

## Chapter 1

# Story

Chapter 1 covers our efforts to sustainably increase our corporate value, with material issues (priority issues) as a central aspect. This includes the CEO's message, long-term goals, management resources and the results we deliver, and social value, all outlined within the framework of our value creation model.

## CONTENTS

P10	- CEO Message	P22	- Management Resources and the Results We Deliver
P16	- Long-Term Goals	P24	- Business Model
P18	- Material Issues (Priority Issues)	P28	- Social Value
P20	- Value Creation Model		

# 01

## – CEO Message

Representative Director & CEO

**Chika Terada**

# Reigniting Sales Expansion and Entering a Stage of Higher Growth

## FY2022 in Review

The past year has been a changeover period as the world's people have shifted from with-COVID to post-COVID. The pandemic is generally said to have generated a tailwind for digital transformation (DX). In reality, the business environment has differed greatly depending on the nature of individual services and products. For Sansan, our group's backbone and a service developed for business card-based contact management, we came up against a headwind in which face-to-face contact dramatically declined. We therefore embarked on a large-scale product redesign that would normally have taken about 10 years, yet we completed it in just 2 years amid COVID. Sansan has now

evolved into a value-added sales DX solution, encompassing not just business cards but also a range of touchpoints, while integrating a corporate database.

In last year's annual report, I said I wanted to look back in 3 or 5 years and see the COVID period as a significant turning point for our growth. While it's still too early to judge, with our product renewal timing coinciding with broader economic reopening, I felt our business growth reigniting, especially in the second half of FY2022.

Another standout was Bill One, our invoice management service launched in May 2020. With tailwinds from workstyle reforms during the pandemic, Bill One has grown rapidly beyond internal

targets. Recent drivers include growing demand for compliance with Japan's Electronic Bookkeeping Act, updated in January 2022, and the Invoicing System beginning from October 2023. But legal compliance is not Bill One's main purpose. This solution helps to digitize accounting processes and accelerate monthly settlement. Although I'm pleased with Bill One's sharp growth, I'm even more gratified when users tell us it has sped up their monthly financial closing.

Meanwhile, Eight, with 3.3+ million users, creates value not simply as a revenue driver but as infrastructure, powering data utilization within Sansan. Going forward, we will prioritize early profitability over topline growth in Eight's business strategy.

## Direction for FY2023

This July, we announced a full-year net sales forecast of 28% to 32% year-on-year growth. This is the first time in 4 years we have announced a sales growth rate around 30%. While we've been expanding our business scale, this factors into shifting Eight from topline growth to a profit focus, powerfully demonstrating accelerated growth for FY2023. At the same time, I recognize this year we must prove this growth rate is not a one-time event but rather is our new standard.

To achieve this, our first priority was an organizational overhaul. Pre-COVID, we operated under a divisional system of separate business units, but during the pandemic, we switched to a sales structure that would optimize resources by redirecting Sansan personnel to the rapidly growing Bill One. However, with Sansan's product overhaul, we have seen record-high new order values quarter basis, confirming that the market is now embracing Sansan not just

for business card management but as a sales DX solution. This gives us confidence to play offense again. Accordingly, this June, we reverted to a divisional system. Changing from pursuing optimization during the pandemic to now pursuing maximization reflects the growth reignition we currently feel. I'm excited that with Sansan, which accounts for most of our consolidated net sales, leading the way, we're again entering a stage of igniting growth for the entire company.

# “Achieving discontinuous growth through continuous accumulation of steady progress”

## Toward Medium-to-Long-Term Growth

I categorize our history thus far in three phases. Phase 1 was our founding in 2007 and our startup. Phase 2 was the period until our IPO in 2019, when we strengthened investments through major fundraising. Phase 3 is the period since going public. In this journey, we've progressed step-by-step, like steadily adding layers. Personally, I strongly desire discontinuous growth, but continuous accumulation of steady progress is the work required to achieve it. Now, though, I feel an even stronger conviction that we're on the right path, and a sense that our stride is accelerating, and the ground covered with each step is expanding. Through renewed growth

acceleration, we will enter a new fourth stage, a step higher than Phase 3. With this coinciding with our planned office relocation next year, I feel that we're at an inflection point qualitatively as well.

In June 2023, we launched the Bill One Business Card corporate credit card as an optional Bill One feature. From Bill One's launch, we have tracked, as an internal KPI, invoice volume per year on the platform, which reached 16 trillion yen on an annualized basis by April 2023. With this transaction volume, we sought to provide more value to customers, entering fintech for the first time by launching this corporate card. Accounting teams spend a great

deal of time collecting receipts and invoices and matching them to credit card statements for reconciliation. This is an analog process that slows the monthly closing of accounts. By providing the Bill One Business Card to automate this matching, we eliminate this bottleneck. As a standalone corporate card, many competitors exist, but as a value-adding Bill One option, it is unique. Existing customers have already welcomed the card as a way to accelerate their monthly settlements, but the real leap in growth is still to come. Of course, as transaction volume through the corporate card scales 10x or 100x, it will affect our balance sheet, but we will draw on



established corporate card business practices to pinpoint management strategies and establish an appropriate risk management system to support business growth.

In addition to Sansan, Bill One,

and Eight, our lineup now includes Contract One, our contract database that digitizes all types of contracts, facilitating their utilization as company assets. Although each has challenges to overcome to grow as a core pillar,

once we get through these, I envision creating an integrated product combining all these solutions. The issue of how to move toward that goal is a topic for consideration over the medium-to-long term.

## Sustainability-Oriented Management

FY2022 was also a year in which we clearly established our stance on sustainability. First, we identified 10 material issues (priority issues) across five areas, appointing a director as the owner of each. We also set quantitative targets for each issue. I recognize that we're only at the beginning of integrating sustainability and management, and I intend to accelerate our initiatives moving forward.

Among the 10 issues, I was assigned ownership of “Conserve the Environment Through Business.” To address the issue of climate change, we set a target of achieving carbon neutrality for Scope 1 and 2 emissions by FY2029. In terms of

efficient use of natural resources, we established a goal of increasing the number of transactions using paperless functions on our solutions to 120 million.

Environmental issues are existential, not merely business concerns—they will determine humanity's survival. In today's world, no one can dismiss this as unimportant. Sustainability initiatives are undoubtedly critical. In setting our FY2029 target, we considered whether to aim for complete carbon neutrality immediately or start with a 50% reduction. However, as a cloud software provider, our IT services business model does not inherently produce a large carbon footprint

compared with other industries. In other words, pursuing early carbon neutrality would not greatly disrupt our business model. Naturally then, we're firmly committed to achieving our FY2029 target, and, as a show of our strong determination, we will steadily execute detailed plans toward this target. Also, the process of integrating sustainability into our management reaffirmed for me that our solutions themselves promote a paperless society. Thus, expanding our business contributes to societal sustainability. We accordingly set a highly ambitious target for usage of paperless functions on our solutions as a KPI.

## Vision for 100 Years in the Future

While we set FY2029 sustainability targets, I increasingly think about Sansan in the much longer term of, say, 100 years from now. Looking not about 5 or 10 years into the future, but rather a century—a time when I won't be present in the company—surprisingly brings many things into focus, as well as many more opportunities to consider our corporate purpose.

We highly value being a mission-driven company. Our mission is “Turning encounters into innovation,” and our vision to “Become business infrastructure” is shared by everyone in Sansan. We also have values that represent a code of conduct, and a premise that expresses the basic assumption in our work. We have refined these concepts in our philosophy, and the words used to articulate them, through extensive and repeated company-wide discussions, and we will continue adapting them to suit the times.

Our current envisioned future is to become indispensable business infrastructure for customers,

as stated in our vision. But no customer explicitly asks for “business infrastructure.” They use our solutions, recognize the value provided, and increase use until they realize that our solutions have become so mission-critical that business would come to a stop without Sansan. This is the level of impact on business availability and daily utility we aim for in our infrastructure role.

So, how do we get there? The key is continually delivering innovative value proposals to the market and society. Business card management is now an established market, but it originated from the common frustration I saw with many people around me struggling with this task, leading me to propose digitizing and sharing cards company-wide—the genesis of Sansan. Bill One adapted our business card digitization expertise for a new domain, invoices, creating another market. This is what I sense. Establishment of Kamiyama Marugoto College of Design, Technology, and Entrepreneurship

is another value-creation proposal. Someone conceiving and delivering new ideas shapes enduring purpose, even 100 years from now. Accumulating innovative proposals that create new value that has never before existed, bringing them to life, and ultimately attaining irreplaceable business infrastructure status—this is my vision.

One hundred years from now, while still maintaining our relative position as a listed company and an IT company, I want us to have an absolute presence and overflowing uniqueness within those areas. We should continually deliver original customer experiences only we can provide, with overwhelming originality and unmatched global prominence. This is the kind of company I envision.

We have also begun global expansion, primarily with Bill One, in countries like Singapore and Thailand, with initial user adoption. We will decisively pursue growth in the global market over the medium-to-long term.

“Solving issues by proposing unprecedented services for the market and society.”

## Source of Value Creation

Our medium-to-long-term value creation has two engines: the ability to conceive innovative proposals and the horsepower to deliver them as real experiences. This process of creating new value lacks any sense of betting on trends, such as in seeing how a certain other company seems to be doing well or a certain business will grow in the years ahead. Rather, we take the opposite stance of realizing our own unprecedented proposals and finding meaning and excitement in creating value through them.

In the IT services space especially, overseas players like those in the U.S. are ahead, with many services in Japan termed “Japanese versions” of existing foreign services. Sansan is completely different. So,

while explaining our business and value to new audiences can be challenging, the fact that we provide solutions not yet seen globally aids understanding.

We propose and deliver solutions that do not yet exist anywhere else in the world. The fact Sansan is made up of people who embrace this challenge is a major strength of the company. Pioneering initiatives require tremendous drive to realize, and we have that ability, with a track record and strength to keep delivering. People with ideas and the abilities to make them real are the source of our value creation.

Hiring and nurturing such talent is the most critical management issue for our medium-to-long-term growth, and a company-wide

priority. At the same time, envisioning Sansan in 100 years, we need to start considering succession planning. In May 2023, we established a Nomination and Remuneration Advisory Committee, but apart from discussions there, on the execution side, we're also beginning to study succession planning concepts, researching examples at other founder-led firms. Yet, 16 years since founding Sansan, we're still climbing step by step with the summit not yet in sight. Even as we proceed with discussions on successor development, my passion and sense of responsibility are undiminished for leading the management as founder and driving growth to see Sansan become business infrastructure.

## To Our Stakeholders

In our dialogues with various stakeholders, I truly appreciate those in the capital markets who have a deep understanding of Sansan—who recognize and have a high regard for our uniqueness. As a company dedicated to turning original ideas into business, I hope

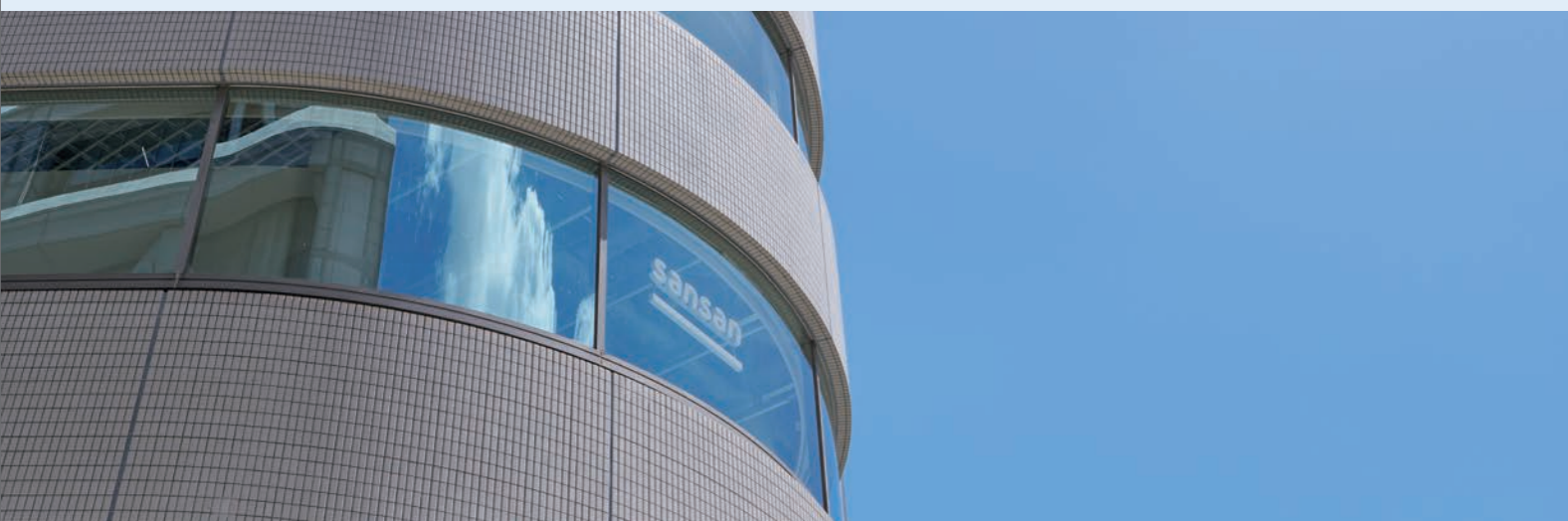
you will continue to focus on our originality going forward.

With our efforts during the pandemic clearly starting to produce results, we will now reignite net sales growth. The overall DX tailwind continues, and within this growth market, we will constantly pursue

added value that Sansan alone can deliver. I invite all our stakeholders to watch as we move ahead, and I look forward to your continued support.

**Chika Terada**

Representative Director & CEO



## Long-Term Goals

To realize our vision of “Become business infrastructure,” we have set sustaining solid sales growth and achieving profit growth that surpasses sales growth as long-term financial goals. We have also established quantitative targets for material issues (priority issues) for FY2029 as non-financial indicators and are working to achieve them.



FY2022 Results

FY2023  
ForecastsFY2024  
(Medium-Term Financial  
Goals)

FY2029

Long-Term Goals

### Medium-Term Financial Goals (FY2022 – FY2024)

Financial Goals	Consolidated Net Sales	<ul style="list-style-type: none"> <li>22,510 million yen</li> <li>+24.9% YoY</li> </ul>	<ul style="list-style-type: none"> <li>32,653 to 33,674 million yen</li> <li>+28.0% to +32.0% YoY</li> </ul>	Maintain growth rate in the mid-20% range or higher	Sustain solid sales growth and achieve profit growth that surpasses sales growth
	Adjusted Consolidated Operating Profit	<ul style="list-style-type: none"> <li>942 million yen</li> <li>+28.9% YoY</li> </ul>	<ul style="list-style-type: none"> <li>1,240 to 1,852 million yen</li> <li>+31.7% to +96.6% YoY</li> </ul>		
	Adjusted Consolidated Operating Profit Margin	<ul style="list-style-type: none"> <li>3.7%</li> <li>+0.1 pts. YoY</li> </ul>	<ul style="list-style-type: none"> <li>3.8% to 5.5%</li> <li>+0.1 pts. to +1.8 pts. YoY</li> </ul>	Improve profit margin every fiscal year	
Material Issues (Priority issues)	Balance Security and Convenience	<ul style="list-style-type: none"> <li>Number of major incidents 0</li> <li>Proportion of those qualified as Protection of Individual Information Person 88.0%</li> </ul>			<ul style="list-style-type: none"> <li>Number of major incidents 0</li> <li>Proportion of those qualified as Protection of Individual Information Person maintained at 80% or higher</li> </ul>
	Transform Work Through Innovative Digital Transformation Services	<ul style="list-style-type: none"> <li>Number of items converted from analog to digital information using our services *1 190 million</li> <li>Number of users of our services *1 5.73 million people</li> </ul>			<ul style="list-style-type: none"> <li>Number of items converted from analog to digital information using our services 500 million</li> <li>Number of users of our services 20 million people</li> </ul>
	Respect Employee Diversity and Producing Innovation	<ul style="list-style-type: none"> <li>Proportion of recruitment through referrals 12.0%</li> <li>Unipos *2 posting rate 59.6%</li> <li>Ratio of female employees in management positions*3 17.8%</li> <li>Ratio of female employees *3 34.9%</li> </ul>			<ul style="list-style-type: none"> <li>Proportion of recruitment through referrals 35%</li> <li>Unipos posting rate 80%</li> <li>Ratio of female employees in management positions 30% or higher</li> <li>Ratio of female employees 45% or higher</li> </ul>
	Establish a Firm Management Structure to Support Rapid Business Growth	<ul style="list-style-type: none"> <li>Ratio of female Directors 22.2%</li> <li>Number of significant compliance violations 0</li> <li>Proportion of employees receiving compliance-related training 100%</li> </ul>			<ul style="list-style-type: none"> <li>Ratio of female Directors 30% or higher</li> <li>Number of significant compliance violations 0</li> <li>Proportion of employees receiving compliance-related training 100%</li> </ul>
	Conserve the Environment Through Business	<ul style="list-style-type: none"> <li>Scope 1+2 *4 851 t-CO<sub>2</sub></li> <li>Number of uses of paperless functions in our services *1 10 million</li> </ul>			<ul style="list-style-type: none"> <li>Scope 1+2 carbon neutral</li> <li>Number of uses of paperless functions in our services 120 million</li> </ul>

# Vision

Become business infrastructure

Realizing a sustainable society and business growth

\*1 Results for the Company's services are aggregated for Sansan, Bill One, Contract One, and Eight. \*2 Unipos is a service centered on the peer bonus system provided by Unipos, Inc.

\*3 Results and targets presented here are for the Company on a non-consolidated basis. \*4 Scope 1 is calculated by aggregating direct GHG emissions from our own office and facilities. Scope 2 is calculated by aggregating by indirect GHG emissions from the use of purchased electricity and thermal energy in each office.

# Material Issues (Priority Issues)

We believe that contributing to resolving social issues through our business activities will contribute to building a sustainable society, which in turn will lead to our sustainable growth and increase our corporate value. Based on this belief, we consider a variety of factors in our sustainability initiatives, such as the business environment, our management performance, and our business stage. We then promote these initiatives in collaboration and cooperation with all stakeholders.












## Initiatives for Material Issues (Priority Issues)

In June 2022, our Board of Directors identified key material issues (priority issues) regarding the environment, society, and governance. In 2023, we set quantitative targets for these issues for FY2029. Our directors took on the role of material issue owners for each priority area, clarifying responsibility for addressing these challenges. Under each material issue owner's







supervision, we examine and track progress on initiatives to achieve our targets. Important matters are discussed and decided on by the Board of Directors.

We will strive to resolve these issues through our core business, thereby contributing to achieving the United Nations SDGs and, consequently, to building a sustainable society.

### FY2029 Targets for Material Issues (Priority Issues)

Area	Material Issues	Metrics and FY2029 Targets *1	Related SDGs	Material Issue Owner
(1) <b>Balance Security and Convenience</b> Along with convenience, we are implementing measures to ensure our employees maintain data privacy and information security, thereby providing society with highly safe and stable services.	1. Provide safe and stable infrastructure solutions 2. Ensure robust protection of data privacy and information security	<ul style="list-style-type: none"> <li>Number of major incidents 0</li> <li>Proportion of those qualified as Protection of Individual Information Person maintained at 80% or higher</li> </ul>	 	 <p><b>Kenji Shiomi</b> Director, Executive Officer, CISO, DPO, Engineering Division Head (→ P62 CISO, DPO, Engineering Division Head Message)</p>
(2) <b>Transform Work Through Innovative Digital Transformation Services</b> To become business infrastructure, we will leverage our strengths in digitization to develop and provide innovative digital transformation (DX) services that significantly improve social and economic productivity.	3. Promote DX services that improve productivity 4. Create innovative business infrastructure	<ul style="list-style-type: none"> <li>Number of items converted from analog to digital information using our services *2 500 million</li> <li>Number of users of our services *2 20 million people</li> </ul>	 	 <p><b>Kei Tomioka</b> Director, Executive Officer, COO (→ P40 COO Message)</p>
(3) <b>Respect Employee Diversity and Producing Innovation</b> To produce innovation that helps solve business challenges through the power of encounters, we promote the creation and provision of opportunities and environments for our diverse workforce to enjoy success.	5. Promote the recruitment, development, and success of human resources 6. Promote diversity, equity and inclusion	<ul style="list-style-type: none"> <li>Proportion of recruitment through referrals 35%</li> <li>Unipos *3 posting rate 80%</li> <li>Ratio of female employees in management positions 30% or higher</li> <li>Ratio of female employees: 45% or higher</li> </ul>	   	 <p><b>Yuta Ohma</b> Director, Executive Officer, CHRO (→ P52 CHRO Message)</p>

\*1 Results and targets presented here are for the Company on a non-consolidated basis. \*2 Results for the Company's services are aggregated for Sansan, Bill One, Contract One, and Eight. \*3 Unipos is a service centered on the peer bonus system provided by Unipos Inc.

(4)	<b>Establish a Firm Management Structure to Support Rapid Business Growth</b>  To support our growth, we will strengthen corporate governance and ensure compliance to reinforce our management structure.	7. Strengthen corporate governance 8. Ensure compliance	<ul style="list-style-type: none"> <li>Ratio of female Directors 30% or higher</li> <li>Number of significant compliance violations 0</li> <li>Proportion of employees receiving compliance-related training 100%</li> </ul>		 <p><b>Muneyuki Hashimoto</b> Director, Executive Officer, CFO (→ P32 CFO Message)</p>
(5)	<b>Conserve the Environment Through Business</b>  We will promote conservation of the environment by addressing climate change issues through our business activities, including promoting DX, supporting paperless work, and introducing environmentally friendly solutions.	9. Address climate change issues 10. Use natural capital efficiently	<ul style="list-style-type: none"> <li>Scope 1+2 carbon neutral</li> <li>Number of uses of paperless functions in our services *4 120 million</li> </ul>	  	 <p><b>Chika Terada</b> Representative Director &amp; CEO (→ P10 CEO Message)</p>

### Process for Identifying Material Issues

Process for Identifying Materialities — 1	Process for Identifying Materialities — 2	Process for Identifying Materialities — 3
<b>Selection of Materiality Candidates</b> We have selected materialities of high relevance by referring to the Sustainability Accounting Standards Board (SASB) guidelines and the SDGs, as well as through dialog and discussion between our Board members and institutional investors.	<b>Assessing the Importance of Materialities</b> Our directors assessed each of the materialities selected through process (1) along two axes: importance to society (stakeholders) for achieving sustainability, and importance to our company for achieving our vision and business growth.	<b>Discussions and Decisions by the Board of Directors</b> The Board of Directors discussed and deliberated the results of the evaluation in process (2) and identified 10 materialities organized into 5 areas.

## External Expert's Comments on Sansan's Material Issues



Executive Director  
Investment Banking Business Development Dept.  
Sustainable Finance Dept.  
NOMURA SECURITIES CO., LTD.

**Minoru Hayashida, Ph.D.**

To address low labor productivity in Japan, based on its corporate philosophy of "Turning encounters into innovation," Sansan, Inc. has set out a value creation narrative to achieve its vision to "Become business infrastructure." Specifically, through its business model of encounters combined with turning analog into digital, it aims to generate social impacts such as digital transformation for society and highly productive corporate activities. Given efforts over the past year to advance materiality initiatives, Sansan can perhaps now convey its value creation narrative to stakeholders with greater specificity and clarity. There is a good balance between the company's unique material issues directly linked to creating social impact and those that are management foundations. Setting material issue owners and ambitious targets/indicators ensures initiatives stay effective. Addressing the material issue of "Create innovative business infrastructure," can make this an important issue for both Sansan and greater society, bringing the company closer to realizing its vision and improving labor productivity in Japan. I look forward to this.

\*4 Scope 1 is calculated by aggregating direct GHG emissions from our own offices and facilities. Scope 2 is calculated by aggregating by indirect GHG emissions from the use of purchased electricity and thermal energy in each office.

# Value Creation Model

We are committed to addressing challenges in society by channeling both human and intellectual resources into a unique business model, anchored by our mission, material issues (priority issues), and management structure. This commitment has spurred us to introduce digitally transformative solutions that reshape how businesses and professionals work. Through these endeavors' impacts and the value they bring to society, we strive to achieve our vision and establish a virtuous cycle that enables continuous and sustainable value creation.

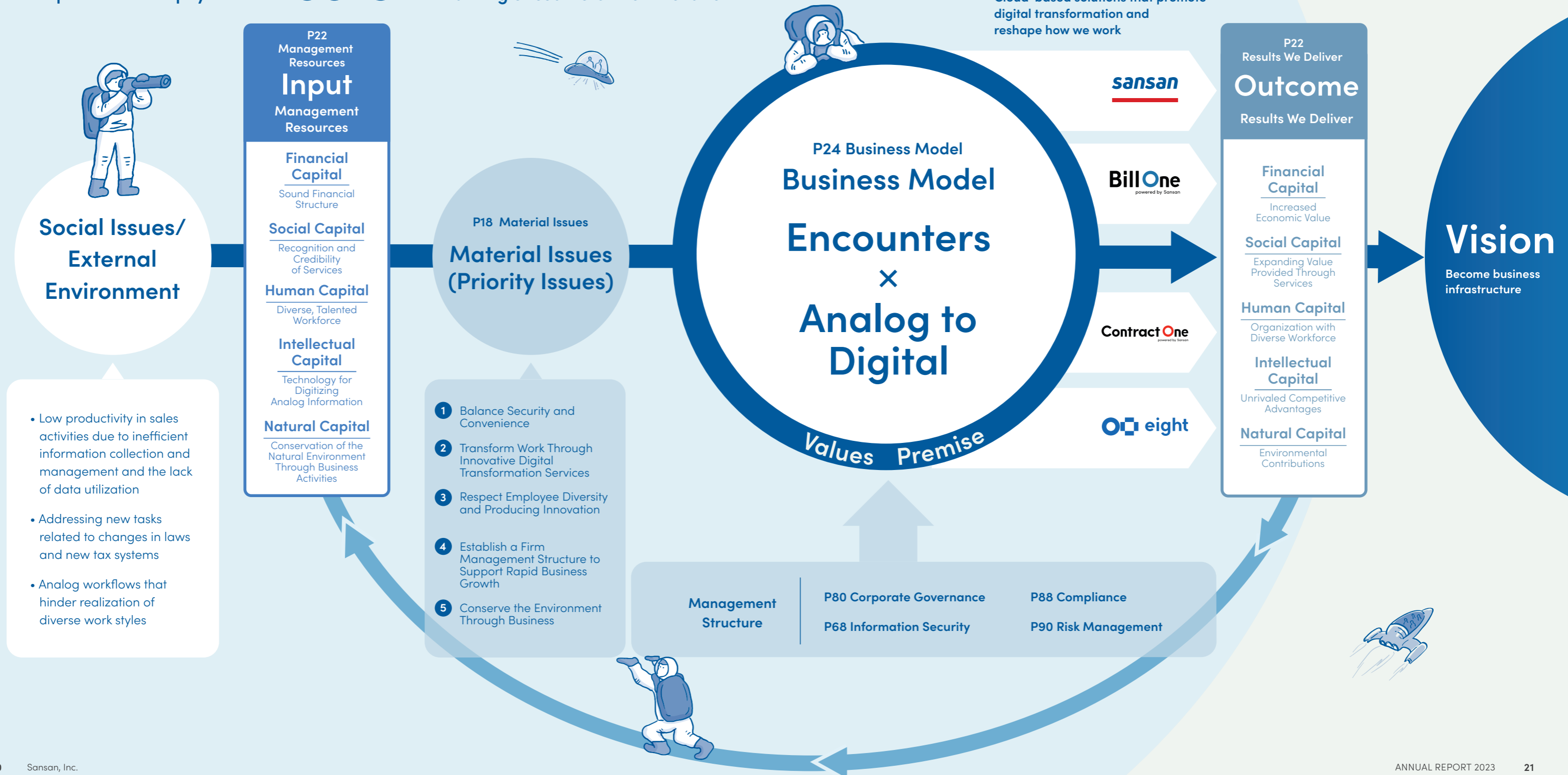
P2 Corporate Philosophy  
Corporate Philosophy

**Mission** Turning encounters into innovation

P44 Business Strategies by Segment

**Output**

Cloud-based solutions that promote digital transformation and reshape how we work



# Management Resources and the Results We Deliver

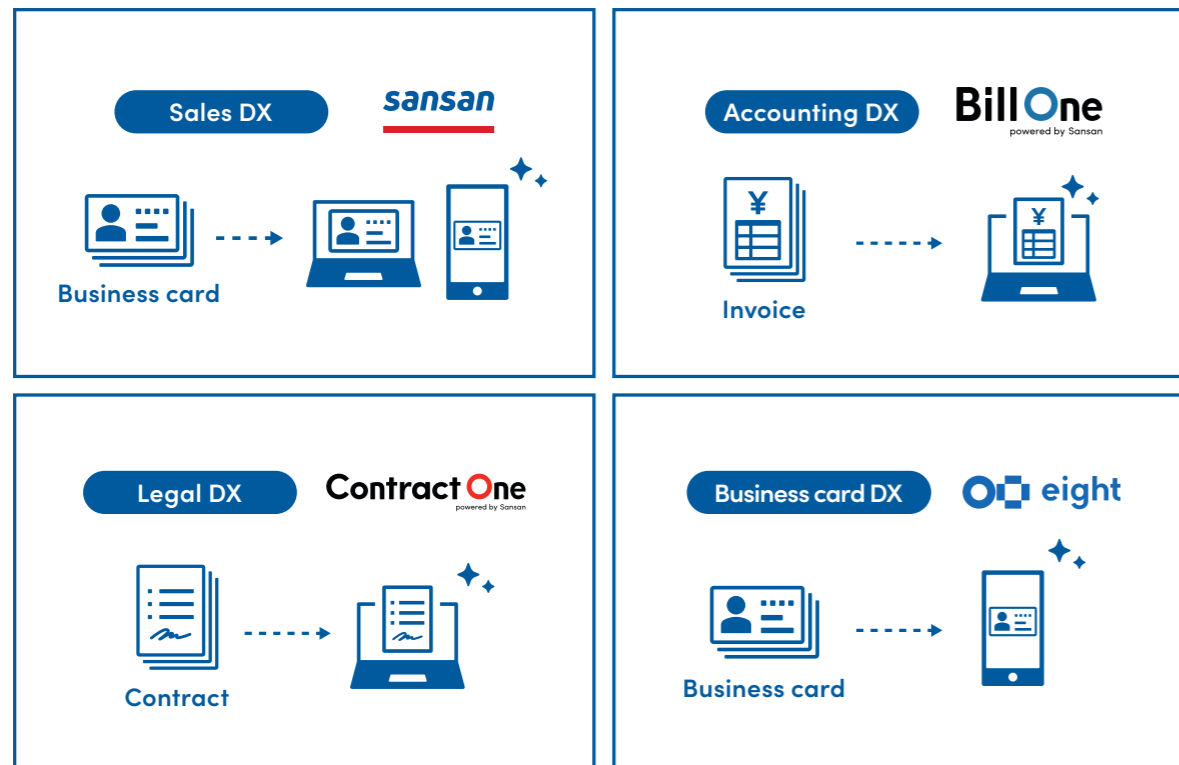
Investing an array of resources, such as talented staff and advanced technology, into our business model to address our material issues (priority issues) has produced many benefits, including increased economic value. Resources required for further growth, corresponding actions, and related material issues by capital type are given below.

Capital Type	Financial Capital	Social Capital	Human Capital	Intellectual Capital	Natural Capital
Input Management Resources	<b>Sound Financial Structure</b> <ul style="list-style-type: none"> <li>Total assets 31,200 million yen</li> <li>Cash and deposits 21,114 million yen</li> <li>Shareholder capital 12,454 million yen</li> </ul>	<b>Recognition and Credibility of Services</b> <ul style="list-style-type: none"> <li>Strong brand recognition of Sansan</li> <li>Credibility of our services</li> </ul>	<b>Diverse, Talented Workforce</b> <ul style="list-style-type: none"> <li>Consolidated employees 1,399</li> <li>Employees in STEM divisions <sup>*5</sup> 420</li> <li>Unipos usage <sup>*6</sup></li> <li>Initiatives for raising security awareness</li> </ul>	<b>Technology for Digitizing Analog Information</b> <ul style="list-style-type: none"> <li>Digitization with 99.9% accuracy</li> <li>AI and image recognition technology</li> </ul>	<b>Initiatives to Reduce Environmental Impact</b> <ul style="list-style-type: none"> <li>Providing paperless functionality in our solutions</li> <li>"Scan for Trees" tree-planting activities</li> </ul>
	<p>To maximize sales growth, we are building a sound financial structure suited to our current business phase that requires agile and proactive investment to capture growth opportunities. We are executing appropriate investment strategies while maintaining a stable balance between business growth and financial health.</p>	<p>Our ongoing TV advertising since 2013 has secured high recognition for Sansan among B2B services in Japan. Meanwhile, our solutions' operational performance has earned us a high degree of trust from user companies.</p>	<p>Human resources are the foundation for creating value. Accordingly, we strive to strengthen our talent recruitment. In visualizing cases that were commended within the company, we help to instill our corporate culture and boost employee engagement. Additionally, our information security measures require all employees to acquire Personal Information Protection Specialist qualification.</p>	<p>Our solutions share a common strength in the form of our technology for rapidly and highly accurately digitizing analog information. And we will further improve our digitization mechanisms by developing and refining AI and image recognition technologies. We can then apply this strength to different business fields, helping to further expand our own business.</p>	<p>We work to address climate change, efficient use of natural capital, and other issues through business activities such as promoting digital transformation, supporting paperless processes, and introducing environmentally friendly solutions.</p>
Outcome Results We Deliver	<b>Increased Economic Value</b> <ul style="list-style-type: none"> <li>Net sales 25,510 million yen</li> <li>Compound annual growth rate for net sales over 5 years 28.3%</li> <li>Gross profit margin 85.6%</li> </ul>	<b>Increasing the Value of Our Services</b> <ul style="list-style-type: none"> <li>Analog data items digitized by our solutions <sup>*1</sup> 190 million</li> <li>Total users <sup>*1</sup> 5.73 million</li> <li>Total subscriptions <sup>*2</sup> approx. 14,000</li> <li>Sansan has the top market share <sup>*3</sup></li> <li>Bill One has the top market share <sup>*4</sup></li> <li>Major incidents 0</li> </ul>	<b>Organization with Diverse Workforce</b> <ul style="list-style-type: none"> <li>Referral hiring rate 12.0%</li> <li>Unipos posting rate <sup>*6</sup> 59.6%</li> <li>Female managers <sup>*7</sup> 17.8%</li> <li>Female employees <sup>*7</sup> 34.9%</li> <li>Proportion of those qualified as Protection of Individual Information Person <sup>*7</sup> 88.0%</li> </ul>	<b>Unrivalled Competitive Advantages</b> <ul style="list-style-type: none"> <li>Analog data items digitized by our solutions <sup>*2</sup> 190 million</li> <li>Rate of automatic digitization of analog information</li> <li>Patents 10 (38 pending)</li> </ul>	<b>Environmental Contributions</b> <ul style="list-style-type: none"> <li>Paperless transactions on our solutions <sup>*1</sup> 10 million</li> <li>Scope 1+2 GHG emissions <sup>*8</sup> 851 t-CO<sub>2</sub></li> <li>Total trees planted 14,787 (as of September 2023)</li> </ul>
	<p>Our consolidated net sales reached record highs, owing to Sansan's solid growth and Bill One's high growth, resulting in a 28.3% five-year average annual growth rate. Meanwhile, our gross profit margin remained in the mid-80% range, owing to cost reductions such as business operation innovations and related actions.</p>	<p>We aim to provide digital transformation solutions that reshape how people work, and our efforts to strengthen our solutions' functionality and expand sales have led to 190 million analog data items digitized and 5.73 million total users. Both Sansan and Bill One have steadily increased subscriptions and acquired the top market share in Japan.</p>	<p>By strengthening our recruitment and training of diverse staff members through referral hiring (employees' introduction of candidates) and other initiatives, we have built an organization with a high level of expertise in SaaS sales and marketing. Additionally, our respect for diversity and efforts to improve the work environment have resulted in our personnel containing 17.8% female managers and 34.9% female employees.</p>	<p>Our efforts to research and develop the technologies that support our digitization mechanisms have increased our automatic digitization rate through technology alone, while expanding our solutions has led to 190 million analog data items digitized through our solutions. We also engage in research and development related to using business data, and we have acquired various patents that heighten our solutions' competitive advantages.</p>	<p>Expanding our solutions and promoting the use of environmentally friendly features has led to 10 million paperless transactions on our solutions. And in an effort to enrich the natural environment, including forests and water, we plant trees in disaster-affected areas in Japan, with 14,787 trees planted as of September 2023.</p>
Resource Shortages and Countermeasures	<p>While we have secured sufficient funding for our current operations, new business creation or aggressive use of M&amp;A strategies may require funding exceeding the current cash reserves, causing shortages. We therefore must enable flexible fundraising to strengthen our financial base.</p>	<p>Although no critical incidents have occurred with our solutions to date, handling important business data requires continually improving service credibility. We therefore are thoroughly strengthening risk management and response measures across our solutions, especially information security. At the same time, our marketing aims to boost recognition of Sansan and its brands.</p>	<p>While our growth thus far has been supported by human talent, realizing further growth will require hiring more outstanding human resources. We plan to hire around 420 people in FY2023, and we treat this as an urgent management priority.</p>	<p>Expanding solutions, including overseas, and creating new ones, requires not only enhancing existing technology but also acquiring new technology. We therefore are working to improve our recruitment efforts and work environments to attract engineering talent with experience and knowledge in a variety of fields.</p>	<p>While our GHG emissions are low compared with other industries, given our business model and the nature of our sector, our emissions may rise with business expansion. We therefore will undertake initiatives to achieve carbon neutrality and increase the positive impact on the environment through wider adoption of our solutions.</p>
Related Material Issues (Priority Issues)	<ul style="list-style-type: none"> <li>Promote DX services that improve productivity</li> <li>Create innovative business infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Promote DX services that improve productivity</li> <li>Create innovative business infrastructure</li> <li>Provide safe and stable infrastructure solutions</li> <li>Ensure robust protection of data privacy and information security</li> <li>Strengthen corporate governance</li> <li>Ensure compliance</li> </ul>	<ul style="list-style-type: none"> <li>Promote the recruitment, development, and success of human resources</li> <li>Promote diversity, equity and inclusion</li> <li>Ensure robust protection of data privacy and information security</li> </ul>	<ul style="list-style-type: none"> <li>Provide safe and stable infrastructure solutions</li> <li>Ensure robust protection of data privacy and information security</li> </ul>	<ul style="list-style-type: none"> <li>Address climate change issues</li> <li>Use natural capital efficiently</li> <li>Promote DX services that improve productivity</li> <li>Create innovative business infrastructure</li> </ul>

<sup>\*1</sup> Aggregated results for Sansan, Bill One, Contract One, and Eight <sup>\*2</sup> Total number of paid subscriptions for Sansan, Bill One, Contract One, and Eight Team <sup>\*3</sup> Latest Trends in Business Card Management Services in Sales Support DX 2023 (December 2022, Seed Planning, Inc., survey; in Japanese) <sup>\*4</sup> 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) <sup>\*5</sup> Employees in STEM divisions include employees in engineering, R&D, and creator positions, including regular employees and contract employees of the Company and its subsidiary, Sansan Global Pte. <sup>\*6</sup> We use a peer bonus platform service provided by Unipos Inc. The platform involves all employees. <sup>\*7</sup> Results are for the Company on a non-consolidated basis. <sup>\*8</sup> Scope 1 is calculated by aggregating direct GHG emissions from our own offices and facilities. Scope 2 is calculated by aggregating by indirect GHG emissions from the use of purchased electricity and thermal energy in each office.

## - Business Model

Our business model is focused on encounters between businesspeople and companies. A key characteristic of this model is its ability to solve various business-related issues, such as improving operational efficiency and boosting productivity, through digitizing analog information and promoting use of the resulting data. Japan still relies on analog and inefficient processes in many different business situations. Given this, our business model is highly versatile and can be applied to many different business fields.



**Digitally Transform How People Work**

## A Shared Business Model

We provide digital transformation(DX) solutions that turn encounters between businesspeople and companies into business opportunities and reshape how people work. Specifically, we offer solutions in a wide range of areas, such as sales, billing, and contracting, all operating under a shared business model. Per our corporate mission, each of these solutions is centered on business-related encounters between people and companies. Our solutions digitize myriad types of analog information resulting from these encounters, such as corporate information, customer contact information, and documents generated in billing and contracts, and promote their use as data. In this way, our solutions help companies and businesspeople improve operational efficiency and boost productivity.

We deliver this value through a unique approach combining cloud software with a technique for digitizing analog information using both technology and human resources. All our solutions operate under stringent security measures, with our track record of service safety and trustworthiness as an important foundation of our

business. Our technologies for quickly and accurately digitizing analog information can be applied across business domains and represent our greatest competitive advantage. Since we began, we have faced this digitization challenge head-on, refining our technologies to achieve both speed and 99.9% accuracy when digitizing data. Our namesake Sansan solution has grown to lead <sup>\*1</sup> the market for business card management services for corporations. Bill One, launched in 2020, has also gained top market share for cloud invoice receiving solutions. <sup>\*2</sup>

Many social issues in Japan arise from reliance on analog processes. While companies are urgently pursuing solutions through DX, substantial inefficiency remains in workflows. The significant room for efficiency gains through digitization means our business model, underpinned by technology for digitizing analog information, is highly sustainable.

<sup>\*1</sup> "Latest Trends in Business Card Management Services for Sales Support DX 2023," December 2022, Seed Planning, Inc.  
<sup>\*2</sup> Deloitte Tohmatsu MIC Research Institute Co., Ltd., "Cloud Invoice Receiving Services Market Expected to Grow at a Staggering Rate: Current and Future," MIC IT Report, July 2022

## Main Solutions and Optional Features We Offer

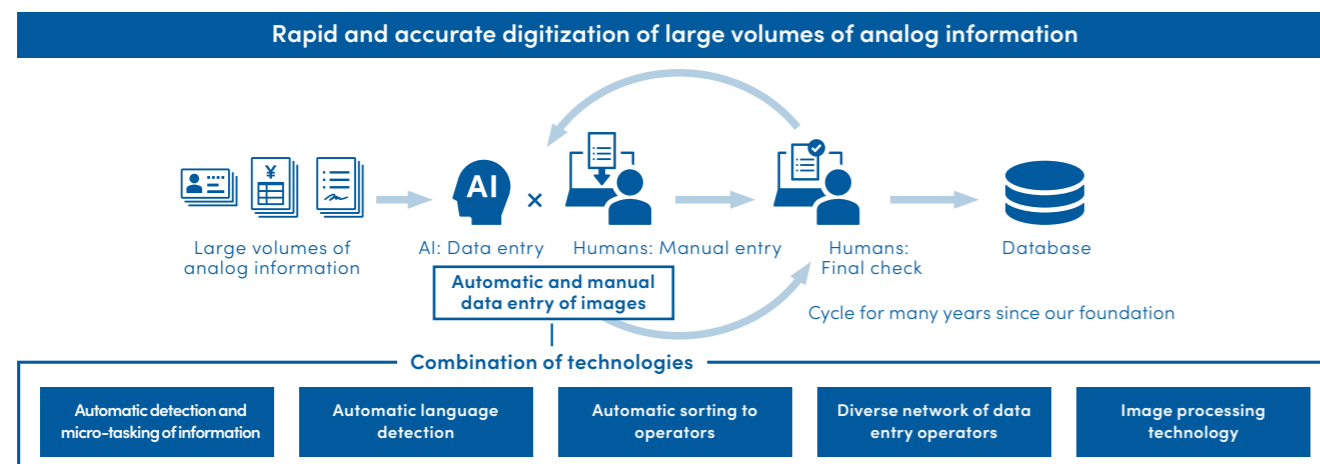
Service/Option (Year Launched)	Business Domain	Analog Processes to Optimize	Analog Information Digitized
Sansan sales DX solution (2007)	Corporate sales activities	<ul style="list-style-type: none"> <li>Managing paper business cards</li> <li>Utilizing and managing scattered contact information</li> </ul>	<ul style="list-style-type: none"> <li>Business cards</li> <li>Emails</li> <li>Website inquiries</li> <li>Seminars</li> <li>Phone calls</li> </ul>
Bill One cloud-based invoice management solution (2020)	Corporate invoicing-related operations	<ul style="list-style-type: none"> <li>Operations involving paper invoices</li> <li>Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Invoices</li> </ul>
Bill One Business Card (2023)	Corporate credit card payment operations	<ul style="list-style-type: none"> <li>Operations involving paper receipts</li> <li>Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Receipts when making credit card payments</li> <li>Credit card statement information</li> </ul>
Contract One contract database (2022)	Corporate contract document operations	<ul style="list-style-type: none"> <li>Operations involving paper contracts</li> <li>Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Contracts documents</li> </ul>
Eight business card app (2012)	Individual business activities	<ul style="list-style-type: none"> <li>Managing paper business cards</li> <li>Managing personal network</li> </ul>	<ul style="list-style-type: none"> <li>Business cards</li> </ul>

## Mechanisms and Technologies for Digitizing Analog Information

Our solutions such as Sansan, Bill One, and Contract One digitize many types of analog (i.e., paper-based) information, such as business cards, invoices, and contracts. We achieve this by combining AI technology, evolved through means such as machine learning, with manual input. Human intervention is always needed to supplement accuracy because it is difficult for not only our proprietary technology but also any widely

used optical character recognition (OCR) system to independently achieve 99.9% accuracy. Our operational structure digitizes large volumes of analog information accurately, quickly, and at a low cost. This involves boosting the ratio of automated digitization through our own AI research and development, while creating a flow that efficiently integrates the power of hundreds of thousands of human operators.

### Analog Information Digitization Flow



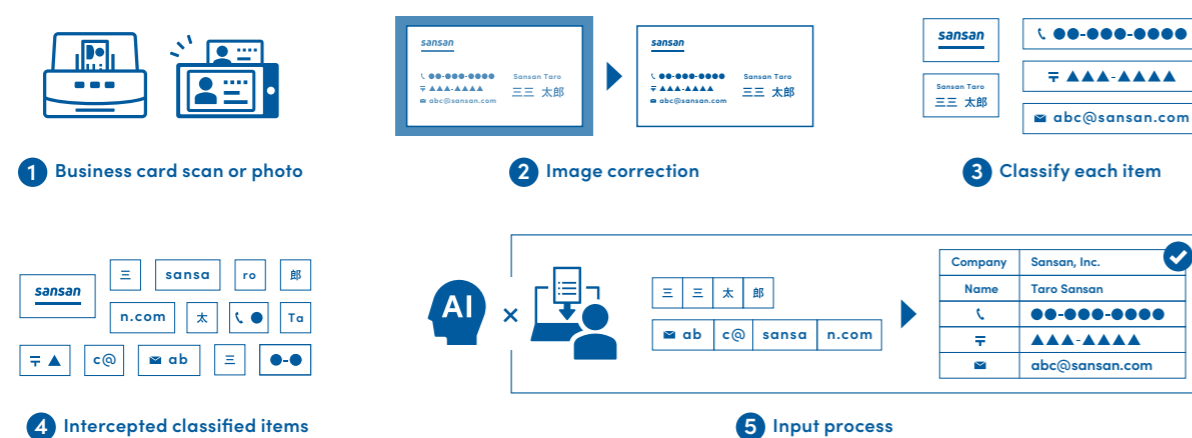
### - R&D and System Development Underpinning Highly Accurate Digitization

The accurate digitization of business cards in Sansan and Eight is enabled by AI research as well as optimization of operational flows, system development, and other innovations generated by our R&D and digitization departments. We are now applying our core business

card digitization capabilities to expand into other areas with Bill One, Contract One, and other solutions, with the aim of establishing advanced digitization workflows for various kinds of documents.

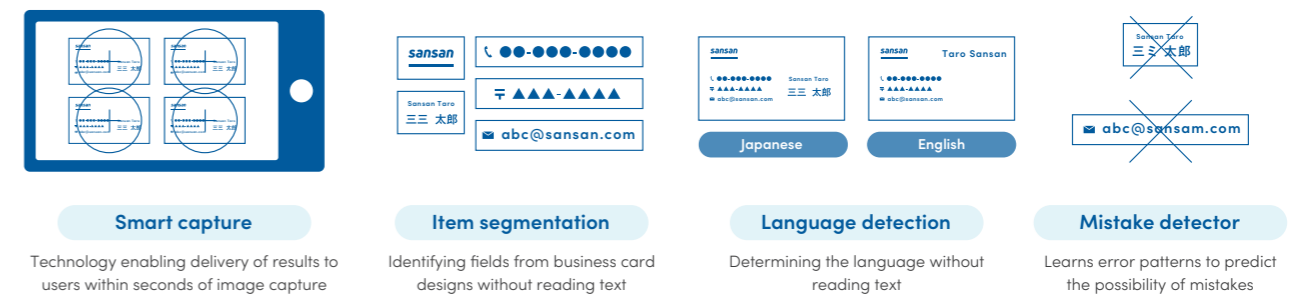
### GEES Business Card Digitization System

This is our unique operation system that securely, accurately, and efficiently digitizes large volumes of business cards.



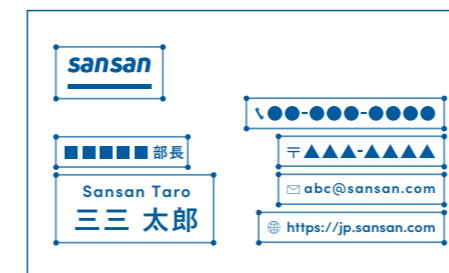
### Image Recognition Technology

We use proprietary image recognition technology and AI to digitize analog information rapidly and with high accuracy.



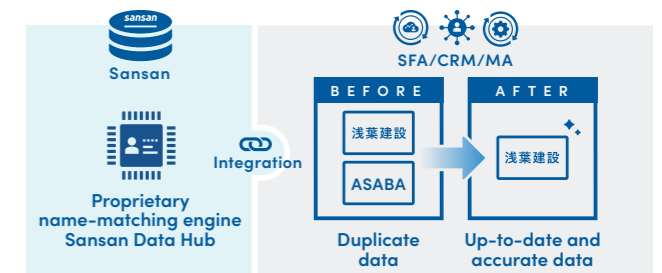
### NineOCR (OCR Engine Optimized for Business Cards)

Our proprietary OCR technology digitizes email addresses at 99.7% or higher accuracy. Development is underway for full business card applicability.



### Matching Names

This technology organizes data by identifying and consolidating information for people with the same name or company.



### Extracting Items from Documents (Invoices and Contracts)

When digitizing invoices and contracts, we use information-extraction technology tailored to the unique text and layouts of such documents, increasing automated digitization rates.



\*3 Abbreviation for Graph Neural Network, which learns feature values of elements on a graph and estimates changes.

## Technology-Driven Evolution of Digitization Workflow

When Sansan was launched, all of our business card digitization was done manually, with two operators inputting each card to match data and ensure accuracy. However, this process lacked the speed to meet rising demand, which in turn limited service growth. By establishing an R&D

organization, we were able to optimize human workflows through simplified input and apply AI via machine learning. Now, Sansan's automated digitization rate has risen to around 80%, and per-card costs have dropped to less than 1/20 of what they originally were.

## Social Value

Our solutions for advancing digital transformation (DX) greatly improve users' productivity. The solutions' positive impact on society and the economy will be maximized when they are more widely used in business situations and recognized as essential, in other words, when they function as business infrastructure. Based on this thinking, we pursue initiatives to continually increase the social value provided through our business activities.

### Material Issues (Priority Issues)

Among the five priority areas identified in 2022, under "Transform work through innovative DX services," we have defined "Promote DX services that improve productivity" and "Create innovative business

infrastructure" as material issues. We have established long-term quantitative targets for FY2029 to address these issues, aiming to achieve 500 million analog data items digitized by our solutions and 20 million users.

#### Materiality Targets

Area	Material Issue	FY2029 Target		FY2022 Result
Transform work through innovative DX services	Promote DX services that improve productivity	Number of items converted from analog to digital information using our services <sup>*1</sup>	500 million	190 million
	Create innovative business infrastructure	Number of users of our services <sup>*1</sup>	20 million	5.73 million

<sup>\*1</sup> Results for the Company's services are aggregated for Sansan, Bill One, Contract One, and Eight.

### Visualizing and Monitoring Social Value

Our DX solutions' social impact lies in greatly improving societal productivity and increasing economic value by efficiently solving business challenges. However, activities aimed at socio-economic change have multiple short- and long-term impacts, making comprehensive and accurate impact measurement difficult. Therefore, guided by the SDG Compass, etc., we have set "analog data

items digitized by our solutions" (output of service usage) and "users" (service penetration), as proxy indicators for social value.

The materiality owners – Director, Executive Officer, COO – regularly monitor these indicators and discuss related initiatives.

#### Promote DX Services that Improve Productivity

For "Promote DX services that improve productivity," an issue closely related to our business and unique to our company, we have set "analog data items digitized by

our solutions" as the assessment indicator. With 190 million data items achieved in FY2022, we have ambitiously set 500 million in FY2029.

#### Create Innovative Business Infrastructure

"Create innovative business infrastructure" represents our corporate vision itself, making it highly important for us. We use "users" as the assessment indicator, and achieved

5.73 million users in FY2022. For FY2029, we have an ambitious aim of 20 million, as we strive to expand our service penetration.

## Social Value of Our Services



### Sansan Implementation Drives Sales Management Transformation

NIPPON EXPRESS CO., LTD.

Nippon Express successfully built a data-driven sales framework by sharing customer and business negotiation information across locations company-wide. Despite recognizing the importance of using data for effective sales activities, the company was hindered by a lack of organized internal customer information management and utilization. It decided to introduce Sansan for company-wide information sharing and promoted its utilization under the upper management's commitment. This let the company expand the range of proposals its sales

staff made, by combining the more than one million corporate data items in Sansan with its own customer touchpoint data and developing sales scenarios leveraging internal network information. Also, with multiple sales contact points for the same customer across locations, information sharing had been an issue. Using Sansan's reports feature made real-time sharing possible, enabling representatives to discuss sales strategies based on the latest information and receive prompt feedback from their superiors.



### Improving Accounting Operations Through Bill One

Development Bank of Japan Inc.

With a massive volume of paper invoices received, the Development Bank of Japan (DBJ) introduced Bill One and achieved productivity improvements. Aiming to improve operations through digitalization, the company implemented various operational improvements but faced challenges with remaining analog accounting workflows. It received around 20,000 paper invoices annually, and the need to process mailed invoices prevented remote work and required huge amounts of manual effort for data entry and visual confirmation in

the organization's system. Looming additional accounting workload to comply with Japan's revised Electronic Bookkeeping Act and Invoicing System underscored the need to overhaul workflows. Moreover, in financial businesses, a high level of security is essential. Referencing Sansan's track record, DBJ decided on Bill One based on its accuracy in paper invoice digitization and the solution's trustworthiness. By using Bill One, DBJ expects to save 4,000 work hours per year in paper invoice handling.