



## Chapter 2

# Strategies

Chapter 2 presents reflections on the past and explanations on future growth strategies from our finance, business, human resources, and technology leaders. It also covers human capital, information security, and the environment, with details on quantitative targets and initiatives for related material issues (priority issues).

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# 02

## Establishing a Sound Financial Structure to Support Reigniting Growth

### CFO Message

Director, Executive Officer, CFO

**Muneyuki Hashimoto**

### Review of FY2022

For FY2022, our consolidated net sales rose 24.9% year on year, to 25,510 million yen, and adjusted operating profit climbed 28.9%, to 942 million yen. These were solid results overall. Ordinary profit fell 87.4%, to 122 million yen, due to factors such as higher share-based payment expenses and lower gains

on sales of investment securities versus the previous year. Profit attributable to owners of the parent amounted to 141 million yen net loss, due mainly to recording a loss on valuation of investment securities as an extraordinary loss. Although we posted a net loss, the causes were one-time factors, and both net sales and adjusted operating profit, which reflect business fundamentals,

remained strong. Annual recurring revenue (ARR), another key metric, also showed strong growth, at 28.3%. Achieving our net sales growth forecast disclosed at the beginning of the fiscal year and maintaining adjusted operating profit growth exceeding net sales growth indicates we maintained firm control of our finances.

Sansan delivered steady 15.0%

net sales growth through product renewal and a strengthened sales structure. Bill One nearly tripled its growth year on year, greatly surpassing its 3 billion yen ARR target, at around 3.8 billion yen. Although Eight's growth was slightly stalled, contributions from business events turned its Q4 adjusted operating profit positive, steadily reducing the full-year loss.

### Outlook for FY2023

With strong FY2022 business performance, overall, we are in an excellent position for further acceleration. Accordingly, we forecast year-on-year net sales growth of 28.0% to 32.0% for FY2023. After being in the 20% range the past 3 years, we are positive about again projecting growth in the 30% range, even as the company's overall size expands.

While aggressively increasing personnel to maximize sales, we continue targeting adjusted operating profit growth exceeding sales growth. Factoring in one-time costs such as our head office move and Bill One invoice receipt center relocation, we forecast adjusted operating margin to rise by 0.1 to 1.8 points year on year.

We have started to feel Sansan's growth acceleration since FY2022, and Bill One is also seeing a sharp rise in order increases ahead of Japan's Invoicing System launch in October 2023. As with the Bill One Business Card launched in June 2023, we will continue our products' evolution by adding options that improve user convenience. While we do not currently perceive any major concerns or risks in our business, we cannot yet fully predict how the order pace will change after the

Invoicing System is implemented. We expect large enterprises to be ready for this transition, and we will closely monitor the situation from October onward, hoping the system spreads to small- and medium-sized enterprises as well.

The Bill One Business Card, which we expect to gain momentum going forward, is our first foray into fintech. Taking on credit risk introduces new financial considerations, but rather than being overly conservative, we will consider establishing a framework to manage a proper amount of risk as the business scales. Our aim is to provide solid support so that more customers can use the Bill One Business Card.

### Medium-Term Financial Goals

Regarding our medium-term financial goals, last year in this report, I stated that we were still in the first stage of our growth and that growing net sales was vital. Even with FY2022 now behind us, growing net sales will remain our top priority for the next few years.

Given our recent robust net sales growth, we have revised our medium-term goal for net sales growth through FY2024 upward from being in the 20% range or higher set a year ago to being in the mid-20% range or higher.

Regarding profit, while sustaining steady and robust net sales growth, we are seeking to improve our adjusted operating profit rates each fiscal year, aiming to achieve both sales and profit growth. This demonstrates our strong determination to steadily grow the top line and maintain profit growth rates even as we continue to invest for growth. We have already

established a solid revenue base that can generate profits even if we continue to make the necessary investments. Our FY2024 goals include 10 billion yen or more in combined adjusted operating profit for Sansan and Bill One, and stable profitability for Eight.

### Asset Allocation and Growth Investment

Under our current asset allocation approach, cash flows generated by Sansan are allocated to Bill One's growth. This structure will become even clearer as Eight achieves full-year profitability.

Our growth investments are mainly in recruitment and advertising. We determine asset allocation based on human resource productivity and sales efficiency metrics such as new orders per sales rep, as well as customer lifetime value. With both metrics now very high, conditions are favorable for investing. In terms of economic rationale, we believe that accelerating growth investments will lead to a dramatic scaling up of our businesses. Regarding recruitment, we have set an aggressive target of approximately 420 hires on a consolidated basis in FY2023. If order efficiency does not decline with the increased headcount, we intend to continue aggressive recruitment.

As part of our growth investments, we will also continue considering M&A and minority investments as opportunities arise. Although not large allocations, recently we invested in CREATIVE SURVEY INC. in March 2023 and in Institute of Language Understanding Inc. in June 2023. For CREATIVE SURVEY, we aim to drive growth by combining its corporate survey system and other SaaS businesses with our

sales and marketing expertise and owned technology. With Institute of Language Understanding, we plan to maximize future business value by incorporating its knowledge database and language understanding engine into features and operations within our solutions.

## Approach to M&A and Minority Investment

M&A and minority investment are vital topics for management. Our entire leadership team carefully assesses each deal and makes investment decisions. Key points in assessing a target's potential include acceleration of new orders and low churn rate as indicated by MRR growth. We scrutinize expected mutual synergies from combining the target with our technology, expertise, brand, and other assets, as well as quantitative impacts on our financial statements and financial risks if made a group company. We discuss possible deals individually and carefully, including exit and divestment conditions. We may consider a target as an investment candidate without near-term synergies from M&A if we see potential to scale as a SaaS business. However, in considering making a target a group company, it is also important that it should contribute

to achieving our mission and vision, creating a logical narrative. After bringing a company into our group, we proactively dispatch executives and pursue business collaborations and joint projects for smooth post-merger integration. We also promote measures that help make the target company more efficient, such as partially integrating back-office operations.

## Fundraising

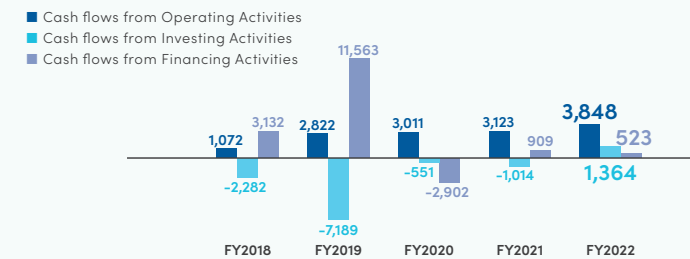
As of the end of May 2023, we had approximately 21 billion yen in cash on hand and we are generating sufficient operating cash flow, ensuring the funds required for business operations. Our recognition and credibility have also risen, and our fundraising environment is better than ever, based on a sound financial structure including financial liquidity and robust performance. While prioritizing balance sheet soundness in our financial strategy, if additional funding needs arise from large M&A deals that could accelerate our growth or steep expansion of the Bill One Business Card service going forward, along with using our own funds, we will flexibly determine the optimal financing methods, including borrowing from financial institutions and equity financing.

## Returns to Shareholders

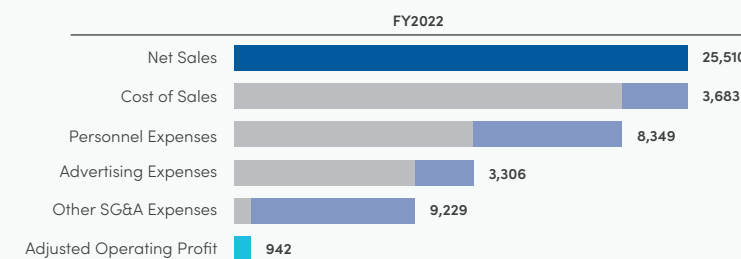
We understand shareholder expectations for returns are increasing as we achieve profit growth. Shareholder returns are an important management issue for us, and I constantly consider the best way to maximize returns to our shareholders in formulating financial strategy. As I described, our present growth stage presents opportunities where accelerating growth investment can lead to exponential business growth. We believe allocating funds generated from business expansion to further growth investments will maximize shareholder value by strengthening our financial position and maintaining stability while expanding our business. For now, as we are in a growth investment phase, we will consider returns to shareholders, such as dividends, as a medium-to-long-term issue.

With our fundraising environment in place, there is no need to retain excessive standby funds, considering the efficiency of capital costs. We expect Bill One, our current focus for investment, to achieve steady profitability soon if current trends continue. When that happens, we will discuss our capital policy including shareholder returns based on the group's overall growth

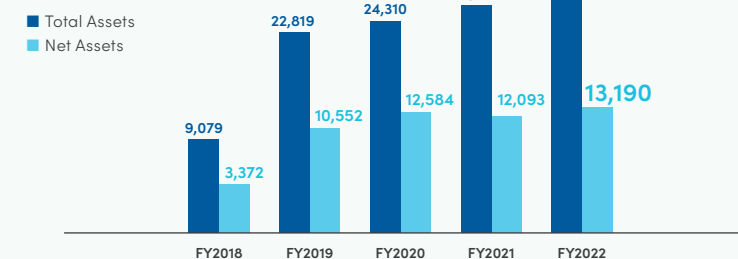
**Cash Flow** \*1  
(millions of yen)



**Consolidated Net Sales to Adjusted Operating Profit** \*1  
(millions of yen)



**Total Assets, Net Assets** \*1  
(millions of yen)



\*1 The graphs show results for fiscal years ended May 31.

strategy, financial conditions, and business environment.

## Strengthening Governance and Ensuring Compliance

Among our material issues (priority issues), I'm responsible for strengthening corporate governance and ensuring compliance. While identifying material issues through internal discussions, we reconfirmed some practices already implemented but not formally systemized. In the past year, we

also made major progress in developing a system to strengthen governance with the introduction of variable compensation for directors, an increased number of independent directors, establishment of a Nomination and Remuneration Advisory Committee, and enhancement of Compliance Committee structure. To further strengthen our governance structure, we concluded that diversity needs to be expanded and set a target of raising the ratio of female Board members from the current 22% to

30% or higher by FY2029. We are firmly committed to achieving this.

Regarding compliance, we have met our current targets, and we believe it is essential to maintain this level through system development and various initiatives.

## Dialogue with Stakeholders

We are one of Japan's largest SaaS companies. As a forerunner representing Japan's SaaS industry, we highly value a pioneering spirit of delivering unprecedented solutions and products and take pride in driving our business forward.

Since going public in 2019, we have been actively engaged in investor relations with institutional investors, holding around 100 meetings per quarter. Through these, we have firmly communicated that we are not just a business card and contact management company, given the rapid growth of the Bill One business. More stakeholders now have a better understanding of our intellectual capital, such as our technology for digitizing analog information, which lets us provide not only Sansan but also Bill One.

With confidence from the expectations of investors both in Japan and overseas, we will continue blazing trails into new markets as a leading Japanese SaaS company.

**Muneyuki Hashimoto**  
Director, Executive Officer, CFO

## Track Record of Group Companies





# Medium-Term Management Policy

Our medium-term financial targets aim to maximize shareholder and corporate value for FY2022 to FY2024. Our targets are based on our current business phases. To achieve them, we will harness our management resources to the fullest and advance growth strategies to maximize each business. Hiring top talent and addressing security risks are among the measures to fortify our management foundation.

## Key Management Indicators and Medium-Term Targets

**Continued consolidated net sales growth of mid-20% range or higher**

**Improvement of adjusted consolidated profit margin in each fiscal year**

### Sansan/Bill One Business

Recording adjusted operating profit of ¥10 billion+ for Sansan and Bill One in FY2024 (excluding "Others" in Sansan/Bill One Business segment)

### Eight Business

Recording stable adjusted operating profit for full year

Achieving net sales and profit growth is our medium-term target for FY2022 to FY2024.

We aim to first maintain solid growth at or above the mid-20% range for consolidated net sales, our most critical management indicator. Previously, our target for consolidated net sales for FY2022 to FY2024 was growth in the 20% range or higher, but we revised this target given our robust performance in FY2022. We have also adopted adjusted operating profit,<sup>\*1</sup> which excludes share-based payment expenses and expenses arising

from business combination, as a key profit indicator. We aim to improve our adjusted operating profit margins each consolidated fiscal year while making necessary investments for sales growth in each business segment. To improve profitability, we are aiming at adjusted operating profit of 10 billion yen or more combined for Sansan and Bill One<sup>\*2</sup> in FY2024, and stable full-period adjusted operating profit for Eight.

<sup>\*1</sup> Operating Profit + Share-based Payment Expenses + Expenses Arising from Business Combinations (amortization of goodwill and amortization of intangible assets)

<sup>\*2</sup> Excluding "Others" in Sansan/Bill One Business segment

## Management Strategy

We formulate and execute strategies for each business based on key management indicators. For the Sansan/Bill One Business, given the vast potential market size, we are currently prioritizing maximizing sales revenue while envisioning medium-term profit maximization. For the Eight Business, on the other hand, we operate with a greater focus on profitability, aiming for the business to

contribute to overall company profit growth early on. In addition, securing outstanding talent, addressing security risks, and enhancing technical capabilities are positioned as company-wide initiatives. We are also working to achieve discontinuous growth by creating new services centered on our mission and competitive advantages.

## Focal Points in Our Service Development

### Point 1

#### Encounters

- Focusing on person-to-person, company-to-company encounters

### Point 2

#### From Analog to Digital

- Including paper, analog business flows remain, and thus there is substantial room for optimization through digitization

## - Ample Market Opportunity and a Highly Stable Revenue Model

Greater remote work, DX, and interest in SaaS continue to expand our market. The DX market is expected to reach 5,195.7 billion yen in 2030 (up 3,813.6 billion yen from 2020),<sup>\*3</sup> and the domestic SaaS market is expected to reach 1,668.1 billion yen in 2026 (up 579.0 billion yen from 2022).<sup>\*4</sup>

Paper business cards, invoices, and contracts are still used, leaving significant room for more efficient and effective operations. All our services have substantial potential. Sansan has an 81.6%<sup>\*5</sup> market share for corporate contact management services, but only about 3%<sup>\*6</sup> of Japan's working population as users. Bill One enjoys the market's top share of sales for online invoice receiving solutions, but only 1,581 paid subscriptions, leaving ample room for expansion. Bill One's subscription-based invoice network, including free subscribers and companies that invoice them, comprises

only approx. 90,000 Japanese companies as of May 31, 2023, about 4%<sup>\*6</sup> of the total, suggesting considerable growth potential.

Sansan's and Bill One's monthly subscription-based billing models are expected to generate ongoing revenue with stable and continuous growth. Each has an average monthly churn rate below 1.0% over the last 12 months, letting us maximize customer lifetime value by increasing sales per contract.

<sup>\*3</sup> Based on Market Edition and Vendor Strategy Edition of 2022 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute

<sup>\*4</sup> Based on 2022 New Software Business Markets by Fuji Chimera Research Institute

<sup>\*5</sup> Based on Latest Trends in Business Card Management Services in Sales Support DX 2023 (December 2022, survey by Seed Planning, in Japanese)

<sup>\*6</sup> Based on Economic Census for Business Activity in 2021 issued by the Statistics Bureau as the denominator.

## - Recruiting and Training Talent and Ensuring Diversity

To achieve sustainable growth, we must hire talented professionals with diverse experience, and improve our sales, development, and managerial structures. We will create environments and systems that motivate talented

human resources that share our philosophy and business vision. We will also ensure diversity among our human resources.

## - Strengthening of Management Systems for Security Risks

We continuously strengthen our information management systems to protect the many personal and other important information assets we handle. We diligently implement protection measures, such as strict

management of information assets, based on personal information protection and information security policies, and will continue to reinforce and improve our systems and management.

## - Enhancing Technological Strengths

As accurate digitization technology drives our competitiveness and is the common foundation for our services' growth, we must continually improve and

strengthen it. We will hire talented engineers and invest in and monitor advanced technologies to improve our technological abilities and build a top engineering team.

## – Short-Term Results and Plans

In the first year of our three-year medium-term plan through FY2024, we addressed growth strategies including product renewal of Sansan in FY2022, achieving our initial consolidated net sales and adjusted operating profit plans, and making steady progress toward medium-term targets. In the second year, FY2023, we will aim to reignite consolidated sales growth and achieve stable profit growth by maximizing Sansan and Bill One sales.

### FY2022 Results

		Forecasts for FY2022		Full-Year Results for FY2022	
(millions of yen)		Official Announcement	YoY	Results	YoY
Consolidated Results	Net Sales	25,117 to 25,764	+23.0% to +26.2%	25,510	+24.9%
	Sansan/Bill One Business	21,998 to 22,632	+21.5% to +25.0%	22,516	+24.4%
	Sansan	—	—	19,793	+15.0%
	Bill One	—	—	2,414	+192.2%
	Eight Business	2,900 to 3,010	+31.0% to +36.0%	2,867	+29.5%
	Adjusted Operating Profit <sup>*1</sup>	917 to 1,288	+25.5% to +76.3%	942	+28.9%
	Adjusted Operating Profit Margin	3.7% to 5.0%	+0.1 pts. to +1.4 pts.	3.7%	+0.1 pts.

### – Financial Results

Our FY2022 plans targeted consolidated net sales growth of 23.0% to 26.2% year on year and adjusted operating profit growth of 25.5% to 76.3% with a 0.1 to 1.4-point rise in adjusted operating margin. We adopted a range forecast because of the difficulty in accurately predicting the impact of the Sansan product renewal, although this effect was partly incorporated, and set a reasonable maximum and minimum.

Actual FY2022 results were consolidated net sales up 24.9% year on year and gross profit up 21.9% (85.6% gross profit margin), a solid performance overall.

Adjusted consolidated operating profit rose 28.9%, mainly owing to sales growth, with a 0.1-point increase year on year in the adjusted consolidated operating margin, to 3.7%, aligning with our forecast range and medium term financial targets. For our main solutions, Sansan recovered sales productivity and new orders from Q2 with the renewal, delivering steady results. Bill One greatly exceeded initial growth assumptions with strengthened sales and improved functionality. For Eight, however, lower-than-expected recruitment services results led us to shift to profitability-focused operations.

### – Non-Financial Results

Key FY2022 non-financial outcomes included identifying material issues (priority issues) and enhancing the disclosure of sustainability-related information. We disclosed information on our sustainability initiatives on our website, ESG data, and TCFD recommendations, which we have endorsed. As a key management strategy, we strengthened recruitment efforts aimed at net sales growth, which resulted in 194 more consolidated employees year on year – a steady increase to 1,399 in

total. Compliance-related training completion reached 100% for all officers and employees. This resulted from our initiatives to ensure compliance.

See the following pages for details on other non-financial initiatives.

- P56 Human Capital
- P66 R&D
- P68 Information Security
- P70 Environment
- P80 Corporate Governance
- P88 Compliance
- P90 Risk Management

Accelerating sales growth over the same period in the previous year, we will aim for **28.0% to 32.0% YoY growth** in consolidated net sales.

We forecast a **0.1 to 1.8-point improvement** in the adjusted consolidated operating profit margin **YoY**.

### FY2023 Plans

		FY2022		FY2023	
(millions of yen)		Full-Year Results	YoY	Full-Year Forecasts	YoY
Consolidated Results	Net Sales	25,510	+24.9%	32,653 to 33,674	+28.0% to +32.0%
	Sansan/Bill One Business	22,516	+24.4%	29,046 to 29,835	+29.0% to +32.5%
	Sansan	19,793	+15.0%	22,664 to 22,861	+14.5% to +15.5%
	Bill One	2,414	+192.2%	5,673 to 6,156	+135.0% to +155.0%
	Eight Business	2,867	+29.5%	3,153 to 3,354	+10.0% to +17.0%
	Adjusted Operating Profit <sup>*1</sup>	942	+28.9%	1,240 to 1,852	+31.7% to +96.6%
	Adjusted Operating Profit Margin	3.7%	+0.1 pts.	3.8% to 5.5%	+0.1 pts. to +1.8 pts.

### – Financial Plans

For FY2023 consolidated net sales, we forecast acceleration of 3.1 to 7.1 points year on year, to 28.0% to 32.0% growth, factoring in Sansan's steady growth and Bill One's continued high growth. By segment, we are targeting 29.0% to 32.5% year-on-year net sales growth for Sansan and Bill One, with sales structure enhancements and feature upgrades to maximize sales of both solutions. These projections include a 14.5% to 15.5% year-on-year increase for Sansan and 135.0% to 155.0% for Bill One. Although sales growth will slow in the Eight Business segment with a basic policy focused on profitability, we anticipate 10.0% to 17.0% growth through

efforts to strengthen popular event services. The adjusted consolidated operating profit margin is projected at 3.8% to 5.5%, a rise of 0.1 to 1.8 points year on year, owing to solid sales growth, despite an expected increase in selling, general, and administrative expenses resulting from investments for growth. We adopted a range forecast to reflect a variety of foreseeable scenarios based on factors such as the status of new orders for Sansan and Bill One, the level of usage of the Bill One Business Card, and progress in our recruitment efforts, which is one of our growth strategies. Accordingly, we set a reasonable maximum and minimum.

### – Non-Financial Plans

We plan to implement full-fledged sustainability efforts in FY2023. We have already established FY2029 quantitative targets for material issues (priority issues) and appointed inside directors as owners of each issue. Personnel strategies include hiring around 420 people on a consolidated basis while implementing measures

to secure top talent, including increasing the female employee and manager ratios and raising starting pay. We will also strengthen non-financial initiatives such as establishing a Nomination and Remuneration Advisory Committee to reinforce governance and managing GHG emissions.

<sup>\*1</sup> Operating Profit + Share-based Payment Expenses + Expenses Arising from Business Combinations (amortization of goodwill and amortization of intangible assets)



# From Optimization to Maximization

## COO Message

Director, Executive Officer,  
COO

**Kei Tomioka**

## Shift to a Divisional System

*In June 2023, the company restructured its sales system. What prompted this and what is the new strategy?*

Maximizing each business is our primary aim. In July 2021, we moved away from the system of different divisions and consolidated sales under one unified division, emphasizing resource optimization.

This pivot was driven by the struggle faced in new Sansan sales efforts when the rapid rise of remote work during the pandemic decreased the exchange of business cards. But it was a favorable climate for Bill One. Bill One met corporate needs because it eliminated the need for employees to physically come to the office to receive invoices. Balancing sales resources became an issue, and we focused defensively on client retention with Sansan and on aggressive expansion to meet high demand with Bill One. So, we reorganized for optimization, believing it better to have flexible resource allocation with a standardized sales organization than to stick with the vertical division system.

However, in the fourth quarter of the fiscal year ended May 2023, Sansan saw a recovery from the pandemic, achieving record new orders on a quarterly basis, aided by a June 2022 product update. With this, we considered that Sansan could shift to a more aggressive stance, like Bill One. We re-adopted the divisional sales structure, shifting from a system focused on optimization to one aiming for maximization. This was with the belief that accelerating both products would contribute to overall growth.



## Aiming to Maximize Each Product

*With last year's update of Sansan, what is your vision for its future?*

Our intention is for Sansan to not only manage contact information, but also contribute to corporate revenue creation. We see it evolving into a sales DX (digital transformation) service that utilizes corporate information, as well as business cards, emails, and other points of contact, based on the concept of "maximizing revenues through business card management." This represents a major shift.

Before its update, Sansan's core function was to accurately digitize exchanged business cards, allowing users to see who in the company had exchanged cards with whom. However, the pandemic changed business practices. Face-to-face meetings declined and online interactions increased. Without physical card exchanges, it became difficult to determine accurate job titles and contact details, which made it harder to act on these encounters. Simply managing and searching through paper business cards no longer improved sales efficiency. We also aimed to tackle an old problem: approaching people with whom you

haven't exchanged business cards. So, we changed Sansan to make it more useful as a solution for sales activities.

Two primary features underscore this transformation. First, it's a corporate information including, as standard, over one million data items detailing companies and their executives. This helps users research businesses or individuals they haven't interacted with.

The second feature is contact point expansion. Post-pandemic, many business dealings occur without business card exchanges, and rely on online discussions and email. So, Sansan has now expanded beyond paper business cards, integrating means of contact like emails, calls, and online seminars, which can be stored and visualized. Of particular note is the email integration feature released in June 2023. This not only identifies email correspondents but also visualizes interaction frequency, providing insights into communication depth. This is extremely useful for planning sales strategies. For instance, with Sansan integrated with customers' email servers, users can share information such as how many staff/employee have emailed a certain person in a certain company, or how many times a certain employee has emailed that person.



Combining these features, we rebranded Sansan. However, its reputation as a sales DX tool and sales database hasn't fully permeated the market. So, there's a pressing need to communicate its abilities beyond just contact management, and to both prospective and existing customers.

#### **What is the strategy for Bill One?**

Bill One has experienced strong growth beyond our initial expectations, which is quite encouraging. We think that we've been able to achieve such rapid growth because of Bill One's ability to address business challenges in accounting and offer substantive value. We believe that another reason for its current success is its pioneering role in shaping an entirely new market niche that is focused on the receipt of invoices.

The development of Bill One was initially prompted by a proposal made by our internal accounting team. The concept was then discussed over the course of 2–3 years. After analyzing the biggest challenges in accounting workflows, we identified our primary concern: how to complete monthly settlements quickly and with minimal hassle.

We soon realized that the receipt of invoices was a bottleneck in this process, developed our product to address this issue, and successfully launched this as a new business.

Typically, several different departments handle the organization-wide receipt of invoices. This sometimes leads to invoices getting lost internally. Not knowing where an invoice is, receiving invoices with errors, and spending time following up with each of the people responsible are some of the common headaches faced by accountants in most companies.

Bill One's solution for this is to digitize all invoices, whether they are paper-based or PDFs, at our center, so that accountants no longer need to spend their time following up with the relevant department or individual. As further benefits, this also removes the risk of losing invoices, and it ensures a clear trail of every received invoice.

We see FY2023 as a major turning point, with revisions to Japanese legislation creating an advantageous situation for the use of Bill One. Specifically, the Invoicing System will be started in Japan in October 2023, and then, from January 2024, the amended Electronic Bookkeep-

ing Act will enter into force, tightening regulations on the archiving of electronic transaction records. As of the conclusion of FY2022, Bill One had 1,581 paid subscribers. However, when considering the number of companies that send invoices via Bill One, as well as our free users, the Bill One network actually includes around 90,000 companies. We aim to expand this network further in search of even greater growth opportunities. Also, in June 2023, we added the Bill One Business Card, a corporate credit card, as an option with the Bill One service. We're optimistic about our ability to expand beyond just invoices and make further inroads into fintech.

#### **How is Contract One progressing?**

Contract One is still in its early stages, where we are working toward product/market fit. We are currently developing the features needed to make it a service that enables corporate revenue creation by digitizing contracts. When it comes to contract-related work, it is of course important to reduce the workload for legal staff and ensure contract fulfillment and effectiveness. At the same time, however, we believe that transforming important contract information into a company-wide asset also contributes to enhanced corporate performance.

### **Status of the Business Units**

#### **Having discussed the sales system renewal and product evolution, where does each stand now?**

Our sales system overhaul has yielded benefits for staff



development. Previously, when sales resources were shared, an individual salesperson would be responsible for not just one of Sansan, Bill One, and Contract One, but all three, which made training burdensome and time-consuming. And since Bill One requires deep knowledge of not only accounting but also recent changes to legislation, it was challenging for sales rep to find their legs. Now, sales personnel can focus on a single product, which means that they are able to receive more specialized training and this in turn allows them to get up to speed more quickly than before.

We can also see clear evidence of stronger collaboration between sales and marketing, and our product teams are now better aligned with business units, which accelerates feedback cycles. As we move forward, we'll concentrate on developing features that maximize customer value and enhance the appeal of our products to the market.

On the sales side, there is still potential that we have yet to tap into, especially in terms of regional expansion. In Japan, in addition to our existing footholds in Tokyo, Osaka, Nagoya, and Fukuoka, we've now established a sales office in

Hiroshima. We consider nationwide expansion and the bolstering of our sales resources to be crucial for disseminating our products' value, and we have therefore made talent sourcing a top priority.

### **International Expansion**

#### **What is your global strategy?**

We've made Bill One the current focus of our strategy for international expansion. We've launched Sansan in Singapore and other locations, but the pandemic reduced the frequency of business card exchanges there even more than in Japan, making card-centric solutions less viable than before.

On the other hand, pilot sales of Bill One in Singapore were better than expected, and we have even received inquiries from Thailand. About 95% of invoice interactions in Thailand are paper-based. Such a heavy reliance on paper documents means that there are many issues for which Bill One offers a solution, and our strategy is to first focus on targeting Japanese companies that are operating in Thailand. We also see significant potential elsewhere in Southeast Asia, especially among the countries in Thailand's vicinity.

## **Contributing to Societal Sustainability Through Our Business**

*The company, in its material issues (priority topics), has ambitious aims such as "digitizing 500 million analog data items" and "reaching 20 million users." Can you speak to the rationale and challenges of these targets?*

We are determined to tackle the challenges faced by society through our business, with the broader goal of fostering societal sustainability. Japanese industry is still grappling with inefficiencies, low productivity, and a variety of other issues stemming from its paper-reliant culture. In such an environment, we're optimistic that our proven ability to support companies in transitioning from analog to digital can be a catalyst for change.

As part of our corporate philosophy, we make "Turning encounters into innovation" our mission. It is also our vision to "Become business infrastructure." We believe that the more our user base grows, the more new ideas and meaningful encounters will be generated. We of course recognize that these targets are highly ambitious in light of where we stand today. Nevertheless, we're convinced of the importance of setting bold quantitative targets to have a substantial impact on society. We aim to achieve sustained business growth by addressing these material issues (priority issues).

#### **Kei Tomioka**

Director, Executive Officer, COO



## Business Strategies by Segment

As we strive to achieve our mid-term financial goals, we aim to maximize sales while improving profitability in the Sansan/Bill One Business, and achieve full-year profitability in the Eight Business. In FY2022, we embarked on strategies aimed at achieving business growth. These included a renewal of the Sansan sales DX solution, strengthening the sales structure of the Bill One cloud-based invoice management solution to maintain high growth, and improving the profitability of the Eight business card app.

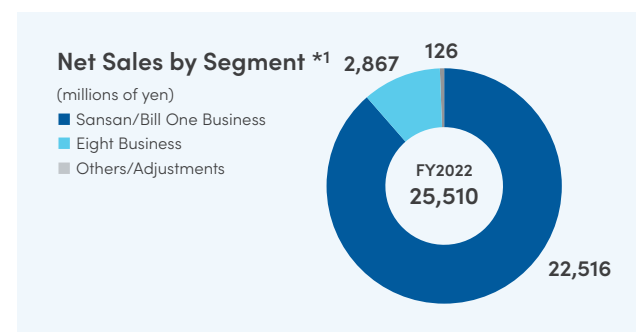
### Structure of Reportable Business Segments

We operate under two reportable segments: Sansan/Bill One and Eight.

The Sansan/Bill One Business accounts for 88% of consolidated net sales, making it our primary segment. Within this segment, the Sansan sales DX solution, our founding service, accounts for 78% of consolidated net sales. Although the Bill One cloud-based invoice management solution launched in May 2020 accounts for only 9% of consolidated net sales, its share is expanding each fiscal year amid continued high growth. The Contract One contract database launched in January 2022 is also included here.

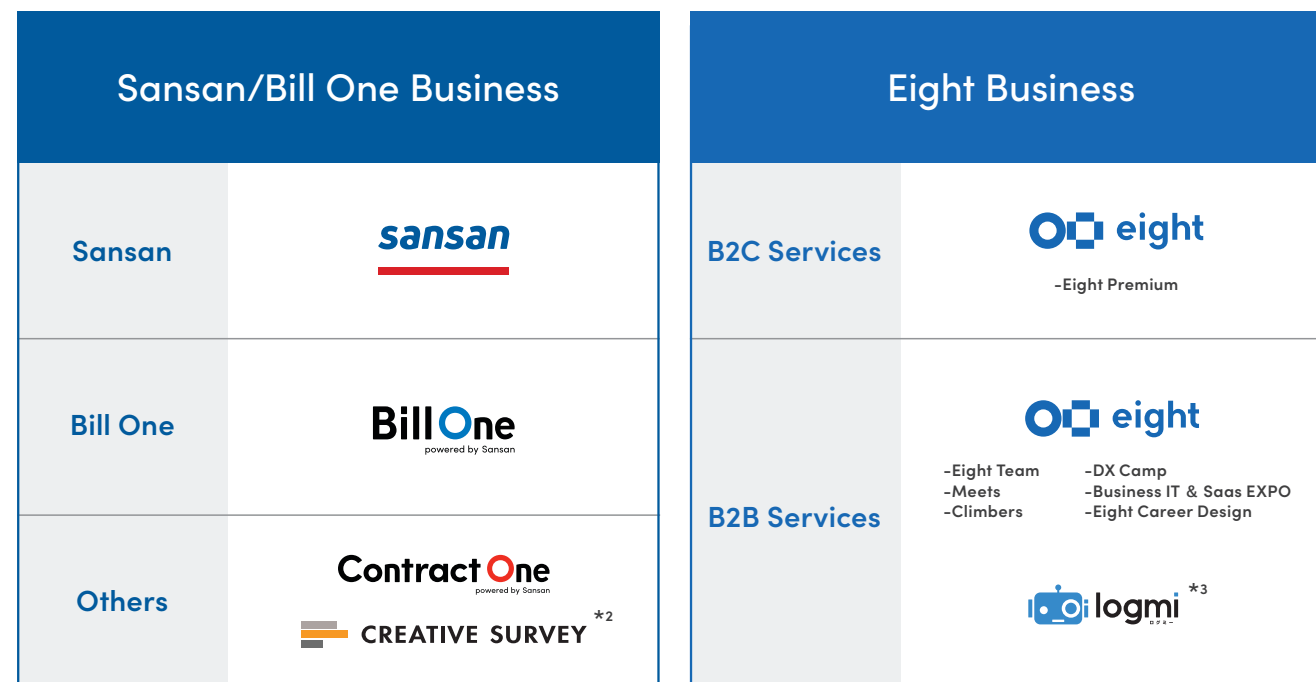
The Eight Business accounts for 11% of consolidated net sales. It offers the Eight business card app for individual

professionals, and we are offering solutions to monetize its network of 3.3+ million registered users.



\*1 Elimination of intra-company transactions (sales), and costs not allocated to segments are recorded in "Adjustments." The graphs show results for fiscal years ended May 31.

### Overview of Segments



\*2 Service provided by CREATIVE SURVEY INC., a consolidated subsidiary \*3 Service provided by logmi, Inc., a consolidated subsidiary

### Sansan/Bill One Business

The Sansan/Bill One Business provides solutions for corporate customers, including the Sansan sales DX solution, Bill One cloud-based invoice management solution, and Contract One contract database. Each

solution resolves business challenges, transforming how companies and businesspeople work and driving DX by digitizing analog information to increase business efficiency and enable effective data use.

### Main Solutions and Optional Features in the Sansan/Bill One Business

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 invoice-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>Contract documents</li> </ul>

### FY2022 Financial Results \*4

In FY2022, Sansan/Bill One Business net sales increased 24.4% year on year, mainly owing to Sansan's solid growth and Bill One's continued high growth. Our adjusted operating profit increased 21.8% year on year, owing to higher net sales.

Looking at individual solutions, we renewed Sansan from a cloud-based contact management service to a sales DX solution, making efforts to add new features. Leveraging these new functionalities, we focused on strengthening sales abilities to acquire new users and upsell to existing users. In particular, we reinforced the sales organization targeting medium- and large-sized companies. Sansan's net sales resultantly grew 15.0%

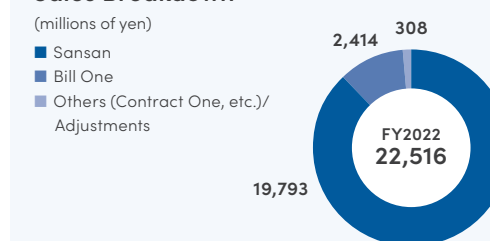
year on year, maintaining steady progress.

For Bill One, we worked to sustain high growth by bolstering the sales organization through hiring as well as expanding the solution's functions. Consequently, May 2023 MRR increased 172.8% year on year, ARR reached 3,798 million yen, and Bill One net sales were up 192.2% year on year.

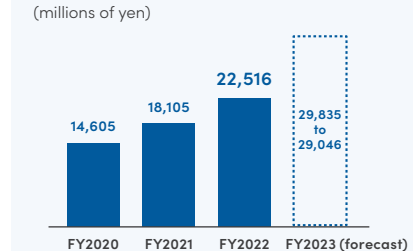
For Contract One, we focused on launching the solution leveraging the strengths, insights, and expertise cultivated through our existing solutions.

For FY2023, we forecast net sales growth of 29.0% to 32.5% year on year for the Sansan/Bill One Business.

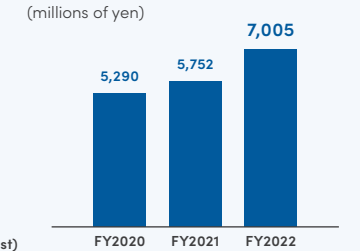
### Sales Breakdown



### Net Sales



### Adjusted Operating Profit



\*4 The graphs show results for fiscal years ended May 31.



## Manage your contacts, maximize your business

# sansan



### - Sansan – Sales DX Solution

Launched in 2007, the Sansan sales DX solution creates a unique database for each client by combining corporate and contact information, strengthening the sales abilities

#### Social Issues and Needs

Accurately obtaining company names, customer names, job titles, and contact details and using them efficiently is crucial for sales. However, customer contact information from business cards, emails, meeting records, seminar attendance information, etc., is managed by individual employees, meaning companies are not effectively utilizing this valuable information. Management is also often analog, so there is much potential for digitization to improve operational efficiency. The pandemic increased online meetings

#### Service Overview

Sansan lets users view over 1 million corporate data items, including previously uncontacted companies. They can accumulate and visualize contact points, including emails and website inquiries – not just business cards. Such corporate and contact information forms a unique database for each company. This enables efficient discovery of new leads and sharing of the latest information, boosting individual sales rep' efforts. Moreover, when integrated with external systems, data can be

of organizations and individuals based on the concept of “Manage your contacts, maximize your business.”

and reduced opportunities to exchange business cards, which makes it even more critical to obtain accurate information on business partners and manage and utilize contact information. When contacting companies for the first time, few details, such as sales, industry, employee numbers, and regions, are known, making it challenging to identify appropriate sales targets and develop efficient sales strategies.

used for planning and executing sophisticated, customer-specific sales strategies to maximize overall sales.

Sansan's business model includes a basic plan for company-wide use, with licensing fees based on company size and usage, plus other fees for, say, scanner rental. We also offer paid services for introducing Sansan, such as digitizing stacks of business cards and implementation support.

### Strategy

Although Sansan targets all companies, only about 3%\*5 of the working population in Japan uses our services, leaving ample room for further domestic expansion.

In June 2022, we rebranded the product as a sales DX solution to pursue future growth. Based on this, we will continue expanding functions related to corporate and contact information, thereby improving Sansan's value as a business database. We will also expand monthly recurring sales per subscription by strengthening our sales structure to increase subscriptions, as well as by acquiring new customers and promoting expanded use by existing customers, based on the idea that all employees at user companies will utilize our solutions (company-wide use).

### Sansan Potential Market Size \*5

Company Size (Employees)	Sansan Coverage by Company (YoY)	Sansan Coverage by Employee (YoY)
1,000+	16.3% (+0.2 pts.)	4.5% (+0.4 pts.)
100–999	3.9% (+0.0 pts.)	3.3% (+0.3 pts.)
<100	0.3% (+0.0 pts.)	1.6% (+0.5 pts.)

\*5 Sansan coverage is calculated with the number of subscriptions and total number of IDs in Sansan for FY2022 end as the numerator and the number based on Economic Census for Business Activity in 2021 issued by the Statistics Bureau as the denominator.

## Receive, digitize & centralize your invoices. Fast monthly closing.

# BillOne

powered by Sansan



### - Bill One – Cloud-Based Invoice Management Solution

Launched in 2020, the Bill One cloud-based invoice management solution supports faster managerial decision-making by streamlining company-wide

accounting operations, based on the concept of “Receive, digitize & centralize your invoices. Fast monthly closing.”

#### Social Issues and Needs

Paper invoices are still more common than digital, and analog processes such as managing mailed documents, circulating invoices for internal approval, and manually entering invoice details substantially lower efficiency. Having to come to work to

deal with paper invoices also impedes diversifying work styles. Companies in Japan must also adapt to new frameworks such as the amended Electronic Bookkeeping Act and the new Invoicing System, which will likely make invoicing more complex.

#### Service Overview

Bill One can handle and accurately digitize paper, PDF, and other invoices from different locations and departments. Users don't have to enter the data themselves. Instead, they can access correctly digitized invoice information from the start and complete review and approval, etc., in the cloud. This information is centrally managed in a highly searchable database, so customers can use it for controlling costs and uncovering sales opportunities to maximize future revenue.

We are also integrating Bill One with accounting and other third-party systems, and are expanding optional features. We

provide various functionalities besides invoice issuance and proxy postal delivery, including launching the Bill One Business Card in June 2023.

Bill One's business model comprises an initial setup fee, including implementation support by a specialized consultant, and a monthly fee based on number of invoices digitized.

Optional functions include invoice issuance and a corporate card. For companies with 100 or fewer employees, we offer a Small Business Plan with no initial and monthly fees, subject to certain conditions.

#### Share information other than business cards company-wide



Business cards



Email signatures



Website inquiries/forms



Meeting notes



Seminar participants

#### Various corporate information provided



1 million+ data items of corporate information



Job/position



Locations

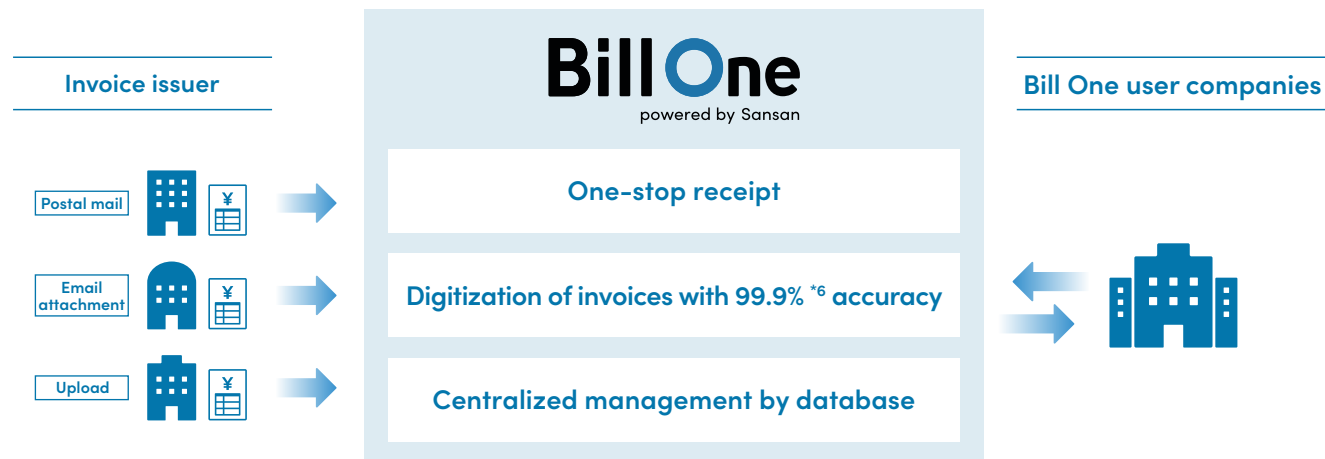


Corporate risk information



Personnel changes





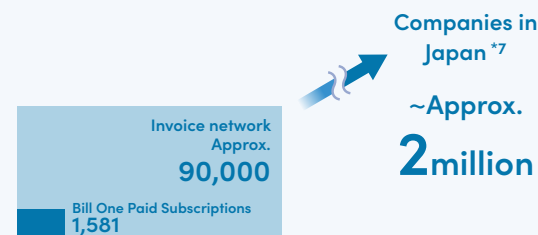
\*6 Digitization accuracy when conditions specified by Sansan, Inc. are met.

### Strategy

Bill One targets companies from all industries and of all sizes. Counting subscribers using the free service and companies sending invoices to paid subscribers, our invoice network covered approximately 90,000 companies, only about 4% \*7 of all companies in Japan, as of May 31, 2023. We therefore see vast potential for further growth.

With this potential in mind, we are working to continue high sales growth, aiming for ARR of 7+ billion yen in May 2024. Specifically, to maximize sales, we will expand paid subscriptions by reinforcing our sales headcount and strengthening marketing activities. We will also work to further increase monthly sales per paid subscription by expanding functionality to improve user convenience and strengthening the sales structure for medium- and large-sized companies.

### Bill One Potential Market Size



\*7 The number of total companies in Japan based on statistics from the Ministry of Internal Affairs and Communications' 2021 Economic Census for Business Activity Survey.

## Bill One Business Card

With Bill One enjoying strong growth and an expanding number of companies in its invoice network, we have started adding new features and entering new business areas. In June 2023, we launched the Bill One Business Card as an optional feature, expanding into the fintech domain.

Companies face analog challenges in corporate credit card operations, such as collecting receipts and invoices and spending time reconciling these with credit card statements, in addition to being pressed to comply with the new Invoicing System.

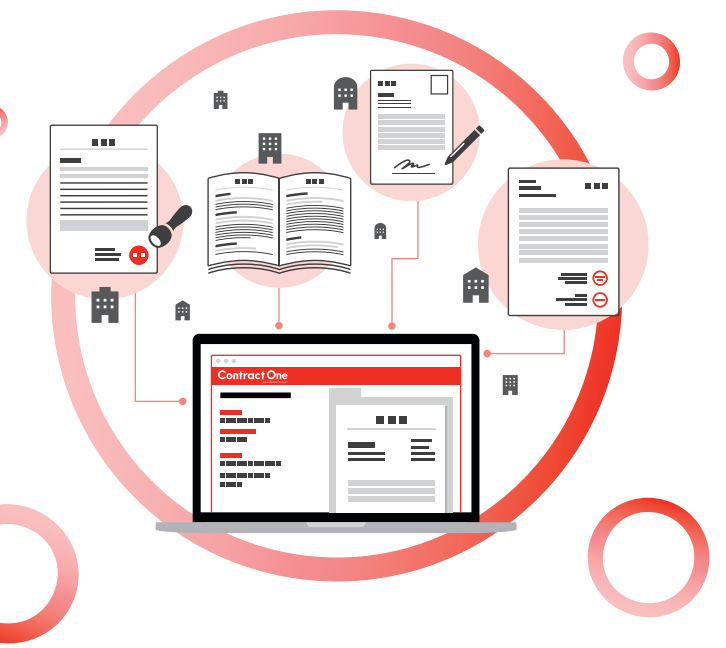
The Bill One Business Card addresses these issues, enabling centralized management of corporate card operations within Bill One. Transactions made with the card are instantly linked to that company's Bill One screen after use.

This enables automated reconciliation of card statements and receipts. Uploaded receipts are digitized within the next business day, and alerts are displayed for discrepancies versus statement amounts, streamlining receipt reconciliation that accounting staff previously did manually. Moreover, requests to upload receipts are automatically sent from Bill One to users after card use, eliminating the need for accounting staff to individually chase users for submission. The card also facilitates compliance with laws and regulations, including the Invoicing System, while reducing risks of unauthorized use.

The business model comprises income from digitizing receipts and from transaction fees.

Build your contract database,  
maximize your business

**Contract One**  
powered by Sansan



### - Contract One – Contract Database

Launched in 2022, the Contract One contract database digitizes contracts in paper and electronic formats, contributing to corporate revenue generation based on

the concept of “Build your contract database, maximize your business.”

### Social Issues and Needs

Electronic formats are becoming more prevalent these days in business-to-business contracting. However, some companies still prefer paper documents. This combination of paper and electronic formats complicates contract management. And since contract information is not centrally managed, it cannot be

utilized as an effective business asset.

Moreover, while contract terms should of course be adhered to, post-signing tasks, such as revising contracts based on market environment, business conditions, and strategies, are also crucial.

### Service Overview

For paper contracts, users simply mail them to us, and Contract One scans and accurately digitizes them. For e-contracts, compatibility with e-contracting vendors allows Contract One to receive electronic contract data in PDF format and digitize it. This lets users build a centralized contract database for unified management. Moreover, users can easily leverage contract information from the database, leading to new business opportunities and maximizing revenue.

The business model offers a pricing plan comprising an initial setup fee that includes implementation support by a specialized consultant and digitization of existing contracts, plus monthly fees calculated based on the number of contracts digitized for the client company.

### Strategy

Since launching Contract One in January 2022, we have remained focused on starting up the service, and had secured 145 subscriptions as of May 31, 2023. We are working to improve user value through various functional improvements. In July 2023, we added a new feature leveraging GPT generative AI to offer in-document search capabilities and a contract summary function. With summarization, users can search for necessary contracts by company name or other parameters, then view easy-to-understand summaries in a format similar to bullet points. This

enables not just legal staff but also sales staff unfamiliar with legal terminology to easily grasp contract outlines. We are currently developing functions to enable systematic contract management and checking of contract status to support negotiations with business partners.

Going forward, we will continue efforts to improve product-market fit by developing additional user revenue-improving functionalities, aiming to further Contract One's contribution to our overall growth.



## Eight Business

The Eight Business mainly provides the Eight business card app and offers paid services for individuals and companies as monetization plans. Under a management

policy focused on profitability, we aim to achieve positive adjusted operating profit for the full fiscal year.

### Main Service in the Eight Business

Service/Option (Year Launched)	Business Domain	Analog Processes to Optimize	Analog Information Digitized
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>

### - FY2022 Financial Results \*8

In FY2022, we strengthened the monetization of our paid services for companies (B2B services), thereby increasing Eight Business net sales by 29.5% year on year. This increase resulted in a reduction of the adjusted operating loss by 185 million yen compared with the same period for the previous year.

With normalizing business amid the waning pandemic, Eight users grew by 200,000 year on year to 3.31 million, driving a 6.0% year-on-year rise in individual paid service

(B2C service) sales. Various B2B service monetization efforts, such as holding large business events, led to a 33.0% year-on-year increase in B2B service sales.

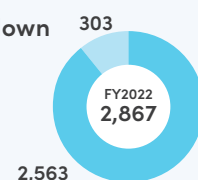
The net sales growth rate for the Eight Business is forecast to rise from 10.0% to 17.0% in FY2023, and we are aiming to achieve positive adjusted operating profit for the full fiscal year.

\*8 The graphs show results for fiscal years ended May 31.

#### Sales Breakdown

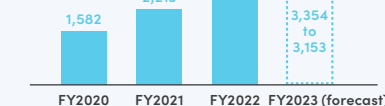
(millions of yen)

■ B2B Services  
■ B2C Services



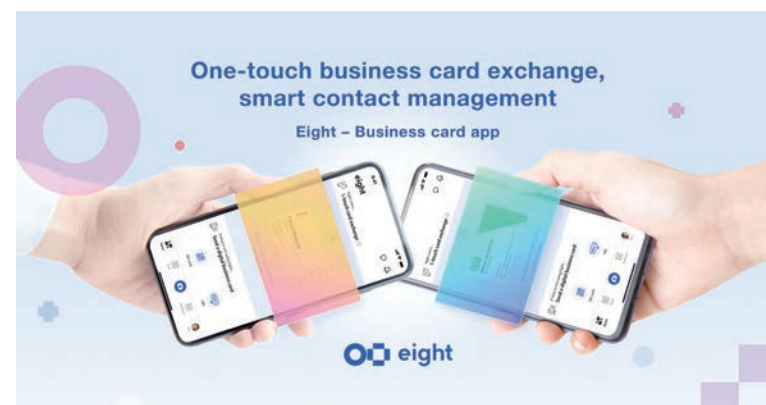
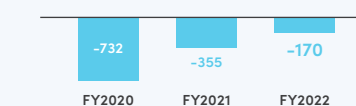
#### Net Sales

(millions of yen)



#### Adjusted Operating Profit

(millions of yen)



### - Eight – Business Card App

Launched in 2012, Eight, a business card app for individuals, supports businesspeople by enabling smart management of their business cards and contacts based

on the concept of “One-touch business card exchange and management.”

### Social Issues and Needs

When networking for business, it is important to acquire accurate information about contacts and to maintain connections, even if the other party, for instance, changes jobs. However, using analog-based paper business cards makes it difficult to access and update information, meaning that business encounters are not fully utilized. Problems such as forgetting one's own card or losing someone else's also frequently occur with paper business card exchanges.

Different aspects of our daily lives are also expected to be

digitized in the future. The pandemic accelerated changes such as staying at home and adopting remote work. Notably, the spread of digital technology has progressed at an astounding pace, with smartphone-based payment methods expanding rapidly.

In business as well, the proliferation of cloud services enabling completely online workflows means paper business cards are likely to give way to demand for exchanging digital cards using only a smartphone.

### Service Overview

The Eight app is geared toward individual, rather than company, use. Registering one's own business card information upon first using the app gives free access to basic features. Users can also create and manage their career profile by adding in business cards received throughout their professional lives. The app includes a feature for instantly exchanging Virtual Cards just by users bringing their smartphones near one other. Exchanged cards get automatically updated, letting users stay informed about contacts' promotions, transfers, job changes, and other career moves. Exchanging cards with non-users of Eight can be done via QR Code \*9 or URL.

The business model is based on providing paid services to individuals and companies. The paid service for individuals allows use of premium contact management features. For companies, the paid service mainly offers participation at business events

attracting Eight users, and business card management services for small and medium-sized enterprises.



\*9 “QR Code” is a registered trademark of Denso Wave Incorporated.

### Strategy

From the second half of FY2022, we have shifted to management focused on profitability, aiming to achieve positive adjusted operating profit for the full FY2023.

While the net sales growth rate might decrease from revising the monetization plan to improve profitability, we will continue pursuing steady growth by enhancing our successful business events and revising the pricing strategy for business card and contact management services. In September 2023, looking

ahead to recovering post-pandemic business card exchange opportunities, we renewed Eight's functionality as an app focused on business cards under the new concept of “One-touch business card exchange and management.” Specifically, we expect this refocus on digital business card exchange and card management will help to further expand the user base and lead to stronger monetization going forward.

## DX for Business Card Exchange

Our motive in launching the Eight business card app in 2012 was a desire to revolutionize the very act of exchanging business cards. Despite the digitization of various business tools amid the DX trend, analog-based paper business cards have remained mainstream, unchanged even with the spread of our namesake Sansan solution. Even after launching Eight, we had yet to generate major change in card exchange practices, but we believe the new Virtual Card Exchange function added in September 2023 can evolve the card exchange experience. Its key distinguishing feature is enabling complete card exchange through the app, eliminating the need for physical, paper

cards. Since Eight also incorporates business card management and social media functions, cards can be managed by smartphone alone, and users can stay updated about their contacts, including transfers, promotions, job changes, and other career moves. We envision the Virtual Card Exchange function being used in all situations where businesspeople gather offline, such as sales meetings, conferences, and networking events. By promoting this function through Sansan-hosted conferences like Climbers Startup JAPAN 2023 in November 2023, and collaborations with event companies, we will advance the experience of business encounters, making it smarter.



## We Advance Human Resource Measures with Determination and Intent

### CHRO Message

Director, Executive Officer,  
CHRO

**Yuta Ohma**

### Qualities We Seek in Talent

Sansan places importance on being a mission-driven company. While we offer Sansan, Bill One, Contract One, Eight, and other solutions, it's unlikely that anyone would join us with a specific passion for, say, business cards or invoices. We've expressed our aspirations through our mission of "Turning encounters into innovation" and vision to "Become business infrastructure."

Our solutions, linked to these ideals, create new forms of value in the world. This clarity draws talent with whom our mission and vision resonate deeply, or those attracted to our story and the way everything at Sansan is connected, including our solutions.

We seek people who make decisions with determination and intent – one of our values. As they advance management and business strategies, individuals should

reflect on their determination and intent. They won't develop new value if they merely implement their superiors' decisions without personal determination. Individuals must drive the organization forward with their own determination and intent. This approach is absolutely essential for core talent. Of course, individuals' determination and intent may sometimes not perfectly match the direction that management or the organization have set.

Management and other superiors in the organization aren't always right about every point. If people feel a certain directive might not benefit the company, they should constructively challenge it. Such individuals should be at the heart of our operations. An organization's forward momentum hinges on each member's passion and determination. At Sansan, we constantly ask, "What do you want to do?" Even as we're in a phase of business expansion and active recruitment, we continue to emphasize those who can make decisions with determination and intent.

### Solidifying and Instilling a Mission-Driven Corporate Culture

Every new graduates and mid-career hire at Sansan undergoes a 5-day intensive program on our corporate philosophy, known as the Katachi (shape) of Sansan, including our mission, vision, and values, through the Sansan Culture Onboarding Program (SCOP) before joining their team. This program delves into questions such as: Why do encounters lead to innovation? Under what conditions can we become business infrastructure? Which values are pivotal in achieving our mission and vision? Each value's significance is discussed, including why it was chosen. For example, for "Make decisions with determination and intent," we explain that if an employee were to ask a supervisor, "Which of 3 options is better?" the likely response would be, "Which one would you choose to implement?" This underscores our focus on individual determination.

We also show how our values have evolved since the company



began, explaining why some values were removed and the background of those decisions. Nothing is set in stone at Sansan; we can change as needed. This flexibility is another important value we aim to preserve.

Besides the SCOP, about once every 2 years, we hold a company-wide Katachi discussion in which the entire staff reviews and reaffirms our corporate philosophy. We debate topics such as Sansan's future trajectory and the values we should prioritize moving forward. Staff from all roles, departments, and lengths of service split into 100+ mixed teams and engage in these discussions for 3+ hours. Most recently, we held sessions for each department to discuss what is necessary to achieve overwhelming, breakthrough growth. We invest this time because engagement leads to retaining top talent, which is the foundation for future financial returns.

### Employee Engagement

At Sansan, we conduct monthly engagement surveys for all regular and contract employees. Our engagement scores consistently exceed industry averages but

haven't yet reached the top tier. We analyze these monthly results together with HR data, such as attendance and performance reviews. For example, past data shows patterns of what happens before leaves of absence and resignations. Now, similar trends trigger alerts, promoting collaboration with the relevant department so we can retain talent.

We also verify the impact of various HR initiatives and internal events through these surveys. Beyond the company-wide Katachi discussion, we advance HR measures, such as salary revisions and introduction of new systems, with determination and intent. Verifying their impact is, therefore, crucial. In November 2022, we introduced the Yoriai system, making the free space at our Omotesando head office available from 6 p.m. onward for internal communication. We track which employees use this system the most and the resultant benefits they perceive. Using our surveys to gauge the cost-effectiveness of such initiatives in boosting engagement lets us make continual improvement.



## Recognition of Medium-to-Long-Term Issues

In June 2023, we shifted from a structure with sales for all products consolidated under one organization to business divisions with separate sales organizations for each product. We've significantly shifted our policy from resource optimization to net sales maximization, and we recognize that recruiting and securing talent is a vital management issue for business growth. We now see that expanding our sales team in particular will inherently drive business growth. While we've achieved a certain level of performance by continuing selective hiring, rapidly expanding hiring numbers is a top priority, though it is challenging. Our recruitment target for FY2023 is around 420 people on a consolidated basis. Of these, about 200 will be in sales, which includes customer success and marketing. Engineers and creators will make up over 30% of the total, with the rest in branding, corporate, HR, and other back-office roles supporting our mission.

To recruit and secure top talent,

we raised the starting annual salary for new graduates by 10–11% to 5.6 million yen. Although we've historically analyzed and adjusted compensation based on market benchmarks, this hike is our most substantial one yet, reflecting our strong determination and intent to reach industry-leading pay levels. Moving forward, we'll continue to maintain highly competitive pay aligned with talent market trends.

At the same time, it's important to make performance reviews more appropriate for ensuring that deserving employees are suitably rewarded. Our mission grade system determines rank based not only on past results but also future expectations and roles, with downgrades possible if performance doesn't improve. We've adopted a 360-degree feedback system for evaluations, by which individuals are assessed by colleagues in various positions. Supervisors are instructed to talk with their team members about gaps they need to bridge in line with mission grade criteria, and the expectations for advancing to the next grade based on grade descriptions.

Our shift to a divisional structure

has increased the number of departments and managerial positions. Post-restructuring, many people are now temporarily holding dual managerial responsibilities. As we ease out these overlapping roles, we also see a chance to showcase the depth and breadth of positions available for future career growth. Accordingly, our focus will be on further supporting and enabling our top talent so they can thrive.

## Promoting the Recruitment, Development, and Success of Human Resources

I am the owner responsible for two material issues (priority issues): "Promote the recruitment, development, and success of human resources" and "Promote diversity, equity and inclusion."

For "Promote the recruitment, development, and success of human resources," we've set the goals for targets for FY2029 of 35% referral-based hiring and an 80% Unipos posting rate. For referral-based hiring, we track the eNPS score trend for the question, "Would you recommend us to others you know outside the company?" in our monthly engagement survey. We hope to significantly improve our current score, which is around -10, to speed up our recruitment.

The Unipos platform lets employees commend each other using a point system. This helps boost motivation across the board. Each person has a point balance, with received points converting to monetary compensation. "Appreciate and be inspired" is one of our values, and even before introducing Unipos, we had a system with a different tool for employees



to commend colleagues who exemplified our values. Our current Unipos posting rate is around 60%. Increasing this rate will encourage employees to embody our values, and it will improve engagement and foster our corporate culture. While there's a cost associated with using Unipos, it's undoubtedly outweighed by the positive impact on the entire organization, beyond hiring an employee with an annual salary equivalent to that cost.

## Promoting Diversity, Equity and Inclusion

Regarding "Promote diversity, equity and inclusion," our goals are to have 30%+ female managers and 45%+ female employees by FY2029. Ideally, we want both to be 50%, but given that they are currently 18% and 35%, respectively, these targets will still be challenging.

To achieve these quantitative targets, we're focusing on making our HR systems more comprehensive. Our Oyaco program subsidizes costs like non-accredited nursery schools and after-school care for all child-rearing employees, irrespective of gender. We also provide support specifically for women, such as menstrual leave and contraceptive prescription services.

While each of these systems may, on their own, seem like individual welfare benefits, our HR policy is

fundamentally based on decisions we have made with determination and intent regarding whether or not a given system contributes to improved productivity and accelerated business growth. Contraceptive prescription was first introduced for interested employees as a way of trialing services from femtech ventures. We then verified the resulting productivity gains compared with costs before full adoption. Enhancing childcare support resulted from the company's search for what it could do to facilitate an early return to work, assuming employees will take maternity and childcare leave. We found out that it is more productive for an employee on parental leave to return than to hire a replacement, prompting us to make aggressive investment in this direction.

Regarding diversity, we will also expand employment of people with disabilities and people from other countries. While we have already ensured that our current employment rate for individuals with disabilities exceeds legal mandates, going forward, we will create environments where they can directly contribute to our business and profitability, such as through digitizing business cards or invoices. Regarding foreign employees, accelerating Bill One's overseas expansion starts with hiring engineering talent at our development center in Cebu,

Philippines. With a vision for a more multinational workforce, we'll also increase hiring of people from other countries for our Japan-based engineering team, which is now predominantly Japanese. As we expand globally, it's imperative to understand each country's laws, business customs, religions, and cultures, focusing on ensuring that we create organizations and environments that are psychologically safe and respect human rights.

## Final Thoughts

Recruiting and securing talent are top management priorities as we look to reignite our growth. Even as we expand the scale, it's vital to not only preserve but also strengthen our mission-driven culture. This past year, I've had the opportunity to discuss with our CEO the DNA that Sansan wants to maintain. As a group of individuals with determination and intent, our goal is for every member to remain highly motivated and continually create new types of value. As the CHRO, I'm committed to fostering such an organization and environment. The only way is one where there is determination. Holding onto this belief, we will keep moving forward.

**Yuta Ohma**

Director, Executive Officer, CHRO

# Human Capital

**Talent is an essential management resource. Our ability to achieve high growth while creating new markets owes to the successes of our talented human resources. To ensure our future growth, we must provide environments that welcome diversity and allow all staff, whatever their background, to work with great motivation. Through this approach, we are working to create innovations that solve business challenges, through measures including promoting our employees' success.**

## Material Issues (Priority Issues)

Among the five priority areas identified in 2022, under “Respect Employee Diversity and Producing Innovation,” we define “Promoting the recruitment, development, and success of human resources” and “Promoting diversity, equity and inclusion” as material issues. In August 2023,

we established long-term quantitative targets for FY2029, including 35% referral-based hiring, an 80% Unipos posting rate, and a minimum of 30% female managers and 45% female employees. We are working on initiatives to achieve these targets.

### Materiality Targets

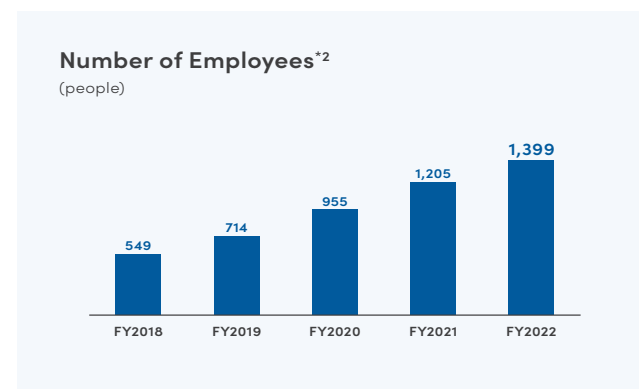
Area	Material Issue	FY2029 Target		FY2022 Result
Respect Employee Diversity and Producing Innovation	Promote the recruitment, development, and success of human resources	Referral-based hiring rate	35%	12.0%
		Unipos <sup>*1</sup> posting rate	80%	59.6%
	Promote diversity, equity and inclusion	Ratio of female managers	30% or higher	17.8%
		Ratio of female employees	45% or higher	34.9%

<sup>\*1</sup> We use a peer bonus platform service, provided by Unipos Inc., that involves all employees.

## Recruiting, Developing, and Promoting Human Resources

Continuously strengthening recruitment is an essential element of our growth strategy. As of May 31, 2023, we had approximately 1,400 employees, and our various organizations, including development, sales, and back office, comprise talented individuals from diverse backgrounds. We emphasize hiring employees with strong expertise and skills, and who have a mission-driven attitude that matches our corporate philosophy. This emphasis stems from our belief that people whose ideals match our corporate philosophy, such as our mission, vision, and values, are more likely to be successful after joining. Our mission-driven corporate culture has been an effective tool for recruiting, letting us hire a range of highly capable individuals. We are also developing systems and environments that not only enable our staff to succeed, but also allow our

organization to absorb their knowledge and promote their growth and success, so they also develop those around them.



<sup>\*2</sup> The graphs show results for fiscal years ended May 31.

## Referral-Based Hiring

Since 2015, we have had an employee referral-based hiring system called My Myaku, which provides benefits such as covering meal costs when making referrals and reward payments when referrals are hired, to promote referral-based hiring. The hiring success rate through My Myaku is about 10 times that from standard procedures, greatly contributing to our most crucial growth strategy: talent acquisition. Moreover, as employees themselves approach people they want to work with, My Myaku hires tend to have less mismatch with the company and lower early resignation rates than standard hires. Also, since the promotion of My Myaku requires employees who think so highly of the company that they will refer close friends and acquaintances, we place importance on the referral-based hiring rate as an indicator to

quantitatively measure organizational health.

Our referral-based hiring rate was 12.0% in FY2022. By enhancing the My Myaku system and promoting its use by all employees, we aim to reach 35% by FY2029.



## Unipos

We use the all-employee peer bonus® culture platform service Unipos to visualize internal instances of commendation within the company. This instills our corporate culture and boosts employee engagement. On the Unipos platform, provided by Unipos Inc., employees can send small tips that can be converted to compensation to colleagues, along with comments of praise for good work and contributions. Sharing

commendations on Unipos makes good employee actions visible company-wide, which should improve employee engagement. The accumulated data can also be leveraged in human resource initiatives.

The Unipos posting rate by our employees was 59.6% in FY2022. By promoting its use, we aim to reach 80% by FY2029.

## Unipos: An Embodiment of Our Values

Guided by our value of “Appreciate and be inspired,” we emphasize a culture in which employees commend each other. Unipos is used throughout the company because it fully embodies this value. We encourage employees to post on Unipos adding various tags based on our mission, vision, values, and annual theme, because we believe that commending actions related to our philosophy and direction in a forum visible to all employees, rather than just expressing gratitude directly, helps instill those ideals and culture. We also conduct PR for employees, such as, within the company, regularly commending and publicizing exemplary actions that best embody our corporate philosophy, from among the posts on Unipos. As a result, in FY2022 over 80%<sup>\*3</sup> of employees were

commended on Unipos, with approximately 45,000 posts.

<sup>\*3</sup> Calculated for regular employees and contract employees of Sansan, Inc. and Sansan Global Pte. Ltd.





## - Program for New Employees

Our Sansan Culture Onboarding Program (SCOP) is a 6-month training program for mid-career hires. Together with their colleagues, new hires familiarize themselves with Sansan's philosophy, company culture, journey, and products, helping them get up to speed so they can quickly deliver results contributing to our mission and vision. In FY2022, employee participation time in SCOP totaled approximately 5,600 hours.

SCOP starts with a 5-day program upon joining, including after being assigned to a worksite. The training covers not only basics like administrative onboarding procedures and internal systems, but also opportunities to hear from department representatives about aspects such as product details, development processes, and

key technologies. We also provide opportunities to hear about our corporate philosophy (Katachi of Sansan) and historical changes from the CEO, directors, executive officers, group managers, and other members, and to discuss them. The goal is to foster deeper understanding of our corporate culture by having new hires articulate concepts themselves rather than just receiving information. Employees who have completed the training have given positive feedback, with remarks like, "After being assigned to a worksite, I've often referred back to the corporate philosophy as a guide for decisions," and "Learning about the company as a whole has allowed me to better understand my department's role."

### SCOP Contents

5-day program	Learn basics about Sansan, the company.
Katachi Training (CEO) / Katachi Salon (directors) / Katachi Salon (executive officers)	Hear thoughts on our corporate philosophy, the "Katachi of Sansan," from the CEO, directors, and executive officers.
Katachiba (group managers)	Together with group managers, verbalize one's own thoughts on the Katachi in relation to one's own work.
Katachi Offsite Meeting	Deepen understanding by articulating the Katachi in one's own words based on the training so far.
Nanahachi (senior colleagues)	Build internal connections through interactions with senior colleagues.



## - Developing IT Talent

We help to foster entrepreneurs by supporting the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship, built on the concept of "A school changing humanity's future through technology and design." We believe our support contributes to the development of IT talent in Japan and is in line with our

material issue of "Promote the recruitment, development, and success of human resources." To facilitate this support, we established an internal department that offers marketing, design, PR, and other insights cultivated through our business.

## Kamiyama Marugoto College of Design, Technology, and Entrepreneurship

In April 2023, the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship, a private technical college, opened in the town of Kamiyama in Japan's Tokushima Prefecture. Unlike conventional technical colleges, which focus on technical education, Kamiyama Marugoto lets students simultaneously study technology, design, and entrepreneurship, with the goal of nurturing people who can accomplish great things by creating great things – that is, people who can change society. Students receive a 5-year integrated education from ages 15 to 20

in a residential college, living together with their peers. The curriculum includes practical aspects, such as exercises and experiments, as well as lecture-style classes. During classes, students not only work on their assigned tasks but also develop practical problem-solving skills through bidirectional communication fostered by small group discussions, group work, and debates. Besides classes, the college also provides students with opportunities to grow independently through extracurricular activities and interactions with the local community.



Kamiyama Marugoto College of Design, Technology, and Entrepreneurship  
Executive Director

**Takaki Matsuzaka**

The Kamiyama Marugoto College of Design, Technology, and Entrepreneurship curriculum centers on those three pillars: technology, design, and entrepreneurship. Intensive programming fundamentals and design methods using software are taught. The weekly Wednesday Night event has hosted 25 entrepreneur guest lecturers in 12 groups thus far. Student-launched projects, such as programming contests and agricultural activities with local residents, are flourishing. We have also initiated a Sansan-supported scholarship program, in which recipients have already started learning about corporate collaborations. Going forward, we will remain committed to developing students with the power to change humanity's future.

## Promoting Diversity, Equity and Inclusion

Our policy is to actively recruit and promote talent without focusing on attributes such as background or gender, and to give all employees fair evaluations and promotion opportunities. Through the design of

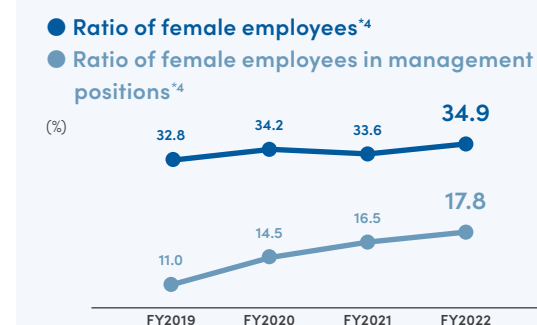
various internal systems and training, we ensure that all employees are treated fairly as professionals, without judgment based on specific attributes.

### - Supporting Women's Careers

Our ratio of female managers and employees has increased to 17.8% and 34.9%<sup>\*4</sup> as of May 31, 2023. To achieve our FY2029 targets of 30%+ and 45%+ we will continue monitoring and conducting fair and unbiased evaluations.

We have designed systems to enable women to play more active roles. For example, our Oyaco system helps women, who are unequally burdened by pregnancy, childbirth, and childcare, better balance motherhood and

work. It subsidizes extra fees for non-accredited nursery schools until age 3. We also support use of babysitters and housekeeping services. To continue career development while balancing childcare and nursing care, employees can choose work styles that suit their circumstances. We also apply employment classifications that enable flexible ways of working, respecting our employees' wills and motivations.



<sup>\*4</sup> The graphs show results for fiscal years ended May 31. Calculated for regular employees and contract employees of the Company on a non-consolidated basis.

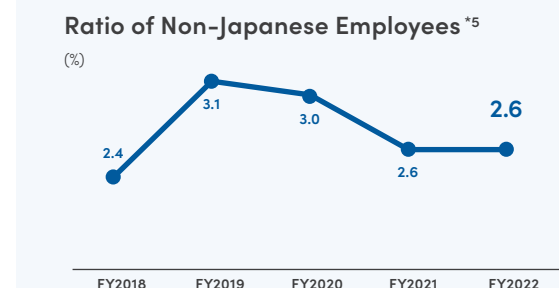
### - Promoting Employment of Foreign Nationals and People with Disabilities

As we seek to aggressively expand overseas, we are focusing on hiring non-Japanese employees. These accounted for 2.6% of employees<sup>\*5</sup> as of May 31, 2023. We strive to create a corporate culture that embraces diversity while realizing our mission, by creating opportunities for interaction between non-Japanese employees at overseas locations and Japanese employees in Japan, and by encouraging communication.

Our ratio of employees with disabilities<sup>\*6</sup> as of March 31, 2023, was 2.6%. We are working to create and expand employment opportunities for people with disabilities.

<sup>\*5</sup> The graphs show results for fiscal years ended May 31. Calculated for regular employees and contract employees of Sansan, Inc. and Sansan Global Pte. Ltd.

<sup>\*6</sup> The graphs show results for fiscal years ended March 31. Calculated for regular, contract, and part-time employees of the Company on a non-consolidated basis.



## Unique Human Resources Systems

Active communication among employees is necessary for the organization to absorb its talent's expertise and enable each employee to achieve further growth. We have implemented initiatives and environmental improvements for that purpose, investing 12 million yen in employee exchange initiatives in FY2022.

In addition to existing programs like the Know Me meal cost subsidy and Yoiko club activity, in October 2022, we

newly established Yoriai to spark innovation through internal encounters, providing free drinks and snacks in the head office free space after work hours along with events to create opportunities for gathered members to interact, invigorating communication. Through September 2023, more than half of our employees had joined Yoriai since it began.

### - Promoting Greater Understanding of Sansan and Fostering Lively Internal Communication

#### Company-Wide Katachi Discussions

We regularly provide opportunities for all employees to discuss our corporate philosophy. Having all members address the company's values and culture is an essential opportunity for employee growth and productivity.

#### Sansan Values Star Award

Through Unipos, employees commend each other, along with small tips. We also have occasions to recognize employees who received many tips for embodying our values.

#### Know Me

We have set up a system to subsidize dining expenses when three employees in different departments have a meal together. This contributes to stimulating internal exchanges and improving the quality of each employee's work.

### - Creating Opportunities for Employee Growth and Enhancing Engagement

#### Mission Grade System

We have an evaluation system defining authority, responsibility, treatment, etc., by grade, determined based on performance and future expectations, leveraging growth for each individual.

#### Peer Evaluation System

We use a 360-degree feedback system wherein colleagues evaluate each other. Comprehensively incorporating evaluations from colleagues in various positions enables greater fairness.

#### Engagement Survey

We conduct a monthly engagement survey of regular employees and contract employees, analyzing the results to inform areas such as self-management and organizational management, and company-wide systems and policies.

### - Knowledge Acquisition and Skills Improvement

#### Coacher

With the aim of identifying issues concerning growth based on individual growth potential and opportunities, and encouraging action, we implemented a system that allows individuals to receive coaching from employees certified as educational coaches.

#### Geek Seek

Aiming to improve our services, we established a system to subsidize the purchase of publications, tools, and event participation expenses for our engineers, researchers, and designers to acquire knowledge and work more efficiently.

#### Ocean

As we are developing our overseas business and hiring more non-Japanese employees, we have established a system to support employees learning English or Japanese by subsidizing associated costs, such as lessons and book purchases.

### - Enabling a Variety of Working Styles

#### Oyaco

This system partially subsidizes fees for non-accredited nursery schools, babysitters, and childcare, helping female employees to return from maternity or childcare leave more easily and helping employees to balance work and parenting.

#### Flextime System for Engineering and Creative Staff

This system lets engineering and creative staff freely adjust their daily starting and ending times within set total working hours, enabling a variety of workstyles and improving work productivity.

#### Telecommuting System

This system lets employees work from home a certain number of days per month, increasing work productivity by flexibly combining office and home workstyles.



# Turning Our Engineering Organization, Which Is Key to Business Maximization, into a Globally Competitive Group

## CISO, DPO, Engineering Division Head Message

Director, Executive Officer, CISO, DPO,  
Engineering Division Head

**Kenji Shiomi**

## Pursuit of a High-Level Engineering Organization

*How has the engineering organization evolved and what's your current assessment of it?*

We began with Sansan as our only product. But when we introduced Eight, we established a separate development team, distinct from Sansan's. Historically, we've set up dedicated engineering teams for each new product.

As our product lineup expanded, some downsides to this approach became evident. Notably, there were inconsistencies in evaluating engineers and problems with resource fluidity. Since recruitment was product-specific, flexibly reallocating talent across products became a challenge and caused resource inefficiencies.

We responded to this by consolidating all engineering groups into a single Engineering Division in July 2021. We unified the hiring process, and over the following 2 years, our engineering staff grew about 150%, fortifying our organization. The division expanded from 7 departments to 13. From a numbers perspective, this no doubt increased our organizational

strength.

Regarding quality, our research and development (R&D) outcomes are now more effectively applied across all products. While cross-product R&D was practiced even before the Engineering Division came to be, the unified approach has sharpened R&D's alignment with specific product needs. For instance, our Sansan Labs R&D unit is now experimentally integrating its data research into Sansan's features. A significant portion of these functionalities emerges from the R&D team's initiatives, marking a notable uptick in dynamism.

When considering our engineers' career paths, we also realized the potential benefits of them working across multiple products simultaneously. By providing opportunities to gather diverse product experiences, we believe we've uplifted both the breadth and depth of their professional growth.

*Has there been any change in the engineering organization since the sales team underwent a structural shift in June 2023?*

The sales structure has transitioned from optimization to maximization. While maintaining a policy of

efficient development, we're now directing efforts toward maximizing each business line. Our engineers are also actively seeking ways to contribute effectively to this company-wide shift in focus to maximization by, for example, deepening their collaboration with related departments to better understand their requirements and ensure tighter alignment with our products.

## Addressing the Growth of Engineers

*How do you approach the recruitment, development, and evaluation of engineers?*

The consolidation of engineering teams within the Engineering Division allowed us to thoroughly review and redesign our training policies and evaluation criteria. This overhaul has resulted in noticeably higher quality and skills in our engineers, leading to greater productivity.

In terms of evaluation, we've rolled out the Mission Grade System tailored for specialists like engineers and designers. This system assigns a grade depending on the specific role or "mission" an individual is given. The mission grades' appropriateness is verified through quarterly one-on-one sessions between engineers and their senior managers, typically those at the department head level. While our formal appraisals are yearly, these quarterly sessions offer a crucial touchpoint for developmental feedback.

Regarding inter-product talent movement, as we pivot toward a business maximization strategy, we're committed to ensuring that engineers can build careers across





different products, such as from Eight to Sansan or Bill One. Our training methods are also designed to suit our engineers' particular career aspirations, whether they see themselves continuing as professionals or evolving into managers.

## Realizing Business Maximization

*How does the engineering organization intend to contribute to the company's growth?*

With many of our business lines growing incredibly fast, the Engineering Division's primary role is to meet our products' evolving needs. Regrettably, our current output isn't keeping pace with the volume of development items requested. Deciding the order in which to tackle each product's items is a pressing concern. Greater development power, in other words, higher productivity, would eliminate such worries. So, our immediate focus is on determining how to increase the number of development items we release each quarter and how to boost organizational output.

Above all, to maximize business,

we need more team members. When considering how the engineering organization can contribute to company growth, recruitment is the primary task. Our extensive data is one of our distinctive assets. New team members can find it very satisfying to use this data to generate novel value. As part of our broader societal vision, we're committed to leading and energizing Japan's tech sector. In recruiting, we underscore our company's unique value proposition.

## Aiming for Global Presence

*Sansan now has a development base overseas. What's the rationale behind this decision and the future strategy?*

We established the Sansan Global Development Center in Cebu, Philippines, in 2023. While the current staff numbers around 20, we're aiming for 200 in the next 2 years. The Center's purpose isn't to supplement our Japan-based resources but rather to develop products specifically for international markets. This includes customizing offerings like Sansan and Bill One for overseas audiences and developing new features specific to them. For

now, our focus is on Asian markets such as Singapore.

We chose to set up in the Philippines based on the country's abundance of English-proficient talent and the relative ease of hiring highly qualified engineers there. Given the younger demographic and the many IT students, we foresee an increasing amount of engineering talent in the coming years.

## Balance Security and Convenience

*The company has highlighted "Provide safe and stable infrastructure services" and "Ensure robust protection of data privacy and information security" as material issues (priority issues) and has set the measurable goals of "zero significant incidents" and "maintaining a Protection of Individual Information Person rate of at least 80%." What's the rationale behind these decisions?*

Security has always been vital to our company, and the principle of balancing security and convenience is embedded in our philosophy. We've been firmly committed to security since our founding. As the CISO, I'm responsible for raising awareness of security throughout the company. I share security updates monthly in all-hands meetings, covering recent cyber risks, industry case studies, and practical measures that every team member can embrace. Going forward, we will continue to emphasize education and awareness to raise each employee's security acumen.

We're also strengthening our security framework. As in the world in general, we face daily threats from cyberattacks. We constantly evaluate our range of defense and response granularity

to protect all our solutions. In 2023, we established specialized groups within our Information Security Department: one for cybersecurity, another for obtaining security-related certifications, and a Security Management Group. Though we've always had departmental security measures, this overarching organization ensures a heightened, cohesive defense strategy company-wide.

Guided by protocols from our Security Management Group, we conduct drills such as penetration testing, which is a simulated external attack designed to pinpoint vulnerabilities and formulate solutions. Routine system vulnerability checks, aided at times by external partners, make our defenses even stronger.

Regarding our target of maintaining a proportion of those qualified as Protection of Individual Information Person rate of at least 80%, it's mandatory that our managerial staff obtain this qualification, which is a pivotal security measure. Achieving 80% certification in an organization of roughly 1,400 members is challenging, but it's an essential priority. Given that we handle a range of business data, including personal information, it's critical that we engage in security measures across our entire company.

However, since security enhancements are inherently defensive, they might impair convenience with strict rules and other restrictions. Instead of ensuring safety at the cost of efficiency, we must consider measures that safeguard security while not compromising operational efficiency. Bluntly speaking, if not using various services or tools was the best



security measure, it would be a total loss. As a SaaS company offering IT services, our growth depends on adopting new things. While recognizing this intrinsic quality, we also understand that maintaining a vigilant commitment to security is paramount.

## Aiming to Assemble the World's Premier Group of Engineers

*Finally, could you elaborate on the strengths of the company's engineering organization?*

A hallmark of our engineering organization is our development environment that seamlessly integrates technical expertise into our products, backed by the foundation of accumulated high-precision business data.

Our ability to deliver R&D outcomes relatively directly to our users is another of our strengths. We take pride in our robust R&D structure, and among our researchers are data analysts and talent skilled in image recognition, which gives us a significant source of competitive advantage. Our research objectives are not academically advanced output, but

rather the practical enhancement of our products through R&D. So, we emphasize close links between our product development engineering teams and R&D units. Our R&D personnel take part in product development, collaborating with product engineers to tackle real-world challenges.

Another big strength is our environment that fosters our engineers' growth. As individuals, our employees can align their personal growth with the growth of the company and its business, making it easier for them to feel their careers are progressing. We're also planning to bolster our overseas expansion in the future, offering opportunities for our teams to be active on a global stage. We intend to make the most of these strengths to reinforce our engineering organization.

### Kenji Shiomi

Director, Executive Officer, CISO, DPO, Engineering Division Head



## R&D

Our unceasing focus since our founding on accurately digitizing business cards has made our technology for digitizing analog information a source of competitive advantage. Beyond business cards—evidence of people's encounters—the data we now handle has expanded to include evidence of encounters between companies, such as invoices and contracts. To strengthen this core technology and generate new value enhancements by utilizing business data, we have established a research and development department specializing in handling data.

### R&D Policy

The R&D department advances our core technologies and applies them in new business areas, creating advantages in each product. Moreover, as the scope of the business data we handle grows, there is increased

potential for resolving various challenges through effective data utilization. Consequently, we engage in R&D with a strong awareness of the importance of the value provided by utilizing data.

### R&D Organization

As of the end of May 2023, the R&D department has 30 members, including specialists with diverse backgrounds and expertise. For example, alongside data scientists active on Kaggle<sup>\*1</sup>, we have researchers from humanities fields such as the social sciences and economics, all undertaking R&D to enhance product value. The department also has engineers who handle design, development, and implementation of features and

systems, ensuring rapid application of R&D outcomes in our products. The department's data engineers design and develop data analysis platforms, contributing to our operations by organizing a variety of business data.

<sup>\*1</sup> Kaggle hosts competitions for data scientists worldwide to compete on designing the best models for specific challenges. About 10 Japanese data scientists hold the top-level title of Kaggle Grandmaster.

### R&D Examples

The R&D department's efforts create various technological advantages in each of our products and

its research results are also used in sales activities, contributing greatly to our overall business growth.

#### Various R&D Initiatives

	Image Processing/ Recognition	Natural Language Processing			Machine Learning		Data Science, Causal Inference		Data Visualization, Product Management	
<div><div>sansan</div></div>	Automating input	Company keywords	Email signature extraction	News distribution	Extracting company logos	Recommendations	Name-based data consolidation	A/B testing, impact verification	Sansan Labs	
<div><div>eight</div></div>										
<div><div>BillOne</div><div>powered by Sansan</div></div>		Digitizing documents								
<div><div>ContractOne</div><div>powered by Sansan</div></div>										
New business										
<div><div>Sales</div><div>(In-house tasks)</div></div>		Improving sales efficiency (sales)								
		Preventing churn, promoting usage (customer success)								

### - Sansan Labs

Sansan Labs, which provides experimental features developed by the R&D department, also carries out R&D in generative AI and functions in 2023 to boost sales and marketing efficiency by leveraging GPT's text generation capabilities and high summarization accuracy.

The Seminar Recruitment Email Creator automatically generates email copy to attract attendees for events

such as seminars and exhibitions, instead of sales and marketing staff writing them.

The 5-Minute Securities Report summarizes the issues and current status of four key topics in corporate securities reports—management/organization, market environment, products/services, and governance—into text that is readable in 5 minutes.

### - Leveraging GPT in Contract One

We have been working to enhance the functionality of Contract One to increase its value. In 2023, we added a feature that uses GPT to summarize contract documents. Users can search for necessary contracts by company name, move to the AI Summary tab, and view the

documents summarized concisely in a format similar to bullet points that is understandable without legal expertise. This enables not only legal staff but also sales staff unfamiliar with specialized legal jargon to easily grasp contract outlines.

### - Supporting Sansan/Bill One Sales Activities

We are making efforts to utilize business data aggregated in company-wide databases to support our sales activities. For example, for customer success staff handling ongoing support for existing clients, we developed functions for recommending which accounts to focus resources on and alerting staff about customers

who are likely to cancel their contracts. We also conduct R&D to support various tasks, such as displaying a health score indicating the relationship with the customer, automatically generating usage reports showing existing users' access status and actual use of functions, among other data.

## Pursuing Outcomes and Speed in R&D



Engineering Division,  
R&D Department  
Deputy Head

**Takenori Oshima**

At Sansan, we place importance on integrating R&D with business and are committed to delivering results. Even if a measure is technically meritorious, if misaligned with business direction, we will seek optimal alternatives. We also value researchers' willingness to solve problems on their own initiative. When the R&D department was still new, R&D efforts were based on product team requests, but now researchers themselves look at the products' purpose, actively identifying issues and taking the lead in finding solutions. For example, researchers' experiencing first-hand Bill One's invoice receipt and scanning workflow sparked improvement ideas. This mindset not only boosts business results but also researcher motivation. We also obsess over swiftly providing R&D results to products. For instance, in new functionality development at Sansan Labs, we aim for a one-week timeframe from idea to feature provision. By pursuing the fastest turnaround time possible, we accelerate R&D cycles and drive business results through speed.



# - Information Security

Convenience and security often clash in the development of cloud services. Maintaining a delicate balance between the two is crucial for enhancing business productivity. Our corporate philosophy aims at balancing security and convenience. We therefore have made this a key area of focus. Apart from ensuring convenience, we will also implement measures to maintain data privacy and information security, thereby providing society with highly safe and stable solutions.

## Material Issues (Priority Issues)

Among the five priority areas identified in 2022, under “Balance Security and Convenience”, we identified “Provide safe and stable infrastructure services” and “Ensure robust protection of data privacy and information security” as material issues. In August

2023, we established long-term quantitative targets for FY2029 for each material issue. We are now working on measures to achieve zero significant incidents and maintain a Protection of Individual Information Person qualifications rate of at least 80%.

### Materiality Targets

Area	Material Issue	FY2029 Target		FY2022 Result
Balance Security and Convenience	Provide safe and stable infrastructure services	Number of major incidents	0	0
	Ensure robust protection of data privacy and information security	Proportion of those qualified as Protection of Individual Information Person	Maintained at 80% or higher	82.3%

## Management Structure

We strictly manage information assets under personal information protection and information security policies. Our directors serve as the CISO<sup>\*1</sup> and DPO<sup>\*2</sup> to ensure quick and comprehensive responses to privacy and security risks. Our dedicated Information Security Department's CSIRT<sup>\*3</sup> monitors potential threats, system vulnerabilities, and signs of cyber-attacks, and develops response policies and procedures. Since our founding

in 2007, we have maintained a Personal Information Protection Management System (PMS) and a robust data protection environment. We employ the latest security technology to monitor important information at all times.

<sup>\*1</sup> Chief Information Security Officer

<sup>\*2</sup> Data Protection Officer

<sup>\*3</sup> Computer Security Incident Response Team

## Information Security Initiatives

Our services facilitate users' management and use of important data, including personal information. Careful handling of information is therefore a top management

priority. We further minimize risk through rigorous security training for all executives and employees, third-party certification, various technical measures, and other efforts.

## - Education on Information Security

To encourage correct understanding of the Act on the Protection of Personal Information and safe data management, all our executives and employees must acquire Protection of Individual Information Person qualifications, with a FY2029 target of maintaining an acquisition rate of 80%+. Salary increases are, in principle, suspended if an employee does not pass the exam within a certain period after joining the company. Employees regularly learn about information security and personal

information protection. They receive training upon hiring and annually, and the director in charge updates the entire staff monthly on security initiatives and topics. We have strict information asset handling procedures, such as prohibiting storage of personal and confidential information on PCs. Our Internal Auditing Department appoints security committee members from among employees to strengthen security awareness through the use of a mutual security auditing system.

## - Third-Party Certifications

We are committed to obtaining third-party security-related certifications and periodically renewing them to ensure that users can use our services safely and securely. For example, we obtained Privacy Mark in 2007. In 2022,

our products Sansan and Bill One obtained ISO/IEC 27001 certification, an international standard for information security. These certifications strengthen our information security and give our services further credibility.

## - Technical Measures

We implement various security measures with the goal of providing safe services. These include vulnerability

assessments and penetration testing by our specialized in-house departments.

### Encryption of All Data Center Transmissions

Alongside establishing firewalls, all external transmissions to our data centers when accessed from outside are made with advanced encryption using user-authenticated HTTPS.

### Vulnerability and Penetration Testing by Security Specialists

We hire external organizations to find system vulnerabilities and conduct penetration testing based cyber-attacks, so we can check our security level and fix any problems.

### Deleting Images After Business Cards Are Scanned

Sansan scanners contain software that prevents unauthorized external access. Image data is deleted from the scanners after business cards are scanned.

### High Service Availability

All our servers are load-balanced, ensuring prompt service recovery in the event of a failure. Our data centers are also redundantly configured to minimize the risk of functional and service outages in the event of a disaster.

## CSIRT Initiatives



Engineering Division, Information Security Department, CSIRT Group  
Group Manager

**Tatsuya Kawamura**

Our CSIRT group implements surveillance systems to guard against various threats. CSIRT collects and monitors data logs to ensure robust and effective responses to external attacks and suspicious activities. If any suspicious event is detected, a response is immediately decided upon and coordinated with the relevant departments. We undergo annual penetration tests that inform how we strengthen our monitoring processes and now include our products in log collection. To bolster product security, CSIRT and product teams collaborate right from the design stage. This approach not only ensures safety at an early stage, but also curtails the potentially expanding costs of post-release countermeasures. We also consistently revisit our security protocols, including the rollout of two-factor authentication for our existing products.



## Environment

We recognize that addressing global environmental issues is extremely important for sustainable social and economic development, and a universal challenge worldwide. To help resolve these issues, we are working to transition to a decarbonized society and conserve water resources and biodiversity through forest conservation, while promoting conservation of the natural environment through our business activities. Additionally, by proactively disclosing the status of our activities, we will promote communication with society on environmental matters.

### Material Issues (Priority Issues)

Among the five priority areas identified in 2022, under “Conserve the Environment Through Business,” we recognized “Address climate change issues” and “Use natural capital efficiently” as materialities. In August 2023, we established long-term quantitative targets for

FY2029, including carbon neutrality for the combined values of Scope 1 and 2 GHG emissions. At the same time, we are striving to reach 120 million uses of our paperless functionality, enabling business data exchange in the cloud through our solutions, without paper.

#### Materiality Targets

Area	Material Issue	FY2029 Target		FY2022 Result
Conserve the Environment Through Business	Address climate change issues	Scope 1 + 2 <sup>*1</sup>	Carbon neutral	851 t-CO <sub>2</sub>
	Use natural capital efficiently	Number of uses of paperless functions in our services <sup>*2</sup>	120 million	13 million

<sup>\*1</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.

<sup>\*2</sup> Results for the Company's services are aggregated for Sansan, Bill One, Contract One, and Eight.

### Initiatives to Conserve the Natural Environment

We recognize the importance of understanding our business activities' impact on nature and are committed to taking informed and appropriate conservation actions. For example, we allocate a portion of our profits to tree-planting activities, aiming to conserve water resources and biodiversity through forest preservation. A defining

feature of our primary services is that they lessen the environmental footprint by digitizing analog information. By expanding and promoting these services, as well as advancing digital transformation (DX) and championing paperless initiatives, we will contribute to conservation of the natural environment.

### Support for Paperless Business Operations Through Provided Services

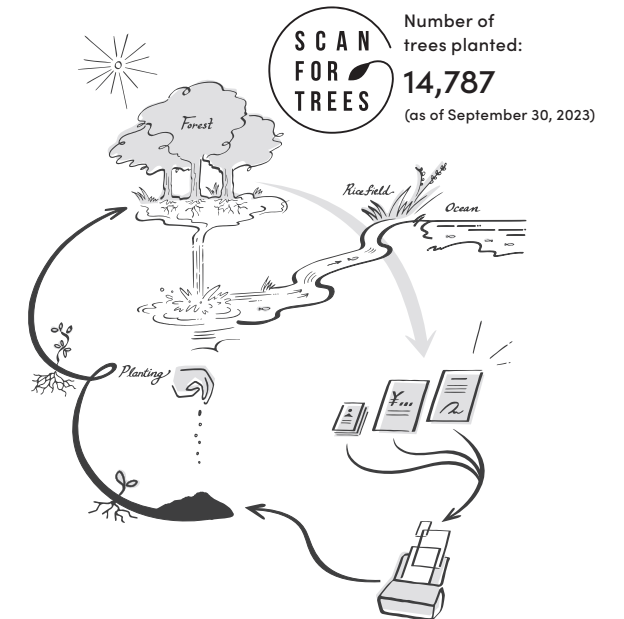
Our primary services share the ability to digitize documents, thereby supporting corporate digital transformation. In particular, paper documents such as business cards, invoices, and contracts are creating operational efficiency issues for companies. Sansan

and Eight address this by enabling virtual business card exchange, while Bill One makes it possible to receive and issue invoices in the cloud. Exchanging business data in this way facilitates paperless environments and contributes to environmental conservation.

### Scan for Trees: Tree-Planting Activities

In the Scan for Trees project, trees are planted where needed in disaster-affected areas. The number of trees planted is based on the number of documents digitized through our Sansan, Bill One, and Contract One solutions.

Paper documents such as business cards, invoices, and contracts often start from wood. This project is designed to enrich aspects of the natural environment, such as forests and water, through our solutions. Thus far, we have planted trees in Miyako City, Iwate Prefecture, and Osaki City, Miyagi Prefecture, which were affected by the 2011 Great East Japan Earthquake, and in Yamato Town, Kamimashiki District, Kumamoto Prefecture, which was damaged by the 2016 Kumamoto Earthquake. More than 10,000 trees have been planted since the project began. We now also count digital documents, such as virtual business cards and PDF invoices. Through these efforts, we support the recovery of forests and reconstruction of disaster-affected areas even as online work becomes more commonplace.



## Biodiversity



NPO Environmental Relations  
**Atsuko Suzuki, President**

NPO Environmental Relations undertakes the “Present Trees” project, which plants trees in places needing reforestation such as damaged forests and unforested land, enlists supporters, interacts with local residents, and nurtures the forest for 10 years. We have contributed to reforestation and regional revitalization in 50 locations nationwide. Sansan has supported this project through “Scan for Trees,” reforesting approximately 5 hectares. We are truly grateful to everyone at the company. Forests play many vital roles such as providing clean water, fostering beautiful nature and diverse organisms, and preventing global warming. With 70% of Japan covered in forest, creating forests builds the nation. The intensifying “Nature Positive” <sup>\*3</sup> and “30 by 30” <sup>\*4</sup> initiatives involve the government certifying areas with conserved biodiversity as Nature Coexistence Sites and subsequently registering them in an international database as OECMs. <sup>\*5</sup> On the other hand, the number of barren clear-cut areas unable to be replanted is increasing, taking over 100 years to revert to forest. To expand OECMs in disaster-prone Japan, rapidly decreasing barren land is imperative, and “Scan for Trees” is effective for this purpose. We hope to collaborate with Sansan on biodiversity to achieve “30 by 30.”

<sup>\*3</sup> Halting and reversing biodiversity loss by 2030

<sup>\*4</sup> Target to effectively conserve at least 30% of land and sea as healthy ecosystems by 2030

<sup>\*5</sup> Areas outside protected zones like national parks that contribute to conserving biodiversity

## Disclosure Based on TCFD Recommendations

Sansan has a system for identifying and monitoring climate change business risks and opportunities, and enhancing our response to them. This is vital for transitioning to a low-carbon economy and a decarbonized society, while ensuring stable economic

development and securing foundations for people's livelihoods. We support the Task Force on Climate-related Financial Disclosures' (TCFD's) recommendations and make disclosures under this framework as follows.

### 1. Governance

Our Board of Directors makes policies and decisions that help achieve sustainability. Climate change is a top-priority material issue for us, and, under the responsibility and supervision of the Representative Director, we have established a Climate Change Response Project comprising the IR Team, Office Strategy

Department, and Finance & Accounting Department, among others, and are reviewing our responses. The Board scrutinizes annual reports from the project detailing climate change-related metrics and business risks and opportunities and reflects them in our business strategies and plans.

### 2. Strategy

We have examined the following temperature rise scenarios (mainly from the Intergovernmental Panel on Climate Change's Shared Socioeconomic Pathways (SSP) and Representative Concentration Pathways) to understand how business conditions would be affected, and better respond and adapt: limited to 1.5°C (SSP1-1.9), below 2°C (SSP1-2.6), and a 4°C increase (SSP5-8.5). The table on the right shows our business risks, opportunities,

and responses. Our analysis covers all operations at short (present to 2025), medium (up to 2030), and long (up to 2050) timeframes. We have categorized the profit impact by annual amount: less than 1 billion yen is "small"; 1 to 3 billion yen is "medium"; and exceeding 3 billion yen is "large."

### 3. Risk Management

Domain-specific directors collaborate with the Climate Change Response Project to analyze climate scenarios, identify business risks and opportunities, assess their importance and profit impact, and consider measures. Findings are presented annually to the

Board of Directors, which reflects them in business strategies and plans. Important climate change-related risks are managed together with other risks identified by internal audits and other company-wide analyses.

### 4. Metrics and Targets

Our past 3 years' GHG emissions, <sup>\*1</sup> our climate change metric, are shown below.

In FY2023, we set the goal of achieving carbon neutrality by

2030 for Scope 1 and 2 emissions. As we strive to meet it, we will also consider various internal and external factors to establish a reduction target for Scope 3 emissions.

### GHG Emissions <sup>\*6\*7\*8</sup>

Item	Unit	FY2020	FY2021	FY2022
Scope 1	t-CO <sub>2</sub>	0	0	0
Scope 2 (location-based)	t-CO <sub>2</sub>	477	639	840
Scope 2 (market-based)	t-CO <sub>2</sub>	525	668	851
Scope 1 and 2 (market-based)	t-CO <sub>2</sub>	525	668	851
Scope 3	t-CO <sub>2</sub>	-	15,679	18,638
Scope 1, 2, and 3 (market-based)	t-CO <sub>2</sub>	-	16,347	19,489
Scope 1, 2, and 3 emissions intensity (per net sales)	t-CO <sub>2</sub> /hundred million yen	-	81.7	78.2

<sup>\*6</sup> Non-consolidated results of Sansan, Inc., aggregated, covering 97.7% of the group's business (non-consolidated sales as a percentage of consolidated sales) as of FY2022.

<sup>\*7</sup> Scope 1 aggregates direct GHG emissions from our owned offices and facilities. Scope 2 aggregates indirect GHG emissions through each office's use of purchased electricity, thermal energy, etc. Scope 3 aggregates GHG emissions throughout the entire value chain (categories 1-15), excluding Scope 1 and 2.

<sup>\*8</sup> Results prior to FY2021 have been recalculated, owing to refinements in the aggregation method.

## Climate Change-Related Risks and Opportunities

### 1) Identifying Risks

Type	Scenario Analysis	Risks	Timeframe	Profit Impact (Annual)		Response Measures
				1.5° C/Below 2° C Scenario	4° C Scenario	
Transition risks	Market	Overall environmental awareness in society grows, leading to gradually decreased use of paper-based business tools and increased use of digital information.	Short to medium	Small	Small	Offer added value equivalent to or greater than that of digitizing analog information by expanding convenient features focused on the use of digital information, thereby improving our platform's value.
		Societal demand and need for clean energy rises, resulting in surging energy prices and, due to global warming, an increase in the cooling load for information and communication equipment.	Medium to long	Small to medium	Small	Reduce costs by optimizing the procurement of essential resources and materials, including servers and electricity. And improve efficiency through energy-saving measures to reduce energy consumption.
	Law and regulation	Many countries and regions tighten regulations related to GHG emissions, with new carbon taxes or higher tax rates being introduced as part of carbon pricing.	Medium to long	Small	Small	Reduce tax burdens and carbon offsetting costs by expanding the use of renewable energy and improving energy efficiency through energy-saving measures.
Physical risks	Acute	The intensity and frequency of natural disasters such as torrential rains and floods increase, causing significant damage.	Medium to long	Small to medium	Small to large	Ensure service continuity during natural disasters by using multiple servers for system redundancy, decentralizing essential service operation sites, and preparing emergency manuals as part of our business continuity plan (BCP).

### 2) Identifying Opportunities

Type	Scenario Analysis	Opportunity	Timeframe	Profit Impact (Annual)		Response Measures
				1.5° C/Below 2° C Scenario	4° C Scenario	
Product/service	Overall environmental awareness in society grows, increasing demand for services that help reduce paper use. Also, with rising temperatures heightening the risk of infectious diseases, non-face-to-face and contactless business activities increase, elevating the importance of using digital information.	Increasing demand for our range of digital transformation (DX) solutions that help reduce the use of paper while streamlining various workflows via the use of digital information.	Medium to long	Small to medium	Small	Expand convenient features focused on the use of digital information to improve the value offered to users, and strengthen sales and marketing activities to stimulate even greater demand.