

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Security code: 4443

August 7, 2023

To Our Shareholders

Chikahiro Terada
Representative Director & CEO
Sansan, Inc.
Aoyama Oval Building 13F, 5-52-2
Jingumae, Shibuya-ku, Tokyo

Notice of the 16th Annual General Meeting of Shareholders

We are pleased to announce the 16th Annual General Meeting of Shareholders of Sansan, Inc. (the “Company”), which will be held as indicated below.

This Annual General Meeting of Shareholders (“this Shareholders’ Meeting”), based on Article 11, paragraph 2 of the Company’s Articles of Incorporation and the Act on the Partial Amendment of the Act on Strengthening Industrial Competitiveness (Act No. 70 of 2021) and the Ministerial Ordinance on General Meetings of Shareholders Without a Designated Location based on the Act on Strengthening Industrial Competitiveness (Ministry of Justice / Ministry of Economy, Trade and Industry Ordinance No. 1 of 2021), will be a general meeting of shareholders without a designated location (a “virtual-only shareholders meeting” that is held online only).

This Shareholders’ Meeting shall not have a venue at which shareholders may attend in person, so please do participate online. For details on the environment and procedures, etc., required in order to participate, please refer to “Operational Arrangements for the Virtual-only Shareholders Meeting” on page 4. In addition, if you do not attend the meeting on the day, or even if you do plan to attend, in order to prepare for instances of communication problems, etc., voting rights can be exercised beforehand in writing or via the internet, etc., so please consider the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by no later than August 28, 2023 (Monday), 5:00 p.m. (JST).

- 1. Date and Time:** August 29, 2023 (Tuesday), 10:00 a.m. (JST)
*Login is scheduled to be available from around 9:30 a.m.
- 2. Event Format:** This shall be a general meeting of shareholders without a designated location.
*Please participate via the website designated by the Company (“Sansan Shareholders’ Meeting Website”). Please refer to the guide on page 4 for details on the website URL, access and login method, and procedural method, etc., required in order to participate.
*As the event is being held entirely online, there is no venue.
- 3. Purpose of the Meeting:**
Matters to be reported:
 1. Business Report and Consolidated Financial Statements for the 16th Term (from June 1, 2022 to May 31, 2023) and the results of audit of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee
 2. Non-consolidated Financial Statements for the 16th Term (from June 1, 2022 to May 31, 2023)

Matters to be resolved:

- Proposal No. 1** Partial Amendments to the Articles of Incorporation
- Proposal No. 2** Election of Five Directors (Excluding Those Who Are Audit & Supervisory Committee Members)
- Proposal No. 3** Election of Two Directors Who Are Audit & Supervisory Committee Members
- Proposal No. 4** Determination of Content of Share Acquisition Rights as Stock Remuneration-Type Stock Options with Share Price Conditions for Directors (Excluding Those Who Are Audit & Supervisory Committee Members)

4. Matters Concerning Measures for Electronic Provision

When convening this Shareholders' Meeting, the Company takes measures for providing information in electronic format, and posts items subject to measures for electronic provision on the Company's website.

The Company's website:

<https://ir.corp-sansan.com/ja/ir/stock/meeting.html> (in Japanese)

Tokyo Stock Exchange website:

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

* Please access the above website, enter or search for the Company's name or securities code (4443), and select "Basic Information," "Documents for Public Inspection/PR Information" and "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]" in that order.

- ⊙ The method of communication to be used to exchange information in the proceedings of this Shareholders' Meeting will be the internet.
- ⊙ If there is no indication of approval or disapproval for each proposal on your voting rights exercise form, we will treat the vote as an approval.
- ⊙ If a shareholder who exercised their voting rights beforehand in writing or via the internet, etc. attends this Shareholders' Meeting and exercises their voting rights again, the content exercised at the Shareholders' Meeting shall be treated as valid. It should be noted that in the event of participating in this Shareholders' Meeting upon having exercised voting rights beforehand, but the exercising of voting rights could not be confirmed on the day, the content exercised beforehand in writing or via the internet, etc. shall be treated as valid.
- ⊙ For instructions on exercising voting rights in writing or via the internet, etc., please refer to pages 8 to 9.
- ⊙ In the event of any modifications to matters for the provision of information in electronic format, the modification details will be posted on the respective websites where they are posted.
- ⊙ The results of the resolutions of this Shareholders' Meeting shall be posted on the Company's website described above after the ending of the Shareholders' Meeting, instead of the sending of a written notification of resolutions.
- ⊙ In the event of significant hindrance having been caused to the proceedings of this Shareholders' Meeting due to communication problems, etc., the Chair may decide to postpone or resume the Shareholders' Meeting, and therefore, a resolution to that effect shall be passed at the beginning of the Shareholders' Meeting. If the Chair has decided to postpone or resume based on such a resolution, a statement to that effect as well as the date and time of the postponed or resumed meeting shall be promptly posted on the aforementioned website of the Company. In addition, any other change, etc., that occurs to the operation of this Shareholders' Meeting shall be notified on the aforementioned website of the Company.
- ⊙ We are planning to accept in advance any questions about the objectives of this Shareholders' Meeting via the website designated by the Company, so please do use this if you have any such questions. Please refer to the information on pages 4 to 7 for details.
- ⊙ The documents sent to shareholders who have requested delivery of the documents do not include the following items among the documents audited by the Audit & Supervisory Committee or the Financial Auditor in preparing the Audit Report or the Accounting Audit Report, pursuant to laws and regulations and Article 14 of the Articles of Incorporation of the Company. Please refer to the "Notice of the 16th Annual General Meeting of Shareholders" posted on each of the respective websites listed above for information on said matters.
 - (1) Business Report
Changes in assets and profit and loss in and at the end of the most recent three fiscal years, Issues to be addressed, Major businesses, Principal offices, Employees, Major lenders, Other significant matters concerning status of the corporate group, Shares, Share acquisition rights, Financial Auditor, System to ensure the properness of business operations (Internal control system), Basic policy regarding control of company, and Policy on determination of dividends of surplus and others

- (2) Consolidated Financial Statements
Consolidated balance sheet, Consolidated statement of income, Consolidated statement of changes in equity, and Notes to consolidated financial statements
- (3) Non-consolidated Financial Statements
Non-consolidated balance sheet, Non-consolidated statement of income, Non-consolidated statement of changes in equity, and Notes to non-consolidated financial statements
- (4) Audit Report
Audit Report on the Consolidated Financial Statements, Audit Report on the Non-consolidated Financial Statements, and Audit Report of the Audit & Supervisory Committee

[Operational Arrangements for the Virtual-only Shareholders Meeting]

The Company will hold this Shareholders' Meeting by the "virtual-only shareholders meeting" method. At this Shareholders' Meeting, shareholders with voting rights will be able to view live video, exercise their voting rights, ask questions about the purposes of the shareholders' meeting, or submit motions, etc., by accessing the dedicated website designated by the Company for the shareholders' meeting on the day (Sansan Shareholders' Meeting Website), and participating online.

Please note that this Shareholders' Meeting shall not have a venue at which shareholders may attend in person, so please do participate online. Shareholders exercising their voting rights are asked to either exercise their voting rights beforehand in writing or via the internet, or to exercise them on the day of the shareholders' meeting via the "Sansan Shareholders' Meeting Website" designated by the Company.

Details such as the URL of the Sansan Shareholders' Meeting Website, access and login method, and procedural methods, etc., required in order to participate are provided below.

In addition, the website will be accepting questions, etc., beforehand, so please do make use of it.

*Please be sure to read the following notes prior to using the website.

1. Date and time of broadcast

August 29, 2023 (Tuesday) from 10:00 a.m. (JST)

*Login is scheduled to be available from around 9:30 a.m.

*However, if this Shareholders' Meeting could not be held under the schedule described above due to the impact of communications problems, etc., the updated schedule, etc., will be posted on the Company's website (<https://ir.corp-sansan.com/en/ir/stock/meeting.html>).

2. About the attendance method

- (1) Please access the Sansan Shareholders' Meeting Website by going to the URL below using your personal computer or other devices.

Sansan Shareholders' Meeting Website: <https://web.sharely.app/login/sansan-16> (in Japanese)

- (2) Once connected, please enter your "shareholder number," "zip code," and "number of shares held" as stated in the voting rights exercise form in accordance with the screen prompts to log in.

Please be sure to prepare your "shareholder number," "zip code," and "number of shares held" prior to posting the voting rights exercise form.

*Please refer to the help page at the URL stated below for any other questions.

Help page website: <https://sharely.zendesk.com/hc/ja/> (in Japanese)

3. How to ask questions

If you have any questions about the purposes of this Shareholders' Meeting, please log in to the Sansan Shareholders' Meeting Website stated above on the day of the event, and then ask the question in accordance with the instructions of the Chair. In addition, shareholders who are not attending this Shareholders' Meeting on the day may ask questions prior to the meeting via the website during the period stated below.

Please note that each shareholder may ask up to two questions, and questions may be up to 150 characters in length. We ask that you do try to keep your questions brief so that their content can be accurately understood. It should be noted that on the day of the meeting, we shall focus on questions that relate to the purposes of this Shareholders' Meeting, and which do not overlap with other questions; we may not be able to respond to all of the questions asked.

Method for asking questions prior to the meeting

1. Please access the website for acceptance of questions prior to the Sansan Shareholders' Meeting by going to the URL below using your personal computer, smartphone or other devices.

[Website for acceptance of questions prior to the meeting]

https://web.sharely.app/e/sansan-16/pre_question (in Japanese)

2. Once connected, please enter your “shareholder number,” “zip code,” and “number of shares held” as stated in the voting rights exercise form in accordance with the screen prompts to log in. After you have logged in, please enter your question(s) that relate to the purposes of this Shareholders’ Meeting.

<Period for acceptance of questions prior to the meeting>

August 3, 2023 (Thursday) 10:00 a.m. to August 28, 2023 (Monday) 5:00 p.m. (JST)

*We will be unable to respond to opinions and comments, etc., that are sent after the acceptance period has ended.

*It is planned for the explanations provided on the day of the Shareholders’ Meeting to focus on the matters that are thought to be of particular interest to all shareholders.

4. About motions

If you would like to submit a motion for this Shareholders’ Meeting, please log in to the Sansan Shareholders’ Meeting Website stated above on the day of the event, and then submit this in accordance with the instructions of the Chair. Please be advised that we will be unable to adopt motions that cannot be judged as such due to factors including text data being transmitted by a method other than that specified by the Chair.

5. How to exercise voting rights

In addition to exercising voting rights beforehand in writing or via the internet, etc., voting rights may be exercised on the day of the Shareholders’ Meeting via the internet through the use of the Sansan Shareholders’ Meeting Website.

Shareholders who would like to exercise their voting rights on the day of this Shareholders’ Meeting are asked to exercise their voting rights in accordance with the instructions of the Chair, while watching the progress of the proceeds via the live broadcast.

If a shareholder who exercised their voting rights beforehand in writing or via the internet, etc. attends this Shareholders’ Meeting and exercises their voting rights again, the content exercised at the Shareholders’ Meeting shall be treated as valid. It should be noted that in the event of participating in this Shareholders’ Meeting upon having exercised voting rights beforehand, but the exercising of voting rights could not be confirmed on the day, the content exercised beforehand in writing or via the internet, etc. shall be treated as valid.

6. Content on the policy for measures against issues relating to the method of communication used for the exchanging of information during the proceedings of this Shareholders’ Meeting

At this Shareholders’ Meeting, we will use a system for which measures against communication issues have been taken, and we shall have multiple members of specialist staff available to handle any measures against communication issues on the day of the Shareholders’ Meeting. However, in preparation for where significant hindrance is caused to the proceedings due to a communications issue, on the day of this Shareholders’ Meeting, there shall be deliberations on a resolution allowing the Chair discretion to postpone or resume the Shareholders’ Meeting, and in addition, a response manual that includes the method for notifying shareholders shall be prepared prior to the meeting.

7. Content of the policy for consideration to the securing of the interests of all shareholders who have difficulty using the internet as the communication method for the exchanging of information in the proceedings of this Shareholders’ Meeting

Shareholders intending to exercise their voting rights but who have difficulty using the internet are asked to exercise their voting rights beforehand by returning the provided voting rights exercise form.

Please also be advised that a “viewing room” shall be rented and set up with the necessary equipment in the Company for shareholders who would like to attend this Shareholders’ Meeting on the day but who have difficulty using the internet as the method for the exchanging of information in the proceedings of the Shareholders’ Meeting. Use of the “viewing room” shall require prior application.

Please be advised that the capacity shall be 10 shareholders, and if there are more applicants than the capacity, access shall be determined via a draw.

[How to request access to the “viewing room”]

We shall accept requests via postal mail. When making a request, please send a document to the address shown below that states your “shareholder number” and “name” as shown in the voting rights exercise form, a “telephone number” at which you can be reached, and that you “would like to use the viewing room.” Shareholders using the “viewing room” will be contacted by the secretary’s office for general meetings of shareholders via postal mail with the details by no later than the contact date stated below.

Please be advised that your request will be deemed invalid if it does not state your “shareholder number,” “name,” “telephone number,” and “request content (“would like to use the viewing room”).” We ask for your understanding.

<Application deadline> Must arrive by August 17, 2023 (Thursday) (JST)

Please be advised that we request that the shareholder bears the shipping costs, etc.

<Address for submitting documents for use of the viewing room>

[Omotesando head office]

Attn. General Meeting of Shareholders Secretary’s Office of Sansan, Inc., Aoyama Oval Building 3F, 5-52-2 Jingumae, Shibuya-ku, Tokyo, 150-0001

TEL.03-6758-0033

- Contact date

Eligible shareholders only shall be contacted in writing on August 23, 2023 (Wednesday) (JST).

8. About the handling of attendance by proxy

Shareholders who would like to attend this Shareholders’ Meeting by proxy are asked to designate one other shareholder with voting rights in accordance with the provisions of laws and regulations as well as the Company’s Articles of Incorporation. Shareholders who would like to attend by proxy must submit a document stating their intent to attend by proxy (power of attorney) to the Company prior to this Shareholders’ Meeting. Please write your e-mail address on the form before sending it to the address stated below.

<Contact address for documents relating to attendance by proxy>

Attn. General Meeting of Shareholders Secretary’s Office of Sansan, Inc., Aoyama Oval Building 3F, 5-52-2 Jingumae, Shibuya-ku, Tokyo, 150-0001

<Submission deadline>

Must arrive by August 22, 2023 (Tuesday)

*Please refer to the URL below for the template for the power of attorney.

<https://sharely.zendesk.com/hc/ja/articles/4407904256791> (in Japanese)

Points to Note

- Depending on the progression of the general meeting of shareholders and the content of the question, there may be cases where not all questions can be answered.
- When submitting questions and motions, etc., in the event of acting against the purpose of this Shareholders’ Meeting, which is a valuable forum for dialog with all shareholders, such as by repeatedly sending the same content, sending an excessive amount of text data, sending content that is unrelated to the purposes of this Shareholders’ Meeting, that harms privacy or honor, or that is inappropriate due to other reason, etc., or in the event of it being determined that hindrance is being caused to the progression of deliberations of this Shareholders’ Meeting and to the stable operation of the systems for this Shareholders’ Meeting, at the order of the Chair or at the decision of the Secretary’s Office in

response to the instructions of the Chair, the communications of such a shareholder may be forcibly blocked.

- Please understand that it may be difficult to see the displayed proposals on the day of this Shareholders' Meeting when displaying the viewing page in fullscreen mode.
- On the day of the event we will endeavor to provide a stable transmission and will have prepared a manual containing specific procedures for cases where a communications problem occurs, however there may be cases where, due to the communication environment of the shareholder viewing the transmission, communication problems occur such as where the video or audio of the live broadcast is disrupted or temporarily interrupted, and where there is a slight time lag between transmission and reception.
- We are unable to accept any liability for any connection failure, delay, or audio difficulties thought to be caused by an issue with the communications environment on the shareholder side on the day of the general meeting of shareholders.
- We ask that shareholders bear the connection charges and communication fees, etc., required in order to view the meeting.
- The provision of video and audio data to third parties, the performance of a public screening on social media, etc., reprinting, duplicating, recording, taping, and the provision of login information to third parties, are prohibited. In addition, the provision of ID and password to third parties is prohibited.
- Please refer to the FAQ below for any other questions concerning the distribution system.

<https://sharely.zendesk.com/hc/ja/sections/360009585533> (in Japanese)

[Contact point for questions on how to log in on the day, the operation method, etc.]

<Contact> 03-6416-5287 (Reception hours: 9:00 a.m. - No later than one hour after the conclusion of the General Meeting (JST))

Guidance on Exercising Voting Rights

Exercise of voting rights at the general meeting of shareholders is shareholders' important right.

Please by all means exercise your voting rights after examining the Reference Documents for the General Meeting of Shareholders.

There are three methods to exercise your voting rights as indicated below.

<p style="text-align: center;">Attend the meeting via the “Sansan Shareholders’ Meeting Website”</p> <p>Please access the “Sansan Shareholders’ Meeting Website” designated by the Company and enter your approval or disapproval for each proposal.</p> <p style="text-align: center;">Date and time</p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">August 29, 2023 (Tuesday), 10:00 a.m. (JST) (Accessible from 9:30 a.m. and onwards)</p>	<p style="text-align: center;">Exercise the voting rights in writing (by mail)</p> <p>Please indicate whether you are for or against each proposal on the voting form, and return the form to us.</p> <p style="text-align: center;">Exercise due date</p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">To be returned to us no later than August 28, 2023 (Monday), 5:00 p.m. (JST)</p>	<p style="text-align: center;">Exercise the voting rights via the internet</p> <p>Please indicate whether you are for or against the proposals following the instructions on the next page.</p> <p style="text-align: center;">Exercise due date</p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">No later than August 28, 2023 (Monday), 5:00 p.m. (JST)</p>
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- If there is no indication of approval or disapproval for each proposal on the voting rights exercise form, we will treat the vote as an approval.
- Please note that your voting via the internet, etc. shall prevail, if you exercise your voting rights both in writing (by mail) and via the internet, etc. If you exercise your voting rights more than once via the internet, etc., only the last vote shall be deemed effective.

Instructions for the Exercise of Voting Rights via the Internet, etc.

By scanning the QR code ("Smart Exercise")

You can log in to the website for exercise of voting rights without entering the voting rights exercise code and password.

1. Please scan the QR code printed on the voting form at the bottom right with your smartphone or tablet.
 - * QR code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then please follow the instructions on the screen and indicate your approval or disapproval.

The exercise of voting rights by "Smart Exercise" is available only once.

In case if you want to change your vote after exercising your voting rights, please access the website for PC and log in by entering the "voting rights exercise code" and "password" indicated in the voting form, to exercise your voting rights again.

- * You will be transferred to the website for PC by scanning the QR code again.

By entering the voting rights exercise code and password

Website for exercise of voting rights:

<https://www.tosyodai54.net> (in Japanese)

1. Please access the website for exercise of voting rights.
2. Please enter the "voting rights exercise code" indicated in the voting form.
3. Please enter the "password" indicated in the voting form.
4. Then please follow the instructions on the screen and indicate your approval or disapproval.

If you have any questions on how to exercise your voting rights via the internet using a personal computer, smartphone, or mobile phone, please contact:

Tokyo Securities Transfer Agent Co., Ltd.
Phone: 0120-88-0768
(Toll free only from Japan)
(Business hours: 9:00 a.m. - 9:00 p.m.) (JST)

Institutional investors can exercise their voting rights via the "Electronic Voting Rights Exercise Platform" for institutional investors operated by ICJ, Inc.

Business Report

(From June 1, 2022 to May 31, 2023)

1. Status of the corporate group

(1) Status of operations for the fiscal year under review

(i) Progress and results of operations

Under the mission of “Turning encounters into innovation” and the vision of “Become business infrastructure,” the Company group (the “Group”) is providing cloud-based solutions that promote digital transformation (DX) and reshape how people work, leading to encounters with people and companies that become business opportunities by using approaches that combine systems that use technology and manpower to digitize analog information with cloud software.

Specifically, the Group is developing solutions to promote DX for corporate sales activities, invoicing work, contract work, etc. Moreover, as a result of reforming awareness regarding DX, changes to working styles due to the COVID-19 pandemic, and greater attention being given to SaaS (Software as a Service) products, the DX market in Japan is forecast to reach ¥5,195.7 billion by FY2030 (an increase of ¥3,813.6 billion since FY2020) (Note 1), while the SaaS market in Japan is forecast to reach ¥1,668.1 billion by FY2026 (an increase of ¥579.0 billion since FY2022) (Note 2). A sales DX solution Sansan, provided by the Company, holds 81.6% share (Note 3) of the B2B business card management service market, and this market has seen approximately 14-fold expansion from 2013 to 2021 in conjunction with the growth in the Company’s services. In addition, Bill One, a cloud-based invoice management solution provided by the Company, captured the number one market share of the online invoice receiving solution in terms of net sales (Note 4), with this market seeing a 226.0% increase year on year in FY2021.

Consolidated financial results for the fiscal year ended May 31, 2023 are as follows.

(Millions of yen)

	15th term (Fiscal year ended May 31, 2022) (Previous fiscal year)	16th term (Fiscal year ended May 31, 2023) (Fiscal year under review)	Year-on-year change
Net sales	20,420	25,510	+24.9%
Gross profit	17,904	21,827	+21.9%
Adjusted operating profit (Note 5)	730	942	+28.9%
Ordinary profit	968	122	(87.4)%
Profit attributable to owners of parent	857	(141)	–

In the fiscal year under review, the Group engaged in strengthening the sales structure and enhancing functions for Sansan and Bill One, and increasing future profitability for Eight, in order to improve medium-term net sales growth and adjusted operating profit margin.

Consequently, results were solid in the fiscal year under review with net sales increasing 24.9% year on year, gross profit increasing 21.9% year on year (a gross profit margin of 85.6%). Adjusted operating profit increased 28.9% year on year due to an increase in net sales and other factors. On the other hand, ordinary profit decreased 87.4% year on year due to increase of share-based payment expenses and the recording of a gain on sale of investment securities of ¥979 million in non-operating income in the previous fiscal year. Furthermore, profit attributable to owners of parent was recorded in the red due to factors such as the recording of a loss on valuation of investment securities of ¥980 million in extraordinary losses.

- (Notes)
1. Based on Market Edition and Vendor Strategy Edition of 2022 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute
 2. Based on 2022 New Software Business Markets by Fuji Chimera Research Institute
 3. Based on Latest Trends in Business Card Management Services in Sales Support DX 2023 (December 2022, survey by Seed Planning, in Japanese)
 4. Deloitte Tohmatsu MIC Research Institute, “The Present and Future of the Market of Online Invoice Receiving Solution Expected to Grow at a Staggering Rate” (MIC IT Report, July 2022)
 5. Although operating profit was presented previously, from the fiscal year under review, adjusted operating profit, which is the sum of operating profit plus share-based payment expenses and expenses arising from business combinations (amortization of goodwill and amortization of intangible assets), is presented instead, because the performance indicator used for management purposes was changed to an indicator that shows the regular capacity to generate corporate earnings after deducting expenses related to share-based payment expenses, which may vary significantly depending on the level of the Company’s stock price, and expenses that arise from business combinations. Adjusted operating profit is also presented for the fiscal year ended May 31, 2022. In addition, expenses related to the monetary compensation and payment of alternative wages, etc. to employees, etc. of the Group pertaining to trust-type stock options are included in share-based payment expenses.

Results by segment are as follows.

1. Sansan/Bill One Business

This business segment includes services such as sales DX solution Sansan, and cloud-based invoice management solution Bill One.

Results for Sansan/Bill One Business in the fiscal year under review are as follows.

(Millions of yen, unless otherwise noted)

	15th term (Fiscal year ended May 31, 2022) (Previous fiscal year)	16th term (Fiscal year ended May 31, 2023) (Fiscal year under review)	Year-on-year change
Net sales (Note 6)	18,105	22,516	+24.4%
Sansan	17,214	19,793	+15.0%
Sansan recurring sales	16,349	18,688	+14.3%
Sansan other sales	865	1,104	+27.7%
Bill One	826	2,414	+192.2%
Others	64	308	+379.7%
Adjusted operating profit	5,752	7,005	+21.8%

Sansan			
Number of subscriptions	8,488 subscriptions	8,969 subscriptions	+5.7%
Monthly recurring sales per subscription	¥170 thousand	¥184 thousand	+8.2%
Last 12 months average of monthly churn rate (Note 7)	0.62%	0.44%	(0.18) pt.
Bill One			
MRR (Note 8)	116	316	+172.8%
Number of paid subscriptions (Note 9)	776 subscriptions	1,581 subscriptions	+103.7%
Monthly recurring sales per paid subscription (Note 9)	¥149 thousand	¥200 thousand	+34.2%
Last 12 months average of monthly churn rate (Note 7)	0.49%	0.64%	+0.15 pt.

(Notes) 6. The sum of sales to external customers and intersegment sales or transfers

7. Ratio of decrease in monthly fees associated with subscription cancellations to total monthly fees for existing subscriptions for each service
8. Monthly Recurring Revenue, changed value for the fiscal year ended May 31, 2022 due to revision of calculation method
9. Changed value for the fiscal year ended May 31, 2022 due to the revision of the timing of collecting the data from the conclusion of the contract to the start of the service usage

a. Sansan

To further expand the number of Sansan subscriptions and the monthly recurring sales per subscription, the Group remodeled the product Sansan, a B2B business card-based contact management service, and worked to add new functions based on the concept of “The database to power your sales” to create Sansan, a sales DX solution. Specifically, in June 2022, apart from allowing users to view over 1 million items of company information on Sansan, the Group installed functions able to store and visualize contact information not only from business cards but also email signatures, etc. By combining this contact information with corporate information, users of Sansan can build custom databases that also include information for companies with which they have no current contacts. The Group also worked on adding a function whereby emails with customers are automatically stored in Sansan. Backed by these new functions, the Group focused on enhancing its sales capabilities and its sales structure for medium and large enterprises, aiming to acquire new users and to upsell existing users.

As a result of these, the number of subscriptions and the monthly recurring sales per subscription for Sansan were up 5.7% year on year to 8,969 and 8.2% year on year, respectively. Furthermore, the last 12 months average of monthly churn rate was 0.44%, a decrease of 0.18 points year on year, maintaining a low churn rate of less than 1%.

As a result, net sales in Sansan increased 15.0% year on year, of which recurring sales (fixed revenue) was up 14.3% year on year and other sales was up 27.7% year on year.

b. Bill One

Because of efforts such as strengthening the sales structure through measures including personnel hiring and enhancing service functions for continued high growth of Bill One, in May 2023, MRR was up 172.8% year on year and ARR (Note 10) was ¥3,798 million. In addition, steady progress in acquiring new subscriptions mainly from medium and large enterprises resulted in the increase of number of paid subscriptions, up 103.7% year on year, and the increase of monthly recurring sales per paid subscription, up 34.2% year on year. Furthermore, the last 12 months average of monthly churn rate was 0.64%, an increase of 0.15 points year on year, maintaining a low churn rate of less than 1%.

As a result, net sales in Bill One increased 192.2% year on year.

(Note) 10. Annual Recurring Revenue

c. Others

The Group focused on the launch of Contract One, a contract DX solution, etc., utilizing the strengths, knowledge, know-how, etc. cultivated through existing services. Also, CREATIVE SURVEY INC. became a consolidated subsidiary and its contributions to consolidated earnings started to be recorded from March 2023.

As a result, net sales of others was up 379.7% year on year.

As a result of these efforts, net sales increased 24.4% year on year and adjusted operating profit increased 21.8% year on year in Sansan/Bill One Business.

2. Eight Business

This business segment includes Eight as well as the event transcription service logmi series.

Results for Eight Business in the fiscal year under review are as follows.

(Millions of yen, unless otherwise noted)

	15th term (Fiscal year ended May 31, 2022) (Previous fiscal year)	16th term (Fiscal year ended May 31, 2023) (Fiscal year under review)	Year-on-year change
Net sales (Note 11)	2,213	2,867	+29.5%
B2C services	286	303	+6.0%
B2B services	1,927	2,563	+33.0%
Adjusted operating profit	(355)	(170)	–

Eight			
Number of Eight users (Note 12)	3.10 million people	3.31 million people	+0.20 million people
Number of subscriptions for Eight Team	2,819 subscriptions	3,703 subscriptions	+31.4%

(Notes) 11. The sum of sales to external customers and intersegment sales or transfers

12. Number of confirmed users who registered their business card to their profile after downloading the app

a. B2C services

In light of the normalization of business due to the ending of the COVID-19 pandemic, the number of Eight users totaled 3.31 million, a steady increase of 0.20 million year on year, and net sales from B2C services increased 6.0% year on year.

b. B2B services

In addition to holding a major business event, etc., the Group worked on monetization of the various B2B services. As a result, the number of Eight Team subscriptions increased 31.4% year on year, and net sales from B2B services increased 33.0% year on year.

As a result of these efforts, net sales in Eight Business increased 29.5% year on year, and adjusted operating loss was curtailed by ¥185 million year on year.

Net sales to external customers by business segment

(Millions of yen, unless otherwise noted)

Business segment	15th term (Fiscal year ended May 31, 2022) (Previous fiscal year)		16th term (Fiscal year ended May 31, 2023) (Fiscal year under review)		Year-on-year change	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	Change (%)
Sansan/Bill One Business	18,104	88.7	22,512	88.3	4,408	24.4
Eight Business	2,204	10.8	2,864	11.2	659	29.9
Other businesses	111	0.5	134	0.5	22	20.4
Total	20,420	100.0	25,510	100.0	5,090	24.9

(ii) Capital expenditures

Mainly as a result of construction to expand floor space at the head office, etc. and repair work, the Company acquired property, plant and equipment such as facilities attached to buildings of ¥315 million. In addition, the Company acquired software of ¥503 million, including in-house and contracted development.

(iii) Financing activities

Not applicable.

(iv) Business transfer, absorption-type company split or incorporation-type company split

Not applicable.

(v) Acquisition of other companies' business

Not applicable.

(vi) Succession of rights or duties related to the businesses of other corporations, etc. due to absorption-type merger or absorption-type company split

Not applicable.

- (vii) Acquisition or disposal of shares or other equity interests, or share acquisition rights in other companies

The Company sold shares of WingArc1st Inc. on August 5, 2022.

The Company sold shares of EventHub Co., Ltd., an equity-method affiliate of the Company, on November 1, 2022.

On December 21, 2022, the Company sold a portion of its shares of SATORI, Inc., an equity-method affiliate of the Company, making them available-for-sale securities.

On March 1, 2023, the Company acquired additional shares of CREATIVE SURVEY INC., an equity-method affiliate of the Company, making it a consolidated subsidiary.

(2) Changes in assets and profit and loss in and at the end of the most recent three fiscal years

Categories	13th term (Fiscal year ended May 31, 2020)	14th term (Fiscal year ended May 31, 2021)	15th term (Fiscal year ended May 31, 2022)	16th term (Fiscal year under review) (Fiscal year ended May 31, 2023)
Net sales (Millions of yen)	13,362	16,184	20,420	25,510
Ordinary profit (loss) (Millions of yen)	435	375	968	122
Profit (loss) attributable to owners of parent (Millions of yen)	339	182	857	(141)
Basic earnings (loss) per share (Yen)	2.75	1.47	6.87	(1.13)
Total assets (Millions of yen)	22,819	24,310	26,292	31,200
Net assets (Millions of yen)	10,552	12,584	12,093	13,190
Net assets per share (Yen)	84.72	100.89	96.78	105.18

(Note) The Company conducted a stock split at 4-for-1 on December 1, 2021 based on resolution at the meeting of the Board of Directors held on October 8, 2021. Basic earnings (loss) per share and net assets per share are calculated on the assumption that the stock split had been made at the beginning of the 13th term.

(3) Major subsidiaries

Company name	Share capital	Investment ratio of the Company (%)	Description of major businesses
Sansan Global Pte. Ltd.	SGD5,620,000	100.0	Sales operations and marketing services agency for Singapore region and other locations
Sansan Corporation	USD46,000	100.0	Sales vendor and agency for some settlement services for U.S. region.
logmi, Inc.	JPY16,350,000	100.0	Digital media business/IT consulting/ planning, production and operation of websites/planning and holding of event seminars
CREATIVE SURVEY INC. (Note 1)	JPY100,000,000	63.1	Planning, development, operation and sales of web-based surveys and research tools
Sansan Global Development Center, Inc. (Note 2)	PHP10,000,000	100.0	Development of the Company's products

(Notes) 1. On March 1, 2023, the Company acquired additional shares of CREATIVE SURVEY INC., its affiliate accounted for using equity method, and made it a consolidated subsidiary.

2. On February 21, 2023, the Company newly established Sansan Global Development Center, Inc. as its consolidated subsidiary.

(4) Issues to be addressed

As its corporate philosophy, the Group has established its mission of “Turning encounters into innovation” and its vision to “Become business infrastructure.” Towards the realization of this mission and vision, we are developing DX solutions that will connect encounters between people and companies to business opportunities, and which will change working styles, and through the promotion of such business activities, we are aiming to achieve both growth in net sales and growth in profit as a medium-term objective for the 16th term (the fiscal year ended May 2023) to the 18th term (the fiscal year ending May 2025).

First of all, for consolidated net sales, which is the most important management indicator, we are aiming to continue the solid growth of mid-20% or higher. Previously, the target for consolidated net sales for the 16th term (the fiscal year ended May 2023) to the 18th term (the fiscal year ending May 2025) was set at 20% or more growth, however, due to the strong performance of the 16th term (the fiscal year ended May 2023), the target value has been changed.

Next, we have adopted adjusted operating profit (Note 1), which excludes share-based payment expenses and expenses arising from business combinations as a profit indicator to be emphasized, and are aiming to improve adjusted operating profit margin in each fiscal year while making the investments required for growth of net sales in each business. In order to achieve an improved profit margin, we are aiming to record adjusted operating profit of ¥10.0 billion or more in total for the Sansan and Bill One services (Note 2) in the 18th term (the fiscal year ending May 2025), as well as to record stable adjusted operating profit over the full year in Eight Business.

- (Notes) 1. Adjusted operating profit: Operating profit + Share-based payment expenses + Expenses that arise in conjunction with business combinations (amortization of goodwill and amortization of intangible assets)
2. Total for “Sansan” and “Bill One” in Sansan/Bill One Business, excluding the “Others” category

The major management issues and issues to be addressed as identified by the Company to realize the mission, vision, and medium-term objectives are outlined below.

(i) Sales maximization of the Sansan/Bill One Business

Sansan and Bill One are services that target many companies regardless of industry or business category, and there is a large potential for customer development in Japan alone. From the beginning of the 17th term (fiscal year ending May 2024), we established dedicated sales departments for each of Sansan and Bill One toward further sales growth in the future, and strengthened our sales structure mainly targeting medium and large enterprises. We will continue to actively hire personnel to further strengthen our sales structure, and for Sansan, we will continue to acquire new customers and promote the expansion of use by existing customers on the premise that all employees of user companies use the service (company-wide use), while for Bill One we will further expand net sales by acquiring new customers and enhancing optional functions.

Also, in terms of services, both Sansan and Bill One will see further enhancement of functionality to improve the value of services for customers. For Sansan, we will work to add functions that promote DX in sales activities, such as the ability to automatically store and visualize customer e-mails on Sansan. For Bill One, we will work to improve the convenience of the corporate card service added as an optional service, and enhance various functions that will lead to more efficient accounting operations.

In addition, we will work to create new services using the technology developed for Sansan and to strengthen the new services we have launched. In the Contract One contract DX solution, we will focus on developing services for company-wide use of contracts, such as the use of generative AI for summarizing contracts.

(ii) Monetization of the Eight Business

By leveraging the Eight network, which has 3.3 million registered users, and strengthening monetization of B2B services such as business events, as well as shifting to a more profitability-oriented business operation, we aim to return the overall business to profitability on an adjusted operating profit basis for the full year.

(iii) Utilization of M&A

We will promote measures to enhance the corporate value of CREATIVE SURVEY INC., which became a Group company in March 2023, and Institute of Language Understanding Inc., which became a Group company in June 2023, and work to create synergies with the Group's existing services. In addition, we have positioned the use of M&A as one of our important growth strategies and will continue to actively consider this option.

(iv) Recruiting and training outstanding talent and ensuring diversity

For the Group to achieve sustainable growth, it is crucial that we hire many talented professionals with diverse career backgrounds, and then improve our sales, development and managerial structures. We are actively engaging in efforts geared to establishing work environments and arrangements that substantially fuel employee motivation for talented professionals who share an understanding of the Group's corporate philosophy and business activities, and will furthermore persist with our efforts to ensure diversity of our people.

(v) Continuous strengthening of the management system against security risks

Given that the Group handles substantial volumes of important information assets such as personal information, it is crucial that we continuously strengthen our system for managing information. We continue to take the utmost care with respect to implementing measures for safeguarding personal information, including strict management of information assets based on our Policy on Personal Information Protection and Information Security Policy, and we will persist in our efforts to strengthen and maintain our in-house systems and management approaches in that regard going forward.

(vi) Enhancing technological strengths

As technology to accurately digitize analog information is the wellspring of the Group's competitive strengths and acts as a common platform underpinning growth of the various services the Group provides, we believe it is important to continuously improve and strengthen this technology. We accordingly engage in initiatives to improve our technological capabilities and become a leading group of technical experts in Japan, through efforts that involve hiring outstanding technical experts while also investing in and monitoring cutting-edge technologies.

(5) Major businesses (as of May 31, 2023)

Business segment	Description of business
Sansan/Bill One Business	Provision of Sansan, a sales DX solution, Bill One, a cloud-based invoice management solution, etc.
Eight Business	Provision of Eight and logmi series, event transcription services

(6) Principal offices (as of May 31, 2023)

(1) The Company

Head office: Shibuya-ku, Tokyo

(2) Consolidated subsidiaries

Sansan Global Pte. Ltd.	Singapore
Sansan Corporation	State of Delaware, USA
logmi, Inc.	Shibuya-ku, Tokyo
CREATIVE SURVEY INC.	Minato-ku, Tokyo
Sansan Global Development Center, Inc.	The Philippines

(7) Employees (as of May 31, 2023)

(i) Employees of the corporate group

Business segment	Number of employees	Change from previous fiscal year-end
Sansan/Bill One Business	1,038	+168
Eight Business	154	-8
Other businesses	207	+34
Total	1,399	+194

(Note) The numbers of employees stated above indicate numbers of employed personnel (excluding individuals seconded from the Group to companies outside the Group, and including individuals seconded to the Group from companies outside the Group). In addition to the total number of employees stated above (permanent employees and contract employees), the Group also employs 594 individuals as temporary employees and dispatched employees.

(ii) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
1,317	Increased by 151	32.3	2.6 years

(Note) The number of employees stated above indicates the number of employed personnel (excluding individuals seconded from the Company to other companies, and including individuals seconded to the Company from other companies). In addition to the total number of employees stated above (permanent employees and contract employees), the Company also employs 584 individuals as temporary employees and dispatched employees.

(8) Major lenders (as of May 31, 2023)

(Millions of yen)

Lenders	Outstanding borrowings
Sumitomo Mitsui Banking Corporation	639
Sumitomo Mitsui Trust Bank, Limited	624
Mizuho Bank, Ltd.	609
MUFG Bank, Ltd.	600
Resona Bank, Limited	585
The Awa Bank, Ltd.	225
Development Bank of Japan Inc.	112

(9) Other significant matters concerning status of the corporate group

Not applicable.

2. Status of the Company

(1) Shares (as of May 31, 2023)

- (i) Total number of authorized shares 470,800,000 shares
(ii) Total number of issued shares 125,410,584 shares

(Notes) 1. Total number of issued shares includes 871 shares of treasury shares.
2. The total number of issued shares has increased by 446,988 shares due to exercise of share acquisition rights during the fiscal year under review.

- (iii) Number of shareholders 8,050
(iv) Major shareholders

Name of shareholders	Number of shares held (shares)	Percentage of total shares (%)
Chikahiro Terada	41,432,920	33.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,183,400	13.70
Custody Bank of Japan, Ltd. (Trust Account)	6,486,100	5.17
Kei Tomioka	4,160,000	3.32
MSIP CLIENT SECURITIES	3,484,900	2.78
DCM Ventures China Fund (DCM VII), L.P.	3,314,000	2.64
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	2,412,276	1.92
Kenji Shiomi	2,320,000	1.85
STATE STREET BANK AND TRUST COMPANY 505303	2,200,200	1.75
CNK, Inc.	2,047,080	1.63

(Note) Percentage of total shares is calculated after deducting treasury shares.

(2) Share acquisition rights

- (i) Share acquisition rights held by the Company's officers at the end of the fiscal year under review that have been delivered as consideration for their execution of duties

		3rd Share Acquisition Rights
Date of resolution of issue		January 9, 2019
Number of share acquisition rights		168,917 units
Class and number of shares to be acquired upon exercise of share acquisition rights		Common shares 675,668 shares (Four shares per share acquisition right)
Amount to be paid in for share acquisition rights		Without contribution
Value of property to be contributed when share acquisition rights are exercised		¥3,400 per share acquisition right (¥850 per share)
Exercise period		From February 1, 2021 to January 8, 2029
Exercise conditions		(Note 1)
Status of share acquisition rights held by officers	Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	Number of share acquisition rights 20,960 units Number of shares to be acquired 83,840 shares Number of holders 2

(Notes) 1. Terms and conditions of exercise of 3rd Share Acquisition Rights are as follows.

- (1) The person to whom the share acquisition rights are allotted (the “Share Acquisition Rights Holder”) must, at the time of exercise of the share acquisition rights, be holding the position of Director, Audit & Supervisory Board Member, or employee of the Company or a subsidiary of the Company. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
 - (2) In the event that the Share Acquisition Rights Holder dies, inheritance shall not be permitted.
 - (3) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
2. The 3rd Share Acquisition Rights held by two Directors were granted while they were serving as employees.

		9th Share Acquisition Rights	
Date of resolution of issue		August 30, 2022	
Number of share acquisition rights		3,250 units	
Class and number of shares to be acquired upon exercise of share acquisition rights		Common shares 325,000 shares (100 shares per share acquisition right)	
Amount to be paid in for share acquisition rights		Without contribution	
Value of property to be contributed when share acquisition rights are exercised		¥126,900 per share acquisition right (¥1,269 per share)	
Exercise period		From August 31, 2024 to August 30, 2032	
Exercise conditions		(Note 1)	
Status of share acquisition rights held by officers	Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	Number of share acquisition rights	3,250 units
		Number of shares to be acquired	325,000 shares
		Number of holders	5

(Note) 1. Terms and conditions of exercise of 9th Share Acquisition Rights are as follows.

- (1) The share acquisition rights may be exercised if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (August 30, 2032) exceeds ¥2,344.
However, in the event of a share split or reverse share split after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\begin{array}{ccccccc} \text{Share price} & & \text{Share price} & & 1 & & \\ \text{after} & = & \text{before} & \times & \text{Split (or Reverse split)} & & \\ \text{adjustment} & & \text{adjustment} & & \text{ratio} & & \end{array}$$
- (2) The person to whom the share acquisition rights are allotted (the “Share Acquisition Rights Holder”) must, at the time of exercise of the share acquisition rights, be holding the position of Director, Audit & Supervisory Board Member, or employee of the Company or a subsidiary of the Company. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
- (3) In the event that the Share Acquisition Rights Holder dies, inheritance shall not be permitted.
- (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
- (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
- (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

- (ii) Share acquisition rights delivered during the fiscal year under review to employees, etc. as consideration for their execution of duties

		7th Share Acquisition Rights	
Date of resolution of issue		July 14, 2022	
Number of share acquisition rights		6,559 units	
Class and number of shares to be acquired upon exercise of share acquisition rights		Common shares 655,900 shares (100 shares per share acquisition right)	
Amount to be paid in for share acquisition rights		Without contribution	
Value of property to be contributed when share acquisition rights are exercised		¥102,100 per share acquisition right (¥1,021 per share)	
Exercise period		From July 15, 2024 to July 14, 2032	
Exercise conditions		(Note 1)	
Delivery to employees, etc.	Employees of the Company	Number of share acquisition rights	6,559 units
		Number of shares to be acquired	655,900 shares
		Number of holders	139

(Notes) 1. Terms and conditions of exercise of 7th Share Acquisition Rights are as follows.

- (1) The share acquisition rights may be exercised if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (July 14, 2032) exceeds ¥2,344. However, in the event of a share split or reverse share split after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\begin{array}{rcccl} \text{Share price} & & \text{Share price} & & 1 \\ \text{after} & = & \text{before} & \times & \text{Split (or Reverse split)} \\ \text{adjustment} & & \text{adjustment} & & \text{ratio} \end{array}$$

- (2) The person to whom the share acquisition rights are allotted (the "Share Acquisition Rights Holder") must, at the time of exercise of the share acquisition rights, be holding the position of Director, Audit & Supervisory Board Member, or employee of the Company or a subsidiary of the Company. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
- (3) In the event that the Share Acquisition Rights Holder dies, inheritance shall not be permitted.
- (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
- (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
- (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

(3) Officers

(i) Directors (as of May 31, 2023)

Position	Name	Responsibilities and significant concurrent positions outside the Company
Representative Director & CEO	Chikahiro Terada	Executive Officer and CEO
Director	Kei Tomioka	Executive Officer, CRO, and Executive in charge of Business Division Outside Director of Unipos Inc.
Director	Kenji Shiomi	Executive Officer, CISO, DPO, and Executive in charge of Engineering Division and Eight Division
Director	Yuta Ohma	Executive Officer, CHRO, and Executive in charge of Human Resources Division
Director	Muneyuki Hashimoto	Executive Officer, CFO, and Executive in charge of Corporate Division Outside Director of Unipos Inc.
Director (Audit & Supervisory Committee Member)	Maki Suzuki	Attorney at Shintaro Sato Law Office
Director (Audit & Supervisory Committee Member)	Toru Akaura	Representative Director of Incubate Fund KK Outside Director of S-Pool, Inc. Outside Director of Double Standard Inc. Outside Director of jig.jp Co., Ltd. External Director of ispace Inc.
Director (Audit & Supervisory Committee Member)	Toko Shiotsuki	Director (Full-time Audit and Supervisory Committee member) of CyberAgent, Inc.
Director (Audit & Supervisory Committee Member)	Taro Saito	Representative Director of dof Inc. Outside Director of CARTA HOLDINGS Inc. Outside Director of for Startups, Inc. Outside Director of ZOZO, Inc.

(Notes) 1. Changes in Directors during the fiscal year under review were as follows:

- i) Maki Suzuki and Taro Saito were newly elected as Directors who are Audit & Supervisory Committee Members at the 15th Annual General Meeting of Shareholders held on August 30, 2022, and assumed their office as of the same date.
 - ii) Yasuko Yokosawa and Yoshiki Ishikawa retired from their position as Director who is an Audit & Supervisory Committee Member at the conclusion of the 15th Annual General Meeting of Shareholders held on August 30, 2022.
2. Directors Maki Suzuki, Toru Akaura, Toko Shiotsuki, and Taro Saito are Outside Directors.
 3. Director Toko Shiotsuki has a degree as a junior accountant and has a considerable amount of knowledge related to accounting.
 4. The Company appoints full-time Audit & Supervisory Committee support personnel to assist the Audit & Supervisory Committee in performing the duties, and these personnel maintain a grasp of information through participating in major meetings and reading important documents. Accordingly, as an environment is in place for the adequate fulfillment of auditing operations through the internal control system, full-time Audit & Supervisory Members are not selected.
 5. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Directors who are Audit & Supervisory Committee Members Maki Suzuki, Toru Akaura, Toko Shiotsuki, and Taro Saito have been designated as independent officers as provided for by the aforementioned exchange.
 6. As part of organizational reforms carried out on June 1, 2023, Director Kei Tomioka was changed from CRO, and Executive in charge of the Business Division to COO, and Executive in charge of the Sansan Division and Bill One Division.

(ii) Summary of details of limited liability agreements

In accordance with Article 427, paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into agreements with each of the Directors who are Audit & Supervisory Committee Members to limit their liability for damages under Article 423, paragraph (1) of the Companies Act.

The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.

(iii) Summary of details of indemnification agreements

The Company has entered into indemnification agreements with Directors (excluding those who are Audit & Supervisory Committee Members) Chikahiro Terada, Kei Tomioka, Kenji Shiomi, Yuta Ohma, and Muneyuki Hashimoto, and Directors who are Audit & Supervisory Committee Members Maki Suzuki, Toru Akaura, Toko Shiotsuki, and Taro Saito as provided for under Article 430-2, paragraph (1) of the Companies Act, under which the Company shall indemnify them for the expenses provided for in item (i) and the loss provided for in item (ii) of said paragraph to the extent provided for in laws and regulations. However, in order to ensure that the appropriateness of the execution of duties by the Company's officers is not impaired by said indemnification agreement, the following items are not covered by the indemnification.

- Portion of litigation expenses that exceeds the amount of expenses normally required
- If the Company is to compensate for damages, etc., in the event that the indemnified Director (below, the "indemnified person") is liable to the Company under Article 423, paragraph (1) of the Companies Act, the portion of the damages, etc. that relates to such liability
- All of the damages, etc. for which the indemnified person is liable due to his/her malicious intent or gross negligence in performing his/her duties

In addition, even after the Company has paid compensation to the indemnified person, the indemnified person shall return all or part of the compensation to the Company in the following cases.

- All of the compensated expenses, etc., if it is found that the indemnified person has performed his/her duties for the purpose of gaining unjust benefits for him/herself or a third party or causing damage to the Company
- If it is found that all or part of the expenses, etc. compensated under this agreement cannot be compensated, the portion of the compensated expenses, etc. that cannot be compensated under this agreement
- In the event that the indemnified person receives compensation from an insurer in accordance with an insurance contract that the Company concludes with an insurer, which promises that the insurer will cover the damages that may arise due to the indemnified person assuming responsibility for the execution of his/her duties or receiving a claim related to the pursuit of such responsibility, and which names the indemnified person as the insured, the portion of expenses, etc. for which compensation was received

There are no relevant matters concerning the performance of the indemnification agreement.

(iv) Summary of details of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of the insured includes Directors (excluding those who are Audit & Supervisory Committee Members), Directors who are Audit & Supervisory Committee Members, Executive Officers, and Directors of subsidiaries of the Company (the "Officers, etc."). By resolution of the Board of Directors, the insureds do not bear any of the insurance premiums. Under this insurance policy, the insured will be compensated for the damages and litigation expenses incurred by the Company or its subsidiaries as a result of a claim for damages arising from the insured's conduct as an officer of the Company or its subsidiaries. However, in order to ensure that the appropriateness of the execution of duties by the insured is not impaired, the following cases are not covered.

- Cases in which the Company or its officers have illegally obtained profits or benefits
- Actions taken with the full knowledge that they are in violation of laws and regulations or the Company's internal regulations, etc.

(v) Remuneration, etc. of Directors

a. Policy, etc. on determination of the details of officer remuneration, etc.

The Company made the decision regarding the policy for deciding the details of remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year under review at a meeting of the Board of Directors. Remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year under review consists of basic remuneration, which is a fixed monetary remuneration, and stock options with share price conditions as medium- to long-term incentive remuneration. In consideration of their roles and duties, remuneration, etc. of Directors who are Audit & Supervisory Committee Members is limited to basic remuneration, which is fixed monetary remuneration.

The individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year under review was decided at an extraordinary meeting of the Board of Directors held after the Annual General Meeting of Shareholders after obtaining the prior approval of all Outside Directors in accordance with the policy for determination, and the Company judges that the details thereof are in accordance with the said policy.

Effective May 1, 2023, the Company established a Nomination and Remuneration Advisory Committee with the majority of its members and its chairperson as independent Outside Directors, thereby partially modifying said decision-making policy.

In addition, at the Board of Directors meeting held in July 2023, the Company resolved to partially revise the policy for determining the remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the 17th term onward, to provide performance-linked bonuses as short-term incentive remuneration and to grant stock remuneration-type stock options as non-monetary individual remuneration to Directors (excluding Audit & Supervisory Committee Members) subject to approval by the General Meeting of Shareholders. The policy for deciding the details of remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) from the 17th term onward was decided at a meeting of the Board of Directors based on the details of a report from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

[Decision policy regarding the details of individual remuneration, etc. of Directors for the fiscal year under review]

i) Policy for determining the amount or calculation method of individual remuneration, etc. of Directors regarding basic remuneration (fixed monetary remuneration)

The amount of individual basic remuneration for Directors (excluding those who are Audit & Supervisory Committee Members) shall be updated and determined each fiscal year within the limits of the total amount of remuneration resolved at the General Meeting of Shareholders, taking into consideration the responsibilities and business execution status of each Director and the Company's performance and economic conditions.

The amount of individual basic remuneration for Directors who are Audit & Supervisory Committee Members shall be determined by consultation of all Audit & Supervisory Committee Members within the limits of the total amount of remuneration resolved at the General Meeting of Shareholders.

ii) Introduction and decision policy for performance-linked remuneration and non-monetary remuneration

With regard to individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members), stock options with share price conditions may be granted as medium- to long-term incentive remuneration. The ratio of these stock options to basic remuneration shall be decided and appropriate limits and conditions shall be set based on the business environment, remuneration level at other companies, etc. in order to make the stock options incentives that encourage the maximization of Directors' performance and willingness to contribute in addition to appropriate risk taking as a result of the further strengthening of the link with shareholder value.

The introduction of a performance-linked remuneration plan or a non-monetary remuneration plan as other individual remuneration, etc. of Directors shall require a resolution of the Board

of Directors. When introducing such a remuneration plan, the Board of Directors shall also pass a resolution on the details of the plan, the policy for determining the amount (calculation method), and the ratio of each form of remuneration that constitutes the individual remuneration, etc.

From May 1, 2023 onward, when introducing such a remuneration plan, the Board of Directors shall decide the details of the plan, the policy for determining the amount (calculation method), and the ratio of each form of remuneration that constitutes the individual remuneration, etc. based on the details of a report from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

- iii) Policy for determining the timing and conditions of payment and grant of remuneration, etc. to Directors

Of the remuneration, etc. of Directors, fixed remuneration shall be paid on a monthly basis, and stock options with share price conditions shall take into consideration the timing of payment/granting, conditions, etc. based on stock options granted in the past, number of years in office, etc.

This shall not apply in cases where expenses to be paid as remuneration are separately incurred.

- iv) Matters concerning the decisions on remuneration, etc.

Individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) shall be determined by resolution of the Board of Directors, and shall be subject to approval by a “majority of the Directors” and “all Outside Directors.”

Individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) from May 1, 2023 onward shall be decided at a meeting of the Board of Directors based on the details of a report from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

[Decision policy regarding the details of individual remuneration, etc. of Directors from the 17th term onward]

- i) Policy for determining the amount or calculation method of individual remuneration, etc. of Directors regarding basic remuneration (fixed monetary remuneration) and performance-linked remuneration

As individual monetary remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members), the Company shall pay basic remuneration (fixed monetary remuneration) and performance-linked bonuses as short-term incentive remuneration for improving business performance in each fiscal year.

The amount of individual basic remuneration for Directors (excluding those who are Audit & Supervisory Committee Members) shall be updated and determined each fiscal year within the limits of the total amount of remuneration resolved at the General Meeting of Shareholders, taking into consideration the responsibilities and business execution status of each Director and the Company’s performance and economic conditions.

The amount of individual performance-linked bonuses for Directors (excluding those who are Audit & Supervisory Committee Members) shall be calculated within the range of 0% to 200% based on the degree of achievement against the performance targets for each fiscal year within the limit of the total amount of remuneration resolved at the General Meeting of Shareholders, and shall be updated and determined each fiscal year, taking into consideration each Director’s position and responsibilities. The performance target for each fiscal year shall be based on consolidated net sales, which is the most important management indicator of the Company.

The amount of individual basic remuneration for Directors who are Audit & Supervisory Committee Members shall be determined by consultation of all Audit & Supervisory Committee Members within the limits of the total amount of remuneration resolved at the General Meeting of Shareholders.

- ii) Introduction and decision policy for non-monetary remuneration

With regard to individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members), stock options with share price conditions and stock

remuneration-type stock options may be granted as medium- to long-term incentive remuneration. The ratio of these stock options to basic remuneration shall be decided and appropriate limits and conditions shall be set based on the business environment, remuneration level at other companies, etc. in order to make the stock options incentives that encourage the maximization of Directors' performance and willingness to contribute in addition to appropriate risk taking as a result of the further strengthening of the link with shareholder value.

The introduction of a non-monetary remuneration plan as other individual remuneration, etc. of Directors shall require a resolution of the Board of Directors. When introducing such a remuneration plan, the Board of Directors shall decide the details of the plan, the policy for determining the amount (calculation method), and the ratio of each form of remuneration that constitutes the individual remuneration, etc. based on the details of a report from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

iii) Policy for determining the timing and conditions of payment and grant of remuneration, etc. to Directors

Among the remuneration, etc. for Directors, fixed remuneration shall be paid monthly, and the performance-linked bonus to be introduced as individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee members) shall be paid in a lump sum at a certain time each year. In addition, stock options with share price conditions and stock remuneration-type stock options shall take into consideration the timing of payment/granting, conditions, etc. based on stock options granted in the past, number of years in office, etc.

This shall not apply in cases where expenses to be paid as remuneration are separately incurred.

iv) Matters concerning the decisions on remuneration, etc.

Individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) shall be decided at a meeting of the Board of Directors based on the details of a report from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

In the event of issuing stock options with share price conditions and stock remuneration-type stock options for Directors (excluding those who are Audit & Supervisory Committee Members), a resolution of the General Meeting of Shareholders shall be obtained, and details of the proposal for the General Meeting of Shareholders shall be decided by the Board of Directors based on the report of the Nomination and Remuneration Advisory Committee after consultation with the Committee.

b. Total amount of remuneration, etc. for the fiscal year under review

Categories	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of applicable officers
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration, etc.	
Directors (excluding those who are Audit & Supervisory Committee Members) [of which Outside Directors]	212 [-]	145 [-]	- [-]	67 [-]	5 [-]
Directors who are Audit & Supervisory Committee Members [of which Outside Directors]	21 [21]	21 [21]	- [-]	- [-]	6 [6]
Total [of which outside officers]	233 [21]	166 [21]	- [-]	67 [-]	11 [6]

(Notes) 1. The above table includes two Directors who are Audit & Supervisory Committee Members retired at the conclusion of the 15th Annual General Meeting of Shareholders held on August 30, 2022.

2. The column "Non-monetary remuneration, etc." lists the amount of expenses recorded in the fiscal year under review related to share acquisition rights as stock options with share price conditions for Directors (excluding those who are Audit & Supervisory Committee Members).

3. The total annual amount of remuneration paid to Directors (excluding those who are Audit & Supervisory Committee Members) shall not exceed ¥300 million (however, this does not include employee salaries), as resolved at the Extraordinary General Meeting of Shareholders held on January 30, 2019. Number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of said General Meeting of Shareholders was five.
 4. The total annual amount of remuneration paid to Directors who are Audit & Supervisory Committee Members shall not exceed ¥50 million, as resolved at the Extraordinary General Meeting of Shareholders held on January 30, 2019. Number of Directors who are Audit & Supervisory Committee Members at the conclusion of said General Meeting of Shareholders was four.
 5. The maximum amount of remuneration for share acquisition rights as stock options with share price conditions for Directors (excluding those who are Audit & Supervisory Committee Members) was resolved at the 15th Annual General Meeting of Shareholders held on August 30, 2022, separate from the maximum amount of remuneration mentioned in 3. above, to be up to ¥250 million (the total number of these share acquisition rights issued within one year from the date of said General Meeting of Shareholders is limited to 5,000). Number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of said General Meeting of Shareholders was five. Details of share acquisition rights issued in the fiscal year under review based on the resolution of said General Meeting of Shareholders are as follows.
 - i) Name: 9th Share Acquisition Rights
 - ii) Date of resolution of issue: August 30, 2022
 - iii) Number of eligible persons: Five Directors (excluding those who are Audit & Supervisory Committee Members) of the Company
 - iv) Number of share acquisition rights: 3,250 units
 - v) Class and number of shares to be acquired upon exercise of share acquisition rights: Common shares 325,000 shares
 - vi) Amount to be paid in exchange for share acquisition rights: The payment of money in exchange for the Share Acquisition Rights is not needed.
 - vii) Value of property to be contributed when share acquisition rights are exercised: ¥1,269 per share
 - viii) Exercise period of share acquisition rights: From August 31, 2024 to August 30, 2032
 - ix) Main conditions of exercise of share acquisition rights:
 - The share acquisition rights may be exercised if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (August 30, 2032) exceeds ¥2,344.
 - The Share Acquisition Rights Holders are required to be any one of directors, auditors, employees of the Company and the subsidiaries of the Company even at the time of the exercise of the share acquisition rights. Provided, however, that this shall not apply to the case where the Company's Board of Directors recognizes that there are justifiable reasons such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, etc.
 - In the event that the Share Acquisition Rights Holder dies, inheritance shall not be permitted.
 - Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
- c. Total amount of officer remuneration, etc. received by outside officers from subsidiaries
Not applicable.

(vi) Outside officers

a. Significant concurrent positions at other companies and relationships between the Company and such other companies

Categories	Name	Concurrent positions	Relationship with the Company
Outside Director	Maki Suzuki	Attorney at Shintaro Sato Law Office	There is no special interest.
Outside Director	Toru Akaura	Outside Director of S-Pool, Inc.	A business relationship exists between said company and the Company relating to Sansan/Bill One services. However the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests.
		Representative Director of Incubate Fund KK	A business relationship exists between said company and the Company relating to Sansan/Bill One services and Eight services as well as the transfer of shares. However the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests.
		Outside Director of Double Standard Inc.	There is no special interest.
		Outside Director of jig.jp Co., Ltd.	There is no special interest.
		External Director of ispace Inc.	There is no special interest.
Outside Director	Toko Shiotsuki	Director (Full-time Audit and Supervisory Committee member) of CyberAgent, Inc.	A business relationship exists between said company and the Company relating to Sansan/Bill One services and Eight services. However the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests.

Categories	Name	Concurrent positions	Relationship with the Company
Outside Director	Taro Saito	Representative Director of dof Inc.	There is no special interest.
		Outside Director of CARTA HOLDINGS Inc.	A business relationship exists between said company and the Company relating to Sansan/Bill One services. However the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests.
		Outside Director of for Startups, Inc.	A business relationship exists between said company and the Company relating to said company's services. However the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests.
		Outside Director of ZOZO, Inc.	A business relationship exists between said company and the Company relating to Sansan/Bill One services. However the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests.

b. Major activities during the fiscal year under review

Categories	Name	Attendance, statements contribution and overview of the duties carried out in the roles expected of Outside Directors
Outside Director (Audit & Supervisory Committee Member)	Maki Suzuki	She attended all 13 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Committee held during the fiscal year under review since assuming office as Director of the Company. She accordingly furnishes remarks as necessary from an objective standpoint as an independent officer, including providing opinions on legal arrangements related to the Company's new business strategies, governance, etc., drawing on her extensive insight and experience as an attorney at law.
Outside Director (Audit & Supervisory Committee Member)	Toru Akaura	He attended all 17 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Committee held during the fiscal year under review. He accordingly provides opinions on the Company's investment and financial strategies and business growth, as well as comments from a bird's-eye view of overall management as an independent officer, drawing on his longstanding work experience in the venture capital business and his extensive insight serving as an officer at other companies.
Outside Director (Audit & Supervisory Committee Member)	Toko Shiotsuki	She attended all 17 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Committee held in the fiscal year under review. She accordingly furnishes remarks as necessary from an objective standpoint as an independent officer, primarily providing opinions from the perspective of auditing and supervision as well as diversity, by leveraging her broad insight in accounting, auditing and legal affairs based on her degrees as a junior accountant and a doctor of jurisprudence (professional) in addition to her work experience.
Outside Director (Audit & Supervisory Committee Member)	Taro Saito	Since his appointment as a Director of the Company, he attended all 13 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Committee held during the fiscal year under review. He accordingly furnishes remarks as necessary from an objective standpoint as an independent officer, including providing opinions mainly on the Company's overall management and corporate governance based on his management perspective and extensive knowledge of branding and communication design, etc.

3. Financial Auditor

(1) Name

KPMG AZSA LLC

(2) Amount of remuneration

(Millions of yen)

	Amount of remuneration
Amount of remuneration for the Financial Auditor for the fiscal year under review	32
Total amount of money and other economic benefits that the Company and its subsidiaries should pay to the Financial Auditor	32

- (Notes) 1. In the audit agreement between the Company and the Financial Auditor, the amount of remuneration for audit under the Companies Act and audit under the Financial Instruments and Exchange Act are not clearly distinguished. As it is not possible to effectively distinguish them, the total amount of both remunerations is described as the amount of remuneration for the Financial Auditor for the fiscal year under review.
2. The Audit & Supervisory Committee has concluded that the remuneration of the Financial Auditor is appropriate and consented to it after confirming the details of the audit plan of the Financial Auditor, the status of performing duties of financial audits, the suitability of the estimate of remuneration for the Financial Auditor and other factors.
3. Among the principal subsidiaries of the Company, Sansan Global Pte. Ltd. is audited by a financial auditor other than the Company's Financial Auditor.

(3) Details of non-audit services

Not applicable.

(4) Policy on decisions of dismissal or non-reappointment of the Financial Auditor

If deemed necessary by the Audit & Supervisory Committee in cases such as where the Financial Auditor has difficulty in executing audit duties, the Audit & Supervisory Committee shall decide the content of a proposal regarding the dismissal or non-reappointment of the Financial Auditor to be submitted to a general meeting of shareholders.

If the Audit & Supervisory Committee determines that any of the provisions of Article 340, paragraph (1) of the Companies Act applies with respect to the Financial Auditor, it shall dismiss the Financial Auditor based on a resolution by the Audit & Supervisory Committee. In this case, the Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee shall present a report stating the purport of the dismissal of the Financial Auditor and the reasons therefor to the first general meeting of shareholders convened after the dismissal.

4. System to ensure the properness of business operations (Internal control system)

(1) Overview of decisions on the system to ensure the properness of business operations

Overview of decisions on the system to ensure that the execution of duties by Directors complies with laws and regulations as well as the Articles of Incorporation, and other systems to ensure the properness of business operations of the Company and business operations of the corporate group composed of its subsidiaries (Basic Policy on Internal Control Systems) is as follows.

- (i) System to ensure that the execution of duties by Directors and employees complies with laws and regulations as well as the Articles of Incorporation (System for strict compliance with laws and regulations and the Articles of Incorporation)

The Directors and employees shall carry out appropriate corporate activities based on a strong sense of ethics founded on compliance with laws and regulations and other internal rules such as the Articles of Incorporation in accordance with the Company's corporate philosophy and code of conduct, "The Katachi of Sansan."

In addition, internal audits are implemented by the Internal Auditing Department, an independent entity under the direct supervision of the Representative Director & CEO, and the Company shall verify whether business operations are conducted based on laws and regulations, the Articles of Incorporation, internal rules and other regulations, while striving to make improvements wherever necessary when issues are discovered.

- (ii) System for storage and management of information related to execution of duties by Directors (Information storage and management system)

The Company shall appropriately prepare, store and manage documents, business forms, various information such as records made in an electronic format based on the Rules on Information Asset Management, after classifying according to level of confidentiality.

In addition, Directors may access these documents and records at any time.

- (iii) Rules and other systems for managing risk of loss (Risk management system)

The Company shall appropriately manage a host of potential risks in the Company's business activities through the establishment of internal rules and a response system.

In particular, utmost priority is given to the appropriate handling of personal information, a person is appointed to be in charge of personal information protection, and efforts are made to minimize the risks associated with the management of personal information by establishing internal rules centered on basic regulations for the protection of personal information. Efforts are made to reduce information security risks by appointing a Chief Information Officer with responsibility and authority for information security risks and risk management, and by establishing rules on management of information systems.

Directors shall immediately report to the Audit & Supervisory Committee in the event of any kind of risk arising that may cause a major loss to the Company.

- (iv) System to ensure that the duties of the Directors are being carried out efficiently (System for securing efficiency)

Regular meetings comprising Directors are held once a month and extraordinary meetings are convened as needed in order to supervise the status of business execution by discussing and making decisions on important matters in accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors' Rules, and receiving reports from Executive Directors.

The Company shall establish a suitable and efficient decision making system through developing internal rules such as the Board of Directors' Rules, and clarifying areas of responsibility and authority.

Efforts are made to streamline decision making by promoting the digitization of various internal procedures.

- (v) System to ensure the properness of business operations of the corporate group composed of the Company and its subsidiaries (Internal control of corporate group)

The Company and its subsidiaries, etc., which comprise the Sansan Group, have held up a policy to carry out appropriate corporate activities based on high ethical standards and to comply with their respective corporate philosophy and code of conduct as well as applicable laws and regulations and internal rules, such as the Articles of Incorporation, and endeavor to develop fair and responsible business to contribute to sustainable growth of the Sansan Group.

In addition, as the basic policy for involvement in management of its subsidiaries, the Company has established the Rules on Management of Subsidiaries and maintains a system in which group governance can function, such as concluding business management agreements with the subsidiaries pursuant to said rules.

The Internal Auditing Department implements regular audits in order to verify if the business operations of the Company and its subsidiaries are in compliance with laws and regulations, the Articles of Incorporation, internal rules, and other regulations.

- (vi) Internal control system for financial reporting (System to ensure properness of financial reporting)

In order to secure the properness of financial reporting of the Company and its subsidiaries, the Company shall develop and appropriately operate internal rules, including the Basic Policy on Internal Controls Related to Financial Reporting, based on the Financial Instruments and Exchange Act and other laws and regulations in Japan and overseas that apply to the Company and its subsidiaries.

The Company shall develop and operate a monitoring system for financial reporting and it shall also establish a system for timely and appropriate reporting when internal control system problems or defects are identified through the monitoring system.

In terms of information infrastructure, effective and efficient use of the internal control system is made for financial reporting and the Company shall respond appropriately with respect to general control and application control of that structure.

- (vii) Matters related to the Office that assists the duties of the Audit & Supervisory Committee, matters related to the independence of members of that Office, and matters on ensuring the practicability of instructions to those members (Establishing an Office and Office member for the Audit & Supervisory Committee) (Independence of the Office member for the Audit & Supervisory Committee) (Ensuring practicability of instructions to the Office member of the Audit & Supervisory Committee)

The Company shall establish an Office under the direct control of the Audit & Supervisory Committee and an Office member is designated to assist the duties of the Committee's members on a full time basis.

The supervisory authority over that Office member is to belong exclusively to the Audit & Supervisory Committee and the appointment, transfer, performance evaluation, disciplinarian action, and other matters regarding the member require the approval of, and prior notification to, the Audit & Supervisory Committee.

- (viii) System for submitting reports to the Audit & Supervisory Committee, which includes the system for Directors and employees to report to the Audit & Supervisory Committee (System for reporting to the Audit & Supervisory Committee)

Directors and employees shall promptly inform the Audit & Supervisory Committee of any matter that may have a significant impact on the Company and the implementation status of internal audits as well as legal matters, and provide necessary reports and information in response to requests from the Audit & Supervisory Committee.

The Company shall formulate rules for a Whistle-Blower System and ensure the operation of an appropriate reporting system based on the stipulations of the Whistle-Blower System. The Company shall not treat any Director or employee unfavorably on the basis of that Director or employee using the System to give a report to the Audit & Supervisory Committee.

- (ix) Other: Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee (Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee)

The Representative Director & CEO shall meet regularly with the Audit & Supervisory Committee and Financial Auditor to exchange opinions and communicate effectively.

The Audit & Supervisory Committee shall meet regularly with the Financial Auditor, cooperate with the Internal Auditing Department, and exchange information at all times.

Payments of costs incurred in the process of executing the duties of the Audit & Supervisory Committee member shall be addressed upon a request for payment.

- (2) Overview of operational status of the system to ensure the properness of business operations

The Company has established and implemented an internal control system based on the aforementioned Basic Policy on Internal Control Systems. An overview of its operational status is as follows.

During the fiscal year under review, the Company held 17 meetings of the Board of Directors. Outside Directors that have no conflict of interest with the Company were always in attendance to ensure that Directors executed their duties lawfully and to improve the efficiency of the Directors' execution of duties, and exchanged opinions with the Executive Directors. In addition, the Company held 13 meetings of the Audit & Supervisory Committee, which is composed of four Outside Directors. The Company has established the Office member dedicated to the Audit & Supervisory Committee, who provides reports regarding the status of internal audit implementation, as well as reports and information as requested by the Audit & Supervisory Committee. Furthermore, with regard to the Board of Directors, in addition to the aforementioned meetings of the Board of Directors held, there were two resolutions in writing, which were deemed to be equivalent to resolutions by a meeting of the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company.

With regard to the system for complying with laws and regulations and ensuring the appropriateness of business operations, annual comprehensive audits of all the departments of head office continued to be set up with the 16th Internal Audit Plan made a core part of those activities, and internal audits aimed at contributing to establishing and strengthening group-wide systems have been implemented through a process of identifying issues based on a close examination from a chronological perspective. Audit results are explained to the audited divisions and the status of improvement is examined. In addition, efforts are made to further enhance the internal control system through cooperation with the Audit & Supervisory Committee and other measures.

With regard to risk management, a list of accidents and emergencies with the potential to cause the leakage of personal information is reported to the Board of Directors on a monthly basis, and every effort is made to identify potential risks. Employees, including temporary employees receive training on protecting personal information in order to deepen knowledge and understanding of the appropriate handling of personal information. Also, both permanent employees and contract employees are encouraged to acquire certification as Protection of Individual Information Person, and the Company is keeping record of such certification acquirement. Furthermore, with regard to the development of basic regulations for the protection of personal information, and checking the status of its implementation, audits are implemented in accordance with the annual audit plan that is formulated by the person in charge of the protection of personal information. With regard to other matters concerning information security of the Company, vulnerability and penetration tests are implemented, and vulnerability countermeasures are taken from an objective perspective.

With regard to the subsidiary management system, the Company has entered into business management agreements with Sansan Global Pte. Ltd., logmi, Inc., CREATIVE SURVEY INC. and Sansan Global Development Center, Inc. which are under the scope of consolidation, in accordance with the Rules on Management of Subsidiaries, and while keeping track of the status of business operations through a requirement to provide prior approval for important management decisions, the Company has dispatched officers as directors to each company, and is sharing issues and providing guidance and assistance in the area of practical management. In the case of Sansan Global Pte. Ltd., which is a local corporation overseas, the Company secures the suitability of proper business

operations from the perspective of the Company and the subsidiary by requiring that it has an audit undertaken by a local audit firm.

With regard to the internal control system for financial reporting, the Internal Auditing Department implemented evaluation in accordance with the internal controls evaluation annual plan pursuant to the Basic Policy on Internal Controls Related to Financial Reporting, one of the Company's internal rules. As a result of implementing roll-forward procedures for each of the evaluation items based on evaluations provided during the period, it was confirmed that the internal controls for the fiscal year under review were effective.

5. Basic policy regarding control of company

The Company believes that those who control decisions regarding financial and operational policy should strive to concentrate business resources in a manner that maximizes corporate value and augments the Company's mutual interests with its shareholders with the aim of consistently achieving sustainable growth.

Whereas the Company has not adopted anti-takeover measures at this point in time, we will continue to review matters flexibly while monitoring changes with respect to social affairs and other circumstances.

6. Policy on determination of dividends of surplus and others

Recognizing the importance of properly returning profits to its shareholders, the Company's basic policy is to pay stable dividends while ensuring a balance with internal reserves. However, given that our business remains in the growth stage at this point in time, we seek to enhance internal reserves to facilitate business expansion, in addition to strengthening our financial position. As such, we accordingly deem that making allocations for business expansion will lead to the greatest return on profits to our shareholders.

During the fiscal year under review, we are placing top priority on undertaking investment that aims to achieve medium- to long-term growth, and have accordingly opted to forgo payment of a dividend this fiscal year. We intend to use the internal reserves as a financial resource for strengthening our financial position and expanding our business.

Our Board of Directors acts as the body for making decisions regarding dividends of surplus, etc. based on our basic policy of furnishing dividends twice annually in the form of an interim dividend and a year-end dividend, in the event that we opt to implement a dividend of surplus. In addition, as the Articles of Incorporation of the Company stipulates that, "the dividend of surplus, etc., shall be determined in accordance with the provisions of Article 459, paragraph (1) of the Companies Act, and unless otherwise specified by laws and regulations, will be determined by a resolution by the Board of Directors."

Consolidated balance sheet

(As of May 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	23,207	Current liabilities	14,982
Cash and deposits	21,114	Accounts payable - trade	338
Accounts receivable - trade	1,180	Current portion of long-term borrowings	558
Prepaid expenses	604	Accounts payable - other	1,929
Other	341	Income taxes payable	206
Allowance for doubtful accounts	(32)	Accrued consumption taxes	410
Non-current assets	7,993	Advances received	10,729
Property, plant and equipment	770	Provision for bonuses	601
Buildings and structures	564	Other	207
Other	206	Non-current liabilities	3,027
Intangible assets	1,533	Long-term borrowings	2,838
Software	827	Other	188
Goodwill	706	Total liabilities	18,009
Other	0	Net assets	
Investments and other assets	5,689	Shareholders' equity	12,454
Investment securities	3,705	Share capital	6,582
Leasehold deposits	885	Capital surplus	4,178
Deferred tax assets	595	Retained earnings	1,695
Other	502	Treasury shares	(2)
		Accumulated other comprehensive income	206
		Valuation difference on available-for-sale securities	156
		Foreign currency translation adjustment	49
		Share acquisition rights	457
		Non-controlling interests	72
		Total net assets	13,190
Total assets	31,200	Total liabilities and net assets	31,200

(Note) Amounts less than ¥1 million are rounded down.

Consolidated statement of income

(From June 1, 2022 to May 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		25,510
Cost of sales		3,683
Gross profit		21,827
Selling, general and administrative expenses		21,627
Operating profit		199
Non-operating income		
Interest income	4	
Subsidy income	14	
Gain on sale of investment securities	291	
Other	18	328
Non-operating expenses		
Interest expenses	13	
Commission expenses	7	
Foreign exchange losses	18	
Loss on investments in investment partnerships	38	
Share of loss of entities accounted for using equity method	287	
Other	39	405
Ordinary profit		122
Extraordinary income		
Gain on reversal of share acquisition rights	0	
Gain on sale of shares of subsidiaries and associates	619	
Gain on step acquisitions	196	817
Extraordinary losses		
Loss on retirement of non-current assets	54	
Loss on valuation of investment securities	980	1,035
Loss before income taxes		96
Income taxes - current	264	
Income taxes - deferred	(203)	60
Loss		156
Loss attributable to non-controlling interests		15
Loss attributable to owners of parent		141

(Note) Amounts less than ¥1 million are rounded down.

Consolidated statement of changes in equity

(From June 1, 2022 to May 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,426	4,023	1,384	(1)	11,832
Changes during period					
Issuance of new shares	155	155			311
Purchase of treasury shares				(0)	(0)
Change in scope of equity method			452		452
Loss attributable to owners of parent			(141)		(141)
Net changes in items other than shareholders' equity					-
Total changes during period	155	155	310	(0)	622
Balance at end of period	6,582	4,178	1,695	(2)	12,454

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	85	26	112	142	5	12,093
Changes during period						
Issuance of new shares						311
Purchase of treasury shares						(0)
Change in scope of equity method						452
Loss attributable to owners of parent						(141)
Net changes in items other than shareholders' equity	70	22	93	314	66	474
Total changes during period	70	22	93	314	66	1,097
Balance at end of period	156	49	206	457	72	13,190

(Note) Amounts less than ¥1 million are rounded down.

Notes to consolidated financial statements

1. Notes regarding significant accounting policies for preparation of consolidated financial statements

(1) Disclosure of scope of consolidation

(i) Consolidated subsidiaries

- Number of consolidated subsidiaries: 6
- Names of consolidated subsidiaries:
Sansan Global Pte. Ltd.
Sansan Corporation
Sansan Global Development Center, Inc.
logmi, Inc.
CREATIVE SURVEY INC.
One other company

Change in scope of consolidation

In the fiscal year under review, Sansan Global Development Center, Inc. was included in the scope of consolidation due to its establishment, and the additional acquisition of shares of CREATIVE SURVEY INC., which had been an equity-method affiliate.

(ii) Disclosure about fiscal years, etc. of consolidated subsidiaries

The balance sheet date of the financial statements of all consolidated subsidiaries coincides with the balance sheet date of the consolidated financial statements of the Company.

(2) Disclosure about application of equity method

Affiliates accounted for using equity method

- Number of affiliates accounted for using equity method: 0

Change in scope of equity method

In the fiscal year under review, CREATIVE SURVEY INC. was excluded from the scope of equity method application due to the acquisition of additional shares of CREATIVE SURVEY INC. and its inclusion in the scope of consolidation, SATORI, Inc. was excluded due to the sale of a portion of its shares, and EventHub Co., Ltd. was excluded due to the sale of all of its shares.

(3) Disclosure of accounting policies

(i) Accounting policy for measuring significant assets

a. Other securities (available-for-sale securities)

Securities other than shares with no market price, etc.

Stated at the quoted market price prevailing at the end of the fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

Shares with no market price, etc.

Stated at cost using the moving-average method

b. Inventories

Work in process

Stated at cost using the identified cost method (consolidated balance sheet amounts are determined based on the method of writing down the book value in accordance with the declining in profitability of assets)

- (ii) Accounting policy for depreciation of significant assets
- a. Property, plant and equipment (excluding leased assets)
Facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method, and other property, plant and equipment are depreciated using the declining-balance method.
 - b. Intangible assets (excluding leased assets)
Amortized using the straight-line method. Software for internal use is amortized using the straight-line method over its useful life as internally determined (3 years).
 - c. Leased assets
 - Leased assets related to finance lease transactions that transfer ownership
Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to non-current assets owned by lessee.
 - Leased assets related to finance lease transactions that do not transfer ownership
Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming the lease periods as useful lives without residual value.
- (iii) Accounting policy for deferred assets
- Share issuance costs
- Share issuance costs are fully recognized as expenses when incurred.
- (iv) Accounting policy for significant provisions
- a. Allowance for doubtful accounts
To prepare for losses from bad debts, an estimated uncollectible amount is provided by using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.
 - b. Provision for bonuses
A reserve for the employee bonus payment is provided by recording the estimated amounts of the future payments attributed to the fiscal year under review.

(v) Accounting policy for revenue and expense

Sansan/Bill One Business

The services to be transferred over a certain period include a sales DX solution Sansan and online invoice receiving solution service Bill One, and as these main services are provided throughout the course of the contract period, revenue is recognized by apportioning the transaction price based on the contract with the client over the service provision period set forth in the contract.

In addition, for the pay as you go portion of Sansan business cards and Bill One invoice data conversion, the amount calculated in accordance with the number of subject business cards or invoices, and the unit price based on the contract is recognized as revenue.

Eight Business

The services to be transferred over a certain period include B2C business card management service for individuals Eight Premium, B2B business card management service for companies Eight Team, as well as recruitment-related services and advertisement distribution services. As these are services that are provided over the course of the contract period, the total transaction price under the contract with the client for the service provision period prescribed in the contract is apportioned and recognized as revenue.

Goods or services that are to be transferred at one time include B2B recruitment-related services, advertising services, and various business event services.

In the event of an advertisement bring created in the advertising service and provided to the client, revenue is recognized at the time the advertisement is transferred to the client. In addition, in the event business service, as goods or services are transferred to the client through the holding of an event, revenue is recognized on each occasion that an event is held.

(vi) Method and period for amortization of goodwill

Goodwill is amortized over a ten-year period using the straight-line method.

(vii) Accounting policy for foreign currency translation

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and differences arising from the foreign exchange are recognized as gains or losses. Assets and liabilities of the foreign subsidiaries are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, while revenues and expenses of foreign subsidiaries are translated into Japanese yen at the average exchange rate during the fiscal year under review. Differences arising from these translations are included in foreign currency translation adjustment under net assets.

2. Notes regarding changes in accounting policy

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the consolidated financial statements.

3. Notes regarding accounting estimates

Recoverability of deferred tax assets

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

Deferred tax assets	¥658 million (before offset)
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(2) Other information to assist understanding of the content of estimates

Deferred tax assets have been calculated using estimates of the future timing at which taxable income will be generated and the amounts thereof based on business plans. Those estimates may be affected by uncertain future changes in economic conditions, etc. If the timing at when taxable income is actually generated and the amounts thereof differ from the estimates, the amount of deferred tax assets recognized in the consolidated financial statements for the next fiscal year may be significantly affected.

Valuation of goodwill

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

Goodwill ¥706 million

(2) Other information to assist understanding of the content of estimates

In the case where a test is made for indicators of impairment and indicators of impairment are identified, the Company determines whether recognition of impairment loss on goodwill is necessary or not by calculating the undiscounted future cash flows for the period corresponding to the remaining goodwill amortization period based on the business plan and comparing that with the carrying amount. If it is determined that recognition of impairment loss is necessary, the carrying amount of that goodwill is reduced to the recoverable amount and the amount of the reduction is recognized as the impairment loss. In the fiscal year under review, indicators of impairment were not identified for goodwill.

This estimate could be affected by such unpredictable changes as the business environment in the future, and if the estimated future cash flow were to deteriorate, it may become necessary to recognize impairment loss in the consolidated financial statements in the following fiscal year.

Valuation of investment securities

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

Investment securities ¥2,939 million (unlisted stocks)

This amount includes ¥250 million as investment into SATORI, Inc., which is a major investee of the Company.

(2) Other information to assist understanding of the content of estimates

The Company determines whether or not there is any impairment of excess earning power when making a valuation by grasping the state of investment achievement by performing an actual-result comparison on the business plan that was formulated at the time of investment and considering the external economic environment, etc. to assess the attainability of future business plans.

With regard to investment into SATORI, Inc., which is a major investee company, the Company assessed the attainability of SATORI, Inc.'s business plans by taking into consideration its external economic environment, major trends for KPI, net sales, etc. and its growth rate, and determined whether or not there was any impairment of excess earning power. A loss on valuation of ¥980 million was recorded for stocks of SATORI, Inc., for which impairment of excess earning power was recognized.

In the event that the investee's actual results, etc. falls below the plan formulated at the time of investment, excess earning power will be deemed to have been impaired, and impairment accounting may be performed.

4. Additional information

Accounting estimates associated with the spread of COVID-19

It is difficult to accurately estimate when the impact of the novel coronavirus disease (COVID-19) will come to an end. In the next fiscal year, based on the assumption that a certain level of economic

impact caused by the pandemic will continue until the end of the fiscal year ending May 31, 2024, accounting estimates, such as the recoverability of deferred tax assets, were made.

Treatment regarding trust-type stock options

The National Tax Agency expressed their view that at the time employees, etc. exercise trust-type stock options and acquire shares, this will be deemed to be material wages by companies in the “Taxation of Stock Options (Q&A)” on May 30, 2023. They also expressed their view that companies must pay withholding income tax for trust-type stock options that have already been exercised in the past.

In the fiscal year under review, the Company recorded the amount equivalent to the required payment for withholding income tax of ¥87 million as other under current liabilities, and recorded corresponding receivables as other under current assets.

Furthermore, the portion of the increased additional charges to employees, etc. in the Group will be compensated with cash or paid as alternative wages, and together with expenses incidental to this, the Company recorded selling, general and administrative expenses of ¥499 million.

5. Notes to the consolidated balance sheet

Accumulated depreciation of property, plant and equipment	¥957 million
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6. Notes to the consolidated statement of changes in equity

(1) Class and number of shares of issued shares as of the end of the fiscal year under review

Common shares:	125,410,584 shares
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(2) Class and number of shares of treasury shares

Common shares:	871 shares
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(3) Class and number of shares to be acquired upon exercise of the share acquisition rights (excluding those for which the first day of the exercise period has not arrived) in the fiscal year under review

Common shares:	2,456,392 shares
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7. Notes regarding financial instruments

(1) Matters relating to financial instruments

(i) Policies for financial instruments

The policy of the Group is to limit its investment of funds to short-term deposits, mainly those with no risk on loss of principal, and the Group does not make speculative transactions, including derivative transactions. Financing requirements shall be met by using the Company’s own capital or borrowing funds from financial institutions.

(ii) Descriptions of financial instruments and risks associated therewith

Accounts receivable - trade, which refers to the amount owed to us through trade, are exposed to the credit risk of customers.

Investment securities mainly consist of securities of companies with which a business relationship has been established and are exposed to market fluctuation risk.

Leasehold deposits are mainly leasehold deposits for the head office and exposed to the credit risk of lessors.

Accounts payable – trade and accounts payable - other classified as operating payables are all due within one year.

Long-term borrowings are mainly taken out to fund working capital and investment capital requirements and the longest maturity from the date of the balance sheet is four years and nine months.

(iii) System for managing risks associated with financial instruments

- a. Credit risk management (risks associated with non-performance of contract by counterparties)

For accounts receivable - trade, which refers to the amount owed to us through trade, the Group will ensure that the Finance and Accounting Division will maintain regular contact with the business units regarding outstanding balances and status of payments for each customer, and make every effort to quickly identify and reduce collection concerns arising from the deterioration of our customers' financial status in accordance with the detailed rules for handling collection of receivables of the Group.

For investment securities, financial conditions of issuers are assessed on a regular basis.

For leasehold deposits, the responsible department monitors statuses as necessary to seek for an early identification of collectability concern in order to mitigate risk of non-performance caused by deteriorated financial condition of counterparties and other factors.

- b. Management of liquidity risks associated with fund procurement (risks associated with non-repayment on due date)

The administrative division manages liquidity risk by preparing and renewing cash management plans in a timely manner while maintaining liquidity in hand.

(iv) Supplemental information on fair values of financial instruments

The fair values of financial instruments include the value based on market prices and reasonably estimated values if there are no market prices. Because the calculation of such values incorporates variable factors, the values may vary in case where different assumptions, etc. are used.

(2) Matters relating to fair value of financial instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as of May 31, 2023, as well as their differences. It should be noted that shares with no market price, etc., are not included in the table below. (Refer to (Note) 3.).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities	65	65	-
Leasehold deposits	885	880	(4)
Total assets	950	946	(4)
Long-term borrowings	3,397	3,391	(5)
Total liabilities	3,397	3,391	(5)

- (Notes) 1. "Cash and deposits," "accounts receivable - trade," "accounts payable - trade," and "accounts payable - other" have been omitted because they are cash and have a market value that is close to the book value due to being settled in a short period of time.
2. Long-term borrowings include the current portion of long-term borrowings.
3. Shares with no market price, etc., are not included in "investment securities." The amount recorded on the consolidated balance sheet for the applicable financial instrument is as indicated below.

(Millions of yen)

Categories	Consolidated balance sheet amount
Investment securities	
Other securities (unlisted shares)	2,939
Investments in investment limited partnerships	690
J-KISS type share acquisition rights	10

- (3) Matters relating to the breakdown of the market value of financial instruments for each appropriate category

The market value of financial instruments is categorized into the following three levels, in accordance with the observability and importance of the inputs relating to the calculation of market value.

Level 1 market price: Of the inputs relating to the calculation of observable market price, the market price calculated in accordance with the market price of the asset or liability established in an active market that is subject to the calculation of market value

Level 2 market price: Of the inputs relating to the calculation of observable market value, the market value calculated through the use of inputs relating to the calculation of market value other than the inputs of level 1

Level 3 market price: The market price calculated through the use of inputs relating to the calculation of non-observable market value

In the event of a plurality of inputs that have an important impact on the calculation of market price being used, of the respective levels to which these inputs belong, the market price is categorized to the lowest priority level in the calculation of market value.

- (i) Financial assets and financial liabilities recorded on the consolidated balance sheet at market value

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities (available-for-sale securities)				
Shares	65	-	-	65
Total assets	65	-	-	65

- (ii) Financial assets and financial liabilities not recorded on the consolidated balance sheet at market value

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Leasehold deposits	-	880	-	880
Total assets	-	880	-	880
Long-term borrowings	-	3,391	-	3,391
Total liabilities	-	3,391	-	3,391

(Note) Explanation of appraisal method used to calculate market value and the inputs relating to the calculation of market value

Investment securities

Listed shares are valued through the use of market prices, and as they are traded in active markets, their market value is classified as level 1 market value.

Leasehold deposits

The market value of leasehold deposits is calculated based on the present value of future cash flows discounted by the period through to the due date and the yield of high security long term bonds, and is categorized as level 2 market value.

Long-term borrowings

These market values are calculated by the discounted current value method based on the total amount of principal and interest, as well as the remaining period of the debt and an interest rate that considers credit risk, and are categorized as level 2 market values.

8. Notes regarding the revenue recognition

(1) Information on disaggregation of revenue from contracts with customers

(Millions of yen)

Segment classification	The fiscal year under review
Sansan/Bill One Business	
Sansan (Stock)	18,687
Sansan (Other)	1,104
Bill One	2,412
Other	306
Eight Business	
B2C Services	303
B2B Services	2,561
Other Business	134
Revenue from contracts with customers	25,510
Sales to external customers	25,510

(2) Information serving as basis for the ascertaining of revenue from contracts with customers

The information serving as basis for the ascertaining of revenue is as stated in “1. Notes regarding significant accounting policies for preparation of consolidated financial statements (3) Disclosure of accounting policies (v) Accounting policy for revenue and expense.”

(3) Information for ascertaining the amount of revenue for the fiscal year under review and the following fiscal year

(i) Balance, etc., of contract assets and contract liabilities

Contract assets are receivables based on contracts with customers in each service.

Advances received, which are a type of contract liability, are advances received through the lump sum payment of fees for the term of a contract by the customer, and are transferred to sales at the time of the provision of the service or over the course of the period that the service is provided.

The balances of receivables from contracts with customers, and contract liabilities were as follows: Among the revenue recognized during the fiscal year under review, the amount that was included in the closing balance of contract liabilities (advances received) was ¥8,089 million.

(Millions of yen)

	The fiscal year under review
Credits from contracts with customers	
Accounts receivable - trade (opening balance)	756
Accounts receivable - trade (closing balance)	1,180
Contract liabilities	
Advances received (opening balance)	8,191
Advances received (closed balance)	10,720

- (ii) Transaction price allocated to the remaining performance obligations

Total transaction price allocated to the remaining performance obligations and time when revenues are expected to be recognized as of May 31, 2023

For notes on transaction prices allocated to the remaining performance obligations, the Group has applied a practical expedient, and contracts with the original expected contract period of one year or less are not included in the scope of the notes.

(Millions of yen)	
	The fiscal year under review
Within one year	116
Over one year	120
Total	236

9. Notes regarding per share information

- | | |
|--------------------------|---------|
| (1) Net assets per share | ¥105.18 |
| (2) Basic loss per share | ¥1.13 |

10. Notes regarding significant events after reporting period

Business combination through acquisition

The Company resolved at the meeting of the Board of Directors held on May 23, 2023 to acquire shares of Institute of Language Understanding Inc., making it a consolidated subsidiary, and completed the procedures to acquire the shares on June 20, 2023 in accordance with that resolution.

Outline of business combination

- (1) Name of the acquired company and details of the acquired business
 Company name: Institute of Language Understanding Inc.
 Description of business: A business utilizing large-scale language knowledge to provide business efficiency and create high added value
- (2) Main reason of the business combination
 The aim of this business combination is to strengthen the Company's research development capabilities related to natural language processing as the knowledge databases and language-understanding engines owned by Institute of Language Understanding Inc. are fields that promise to provide synergy with OCR, which is one of the Company's core technologies, natural language processing, etc.
- (3) Date of the business combination
 June 1, 2023 (deemed acquisition date)
- (4) Legal form of the business combination
 Acquisition of shares
- (5) Name of entity after the business combination
 Unchanged.
- (6) Percentage of voting rights acquired
 65.75%
- (7) Main basis for determining acquiring company
 The Company acquired the shares in consideration for cash.
- (8) Acquisition cost of acquiree and components thereof by consideration type

Acquisition price	(cash and deposits)	¥500 million
Acquisition cost		¥500 million

- (9) Difference between the acquisition cost of the acquired company and the total cost of acquisitions for each transaction required until acquisition
Not confirmed at this stage.
- (10) Details and amounts of main acquisition-related costs
Not confirmed at this stage.
- (11) Amount of goodwill, reason for recognition, amortization method and amortization period
Not confirmed at this stage.
- (12) Amount and breakdown of assets acquired and liabilities assumed as of the date of the business combination
Not confirmed at this stage.

Issuance of the 10th share acquisition rights

At the meeting of the Board of Directors held on July 13, 2023, the Company resolved to issue the 10th Share Acquisition Rights to employees of the Company and employee of the Company's subsidiary in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

10th Share Acquisition Rights

Number of share acquisition rights	1,243 units
Class and number of shares to be acquired upon exercise of share acquisition rights	Common shares of the Company, 124,300 shares (100 shares per share acquisition right)
Exercise price of share acquisition rights	¥155,250 per share acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,552.5 per one share Additional paid-in capital: ¥777 per one share
Allotment date of share acquisition rights	August 7, 2023
Persons subject to allotment of share acquisition rights	57 employees of the Company
Exercise period of share acquisition rights	From July 14, 2025 to July 13, 2033
Exercise conditions of share acquisition rights	*

- * 1. Persons who have received an allotment of the share acquisition rights (the "Share Acquisition Rights Holder") may exercise their share acquisition rights if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (July 13, 2033) exceeds ¥3,987.

However, in the event of a share split or reverse share split after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\begin{array}{rcccl} \text{Share price} & & \text{Share price} & & 1 \\ \text{after} & = & \text{before} & \times & \text{Split (or Reverse split)} \\ \text{adjustment} & & \text{adjustment} & & \text{ratio} \end{array}$$

2. The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
3. In the event that the Share Acquisition Rights Holder dies, inheritance shall not be permitted.
4. Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
5. The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
6. It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

Issuance of the 11th share acquisition rights (compensatory stock options)

At the meeting of the Board of Directors held on July 13, 2023, the Company resolved to issue the 11th Share Acquisition Rights to Directors and Executive Officers of the Company in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

11th Share Acquisition Rights

Number of share acquisition rights	1,420 units
Class and number of shares to be acquired upon exercise of share acquisition rights	Common shares of the Company, 142,000 shares (100 shares per share acquisition right)
Issuance price of share acquisition rights	¥14,000 per share acquisition right
Exercise price of share acquisition rights	¥155,250 per share acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,552.5 per one share Additional paid-in capital: ¥777 per one share
Allotment date of share acquisition rights	September 13, 2023
Persons subject to allotment of share acquisition rights	5 Directors of the Company 11 Executive Officers of the Company
Exercise period of share acquisition rights	From September 13, 2024 to September 12, 2033
Exercise conditions of share acquisition rights	*

- * 1. Persons who have received an allotment of the share acquisition rights (the “Share Acquisition Rights Holder”) may exercise their share acquisition rights only if the amount of net sales in the Company’s consolidated statement of income for the fiscal year ending May 31, 2024 exceeds ¥33,164 million. In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company’s Board of Directors.
2. The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
3. In the event that the Share Acquisition Rights Holder dies, inheritance shall not be permitted.
4. Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
5. The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
6. It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

Relocation of head office

At the meeting of the Board of Directors held on July 13, 2023, the Company resolved to relocate its head office. An overview is as follows.

(1) New location of head office

Shibuya Sakura Stage SHIBUYA TOWER, 1-1, Sakuragaoka-cho, Shibuya-ku, Tokyo

(2) Timing of relocation

July 2024 (planned)

(3) Purpose of relocation

As part of its growth strategy, the Group is at the present time strengthening its recruitment of human resources and with this relocation will secure an office floor area compatible with future increases in personnel. By consolidating multiple bases, we are also working to improve

productivity and operational efficiency, leading to enhancement of the office-centric work style (taking the office as the starting point while combining remote work) that we have adopted as policy.

(4) Impact on business performance for the fiscal year ending May 31, 2024

Factors such as the details and amounts of expenses to be incurred in connection with this relocation and the timing of their incurrence are currently under scrutiny.

(5) Other

Since the current head office and the new head office are in the same district, there will be no amendment to the Articles of Incorporation.

Non-consolidated balance sheet

(As of May 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	22,572	Current liabilities	14,744
Cash and deposits	20,508	Accounts payable - trade	321
Accounts receivable - trade	1,093	Current portion of long-term borrowings	558
Prepaid expenses	577	Lease liabilities	40
Other	425	Accounts payable - other	1,933
Allowance for doubtful accounts	(32)	Income taxes payable	205
Non-current assets	8,551	Accrued consumption taxes	394
Property, plant and equipment	767	Advances received	10,546
Buildings	560	Deposits received	76
Tools, furniture and fixtures	51	Provision for bonuses	596
Leased assets	138	Other	70
Other	16	Non-current liabilities	3,027
Intangible assets	825	Long-term borrowings	2,838
Software	825	Lease liabilities	111
Trademark right	0	Other	77
Investments and other assets	6,958	Total liabilities	17,771
Investment securities	3,705	Net assets	
Shares of subsidiaries and associates	1,275	Shareholders' equity	12,738
Leasehold deposits	879	Share capital	6,582
Deferred tax assets	595	Capital surplus	4,322
Other	502	Legal capital surplus	4,322
		Retained earnings	1,835
		Other retained earnings	1,835
		Voluntary retained earnings	150
		Retained earnings brought forward	1,685
		Treasury shares	(2)
		Valuation and translation adjustments	156
		Valuation difference on available-for-sale securities	156
		Share acquisition rights	457
		Total net assets	13,352
Total assets	31,124	Total liabilities and net assets	31,124

(Note) Amounts less than ¥1 million are rounded down.

Non-consolidated statement of income

(From June 1, 2022 to May 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		24,926
Cost of sales		3,521
Gross profit		21,405
Selling, general and administrative expenses		21,083
Operating profit		321
Non-operating income		
Interest income	0	
Subsidy income	14	
Gain on sale of investment securities	291	
Other	20	327
Non-operating expenses		
Interest expenses	13	
Commission expenses	7	
Foreign exchange losses	16	
Loss on investments in investment partnerships	38	
Other	39	115
Ordinary profit		533
Extraordinary income		
Gain on reversal of share acquisition rights	0	
Gain on sale of shares of subsidiaries and associates	351	351
Extraordinary losses		
Loss on retirement of non-current assets	50	
Loss on sale of shares of subsidiaries and associates	267	
Loss on valuation of investment securities	980	1,298
Loss before income taxes		413
Income taxes - current	263	
Income taxes - deferred	(203)	59
Loss		473

(Note) Amounts less than ¥1 million are rounded down.

Non-consolidated statement of changes in equity

(From June 1, 2022 to May 31, 2023)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
				Voluntary retained earnings	Retained earnings brought forward			
Balance at beginning of period	6,426	4,166	4,166	150	2,158	2,308	(1)	12,900
Changes during period								
Issuance of new shares	155	155	155					311
Purchase of treasury shares							(0)	(0)
Loss					(473)	(473)		(473)
Net changes in items other than shareholders' equity								-
Total changes during period	155	155	155	-	(473)	(473)	(0)	(161)
Balance at end of period	6,582	4,322	4,322	150	1,685	1,835	(2)	12,738

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	85	85	142	13,128
Changes during period				
Issuance of new shares				311
Purchase of treasury shares				(0)
Loss				(473)
Net changes in items other than shareholders' equity	70	70	314	385
Total changes during period	70	70	314	223
Balance at end of period	156	156	457	13,352

(Note) Amounts less than ¥1 million are rounded down.

Notes to non-consolidated financial statements

1. Notes regarding matters relating to significant accounting policies

- (1) Accounting policy for measuring assets
 - (i) Shares of subsidiaries and affiliates
Stated at cost using the moving-average method
 - (ii) Other securities (available-for-sale securities)
Securities other than shares with no market price, etc.
Stated at the quoted market price prevailing at the end of the fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.
Shares with no market price, etc.
Stated at cost using the moving-average method
 - (iii) Inventories
Work in process
Stated at cost using the identified cost method (balance sheet amounts are determined based on the method of writing down the book value in accordance with the declining in profitability of assets)
- (2) Accounting policy for depreciation of assets
 - (i) Property, plant and equipment (excluding leased assets)
Facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method, and other property, plant and equipment are depreciated using the declining-balance method.
 - (ii) Intangible assets (excluding leased assets)
Amortized using the straight-line method.
Software for internal use is amortized using the straight-line method over its useful life as internally determined (3 years).
 - (iii) Leased assets
 - Leased assets related to finance lease transactions that transfer ownership
Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to non-current assets owned by lessee.
 - Leased assets related to finance lease transactions that do not transfer ownership
Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming the lease periods as useful lives without residual value.
- (3) Accounting policy for deferred assets
Share issuance costs
Share issuance costs are fully recognized as expenses when incurred.
- (4) Accounting policy for provisions
 - (i) Allowance for doubtful accounts
To prepare for losses from bad debts, an estimated uncollectible amount is provided by using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.
 - (ii) Provision for bonuses
A reserve for the employee bonus payment is provided by recording the estimated amounts of the future payments attributed to the fiscal year under review.

(5) Accounting policy for revenue and expense

Sansan/Bill One Business

The services to be transferred over a certain period include a sales DX solution Sansan and online invoice receiving solution service Bill One, and as these main services are provided throughout the course of the contract period, revenue is recognized by apportioning the transaction price based on the contract with the client over the service provision period set forth in the contract.

In addition, for the pay as you go portion of Sansan business cards and Bill One invoice data conversion, the amount calculated in accordance with the number of subject business cards or invoices, and the unit price based on the contract is recognized as revenue.

Eight Business

The services to be transferred over a certain period include B2C business card management service for individuals Eight Premium, B2B business card management service for companies Eight Team, as well as recruitment-related services and advertisement distribution services. As these are services that are provided over the course of the contract period, the total transaction price under the contract with the client for the service provision period prescribed in the contract is apportioned and recognized as revenue.

Goods or services that are to be transferred at one time include B2B recruitment-related services, advertising services, and various business event services.

In the event of an advertisement bring created in the advertising service and provided to the client, revenue is recognized at the time the advertisement is transferred to the client. In addition, in the event business service, as goods or services are transferred to the client through the holding of an event, revenue is recognized on each occasion that an event is held.

2. Notes regarding changes in accounting policy

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

The application of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” has no effect on the non-consolidated financial statements for the fiscal year under review.

3. Notes regarding accounting estimates

Recoverability of deferred tax assets

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

Deferred tax assets	¥658 million (before offset)
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(2) Other information to assist understanding of the content of estimates

This information is omitted as it is the same as that provided in notes regarding accounting estimates for the consolidated financial statements.

Valuation of investment securities and shares of subsidiaries and associates

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

Investment securities	¥2,939 million (unlisted stocks)
Shares of subsidiaries and associates	¥1,275 million

This amount includes ¥250 million as investment into SATORI, Inc., which is a major investee of the Company.

(2) Other information to assist understanding of the content of estimates

This information is omitted as it is the same as that provided in notes regarding accounting estimates for the consolidated financial statements.

4. Additional information

Accounting estimates associated with the spread of COVID-19

It is difficult to accurately estimate when the impact of the novel coronavirus disease (COVID-19) will come to an end. In the next fiscal year, based on the assumption that a certain level of economic impact caused by the pandemic will continue until the end of the fiscal year ending May 31, 2024, accounting estimates, such as the recoverability of deferred tax assets, were made.

Treatment regarding trust-type stock options

The National Tax Agency expressed their view that at the time employees, etc. exercise trust-type stock options and acquire shares, this will be deemed to be material wages by companies in the “Taxation of Stock Options (Q&A)” on May 30, 2023. They also expressed their view that companies must pay withholding income tax for trust-type stock options that have already been exercised in the past.

In the fiscal year under review, the Company recorded the amount equivalent to the required payment for withholding income tax of ¥87 million as other under current liabilities, and recorded corresponding receivables as other under current assets.

Furthermore, the portion of the increased additional charges to employees, etc. in the Group will be compensated with cash or paid as alternative wages, and together with expenses incidental to this, the Company recorded selling, general and administrative expenses of ¥499 million.

5. Notes to the non-consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment	¥952 million
(2) Monetary receivables from, and monetary payables to, subsidiaries and associates	
Short-term monetary receivables:	¥93 million
Short-term monetary payables:	¥76 million

6. Notes to the non-consolidated statement of income

Transactions with subsidiaries and associates

Transactions relating to the Company's operation

Net sales	¥8 million
Cost of sales	¥84 million
Selling, general and administrative expenses	¥190 million
Amount of non-operating transactions	¥6 million

7. Notes to the non-consolidated statement of changes in equity

Class and number of shares of treasury shares as of the end of the fiscal year under review

Common shares:	871 shares
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8. Notes regarding tax effect accounting

Breakdown of deferred tax assets by major cause of accrual

		(Millions of yen)
Deferred tax assets		
Excess depreciation		710
Loss on valuation of investment securities		343
Provision for bonuses		182
Loss on valuation of shares of subsidiaries and associates		80
Accrued business tax		29
Tax loss carryforward		871
Other		401
Subtotal deferred tax assets		2,619
Valuation allowance for tax loss carryforward		(794)
Valuation allowance for total deductible temporary differences		(1,167)
Subtotal valuation allowance		(1,961)
Total deferred tax assets		658
Deferred tax liabilities		
Valuation difference on available-for-sale securities		62
Total deferred tax liabilities		62
Net deferred tax assets		595

9. Notes to Transaction with Related Parties

(Millions of yen)										
Category	Name of the company, etc. or person	Location	Share capital or investments in capital	Nature of business or occupation	Percentage ownership held in (or by) party such as voting rights, etc.	Relationship with related parties	Nature of transactions	Monetary amount of transactions	Item	Balance at end of the fiscal year under review
Officer	Muneyuki Hashimoto	-	-	The Company Director	(held by party) Direct 0.1	-	Exercise of share acquisition rights (Note 1)	11	-	-

(Note) Due to the exercise of the 3rd Share Acquisition Rights, granted by a resolution at the meeting of the Board of Directors held on January 9, 2019, during the fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the fiscal year under review.

10. Notes regarding per share information

(1) Net assets per share	¥106.47
(2) Basic loss per share	¥3.78

11. Notes regarding significant events after reporting period

Business combination through acquisition

The Company resolved at the meeting of the Board of Directors held on May 23, 2023 to acquire shares of Institute of Language Understanding Inc., making it a consolidated subsidiary, and completed the procedures to acquire the shares on June 20, 2023 in accordance with that resolution.

Outline of business combination

- (1) Name of the acquired company and details of the acquired business
 Company name: Institute of Language Understanding Inc.

Description of business: A business utilizing large-scale language knowledge to provide business efficiency and create high added value

- (2) Main reason of the business combination
The aim of this business combination is to strengthen the Company's research development capabilities related to natural language processing as the knowledge databases and language-understanding engines owned by Institute of Language Understanding Inc. are fields that promise to provide synergy with OCR, which is one of the Company's core technologies, natural language processing, etc.
- (3) Date of the business combination
June 1, 2023 (deemed acquisition date)
- (4) Legal form of the business combination
Acquisition of shares
- (5) Name of entity after the business combination
Unchanged.
- (6) Percentage of voting rights acquired
65.75%
- (7) Main basis for determining acquiring company
The Company acquired the shares in consideration for cash.
- (8) Acquisition cost of acquiree and components thereof by consideration type

Acquisition price (cash and deposits)	¥500 million
Acquisition cost	¥500 million
- (9) Difference between the acquisition cost of the acquired company and the total cost of acquisitions for each transaction required until acquisition
Not confirmed at this stage.
- (10) Details and amounts of main acquisition-related costs
Not confirmed at this stage.
- (11) Amount of goodwill, reason for recognition, amortization method and amortization period
Not confirmed at this stage.
- (12) Amount and breakdown of assets acquired and liabilities assumed as of the date of the business combination
Not confirmed at this stage.

Issuance of the 10th share acquisition rights

At the meeting of the Board of Directors held on July 13, 2023, the Company resolved to issue the 10th Share Acquisition Rights to employees of the Company and employee of the Company's subsidiary in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

10th Share Acquisition Rights

Number of share acquisition rights	1,243 units
Class and number of shares to be acquired upon exercise of share acquisition rights	Common shares of the Company, 124,300 shares (100 shares per share acquisition right)
Exercise price of share acquisition rights	¥155,250 per share acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,552.5 per one share Additional paid-in capital: ¥777 per one share
Allotment date of share acquisition rights	August 7, 2023
Persons subject to allotment of share acquisition rights	57 employees of the Company
Exercise period of share acquisition rights	From July 14, 2025 to July 13, 2033
Exercise conditions of share acquisition rights	*

- * 1. Persons who have received an allotment of the share acquisition rights (the “Share Acquisition Rights Holder”) may exercise their share acquisition rights if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (July 13, 2033) exceeds ¥3,987.

However, in the event of a share split or reverse share split after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\begin{array}{rcccl} \text{Share price} & & \text{Share price} & & 1 \\ \text{after} & = & \text{before} & \times & \text{Split (or Reverse split)} \\ \text{adjustment} & & \text{adjustment} & & \text{ratio} \end{array}$$

2. The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
3. In the event that the Share Acquisition Rights Holder dies, inheritance shall not be permitted.
4. Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
5. The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
6. It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

Issuance of the 11th share acquisition rights (compensatory stock options)

At the meeting of the Board of Directors held on July 13, 2023, the Company resolved to issue the 11th Share Acquisition Rights to Directors and Executive Officers of the Company in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

11th Share Acquisition Rights

Number of share acquisition rights	1,420 units
Class and number of shares to be acquired upon exercise of share acquisition rights	Common shares of the Company, 142,000 shares (100 shares per share acquisition right)
Issuance price of share acquisition rights	¥14,000 per share acquisition right
Exercise price of share acquisition rights	¥155,250 per share acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,552.5 per one share Additional paid-in capital: ¥777 per one share
Allotment date of share acquisition rights	September 13, 2023
Persons subject to allotment of share acquisition rights	5 Directors of the Company 11 Executive Officers of the Company
Exercise period of share acquisition rights	From September 13, 2024 to September 12, 2033
Exercise conditions of share acquisition rights	*

- * 1. Persons who have received an allotment of the share acquisition rights (the “Share Acquisition Rights Holder”) may exercise their share acquisition rights only if the amount of net sales in the Company’s consolidated statement of income for the fiscal year ending May 31, 2024 exceeds ¥33,164 million. In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company’s Board of Directors.
2. The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the

expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.

3. In the event that the Share Acquisition Rights Holder dies, inheritance shall not be permitted.
4. Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
5. The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
6. It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

Relocation of head office

At the meeting of the Board of Directors held on July 13, 2023, the Company resolved to relocate its head office. An overview is as follows.

(1) New location of head office

Shibuya Sakura Stage SHIBUYA TOWER, 1-1, Sakuragaoka-cho, Shibuya-ku, Tokyo

(2) Timing of relocation

July 2024 (planned)

(3) Purpose of relocation

As part of its growth strategy, the Group is at the present time strengthening its recruitment of human resources and with this relocation will secure an office floor area compatible with future increases in personnel. By consolidating multiple bases, we are also working to improve productivity and operational efficiency, leading to enhancement of the office-centric work style (taking the office as the starting point while combining remote work) that we have adopted as policy.

(4) Impact on business performance for the fiscal year ending May 31, 2024

Factors such as the details and amounts of expenses to be incurred in connection with this relocation and the timing of their incurrence are currently under scrutiny.

(5) Other

Since the current head office and the new head office are in the same district, there will be no amendment to the Articles of Incorporation.

Audit Report on the Consolidated Financial Statements

Independent Auditor's Report

July 25, 2023

To the Board of Directors of Sansan, Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Osamu Takagi
Designated Engagement Partner
Certified Public Accountant

Genta Tsuru
Designated Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Sansan, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at May 31, 2023 and for the year from June 1, 2022 to May 31, 2023 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report on the Financial Statements

Independent Auditor's Report

July 25, 2023

To the Board of Directors of Sansan, Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Osamu Takagi
Designated Engagement Partner
Certified Public Accountant

Genta Tsuru
Designated Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of Sansan, Inc. (“the Company”) as at May 31, 2023 and for the year from June 1, 2022 to May 31, 2023 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report of the Audit & Supervisory Committee

Audit Report

The Audit & Supervisory Committee audited the Directors' performance of their duties during the 16th fiscal year (from June 1, 2022 to May 31, 2023). The Committee hereby reports the method and result thereof as follows.

1. Auditing method and its contents

The Audit & Supervisory Committee periodically received reports from Directors, employees and other relevant personnel, sought explanations as necessary, and expressed its opinions with respect to content of resolutions by the Board of Directors concerning matters stipulated in Article 399-13, paragraph (1), item (i) (b) and (c) of the Companies Act as well as the status of development and operation of the systems established pursuant to such resolutions (internal control systems), and conducted audits based on the methods described below.

- (1) In accordance with relevant matters such as the audit policy, allocation of duties determined by the Audit & Supervisory Committee, and in cooperation with the internal control department of the Company, we examined the decision-making process and details at important meetings, etc., the contents of principal approval documents and other important documents concerning business execution, the performance of duties by Directors and principal employees, and the state of operations and assets at the head office and principal offices, etc. As for subsidiaries, we endeavored to facilitate communication with and exchange of information with directors, audit & supervisory board members, etc. of the subsidiaries, and received reports from these subsidiaries on the status of their businesses as necessary.
- (2) We monitored and verified whether or not the Financial Auditor has properly carried out audits while maintaining its independence. We also received reports from the Financial Auditor on the performance of its duties and have asked it to provide explanations when necessary. In addition, we sought explanations as necessary, upon having received notice from the Financial Auditor that the "systems for ensuring that the performance of the duties is being carried out properly" (matters stipulated in each item of Article 131 of the Regulation on Corporate Accounting) have been developed in accordance with the "Quality Control Standard for Audit" (Business Accounting Council, October 28, 2005), etc.

Based on the methods described above, we reviewed the Business Report and supplementary schedules attached thereto, the Non-consolidated Financial Statements (Non-consolidated balance sheet, Non-consolidated statement of income, Non-consolidated statement of changes in equity, and Notes to non-consolidated financial statements), supplementary schedules attached thereto, and the Consolidated Financial Statements (Consolidated balance sheet, Consolidated statement of income, Consolidated statement of changes in equity, and Notes to consolidated financial statements) for the fiscal year under review.

2. Audit results

(1) Audit results of the Business Report, etc.

- (i) We deem that the Business Report and supplementary schedules attached thereto fairly represent the situation of the Company in accordance with relevant laws and regulations, and the Articles of Incorporation.
- (ii) We deem there to be no misconduct or material fact constituting a violation of relevant laws and regulations, or the Articles of Incorporation, regarding the Directors in performing their duties.
- (iii) We deem that resolutions of the Board of Directors regarding the internal control systems are appropriate in content. We also deem there to be no issues to be pointed out with respect to the contents of the Business Report and the Directors in performing their duties regarding the internal control systems.

(2) Audit results of the Non-consolidated Financial Statements and supplementary schedules attached thereto

We deem that the methods and results of audits performed by the Financial Auditor, KPMG AZSA LLC, are appropriate.

(3) Audit results of the Consolidated Financial Statements

We deem that the methods and results of audits performed by the Financial Auditor, KPMG AZSA LLC, are appropriate.

July 25, 2023

Audit & Supervisory Committee of Sansan, Inc.

Chairman of the Audit & Supervisory Committee Maki Suzuki [Seal]

Audit & Supervisory Committee Member Toru Akaura [Seal]

Audit & Supervisory Committee Member Toko Shiotsuki [Seal]

Audit & Supervisory Committee Member Taro Saito [Seal]

(Note) Audit & Supervisory Committee Members Maki Suzuki, Toru Akaura, Toko Shiotsuki and Taro Saito are outside directors as defined in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

The Company proposes to add a business purpose to Article 2 of its Articles of Incorporation in preparation for future expansion and diversification of the Group’s business.

2. Contents of amendments

Details of the amendments are as follows.

(Underlined parts denote those amended.)

Current Articles of Incorporation	Proposed amendments
Article 1 (Omitted)	Article 1 (Unchanged)
Article 2 (Purposes) The purposes of the Company shall be to engage in the following business activities:	Article 2 (Purposes) The purposes of the Company shall be to engage in the following business activities:
(1)-(9) (Omitted) (Newly established)	(1)-(9) (Unchanged)
(Newly established)	<u>(10) Bank agency services and electronic payment services</u>
(10)-(13) (Omitted)	<u>(11) Business of issuing prepaid payment instruments and funds transfer services</u>
Article 3-Article 33 (Omitted)	(12)-(15) (Unchanged)
	Article 3-Article 33 (Unchanged)

Proposal No. 2 Election of Five Directors (Excluding Those Who Are Audit & Supervisory Committee Members)

The terms of office of all five Directors (excluding those who are Audit & Supervisory Committee Members; the same applies throughout this proposal) will expire upon the conclusion of this Shareholders' Meeting. In that regard, the Company proposes the election of five Directors.

This proposal has been resolved by the Board of Directors following consultation with the Nomination and Remuneration Advisory Committee, of which the chairperson and a majority of the members are independent outside Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Chikahiro Terada (December 29, 1976) <u>Reelection</u>	Apr. 1999 Joined Mitsui & Co., Ltd. Feb. 2006 General Manager of Corporate Management Department, of Mitsui Bussan Secure Directions, Inc. June 2007 Representative Director & CEO of the Company (current position) <Responsibility in the Company> Executive Officer and CEO	41,432,920
2	Kei Tomioka (May 26, 1976) <u>Reelection</u>	Apr. 1999 Joined Oracle Corporation Japan June 2007 Director of the Company (current position) June 2021 Outside Director of Fringe81 Co., Ltd. (currently Unipos Inc.) (current position) <Responsibility in the Company> Executive Officer, COO, and Executive in charge of Sansan Division and Bill One Division	4,160,000
3	Kenji Shiomi (August 12, 1970) <u>Reelection</u>	Apr. 1994 Joined Bussan System Integration Co. Ltd. (currently MITSUI KNOWLEDGE INDUSTRY CO., LTD.) Apr. 2005 Joined Wisdom Networks Co., Ltd. June 2006 President of United Portal Co., Ltd. June 2007 Director of the Company (current position) <Responsibility in the Company> Executive Officer, CISO, DPO, and Executive in charge of Engineering Division and Eight Division	2,320,000
4	Yuta Ohma (September 27, 1983) <u>Reelection</u>	Apr. 2006 Joined WORKPORT, inc. Oct. 2008 Joined Blast Co., Ltd., Director Feb. 2010 Joined the Company Aug. 2019 Director of the Company (current position) <Responsibility in the Company> Executive Officer, CHRO, and Executive in charge of Human Resources Division	90,300

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	Muneyuki Hashimoto (January 10, 1982) <u>Reelection</u>	Apr. 2004 Joined Lehman Brothers Japan Inc. Sept. 2008 Joined Barclays Capital Securities Japan Limited Jan. 2013 Joined DBJ Investment Advisory Co., Ltd. Nov. 2017 Joined the Company Aug. 2020 Director of the Company (current position) June 2021 Outside Director of Fringe81 Co., Ltd. (currently Unipos Inc.) (current position) <Responsibility in the Company> Executive Officer, CFO, and Executive in charge of Corporate Division	81,200

- (Notes)
1. There is no special interest between any of the candidates and the Company.
 2. The stated number of the Company's shares owned by each candidate is current as of the end of the fiscal year under review (May 31, 2023).
 3. Reasons for nomination as candidates for Directors
 - (1) Chikahiro Terada has served as the Company's Representative Director consistently since its establishment and has many years of management experience. He also has demonstrated strong leadership as the chief officer of planning strategies and execution of operations in all aspects of the Company's business, and has achieved timely and appropriate decision-making and management supervision. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
 - (2) Kei Tomioka founded the Company together with Representative Director Chikahiro Terada, and has contributed to the Company's business expansion and sales maximization by utilizing his knowledge in the sales department by driving the growth of not only the Sansan Business, which is the Company's main business, but also the Bill One Business as Executive in charge, and also by promoting the Company's domestic and overseas business development. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
 - (3) Kenji Shiomi founded the Company together with Representative Director Chikahiro Terada, and has promoted service expansion and monetization as the Executive in charge of the Eight Business. Furthermore, as the Executive in charge of the Engineering Division, he has led the development department with his knowledge as an engineer, contributing to business expansion and sales maximization by strengthening the Company's products. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
 - (4) Yuta Ohma is currently the chief officer of the human resources department and is responsible for planning and executing practical human resources development and recruiting strategies from a front-line perspective. He is contributing to improving the organizational strength of the Company by continually engaging in personnel policies and system improvements that involve a high level of difficulty in an expanding and diversifying organization. He has the qualifications and track record to flexibly and strategically oversee the expansion of human capital, which is essential for the Company's business growth. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
 - (5) Muneyuki Hashimoto, after working in the securities and financial fields in Japan and overseas, has managed company performance through leadership of the Company's financial strategy since joining the Company as CFO, and has contributed to the achievement of the business plan for this fiscal year. He has carried out growth and business expansion for the Group through his supervision and management of investment strategies and the Corporate Department. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
 4. The Company has entered into an indemnification agreement with Chikahiro Terada, Kei Tomioka, Kenji Shiomi, Yuta Ohma and Muneyuki Hashimoto as stipulated in Article 430-2, paragraph (1) of the Companies Act, and a summary of the contents of the agreement is provided in "2. Status of the Company, (3) Officers, (iii) Summary of details of indemnification agreements" of the Business Report. If this proposal is approved and adopted, the Company plans to renew said agreements.
 5. The Company has entered into a directors and officers liability insurance policy, as stipulated in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and a summary of the contents of the policy is provided in "2. Status of the Company, (3) Officers, (iv) Summary of details of directors and officers liability insurance policy" of the Business Report. The scope of the insured includes Directors (excluding those who are Audit & Supervisory Committee Members), Directors who are Audit & Supervisory Committee Members, Executive Officers, and Directors of subsidiaries of the Company. Each of the candidates is already included as an insured under the policy, and will continue to be included as an insured if this proposal is approved and adopted. The Company plans to renew said policy at the end of the current policy period.

Proposal No. 3 Election of Two Directors Who Are Audit & Supervisory Committee Members

The terms of office of Directors who are Audit & Supervisory Committee Members Toru Akaura and Toko Shiotsuki will expire at the conclusion of this Shareholders' Meeting. Therefore, the Company proposes the election of two Directors who are Audit & Supervisory Committee Members.

This proposal has been resolved by the Board of Directors following consultation with the Nomination and Remuneration Advisory Committee, of which the chairperson and a majority of the members are independent outside Directors. In addition, the Company has obtained the advanced approval of the Audit & Supervisory Committee for this proposal.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Toru Akaura (August 7, 1968) <u>Reelection</u>	<p>Apr. 1991 Joined Japan Associated Finance Co., Ltd. (currently JAFCO Group Co., Ltd.)</p> <p>Oct. 1999 Established Incubate Capital Partners, General Partner</p> <p>Mar. 2000 Outside Director of S-Pool, Inc. (current position)</p> <p>June 2005 Outside Director of jig.jp Co., Ltd. (current position)</p> <p>Aug. 2007 Outside Director of the Company</p> <p>Sept. 2010 Representative Director of Incubate Fund KK (current position)</p> <p>Oct. 2014 Outside Audit & Supervisory Board Member of Double Standard Inc.</p> <p>Aug. 2015 Outside Director (Audit & Supervisory Committee Member) of the Company (current position)</p> <p>Dec. 2017 External Director of ispace, inc. (current position)</p> <p>June 2021 Outside Director of Double Standard Inc. (current position)</p>	1,720,000
2	Toko Shiotsuki (January 9, 1973) <u>Reelection</u>	<p>Apr. 1996 Joined Japan Airlines Co., Ltd.</p> <p>Oct. 1999 Passed the second exam for certified public accountants</p> <p>July 2000 Standing Auditor of CyberAgent, Inc.</p> <p>Mar. 2007 Juris Doctor, The University of Tokyo School of Law</p> <p>Dec. 2017 Director (Full-time Audit and Supervisory Committee member) of CyberAgent, Inc. (current position)</p> <p>Aug. 2021 Outside Director (Audit & Supervisory Committee Member) of the Company (current position)</p>	—

- (Notes)
1. There is no special interest between any of the candidates and the Company. Although Toru Akaura holds 1,720,000 shares of the Company's common stock, and the Company has also invested in a fund indirectly related to Mr. Akaura, there are no other personal, capital, or business or other interest relationships between the two parties.
 2. Toru Akaura and Toko Shiotsuki are candidates for outside Director.
 3. Reasons for nomination as candidates for outside Directors who are Audit & Supervisory Committee Members and outline of their expected roles
 - (1) Toru Akaura, as Representative Director of the Incubate Fund KK, has long-term work experience in the venture capital business and extensive experience as an officer of other companies, as well as a wide range of insight cultivated through such experience. He provides active opinions that contribute to the growth of the Company business, and as a member of the Nomination and Remuneration Advisory Committee, he is involved from an objective and impartial perspective in matters related to the nomination of Directors, appointment and dismissal of Directors, remuneration of Directors (excluding those who are Audit &

Supervisory Committee Members), and other matters for which the Board of Directors seeks advice. The Company has nominated him as a candidate to continue serving as outside Director who is an Audit & Supervisory Committee Member in anticipation that he will provide advice and recommendations on general management and corporate investment. His term of office as outside Director of the Company will be 16 years upon the conclusion of this Shareholders' Meeting. If this proposal is approved and adopted, the Company plans for him to continue as a member of the Nomination and Remuneration Advisory Committee.

- (2) Toko Shiotsuki has degrees as a junior accountant and a juris doctor, and has extensive experience in business companies, including serving as a Director (Full-time Audit and Supervisory Committee member) of CyberAgent, Inc. by leveraging her broad insight in accounting, auditing and legal affairs. As a member of the Nomination and Remuneration Advisory Committee, she is involved from an objective and impartial perspective in matters related to the nomination of Directors, appointment and dismissal of Directors, remuneration of Directors (excluding those who are Audit & Supervisory Committee Members), and other matters for which the Board of Directors seeks advice. She can be expected to provide important opinions from the perspective of diversity as well as audit and supervision of the Company's management. Accordingly, the Company has nominated her as a candidate to continue serving as outside Director who is an Audit & Supervisory Committee Member. Her term of office as outside Director of the Company will be two years upon the conclusion of this Shareholders' Meeting. If this proposal is approved and adopted, the Company plans for her to continue as a member of the Nomination and Remuneration Advisory Committee.
4. The Company has entered into agreements with Toru Akaura and Toko Shiotsuki to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. If this proposal is approved and adopted, the Company will renew said agreements. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.
5. The Company has entered into indemnification agreements with Toru Akaura and Toko Shiotsuki as stipulated in Article 430-2, paragraph (1) of the Companies Act, and a summary of the contents of the agreements is provided in "2. Status of the Company, (3) Officers, (iii) Summary of details of indemnification agreements" of the Business Report. If this proposal is approved and adopted, the Company will renew said agreements.
6. The Company has entered into a directors and officers liability insurance policy as stipulated in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and a summary of the contents of the policy is provided in "2. Status of the Company, (3) Officers, (iv) Summary of details of directors and officers liability insurance policy" of the Business Report. The scope of the insured includes Directors (excluding those who are Audit & Supervisory Committee Members), Directors who are Audit & Supervisory Committee Members, Executive Officers, and Directors of subsidiaries of the Company. Toru Akaura and Toko Shiotsuki are already included as insured parties under the policy, and will continue to be included as insured parties if this proposal is approved and adopted. The Company plans to renew said policy following the conclusion of the insurance period.
7. The Company has submitted notification to the Tokyo Stock Exchange that Toru Akaura and Toko Shiotsuki have been designated as independent officers as provided for by the aforementioned exchange. If this proposal is approved and adopted, the Company plans for Toru Akaura and Toko Shiotsuki to continue as independent officers.

[Reference] About the skills matrix for Director candidates

What is the skills matrix?

The skills matrix is a list of the combination of skills, such as knowledge, education and experience, as well as the diversity of each Director in order for the board of directors to fulfill its supervisory function. The purpose of the matrix is to contrast the knowledge and experience of directors required by the Company in light of its management strategy with that of current Directors and candidates for Directors, to disclose that the Board of Directors as a whole has a balanced composition and that the appointment of Directors is appropriate in line with the management strategy.

The Company nominates candidates for Directors in consideration of the balance of knowledge, experience and ability, as well as diversity. If Proposals No. 2 and No. 3 of this general meeting of shareholders are approved and adopted as proposed, the expertise and experience of each Director, including the current Directors, will be as follows.

Name	Specialty and experience					
	Corporate management	Information security in the data domain	Finance & accounting/ Legal affairs	Personnel/ Human resources development	International experience	ESG SDGs
Chikahiro Terada	✓	✓			✓	✓
Kei Tomioka	✓	✓			✓	
Kenji Shiomi	✓	✓			✓	
Yuta Ohma	✓			✓		
Muneyuki Hashimoto	✓		✓		✓	
Maki Suzuki			✓	✓	✓	
Toru Akaura	✓				✓	
Toko Shiotsuki	✓		✓			
Taro Saito	✓				✓	

Proposal No. 4 Determination of Content of Share Acquisition Rights as Stock Remuneration-Type Stock Options with Share Price Conditions for Directors (Excluding Those Who Are Audit & Supervisory Committee Members)

1. Reasons for the proposal

Based on a resolution by the Extraordinary General Meeting of Shareholders held on January 9, 2019 and on the Companies Act, the Company issued trust-type stock options (hereinafter the “Trust SO”) on January 31, 2019 for the purpose of providing incentives to Directors of the Company and employees of the Group to improve medium- to long-term corporate value and retaining excellent personnel. However, following the recent publication of “Taxation of Stock Options (Q&A)” by the National Tax Agency, it became clear that the Trust SO would not deliver the incentive that was initially expected. As a result, this proposal intends to grant stock remuneration-type stock options with share price conditions (share acquisition rights with a price of ¥1 per share set as the exercise price, hereinafter the “Stock Options”) to Directors (excluding those who are Audit & Supervisory Committee Members). The granting of the Stock Options aims to share further value with all shareholders and improve the medium- to long-term shareholder value and corporate value of the Company, under the objective of further increasing motivation and morale and ensuring the retention of excellent personnel. The Company requests approval of the amount of remuneration etc. relating to the share acquisition rights as the Stock Options, to be provided as non-monetary remuneration to Directors of the Company (excluding those who are Audit & Supervisory Committee Members), as well as approval of the specific content of the share acquisition rights.

It should be noted that the Company, for the introduction of the Stock Options, following deliberation and report by the Nomination and Remuneration Advisory Committee, passed a resolution for the partial amendment for the policy for determining Director remuneration, etc., at the meeting of the Board of Directors held on July 13, 2023, as described in “2. Status of the Company, (3) Officers, (v) Remuneration, etc. for Directors, a. Policy, etc. on determination of the details of officer remuneration, etc.” of the Business Report, subject to the approval of this proposal. This proposal is consistent with the above purpose and the aforementioned policy, and is judged to be reasonable based on the deliberation and report of the Nomination and Remuneration Advisory Committee and the decision of the Board of Directors. At the same time, the Company has obtained the opinion from the Audit & Supervisory Committee that the Proposal is reasonable based on the results of its deliberation.

2. Content of the proposal (amount and content of remuneration, etc., in the plan)

(1) Amount of remuneration, etc., relating to share acquisition rights as stock options

The Company received approval at the Extraordinary General Meeting of Shareholders held on January 30, 2019 for a maximum monetary remuneration for Directors (excluding those who are Audit & Supervisory Committee Members) of ¥300 million per year, and at the 15th Annual General Meeting of Shareholders held on August 30, 2022 for a maximum non-monetary remuneration relating to stock options with share price conditions for Directors (excluding those who are Audit & Supervisory Committee Members) of ¥250 million (maximum 5,000 total share acquisition rights issued within one year from the date of this General Meeting of Shareholders).

On this occasion, approval is requested for the new setting of up to ¥250 million as the limit for remuneration relating to the Stock Options for the Directors of the Company (excluding those who are Audit & Supervisory Committee Members), separate from the remuneration limit described above. At present, there are five Directors, and if Proposal No. 2 is approved as proposed, there will be five eligible Directors (excluding those who are Audit & Supervisory Committee Members).

It should be noted in consideration that the fair valuation of the Stock Options will fluctuate depending on the stock price situation, the remuneration limit to be set here shall be an amount set as an upper limit assuming a certain level of increase to the stock price. In addition, the Stock Options will become exercisable rights upon the stock price of the Company reaching ¥2,344, and the rights will lose effect if this stock price is not achieved. Therefore, the fair valuation of the Stock Option has been calculated in consideration of such conditions.

In the event of all of the Stock Options being exercised, the total number of outstanding shares as of May 31, 2023 will be diluted by a maximum of 0.24%, however, the achievement of the conditions for the exercising of rights set for the Stock Options will contribute to the improvement of the shareholder value and corporate value of the Company, which can be recognized to contribute to the interests of all existing shareholders, and therefore, the scale of the issuance is considered to be reasonable. Due to the issuance of the Stock Options, in the period from their grant until the exercising of rights, share remuneration expenses will be recorded each year in the accounts, however, if the conditions for the exercising of rights are achieved, as described above, the benefit of the improvement of shareholder value and corporate value will be shared with all existing shareholders, and if the conditions for the exercising of rights are not achieved, the Stock Options will lose effect without any shares being issued, and the recorded share-based remuneration expenses will be reversed, meaning that there is no concern of existing shareholders incurring substantial disadvantage.

(2) Overview of the share acquisition rights to be issued as the stock options (hereinafter the “Share Acquisition Rights”)

(i) Total number of share acquisition rights

The total number of the Share Acquisition Rights to be issued to Directors of the Company (excluding those who Are Audit & Supervisory Committee Members) within the one-year period following the Annual General Meeting of Shareholders for the year ended May 31, 2023 shall be limited to 3,000.

(ii) Class and number of shares to be acquired upon exercise of share acquisition rights

The class of shares to be issued upon exercise of the Share Acquisition Rights shall be common stock of the Company, and the number of shares to be issued upon exercise of each of the Share Acquisition Rights (hereinafter the “Number of Granted Shares”) shall be one hundred (100).

The Number of Granted Shares shall be adjusted according to the following formula in the event that, after the allotment date of the Share Acquisition Rights (hereinafter “Allotment Date”), the Company conducts a stock split (including the gratis allotment of common stock of the Company; the same shall apply hereinafter) or a stock consolidation.

Number of Granted Shares after Adjustment = Number of Granted Shares before Adjustment × Ratio of Stock Split (or Stock Consolidation)

In addition, the Number of Granted Shares shall be appropriately adjusted to the extent reasonable in the event that, after the Allotment Date of the Share Acquisition Rights, the Company conducts a merger, company split or share exchange, or share transfer that require adjustment of the Number of Granted Shares. Provided, however, that such adjustment shall be made only with respect to the number of shares underlying the Share Acquisition Rights that have not been exercised at the time of such adjustment, and any fraction less than one share arising from the adjustment shall be rounded down.

(iii) Amount to be paid in exchange for share acquisition rights

The payment of money in exchange for the Share Acquisition Rights is not needed. Since as stock options the Share Acquisition Rights are issued in consideration for the execution of duties, they do not fall under the category of “Favorable Issue.”

(iv) Value or calculation method of assets to be contributed upon exercise of share acquisition rights

The purpose of investment for the exercising of the Share Acquisition Rights is monetary, and the amount of this shall be the amount obtained by multiplying the price of ¥1 per share that should be paid in when exercising the Share Acquisition Rights by the Number of Granted Shares in relation to the Share Acquisition Rights.

(v) Exercise period of share acquisition rights

The period during which Share Acquisition Rights are exercisable shall be from August 30, 2026 until August 29, 2033 (provided, however, that if the last day is not a bank business day, it shall be the previous bank business day).

(vi) Restrictions on assignment of share acquisition rights

Any acquisition of the Share Acquisition Rights through transfer shall require approval by resolution of the Company's Board of Directors.

(vii) Conditions of exercise of share acquisition rights

- Persons who have been allotted the Share Acquisition Rights (hereinafter "Holders of the Share Acquisition Rights") may exercise their Share Acquisition Rights if, on a specific day from the Allotment Date of the Share Acquisition Rights to the end date of the exercise period (August 29, 2033), the closing price of the common stock of the Company on the Tokyo Stock Exchange exceeds ¥2,344.

However, if a stock split or reverse stock split is carried out after the Allotment Date, the value will be adjusted according to the following formula (rounded up to the nearest yen unit):

$$\text{Adjusted stock price} = \frac{\text{Stock price before adjustment}}{\text{Ratio of split (or merger)}} \times 1$$

- Holders of the Share Acquisition Rights are required to be any one of directors, auditors, employees of the Company and the subsidiaries of the Company even at the time of the exercise of Share Acquisition Rights. Provided, however, that this shall not apply to the case where the Company's Board of Directors recognizes that there are justifiable reasons such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, etc.
- The other conditions for the exercising of the Share Acquisition Rights shall be determined by resolution of the Company's Board of Directors.

(viii) Matters relating to acquisition of share acquisition rights

- In the event of a merger agreement in which the Company becomes a dissolved company, a split agreement or a split plan in which the Company becomes a split company, or a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, which is approved by a general meeting of shareholders (or by a resolution of the Board of Directors if no approval is required by a general meeting of shareholders), the Company may acquire all of the Share Acquisition Rights without any charge upon the arrival of a date to be separately specified by its Board of Directors. When acquiring a part of the Share Acquisition Rights, the part of the Share Acquisition Rights to be acquired shall be determined by a resolution of the Company's Board of Directors.
- In the event that the exercise of the Share Acquisition Rights becomes impossible pursuant to the provisions of Paragraph (vii) above prior to the exercise by the Holders of the Share Acquisition Rights, the Company may acquire the Share Acquisition Rights without any charge on the date separately prescribed by the Company's Board of Directors.

(ix) Other matters concerning the share acquisition rights

Other matters concerning the Share Acquisition Rights shall be determined by resolution of the Company's Board of Directors.