a variety of working styles such as remote work due to having the special characteristic of being able to access customer information with a high level of security regardless of time and place, in addition to having a low average monthly churn rate of 0.55% for the most recent 12 months at the end of February 2020. Furthermore, the payment model has been constructed in a manner where it is difficult to feel the impact of short-term changes in the business environment by concluding yearly contracts where the yearly usage fee is set in advance.

As a result of the above, consolidated net sales are expected to total ¥13,221 million (¥595 million decrease from the previous forecast). In light of the uncertain business environment, consolidated operating profit is expected to total ¥591 million (¥133 million decrease from the previous forecast) as a result of flexibly reviewing a portion of the investment plan, focusing on advertising activities. Furthermore, consolidated ordinary profit is expected to total ¥485 million (¥185 million decrease from the previous forecast).

* Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the consolidated forecasts due to various factors.