

# **Presentation Material for FY2018 Financial Results**

July 12, 2019  
Sansan, Inc.

# Disclaimer

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**1 Sansan Group Overview**

**2 FY2018 Financial Results**

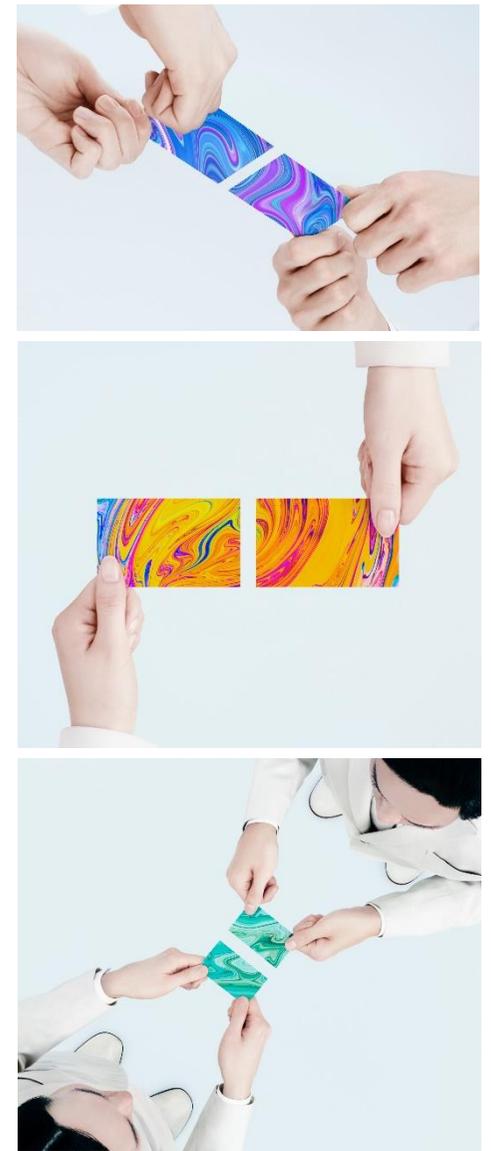
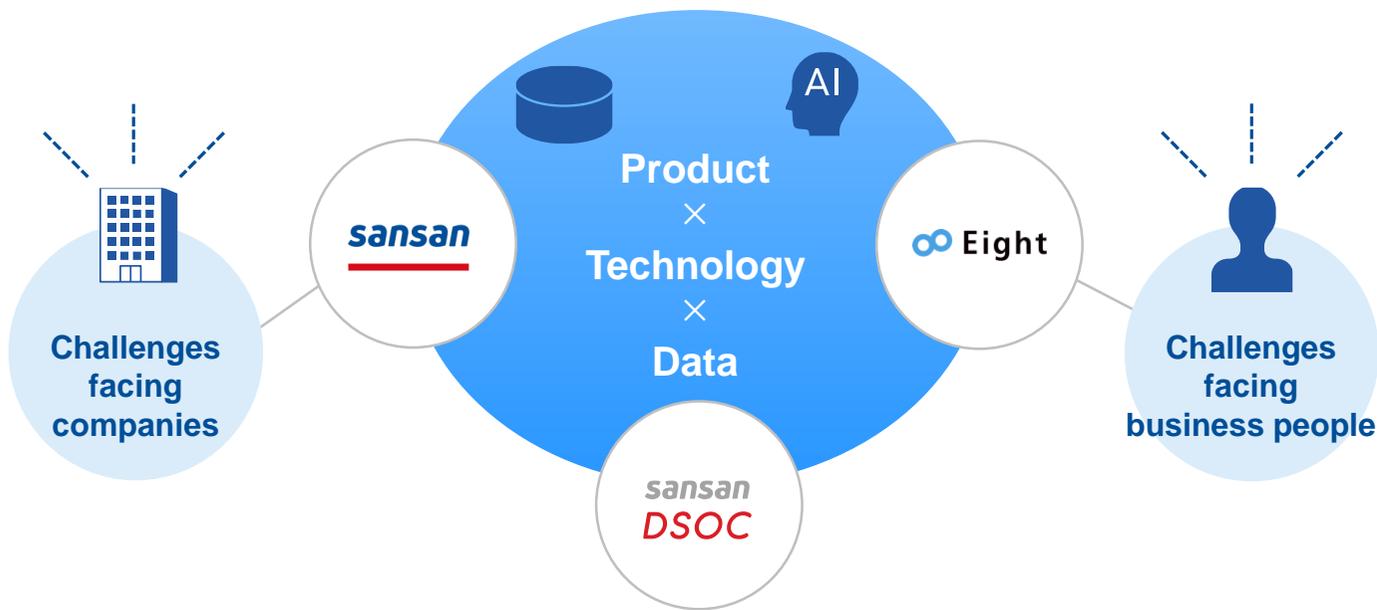
**3 Growth Strategies**

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# Mission

## Turning Encounters into Innovation

Business Platform to Challenge the World



## 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



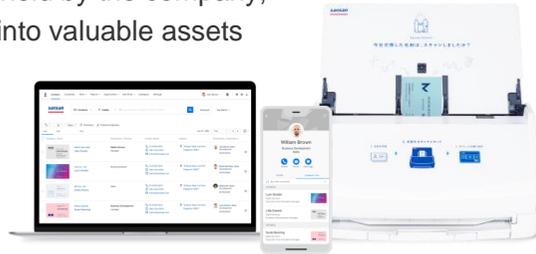
# Overview of Businesses and Services

## 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>

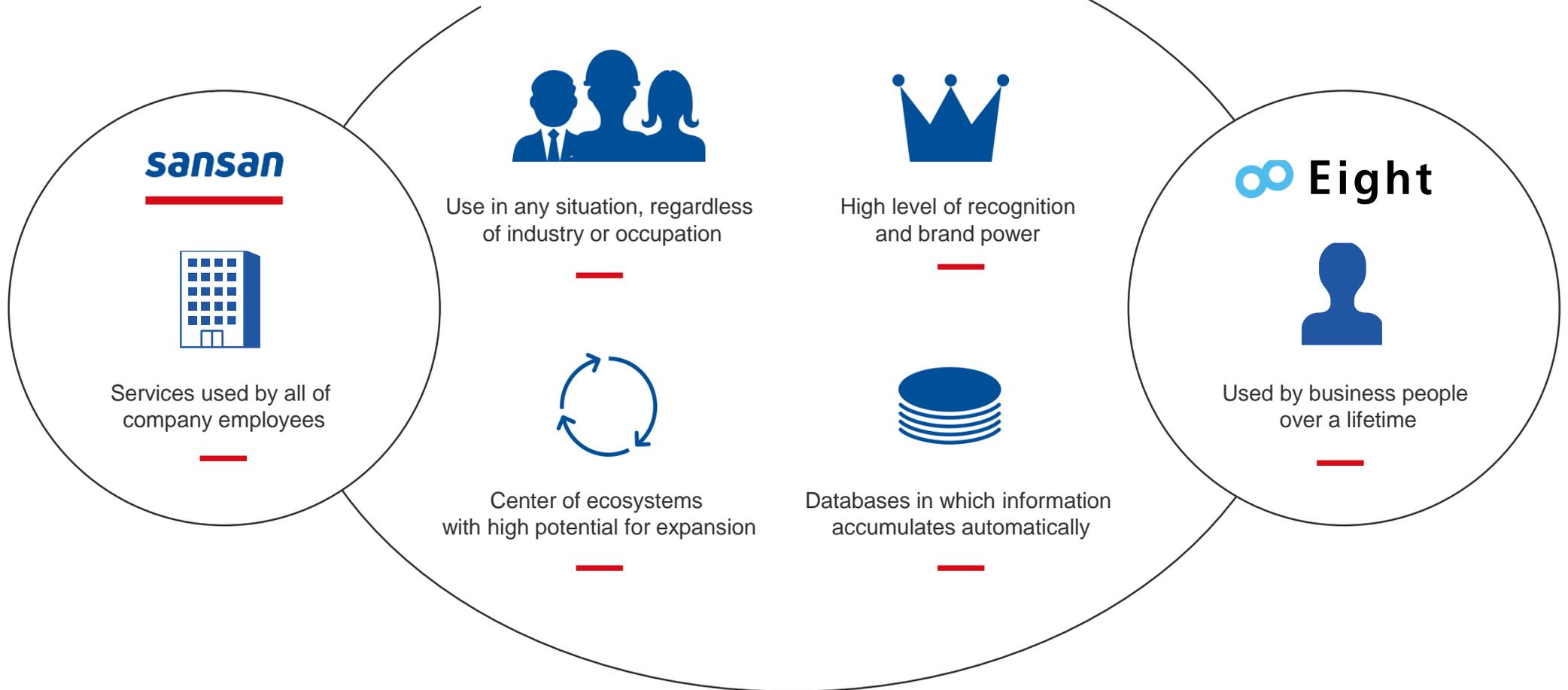
(1) Average monthly churn rate over the past 12 months, which is the ratio of decrease in monthly fees associated with contract cancellations to total monthly fees from existing contracts

(2) Number of users that downloaded the app and scanned their own business cards

# Features Characterizing the Business Platforms

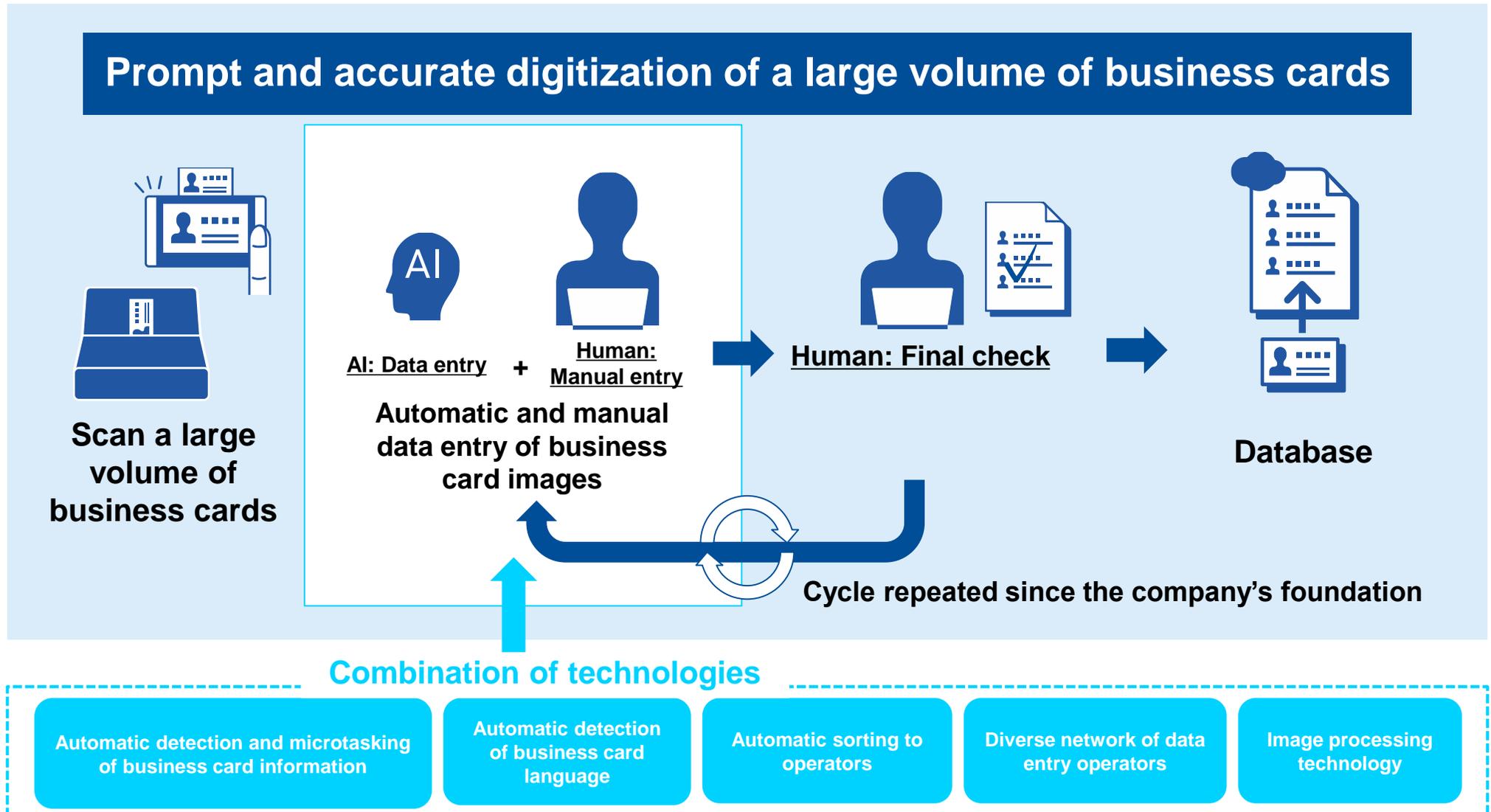
**Establish a solid position as a business platform  
while diversifying medium- to long-term growth opportunities**

## Business Platform



# 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

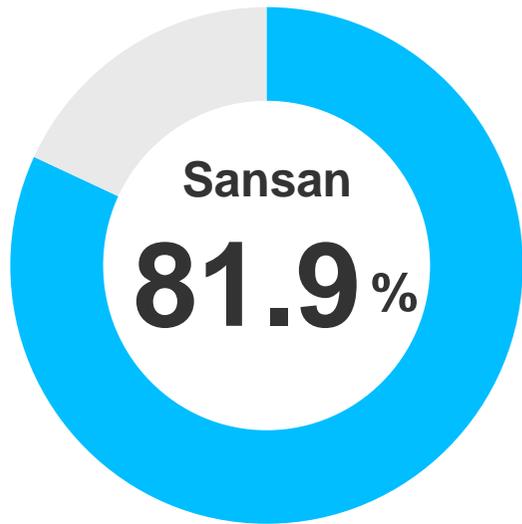


# Competitive Edge: Overwhelming Market Share and Solid Customer Base

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



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

## Solid Customer Base with more than 5,800 Subscriptions



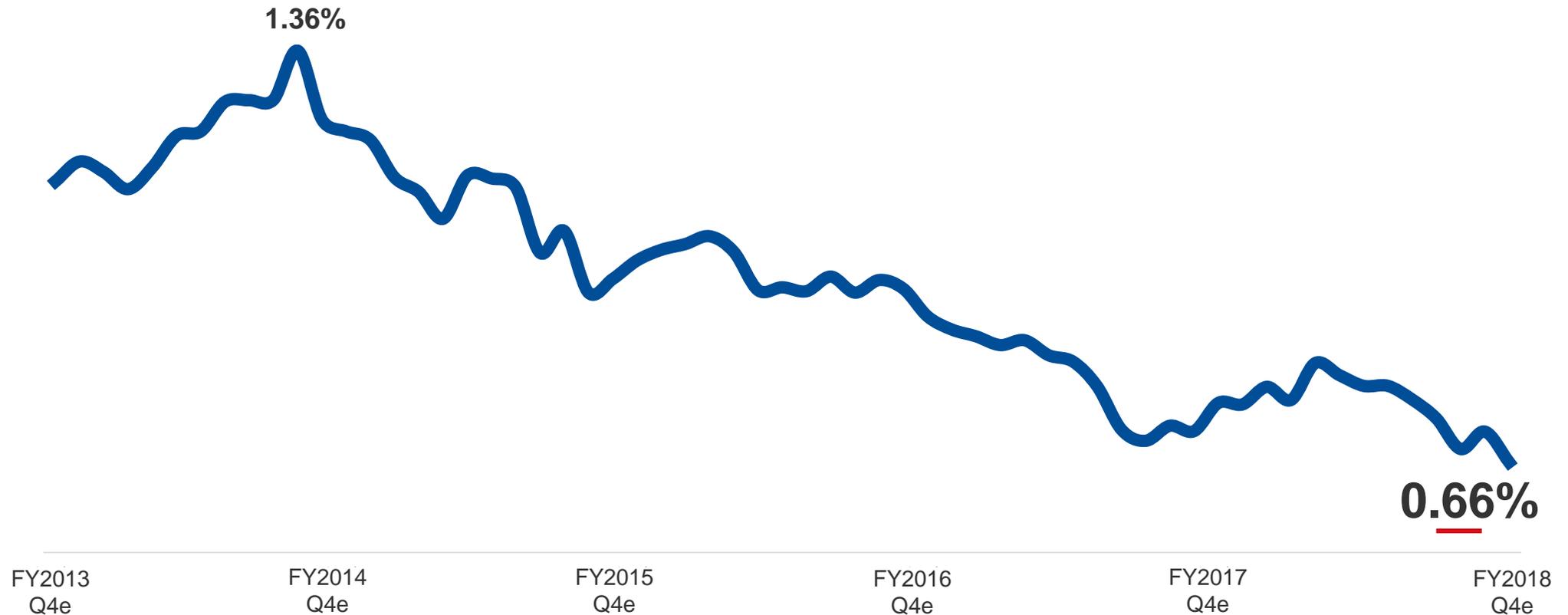
(1) Sales share of companies in the contact management services for corporations based on "Contact Management Service Market and SFA/CRM Businesses" by Seed Planning, Inc. released in November 2018

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

# 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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## Highlights

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- **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

## 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>				
<b>Net Sales</b>	<b>7,324</b>	<b>10,069</b>	<b>10,206</b>	<b>+39.3%</b>
<b>Gross Profit</b>	<b>5,888</b>	<b>—</b>	<b>8,608</b>	<b>+46.2%</b>
<b>Gross Profit Margin</b>	<b>80.4%</b>	<b>—</b>	<b>84.3%</b>	<b>+3.9pt</b>
<b>Operating Profit</b>	<b>-3,061</b>	<b>-938</b>	<b>-849</b>	<b>—</b>
<b>Ordinary Profit</b>	<b>-3,077</b>	<b>-976</b>	<b>-891</b>	<b>—</b>
<b>Profit Attributable to Owners of Parent</b>	<b>-3,085</b>	<b>-988</b>	<b>-945</b>	<b>—</b>

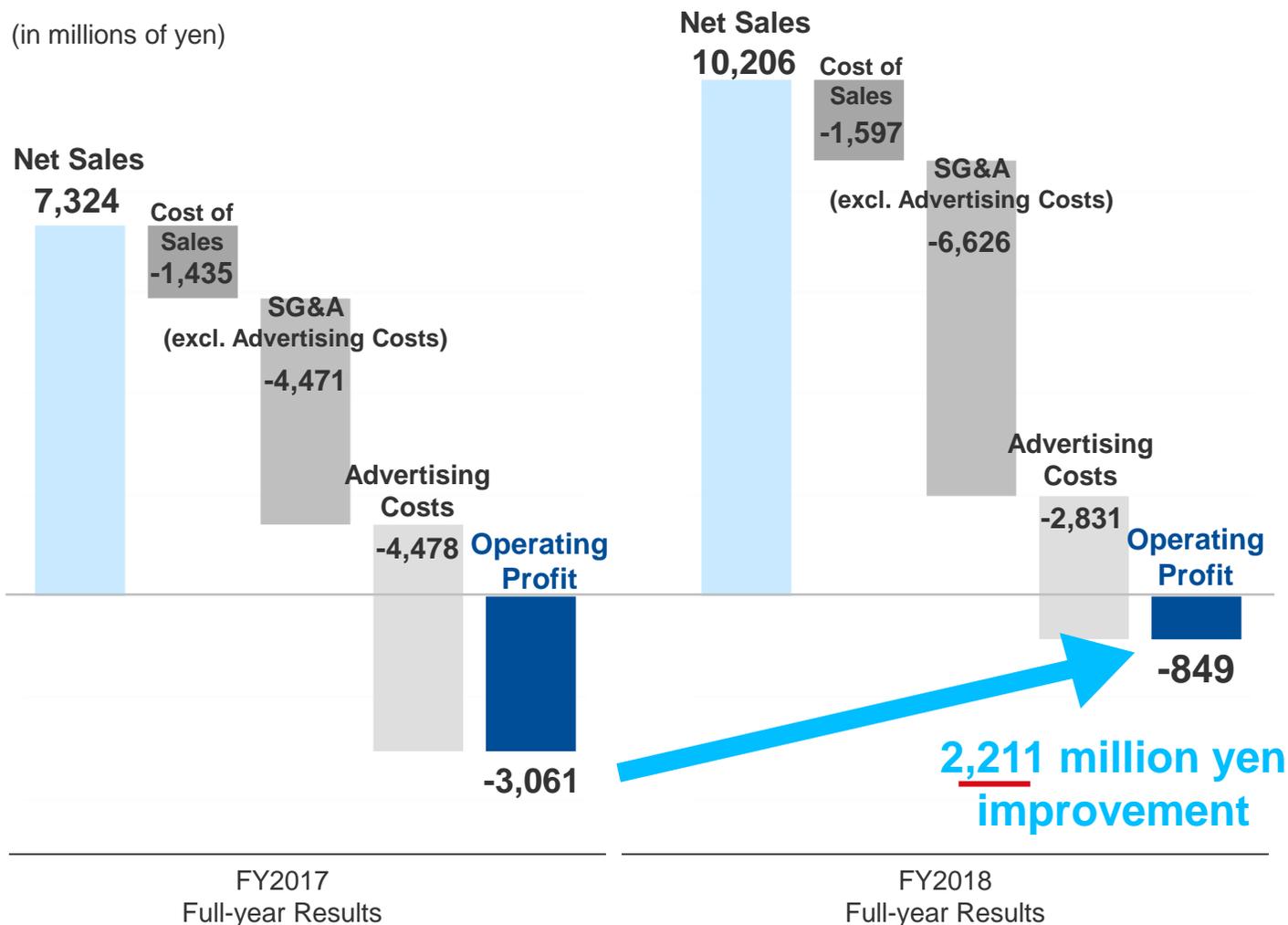
(1) Business card entry costs in Eight Business are recorded in SG&A

# 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**

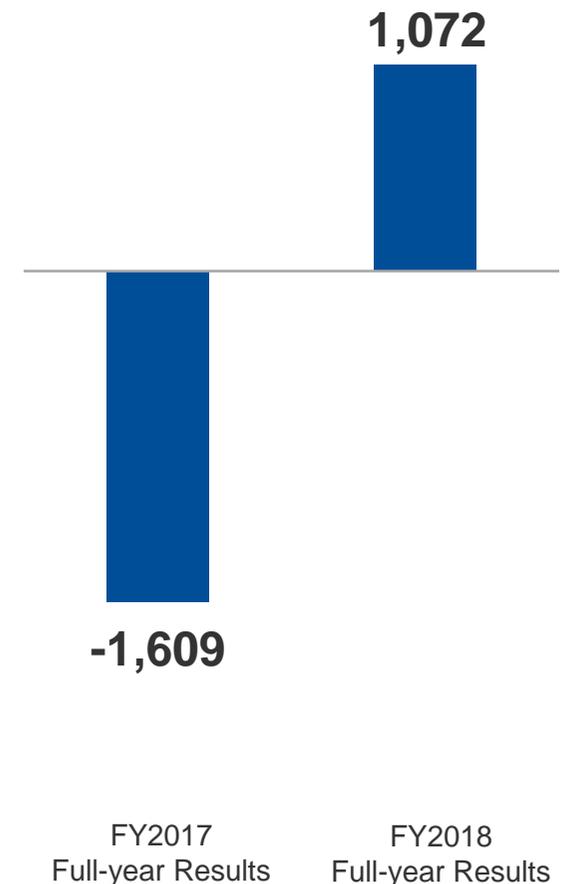
**Breakdown between Net Sales and Operating Profit**

(in millions of yen)



**Cash Flows from Operating Activities**

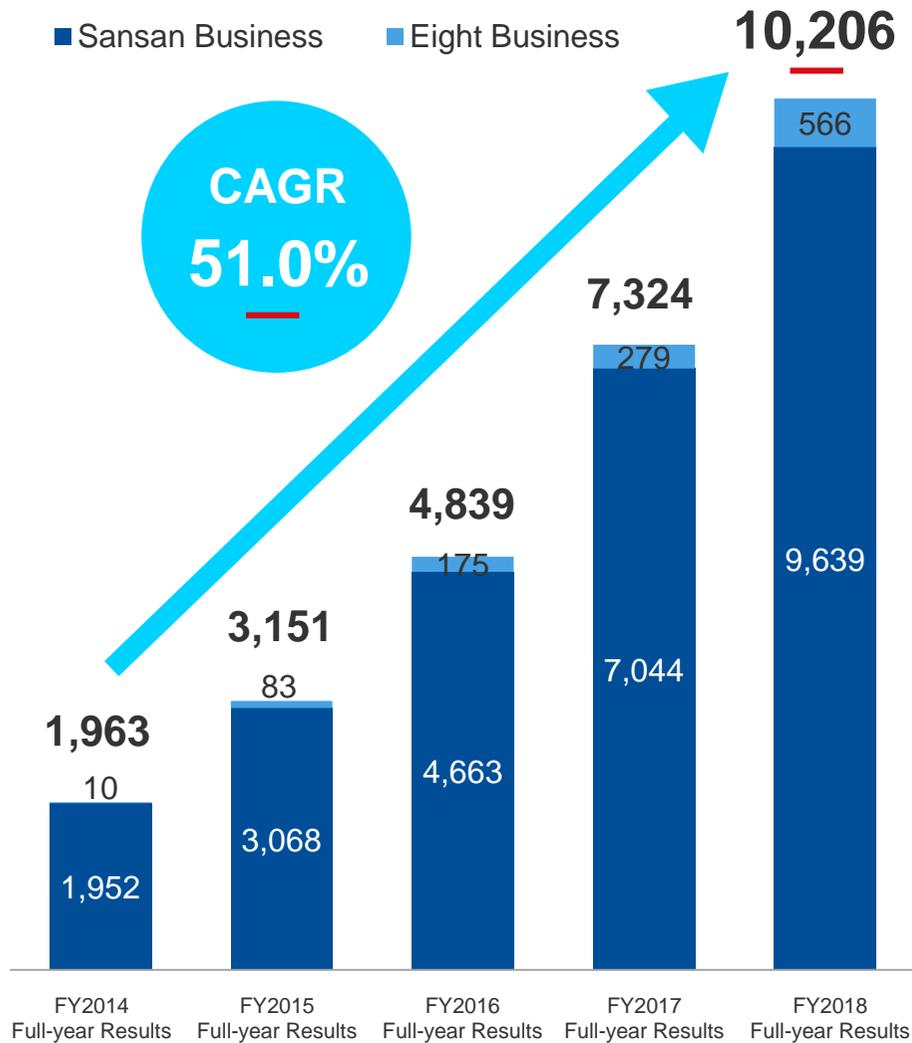
(in millions of yen)



# Business Performance

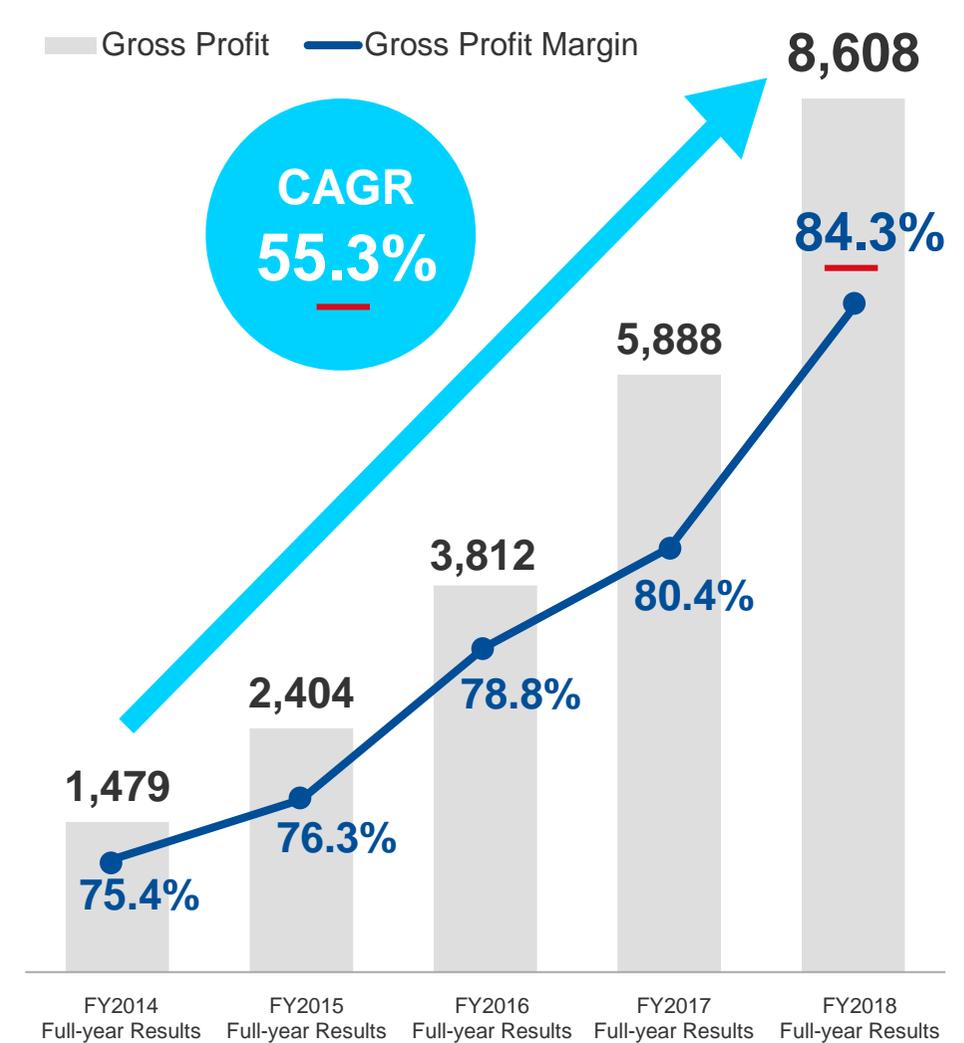
## Net Sales <sup>(1)</sup>

(in millions of yen)



## Gross Profit and Gross Profit Margin <sup>(1) (2)</sup>

(in millions of yen)



(1) Results for FY2015 and before are unaudited

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

## Results by Segment: Sansan Business

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

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

(1) Results for the last month of Q4 (unaudited)

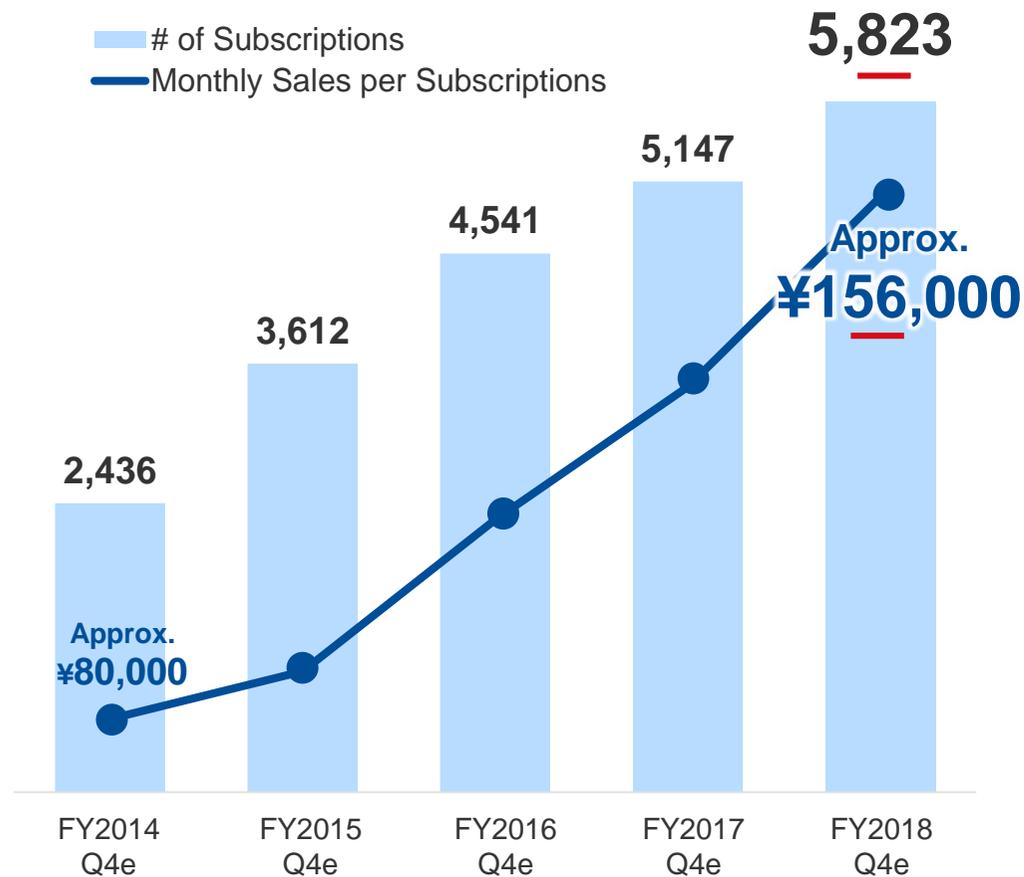
(2) Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees for existing contracts

# Results by Segment: Key Indicators for Sansan Business

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

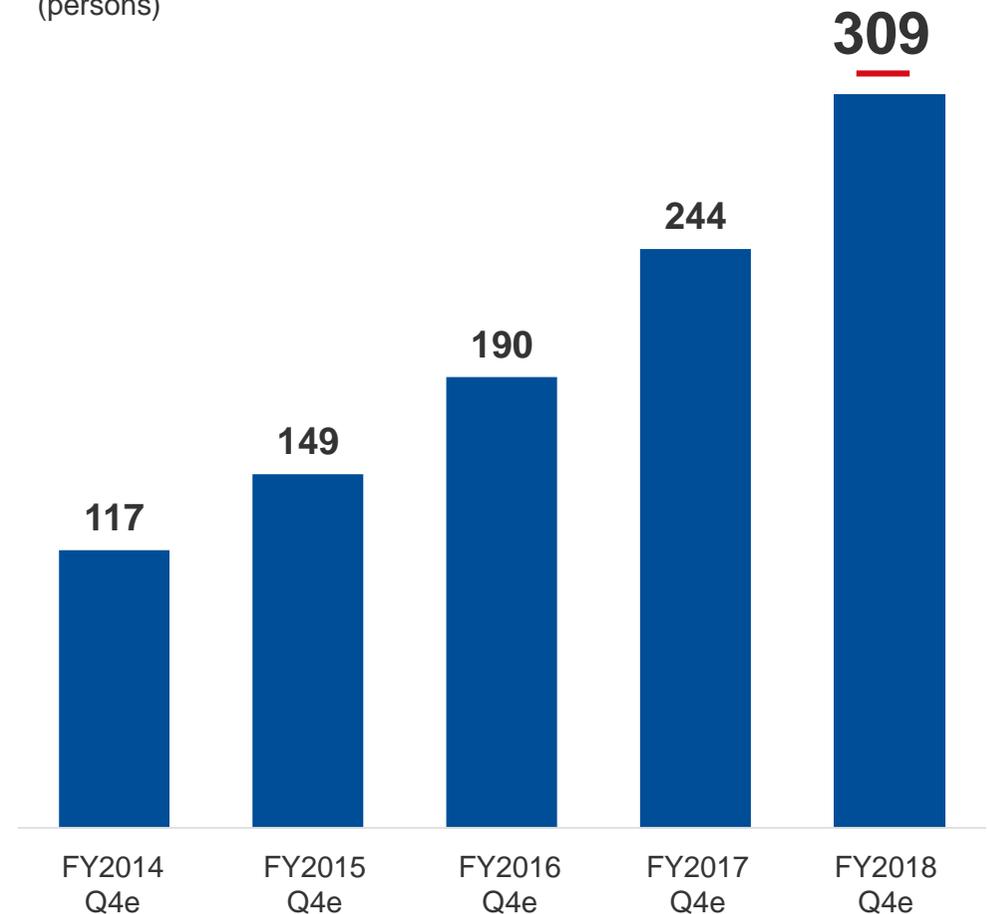
## Number of Subscriptions and Monthly Sales per Subscription <sup>(1)</sup>

(subscriptions)



## Number of Employees in Sansan Business

(persons)



(1) Results for the last month of Q4 (unaudited)

## 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>			
<b>Net Sales</b>	<b>279</b>	<b>566</b>	<b>+102.8%</b>
<b>Operating Profit</b>	<b>-2,964</b>	<b>-1,212</b>	<b>—</b>
<b>Operating Profit Margin</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Number of Eight Users <sup>(1)</sup></b>	<b>2.14 million people</b>	<b>2.44 million people</b>	<b>+0.3 million people</b>

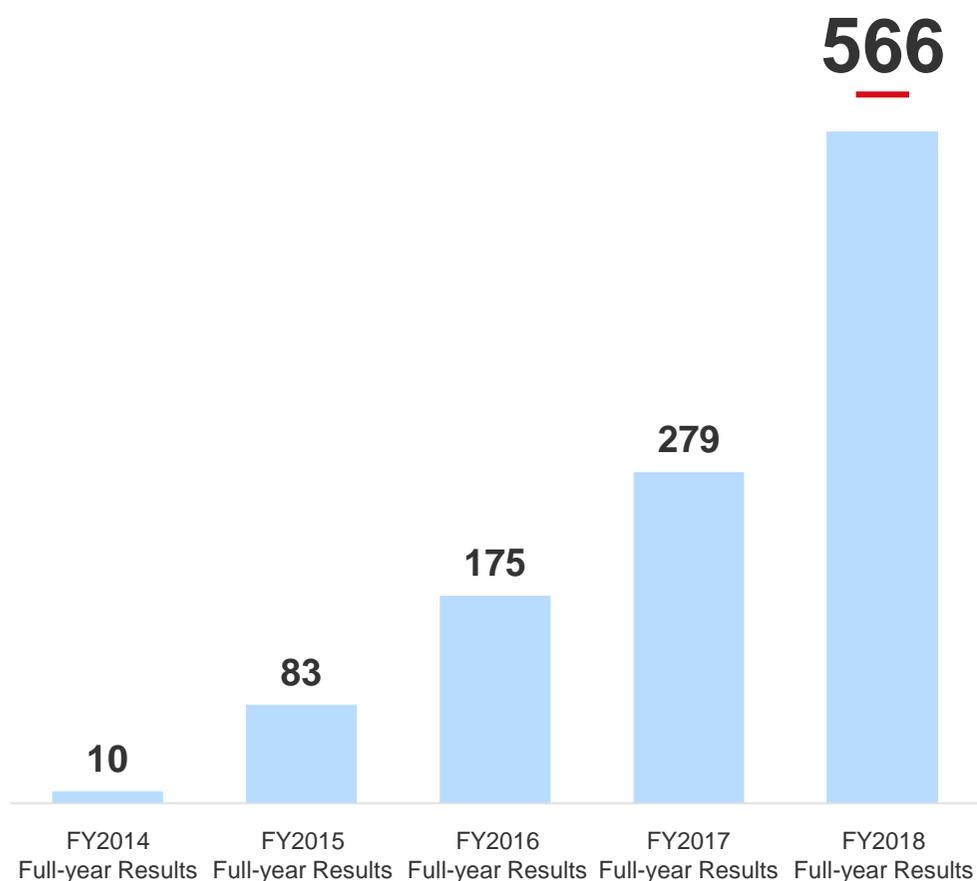
(1) Number of users that downloaded the application and scanned their own business cards

## Results by Segment: Key Indicators for Eight Business

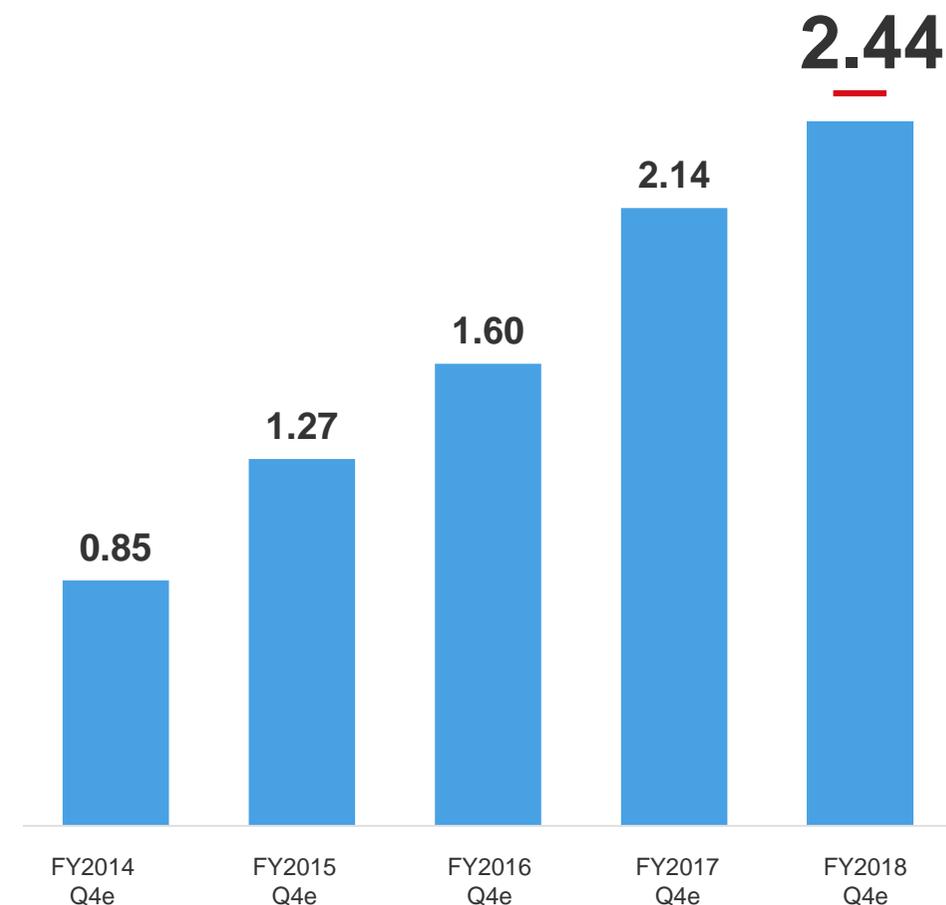
## Continued expansion of net sales and number of Eight users

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

(in millions of yen)

Number of Eight Users <sup>(2)</sup>

(in millions)



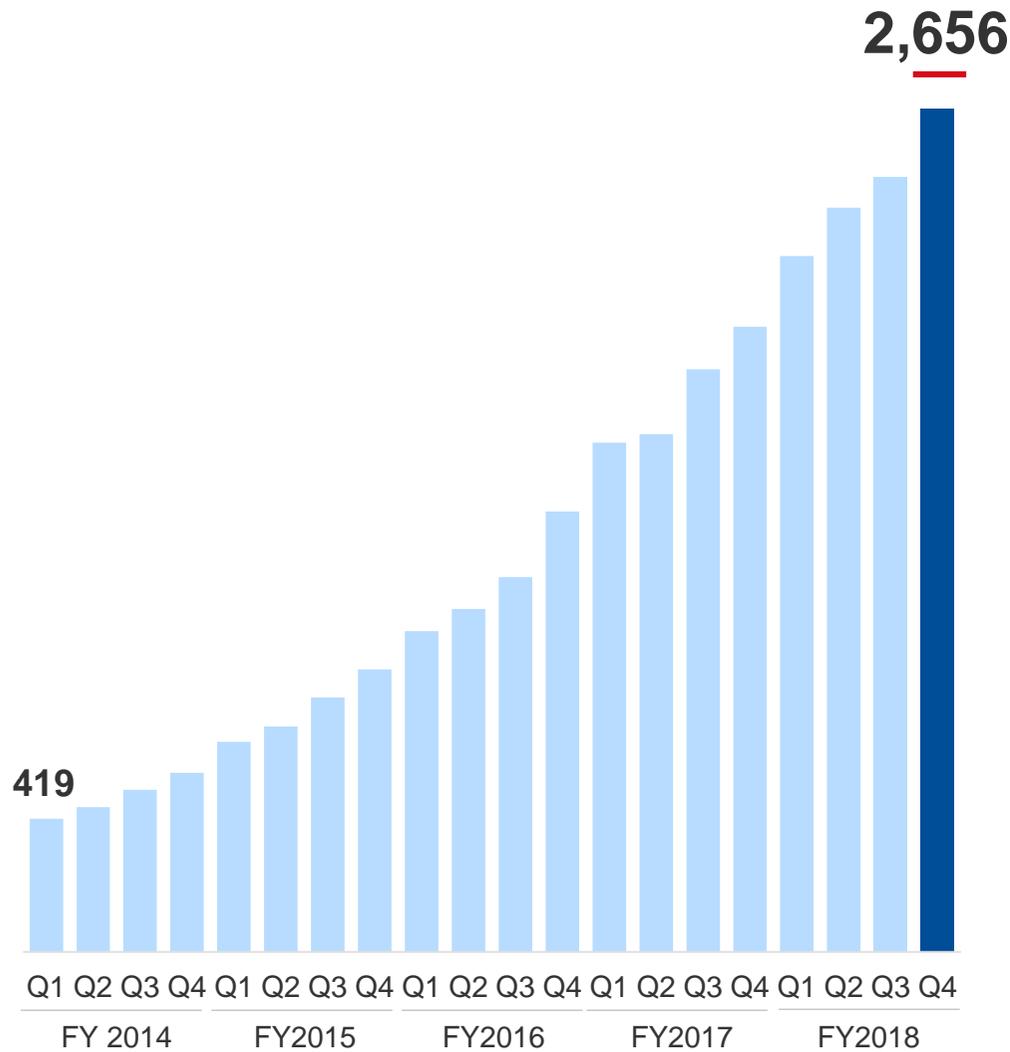
(1) Results for FY2015 and before are unaudited

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

# Results by Segment: Quarterly Business Performance

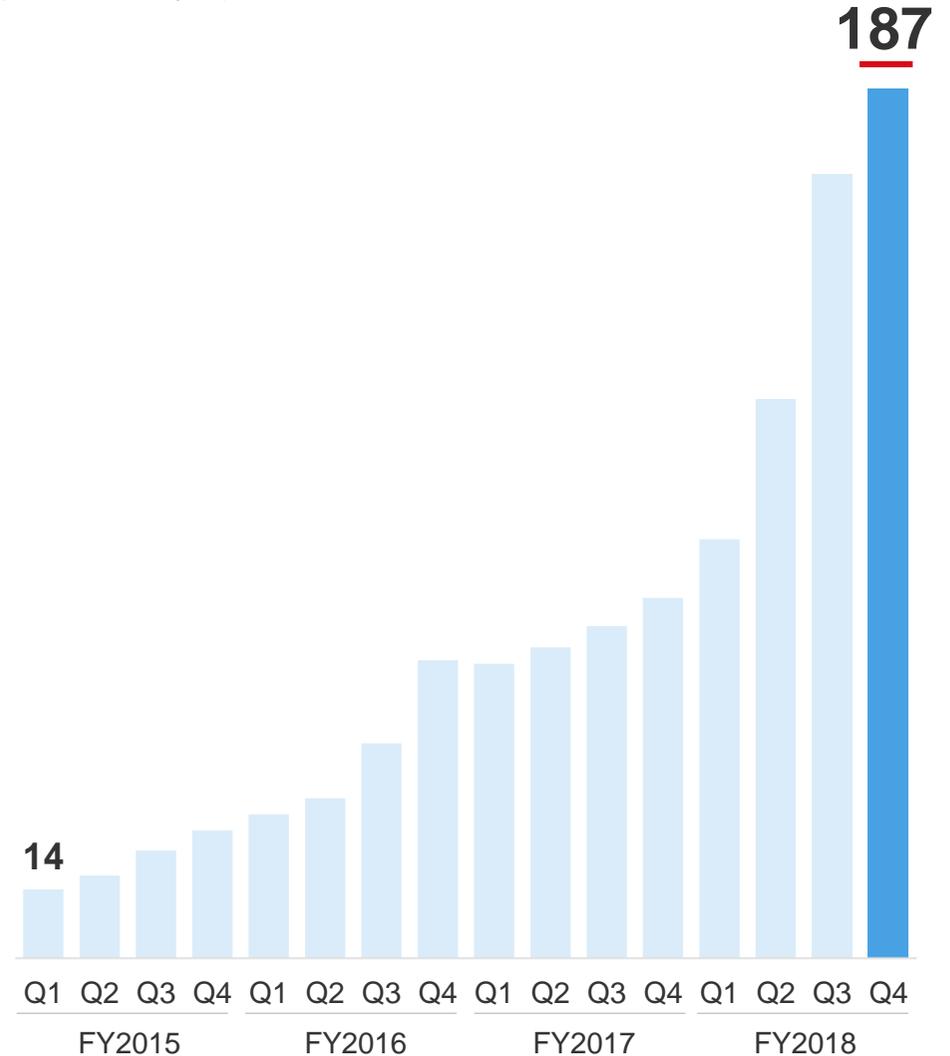
## Net Sales in Sansan Business <sup>(1)</sup>

(in millions of yen)



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

(in millions of yen)



(1) Results for FY2017 and before are unaudited

**1 Sansan Group Overview**

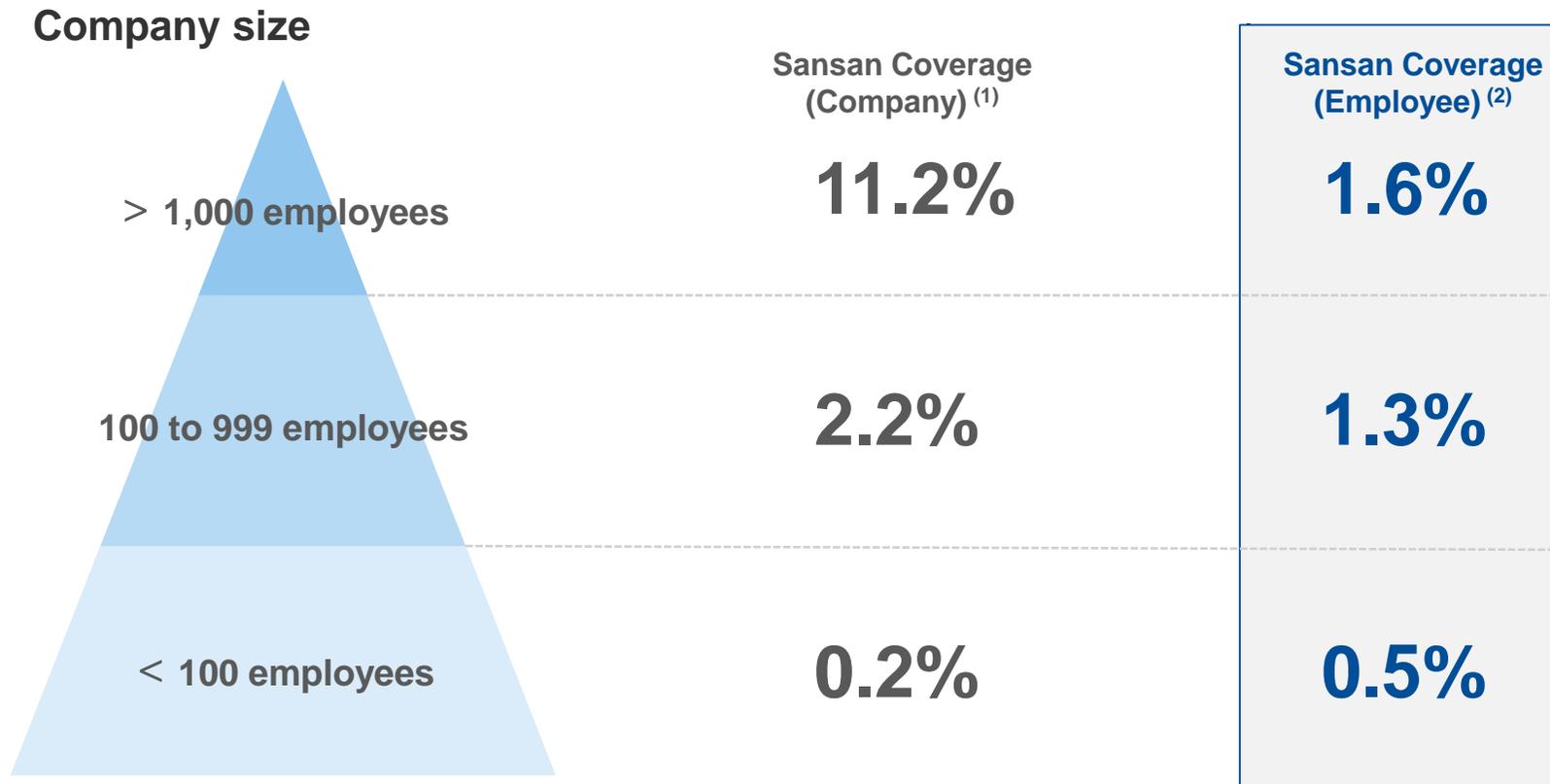
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# Sansan Business: Large Potential for “Sansan” to Expand Coverage in the Japanese Market

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

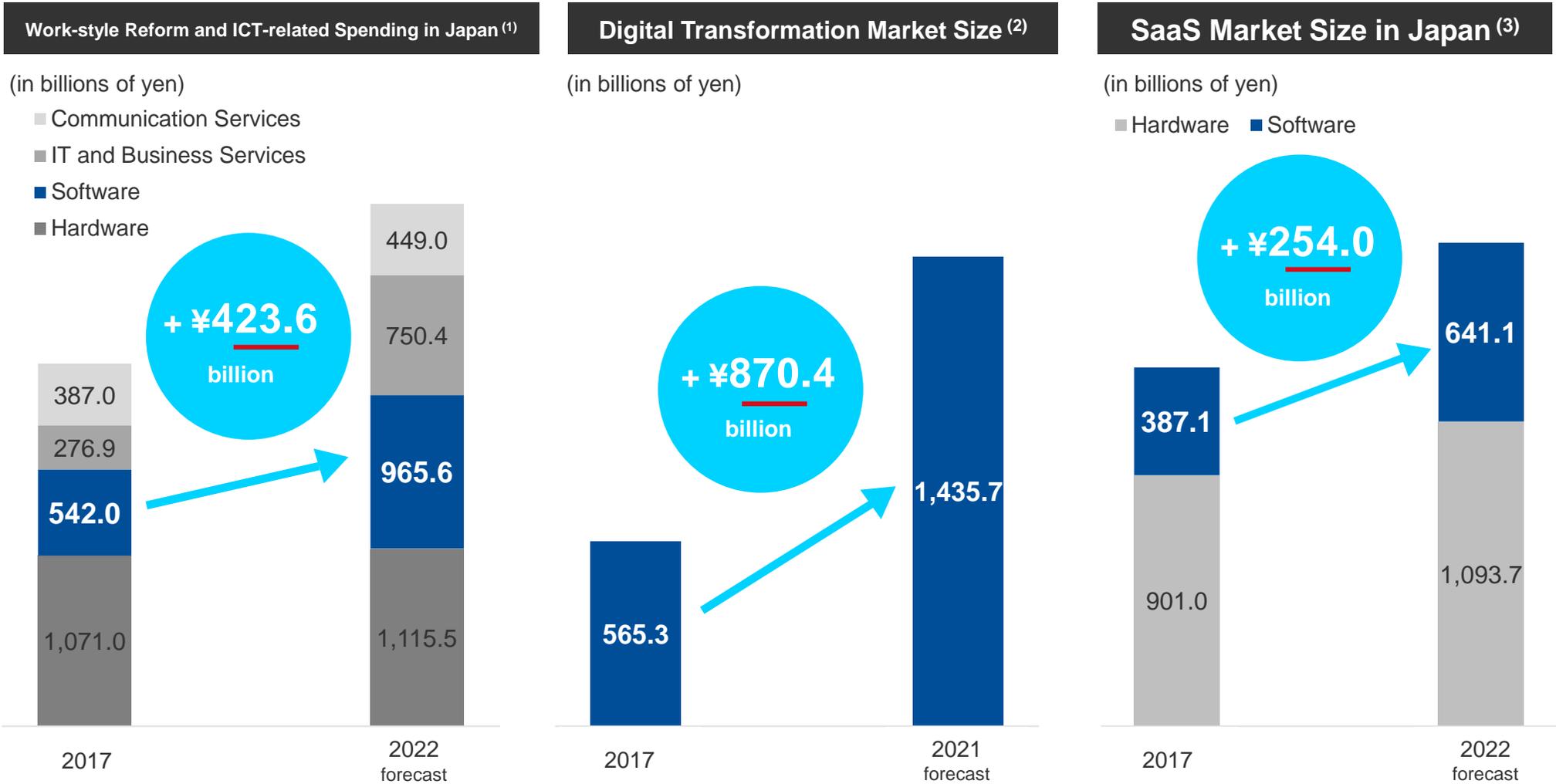


Potential for 100 times coverage expansion

(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.

# Sansan Business: Market Opportunities to Support

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



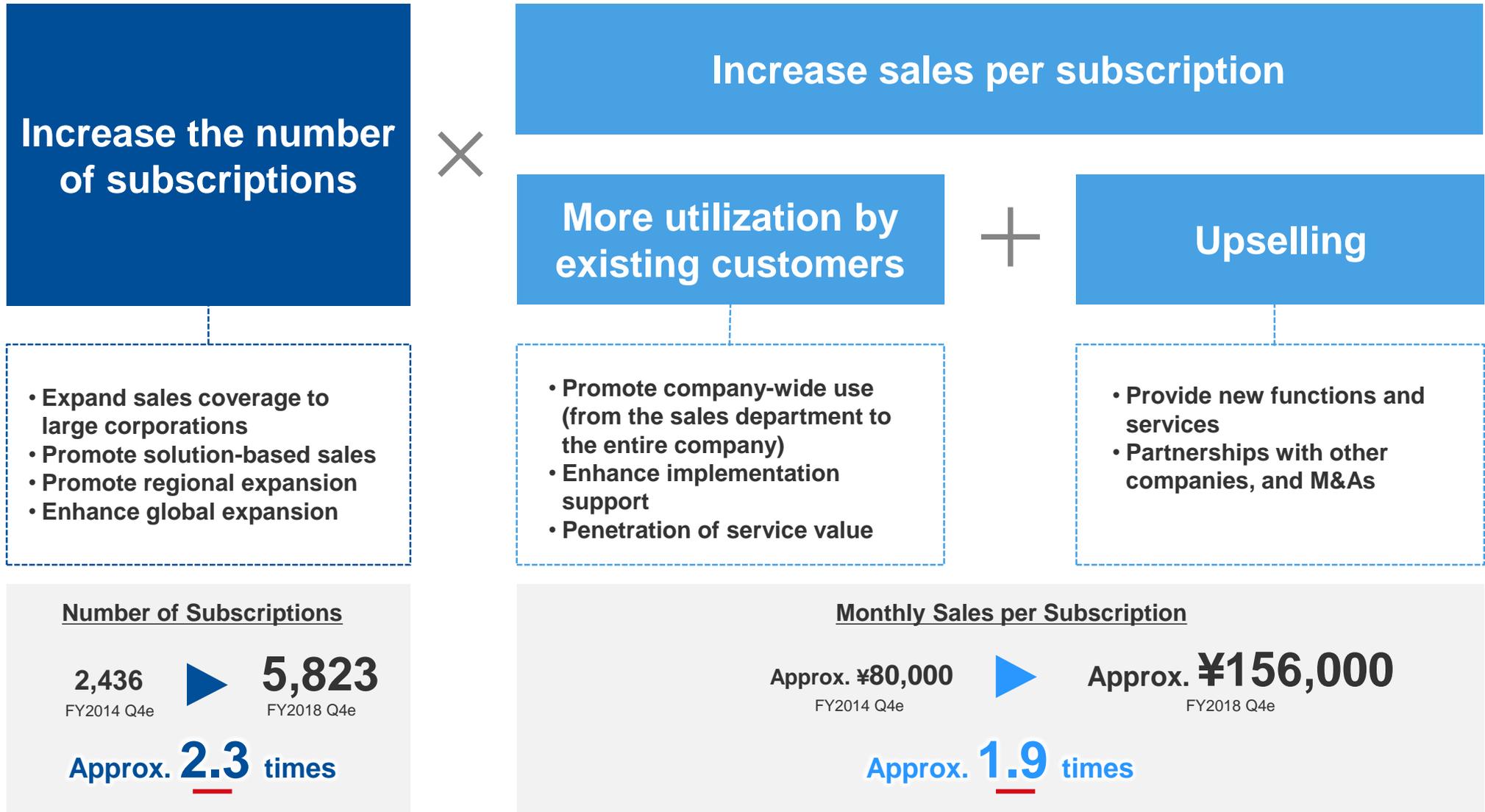
(1) Based on "2018 to 2022 Outlook of Work-style Reform and ICT-related Spending in Japan: by Hardware, Software, IT and Business Services, Communication Services" by IDC Japan (December 2018)

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

(3) Based on "2018 New Software Business Markets" by Fuji Chimera Research Institute

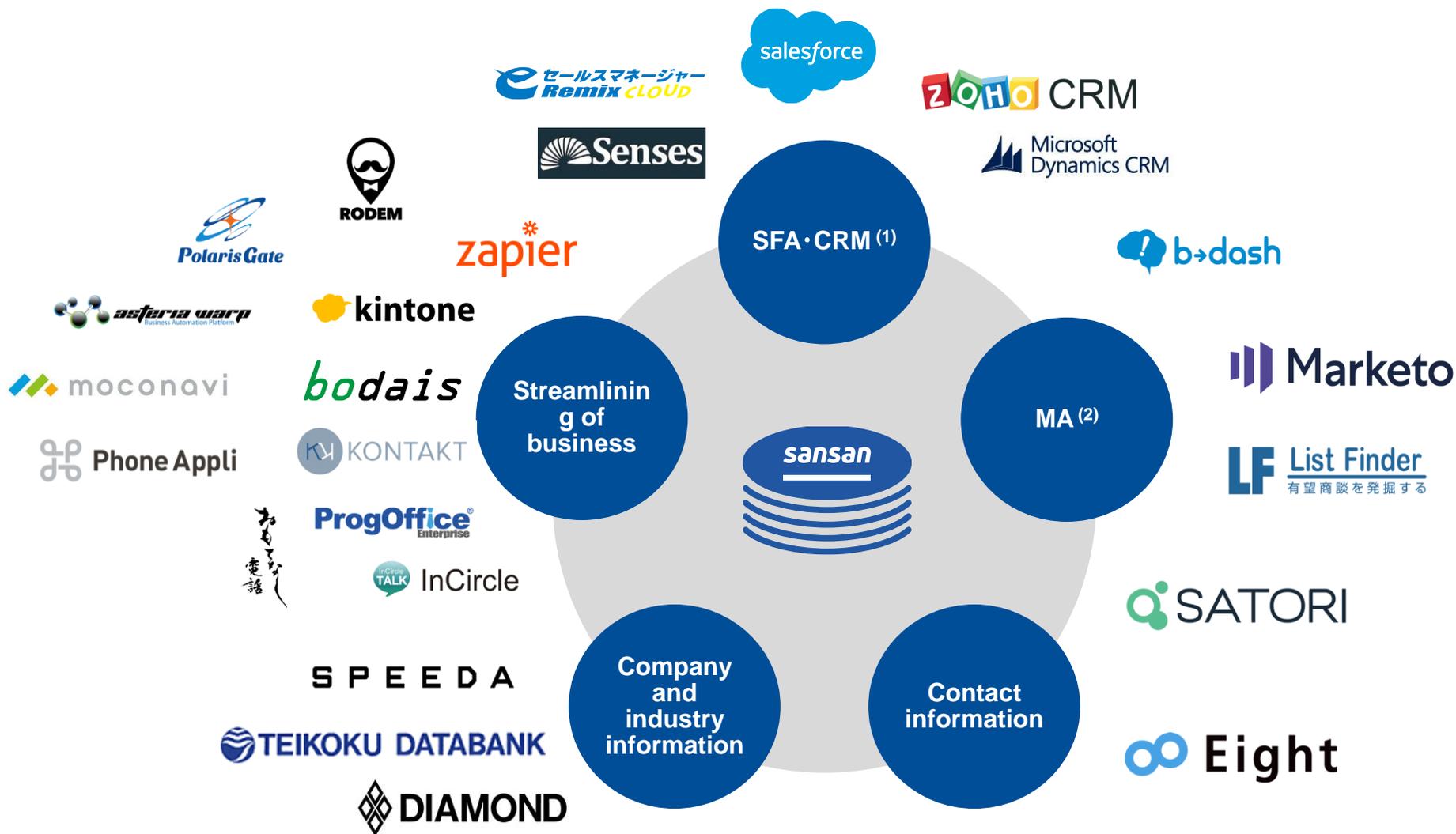
# Sansan Business: Strategy for Continuous Growth in Net Sales

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



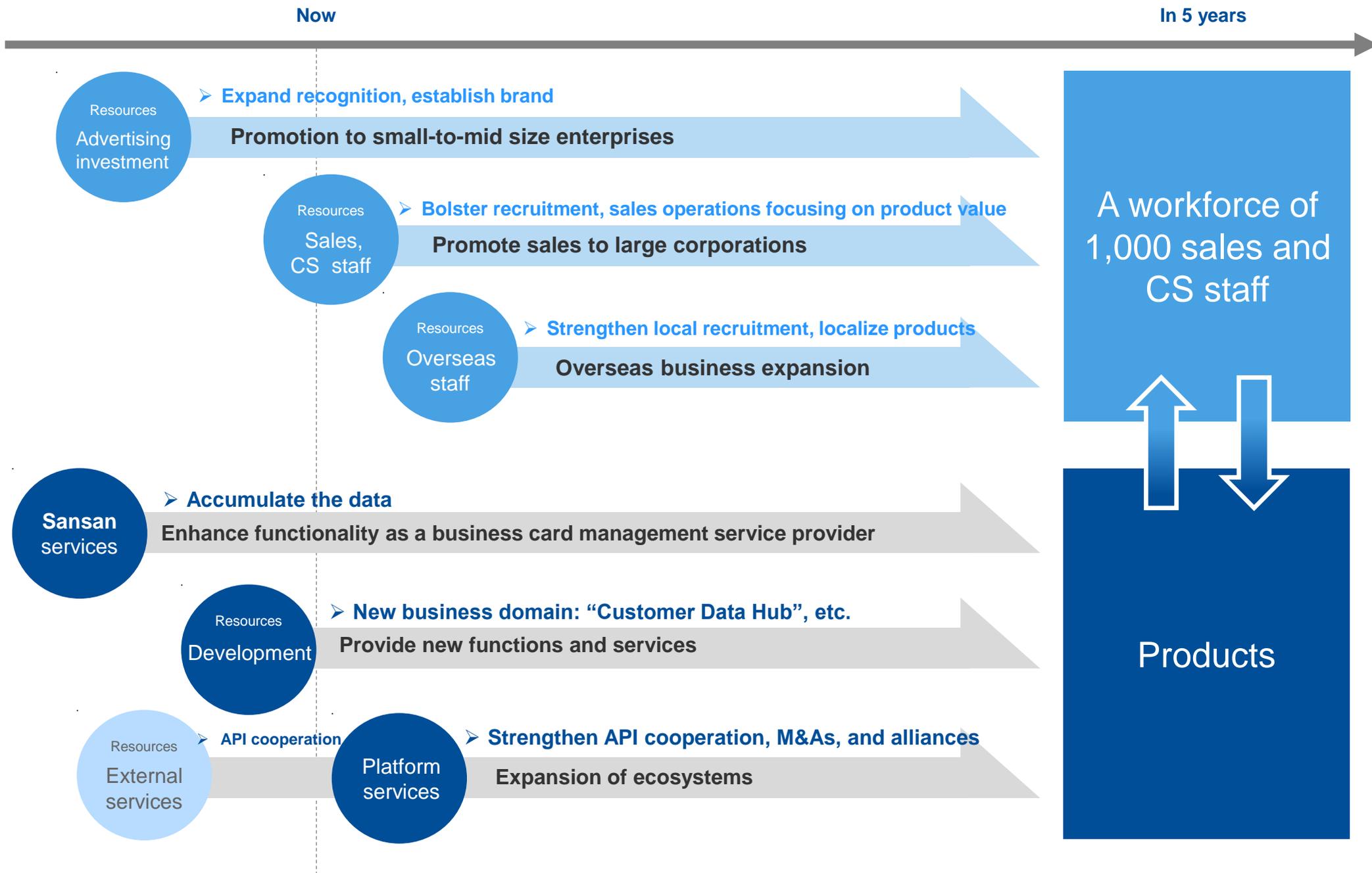
# Sansan Business: Improving the Value of Business Platform

Enhance data connection with various services indispensable in business



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

# Sansan Business: Roadmap for the Medium- to Long-term Strategy



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

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## Consolidated Financial Forecasts

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

(in millions of yen)

<b>Consolidated Forecasts</b>	FY2018	FY2019	
	Full-year Results	Full-year Forecasts	YoY
<b>Net Sales</b>	<b>10,206</b>	<b>13,816</b>	<b>+35.4%</b>
<b>Operating Profit</b>	<b>-849</b>	<b>724</b>	<b>—</b>
<b>Operating Profit Margin</b>	<b>—</b>	<b>5.2%</b>	<b>—</b>
<b>Ordinary Profit</b>	<b>-891</b>	<b>670</b>	<b>—</b>
<b>Profit Attributable to Owners of Parent</b>	<b>-945</b>	<b>Turn Black <sup>(1)</sup></b>	<b>—</b>

(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.

# Appendix



# Basic Features of “Sansan”

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



## Challenges facing companies

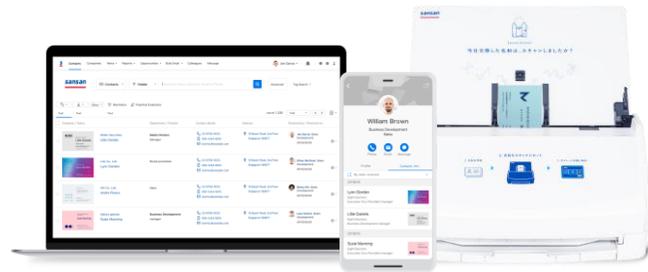
- Business card information not shared within the office
- Insufficient internal communication
- Not aware of the value of business card information



## 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

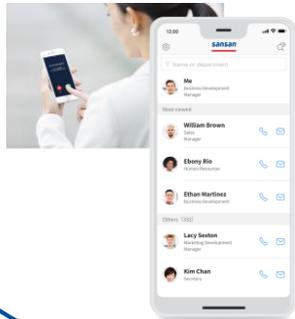
Productivity Streamlined operations Cost reduction  
Creation of business opportunities

# Enhanced Features of “Sansan”

**Eliminates inconveniences experienced by all companies and business persons, to maximize the value of business encounters**

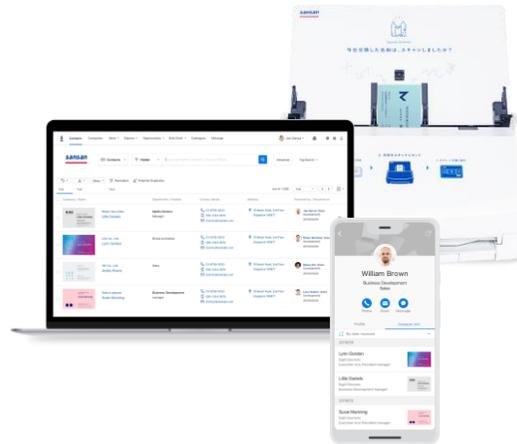
## Business Begins with Business Card Management

**Internal communication facilitation:  
“Collaboration with Colleagues”**

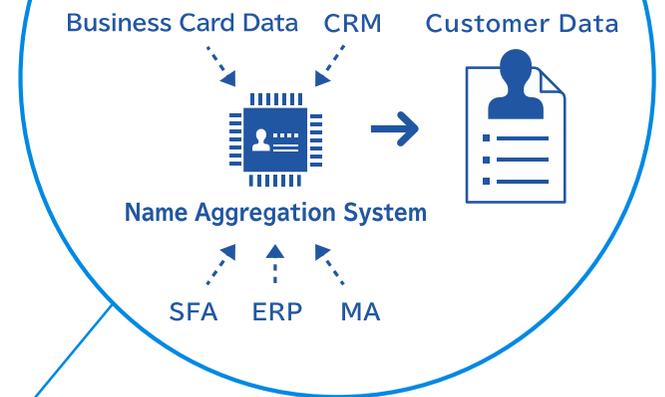


- Utilizing the exchanged business cards to visualize the knowledge and strength of colleagues
- Internal contact list enables phone calls and sending messages

**Business card management/utilization:  
“AI Contact Management”**



**Data integration/consolidation:  
“Customer Data Hub”**



- Automatic integration with SFA and CRM <sup>(1)</sup>
- Integration with MA <sup>(2)</sup>
- Data integration function that enables high-level sorting of customer data aggregation and cleansing

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

# Basic Service Plan for “Sansan”

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

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

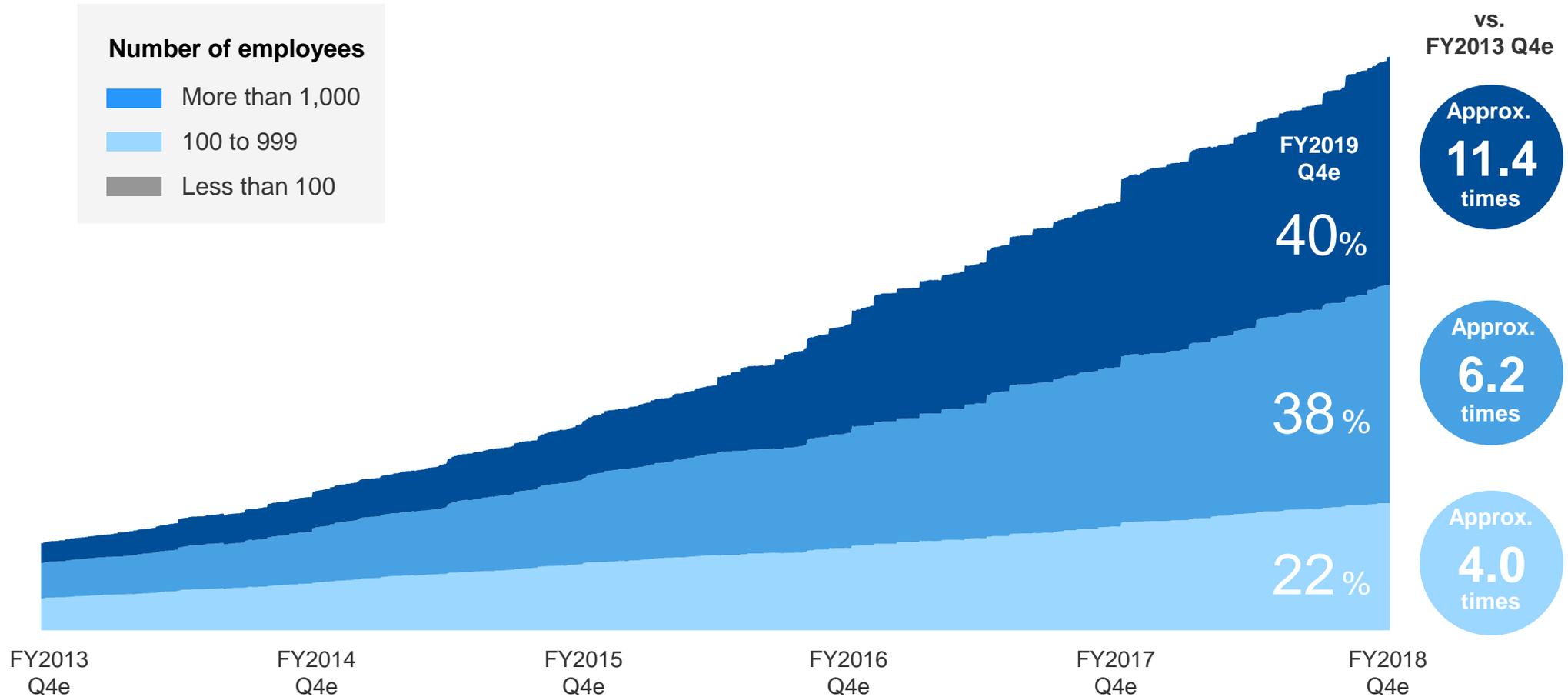
(1) Sansan also offers other options including security control, etc.

(2) 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

Revenue Composition by Customer Size for “Sansan” (1)

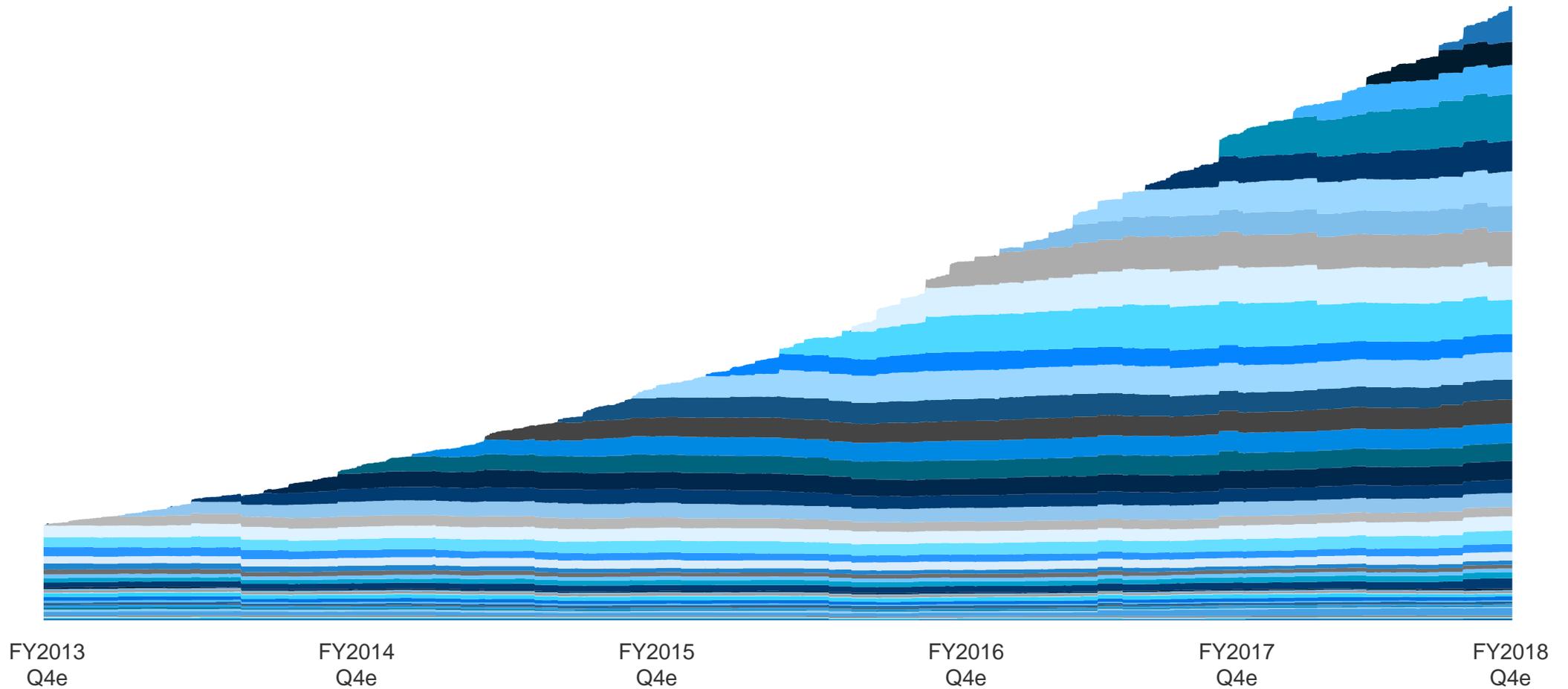


(1) Created based on monthly Sansan charge (unaudited)

# “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>



(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



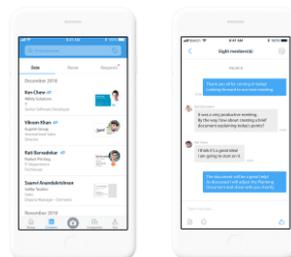
Digitize business cards with high level of accuracy by using technologies developed through Sansan Business

### Offering a lifetime SNS platform for business

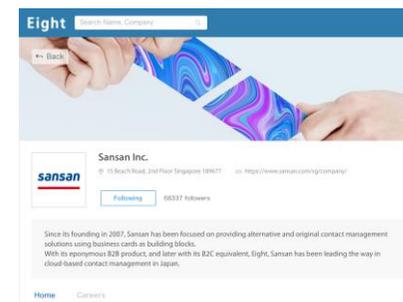
#### Profile Management



#### 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

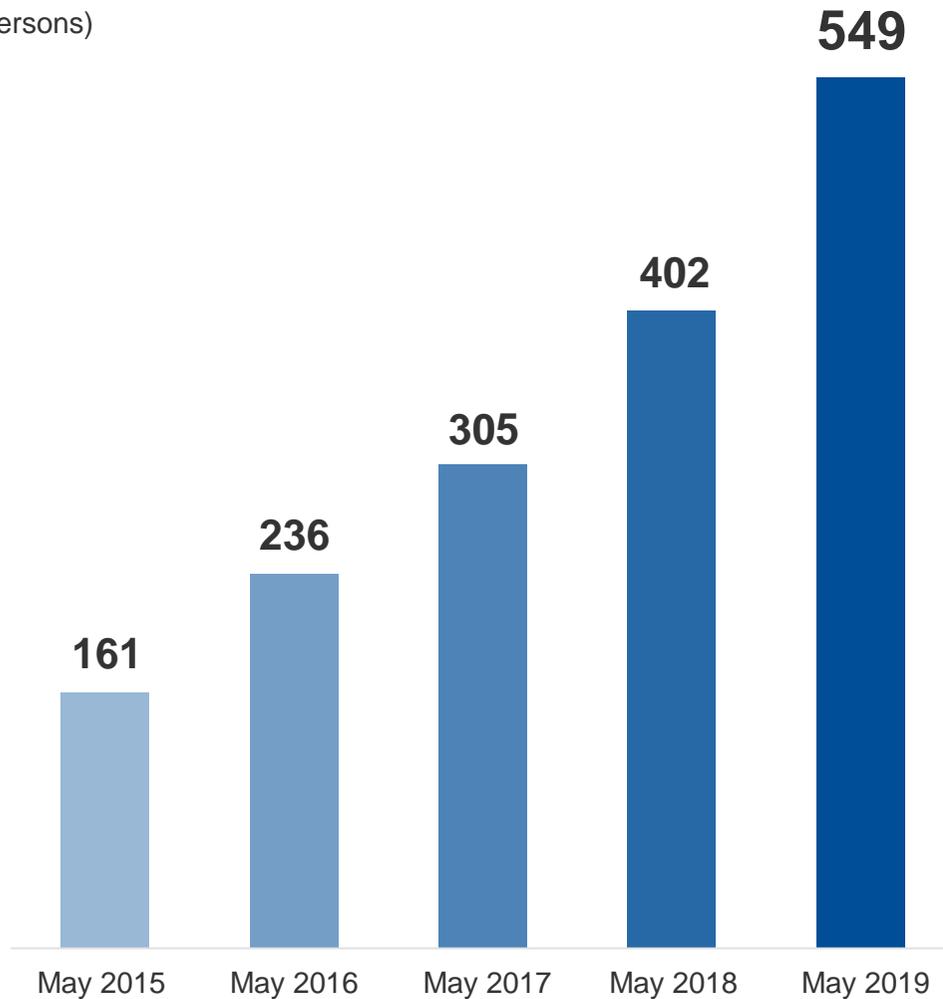
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<b>Company Name</b>	Sansan, Inc.
<b>Foundation</b>	June 11, 2007
<b>Head office</b>	Aoyama Oval Building 13F, 5-52-2 Jingumae, Shibuya-ku, Tokyo
<b>Other locations</b>	<b>Branch offices:</b> Osaka, Nagoya <b>Satellite offices:</b> Kamiyama Lab (Tokushima), Sansan Innovation Lab (Kyoto), Nagaoka Lab, Sapporo Lab
<b>Subsidiaries</b>	Sansan Global PTE. LTD. (Singapore) Sansan Corporation (United States)
<b>CEO</b>	Chika Terada
<b>Number of employees</b>	549 (As of May 31, 2019)
<b>Capital</b>	¥3,864 million (As of June 19, 2019)
<b>Net Sales</b>	10,206 million (FY2018)

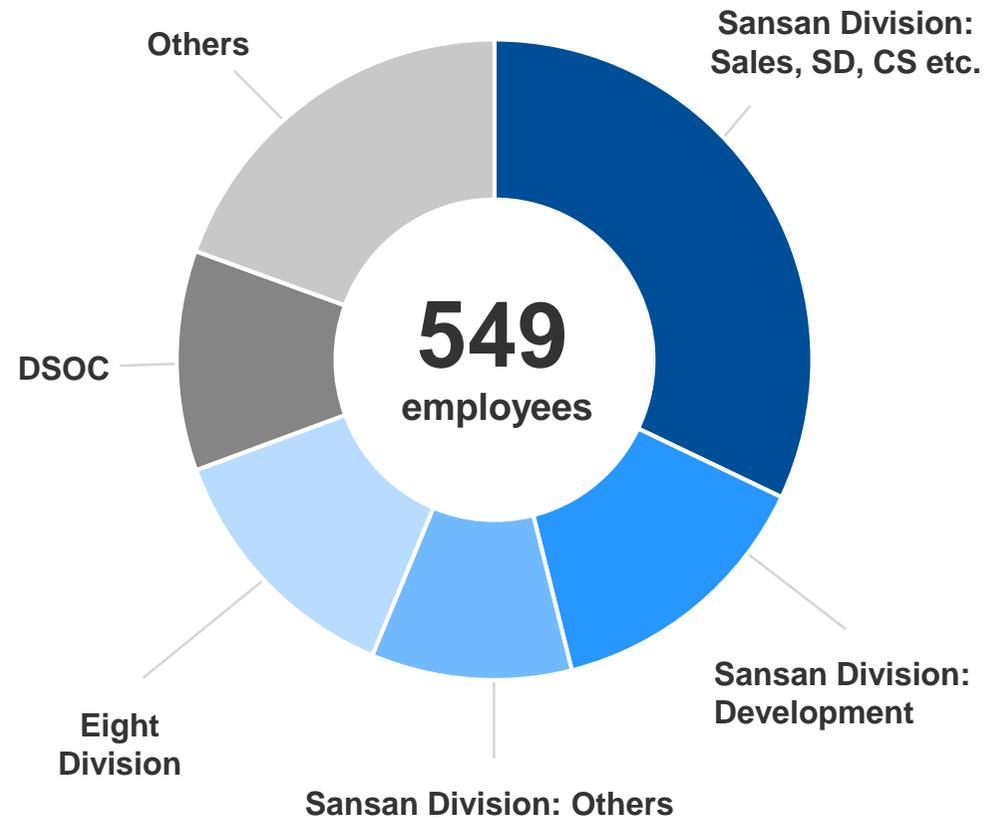
# About Employees

## Number of Employees <sup>(1)</sup>

(persons)



## Breakdown by Organization <sup>(2)</sup>



(1) Non-consolidated basis in FY2015 and before, and consolidated-basis since FY2016

(2) As of the May 31, 2019

***sansan***

