Annual Securities Report

This document is a paper version of the Annual Securities Report submitted to the Financial Services Agency via the EDINET (Electronic Disclosure for Investors' NETwork) system.

Sansan, Inc.

(E34960)

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

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Filed Document	Annual Securities Report
Applicable Law	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
Filed to	Director-General of the Kanto Local Finance Bureau
Filing Date	August 25, 2025
Fiscal Year	The 18th Term (from June 1, 2024 to May 31, 2025)
Company Name	Sansan *Kabushiki Kaisha*
Company Name in English	Sansan, Inc.
Name and Title of Representative	Chikahiro Terada, Representative Director & CEO
Address of Head Office	1-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
Phone Number	+81-3-6758-0033
Contact Person	Muneyuki Hashimoto, Director, Executive Officer, CFO
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Phone Number	+81-3-6758-0033
Contact Person	Muneyuki Hashimoto, Director, Executive Officer, CFO
Place for Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part One: Company Information

I. Overview of Company

1 Key financial data

(1) Summary of consolidated financial data

Fiscal term		14th term	15th term	16th term	17th term	18th term
Fiscal year ended		May 31, 2021	May 31, 2022	May 31, 2023	May 31, 2024	May 31, 2025
Net sales	(Millions of yen)	16,184	20,420	25,510	33,878	43,202
Ordinary profit	(Millions of yen)	375	968	122	1,224	2,743
Profit (loss) attributable to owners of parent	(Millions of yen)	182	857	(141)	953	424
Comprehensive income	(Millions of yen)	1,820	(658)	(63)	924	374
Net assets	(Millions of yen)	12,584	12,093	13,190	14,772	16,040
Total assets	(Millions of yen)	24,310	26,292	31,200	37,592	47,984
Net assets per share	(Yen)	100.34	95.59	100.95	111.30	118.29
Basic earnings (loss) per share	(Yen)	1.47	6.87	(1.13)	7.59	3.36
Diluted earnings per share	(Yen)	1.45	6.77	–	7.47	3.30
Equity-to-asset ratio	(%)	51.5	45.4	40.6	37.3	31.2
Return on equity	(%)	1.6	7.0	–	7.1	2.9
Price earnings ratio	(Times)	1,408.6	148.4	–	213.0	599.1
Cash flows from operating activities	(Millions of yen)	3,011	3,123	3,848	5,483	9,651
Cash flows from investing activities	(Millions of yen)	(551)	(1,014)	1,364	(3,180)	(2,550)
Cash flows from financing activities	(Millions of yen)	(2,902)	909	523	1,431	(654)
Cash and cash equivalents at end of period	(Millions of yen)	12,223	15,245	20,985	24,729	31,172
Number of employees [Separately, average number of temporary employees]	(Persons)	954 [363]	1,205 [449]	1,399 [557]	1,899 [726]	2,235 [924]

Notes:

1. Diluted earnings per share for the 16th term are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.
2. By resolution at the Board of Directors meeting held on October 8, 2021, the Company implemented a 4-for-1 stock split on December 1, 2021. However, net assets per share, basic earnings (loss) per share and diluted earnings per share were calculated on the assumption that said splitting of shares had been made at the beginning of the 14th term.
3. The returns on equity for the 16th term have not been disclosed since losses attributable to owners of parent were recorded.
4. The price earnings ratio for the 16th term has not been disclosed since losses attributable to owners of parent were recorded.
5. The number of employees represents the number of employed persons (including contract employees). For the number of temporary employees (including part-timers), the annual average number of staff is shown in parentheses and is excluded from the above number.
6. The Company recorded a loss on valuation of investment securities as an extraordinary loss in the recording of a loss attributable to owners of parent in the 16th term.
7. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the 15th term, and key financial data for the 15th term or later are data resulting from the application of the standard and relevant ASBJ regulations.
8. Starting from the 15th term, figures, which were previously rounded down to thousands, are rounded down to millions. To facilitate the comparison, the unit of presentation was also changed from thousands of yen to millions of yen for the 14th term.

(2) Key financial data of reporting company

Fiscal term		14th term	15th term	16th term	17th term	18th term
Fiscal year ended		May 31, 2021	May 31, 2022	May 31, 2023	May 31, 2024	May 31, 2025
Net sales	(Millions of yen)	16,042	20,057	24,926	32,519	41,246
Ordinary profit	(Millions of yen)	684	1,651	533	1,443	2,885
Profit (loss)	(Millions of yen)	490	1,429	(473)	1,151	620
Share capital	(Millions of yen)	6,312	6,426	6,582	6,774	7,203
Total number of issued shares	(Shares)	31,183,645	124,963,596	125,410,584	125,835,416	126,516,452
Net assets	(Millions of yen)	12,933	13,128	13,352	15,046	16,524
Total assets	(Millions of yen)	24,610	27,202	31,124	37,386	47,766
Net assets per share	(Yen)	103.16	103.92	102.82	114.50	123.06
Dividends per share [Interim dividends per share]	(Yen)	– [–]	– [–]	– [–]	– [–]	– [–]
Basic earnings (loss) per share	(Yen)	3.94	11.45	(3.78)	9.16	4.92
Diluted earnings per share	(Yen)	3.88	11.28	–	9.02	4.83
Equity-to-asset ratio	(%)	52.3	47.7	41.4	38.5	32.6
Return on equity	(%)	4.2	11.1	–	8.4	4.1
Price earnings ratio	(Times)	524.4	89.1	–	176.3	409.7
Payout ratio	(%)	–	–	–	–	–
Number of employees [Separately, average number of temporary employees]	(Persons)	928 [359]	1,166 [443]	1,317 [549]	1,698 [719]	1,961 [914]
Total shareholder return [Comparison benchmark: TOPIX]	(%) (%)	151.6 [123.0]	74.9 [122.3]	125.4 [137.5]	118.6 [177.3]	148.0 [179.2]
Highest share price	(Yen)	10,300	3,085 [14,570]	1,970	1,985	2,614
Lowest share price	(Yen)	4,020	876 [7,940]	804	1,070	1,566

Notes:
1. Dividends per share and payout ratio have not been disclosed because dividends were not paid.
2. Diluted earnings per share for the 16th term are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.
3. By resolution at the Board of Directors meeting held on October 8, 2021, the Company implemented a stock split at a ratio 4-for-1 on December 1, 2021. However, net assets per share, basic earnings (loss) per share and diluted earnings per share were calculated on the assumption that said splitting of shares had been made at the beginning of the 14th term.
4. The returns on equity for the 16th term have not been disclosed since losses were recorded.
5. The price earnings ratio for the 16th term have not been disclosed since losses attributable to owners of parent were recorded.
6. The number of employees represents the number of employed persons (including contract employees). For the number of temporary employees (including part-timers), the annual average number of staff is shown in parentheses and is excluded from the above number.
7. The highest share price and the lowest share price are those on the Mothers Section of the Tokyo Stock Exchange up to January 20, 2021, those on the First Section of the Tokyo Stock Exchange from January 21, 2021 up to April 3, 2022, and those on the Prime Market of the Tokyo Stock Exchange from April 4, 2022.
8. Total shareholder returns and comparison benchmarks for the 14th term or later were calculated with those as at the end of the 13th term as the baseline.
9. The Company recorded a loss on valuation of investment securities as an extraordinary loss in the recording of a loss in the 16th term.

10. The Company implemented a stock split at a ratio of 4-for-1 on December 1, 2021. The share prices for the 15th term represent the highest share price and the lowest share price after the stock split, and the highest share price and the lowest share price before the stock split are shown in parentheses.
11. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the 15th term, and key financial data for the 15th term or later are data resulting from the application of the standard and relevant ASBJ regulations.
12. Starting from the 15th term, figures, which were previously rounded down to thousands, are rounded down to millions. To facilitate the comparison, the unit of presentation was also changed from thousands of yen to millions of yen for the 14th term.

2 History

Month/year	Overview
June 2007	SAN SAN, Inc (now Sansan, Inc.) founded at Ichigaya Tamachi, Shinjuku-ku, Tokyo for the purpose of providing business card management services.
September 2007	Started provision of Link Knowledge (currently Sansan, a sales solution for digital transformation [DX])
October 2008	Relocated head office to Yonbancho, Chiyoda-ku, Tokyo
November 2010	Relocated head office to Kudanminami, Chiyoda-ku, Tokyo
February 2012	Started provision of Eight, a business card app
April 2013	Raised approximately 500 million yen through third-party allocation of new shares
August 2013	Changed the service name from Link Knowledge to Sansan
August 2013	Broadcast first Sansan TV commercial “Menshiki Ari (acquainted with them)”
March 2014	Relocated head office to Jingumae, Shibuya-ku, Tokyo and changed legal name to Sansan, Inc.
May 2014	Raised approximately 1.4 billion yen through third-party allocation of new shares
October 2015	Established a subsidiary Sansan Global Pte. Ltd. (now a consolidated subsidiary) in Singapore
January 2016	Raised approximately 2.0 billion yen through third-party allocation of new shares
July 2017	Raised approximately 4.2 billion yen through third-party allocation of new shares
December 2018	Raised approximately 3.0 billion yen through third-party allocation of new shares
June 2019	Listed on the Mothers Section of the Tokyo Stock Exchange and raised approximately 2.1 billion yen through a public offering of shares
July 2019	Raised approximately 4.7 billion yen through third-party allocation of new shares
May 2020	Started provision of Bill One, the accounting DX solution
August 2020	Made logmi, Inc. (now a consolidated subsidiary) a subsidiary
January 2021	Change in stock market listing to the First Section of the Tokyo Stock Exchange
January 2022	Started provision of Contract One, the AI-driven contract database
April 2022	Transitioned to the Prime Market of the Tokyo Stock Exchange
March 2023	Made CREATIVE SURVEY INC. (now Ninout, Inc., a consolidated subsidiary) a subsidiary
April 2023	Established Sansan Global Development Center, Inc. (now a consolidated subsidiary) in the Philippines
June 2023	Made Institute of Language Understanding Inc. (now a consolidated subsidiary) a subsidiary
April 2024	Established a subsidiary Sansan Global (Thailand) Co., Ltd. (now a consolidated subsidiary) in Thailand
June 2024	Made Kaede IR Advisory Inc. (now part of logmi, Inc. following an absorption-type merger) a subsidiary

3 Description of business:

The Group has two reportable segments by business type, Sansan/Bill One Business and Eight Business, with seven consolidated subsidiaries as of the end of the fiscal year ended May 31, 2025. Minor other services outside the reportable segments are included in Others.

Under the mission of "Turning encounters into innovation" and the vision of "Become business infrastructure," the Company group (the "Group") is providing cloud-based solutions that promote digital transformation (DX) and reshape how people work, leading to encounters with people and companies that become business opportunities by using approaches that combine systems that use technology and manpower to digitize analog information with cloud software. Specifically, the Company operates the Sansan/Bill One Business, which includes sales DX solution Sansan and accounting DX solution Bill One, and the Eight Business, which includes the business card app Eight and the event transcription service logmi series. The following two businesses are the same as the segment classifications listed in "V. Accounting 1 Consolidated financial statements and other information (1) Notes to consolidated financial statements."

(1) Sansan/Bill One Business

The Sansan/Bill One Business provides sales DX solution Sansan and accounting DX solution Bill One to corporate clients.

1) Sansan

Based on the concept of "Manage your contacts, maximize your business," Sansan is a solution allowing users to build a proprietary database by combining a variety of users' contact information with corporate information, thereby promoting data utilization that uncovers sales opportunities and reduces costs. Users can view more than 1 million items of corporate information, including not only companies with which they have contact on Sansan, but also companies with which they have no current contacts. In addition to business cards, users can also store, integrate, and visualize a variety of contact information with customers on Sansan, including information of inquires via e-mails and website, etc. By combining such corporate information and contact information, data can be used for planning and executing more sophisticated sales strategies to maximize sales outcome of the entire organization.

The price model is built around a basic plan intended for company-wide use. The monthly usage fee is the license fee calculated based on the corporate size and application use, plus scanner rental and other fees. In addition, when the service is introduced, additional services such as data conversion of large numbers of business cards stored in paper form and introduction support are provided for a fee.

2) Bill One

Based on the concept of "Accounting DX that reshapes how your company works," Bill One is a solution designed to make everyday operations faster and boost productivity by streamlining organization-wide workflows involving vouchers in invoice receipt, expense reimbursement, and accounts receivable management, for fast monthly closing.

The core service, Bill One Invoice Receive helps promote efficiency in invoice-related operations and speed up management decision-making by enabling centralized cloud-based management of all invoices in various formats (paper, PDF, etc.) . Paper invoices are received by the Bill One scanning service center on behalf of the customer and converted into accurate data in a short period of time. Invoices in PDF format, etc. are also converted to data after Bill One receives them via email. Invoice information is managed centrally in a highly searchable database, allowing users to visualize and control costs, create sales opportunities, and maximize future revenue opportunities. In addition, the service can be integrated with other third-party services such as accounting systems. The Company also supports corporate accounting operations by providing a variety of value-added services, such as Bill One Expense, which is an expense reimbursement solution through the Bill One Business Card corporate card, and Bill One Accounts Receivable, which visualizes billing information in real time and streamlines accounts receivable management.

The price model for Bill One Invoice Receive consists of an initial fee, which includes installation support by a dedicated consultant, and a monthly fee calculated based on the number of invoices converted to data. Bill One Expense and Bill One Accounts Receivable each adopt their own price models.

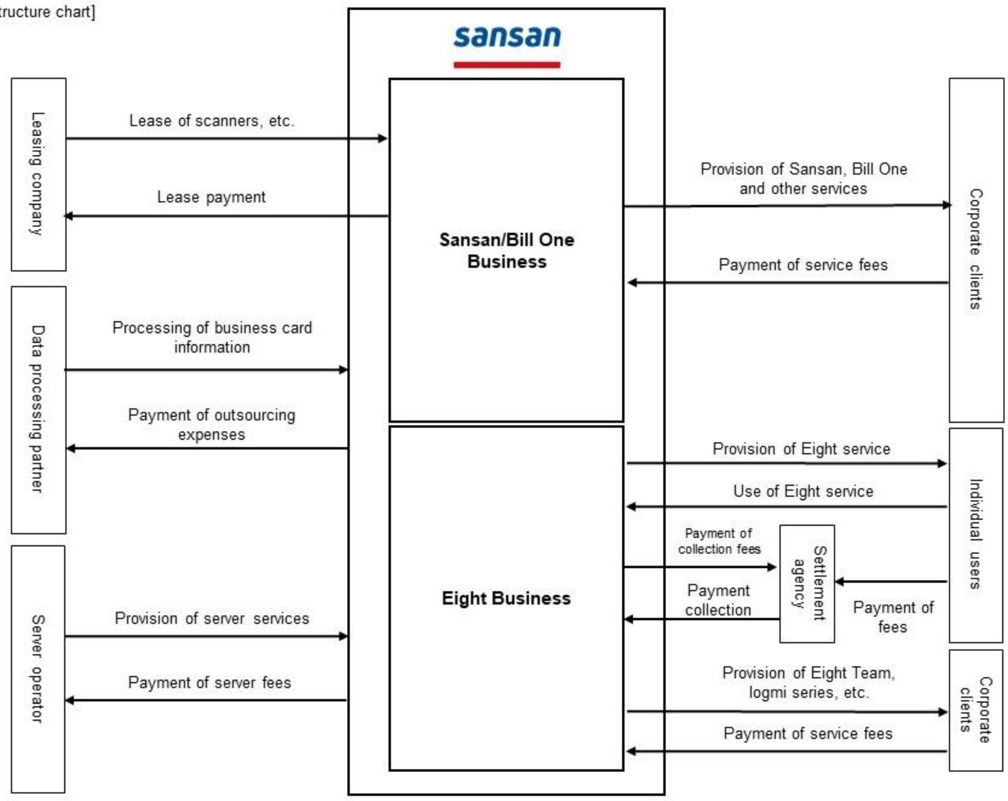
(2) Eight Business

The Eight app is geared toward individual users, rather than companies, and offers basic features, such as virtual card exchange and business card management, for free of charge, enabling users to accurately digitize business card data about themselves and the people with whom they exchange business cards by simply scanning them, and to easily manage and search their connections in the cloud.

By scanning their own business card, users can first create their own page on Eight that accurately reflects their affiliation, title, etc. Next, by scanning business cards of those with whom they have exchanged business cards, the business card information is accurately converted into data, which can then be managed and searched in the cloud. In addition, users can receive notifications when changes are made to the business cards of those with whom they are connected on Eight, allowing them to obtain information on their recent activities.

The business model is based on providing paid services to both individuals (B2C) and companies (B2B). B2C service offers Eight Premium that allows for the use of premium contact management features. B2B service mainly offers participation at business events attracting Eight users, and Eight Team, business card management services for small and medium-sized enterprises.

[Business structure chart]



Note: Services with minor impacts on consolidated results are omitted in the business structure chart. Furthermore, reportable segments have been presented for businesses.

4 Subsidiaries and associates

Company name	Address	Share capital	Description of principal business	Ratio of voting rights holding (held) (%)	Related details
Consolidated subsidiaries Sansan Global Pte. Ltd.	Singapore	S$5,620 thousand	Sansan/Bill One Business	100.0	Sales operations and marketing services agency for the Company's products Interlocking officers
Sansan Global Development Center, Inc.	Philippines	PHP10,000 thousand	Sansan/Bill One Business	100.0	Development of the Company's products Interlocking officers
Sansan Global (Thailand) Co., Ltd.	Thailand	THB10,000 thousand	Sansan/Bill One Business	100.0	Consulting services for the Company's products Interlocking officers
logmi, Inc.	Shibuya-ku, Tokyo	JPY16 million	Eight Business	100.0	Interlocking officers
CREATIVE SURVEY INC. (Notes 3&4)	Minato-ku, Tokyo	JPY100 million	Sansan/Bill One Business	63.1	–
Institute of Language Understanding Inc.	Tokushima-shi, Tokushima	JPY58 million	Other	65.8	–
1 other entity					

Notes: 1. Names of segments are provided in the "Description of principal business" of the consolidated subsidiaries.

2. None of the companies file Securities Registration Statements or Annual Securities Reports.

3. This company was balance sheet insolvent as of May 31, 2025, with its liabilities exceeding its assets by ¥61 million.

4. The company name was changed to Ninout, Inc. on June 1, 2025.

5 Employees

(1) Consolidated companies

As of May 31, 2025

Name of segment	Number of employees (Persons)	
Sansan/Bill One Business	1,703	(812)
Eight Business	217	(60)
Reportable segments total	1,920	(872)
Corporate (shared)	315	(52)
Total	2,235	(924)

Notes: 1. The number of employees represents the number of employed persons (including contract employees). For the number of temporary employees (including part-timers), the annual average number of staff is shown in parentheses and is excluded from the above number.

2. The number of employees shown as Corporate (shared) represents the number of those who belong to departments that cannot be classified into any specific business segment as well as to the administrative department.

3. The increase in the number of employees by 336 persons during the fiscal year under review is mainly due to regular and mid-term hiring associated with business expansion.

(2) Reporting company

As of May 31, 2025

Number of employees (Persons)		Average age (Years)	Average years of employment (Years)	Average annual salary (Millions of yen)
1,961	(914)	31.7	3.1	7.8

Name of segment	Number of employees (Persons)	
Sansan/Bill One Business	1,534	(804)
Eight Business	156	(58)
Reportable segments total	1,690	(862)
Corporate (shared)	271	(52)
Total	1,961	(914)

Notes: 1. The number of employees represents the number of employed persons (including contract employees). For the number of temporary employees (including part-timers), the annual average number of staff is shown in parentheses and is excluded from the above number.

2. Average annual salary represents the figure for full-time employees of the Company and includes bonuses and supplemental wages.

3. The number of employees shown as Corporate (shared) represents the number of those who belong to departments that cannot be classified into any specific business segment as well as to the administrative department.

4. The increase in the number of employees by 263 persons during the fiscal year under review is mainly due to regular and mid-term hiring associated with business expansion.

(3) Labor union

Although a labor union has not been formed for the Group, the labor-management relations have been amicable.

(4) Percentage of female employees in management positions, rate of male employees taking childcare leave, and gender wage gap for workers

1) Reporting company

For the fiscal year under review				
Percentage of female employees in management positions (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Gender wage gap for workers (%) (Note 3)		
		All workers	Of which, full-time employees	Of which, non-full-time employees
20.2	62.5	51.5	84.5	57.7

Notes: 1. Calculated based on the provisions of "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2. Calculated the rate of taking childcare leave in Article 71-6 item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991) based on "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

3. Calculated the ratio of female employees' average annual wage to male employees' average annual wage.

2) Consolidated subsidiaries

This information is omitted because the consolidated subsidiaries are not obligated to disclose the information pursuant to the provisions of "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015) and "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

II. Status of Business

1 Management policy, management environment, and issues to be addressed, etc.

The Group's management policy, management environment, and issues to be addressed, etc. are as follows.

Matters related to future developments in this text are based on judgements made by the Group at the time this report was submitted.

(1) Basic policy of corporate management

As its corporate philosophy, the Group has established its mission of "Turning encounters into innovation" and its vision to "Become business infrastructure." To realize this mission and vision, the Group is developing cloud-based solutions that promote digital transformation (DX) and reshape how people work, leading to encounters with people and companies that become business opportunities, and it believes that the promotion of these business activities will contribute to solving social issues and eventually maximize shareholder value and corporate value of the Group.

(2) Key management indicators and medium-term financial policy

Our medium-term financial policy for the fiscal year ended May 31, 2025 to the fiscal year ending May 31, 2027 sets out solid growth in sales and accelerated growth in adjusted operating profit (Note 1). For net sales, which is the most important management indicator, we aim for an average annual growth rate (CAGR) of 22% to 27% over the period. For adjusted operating profit, we aim to achieve adjusted profit margin of 18% to 23% by the fiscal year ending May 31, 2027 and over 30% in the longer term by accelerating growth while making investments for sales growth across each business.

Notes: 1. Adjusted operating profit: Operating profit + Share-based payment expenses + Expenses that arise in conjunction with business combinations (amortization of goodwill and amortization of intangible assets)

(3) Medium- to long-term corporate management strategy

The Group's businesses and business domains have the following characteristics, and medium- to long-term management strategies are formulated based on these characteristics.

1) Wide-ranging market opportunities

The market related to the Company's services continues to expand due to a change in awareness of DX, changes in work styles, and a growing interest in SaaS business, etc. The DX market is expected to reach ¥8,035.0 billion by FY2030 (an expected increase of ¥4,015.3 billion from FY2023) (Note 2), and the domestic SaaS market is expected to reach ¥2,099.0 billion by FY2027 (an expected increase of ¥686.2 billion from FY2023) (Note 3).

The Company also believes that documents such as business cards, invoices, and contracts for which the Group offers services are still used on many occasions on a daily basis in paper form, leaving significant room for operational efficiency and effective utilization. Regarding the potential market for each service, Sansan holds the number one market share of 84.1% (Note 4) of the B2B business card management service market in terms of net sales, but the number of Sansan users accounts for only about 4% (Note 5) of the total working population in Japan as of the end of May 2025, and the Company believes there is vast room for development. Next, Bill One captured the number one market share of 47.0% (Note 6) in the online invoice receiving solution in terms of net sales, but as of the end of May 2025, the coverage was less than 1% (Note 5) of all companies in Japan, and the Company believes there is vast room for development.

Notes: 2. Based on Market Edition and Corporate Edition of 2024 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute
3. Based on 2023 New Software Business Markets by Fuji Chimera Research Institute
4. Based on Latest Trends in Business Card Management Services in Sales Support DX 2025 (January 2025, surveyed by Seed Planning, in Japanese)
5. The denominator, the total number of companies and employees in Japan, is calculated based on the 2021 Economic Census for Business Activity by the Ministry of Internal Affairs and Communications.
6. Deloitte Tohmatsu MIC Economic Research Institute, "The Market of Online Invoice Receiving Solution Continues to Grow at a High Rate" (MIC IT Report, December 2024)

2) Mechanisms and technology to achieve 99.9% accuracy in digitizing analog information

The digitization accuracy of analog information in each of the Group's services contributes to the essential quality and competitiveness of services provided, and the common strength of the businesses is having the mechanisms and technology to achieve 99.9% digitization accuracy. In the Group, analog information is digitized through a combination of technology, which is constantly evolving through machine learning and other means, and manpower. Since its founding, the Group has digitized business cards and other vast amount of analog information, and in doing so, has built systems capable of accurately and efficiently digitizing large amounts of information. This technological capability and proprietary mechanisms are the source of the Group's competitiveness, and it is pursuing the development of new technologies and operational improvements in order to improve the quality and competitiveness of its services. In addition, we are now working to further streamline operations by leveraging proprietary generative AI technology that we have developed in-house.

3) Highly stable financial and revenue model

The billing model for main solutions is centered on a subscription (monthly billing) model. It is a highly stable revenue model that can be expected to generate continuous business growth. The monthly churn rate for services has averaged less than 1.0% over the last 12 months, and the Company views this as a highly stable model with continuous business growth potential because it is easy to promote the maximization of customer LTV (lifetime value) by working to increase sales per contract.

Specific management strategies of the Group are as follows.

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

Sansan, Bill One, and Contract One are services that target a wide range of companies regardless of industry or business category, and there remains significant potential for further customer acquisition. With respect to Sansan, we will aim to further enhance the value of the service by strengthening AI-generated features, while also promoting the acquisition of new customers under the premise of company-wide adoption and encouraging greater utilization among existing customers. In the Bill One business, we aim to maximize the effectiveness of our sales activities by offering a comprehensive package of various services, such as invoice receipt and expense reimbursement, and accounts receivable management, and are also working to create new revenue opportunities through the development of new services that leverage generative AI. Furthermore, in the Contract One business, we aim to drive further sales growth by strengthening our sales infrastructure while enhancing service value through the expansion of features that leverage generative AI.

(ii) Expansion of profit in the Eight Business

With the profitability-oriented business operation, we aim for further business growth by leveraging the Eight network, which has 4.09 million registered users, to strengthen monetization of B2B services such as business events.

(iii) Utilization of M&A

We will work to create synergies by promoting measures to increase the corporate value of each Group company while effectively utilizing the Group's resources and know-how. In addition, we have positioned the use of M&A as one of our important growth strategies and will continue to actively consider this option.

(4) Priority business and financial issues to be addressed

In pursuing the management strategies outlined above, the following are the main issues that must be addressed by the Group.

1) Recruiting and training outstanding talent and ensuring diversity

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

2) Continuous strengthening of the management system against security risks

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

3) Enhancing technological strengths

As technology to accurately convert analog information into data is the wellspring of the Group's competitive strengths and acts as a common platform underpinning growth of the various services, we believe it is important to continuously improve and strengthen this technology. We have achieved high-quality data conversion by combining various proprietary technologies and AI developed in-house with human capabilities. More recently, we have been working to further improve efficiency by integrating our own proprietary generative AI into these processes. Going forward, we will engage in initiatives to further improve our technological capabilities, through efforts that involve hiring outstanding technical experts in and outside Japan while also investing in and monitoring cutting-edge technologies.

2 Policy and initiatives related to sustainability

The Group's approach to sustainability and its initiatives are as follows.

Matters related to future developments in this text are based on judgements made by the Group at the end of period of the fiscal year under review.

(1) General sustainability initiatives

The Group believes that helping to resolve social issues through its business activities contributes to the building of a sustainable society, and in turn opens the way to sustainable growth for the Group and to enhancements in the Company's corporate value. While taking into account such factors as the operating environment, the state of management, and the stage of the business, the Group promotes activities for achieving sustainability through collaboration and cooperation with all of its stakeholders. Based on these concepts, the Group identifies material issue candidates by referencing international guidelines and stakeholder perspectives, and the Board of Directors evaluates their significance for both society and management. Social issues that are closely related to the Group's business are then designated as material issues (priority issues) and reflected in the management strategy. Following resolutions by the Board of Directors in August 2022 and August 2023, the Group has been promoting initiatives linked to its long-term targets for the fiscal year ending May 31, 2030.

Process for identifying material issues

(i) Selecting candidates for material issues	In addition to referring to international guidelines and rules, such as the goals and targets contained within the SASB (Sustainability Accounting Standards Board) standards and the SDGs (Sustainable Development Goals), industry trends and the perspectives of ESG rating agencies are also taken into consideration in identifying issues that are highly relevant to the Group. Furthermore, material issue candidates are selected from both external and management perspectives through discussions and other communication between Directors of the Company and institutional investors.
(ii) Assessing the importance of issues	The issues selected in (i) are each assessed along two axes. One is the importance of the issue to society (stakeholders) in terms of achieving a sustainable society, and the other is the importance of the issue in terms of achieving the Group's vision and driving the growth of the business. These assessments are conducted by all Directors individually, incorporating expertise and diverse perspectives to visualize the prioritization of the issues.
(iii) Discussions and decisions by the Board of Directors	The results of the assessments conducted in (ii) are discussed and deliberated by the Board of Directors, which identifies material issues. The content of the identified material issues is reflected in strategic initiatives under the oversight of the Directors who serve as material issue owners. At the Board of Directors meeting held in August 2022, 10 material issues were identified and organized into 5 areas. Subsequently, at the Board of Directors meeting held in August 2023, long-term quantitative targets for the fiscal year ending May 31, 2030 were formulated.

5 priority areas and 10 material issues

Priority areas	
(1)	Balance Security and Convenience Besides convenience, we also implement measures to ensure that our employees maintain data privacy and information security, thereby providing society with a highly safe and stable service. Material issues 1. Provide safe and stable infrastructure services 2. Ensure robust protection of data privacy and information security

(2)	Transform Work Through Innovative DX Services To become business infrastructure, we will leverage our strengths in digitization to develop and provide innovative DX services that substantively improve social and economic productivity. Material issues 3. Promote DX services that improve productivity 4. Create innovative business infrastructure
(3)	Respect Employee Diversity and Producing Innovation To produce innovation that helps solve business challenges through the power of encounters, we promote creation and provision of opportunities and environments for our diverse workforce to succeed. Material issues 5. Promote recruitment, development, and success of human resources 6. Promote diversity, equity and inclusion
(4)	Establish a Firm Management Structure to Support Rapid Business Growth To support our growth under a multiproduct structure, we will reinforce our management structure by strengthening corporate governance and ensuring compliance. Material issues 7. Strengthen corporate governance 8. Ensure compliance
(5)	Conserve the Environment Through Business We will promote environmental conservation by addressing climate change issues through our business activities, including advancing DX, supporting paperless work, and introducing environmentally friendly services. Material issues 9. Address climate change issues 10. Use natural capital efficiently

1) Governance

A Director of the Company is assigned responsibility as the material issue owner for each of the material issues identified by the Group, and meetings are held twice a year under their supervision to consider response measures and the details of initiatives. Matters that contribute to achieving sustainability, including consideration of these details, are reported to and subsequently supervised by the Board of Directors on an annual basis, and material issues are deliberated and determined by the Board of Directors.

Meetings with material issue owners

Priority areas	Officers (material issue owners)	Main agenda
(1)	Director, Executive Officer, CISO, DPO, Engineering Division Head, Eight Division Head Kenji Shiomi	Consideration of revisions to the Privacy Policy Current status and issues in cybersecurity
(2)	Director, Executive Officer, COO Kei Tomioka	Outlook for user growth based on the business strategy Issues in promoting the digitization of analog processes
(3)	Director, Executive Officer, CHRO Yuta Ohma	Organization of issues related to promoting recruitment through referrals Current status analysis on improvement of employee engagement Consideration of measures for promoting diversity and inclusion

(4)	Director, Executive Officer, CFO Muneyuki Hashimoto	Current status and issues in the Director remuneration system Composition of the Board of Directors and the Nomination and Remuneration Advisory Committee Promotion of zero tolerance Establishment of the Basic Compliance Policy
(5)	Representative Director & CEO, CPO Chikahiro Terada	Outlook for the number of uses of paperless functions based on the business strategy Measures for reducing GHG emissions and achieving carbon neutrality

2) Strategy

Directors serving as material issue owners in the Group take responsibility for promoting various initiatives related to the 5 priority areas and 10 material issues that have been identified. In each area, analyses are conducted from both risk and opportunity perspectives, and the results are reflected in measures aimed at achieving the targets for the fiscal year ending May 31, 2030.

Priority areas	Risks	Opportunities
(1)	As the Group provides services that handle customers' important information assets, events such as personal information leaks or system failures, whether caused by natural disasters, unauthorized access, internal negligence, or other causes, may result in loss of customer trust and exposure to legal risks. Furthermore, the addition of various functions and other enhancements may necessitate the implementation of more advanced information security measures.	By providing highly reliable services that achieve both convenience and security under advanced information security measures, the Group may be able to expand its customer base and improve the rate of continued service use. In addition, having advanced approaches to legal compliance and privacy protection can enhance the Group's reputation and contribute to acquiring new customers.
(2)	If the Group falls behind in responding to changes in technological trends or customer needs, its services may lose competitiveness, leading to customer attrition or the obsolescence of its offerings. In addition, if the productivity gains expected from the use of the Group's services are not sufficiently realized, this may affect the acquisition of new customers as well as the decisions of existing customers on continued service use.	By providing innovative services and functions that lead to workstyle transformation and productivity improvement, the social value of each service may increase, potentially driving further business growth. In addition, if the Group's services come to function as part of the foundation for society and businesses, this may contribute to the realization of more sustainable growth.
(3)	If the acceptance of diversity and the fostering of an inclusive organizational culture are insufficient, employee retention may decline, potentially impairing the productivity and creativity of the organization. A decline in employee engagement could lead to an increase in employee turnover, which in turn may raise recruitment and training costs. Furthermore, inadequate responses to various forms of harassment and other similar misconduct could give rise to reputational risks.	By developing an environment in which a diverse workforce can thrive, it becomes possible to generate creative innovation and respond to a wide range of customer needs, thereby enhancing the Company's competitiveness. In addition, by maintaining and improving employee engagement, an organizational culture can be fostered in which each individual can leverage their strengths, potentially leading to the further acquisition of talented personnel.

(4)	If the governance structure and internal controls fail to keep pace with the rapid business growth, inappropriate decision-making or violations of laws and regulations, and other similar issues could occur, which may have a serious impact on the Company's business operations and social credibility. In addition, if awareness of compliance is not sufficiently instilled amid the rapid expansion of the organization, the effectiveness of internal controls could be diminished.	Establishing an appropriate governance structure can serve as a firm and robust management structure that supports prompt and sound decision-making and may lead to the sustainable growth of the business. In addition, ensuring the transparency and reliability of the governance structure can facilitate constructive dialogue with various stakeholders and may contribute to the enhancement of corporate value over the medium to long term.
(5)	If measures for decarbonization, the circular economy, and other related initiatives are insufficient, evaluations from stakeholders, including customers and investors, may deteriorate, leading to a decline in the competitiveness of each service. In addition, costs associated with climate change countermeasures could increase.	Providing services and functions that help reduce environmental impact may increase customer preference for the Company's services, potentially leading to further business growth. In addition, implementing appropriate climate change countermeasures could reduce future costs and contribute to improving the Company's profit margin.

3) Risk management

The Group perceives risks related to addressing sustainability to be synonymous with or closely related to risks that could have a significant impact on management and the business, and it analyzes and identifies them as part of its company-wide risk management activities. Details of risks etc., are presented in "II. Status of Business 3. Business risks."

4) Metrics and targets

The Group has set metrics in relation to material issues for sustainability, as well as targets for the fiscal year ending May 31, 2030 as follows, and monitors progress towards them.

Material issues	Metrics and targets for fiscal year ending May 31, 2030	Results for fiscal year ended May 31, 2025	Year-on-year change
1. Provide safe and stable infrastructure services	Number of major incidents: 0	0	–
2. Ensure robust protection of data privacy and information security	Proportion of those qualified as Protection of Individual Information Person: maintained at 80% or higher	90.6%	+3.9 pts.
3. Promote DX services that improve productivity	Number of items converted from analog to digital information using our services: 500 million	270 million	+9.1%
4. Create innovative business infrastructure	Number of users of our services: 20 million people	9.80 million people	+24.2%
5. Promote recruitment, development, and success of human resources	Proportion of recruitment through referrals: 35% Unipos posting rate: 80%	12.1% 59.5%	+1.8 pts. +1.4 pts.
6. Promote diversity, equity and inclusion	Ratio of female employees in management positions: 30% or higher Ratio of female employees: 45% or higher	20.2% 37.0%	+2.4 pts. +0.3 pts.
7. Strengthen corporate governance	Ratio of female Directors: 30% or higher	20.0%	(2.2) pts.
8. Ensure compliance	Number of significant compliance violations: 0 Proportion of employees receiving compliance-related training: 100%	0 100%	– –

Material issues	Metrics and targets for fiscal year ending May 31, 2030	Results for fiscal year ended May 31, 2025	Year-on-year change
9. Address climate change issues	Scope 1+2: carbon neutral	575 t-CO_2	(39.2)%
10. Use natural capital efficiently	Number of uses of paperless functions in our services: 120 million	20 million	+23.0%

Notes: 1. Due to the current difficulty in obtaining the numerical results necessary to calculate consolidated results, these figures are based on the non-consolidated results of Sansan, Inc. and cover 95.5% (percentage of non-consolidated net sales to consolidated net sales) of our business scope as of fiscal year ended May 31, 2025.

2. "Protection of Individual Information Person" is the name of a certification provided by the All Japan Information Learning Promotion Association.

3. Results for the Company's services are aggregated for Sansan, Bill One, Contract One and Eight.

4. Unipos is a service centered on the peer bonus® system provided by Unipos, Inc.

5. Scope 1 is calculated by aggregating direct GHG emissions from the offices and facilities owned by the Company. Scope 2 is calculated by aggregating by indirect GHG emissions from the use of purchased electricity and thermal energy in each office. Historical figures have been updated in line with refinements to calculation methods and the scope covered.

(2) Initiatives to address climate change issues

Regarding climate change, the Group determines and oversees business risks and opportunities under an appropriate system. In raising the ability to respond to issues, the Group aims, for example, at stable economic development and securing the foundations for people's livelihoods, and the Group sees this as a vital initiative in advancing the transition to a low-carbon economy. Based on this idea, the Group has expressed support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD) and makes disclosures based on this framework as follows.

1) Governance

The Group discusses and makes decisions on various policies and important matters that contribute to realizing sustainability at Board of Directors' meetings. The Group has identified addressing climate change as one of the material issues that the Group should proactively address. Under the supervision of the representative director in charge, the IR & Sustainability Department, and the Finance & Accounting Department study the issue. Matters that include various metrics relating to climate change, as well as business risks and opportunities are received and supervised in annual reports by the Board of Directors. Business strategies and plans are then decided upon after duly considering the important matters.

2) Strategy

To strengthen the ability to respond and adapt to the changes in the business environment caused by climate change, the Group mainly uses scenarios including the Intergovernmental Panel on Climate Change (IPCC)'s Shared Socioeconomic Pathways to analyze business environments in which temperature increases are limited to 1.5°C (SSP1-1.9) or below 2°C (SSP1-2.6), as well as those in which 4°C increases (SSP5-8.5). After analyzing the scenarios, the Group identify the business risks, opportunities and countermeasures as shown in the table below.

The analysis covers all businesses of the Group, with short-term analysis covering from the present until the end of 2025, medium-term analysis covering until 2030, and long-term analysis covering until 2050. Profit impact is shown as small for cases with an annual impact of less than 1 billion yen, medium for cases with an impact between 1 billion yen and less than 3 billion yen, and large for cases with an impact of 3 billion yen or more.

(i) Business risk identification

<table>
<tr><th colspan="2">Type</th><th colspan="3">Scenario analysis</th><th>Business risks</th><th>Time frame</th><th>Profit impact (annual)</th><th>Countermeasures</th></tr>
<tr><td rowspan="4">Transitional risk</td><td rowspan="4">Market</td><td rowspan="2">Transition from paper to digital resources</td><td>1.5°C/ below 2°C scenario</td><td>Increasing environmental awareness across society, the use of various paper-based business tools is gradually declining, while the utilization of digital information and tools is expanding.</td><td rowspan="2">The frequency and importance of utilization of some functions of the service that digitizes paper business cards, invoices, contracts, and other documents to improve productivity may decrease.</td><td rowspan="2">Medium term</td><td>Small</td><td rowspan="2">Provide added value equal to or greater than the value of digitizing analog information by expanding highly convenient functions centered on the use of digital information and enhancing its value as a platform.</td></tr>
<tr><td>4°C scenario</td><td>Although the transition from paper-based to digital is gradual, demand for digital information and tools remains sustained as a means of responding to disasters, pandemics, and other such situations.</td><td>Small</td></tr>
<tr><td rowspan="2">Use of clean energy</td><td>1.5°C/ below 2°C scenario</td><td>Social demand and requirement for the use of clean energy will increase, and various energy prices are soaring. Additionally, the increased global warming is resulting in an increased cooling load for information and communication equipment.</td><td rowspan="2">Increases in server prices and various energy prices such as electricity, which are essential for the business centered on a SaaS-type business model, will lead to higher operating expenses.</td><td rowspan="2">Medium to long term</td><td>Small to medium</td><td rowspan="2">Reduce costs by optimizing procurement of necessary resources and materials, including servers and electricity, and improve efficiency by implementing energy-saving measures to reduce energy use.</td></tr>
<tr><td>4°C scenario</td><td>The slow pace of the transition to clean energy is leading to relatively low power generation costs, but some costs will rise due to increased demand for air conditioning during extreme heat.</td><td>Small</td></tr>
</table>

<table>
<tr><th colspan="2">Type</th><th colspan="3">Scenario analysis</th><th>Business risks</th><th>Time frame</th><th>Profit impact (annual)</th><th>Countermeasures</th></tr>
<tr><td rowspan="2">Transitional risk</td><td rowspan="2">Law and regulation</td><td rowspan="2">Rise in carbon tax rates</td><td>1.5°C/ below 2°C scenario</td><td>Many countries and regions will tighten regulations on GHG emissions, and new carbon taxes and higher tax rates will be introduced as carbon pricing.</td><td rowspan="2">The expenses associated with tax burdens, as well as the cost of purchasing non-fossil fuel certificates and credits for carbon offsetting, may increase.</td><td rowspan="2">Medium to long term</td><td>Small</td><td rowspan="2">Reduce tax burdens and carbon offset costs by increasing the use of renewable energy and improving energy efficiency through the implementation of energy saving.</td></tr>
<tr><td>4°C scenario</td><td>Institutional measures and social acceptance regarding GHG emissions do not make sufficient progress, and carbon taxes as carbon pricing, along with their rates, remain on a gradual upward trend.</td><td>Small</td></tr>
<tr><td rowspan="2">Physical risk</td><td rowspan="2">Acute</td><td rowspan="2">Rising frequency of natural disasters</td><td>1.5°C/ below 2°C scenario</td><td>The frequency of natural disasters increases gradually.</td><td rowspan="2">Flooding the servers and digitalization centers responsible for tasks such as digitizing paper invoices, leading to service disruptions, as well as the damage to the stored documents of service user companies, resulting in a decline in the service value.</td><td rowspan="2">Medium to long term</td><td>Small to medium</td><td rowspan="2">As part of the business continuity plan (BCP), ensure service continuity during natural disasters by using multiple servers for system redundancy, decentralizing important service operation sites, and preparing manuals for emergencies.</td></tr>
<tr><td>4°C scenario</td><td>Natural disasters such as torrential rains and floods that cause extensive damage are becoming more severe and more frequent.</td><td>Small to large</td></tr>
</table>

(ii) Business opportunity identification

Type	Scenario analysis			Business opportunities	Time frame	Profit impact (annual)	Countermeasures
Products and services	Transition from paper to digital resources	1.5°C/ below 2°C scenario	Growing environmental awareness across society will increase demand for services that help curb the use of paper resources. In addition, there will be rapid growth in the need to introduce digital information and tools for the purpose of improving operational efficiency.	The demand for the various DX services, which are equipped with functions to curb the use of paper while improving the efficiency of various workflows through the use of digital information, may expand.	Medium to long term	Small to medium	Enhance the value provided to users by expanding highly convenient functions centered on the use of digital information, and stimulate further demand by strengthening the sales and marketing activities.
		4°C scenario	With environmental awareness across society remaining at a limited level and corporate actions confined to the scope of improving operational efficiency, demand for digital information and tools will expand only gradually.			Small	

3) Risk management

In consultation with the directors in charge of each field, the IR & Sustainability Department, and the Finance & Accounting Department, the Group conducts scenario analyses to identify climate-related business risks and opportunities, assesses their importance, calculates their financial impact, and reviews countermeasures. These matters are next reported annually to the Board of Directors, which decides on business strategies and plans after considering important matters including the risks and countermeasures. Important climate change-related risks are also integrated and managed with the results of company-wide risk analyses conducted through internal audits etc.

4) Metrics and targets

The Group has selected GHG emissions as a climate change-related assessment metric. The table below shows actual GHG emissions over the last three years.

The Group has set a carbon neutrality target by 2030 as part of our reduction goals for Scope 1 and Scope 2 emissions. In addition to embarking on various initiatives to achieve these targets, the Group continues to comprehensively consider the establishment of Scope 3 reduction targets, taking into account a variety of internal and external factors.

Item	Unit	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Scope 1	t-CO_2	233	243	197
Scope 2 (location-based)	t-CO_2	607	752	597
Scope 2 (market-based)	t-CO_2	618	702	377
Scope 1 and 2 (market-based)	t-CO_2	851	945	575
Scope 3	t-CO_2	18,638	21,509	43,774
Scope 1, 2 and 3 (market-based)	t-CO_2	19,489	22,454	44,349

Item	Unit	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Scope 1, 2 and 3 emissions intensity (per net sale)	t-CO2 / hundred million yen	78.2	69.0	107.5

Notes: 1. Due to the current difficulty in obtaining the numerical results necessary to calculate consolidated results, these figures are based on the non-consolidated results of Sansan, Inc. and cover 95.5% (percentage of non-consolidated net sales to consolidated net sales) of our business scope as of fiscal year ended May 31, 2025.

2. Scope 1 is calculated by aggregating direct GHG emissions from the offices and facilities owned by the Company. Scope 2 is calculated by aggregating by indirect GHG emissions from the use of purchased electricity and thermal energy in each office. Scope 3 is calculated by aggregating the GHG emissions of the entire value chain (Categories 1 through 15), excluding Scope 1 and Scope 2. Historical figures have been updated in line with refinements to calculation methods and the scope covered.

(3) Initiatives on investments in human resources

1) Governance

In achieving sustainable business growth and new value creation, the Group positions human resources as one of the most important management capitals, and it is crucial that the Group embraces diversity of human resources and establishes work environments that substantially fuel employee motivation for each of employees with diverse career backgrounds. Under such concepts, the Group has selected promotion of recruitment, training and active participation of human resources and promotion of diversity, equity and inclusion as material issues to work on preferentially, and is considering specific details of initiatives under the lead of Directors/Executive Officers/CHRO who are responsible persons. Initiatives on investments in human resources, including consideration of these details, are reported to and subsequently supervised by the Board of Directors on a regular basis, and material issues are deliberated and determined by the Board of Directors.

2) Strategy

With regard to human capital, the Group mainly implements the following initiatives.

(i) Recruitment of diverse talented professionals

As part of its important growth strategy, the Group continues to strengthen its recruitment of human resources. The number of employees on a consolidated basis was 2,235 persons as of the end of the fiscal year under review, and various organizations such as development, sales and back offices consist of human resources with diverse backgrounds. In the recruitment, the Group places importance not only on a high level of expertise and skills but also on a mission-driven attitude that shares an understanding of the Group’s corporate philosophy. Based on this policy, the Group principally implements the following initiatives.

Name	Description
Establishment of HRBP (Human Resource Business Partner) organization	HRBPs are assigned to each business department to provide end-to-end support, from formulating recruitment plans to conducting interviews and following up with prospective hires. By working in close collaboration with on-site teams, this structure enables refinement of personnel requirements and facilitates early onboarding.
Promotion of referral hiring	The Group believes that the more closely a candidate’s personal aspirations align with the corporate philosophy—including the mission, vision, and values—the more likely they are to thrive after joining the Company. Based on this belief, the Group places strong emphasis on referral hiring, enhancing company-wide initiatives through an incentive program for employee referrals and by sharing successful cases via internal digital signage.

(ii) Promotion of training and active participation of human resources

The Group principally implements the following initiatives in order to foster the autonomous growth of each employee and establish an environment in which they can fully demonstrate their capabilities, thereby leading to enhancing the overall performance of the organization and creating new values.

Name	Description
Adoption of Mission Grade System	We have adopted a Mission Grade System for personnel evaluation, which determines the level of job authority, responsibility, and treatment according to different grades. These grades are determined based on performance and future expectations, leveraging growth for each individual.

Name	Description
Objectives and Key Results (OKRs) and 360-degree evaluation system	For HR evaluations, we assess individual contributions to the organization based on Objectives and Key Results (OKRs), which are set quarterly in the organization. In addition, we adopt a 360-degree evaluation to comprehensively incorporate feedback not only from direct supervisors but also from colleagues the employee works with and relevant personnel in other departments. These measures promote employee growth and strengthen overall organizational performance.
SCOP (Sansan Culture Onboarding Program)	We implement an initial training program called SCOP for new employees. Over the six months following their assignment, they are provided with a monthly opportunity for dialogue on the corporate philosophy to deepen their understanding of the organizational culture and support their early integration.
Top Gun (development program for new graduates)	We implement Top Gun, a results-focused training program for new graduates in general positions, over approximately six months after they join the Company. Working in teams, they tackle actual business challenges and take ownership of the entire process—from developing strategies to conducting negotiations, closing deals, and providing support—thereby fostering practical skills and a strong sense of ownership early on. Employees from business departments act as managers to work alongside them, supporting the consolidation of their understanding of our corporate culture and business operations.
Katachi discussion	We provide opportunities for all employees to discuss the corporate philosophy, and facing the Company’s values and culture is an important opportunity from the perspective of growth of individuals and an increase in productivity. In the fiscal year under review, we conducted discussions on our purpose with all employees to deepen their understanding of and empathy for the corporate philosophy from the perspective of sustainable growth of the organization.
Coacher and Career Talk	We provide Coacher, a one-on-one coaching program conducted by qualified in-house coaches, and Career Talk, a meeting program designed to address career-related issues in a specialized manner, to support individual self-reflection and behavioral change. These initiatives enhance employee autonomy, foster a sense of growth, and support medium- to long-term career development.
Generative AI utilization program	We implement an onboarding program on generative AI for all employees, and, through initiatives such as sharing use cases and supporting AI utilization in each department, we promote the integration of AI in all job categories and improve operational efficiency.
Strength Matching	Based on career summaries and personality assessment results, we have introduced a system called Strength Matching, which enables employees to share their strengths and behavioral characteristics with one another. Each employee’s strengths are visualized and shared via the human resource management system, contributing to enhanced cross-departmental communication, improved management accuracy, and strengthened placement of the right people in the right positions.
Unipos	We strive to instill the company culture and improve employee engagement through visualization of internal appreciation cases by utilizing a platform involving all employees centered on the peer bonus® system.
Engagement survey	We conduct engagement survey of permanent employees and contract employees once a month, and utilize an analysis of the responses in self-management and organizational management, formulation of company-wide internal systems and measures, etc.
Yoriai	With the aim of fostering internal interaction and generating new ideas and collaborations, we have introduced a meal and beverage subsidy program called Yoriai. Through initiatives such as free drinks in the office and meal subsidies for teams, the program creates diverse opportunities for communication.

(iii) Promotion of active participation of women

Under the policy to aggressively recruit and promote outstanding talents regardless of certain attributes such as career background and gender, the Group provides all employees fair opportunities for assessment and promotion. The Group ensures that our assessment practices remain independent of certain attributes through monitoring each term while strengthening initiatives to create diverse role models to demonstrate career paths.

(iv) Employment of foreign nationals and people with disability

In being oriented to proactive overseas business development, the Group reinforces recruitment of employees with a foreign citizenship, and endeavors to foster corporate culture of achieving missions while embracing diversity by creating opportunities for interaction between foreign employees at overseas offices and Japanese employees in Japan to stimulate communications. With regard to the employment of people with disability, we assign them to operations directly related to our business such as data conversion for our services Sansan, Bill One, and Contract One. The Group makes efforts to expand opportunities for people with disability to work and opportunities for them to actively participate by enhancing onboarding programs that take into account the unique characteristics of their disabilities.

3) Risk management

The Group perceives risks related to human resources to be synonymous with or closely related to risks that could have a significant impact on management and the business, and it analyzes and identifies them as part of its company-wide risk management activities. Details of risks etc., are presented in "II. Status of Business 3. Business risks, etc."

4) Metrics and targets

With regard to initiatives on investments in human resources, the Group has mainly set appraisal metrics as follows, and monitors the progress. In addition, for certain metrics, the Group has established targets for the fiscal year ending May 31, 2030.

Material issues	Metrics (targets for fiscal year ending May 31, 2030)	Results for fiscal year ended May 31, 2025
Promote recruitment, development, and success of human resources	Proportion of recruitment through referrals (35%)	12.1%
	Total participation time for Katachi-related training	Approximately 10,500 hours
	Total number of participants in internal coaching	759 persons
	Training hours related to generative AI	Approximately 5,800 hours
	Investment amount related to generative AI	¥72 million
	Unipos posting rate (80%)	59.5%
	Number of appreciation posts in Unipos	61,393 subscriptions
	Response rate for engagement survey	78.8%
	Investments in measures for interaction among employees	¥25 million
Promote diversity, equity and inclusion	Ratio of female employees in management positions (30% or higher)	20.2%
	Ratio of female employees (45% or higher)	37.0%
	Ratio of foreign employees	7.0%
	Ratio of employment of people with disability	2.9%

Notes: 1. Due to the current difficulty in obtaining the numerical results necessary to calculate consolidated results, these figures are based on the non-consolidated results of Sansan, Inc. and cover 95.5% (percentage of non-consolidated net sales to consolidated net sales) of our business scope as of fiscal year ended May 31, 2025.

2. The ratio of foreign employees was calculated from the Company and its subsidiaries consisting of Sansan Global Pte. Ltd., Sansan Global Development Center, Inc., and Sansan Global (Thailand) Co., Ltd.

3. The ratio of employment of people with disability was calculated by replacing the period with the accounting period that ends on March 31 (from April to March of the following year).

(4) Initiatives on information security

1) Governance

The Group recognizes that the strict management of all information assets handled through its business activities and the respect for privacy are part of its corporate social responsibility, and also constitute an indispensable management structure for the Group's sustainable growth and enhancement of corporate value. Based on this recognition, the Group has identified "Provide safe and stable infrastructure services" and "Ensure robust protection of data privacy and information security" as material issues to be addressed with priority, and has appointed a Director of the Company as Chief Information Security Officer (CISO), Data Protection Officer (DPO), and Personal Information Protection Manager.

This Director oversees company-wide risk management and regularly reports to the Executive Committee to facilitate prompt decision-making at the management level. In addition, the Group has established an Information Security Department as a specialized division, building a monitoring and analysis framework through the functions of the Computer Security Incident Response Team (CSIRT) and the in-house Security Operation Center (SOC) operating 24 hours a day, 365 days a year.

Furthermore, the Group convenes the Information Security Privacy Committee on a biweekly basis to conduct risk analyses, implement countermeasures, and develop rules on an ongoing basis. Initiatives related to data privacy and information security that are considered under this system are reported periodically to the Board of Directors, and important matters are deliberated and determined by the Board of Directors. This enables the Group to maintain a system that can respond promptly and comprehensively to risks relating to both privacy and security.

2) Strategy

The Group principally implements the following initiatives with respect to data privacy and information security.

(i) Establishment and objectives of regulations

We are strengthening our management systems by developing various regulations and guidelines to address risks such as information leakage and cyberattacks. The Basic Regulations for the Protection of Personal Information stipulate the handling of personal information in compliance with JIS Q 15001, and we have also established regulations on the management of information systems and information assets. In addition, to ensure that information assets are properly and safely managed and effectively utilized, we have formulated rules on the technical safety management of information systems and product security guidelines for each service. All regulations are reviewed annually to keep them up-to-date and ensure their effectiveness.

(ii) Education on information security

To enhance company-wide security awareness, all officers and employees are required to acquire Protection of Individual Information Person qualification. In addition, information security and personal information protection training is provided to all officers and employees upon hiring and annually thereafter. Furthermore, the Director provides monthly updates on security, sharing the latest risks and initiatives. Information assets are classified according to their level of confidentiality, with management measures and handling procedures defined based on the risks associated with each category. To ensure thorough implementation of these rules, security committee members are appointed from among officers and employees to conduct mutual audits.

(iii) Ensuring and developing security personnel

We are strengthening the recruitment and development of personnel capable of proactively implementing advanced security measures. Specifically, we recruit human resources with specialized security knowledge and skills both domestically and globally. In addition, we select persons within the Company who have outstanding expertise in specific areas and provide them with expert-led training to develop their expertise. Furthermore, some engineers who provide services also serve on CSIRT with the aim of strengthening their security awareness and response capabilities through practical work. We also encourage employees to obtain advanced security certifications designated by the Company and promote knowledge acquisition through self-learning.

(iv) Defense system against threats

We have built a robust system to support defense and monitoring activities, as well as the framework that underpins them, in order to appropriately combat threats to complicated cybersecurity and information security and to provide safe and secure services. We have adopted a defense-in-depth architecture including network communication control, and have established a system that uses our SOC to promptly investigate and respond to abnormalities detected with EDR (Endpoint Detection and Response) installed in each terminal. In addition, the Product Security Team is working to bolster security consistently from the development stage of each service. We also have set up CSIRT and developed a system to ensure immediate response to an incident.

Name	Description
24/7 monitoring activities	We work with in-house teams and external vendors to conduct 24/7 monitoring activities against cyberattacks and make quick investigation and response of abnormalities when detecting them. We also conduct monitoring activities to prevent unauthorized access to internal information equipment.

Name	Description
Conducting regular vulnerability assessments and penetration testing	We test and strengthen the security levels for each service and our systems by having hackers from outside agencies conduct intentional cyberattacks on our company. Penetration testing is also conducted in the internal environment and training for targeted attack emails and BCP (Business Continuity Plan) is provided to our officers and employees.

(v) Technical initiatives

We implement a variety of security measures, including vulnerability assessments, which third-party organizations and specialized in-house departments perform.

Name	Description
Encryption of transmissions	All external transmissions to our data center are highly encrypted using user-authenticated HTTPS.
Images deleted from device after scanning	After business cards, invoices, and other paper documents are scanned, the image data is deleted from the device.
High service availability	All our servers are load-balanced through multiplexed network equipment. Services can be promptly restored in the event of a failure. Additionally, our data centers are redundantly configured to minimize the risk of service outages in the event of a disaster.
Adopting zero trust security	By adopting zero trust security across the Company and applying zero-trust-based management measures to access to information assets to be protected, we are establishing an environment that allow us to work safely both inside and outside the internal network.

3) Risk management

The Group perceives risks related to privacy and information security to have a significant impact on management and the business, and it analyzes and identifies them as part of its company-wide risk management activities. Details of company-wide risks are presented in “II. Status of Business 3. Business risks, etc.”

For information security risks, we have established the standard for risk assessment to perform systematic risk assessment and management. First, we quantitatively assess the likelihood and impact of risks from the perspectives of threats and vulnerabilities, and classify the severity of risks based on the results. We then determine whether each classified risk is acceptable and, where necessary, implement appropriate controls.

4) Metrics and targets

With regard to initiatives on data privacy and information security, the Group has mainly set appraisal metrics as follows, and monitors the progress. In addition, for certain metrics, the Group has established targets for the fiscal year ending May 31, 2030.

Material issues	Metrics (targets for fiscal year ending May 31, 2030)	Results for fiscal year ended May 31, 2025
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	90.6%
	Total participation time for information security-related training	Approximately 5,600 hours

3 Business risks

Managerial and business risks of the Group include those related to information security, such as handling of personal information and improvement of systems, since it provides services in which it handles important information of companies including business cards and invoices. In addition, there are highly uncertain risks such as Internet usage environment, technological innovations and user behavior change. To these risks, we strive to establish a management system and countermeasures and work to reinforce the management structure to support the rapid growth of the business.

(1) Risk management

For risks that may have a significant impact on management, the Group stays aware of the probability of their occurrence and establishes a risk management structure and methods to respond to the risks. Furthermore, the Group either prevents them from manifesting themselves or respond to them if they become a reality, in light of changes in the environment surrounding its businesses.

1) Identification and analysis processes of risks

The Group makes an internal audit plan in accordance with the internal audit regulations, and each department regularly reviews risks in the internal audit process and prepares risk assessment matrix that complies assessment of risks extracted annually and its countermeasure plan. The Internal Auditing Department aggregates data of the risk assessment matrix prepared by each department and reports to the Board of Directors, thereby establishing a system that enables the Company to respond to company-wide risks promptly and comprehensively.

2) Incident guidelines

In case of any occurrence of incidents related to provision of services such as disasters, accidents, unauthorized access and vulnerability matters, each department has established guidelines on structure, chain of command, judgment criteria and response procedures for incidents. Specifically, incidents are classified from three perspectives of confidentiality, integrity and availability, and a degree of priority is given to responses to each risk. Then a decision-maker for judgment on and responses to incidents at each department is appointed.

(2) Major risks

The following shows matters that may have a material impact on judgment of investors, among matters that may affect the Group’s businesses, status of finance and accounting, etc. The Group’s policy is to strive to stay aware of these potential risks and to either prevent them from manifesting themselves or respond to them if they become a reality. However, it believes that investment decisions on the Group’s shares need to be made after careful consideration is given to this section together with other descriptions in this document.

Of the following descriptions, matters related to the future were judged by the Group as at the filing date of this document and contain uncertainty, and therefore they may differ from actual results.

For each risk’s frequency of occurrence and profit impact, the Internal Auditing Department conducts a company-wide assessment based on risk analysis information collected and aggregated from each department. The frequency of occurrence is assessed on a five-point scale (1: extremely low, 5: extremely high), while the profit impact is assessed by estimating the potential monetary effect on the Company should the risk materialize, and is categorized as small for less than 1 billion yen per year, medium for 1 billion yen or more but less than 3 billion yen per year, and large for 3 billion yen or more per year.

Category	Item	Description of risks	Frequency of occurrence	Profit impact (annual)	Responses
Information security risk	(1) Handling of personal information	・Unauthorized access from the outside with a malicious intention, and internal leak, loss, alteration or abuse of customer information by intention or negligence	2	Small	・Establishment and operation of a personal information protection management system ・Obtaining Privacy Mark certification ・Obtaining ISO/IEC 27001, ISO/IEC27017, and ISO/IEC 27701 certifications ・Registration in the ISMAP-LIU Cloud Service List ・Requiring all officers and employees to obtain the qualification of Personal Information Protection Specialist ・Collection of information on new legal regulations in Japan and overseas, and implementation of necessary countermeasures Thorough legal compliance, and safe management of outsourcing contractors
	(2) Equipment and network stability	・Obstacles posed to the Group’s equipment and use of network due to natural disasters such as fire and earthquake, external breakage, system failures due to human errors, or any other unanticipated events	2	Small	・Distribution of load to multiple servers and regular backups ・Establishment of a real-time access log check function and a system to immediately give notice of any software failure ・Recovery training assuming the time of failure occurrence
Service risk	(3) Service failures, etc.	・Occurrence of various bugs in the Group’s applications, software and systems ・Detection of any critical bug that poses an obstacle to the operation of the Group’s businesses ・Delay in response to incidents and insufficient follow-up with existing customers	2	Small	・Building and maintenance of the highly reliable development structure ・Formulating and implementing of incident guidelines for services ・Establishing of a response system
External environment risk	(4) Internet access environments	・Introduction of new regulations on Internet use, and occurrence of an adverse effect	2	Small	・Collection of information on Internet-related legal regulations, etc. as well as extraction of issues and implementation of solutions
	(5) Cloud business	・Significant downturn in demand for cloud services themselves	2	Small	・Creation of new value offered ・Proactive adoption of new technologies ・Protection of intellectual property rights through patent acquisition, etc. ・Promotion of M&A, and capital and business alliances
	(6) Responding to technological innovations	・Delay in responding to technological innovations, etc. ・Incurrence of unexpected development expenses, etc.	3	Medium	
	(7) Competition	・Intensified competition with existing business operators and new entrant operators ・Intensified competition due to appearance of any other company’s service with a revolutionary concept	4	Medium	
	(8) Natural disasters	・Delay or suspension of business due to large-scale natural disasters including earthquakes and typhoons	1	Small	・Establishment of BCP manual

Category	Item	Description of risks	Frequency of occurrence	Profit impact (annual)	Responses
Investment risk	(9) Upfront investments in advertising, promotions, and product development	・Large increase in expenditures due to changes in the policy and plans for advertising and promotions ・Losses incurred due to service withdrawal	2	Small	・Monitoring of cost-effectiveness of advertising and promotions ・Monitoring of product development
	(10) Investments such as corporate acquisitions and purchase of investment securities	・Delay in a business plan after an acquisition or investment ・Impairment losses incurred on investment securities	3	Medium	・Implementation of sufficient due diligence for target companies ・Thorough monitoring and follow-ups for target companies
	(11) System infrastructure investments	・Unexpected additional investment in hardware and software for stable operation of services	2	Small	・Thorough monitoring of access from the outside ・Design of appropriate system infrastructure investment according to the business expansion
Personal risk	(12) Establishment of management control system	・Delay in establishment of the business structure and the internal management structure according to the business size ・Delay in delivery due to inadequate monitoring of external contractors and an insufficient business structure	2	Small	・Thorough development of the internal management structure in line with increases in operations and employees ・Establishment of an information management system with external contractors
	(13) Training and securing human resources	・Shortfall in excellent human resources ・Delay in securing sales staff and loss of them ・Decline in productivity and increase in employee turnover due to inadequate attention to harassment and diversity	2	Small	・Recruitment of excellent human resources ・Strengthening of the structure by internally fostering personnel, etc. ・Development of the working environment
	(14) Dependence on specific individuals	・Occurrence of any event that brings difficulties for Chikahiro Terada, Representative Director, to continue operations	1	Small	・Creation of a structure that does not excessively depend on him ・Mutual information sharing among executives and strengthening of the management organization
Legal risk	(15) Laws and regulations	・Impact of enactment of new privacy-related regulations, laws regulating internet-related business operators, and relevant laws, etc. applicable in line with the expansion of the business environment in Japan and overseas	2	Small	・Collection of information on legal regulations, etc. as well as extraction of issues and implementation of solutions
	(16) Intellectual property right infringement, etc.	・A claim for damage or injunction request from a third party on the grounds of infringement of patent right or trademark right ・A third party's infringement of intellectual property rights held by the Group	1	Small	・Implementation of survey on intellectual property right infringement via patent firms ・Patent applications and registrations ・Implementation of legal actions

Category	Item	Description of risks	Frequency of occurrence	Profit impact (annual)	Responses
Overseas risk	(17) Launching overseas	・Occurrence of risks specific to overseas that are difficult to address ・Delay in monetarization of the overseas business	2	Small	・Collection of information on regions where the Group has developed its businesses as well as extraction of issues and implementation of solutions ・Formulation of appropriate business plans
Financial risk	(18) Credit	・Restrictions on financing due to a decline in credit ・Increasing difficulty in securing settlement funds due to the rapid expansion of credit card services	2	Small	・Maintenance of creditworthiness through ongoing dialogue and disclosure of information to capital markets ・Diversification of funding sources ・Development of a robust financial base to prepare for the risk of uncollectible receivables
Other	(19) Granting incentives	・Dilution of value of shares held by existing shareholders through exercise of stock options issued (Note)	1	Small	・Design of stock options with adequate consideration of the market environment, impact on existing shareholders, etc.

Note: As of July 31, 2025, the number of potentially dilutive shares arising from stock options (including those resolved for issuance by that date) was 3,411,244 shares, equivalent to 2.7% of the total number of issued shares.

4 Management analysis of financial position, operating results, and status of cash flows

(1) Explanation of operating results, etc.

An overview of the Group's financial position, operating results, and status of cash flows ("Operating Results, etc.") are as follows.

1) Analysis of operating results

Consolidated financial results for the fiscal year ended May 31, 2025 are as follows.

(Millions of yen, unless otherwise noted)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025	Year-on-year change
Net sales	33,878	43,202	+27.5%
Gross profit	28,814	37,410	+29.8%
Adjusted operating profit	1,709	3,555	+108.0%
Ordinary profit	1,224	2,743	+124.1%
Profit attributable to owners of parent	953	424	(55.5)%

In the fiscal year under review, backed by the positive order situation, the Group engaged in strengthening the sales structure for Sansan and Bill One, aiming for further growth of net sales. In Eight Business, the Group worked to further increase future profitability under its business policy focused on profitability.

Consequently, results were strong in the fiscal year under review, with net sales and gross profit increasing 27.5% and 29.8%, respectively, year on year (with a gross profit margin of 86.6%). In addition to the increase in net sales and improvement in gross profit margin, adjusted operating profit grew 108.0% year on year, mainly due to a decline in the ratio of personnel expenses to net sales resulting from a decrease in the number of new hires compared to the previous fiscal year. Ordinary profit also rose 124.1% year on year. Meanwhile, profit attributable to owners of parent decreased 55.5% year on year, due to the recording of provision for loss on share sale contract of ¥2,301 million in extraordinary losses, as announced on May 22, 2025, in the "Notification Regarding Additional Acquisition of Preferred Stock of and Termination of the Capital and Business Alliance with Unipos Inc., and Booking of Loss Arising from Transfer of Investment Securities (Extraordinary Loss)."

Results by segment are as follows.

From the current fiscal year, corporate expenses that were previously not allocated to specific segments are now allocated to each segment according to a defined policy. This change has been retrospectively reflected in the results for the fiscal year ended May 31, 2024.

(i) Sansan/Bill One Business

This business segment includes services such as sales DX solution Sansan, and accounting DX solution Bill One.

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

(Millions of yen, unless otherwise noted)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025	Year-on-year change
Net sales (Note 1)	29,948	37,785	+26.2%
Sansan	22,889	26,766	+16.9%
Sansan recurring sales	21,509	25,136	+16.9%
Sansan other sales	1,379	1,629	+18.1%
Bill One	6,168	9,790	+58.7%
Others	889	1,229	+38.1%
Adjusted operating profit	2,251	3,581	+59.1%
Sansan			
Number of subscriptions	9,693 subscriptions	10,701 subscriptions	+10.4%
Monthly recurring sales per subscription	¥197 thousand	¥210 thousand	+6.6%
Last 12 months average of monthly churn rate (Note 2)	0.42%	0.49%	+0.07 pts.
Bill One			
MRR (Note 3)	640	913	+42.7%
Number of paid subscriptions	2,816 subscriptions	3,932 subscriptions	+39.6%
Monthly recurring sales per paid subscription	¥227 thousand	¥232 thousand	+2.2%
Last 12 months average of monthly churn rate (Note 2)	0.33%	0.33%	–

Notes: 1. The sum of sales to external customers and intersegment sales or transfers

2. Ratio of decrease in MRR resulting from subscription cancellations to MRR for existing subscriptions for each service
3. Monthly Recurring Revenue

a. Sansan

The Group worked on strengthening the sales structure mainly through personnel development. As a result, the number of subscriptions increased 10.4% year on year, and the monthly recurring sales per subscription increased 6.6% year on year. Furthermore, the last 12 months average of monthly churn rate was 0.49%, an increase of 0.07 percentage points year on year, maintaining a churn rate as low as less than 1%.

As a result, net sales in Sansan increased 16.9% year on year, of which recurring sales (fixed revenue) were up 16.9% year on year and other sales were up 18.1% year on year.

b. Bill One

The Group worked on strengthening the sales structure with a focus on hiring and developing personnel. As a result, growth continued with the number of paid subscriptions and the monthly recurring sales per paid subscription increasing 39.6% year on year and 2.2% year on year, respectively. Furthermore, the last 12 months average of monthly churn rate was 0.33%, the same level as in the previous fiscal year, maintaining a churn rate as low as less than 1%. In addition, the group launched Bill One Expenses, which utilizes its Bill One Business Card service in June 2024, and Bill One Accounts Receivable, which enables users to complete all the processes from invoice issuing to payment reconciliation in September 2024.

As a result, ARR (Note 4) in Bill One as of May 31, 2025 amounted to ¥10,962 million, while net sales increased 58.7% year on year.

Notes: 4. Annual Recurring Revenue

c. Others
The Group worked to strengthen the sales structure and enhance the functionality of Contract One, an AI-driven contract database service, by leveraging the strengths, knowledge, knowhow, etc. cultivated through existing services, with the aim of expanding sales. In addition, our consolidated subsidiary, Ninout, Inc. undertook initiatives such as strengthening the sales of Ask One.
As a result, net sales of others were up 38.1% year on year.

As a result of these efforts, net sales increased 26.2% year on year and adjusted operating profit increased 59.1% year on year in Sansan/Bill One Business.

(ii) Eight Business

This business segment includes Eight, a business card app, as well as logmi series event transcription service.

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

(Millions of yen, unless otherwise noted)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025	Year-on-year change
Net sales (Note 5)	3,548	5,051	+42.4%
B2C services	347	402	+15.8%
B2B services	3,200	4,649	+45.3%
Adjusted operating profit	(462)	63	–
Eight			
Number of Eight users (Note 6)	3.72 million people	4.09 million people	+0.36 million people
Number of subscriptions for Eight Team	4,608 subscriptions	5,451 subscriptions	+18.3%

Notes: 5. The sum of sales to external customers and intersegment sales or transfers

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

a. B2C services
As a result of the enhancement of functions such as the virtual card exchange function, the number of Eight users totaled 4.09 million, an increase of 0.36 million year on year, and net sales from B2C services increased 15.8% year on year.

b. B2B services
The Group continued to work on strengthening monetization of the various services. As a result, net sales from B2B services increased 45.3% year on year. Furthermore, Eight Team, our business card management service, experienced a steady 18.3% year-on-year increase in the number of subscriptions.
Notably, Kaede IR Advisory Inc. was made a consolidated subsidiary of the Company in June 2024 and was subsequently merged into logmi, Inc., another consolidated subsidiary, in September of the same year. Its contribution has been reflected in the consolidated earnings since the beginning of the current fiscal year.

As a result of these efforts, net sales in Eight Business increased 42.4% year on year. Adjusted operating profit amounted to ¥63 million, marking a return to profitability (compared with a loss of ¥462 million for the previous fiscal year), as a result of our efforts to operate business with an emphasis on profitability, as well as of increased net sales.

2) Analysis of financial position

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025	YoY change
Total assets	37,592	47,984	+10,392
Total liabilities	22,819	31,943	+9,123
Total net assets	14,772	16,040	+1,268
Total liabilities and net assets	37,592	47,984	+10,392

Assets

Total assets at the end of the fiscal year under review were ¥47,984 million, up ¥10,392 million from the end of the previous fiscal year. This was primarily due to increases of ¥6,298 million in cash and deposits, ¥1,681 million in buildings and structures, ¥1,026 million in other current assets, ¥1,013 million in deferred tax assets, ¥192 million in prepaid expenses, and ¥179 million in accounts receivable - trade, which were partially offset by a decrease of ¥465 million in leasehold deposits.

Liabilities

Total liabilities at the end of the fiscal year under review were ¥31,943 million, up ¥9,123 million from the end of the previous fiscal year. This was primarily due to increases of ¥3,808 million in advances received mainly as a result of receiving a lump-sum payment for the contract term from customers, ¥2,301 million in provision for loss on share sale contract, ¥1,007 million in accounts payable - other, ¥785 million in income taxes payable, and ¥169 million in provision for bonuses, which were partially offset by a decrease of ¥915 million in long-term borrowings.

Net assets

Net assets at the end of the fiscal year under review were ¥16,040 million, up ¥1,268 million from the end of the previous fiscal year. This was primarily due to increases of ¥429 million each in share capital and capital surplus as a result of the exercise of share acquisition rights, an increase of ¥424 million in retained earnings due to the recording of profit attributable to owners of parent, and ¥335 million from the recognition of share acquisition rights, which were partially offset by an increase of ¥299 million in treasury shares.

3) Analysis of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025	YoY change
Cash flows from operating activities	5,483	9,651	+4,168
Cash flows from investing activities	(3,180)	(2,550)	–
Cash flows from financing activities	1,431	(654)	–
Cash and cash equivalents at end of period	24,729	31,172	+6,443

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year under review totaled ¥31,172 million, an increase of ¥6,443 million compared with the end of the previous fiscal year (up 26.1% year on year). This increase includes the effect of foreign exchange fluctuations of ¥(3) million on net cash.

The respective cash flow positions and the factors thereof in the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled ¥9,651 million (compared with ¥5,483 million provided in the previous fiscal year).

The main factors for the increase in net cash were increases of ¥3,808 million in advances received, ¥2,301 million in provision for loss on sale of shares, ¥1,509 million in other liabilities, ¥969 million in accounts payable - other, ¥177 million in trade payables, ¥173 million in provision for bonuses; and the recording of non-cash expenses of ¥940 million in depreciation, ¥573 million in share-based payment expenses, and ¥126 million in loss on valuation of investment securities. The main factors for the decrease in net cash were a gain on sale of investment securities of ¥418 million, an increase of ¥343 million in other assets, an increase of ¥179 million in prepaid expenses, and income taxes paid of ¥324 million.

Cash flows from investing activities

Net cash used in investing activities totaled ¥2,550 million (compared with ¥3,180 million used in the previous fiscal year).

This was primarily due to cash outflows from purchase of property, plant and equipment of ¥2,231 million, purchase of intangible assets of ¥470 million, purchase of investment securities of ¥400 million, and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥230 million, which were partially offset by cash inflows from proceeds from sale of investment securities of ¥668 million and proceeds from refund of leasehold deposits of ¥783 million.

Cash flows from financing activities

Net cash used in financing activities totaled ¥654 million (compared with ¥1,431 million provided in the previous fiscal year).

This was primarily due to cash outflows from repayments of long-term borrowings of ¥907 million and purchase of treasury shares of ¥299 million, which were partially offset by cash inflows from proceeds from issuance of shares of ¥642 million.

4) Production, orders, and sales results

a. Production results

The Group does not disclose figures related to production results as there are no activities pertinent to production related to the services provided.

b. Order results

The Group omits figures related to order results due to the short period between order and provision of services.

c. Sales results

By segment, sales results for external customers during the fiscal year under review is as follows.

Name of segment		Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025	YoY change
Sansan/Bill One Business	(Millions of yen)	29,938	37,773	+126.2%
Eight Business	(Millions of yen)	3,542	5,039	+142.2%
Others	(Millions of yen)	397	389	+98.1%
Total	(Millions of yen)	33,878	43,202	+127.5%

Note: Sales results by major business partner and the percentage of total sales by major business partner are omitted because no business partner makes up 10% or more of the total sales results.

(2) Analysis and considerations related to status of operating results, etc. from management perspective

Recognition and analysis/considerations related to the status of operating results, etc. of the Company from management perspective are as follows. Matters related to future developments in this text is based on judgements made at the time this report was submitted.

1) Assumptions used for major accounting policies and estimates

The consolidated financial statements of the Group are prepared based on the accounting standards recognized as generally fair and appropriate in Japan. Upon preparation of the consolidated financial statements, important accounting policies are listed in “V. Accounting, 1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements (Basis of preparation of consolidated financial statements).”

Of the accounting estimates used in the preparation of the consolidated financial statements and the assumptions used in the estimates, the important estimates and assumptions are listed in “V. Accounting, 1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements (Significant accounting estimates).”

2) Recognition, analysis, and considerations related to operating results, etc. for the fiscal year under review

Recognition, analysis, and considerations related to operating results, etc. are listed in “(1) Explanation of operating results, etc.”

3) Capital sources and liquidity

The Group executes active advertising activities to raise awareness and expand the number of users. In the future, it plans to continue such advertising investments. A certain percentage of the Group capital demand is advertising investments. In principle, the Group secures necessary capital from owned treasury, financing from financial institutions, and equity financing, etc. Furthermore, there is no special policy on priority of capital procurement methods. The Group plans to make flexible considerations based on the amount and use of the required capital.

4) Major factors impacting operating results

Please see “3. Business risks” for major factors impacting operating results.

5) Issue awareness by management and future policies

Please see “1. Management policy, management environment, and issues to be addressed” for issue awareness by management and future policies.

5 Important contracts

Transfer of Shares in Unipos Inc.

At the extraordinary meeting of the Board of Directors held on May 22, 2025, the Company resolved to transfer to Link and Motivation Inc. (“LMI”) the common and preferred shares of Unipos Inc. (“Unipos”) held by the Company, as well as the preferred shares to be acquired from Development Bank of Japan Inc. (“DBJ”) under a shareholders’ agreement. The share transfer was completed on July 1, 2025.

Reason for Entering into the Share Transfer Agreement:

As of May 19, 2021, the Company entered into a capital and business alliance agreement with Unipos, with the future possibility in mind of making Unipos a consolidated subsidiary if its service “Unipos” achieves a certain scale of growth. Under this framework, we have explored various collaborative initiatives such as enhancing the value of mutual services through integration of our service “Sansan” with “Unipos,” coordinating sales activities, and collaborating with the advertising services offered under our Eight Business. However, both companies have mutually agreed that it would be difficult to implement the originally envisioned business alliance and to generate expected synergies, due to differences in service development priorities, changes in business structures and our respective service offerings, and other factors. Under these circumstances, the Company has entered into a share transfer agreement with LMI regarding all the common and preferred shares of Unipos held by the Company, with the aim of improving asset efficiency. In addition, based on these conclusions, we have decided to terminate the capital and business alliance with Unipos.

Reason for Acquiring Preferred Shares from DBJ:

As of May 19, 2021, the Company has entered into a shareholders’ agreement with DBJ regarding the preferred shares of Unipos. In considering the planned transfer of Unipos’ shares to LMI, the Company carefully examined various conditions from the perspective of economic rationality. As a result, we have decided, pursuant to the shareholders’ agreement, to exercise the call option at this point to acquire all the preferred shares of Unipos held by DBJ, and subsequently to transfer all of the common and preferred shares of Unipos held by the Company to LMI.

These transactions described above were subject to the following conditions: (i) the approval of the proposal regarding the share exchange agreement for making Unipos a wholly owned subsidiary of LMI at the annual general meeting of shareholders of Unipos held on June 27, 2025, and (ii) the approval of the partial amendment to the Articles of Incorporation concerning changes in the terms of the preferred stock of Unipos at the same annual general meeting of shareholders and at the class meeting of holders of preferred stock of Unipos held on the same day.

6 Research and development activities

Not applicable.

III. Information About Facilities

1 Overview of capital expenditures

Total amount of capital expenditures for the fiscal year under review amounted to ¥3,149 million. Major investments included ¥2,598 million for office interior construction and acquisition of equipment, etc., associated with the relocation of the head office, and ¥195 million for the development of software for services in the Sansan Business.

In addition, facilities, etc. at the former head office were retired as part of the relocation.

2 Major facilities

The Group's major facilities are as follows.

(1) Reporting company

As of May 31, 2025

Name of office (Location)	Name of segment	Type of facility	Carrying amount				Number of employees (Persons)
			Building (Millions of yen)	Software (Millions of yen)	Others (Millions of yen)	Total (Millions of yen)	
Shibuya head office (Shibuya-ku, Tokyo)	Sansan/Bill One Business, Eight Business, Corporate (shared)	Facility for operation	1,836	547	560	2,944	1,738 (657)

Notes: 1. Of the carrying amount, "Others" include tools, furniture and fixtures, leased assets, etc.

2. The number of employees represents the number of employed persons (including contract employees). For the number of temporary employees (including part-timers), the annual average number of staff is shown in parentheses and is excluded from the above number.

3. The head office is a rental property, and the annual rent is ¥1,647 million.

(2) Subsidiaries in Japan
No applicable facilities.

(3) Subsidiaries outside Japan
No applicable facilities.

3 Planned addition, retirement, and other changes of significant facilities

(1) Planned addition and other changes of significant facilities
Not applicable.

(2) Planned retirement and other changes of significant facilities
Not applicable.

IV. Information About Reporting Company

1 Company's shares, etc.

(1) Total number of shares

1) Authorized shares

Class	Total number of authorized shares (shares)
Common shares	470,800,000
Total	470,800,000

2) Issued shares

Class	Number of issued shares as of fiscal year end May 31, 2025	Number of issued shares as of filing date August 25, 2025	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	126,516,452	126,544,952	Tokyo Stock Exchange (Prime Market)	These are shares with full voting rights, which are standard shares of the Company with no limits on rights. Number of shares in a trading unit is 100 shares.
Total	126,516,452	126,544,952	–	–

Note: "Number of issued shares as of filing date" does not include the number of shares issued through the exercise of share acquisition rights between August 1, 2025 and the filing date of this Annual Securities Report.

(2) Share acquisition rights

1) Description of stock-option system

A. 3rd Share Acquisition Rights

Date of resolution	January 9, 2019
Category and number of recipients (Persons)	Employees of the Company: 399 Directors of the Company's subsidiaries: 2 Employees of the Company's subsidiaries: 2
Number of share acquisition rights (Units)*	89,345 [89,272] (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 357,380 [357,088] (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥850 (Notes 2 & 3)
Exercise period of share acquisition rights*	From February 1, 2021 to January 8, 2029
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥850 Amount credited to paid-in capital: ¥425
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. As for matters changed by the end of the month before the filing date (July 31, 2025), descriptions as at the end of the month before the filing date are provided in brackets, and other matters have not changed from the descriptions as of the last day of the fiscal year.

Notes: 1. The number of shares to be acquired upon exercise of one share acquisition right (hereinafter the "Number of Granted Shares") is four common shares of the Company. The Number of Granted Shares shall be adjusted according to the following formula in the event that, after the allotment date of the share acquisition rights (hereinafter the "Allotment Date"), the Company conducts a stock split (including the gratis allotment of common shares of the Company; the same shall apply hereinafter) or a stock consolidation of common shares of the Company.

$$\text{Number of Granted Shares after adjustment} = \text{Number of Granted Shares before adjustment} \times \text{Ratio of stock split (or stock consolidation)}$$

In addition, after the Allotment Date of the share acquisition rights, in the case where the Company conducts a merger, a company split, a share exchange, or a share transfer (hereinafter, collectively, "merger, etc."), and where the Company conducts a gratis allotment of shares, or other cases where the above adjustment of the Number of Granted Shares is required, the Number of Granted Shares may be adjusted within a reasonable range. However, the adjustment up to the above is made only to the Number of Granted Shares for the share acquisition rights that have not been exercised at that time, among the share acquisition rights, and any fraction less than one share arising from the adjustment shall be rounded down to the nearest share.

2. If the Company conducts a stock split or a stock consolidation of common shares of the Company after the Allotment Date of the share acquisition rights, the above exercise price shall be adjusted by the following formula according to the ratio of the stock split or stock consolidation, and any fraction less than ¥1 arising from the adjustment shall be rounded up to the nearest yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

3. If the Company conducts issuance of new shares or disposal of treasury shares as for common shares of the Company at a lower price than the fair value after allotment of the share acquisition rights (excluding cases of conversion or exercise of securities to be converted or convertible to common shares of the Company, or share acquisition rights (including those attaching to bonds with share acquisition rights) that allow the holders to demand delivery of common shares of the Company), the above exercise price shall be adjusted according to the following formula, and any fraction less than ¥1 arising from the adjustment shall be rounded up to the nearest yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount to be paid in per share}}{\text{Fair value per share before issue of new shares}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

In the above formula, the “Number of shares already issued” shall be the amount calculated by deducting the number of treasury shares related to common shares held by the Company from the total number of issued common shares of the Company. In addition, if treasury shares related to common shares of the Company are disposed of, the “Number of shares newly issued” shall be replaced with the “Number of treasury shares disposed of.” Furthermore, after the Allotment Date, in the case where the Company conducts a merger, etc., or other cases where the above adjustment of the exercise price is required, the exercise price may be adjusted within a reasonable range, taking into account conditions for the merger, etc., conditions for the gratis allotment of shares, and other factors.

4. Exercise conditions of share acquisition rights
   (1) The person to whom the share acquisition rights are allotted (hereinafter the “Share Acquisition Rights Holder”) must, at the time of exercise of the share acquisition rights, be holding the position of Director, Audit & Supervisory Board Member, or employee of the Company or a subsidiary of the Company. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
   (2) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (3) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
5. Matters concerning transfer of share acquisition rights
   Transfer of share acquisition rights requires approval by resolution from the Board of Directors of the Company.
6. Provisions for acquisition of share acquisition rights
   (1) In the event of a merger agreement in which the Company becomes a dissolved company, a split agreement or a split plan in which the Company becomes a split company, or a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, which is approved by a general meeting of shareholders (or by a resolution of the Board of Directors if no approval is required by a general meeting of shareholders), the Company may acquire all or part of the share acquisition rights without any charge upon the arrival of a date to be separately specified by its Board of Directors. When acquiring a part of the share acquisition rights, the part of the share acquisition rights to be acquired shall be determined by a resolution of the Company’s Board of Directors.
   (2) In the event that the exercise of the share acquisition rights becomes impossible pursuant to the provisions set forth in (Note 4) above prior to the exercise by the Share Acquisition Rights Holder, the Company may acquire the share acquisition rights without any charge.
7. Treatment of share acquisition rights in organizational restructuring
   If the Company conducts a merger (limited to the case where the Company is extinguished through the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter, collectively, “organizational restructuring”), share acquisition rights of a Stock Company listed in Article 236, paragraph (1), item (viii), (a) through (e) of the Companies Act (hereinafter the “Restructured Company”) are each delivered to the Share Acquisition Rights Holder of the share acquisition rights remaining on the effective date of the organizational restructuring (hereinafter the “remaining share acquisition rights”) based on the following policy in each case. In this case, the remaining share acquisition rights shall be extinguished, and the Restructured Company shall newly issue share acquisition rights. However, this shall apply only if it is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that the Restructured Company shall deliver share acquisition rights.
   (1) The number of share acquisition rights to be granted by the Restructured Company
       The same number of share acquisition rights as the number of the share acquisition rights held by the Share Acquisition Rights Holder of the remaining share acquisition rights is delivered.
   (2) Class of Restructured Company’s shares to be acquired upon exercise of share acquisition rights
       The class of the shares shall be common shares of the Restructured Company.
   (3) Number of Restructured Company’s shares to be acquired upon exercise of share acquisition rights
       The number shall be decided pursuant to (Note 1) above, after consideration of the terms and conditions of the organizational restructuring.
   (4) Value of property to be contributed when share acquisition rights are exercised
       The subject of the contribution to be made on the exercise of each share acquisition right shall be monies, and their value shall be the amount calculated by multiplying the exercise price after the restructuring, which is derived by adjusting the exercise price stipulated in (Note 2) and (Note 3) above in view of conditions, etc. of the organizational restructuring, by the number of Restructured Company’s shares to be acquired upon exercise of share acquisition rights determined in accordance with (Note 7) (3) above.
   (5) Exercise period of share acquisition rights
       It shall be from the later of start date of the exercise period of the share acquisition rights or the effective date of the organizational restructuring to the expiration date of the exercise period of the share acquisition rights.
   (6) Matters related to increase in share capital and legal capital surplus upon issuance of shares through exercising the share acquisition rights
       The amount of an increase in share capital upon issuance of shares through exercising the share acquisition rights shall be half of the maximum amount of increase of share capital, etc., which is calculated in accordance with Article 17, paragraph (1) of the Regulation on Corporate Accounting, and any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen. In this case, the amount

of an increase in legal capital surplus shall be the amount of the above maximum amount of increase of share capital, etc. less the amount of the increase in share capital.

(7) Restrictions on assignment of share acquisition rights
For restriction on the acquisition by transfer, approval by resolution of the Board of Directors of the Restructured Company shall be required.

(8) Other conditions for exercising share acquisition rights
Shall be decided pursuant to (Note 4) above.

(9) Reasons and conditions for acquisition of share acquisition rights
Shall be decided pursuant to (Note 6) above.

(10) Other conditions shall be determined in accordance with the conditions of the Restructured Company.

B. 4th Share Acquisition Rights

Date of resolution	January 9, 2019
Category and number of recipients (Persons)	(Note 9)
Number of share acquisition rights (Units)*	233,266 [229,814] (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 933,064 [919,256] (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥850 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 1, 2020 to January 30, 2029
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥850 Amount credited to paid-in capital: ¥425
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. As for matters changed by the end of the month before the filing date (July 31, 2025), descriptions as at the end of the month before the filing date are provided in brackets, and other matters have not changed from the descriptions as of the last day of the fiscal year.

Notes: 1. Same as Note 1 of the 3rd Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights

(1) The person to whom the share acquisition rights are allotted (hereinafter the "trustee") may not exercise the share acquisition rights, and except as otherwise provided in the offering memorandum, only the person to whom the share acquisition rights are granted by the trustee (hereinafter the "Share Acquisition Rights Holder") may exercise the share acquisition rights.

(2) The Share Acquisition Rights Holder may exercise the share acquisition rights only if segment profit of the Sansan Business of the Company exceeds ¥3,150 million based on the Company's statement of income (when the consolidated statement of income is prepared, consolidated statement of income) in any fiscal year between the fiscal year ended May 31, 2020 and the fiscal year ended May 31, 2022. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company's Board of Directors.

(3) Notwithstanding (2) above, the Share Acquisition Rights Holder may not exercise all the remaining share acquisition rights, if each event listed below occurs between the Allotment Date of the share acquisition rights and the expiration date of the exercise period.

(a) Case where issuance of common shares of the Company, etc. at a price lower than the price calculated by multiplying the exercise price stipulated in (Note 2) and (Note 3) above by 50% (any fraction less than ¥1 being rounded up to the nearest yen) is conducted (excluding cases where the amount to be paid in is "particularly favorable" as stipulated in Article 199, paragraph (3) and Article 200, paragraph (2) of the Companies Act, cases where the issuance, etc. is due to allotment to shareholders, and other cases where the issuance, etc. is conducted at a price that is considered different from the share value of common shares).

(b) In the case where common shares of the Company to be acquired upon exercise of the share acquisition rights are not listed on any financial instruments exchange in Japan, when trading or any other transaction at a price lower than the price calculated by multiplying the exercise price stipulated in (Note 2) and (Note 3) above by 50% (any fraction less than ¥1 being rounded up to the nearest yen) is conducted (excluding cases where the transaction is conducted at a price that is considered significantly lower than the share value at the time of the transaction for special reasons such as capital policy purposes).

(c) In the case where common shares of the Company to be acquired upon exercise of the share acquisition rights are listed on any financial instruments exchange in Japan, when the closing price in ordinary transactions of common shares of the Company is lower than the price calculated by multiplying the exercise price stipulated in (Note 2) and (Note 3) above by 50% (any fraction less than ¥1 being rounded up to the nearest yen).

(d) In the case where common shares of the Company to be acquired upon exercise of the share acquisition rights are not listed on any financial instruments exchange in Japan, when the amount of shares valued by a third-party evaluation organization, etc. using methods such as the DCF method and the comparable company analysis method is lower than the price calculated by multiplying the exercise price stipulated in (Note 2) and (Note 3) above by 50% (any fraction less than ¥1 being rounded up to the nearest yen) (however, if the amount of shares valued is presented in a certain range, the Company's Board of Directors shall judge whether this paragraph applies, through consultation with the third-party evaluation organization, etc.).

(4) The Share Acquisition Rights Holder is required to remain a Director, employee or adviser of the Company or its subsidiary/affiliate, or an external cooperator of an outsourcing contractor, etc. until the holder exercises the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.

(5) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.

(6) Pledging of share acquisition rights, or the creation of security interests shall not be permitted.

(7) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.

(8) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.
8. The share acquisition rights were issued with compensation at ¥17 per one share acquisition right. Based on ¥850 of issuance price and ¥425 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥855 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥428 as a result of addition of ¥3, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.
9. Chikahiro Terada, Representative Director & CEO, established a "share acquisition rights trust" with Takanori Kushida, a tax accountant, as the trustee (hereinafter the "Trust (4th Share Acquisition Rights)") as of January 30, 2019 based on the resolution at the Extraordinary General Meeting of Shareholders held on January 9, 2019 for the purpose of granting an incentive for the medium- to long-term enhancement of corporate value to current and future executives and employees, etc. of the Group and retaining outstanding talents. For the Trust (4th Share Acquisition Rights), the Company issued the 4th Share Acquisition Rights (resolution at the Extraordinary General Meeting of Shareholders on January 9, 2019) on January 31, 2019 pursuant to the Companies Act.

   The Trust (4th Share Acquisition Rights) is to distribute 534,611 units of the 4th Share Acquisition Rights granted to Takanori Kushida, a tax accountant, (equivalent to four shares per unit) to the Group's executives and employees, etc. according to future achievements. Unlike the existing incentive plan using share acquisition rights, this scheme enables us to determine the size of distribution of an incentive at some future point in time based on assessment of future achievement for the Group's executives and employees, etc. to even further reward individuals' efforts, and to also distribute share acquisition rights to the Group's executives and employees, etc. who will be hired in the future. Any person to which the 4th Share Acquisition Rights are distributed may exercise the share acquisition rights in accordance with the provisions of the prospectus for the 4th Share Acquisition Rights and the agreement for treatment. The Trust (4th Share Acquisition Rights) consists of the three agreements (from A to C), and the outline is as follows.

Name	Share acquisition rights trust (Trust for Share Acquisition Rights Issued at Market Price®)
Trustor	Chikahiro Terada
Date of trust agreement	January 30, 2019
Type of trust and number of share acquisition rights*	(A) 318,903 units (B) 107,854 units (C) 107,854 units
Delivery date	(A) Business day following the day on which two years have passed from the date of execution of the agreement (however, if six months have not passed from the listing of the Company's shares on a financial instruments exchange on the said day, business day following the day on which six months have passed from the listing of the shares on a financial instruments exchange) (B) Business day following the day on which three years have passed from the date of execution of the agreement (however, if one and a half years have not passed from the listing of the Company's shares on a financial instruments exchange on the said day, business day following the day on which one and a half years have passed from the listing of the shares on a financial instruments exchange) (C) Business day following the day on which four years have passed from the date of execution of the agreement (however, if two and a half years have not passed from the listing of the Company's shares on a financial instruments exchange on the said day, business day following the day on which two and a half years have passed from the listing of the shares on a financial instruments exchange)
Object of trust	318,903 units of the 4th Share Acquisition Rights (equivalent to four shares per unit) on (A) 107,854 units of the 4th Share Acquisition Rights (equivalent to four shares per unit) on (B) 107,854 units of the 4th Share Acquisition Rights (equivalent to four shares per unit) on (C)
Eligibility requirements for beneficiaries	Of the Group's executives and employees, etc., persons who satisfy certain conditions stipulated in the Company's guidelines and others shall be beneficiary candidates, and the persons who are designated by the Company and determined to be beneficiaries pursuant to the provisions of the trust agreement for the Trust (4th Share Acquisition Rights) shall be beneficiaries. Distribution of the 4th Share Acquisition Rights to beneficiary candidates is separated into two types: 1) base points and 2) scores of the external evaluation committee, and determined by the evaluation committee in accordance with rules prescribed in the Company's guidelines, and others. 1) Granting based on base points As for executives and employees, etc., performance evaluation is made for the role and contributions expected on the date of execution of the agreement, or at the time of joining the company for future executives and employees, etc., to grant points, and distribution is made according to the points. 2) Granting based on scores of the external evaluation committee As for executives and employees, etc., the level of special contribution and internal and external impact of organizations and individuals are evaluated to grant points, and distribution is made according to the points.

* For the Trust (4th Share Acquisition Rights), distribution is made as follows to the Group's executives and employees, etc. upon the arrival of the expiration date of the trust period for each trust type.

(A) Two Directors of the Company, 383 employees of the Company, and three employees of the Company's subsidiaries
(B) 106 employees of the Company, 12 Director and employees of the Company's subsidiaries
(C) Four Directors of the Company, 10 employees of the Company, three employees of the Company's subsidiaries, and three subcontractors of the Company

C. 5th Share Acquisition Rights

Date of resolution	July 14, 2020
Category and number of recipients (Persons)	Directors of the Company: 6 Executive Officers of the Company: 12
Number of share acquisition rights (Units)*	202 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 80,800 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	1,338 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 1, 2021 to August 25, 2030
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,338 Amount credited to paid-in capital: ¥669
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes: 1. The number of shares to be acquired upon exercise of one share acquisition right (hereinafter the "Number of Granted Shares") is 400 common shares of the Company. The Number of Granted Shares shall be adjusted according to the following formula in the event that, after the allotment date of the share acquisition rights (hereinafter the "Allotment Date"), the Company conducts a stock split (including the gratis allotment of common shares of the Company; the same shall apply hereinafter) or a stock consolidation of common shares of the Company.

$$\begin{array}{c} \text{Number of Granted Shares} \\ \text{after adjustment} \end{array} = \begin{array}{c} \text{Number of Granted Shares} \\ \text{before adjustment} \end{array} \times \begin{array}{c} \text{Ratio of stock split} \\ \text{(or stock consolidation)} \end{array}$$

In addition, after the Allotment Date of the share acquisition rights, in the case where the Company conducts a merger, a company split, a share exchange, or a share transfer (hereinafter, collectively, "merger, etc."), and other cases where the above adjustment of the Number of Granted Shares is required, the Number of Granted Shares may be adjusted within a reasonable range. However, the adjustment up to the above is made only to the Number of Granted Shares for the share acquisition rights that have not been exercised at that time, among the share acquisition rights, and any fraction less than one share arising from the adjustment shall be rounded down to the nearest share.

2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights only if the amount of net sales in the Company's consolidated statement of income for the fiscal year ended May 31, 2021 has exceeded ¥16,034 million.
   In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company's Board of Directors.
   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.

8. The share acquisition rights were issued with compensation at ¥71,500 per one share acquisition right. Based on ¥1,338 of issuance price and ¥669 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥1,517 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥759 as a result of addition of ¥90, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.

D. 6th Share Acquisition Rights

Date of resolution	July 14, 2021
Category and number of recipients (Persons)	Directors of the Company: 6 Executive Officers of the Company: 13
Number of share acquisition rights (Units)*	183 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 73,200 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥2,093 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 1, 2022 to August 23, 2031
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥2,093 Amount credited to paid-in capital: ¥1,047
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes:
1. Same as Note 1 of the 5th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) may exercise their share acquisition rights only if the amount of net sales in the Company’s consolidated statement of income for the fiscal year ended May 31, 2022 has exceeded ¥20,386 million.
   In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company’s Board of Directors.
   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.
8. The share acquisition rights were issued with compensation at ¥109,000 per one share acquisition right. Based on ¥2,093 of issuance price and ¥1,047 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥2,366 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥1,184 as a result of addition of ¥137, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.

E. 7th Share Acquisition Rights

Date of resolution	July 14, 2022
Category and number of recipients (Persons)	Employees of the Company: 138 Employee of the Company's subsidiary: 1
Number of share acquisition rights (Units)*	2,904 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 290,400 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,021 (Notes 2 & 3)
Exercise period of share acquisition rights*	From July 15, 2024 to July 14, 2032
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,021 Amount credited to paid-in capital: ¥511
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes: 1. The number of shares to be acquired upon exercise of one share acquisition right (hereinafter the "Number of Granted Shares") is 100 common shares of the Company. The Number of Granted Shares shall be adjusted according to the following formula in the event that, after the allotment date of the share acquisition rights (hereinafter the "Allotment Date"), the Company conducts a stock split (including the gratis allotment of common shares of the Company; the same shall apply hereinafter) or a stock consolidation of common shares of the Company

$$\text{Number of Granted Shares after adjustment} = \text{Number of Granted Shares before adjustment} \times \text{Ratio of stock split (or stock consolidation)}$$

In addition, after the Allotment Date of the share acquisition rights, in the case where the Company conducts a merger, a company split, a share exchange, or a share transfer (hereinafter, collectively, "merger, etc."), or other cases where the above adjustment of the Number of Granted Shares is required, the Number of Granted Shares may be adjusted within a reasonable range. However, the adjustment up to the above is made only to the Number of Granted Shares for the share acquisition rights that have not been exercised at that time, among the share acquisition rights, and any fraction less than one share arising from the adjustment shall be rounded down to the nearest share.

2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (July 14, 2032) exceeds ¥2,344.
   However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.

F. 8th Share Acquisition Rights

Date of resolution	July 14, 2022
Category and number of recipients (Persons)	Directors of the Company: 5 Executive Officers of the Company: 15
Number of share acquisition rights (Units)*	1,313 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 131,300 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,021 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 1, 2023 to September 1, 2032
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,021 Amount credited to paid-in capital: ¥511
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes:
1. Same as Note 1 of the 7th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights only if the amount of net sales in the Company's consolidated statement of income for the fiscal year ended May 31, 2023 exceeds ¥25,265 million.
   In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company's Board of Directors.
   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.
8. The share acquisition rights were issued with compensation at ¥12,500 per one share acquisition right. Based on ¥1,021 of issuance price and ¥511 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥1,146 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥574 as a result of addition of ¥63, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.

G. 9th Share Acquisition Rights

Date of resolution	August 30, 2022
Category and number of recipients (Persons)	Directors of the Company: 5
Number of share acquisition rights (Units)*	2,900 [2,806] (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 290,000 [280,600] (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,269 (Notes 2 & 3)
Exercise period of share acquisition rights*	From August 31, 2024 to August 30, 2032
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,269 Amount credited to paid-in capital: ¥635
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. As for matters changed by the end of the month before the filing date (July 31, 2025), descriptions as at the end of the month before the filing date are provided in brackets, and other matters have not changed from the descriptions as of the last day of the fiscal year.

Notes:
1. Same as Note 1 of the 7th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) may exercise their share acquisition rights if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (August 30, 2032) exceeds ¥2,344.
   However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.

H. 10th Share Acquisition Rights

Date of resolution	July 13, 2023
Category and number of recipients (Persons)	Employees of the Company: 57
Number of share acquisition rights (Units)*	1,071 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 107,100 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,552.5 (Notes 2 & 3)
Exercise period of share acquisition rights*	From July 14, 2025 to July 13, 2033
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,552.5 Amount credited to paid-in capital: ¥777
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes:
1. Same as Note 1 of the 7th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) may exercise their share acquisition rights if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (July 13, 2033) exceeds ¥3,987.
   However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.

I. 11th Share Acquisition Rights

Date of resolution	July 13, 2023
Category and number of recipients (Persons)	Directors of the Company: 5 Executive Officer of the Company: 11
Number of share acquisition rights (Units)*	1,310 [1,260] (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 131,000 [126,000] (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,552.5 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 13, 2024 to September 12, 2033
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,552.5 Amount credited to paid-in capital: ¥777
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. As for matters changed by the end of the month before the filing date (July 31, 2025), descriptions as at the end of the month before the filing date are provided in brackets, and other matters have not changed from the descriptions as of the last day of the fiscal year.

Notes:
1. Same as Note 1 of the 7th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights only if the amount of net sales in the Company's consolidated statement of income for the fiscal year ended May 31, 2024 exceeds ¥33,164 million.
   In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company's Board of Directors.
   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.
8. The share acquisition rights were issued with compensation at ¥14,000 per one share acquisition right. Based on ¥1,552.5 of issuance price and ¥777 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥1,692.5 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥847 as a result of addition of ¥70, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.

J. 12th Share Acquisition Rights

Date of resolution	August 29, 2023
Category and number of recipients (Persons)	Directors of the Company: 4
Number of share acquisition rights (Units)*	1,448 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 144,800 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1
Exercise period of share acquisition rights*	From August 30, 2026 to August 29, 2033
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	(Note 2)
Exercise conditions of share acquisition rights*	(Note 3)
Matters concerning transfer of share acquisition rights*	(Note 4)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 6)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes:
1. Same as Note 1 of the 7th Share Acquisition Rights.
2. The amount of an increase in share capital upon issuance of shares through exercising the share acquisition rights shall be half of the maximum amount of increase of share capital, etc., which is calculated in accordance with Article 17, paragraph (1) of the Regulation on Corporate Accounting, and any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen. In this case, the amount of an increase in legal capital surplus shall be the amount of the above maximum amount of increase of share capital, etc. less the amount of the increase in share capital.
3. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) may exercise their share acquisition rights if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (August 29, 2033) exceeds ¥2,344.
   However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
4. Same as Note 5 of the 3rd Share Acquisition Rights.
5. Same as Note 6 of the 3rd Share Acquisition Rights.
6. Treatment of share acquisition rights in organizational restructuring
   If the Company conducts a merger (limited to the case where the Company is extinguished through the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter, collectively, “organizational restructuring”), share acquisition rights of a Stock Company listed in Article 236, paragraph (1), item (viii), (a) through (e) of the Companies Act (hereinafter the “Restructured Company”) are each delivered to the Share Acquisition Rights Holder of the share acquisition rights remaining on the effective date of the organizational restructuring (hereinafter the “remaining share acquisition rights”) based on the following policy in each case. In this case, the remaining share acquisition rights shall be extinguished, and the Restructured Company shall newly issue share acquisition rights. However, this shall apply only if it is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that the Restructured Company shall deliver share acquisition rights.

(1) The number of share acquisition rights to be granted by the Restructured Company
The same number of share acquisition rights as the number of the share acquisition rights held by the Share Acquisition Rights Holder of the remaining share acquisition rights is delivered.
(2) Class of Restructured Company's shares to be acquired upon exercise of share acquisition rights
The class of the shares shall be common shares of the Restructured Company.
(3) Number of Restructured Company's shares to be acquired upon exercise of share acquisition rights
The number shall be decided pursuant to (Note 1) above, after consideration of the terms and conditions of the organizational restructuring.
(4) Value of property to be contributed when share acquisition rights are exercised
The subject of the contribution to be made on the exercise of each granted share acquisition right shall be monetary, and the value of this shall be the amount obtained by multiplying the price of ¥1 per share of the Restructured Company that can be granted by exercising the share acquisition right, by the number of the Restructured Company's shares to be acquired upon exercise of the share acquisition right, which is determined in accordance with (3) above.
(5) Exercise period of share acquisition rights
It shall be from the later of start date of the exercise period of the share acquisition rights or the effective date of the organizational restructuring to the expiration date of the exercise period of the share acquisition rights.
(6) Matters related to increase in share capital and legal capital surplus upon issuance of shares through exercising the share acquisition rights
The amount of an increase in share capital upon issuance of shares through exercising the share acquisition rights shall be half of the maximum amount of increase of share capital, etc., which is calculated in accordance with Article 17, paragraph (1) of the Regulation on Corporate Accounting, and any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen. In this case, the amount of an increase in legal capital surplus shall be the amount of the above maximum amount of increase of share capital, etc. less the amount of the increase in share capital.
(7) Restrictions on assignment of share acquisition rights
For restriction on the acquisition by transfer, approval by resolution of the Board of Directors of the Restructured Company shall be required.
(8) Other conditions for exercising share acquisition rights
Shall be decided pursuant to (Note 3) above.
(9) Reasons and conditions for acquisition of share acquisition rights
Shall be decided pursuant to (Note 5) above.
(10) Other conditions shall be determined in accordance with the conditions of the Restructured Company.

K. 13th Share Acquisition Rights

Date of resolution	July 11, 2024
Category and number of recipients (Persons)	Employees of the Company: 102
Number of share acquisition rights (Units)*	2,166 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares 216,600 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,783 (Notes 2 & 3)
Exercise period of share acquisition rights*	From July 12, 2026 to July 11, 2034
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,783 Amount credited to paid-in capital: ¥892
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes: 1. Same as Note 1 of the 7th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
(1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (July 11, 2034) exceeds ¥3,987.
However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

(2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
(3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
(4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
(5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
(6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.

L. 14th Share Acquisition Rights

Date of resolution	July 11, 2024
Category and number of recipients (Persons)	Directors of the Company: 5 Executive Officers of the Company: 13
Number of share acquisition rights (Units)*1 *2	760 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*1 *2	Common shares: 76,000 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*1	¥ 1,783 (Notes 2 & 3)
Exercise period of share acquisition rights*1	From September 5, 2025 to September 4, 2034
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*1	Issuance price: ¥1,783 Amount credited to paid-in capital: ¥892
Exercise conditions of share acquisition rights*1	(Note 4)
Matters concerning transfer of share acquisition rights*1	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*1	(Note 7)

*1 Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

*2 At the Board of Directors meeting held on July 24, 2025, the Company resolved to acquire and cancel all of the 14th Share Acquisition Rights it had issued (Performance Target-Linked Share Acquisition Rights (Stock Options with Charge)). All such share acquisition rights were acquired on August 9, 2025, and cancelled on August 10, 2025.

Notes:
1. Same as Note 1 of the 7th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) may exercise their share acquisition rights only if the amount of net sales in the Company’s consolidated statement of income for the fiscal year ended May 31, 2025 has exceeded ¥43,303 million.
   In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company’s Board of Directors.
   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.
8. The share acquisition rights were issued with compensation at ¥18,500 per one share acquisition right. Based on ¥1,783 of issuance price and ¥892 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥1,968 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥985 as a result of addition of ¥93, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.

M. 15th Share Acquisition Rights

Date of resolution	September 17, 2024
Category and number of recipients (Persons)	Executive Officers of the Company: 3
Number of share acquisition rights (Units)*	228 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares 22,800 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥2,303 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 18, 2026 to September 17, 2034
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥2,303 Amount credited to paid-in capital: ¥1,152
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes:
1. Same as Note 1 of the 7th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (September 17, 2034) exceeds ¥3,987.
   However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.

N. 16th Share Acquisition Rights

Date of resolution	November 19, 2024
Category and number of recipients (Persons)	Employees of the Company: 4
Number of share acquisition rights (Units)*	159 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares 15,900 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,986 (Notes 2 & 3)
Exercise period of share acquisition rights*	From November 20, 2026 to November 19, 2034
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,986 Amount credited to paid-in capital: ¥993
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the last day of the fiscal year (May 31, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes: 1. Same as Note 1 of the 7th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
(1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (November 19, 2034) exceeds ¥3,987.
However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

(2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
(3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
(4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
(5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
(6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.

O. 17th Share Acquisition Rights

Date of resolution	July 14, 2025
Category and number of recipients (Persons)	Executive Officers and employees of the Company: 172 Directors, Executive Officers, and employees of the Company's subsidiaries: 7
Number of share acquisition rights (Units)*	5,694 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares 569,400 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥2,010 (Notes 2 & 3)
Exercise period of share acquisition rights*	From July 15, 2027 to July 14, 2035
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥2,010 Amount credited to paid-in capital: ¥1,005
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

* Description as of the date of resolution of issue (July 14, 2025) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2025).

Notes:
1. Same as Note 1 of the 7th Share Acquisition Rights.
2. Same as Note 2 of the 3rd Share Acquisition Rights.
3. Same as Note 3 of the 3rd Share Acquisition Rights.
4. Exercise conditions of share acquisition rights
   (1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (July 14, 2035) exceeds ¥3,987.
   However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

   (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member, Executive Officer or employee at the time of exercising the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
   (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
   (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
   (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
   (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.

2) Shareholder rights plans

Not applicable.

3) Share acquisition rights for other uses

Not applicable.

(3) Exercise of bonds with share acquisition rights with exercise price revision clause, etc.

Not applicable.

(4) Changes in total number of issued shares, share capital, etc.

Month/date/year	Increase (decrease) in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Increase (decrease) in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase (decrease) in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
February 1 to May 31, 2021 (Note 1)	44,792	31,183,645	76	6,312	76	4,053
June 1 to November 30, 2021 (Note 2)	31,684	31,215,329	63	6,376	63	4,116
December 1, 2021 (Note 3)	93,645,987	124,861,316	–	6,376	–	4,116
January 1 to May 31, 2022 (Note 4)	102,280	124,963,596	50	6,426	50	4,166
From June 1, 2022 to May 31, 2023 (Note 5)	446,988	125,410,584	155	6,582	155	4,322
From July 1, 2023 to May 31, 2024 (Note 6)	424,832	125,835,416	192	6,774	192	4,514
From June 1, 2024 to May 31, 2025 (Note 7)	681,036	126,516,452	429	7,203	429	4,944

Notes: 1. Between February 1, 2021 and May 31, 2021, the total number of issued shares increased by 44,792 shares, and share capital and legal capital surplus each increased by ¥76 million due to the exercise of share acquisition rights.

2. Between June 1, 2021 and November 30, 2021, the total number of issued shares increased by 31,684 shares, and share capital and legal capital surplus each increased by ¥63 million due to the exercise of share acquisition rights.

3. Due to the 4-for-1 stock split.

4. Between January 1, 2022 and May 31, 2022, the total number of issued shares increased by 102,280 shares, and share capital and legal capital surplus each increased by ¥50 million due to the exercise of share acquisition rights.

5. Between June 1, 2022 and May 31, 2023, the total number of issued shares increased by 446,988 shares, and share capital and legal capital surplus each increased by ¥155 million due to the exercise of share acquisition rights.

6. Between June 1, 2023 and May 31, 2024, the total number of issued shares increased by 424,832 shares, and share capital and legal capital surplus each increased by ¥192 million due to the exercise of share acquisition rights.

7. Between June 1, 2024 and May 31, 2025, the total number of issued shares increased by 681,036 shares, and share capital and legal capital surplus each increased by ¥429 million due to the exercise of share acquisition rights.

8. Between June 1, 2025 and the end of the month before the filing date (July 31, 2025), the total number of issued shares increased by 28,500 shares, and share capital and legal capital surplus each increased by ¥21 million due to the exercise of share acquisition rights.

(5) Shareholding by shareholder category

As of May 31, 2025

Category	Shareholding status (Number of shares per share unit: 100 shares)								Shares less than one unit (Shares)
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors		Individuals, etc.	Total	
					Companies, etc.	Individuals			
Number of shareholders (Persons)	–	18	32	40	216	37	5,678	6,021	–
Number of shares held (Units)	–	143,980	32,029	329,723	515,758	621	242,734	1,264,845	31,952
Shareholding ratio (%)	–	11.38	2.53	26.07	40.78	0.05	19.19	100.00	–

Note: Of treasury shares of 142,571 shares, 1,425 units are included in "Individuals, etc." and 71 shares are included in "Shares less than one unit."

(6) Major shareholders

As of May 31, 2025

Name or designation	Address	Number of shares held (Shares)	Ratio of shares held to total number of shares issued (excluding treasury shares) (%)
CNK, Inc.	Midtown East 4F, 9-7-2, Akasaka Minato-ku, Tokyo	32,809,100	25.96
JPLLC CLIENT ASSET S-SK J (Standing proxy: Citibank, N.A., Tokyo Branch)	FOUR CHASE METROTECH CENTER BROOKLYN, NY 11245 (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	15,689,215	12.41
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	9,535,300	7.55
Chikahiro Terada	Suginami-ku, Tokyo	8,185,300	6.48
PERSHING-DIV. OF DLJ SECS. CORP. (Standing proxy: Citibank, N.A., Tokyo Branch)	ONE PERSHING PLAZA JERSEY CITY NEW JERSEY U.S.A (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	4,485,900	3.55
MSCO CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1585 BROADWAY NEW YORK, NEW YORK 10036, U.S.A. (OTEMACHI FINANCIAL CITY SOUTH TOWER, 1-9-7 Otemachi, Chiyoda-ku, Tokyo)	4,421,400	3.50
Kei Tomioka	Meguro-ku, Tokyo	4,119,400	3.26
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	3,365,800	2.66
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (SHINAGAWA INTERCITY Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	2,302,683	1.82
Kenji Shiomi	Shinjuku-ku, Tokyo	2,209,400	1.75
Total	–	87,123,498	68.94

Notes: 1. Of the number of shares held in The Master Trust Bank of Japan, Ltd. (Trust account) above, the number of shares related to trust activities is 4,853,900 shares.
These shares are broken down to 131,200 shares of the portion included in pension trusts and 4,722,700 shares of the portion included in investment trusts.

2. Of the number of shares held in Custody Bank of Japan, Ltd. (Trust account) above, the number of shares related to trust activities is 2,945,400 shares.
These shares are broken down to 90,600 shares of the portion included in pension trusts and 2,854,800 shares of the portion included in investment trusts.

3. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of September 6, 2021 shows that Pleiad Investment Advisors Limited held the following shares as of August 31, 2021. However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2025, the said company is not included in the above status of major shareholders.
The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.
Although the Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021, the following number of shares, etc. held shows the number of shares before the stock split.

Name or designation	Address	Number of shares, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
Pleiad Investment Advisors Limited	26th Floor, Asia Pacific Centre, 8 Wyndham Street, Central, Hong Kong	Shares: 1,029,091	3.30

4. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of September 7, 2021 shows that T. Rowe Price Japan, Inc. held the following shares as of August 31, 2021. However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2025, the said company is not included in the above status of major shareholders.
   The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.
   Although the Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021, the following number of shares, etc. held shows the number of shares before the stock split.

Name or designation	Address	Number of shares, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
T. Rowe Price Japan, Inc.	10th Floor, GranTokyo South Tower, 1-9-2 Marunouchi, Chiyoda-ku, Tokyo	Shares: 1,077,847	3.46

5. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of August 22, 2023 shows that FIL Investments (Japan) Limited held the following shares as of August 15, 2023. However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2025, the said company is not included in the above status of major shareholders.
   The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.

Name or designation	Address	Number of shares, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
FIL Investments (Japan) Limited	7-7-7 Roppongi, Minato-ku, Tokyo	Shares: 3,595,000	2.87

6. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of July 19, 2024 shows that Greenoaks Capital Partners LLC held the following shares as of July 11, 2024. However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2025, the said company is not included in the above status of major shareholders.
   The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.

Name or designation	Address	Number of shares, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
Greenoaks Capital Partners LLC	4 Orinda Way, Suite 200-C, Orinda, CA, USA	Shares: 11,601,400	9.22

(7) Voting rights

1) Issued shares

As of May 31, 2025

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	Common shares 142,500	–	–
Shares with full voting rights (Other)	Common shares 126,342,000	1,263,420	–
Shares less than one unit	Common shares 31,952	–	–
Total number of issued shares	126,516,452	–	–
Aggregate voting rights of all shareholders	–	1,263,420	–

Note: "Shares less than one unit" includes 71 shares held in the name of the Company.

2) Treasury shares, etc.

As of May 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Ratio of shares held to total number of shares issued (%)
Sansan, Inc.	1-1 Sakuragaoka-cho, Shibuya-ku, Tokyo	142,500	–	142,500	0.11
Total	–	142,500	–	142,500	0.11

2 Acquisition and disposal of treasury shares

[Class of shares, etc.] Acquisition of common shares that falls under Article 155, item (iii) of the Companies Act

(1) Acquisitions by resolution of General Meeting of Shareholders
Not applicable.

(2) Acquisitions by resolution of Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Resolution by the Boad of Directors (July 11, 2024) (Acquisition period: From July 12, 2024 to August 31, 2024)	200,000	300,000,000
Treasury shares acquired before the fiscal year under review	–	–
Treasury shares acquired during the fiscal year under review	141,700	299,948,600
Total number and value of remaining shares subject to the resolution	58,300	51,400
Percentage of un-exercised portion as of the last day of the fiscal year under review (%)	29.15	0.02
Treasury shares acquired during the period	–	–
Ratio of un-exercised acquisition as of the date of filing (%)	29.15	0.02

(3) Acquisition not based on resolution of General Meeting of Shareholders or Board of Directors
Not applicable.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year under review		Current period	
	Number of shares (Shares)	Total amount disposed (Yen)	Number of shares (Shares)	Total amount disposed (Yen)
Acquired treasury shares offered to third parties	–	–	–	–
Acquired treasury shares disposed of through cancellation	–	–	–	–
Acquired treasury shares transferred for mergers, share exchanges, share issuance, or company splits	–	–	–	–
Other	–	–	–	–
Number of treasury shares held	142,571	–	142,571	–

Note: The number of treasury shares held during the period (from June 1, 2025 to the filing date of the Annual Securities Report) does not include shares acquired through the acquisition of common shares that falls under Article 155, item (iii) of the Companies Act between August 1, 2025 and the filing date of this Annual Securities Report.

3 Dividend policy

The Company recognizes the importance of properly returning profits to shareholders, our basic policy is accordingly to provide stable shareholder returns while ensuring a balance with internal reserves.

The Company has set a medium-term financial policy for the period from the 18th term (the fiscal year ended May 31, 2025) to the 20th term (the fiscal year ending May 31, 2027), aiming for consistent, solid growth in net sales and accelerated growth in adjusted operating profit. Based on this policy and with comprehensive consideration of factors including the current financial situation, share price trends, and the share dilution ratio resulting from the issuance and exercise of stock options, we will consider repurchasing our own shares in a flexible manner as part of our shareholder returns.

For the fiscal year under review, we have decided not to pay dividends because our business is in a growth phase, during which we should make necessary investments for business expansion by strengthening our financial structure and internal reserves. We believe our decision will ultimately provide the greatest returns to our shareholders.

The Company's Articles of Incorporation states that "The dividend of surplus, etc., shall be determined in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act, and, unless otherwise specified by law, will be determined by a resolution by the Board of Directors." When paying dividends of surplus, we basically pay them twice a year as an interim dividend and a year-end dividend.

4 Corporate governance, etc.

(1) Overview of corporate governance

1) Basic views on corporate governance

Under the mission of “Turning encounters into innovation” and the vision of “Become business infrastructure,” the Company is developing businesses. The Company provides cloud-based solutions that promote digital transformation (DX) and reshape how people work, leading to encounters with people and companies that become business opportunities. Through this service, the Company will maximize sustainable corporate value and contribute to society while recognizing the importance of gaining the continued trust of all stakeholders.

Based on this recognition, the Company has adopted the system of a company with Audit & Supervisory Committee for the purpose of further improving its corporate governance and enhancing the soundness and transparency of management by reinforcing the supervisory function of the Directors. The Company will secure the transparency of management decision-making as well as the audit and supervision of business execution by having an Audit & Supervisory Committee. At the same time, the Company will establish an internal control system based on the Basic Policy on Internal Control Systems determined by the Board of Directors and ensure its thorough operation while striving to maintain and strengthen corporate governance.

2) System of corporate governance and reasons for adopting this system

A. Overview of the system of corporate governance

As of August 25, 2025 (the filing date of the Annual Securities Report), the Company’s system of corporate governance is as follows.

<u>Board of Directors</u>

The Board of Directors consists of seven Directors (including two Outside Directors and excluding those who are Audit & Supervisory Committee Members) and three Directors who are Audit & Supervisory Committee Members (all of them are Outside Directors), totaling ten Directors (five full-time Directors and five Outside Directors). The Company has invited as Outside Directors persons such as those with experience as a director at other companies and legal experts with a detailed knowledge of corporate legal affairs and compliance, as well as persons with expertise in finance and accounting to utilize their insights on corporate management based on their wealth of business experience. In addition, we promote the establishment of a system to conduct management decision-making from a broader perspective while supervising management as well as auditing and overseeing the performance of Directors’ duties from an objective and professional perspective.

In order to conduct effective and prompt decision-making, the Board of Directors holds a regular Board of Directors meeting once a month in principle, as well as holding extraordinary meetings as needed.

The Board of Directors discusses and makes decisions on management plans and other important matters, receives reports from Executive Directors, and supervises the status of business execution, in accordance with laws and regulations and the Articles of Incorporation.

Chairperson:	Chikahiro Terada, Representative Director & CEO
Composition of members:	Director Kei Tomioka, Director Kenji Shiomi, Director Yuta Ohma, Director Muneyuki Hashimoto, Director Toru Akaura (Outside Director), Director Taro Saito (Outside Director), Director who is an Audit & Supervisory Committee Member Maki Suzuki (Outside Director), Director who is an Audit & Supervisory Committee Member Toko Shiotsuki (Outside Director), Director who is an Audit & Supervisory Committee Member Tsunehiro Shirota (Outside Director)

* The Company has proposed “Election of Seven Directors (Excluding Those Who Are Audit & Supervisory Committee Members)” and “Election of One Director Who Is an Audit & Supervisory Committee Member” as agenda items for resolution at the Annual General Meeting of Shareholders scheduled to be held on August 26, 2025. If these proposals are approved and adopted, and if the proposals to be submitted to the meeting of the Board of Directors scheduled to be held immediately after the said Annual General Meeting of Shareholders are approved, the Board of Directors will consist of seven Directors (including two Outside Directors and excluding those who are Audit & Supervisory Committee Members) and three Directors who are Audit & Supervisory Committee Members (all of them are Outside Directors), totaling ten Directors (five full-time Directors and five Outside Directors).

Chairperson:	Chikahiro Terada, Representative Director & CEO
Composition of members:	Director Kei Tomioka, Director Kenji Shiomi, Director Yuta Ohma, Director Muneyuki Hashimoto, Director Toru Akaura (Outside Director), Director Shigemiki Komori (Outside Director), Director who is an Audit & Supervisory Committee Member Maki Suzuki (Outside Director), Director who is an Audit & Supervisory Committee Member Toko Shiotsuki (Outside Director), Director who is an Audit & Supervisory Committee Member Tsunehiro Shirota (Outside Director)

<u>Executive Committee</u>

The Company has established the Executive Committee as an advisory body for business execution to develop a system that contributes to the appropriate and prompt execution of business by the Board of Directors and officers in charge, etc.
The Executive Committee consists of all full-time Directors and officers in charge and meets as necessary. The Committee operates with an awareness of the mobility and flexibility of business execution and decision-making, for example, by inviting people other than its members for certain advisory matters.

Chairperson:	Chikahiro Terada, Representative Director & CEO
Composition of members:	Director Kei Tomioka, Director Kenji Shiomi, Director Yuta Ohma, Director Muneyuki Hashimoto

* The Company has proposed “Election of Seven Directors (Excluding Those Who Are Audit & Supervisory Committee Members)” as an agenda item for resolution at the Annual General Meeting of Shareholders scheduled to be held on August 26, 2025. If this

proposal is approved and adopted, and if the proposals to be submitted to the meeting of the Board of Directors scheduled to be held immediately after the said Annual General Meeting of Shareholders are approved, there will be no change in the composition of the above Executive Committee.

Audit & Supervisory Committee

The Company's Audit & Supervisory Committee comprises three Directors who are Audit & Supervisory Committee Members. All Committee Members are Outside Directors. Directors who are Audit & Supervisory Committee Members include attorneys, persons with knowledge of finance and accounting, and persons with experience in corporate management. Thus, the Company has established a structure in which management supervision is conducted from the standpoint of each Committee member's professional ethics.

Directors who are Audit & Supervisory Committee Members express opinions on Directors' execution of business at meetings of the Board of Directors and other meetings.

The Audit & Supervisory Committee monitors the vision of governance and its operational status. In order to audit and supervise the everyday activities of the Directors, including the Directors' performance of duties, the Audit & Supervisory Committee implements audits based on the audit plan and holds meetings of the Audit & Supervisory Committee once a month while convening meetings with the Internal Auditing Department and Financial Auditors, and sharing information necessary for auditing.

Chairperson:	Director who is an Audit & Supervisory Committee Member Maki Suzuki (Outside Director)
Composition of members:	Director who is an Audit & Supervisory Committee Member Toko Shiotsuki (Outside Director), Director who is an Audit & Supervisory Committee Member Tsunehiro Shirota (Outside Director)

* The Company has proposed "Election of One Director Who Is an Audit & Supervisory Committee Member" as an agenda item for resolution at the Annual General Meeting of Shareholders scheduled to be held on August 26, 2025. If this proposal is approved and adopted, and if the proposals to be submitted to the meeting of the Audit & Supervisory Committee scheduled to be held immediately after the said Annual General Meeting of Shareholders are approved, there will be no change in the composition of the above Audit & Supervisory Committee.

Nomination and Remuneration Advisory Committee

In order to strengthen the functions of the Board of Directors pertaining to nomination, remuneration, etc. of Directors as well as the independence, objectivity and accountability of the Board of Directors, the Company obtains appropriate involvement of Independent Outside Directors including from the perspective of diversity, such as gender, and skills in nomination, remuneration, etc. of Directors.

The Nomination and Remuneration Advisory Committee consists of three or more members appointed by resolution of the Board of Directors. In order to ensure the independence of the committee, Independent Outside Directors make up a majority, and the chairperson is selected from the committee members who are Independent Outside Directors, and elected by resolution of the committee.

The Nomination and Remuneration Advisory Committee deliberates in advance matters related to the nomination of Directors, appointment and dismissal of Directors, remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) and other matters for which the Board of Directors seeks advice, and provides reports to the Board of Directors. The Board of Directors is decided by the Board of Directors based on the details of a report from the Nomination and Remuneration Advisory Committee.

Committee chair:	Director who is an Audit & Supervisory Committee Member Maki Suzuki (Outside Director)
Composition of members:	Director Toru Akaura (Outside Director), Director Taro Saito (Outside Director), Director Yuta Ohma

* The Company has proposed "Election of Seven Directors (Excluding Those Who Are Audit & Supervisory Committee Members)" and "Election of One Director Who Is an Audit & Supervisory Committee Member" as agenda items for resolution at the Annual General Meeting of Shareholders scheduled to be held on August 26, 2025. If these proposals are approved and adopted, and if the proposals to be submitted to the meetings of the Board of Directors and the Nomination and Remuneration Advisory Committee scheduled to be held immediately after the said Annual General Meeting of Shareholders are approved, the composition of the Nomination and Remuneration Advisory Committee will be as follows.

Committee chair:	Director who is an Audit & Supervisory Committee Member Maki Suzuki (Outside Director)
Composition of members:	Director Toru Akaura (Outside Director), Director Shigemiki Komori (Outside Director)

Internal audits

The Company's Internal Auditing Department is an entity placed directly under the Representative Director & CEO to ensure independence from other departments executing business, and reports audit results to the Representative Director & CEO, the Audit & Supervisory Committee, and the Board of Directors.

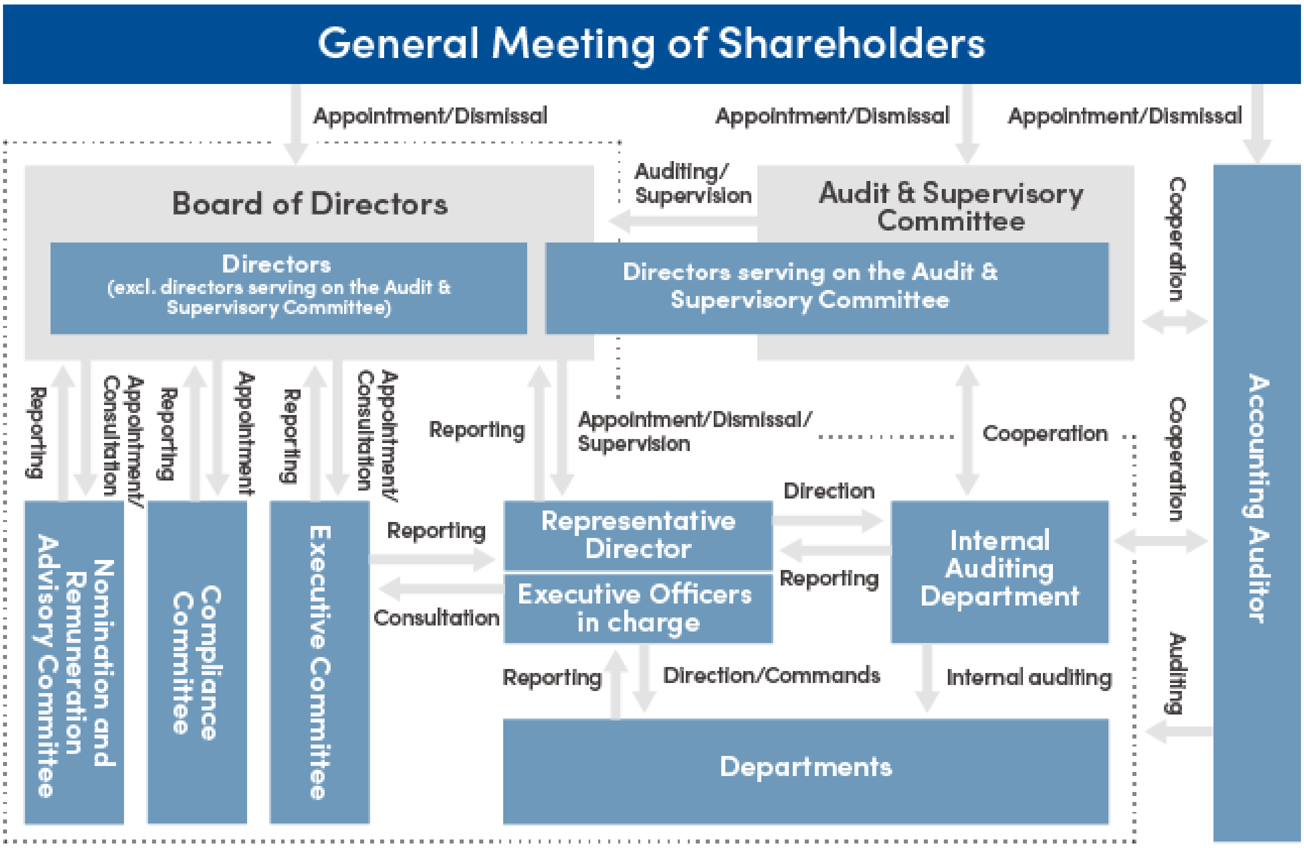
The Internal Auditing Department cooperates with the Audit & Supervisory Committee and the Financial Auditor and shares the information necessary for auditing, thereby enhancing the effectiveness of each audit.

B. Reasons for adopting this system

The Company has judged that the current corporate governance structure is a corporate governance system that can realize the strengthening of the Board of Directors decision-making and supervisory functions and the acceleration of business execution, and has adopted the current structure for the establishment of a corporate governance structure that will realize transparent and fair management as well as swift decision-making.

C. Relationship between the Company's organization and internal control

The Company's corporate governance structure is as shown in the diagram below.


General Meeting of Shareholders
Appointment/Dismissal
Appointment/Dismissal
Appointment/Dismissal
Board of Directors
Directors
(excl. directors serving on the Audit & Supervisory Committee)
Auditing/ Supervision
Audit & Supervisory Committee
Directors serving on the Audit & Supervisory Committee
Cooperation
Accounting Auditor
Reporting
Appointment/ Consultation
Reporting
Appointment
Reporting
Appointment/ Consultation
Reporting
Appointment/Dismissal/ Supervision
Cooperation
Cooperation
Direction
Nomination and Remuneration Advisory Committee
Compliance Committee
Executive Committee
Reporting
Consultation
Representative Director
Executive Officers in charge
Reporting
Internal Auditing Department
Reporting
Direction/Commands
Internal auditing
Auditing
Departments

3) Status of the preparedness of the internal control system

The Company strives to maintain and enhance corporate governance by the establishment and strict operation of an internal control system based on the Basic Policy on Internal Control System, which was determined by the Board of Directors.

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

- Directors and employees carry out appropriate corporate activities based on high ethical standards and comply with laws and regulations and internal rules such as the Articles of Incorporation in accordance with the Company's corporate philosophy and code of conduct, "The Katachi of Sansan."
- Establish the Compliance Committee to oversee the compliance systems, with the Representative Director & CEO as the person who has the ultimate responsibility for compliance, and while determining policies and measures related to compliance, monitor the progress of such policies and measures and promote compliance.
- Develop rules for a Whistle-Blower System, and strive to ensure awareness and compliance with the rules to prevent illegal, inappropriate or unethical behavior by Directors, employees, etc., and to detect issues at an early stage, implement corrective measures and prevent recurrence.
- Establish the Internal Auditing Department, an independent entity under the direct supervision of the Representative Director & CEO, and implement audits based on internal audit regulations to verify if execution of business operations is being conducted based on laws and regulations, the Articles of Incorporation, and internal and other rules while at all times strive to make improvements when issues are discovered.

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

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

C. Rules and other systems for managing risk of loss (Risk management system)

- Appropriately manage a host of potential risks in the Company's business activities through the establishment of internal rules and a response system.
- For risks identified at each department through the execution of business operations, internal audit process, etc., assess the risks from the perspective of the frequency of occurrence and impact level, and strive to prevent and early detect risks.
- Due to the nature of the Company's business, give utmost priority to the appropriate handling of personal information, appoint a person in charge of personal information protection, and make efforts to minimize the risks associated with the management of personal information by establishing internal rules centered on a set of basic regulations for the protection of personal information.
- Reduce information security risks by appointing a chief information security officer with responsibility and authority for information security risks and risk management and establishing rules on management of information systems.
- Establish a system for promptly and appropriately reporting, managing and responding in the event that an incident occurs or any kind of risk arises. Directors shall immediately report to the Audit & Supervisory Committee in the event of an incident or any kind of risk arising that may cause a major loss to the Company.

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

- In accordance with laws and regulations, the Articles of Incorporation, and the Rules on the Board of Directors, hold regular meetings of the Board of Directors once a month and convene extraordinary meetings of the Board of Directors as needed in order to discuss and make decisions on management plans and other important matters, receive reports from Executive Directors, and supervise the status of business execution.
- In order to realize agile execution of business operations based on the decisions and delegations of the Board of Directors, we have established an executive committee consisting of executive directors and others, and through the development and operation of the executive officer system and organizational regulations, establish suitable and efficient decision-making and business-execution systems, and clarifying areas of responsibility and authority related to corporate organs, organizational structures and positions.

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

- The Company and its subsidiaries, which comprise the Sansan Group, have held up a policy to carry out appropriate corporate activities based on high ethical standards and to comply with policies and rules applied group-wide, their respective corporate philosophy and code of conduct as well as applicable laws and regulations and internal rules, such as the Articles of Incorporation, and endeavor to develop fair and responsible business to contribute to sustainable growth of the Sansan Group.
- As the basic policy for involvement in management of its subsidiaries, the Company has established the Rules on Management of Subsidiaries and maintains a system in which group governance can function, such as concluding business management agreements with the subsidiaries for establishing systems that require the Company's approval or reporting to the Company regarding important matters in business operations of the subsidiaries.
- The Internal Auditing Department implements regular audits in order to verify if the business operations of the Company and its subsidiaries are in compliance with laws and regulations, the Articles of Incorporation, internal rules, and other regulations.

F. Internal control system for financial reporting (System to ensure properness of financial reporting)

- In order to secure the properness of financial reporting of the Company and its subsidiaries, the Company shall develop and appropriately operate internal rules, including the Basic Policy on Internal Controls Related to Financial Reporting, based on the Financial Instruments and Exchange Act and other laws and regulations in Japan and overseas that apply to the Company and its subsidiaries.
- Develop and operate a monitoring system for financial reporting and establish a system for timely and appropriate reporting when internal control system problems or defects are identified through the monitoring system.
- In terms of information infrastructure, effective and efficient use of the internal control system is made for financial reporting and the Company shall respond appropriately with respect to general control and application control of that structure.

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

- Establish an Office under the direct control of the Audit & Supervisory Committee and an Office member is designated to assist the duties of the Committee's members on a full time basis.
- The supervisory authority over that Office member is to belong exclusively to the Audit & Supervisory Committee and the appointment, transfer, performance evaluation, disciplinarian action, and other matters regarding the member require the approval of, and prior notification to, the Audit & Supervisory Committee.

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

- Directors and employees shall promptly inform the Audit & Supervisory Committee of any matter that may have a significant impact on the Company and the implementation status of internal audits as well as legal matters, and provide necessary reports and information in response to requests from the Audit & Supervisory Committee.
- Ensure that there is an appropriate reporting system in accordance with the rules for a Whistle-Blower System. The Company shall not treat any Director or employee unfavorably on the basis of said Director or employee using the System to give a report.

I. Other systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee (Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee)

- The Company ensures the efficiency and effectiveness of audits by having an Audit & Supervisory Committee member or an Office member of the Audit & Supervisory Committee attend meetings of the Board of Directors or other important meetings and gather information necessary for the audits.
- The Representative Director & CEO shall meet regularly with the Audit & Supervisory Committee and Financial Auditor to exchange opinions and communicate effectively.
- The Audit & Supervisory Committee shall meet regularly with the Financial Auditor to exchange opinions, as well as exchange information with auditing organizations at all times, such as by receiving the audit plan and reports on the results of auditing from the Internal Auditing Department.
- The operation status of the Whistle-Blower System and other compliance systems shall be regularly reported to the Audit & Supervisory Committee.
- Payments of reasonable costs incurred in the process of executing the duties of the Audit & Supervisory Committee member shall be addressed upon a request for payment.

In addition to the above, the Company shall conduct fair and responsible corporate activities through the formulation of the basic policy regarding prevention of bribery and corruption and the basic policy regarding anti-social forces, as well as securing and maintaining a compliance structure through the dissemination and implementation of such policies inside and outside the Company.

4) Summary of details of limited liability agreements

In accordance with Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with its Outside Directors to limit their liability for damages under Article 423, paragraph (1) of said Act. The maximum amount of liability for damages under these agreements is the minimum liability amount provided for under laws and regulations.

5) Outline of the content of indemnification agreements entered into with officers, etc.

The Company has entered into indemnification agreements with Directors (excluding those who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members as provided for under Article 430-2, paragraph (1) of the Companies Act, under which the Company shall indemnify them for the expenses provided for in item (i) and the loss provided for in item (ii) of said paragraph to the extent provided for in laws and regulations. However, in order to ensure that the appropriateness of the execution of duties by the Company's officers is not impaired by said indemnification agreement, the following items are not covered by the indemnification.

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

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

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

6) Outline of the contents of the directors and officers liability insurance policy the Company has entered into, that names the Director or officer as the insured

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

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

7) Number of Directors

The Company's Articles of Incorporation stipulate that the number of Directors (excluding those who are Audit & Supervisory Committee Members) shall be eight or less. The Articles of Incorporation stipulate that the number of Directors who are Audit & Supervisory Committee Members shall be five or less.

8) Requirements for resolutions for the election of Directors (excluding those who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members

The Company stipulates in its Articles of Incorporation that resolutions for the election of Directors shall distinguish between Directors who are Audit & Supervisory Committee Members and those Directors who are not, and that shareholders who hold one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights shall be in attendance, and that resolutions shall be passed with a majority of such voting rights.

In addition, the Articles of Incorporation stipulate that cumulative voting shall not be used for the election of Directors.

9) Requirements for special resolutions at the General Meeting of Shareholders

Regarding the requirements for special resolutions at the General Meeting of Shareholders stipulated in Article 309, paragraph (2) of the Companies Act, the Articles of Incorporation stipulate that shareholders who hold one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights shall be in attendance, and that such resolutions shall be passed with two-thirds or more of such voting rights. The purpose of this is to allow the General Meeting of Shareholders to proceed smoothly, by relaxing the quorum required for special resolutions at the General Meeting of Shareholders.

10) Organization determining dividends of surplus etc.

The Company's Articles of Incorporation stipulate that matters stipulated in each item of Article 459, paragraph (1) of the Companies Act, such as dividends of surplus, shall be determined by a resolution of the Board of Directors and not by a resolution of the General Meeting of Shareholders, unless otherwise stipulated by laws and regulations. The purpose of this is to agilely return profits to shareholders, by having the Board of Directors exercise the authority to distribute dividends of surplus.

11) Specific efforts for the elimination of anti-social forces

The Company, in its the basic policy regarding anti-social forces, stipulates that it shall never associate with anti-social forces or groups, and we have never associated with anti-social forces to date.

We conduct thorough checks on business partners when initiating transactions and when renewing contracts. In addition to including statements and guarantees to the effect that a business partner is not an anti-social force, the content of contractual documents such as service agreements and business alliance agreements also makes it possible to cancel the contract even if the business partner is discovered to be an anti-social force after the fact. In addition, we have established internal rules regarding the elimination of anti-social forces, and we conduct regular reviews of our business partners.

12) Regarding the system for managing subsidiaries and affiliates

The Company has established the Rules on Management of Subsidiaries with the aim of ensuring the appropriateness of the business operations of the entire Group that consists of the Company and its subsidiaries, and we are in the process of establishing a system for group governance to function, such as concluding business management agreements with subsidiaries based on said Rules.

13) Basic policy regarding the control of the Company

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

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

14) Activities of the Board of Directors

During the fiscal year under review, the Company held 13 meetings of the Board of Directors, and the attendance record for each Director is as follows.

Name	Number of times attended	Attendance ratio
Chikahiro Terada	13 times	100%
Kei Tomioka	13 times	100%
Kenji Shiomi	13 times	100%
Yuta Ohma	13 times	100%
Muneyuki Hashimoto	13 times	100%
Toru Akaura	12 times	92%
Taro Saito	13 times	100%
Maki Suzuki	13 times	100%
Toko Shiotsuki	13 times	100%
Tsunehiro Shirota	10 times	100%

Note: The attendance record for Tsunehiro Shirota states his attendance after he assumed office on August 27, 2024.

Major matters deliberated at the Board of Directors during the fiscal year under review were as follows.

- Matters for deliberation as stipulated by law
- Matters concerning management plans and business strategies
- Matters concerning organizational restructuring, division of duties, and important personnel changes
- Matters concerning financial results, business performance, and investments and loans
- Matters concerning compliance and governance
- Matters concerning sustainability, etc.

15) Activities of the Nomination and Remuneration Advisory Committee

During the fiscal year under review, the Company held 3 meetings of the Nomination and Remuneration Advisory Committee, and the attendance record for each Committee Member is as follows.

Name	Number of times attended	Attendance ratio
Maki Suzuki	3 times	100%
Toru Akaura	2 times	67%
Taro Saito	3 times	100%
Yuta Ohma	3 times	100%
Toko Shiotsuki	2 times	100%
Chikahiro Terada	2 times	100%

Note: The attendance records for Toko Shiotsuki and Chikahiro Terada state their attendance up to August 27, 2024, when they concluded their service as committee members.

Major matters deliberated at the Nomination and Remuneration Advisory Committee during the fiscal year under review were as follows.

- Matters concerning policies and procedures for nominating Directors
- Matters concerning the selection of director candidates for the 17th Annual General Meeting of Shareholders
- Matters concerning policies for determining the remuneration etc. of Directors (excluding those who are Audit & Supervisory Committee Members), decision procedures, and individual remuneration, etc.
- Matters concerning the proposal for remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) for the 17th Annual General Meeting of Shareholders
- Matters concerning the remuneration levels of Directors (excluding those who are Audit & Supervisory Committee Members) after the 18th Annual General Meeting of Shareholders
- Matters concerning the composition of the Nomination and Remuneration Advisory Committee after the 18th Annual General Meeting of Shareholders

(2) Officers

1) List of Officers

A. As of August 25, 2025 (the filing date of the Annual Securities Report), the status of the Company's officers is as follows.

Eight men and two women (20.0% of officers are women)

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Representative Director & CEO Executive Officer, CEO and CPO	Chikahiro Terada	December 29, 1976	April 1999 May 2001 February 2006 June 2007	Joined Mitsui & Co., Ltd. Worked for Mitsui Comtek Corp. in Silicon Valley Seconded as General Manager of Corporate Management Department of Mitsui Bussan Secure Directions, Inc. Assumed office as Representative Director & CEO of the Company (current position)	(Note 3)	8,185,300
Director Executive Officer and COO Executive in charge of the Sansan Division and Bill One Division	Kei Tomioka	May 26, 1976	April 1999 June 2007 June 2021	Joined Oracle Corporation Japan Assumed office as Director of the Company (current position) Outside Director of Fringe81 Co., Ltd. (currently Unipos Inc.)	(Note 3)	4,119,400
Director Executive Officer, CISO and DPO Executive in charge of the Technology Division and Eight Business	Kenji Shiomi	August 12, 1970	April 1994 December 2000 April 2005 June 2006 June 2007	Joined Bussan System Integration Co. Ltd. (currently MITSUI KNOWLEDGE INDUSTRY CO., LTD.) Seconded to Mitsui & Co., Ltd., Mitsui Comtek Corp. Joined Wisdom Networks Co., Ltd. President of United Portal Co., Ltd. Assumed office as Director of the Company (current position)	(Note 3)	2,209,400
Director Executive Officer and CHRO Executive in charge of the Human Resources Division	Yuta Ohma	September 27, 1983	April 2006 October 2008 February 2010 August 2019	Joined WORKPORT, inc. Director of Blast Co., Ltd. Joined the Company Assumed office as Director of the Company (current position)	(Note 3)	144,912
Director Executive Officer and CFO Executive in charge of the Corporate Division	Muneyuki Hashimoto	January 10, 1982	April 2004 September 2008 January 2013 November 2017 August 2020 June 2021	Joined Lehman Brothers Japan Inc. Joined Barclays Capital Securities Japan Limited Joined DBJ Investment Advisory Co., Ltd. Joined the Company Assumed office as Director of the Company (current position) Outside Director of Fringe81 Co., Ltd. (currently Unipos Inc.)	(Note 3)	163,292

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Toru Akaura	August 7, 1968	April 1991	Joined Japan Associated Finance Co., Ltd. (currently JAFCO Group Co., Ltd.)	(Note 3)	1,720,000
			October 1999	General Partner of Incubate Capital Partners		
			March 2000	Outside Director of S-Pool, Inc. (current position)		
			June 2005	Outside Director of jig.jp Co., Ltd. (current position)		
			August 2007	Director of the Company		
			September 2010	Representative Director of Incubate Fund KK (current position)		
			October 2014	Outside Audit & Supervisory Board Member of Double Standard Inc.		
			August 2015	Director (Audit & Supervisory Committee Member) of the Company		
			December 2017	External Director of ispace, inc. (current position)		
			June 2021	Outside Director of Double Standard Inc. (current position)		
			August 2024	Assumed office as Director of the Company (current position)		
Director	Taro Saito	November 24, 1972	June 1995	Joined DENTSU INC.	(Note 3)	–
			May 2005	Founder and Director of dof Inc.		
			June 2009	Representative Director of dof Inc. (current position)		
			December 2014	External Director of VOYAGE GROUP, INC. (currently CARTA HOLDINGS, INC.) (current position)		
			January 2017	Founder and Director of CC Corporation (current position)		
			June 2019	Outside Director of for Startups, Inc. (current position)		
			June 2020	Outside Director of ZOZO, Inc. (current position)		
			August 2022	Director (Audit & Supervisory Committee Member) of the Company		
			August 2024	Assumed office as Director of the Company (current position)		
Director (Audit & Supervisory Committee Member)	Maki Suzuki	July 4, 1977	October 2003	Registered with the Tokyo Bar Association Joined TMI Associates	(Note 4)	–
			July 2009	Registered with the New York State Bar Association		
			October 2017	Joined Shintaro Sato Law Office (current position)		
			February 2021	Registered with the Daini Tokyo Bar Association		
			August 2022	Assumed office as Director (Audit & Supervisory Committee Member) of the Company (current position)		
			June 2023	Outside Director, Audit & Supervisory Committee Member of nms Holdings Corporation (current position)		
			December 2023	Outside Audit & Supervisory Board Member of T. HASEGAWA CO., LTD.		

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Toko Shiotsuki	January 9, 1973	April 1996 October 1999 July 2000 March 2007 December 2017 August 2021	Joined Japan Airlines Co., Ltd. Passed the second exam for certified public accountants Standing Auditor of CyberAgent, Inc. Juris Doctor, The University of Tokyo School of Law Director (Full-time Audit and Supervisory Committee member) of CyberAgent, Inc. (current position) Assumed office as Director (Audit & Supervisory Committee Member) of the Company (current position)	(Note 5)	–
Director (Audit & Supervisory Committee Member)	Tsunehiro Shirota	September 22, 1982	April 2005 December 2008 August 2012 May 2014 January 2016 September 2016 August 2024 December 2024	Joined Lehman Brothers Japan Inc. Joined Barclays Capital Securities Japan Limited Joined Evernote Corporation Vice President, Analytics of Evernote Corporation Vice President, Business Operations and Strategy of Evernote Corporation Partner of WiL, LLC Assumed office as Director (Audit & Supervisory Committee Member) of the Company (current position) Founder and Representative Director of El Camino Real Inc. (currently Alto Inc.) (current position)	(Note 4)	–
Total						16,542,304

Notes: 1. Toru Akaura, Taro Saito, Maki Suzuki, Toko Shiotsuki, and Tsunehiro Shirota are Outside Directors.
2. The system of the Company’s Audit & Supervisory Committee is as follows.
Committee chair Maki Suzuki, Committee Member Toko Shiotsuki, Committee Member Tsunehiro Shirota
3. From the conclusion of the Annual General Meeting of Shareholders held on August 27, 2024 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended May 31, 2025.
4. From the conclusion of the Annual General Meeting of Shareholders held on August 27, 2024 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending May 31, 2026.
5. From the conclusion of the Annual General Meeting of Shareholders held on August 29, 2023 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended May 31, 2025.

B. We have proposed "Election of Seven Directors (Excluding Those Who Are Audit & Supervisory Committee Members)" and "Election of One Director Who Is an Audit & Supervisory Committee Member" as agenda items for resolution at the Annual General Meeting of Shareholders scheduled to be held on August 26, 2025. If these proposals are approved and adopted, the status and terms of office of the Company's officers are expected to be as follows. Please note that the titles and other relevant information of officers stated herein reflect the resolutions expected to be adopted at the Board of Directors meeting to be held immediately after the said Annual General Meeting of Shareholders.

Eight men and two women (20.0% of officers are women)

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Representative Director & CEO Executive Officer, CEO and CPO	Chikahiro Terada	December 29, 1976	As stated in A. above	(Note 3)	8,185,300
Director Executive Officer and COO Executive in charge of the Sansan Division and Bill One Division	Kei Tomioka	May 26, 1976	As stated in A. above	(Note 3)	4,119,400
Director Executive Officer, CISO and DPO Executive in charge of the Technology Division and Eight Business	Kenji Shiomi	August 12, 1970	As stated in A. above	(Note 3)	2,209,400
Director Executive Officer and CHRO Executive in charge of the Human Resources Division	Yuta Ohma	September 27, 1983	As stated in A. above	(Note 3)	144,912
Director Executive Officer and CFO Executive in charge of the Corporate Division	Muneyuki Hashimoto	January 10, 1982	As stated in A. above	(Note 3)	163,292

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director	Toru Akaura	August 7, 1968	As stated in A. above	(Note 3)	1,720,000
Director	Shigemiki Komori	April 7, 1958	April 1982 Joined Yokogawa Hewlett-Packard, Ltd. (currently Hewlett Packard Japan, G.K.) March 2014 Representative Director and Senior Executive Vice President of Hewlett-Packard Japan, Ltd. (currently Hewlett Packard Japan, G.K.) April 2015 Senior Executive Vice President of Salesforce.com Co., Ltd. (currently Salesforce Japan Co., Ltd.) April 2021 Founder and Representative Director of KRM Corporation (current position) February 2024 Vice Chairman of the Board of Salesforce Japan Co., Ltd. February 2025 President and Representative Director of THEMIX Green, Inc. (current position) March 2025 Director and CSO of Knowledge Work Inc. (current position) August 2025 Assumed office as Director of the Company (current position)	(Note 3)	–
Director (Audit & Supervisory Committee Member)	Maki Suzuki	July 4, 1977	As stated in A. above	(Note 4)	–
Director (Audit & Supervisory Committee Member)	Toko Shiotsuki	January 9, 1973	As stated in A. above	(Note 5)	–
Director (Audit & Supervisory Committee Member)	Tsunehiro Shirota	September 22, 1982	As stated in A. above	(Note 4)	–
Total					16,542,304

Notes: 1. Toru Akaura, Shigemiki Komori, Maki Suzuki, Toko Shiotsuki, and Tsunehiro Shirota are Outside Directors.
2. The system of the Company’s Audit & Supervisory Committee is as follows.
Committee chair Maki Suzuki, Committee Member Toko Shiotsuki, Committee Member Tsunehiro Shirota
3. From the conclusion of the Annual General Meeting of Shareholders held on August 26, 2025 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending May 31, 2026.
4. From the conclusion of the Annual General Meeting of Shareholders held on August 27, 2024 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending May 31, 2026.
5. From the conclusion of the Annual General Meeting of Shareholders held on August 26, 2025 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending May 31, 2027.

2) Outside Officers

As of the filing date, the Company has appointed two Outside Directors (excluding those who are Audit & Supervisory Committee Members) and three Outside Directors who are Audit & Supervisory Committee Members, for a total of five Outside Directors under the Companies Act. Outside Directors (excluding those who are Audit & Supervisory Committee Members) provide appropriate decision-making and management supervision as well as managerial advice from an objective and professional perspective. Meanwhile, Outside Directors who are Audit & Supervisory Committee Members provide appropriate decision-making supervision, audit and supervise the Directors' execution of their duties, and offer their opinions on overall management by utilizing their high level of expertise and wealth of experience.

In addition, as one means to continuously increase corporate value, the Company has a basic policy of appointing independent officers from among Outside Directors who have voting rights at the Board of Directors, after having determined that they are persons with no potential conflicts of interest with general shareholders. Based on this policy, we have selected all five Outside Directors of the Company as independent officers. Although we have not established any particular standards or policies regarding the independence of Outside Directors, we have appointed them by taking into account the standards for independent officers established by the Tokyo Stock Exchange, Inc. Outside Director Toru Akaura, Outside Director Taro Saito, and Outside Director who is an Audit & Supervisory Committee Member Maki Suzuki attend the Nomination and Remuneration Advisory Committee, and involve themselves from an objective standpoint in matters related to the nomination, appointment and dismissal of Directors and the remuneration of Directors (excluding those who are Audit & Supervisory Committee Members). In addition, our policy is to create an environment in which independent officers are able to fulfill the roles expected of them by working closely with other officers and sharing information about the Company.

Personal, capital, and business relationships as well as other interests between Outside Directors and the Company are as follows.

A. Outside Director Toru Akaura, as the Representative Director of Incubate Fund KK, possesses many years of professional experience in the venture capital business, together with a wealth of experience as a director of other companies, and has cultivated broad insights through these experiences. The Company has appointed him in the anticipation that he will provide appropriate decision-making and management supervision and offer managerial advice on general management and corporate investment from an objective and professional perspective as an independent officer. A business relationship exists between Incubate Fund KK, where he serves as Representative Director, and the Company relating to Sansan/Bill One services. However, the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and falls within a range where no conflict of interest with general shareholders may arise. Accordingly, the Company has determined that there are no concerns over his independence as Outside Director. Other than the above, there are no personal, capital, or business relationships, or other interests between him and the Company.

B. Outside Director Taro Saito, as the Representative Director of dof Inc., possesses many years of work experience in branding and communication design together with extensive experience as an officer at other companies, and has cultivated broad insights through these experiences. The Company has appointed him in the anticipation that he will provide appropriate decision-making and management supervision and offer managerial advice on general management and corporate governance from an objective and professional perspective as an independent officer. There are no personal, capital, or business relationships, or other interests between him and the Company.

C. Outside Director who is an Audit & Supervisory Committee Member Maki Suzuki has experience as an outside officer at other companies and has gained specialist knowledge in corporate legal affairs and compliance, etc., as well as a wealth of insight in judicial precedents, in her career as an attorney. The Company has appointed her in the anticipation that she will provide important opinions on the Company's management, including diversity, in addition to auditing and supervising the Directors' performance of their duties as an independent officer. There are no personal, capital, or business relationships, or other interests between her and the Company.

D. Outside Director who is an Audit & Supervisory Committee Member Toko Shiotsuki has degrees as a junior accountant and a doctor of jurisprudence (professional), and has extensive experience in business companies, including serving as a Director (full-time Audit & Supervisory Committee member) of a listed company by leveraging her broad insight in accounting, auditing and legal affairs. The Company has appointed her in the anticipation that she will provide important opinions on the Company's management, including diversity, in addition to auditing and supervising the Directors' performance of their duties as an independent officer. There are no personal, capital, or business relationships, or other interests between her and the Company.

E. Outside Director who is an Audit & Supervisory Committee Member Tsunehiro Shirota has extensive experience and broad insight, having been involved in domestic and cross-border M&A deals, fundraising, and startup investments at U.S. securities firms and global funds, as well as serving as a vice president of a U.S. software company. The Company has appointed him in the anticipation that he will provide important opinions, including perspectives of investment, finance, and corporate governance, on the Company's management as well as audit and supervise the Directors' performance of their duties as an independent officer. There are no personal, capital, or business relationships, or other interests between him and the Company.

The Company has proposed "Election of Seven Directors (Excluding Those Who Are Audit & Supervisory Committee Members)" and "Election of One Director Who Is an Audit & Supervisory Committee Member" as agenda items for resolution at the Annual General Meeting of Shareholders scheduled to be held on August 26, 2025. If these proposals are approved and adopted, Outside Director Taro Saito will retire, Shigemiki Komori will be newly appointed as an Outside Director, and Outside Director who is an Audit & Supervisory Committee Member Toko Shiotsuki will be reappointed. As a result, the Company will elect a total of five Outside Directors under the Companies Act, consisting of two Outside Directors (excluding those who are Audit & Supervisory Committee Members) and three Outside Directors who are Audit & Supervisory Committee Members.

In addition, if the proposals to be submitted to the meeting of the Board of Directors scheduled to be held immediately after the said Annual General Meeting of Shareholders are approved, all five Outside Directors will be designated as independent officers , and Outside Director Toru Akaura, Outside Director Shigemiki Komori, and Outside Director who is an Audit &

Supervisory Committee Member Maki Suzuki will be appointed as members of the Nomination and Remuneration Advisory Committee.

F. Shigemiki Komori held key executive positions, including representative director, at the Japanese subsidiaries of multiple global IT companies. He possesses extensive experience in sales strategy, organizational management, and the promotion of sales digital transformation (DX) in the enterprise business and the software business, as well as broad insight through these experiences. The Company has selected him as a candidate for Outside Director in anticipation that he will provide appropriate decision-making and management supervision and helpful advice on sales strategy and organizational operation from an objective and professional perspective as an independent officer. A business relationship exists between KRM Corporation, where he serves as Representative Director, and the Company relating to a consulting agreement for sales strategy. However, the annual amount of those transactions is less than ¥5 million. A business relationship exists between Knowledge Work Inc., where he serves as Director and CSO, and the Company relating to Sansan/Bill One services and services provided by that company. However, the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales). A business relationship exists between Salesforce Japan Co., Ltd., where he served as Vice Chairman of the Board until February 2025, and the Company relating to Sansan/Bill One and Eight services as well as services provided by that company. However, the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales). Since the amounts involved in these transactions fall within a range where no conflict of interest with general shareholders may arise. Accordingly, the Company has determined that there are no concerns over his independence as Outside Director. Other than the above, there are no personal, capital, or business relationships, or other interests between him and the Company.

3) Mutual cooperation between supervision or audits by Outside Directors and internal audits, audits by the Audit & Supervisory Committee, and financial audits, and the relationship with the internal control department

Outside Directors supervise general management by receiving necessary information from the Office under the Board of Directors, the Office under the Audit & Supervisory Committee, and the Office under the Nomination and Remuneration Advisory Committee, and by offering meaningful opinions from an objective and professional perspective as independent officers at meetings of the Board of Directors. In addition, as necessary and appropriate, the Company exchanges opinions with Directors who are Audit & Supervisory Committee Members, the Financial Auditor, and the Internal Auditing Department in order to promote collaboration.

As described in "(3) Audits" below, we believe that there is sufficient cooperation between the supervision or audits by Outside Directors who are Audit & Supervisory Committee Members and audits by the Audit & Supervisory Committee and financial audits, as well as with the internal control department.

(3) Audits

1) Audit & Supervisory Committee's audits

The Company's Audit & Supervisory Committee consists of three members, Maki Suzuki, Toko Shiotsuki, and Tsunehiro Shirota, all of whom are Outside Directors, and is chaired by Maki Suzuki, an Outside Director (independent officer). Based on the Audit & Supervisory Committee's guidelines, the Audit & Supervisory Committee carries out audit operations in line with auditing standards, auditing policies, the Audit Plan, auditing methods, etc. decided by the Audit & Supervisory Committee. Maki Suzuki, an Outside Director who is a member of the Audit & Supervisory Committee, is a qualified attorney, and the Company has appointed her in the anticipation that she will offer recommendations and advice on the Company's legal affairs from her standpoint as an expert. Outside Director Toko Shiotsuki, who is also an Audit & Supervisory Committee member, has degrees as a junior accountant and a doctor of jurisprudence (professional), and has extensive knowledge of finance and accounting. Outside Director Tsunehiro Shirota, who is also an Audit & Supervisory Committee member, has been involved in M&A deals, fundraising, and startup investments at U.S. securities firms and global funds, and has extensive knowledge of finance and accounting.

In addition, the Company has proposed "Election of One Director Who Is an Audit & Supervisory Committee Member" as an agenda item for resolution at the Annual General Meeting of Shareholders scheduled to be held on August 26, 2025. If this proposal is approved and adopted, and if the proposals to be submitted to the meeting of the Audit & Supervisory Committee scheduled to be held immediately after the said Annual General Meeting of Shareholders are approved, there will be no change in the composition of the above Audit & Supervisory Committee.

The Company has assigned an Office member dedicated to support the smooth execution of duties by the Audit & Supervisory Committee. Since reports and information are provided in a timely manner in response to requests from the Audit & Supervisory Committee through said Office member's participation in major meetings and inspection of important documents, etc., and an environment in which audit duties can be sufficiently carried out using the internal control system is in place, we have not appointed a full-time Audit & Supervisory Committee member.

With respect to the Company's initiatives addressing material sustainability issues, the Board of Directors has received reports, and the Audit and Supervisory Committee has conducted confirmation through hearings with the relevant departments.

During the fiscal year under review, the Company held 13 meetings of the Audit & Supervisory Committee, and the attendance record for each Audit & Supervisory Committee Member is as follows.

Name	Number of times attended	Attendance ratio
Maki Suzuki	13 times	100%
Toko Shiotsuki	13 times	100%
Tsunehiro Shirota	10 times	100%
Toru Akaura	2 times	67%
Taro Saito	3 times	100%

Notes: 1. The attendance record for Tsunehiro Shirota states his attendance after he assumed office on August 27, 2024.
2. The attendance records for Toru Akaura and Taro Saito state their attendance until their retirement as Directors who are Audit & Supervisory Committee Members on August 27, 2024.

Regarding specific matters deliberated by the Audit & Supervisory Committee, deliberations, reports and discussions were held on the following matters.

- Audit policy, audit plan
- Formation of opinions on the nomination and remuneration of Directors (excluding those who are Audit & Supervisory Committee Members)
- Consent regarding election proposals of Directors who are Audit & Supervisory Committee Members
- Audit of Directors' execution of duties
- Audit of the internal control system
- Evaluation results of the Board of Directors' effectiveness
- Preparation of audit reports
- Evaluation and reappointment or non-reappointment of the Financial Auditor, and consent regarding the remuneration for the Financial Auditor
- Exchange of opinions with the Internal Auditing Department and reporting of internal audit plans and internal audit results
- Status of operation of compliance/whistle-blower system
- Status of initiatives on material sustainability issues and related matters

The Audit & Supervisory Committee checks whether the Company's internal control systems are being established and operated appropriately, receives regular reports on the comprehensive implementation status of audits from the Internal Auditing Department, and shares information at the meeting of the Audit & Supervisory Committee. Furthermore, in order to foster sufficient communication and deepen mutual awareness between Audit & Supervisory Committee Members and the Representative Director & CEO, they exchange opinions under the theme of significant auditing issues, etc.

By attending meetings of the Board of Directors, etc., each Audit & Supervisory Committee Member receives information regarding the status of business execution, and by giving their opinions regarding this, audits and monitors the legality and suitability, and ensures appropriate business execution.

In addition, the Audit & Supervisory Committee monitors and verifies whether the Financial Auditors maintain their independence and implement appropriate audits, and receives reports from the Financial Auditors regarding the performance of their duties and requests explanations when necessary. Moreover, the Audit & Supervisory Committee receives notification from the Financial Auditors regarding steps to improve the "systems for ensuring that the performance of the duties is being carried out properly" (as enumerated in each item of Article 131 of the Regulation on Corporate Accounting) in compliance with the

“Quality Control Standard for Audit” (adopted by the Business Accounting Council on October 28, 2005), etc., and requests explanations when necessary.

2) Internal audits

The Company has established the Internal Auditing Department as an entity under the direct supervision of the Representative Director and conducts planned and systematic internal audits. The Internal Auditing Department consists of one head and one staff member. Internal audits are conducted by the head and staff member of the Internal Auditing Department, along with internal auditors appointed by the head of the Internal Auditing Department, under the following framework.

Internal audits cover the Group’s compliance with laws and regulations, the Articles of Incorporation, and internal and other rules governing its business activities; the development and operation of the compliance systems; the reasonableness and effectiveness of operations for achieving management objectives; and the management and safeguarding of various assets. The objective of internal auditing is to examine and evaluate the effectiveness of internal controls established and operated at the Group, and to point out matters that require improvement and offer advice toward making improvement.

We establish an audit plan to ensure that all of our business sites, departments, and subsidiaries in Japan and overseas are subject to audits at least once every three years, and conduct internal audits accordingly. We also conduct annual audits for business operations necessary for obtaining and maintaining business licenses and international standards certifications, etc.

The Internal Auditing Department formulates an annual audit plan in collaboration with the Audit & Supervisory Committee and conducts audits after receiving the approval of the Representative Director. Audit results are summarized monthly and reported to the Representative Director and the Audit & Supervisory Committee. For areas requiring improvement, corrective instructions are issued to the audited departments, and the status of improvements is monitored before being reported again to the Representative Director and the Audit & Supervisory Committee. In addition, a comprehensive audit report is submitted to the Board of Directors once a year.

The Internal Auditing Department cooperates with the Audit & Supervisory Committee and the Financial Auditor and shares information necessary for auditing.

3) Financial audits

a. Name of audit firm

KPMG AZSA LLC

b. Period continuously audited

Eleven years

c. Certified public accountants who performed the audit

Osamu Takagi

Takemitsu Nemoto

The number of years continuously audited is omitted because it is less than seven years for all of them.

d. Composition of assistants involved in the audit:

Assistants involved in the audit of the Company consist of twelve certified public accountants and fifteen other persons.

e. Policy and reasons for selecting audit firm

The Company does not have a policy for selecting Financial Auditors, but makes its decision based on the number of audit days, personnel allocation, and verification and evaluation of the audit performance of the previous fiscal year.

f. Evaluation of the audit firm by the Audit & Supervisory Committee

The Company’s Audit & Supervisory Committee evaluates the audit firm. In conducting this evaluation, the Audit & Supervisory Committee monitors and verifies whether the Financial Auditors maintain their independence and implement appropriate audits, and receives reports from the Financial Auditors regarding the performance of their duties and requests explanations when necessary. In addition, regarding the systems to ensure the proper execution of duties, the Audit & Supervisory Committee receives notifications that the “Quality Control Standard for Audit” (adopted by the Business Accounting Council on October 28, 2005), etc. is being followed, and requests explanations. Based on the above, the Audit & Supervisory Committee has evaluated the performance of duties by the audit firm in accordance with the evaluation items in the “Practical Guidelines for Corporate Auditors, etc. Regarding the Establishment of Criteria for Evaluation and Selection of Financial Auditors” (adopted by the Japan Audit & Supervisory Board Members Association on November 10, 2015), and has not found any problems.

4) Details etc. of remuneration for audits

A. Details of remuneration for auditing certified public accountants, etc.

(Millions of yen)

Category	Previous fiscal year		Fiscal year under review	
	Remuneration based on audit and attestation services	Remuneration based on services other than auditing	Remuneration based on audit and attestation services	Remuneration based on services other than auditing

Reporting company	37	–	38	–
Consolidated subsidiaries	–	–	–	–
Total	37	–	38	–

B. Remuneration for the same network (KPMG member firms) as auditing certified public accountants, etc. (excluding (A))

Previous fiscal year

Not applicable.

Fiscal year under review

Not applicable.

C. Remuneration based on other important audit and attestation services

Not applicable.

D. Policy for determining remuneration for audits

The Company's policy for determining remuneration for audits by auditing certified public accountants, etc. is determined by taking into consideration the audit plan, audit content, and number of audit days presented by the audit firm, and after obtaining the consent of the Audit & Supervisory Committee pursuant to Article 399, paragraph (1) of the Companies Act.

E. Reasons the Audit & Supervisory Committee agreed to the remuneration, etc. for the Financial Auditor

The Company's Audit & Supervisory Committee has, based on the "Practical Guidelines for Cooperation with Financial Auditors" published by the Japan Audit & Supervisory Board Members Association, checked and examined the details of the audit plan of the Financial Auditor, the status of the performance of duties by the Financial Auditor, and the basis for calculating remuneration estimates, and as a result, the Committee has agreed to them as provided for in Article 399, paragraph (1) of the Companies Act, because it believes that the remuneration, etc. for the Financial Auditor is appropriate and reasonable from the viewpoint of ensuring audit quality and independence of the Financial Auditor.

(4) Remuneration etc. of officers

1) Matters concerning the policy regarding the determination of the amount of remuneration, etc. for officers or the method for calculation thereof

Following consultation with the Nomination and Remuneration Advisory Committee, the Company made the decision regarding the policy for deciding the details of remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year under review at a meeting of the Board of Directors based on the said Committee's report. Remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year under review consists of basic remuneration, which is a fixed monetary remuneration, performance-linked bonus as short-term incentive remuneration, stock options with share price conditions as medium- to long-term incentive remuneration and stock remuneration-type stock options. In consideration of their roles and duties, remuneration, etc. of Directors who are Audit & Supervisory Committee Members is limited to basic remuneration, which is fixed monetary remuneration.
The individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year under review was deliberated by the Nomination and Remuneration Advisory Committee, the majority of whose members and chairperson are independent Outside Directors, from the perspective of ensuring objectivity and transparency, and a report was submitted stating that the details and decision process were in accordance with the relevant decision-making policy. The Board of Directors made decisions based on the content of the report, and therefore, the Company judges that the details thereof are in accordance with the said policy.
In addition, following consultation with the Nomination and Remuneration Advisory Committee, the Board of Directors of the Company resolved on July 24, 2025 to partially revise the policy for determining the remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members).

The details of the decision policy regarding the details of individual remuneration, etc. of Directors for the fiscal year under review are as follows.

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

As individual monetary remuneration, etc. of Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors), the Company shall pay basic remuneration (fixed monetary remuneration) and performance-linked bonuses as short-term incentive remuneration for improving business performance in each fiscal year. The Company shall pay basic remuneration (fixed monetary remuneration) only to Outside Directors who are not Audit & Supervisory Committee Members.

The amount of individual basic remuneration for Directors who are not Audit & Supervisory Committee Members shall be updated and determined each fiscal year within the limits of the total amount of remuneration resolved at the General Meeting of Shareholders, taking into consideration the position and responsibilities and business execution status of each Director and the Company's performance and economic conditions, etc.

The amount of individual performance-linked bonuses for Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors) shall be updated and determined each fiscal year, taking into consideration each Director's position and responsibilities, etc. based on the degree of achievement against the performance targets for each fiscal year. In each fiscal year, the Company shall set a bonus base amount for each individual, which is the basis for calculation, and a payment coefficient based on the degree of achievement of performance targets, and the amount calculated by multiplying the bonus base amount by a payment coefficient ranging from 0% to 200% shall be paid. The performance target for each fiscal year shall be based on consolidated net sales and adjusted operating profit, which are the most important management indicators of the Company. The ratio of the total performance-linked bonus to total monetary remuneration in the case of 100% achievement of performance targets should be approximately 15%.

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

<Revisions effective July 24, 2025>

- Performance targets shall be based on consolidated sales growth rate and adjusted operating profit.
- The ratio of the total bonus base amount to the total monetary remuneration shall be designed to be approximately 30%.

b. Introduction and decision policy for non-monetary remuneration

With regard to individual remuneration, etc. of Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors), stock options with share price conditions and stock remuneration-type stock options may be granted as medium- to long-term incentive remuneration. The ratio of these stock options to basic remuneration shall be decided and appropriate limits and conditions shall be set based on the business environment, remuneration level at other companies, etc. in order to make the stock options incentives that encourage the maximization of Directors' performance and willingness to contribute in addition to appropriate risk taking as a result of the further strengthening of the link with shareholder value.

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

<Revisions effective July 24, 2025>

- The Stock Options to be granted as individual remuneration, etc. to Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors) from the fiscal year ending May 2026 onward shall set forth a malus clause. This clause enables all or part of unexercised stock options granted to a Director to be forfeited in specific cases by determination of the Board of Directors following consultation with the Nomination and Remuneration Advisory Committee. Such specific cases include a serious violation against laws and regulations or internal rules of the Company caused by the relevant Director or in an area in charge of said Director.

c. Policy for determining the level, timing of payment/granting, and conditions of remuneration, etc. to Directors

Remuneration for Directors shall be designed with reference to the remuneration levels of companies of similar business size and in related industries and business categories, using the officers' remuneration database of an external research organization.

Among the remuneration, etc. for Directors, fixed remuneration shall be paid monthly, and the performance-linked bonus shall be paid in a lump sum at a certain time each year. In addition, stock options with share price conditions and stock remuneration-type stock options shall take into consideration the timing of payment/granting, conditions, etc. based on stock options granted in the past, number of years in office, etc.

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

d. Matters concerning the decisions on remuneration, etc.

Individual remuneration, etc. of Directors who are not Audit & Supervisory Committee Members shall be decided at a meeting of the Board of Directors based on the details of a report from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

In the event of issuing stock options with share price conditions and stock remuneration-type stock options for Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors), a resolution of the General Meeting of Shareholders shall be obtained, and details of the proposal for the General Meeting of Shareholders shall be determined at a meeting of the Board of Directors based on a report of the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

Activities of the Board of Directors in the process of determining remuneration etc. for Directors for the fiscal year under review are as follows.

July 22, 2024	Resolved to determine performance indicators for performance-linked bonuses, to determine the ratio of the total performance-linked bonus to total monetary remuneration, and to revise the policy for determining remuneration, etc. for Directors (excluding those who are Audit & Supervisory Committee Members) with respect to remuneration of Outside Directors who are not Audit & Supervisory Committee Members
August 27, 2024	Resolved to determine the amount of individual remuneration, etc. for Directors (excluding those who are Audit & Supervisory Committee Members)

2) Total amount of remuneration, etc. for each officer category, total amount of remuneration, etc. by type, and number of officers to whom it is applicable

Officer category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of applicable officers (Number of persons)
		Fixed remuneration	Performance-linked bonuses	Stock option	
Director (excluding persons who are Audit & Supervisory Committee Members and Outside Directors)	450	205	26	219	5
Outside Director (including Audit & Supervisory Committee Members)	28	28	–	–	5

Notes: 1. Taxation on Stock Options (Q&A) published by the National Tax Agency on May 30, 2023 states that trust-type stock options are subject to employment income taxation on the difference between the exercise price at the time of exercise and the market value of the shares at the time of exercise. As a response to the statement, the amount of basic remuneration for Directors (excluding those who are Audit & Supervisory Committee Members) includes 49 million yen paid to two Directors (excluding those who are Audit & Supervisory Committee Members) as a cover for the additional burden of unexercised trust-type stock options granted to them.

2. The performance targets, the basis for calculating the amount of performance-linked bonuses, are based on consolidated net sales and adjusted operating profit, the important management indicators for the Company. The performance target for the fiscal year under review were 43,303 million yen in consolidated net sales and 3,342 million yen in adjusted operating profit, whereas the actual results for the fiscal year under review were 43,202 million yen in consolidated net sales (achievement rate: 99.7%) and 3,555 million yen in adjusted operating profit (achievement rate: 106.3%). The calculation method for the amount of performance-linked bonuses for the fiscal year under review is as follows:

Amount of performance-linked bonus = bonus base amount x payment coefficient (1) x benchmark weight 75%

+ bonus base amount x payment coefficient (2) x benchmark weight 25%

Payment coefficient (1)

Consolidated net sales target achievement rate	Payment coefficient
105% or more	200%
102.5% or more	150%
100% or more	100%
97.5% or more	75%
95% or more	50%
Under 95%	0%

Payment coefficient (2)

Adjusted operating profit target achievement rate	Payment coefficient
110% or more	200%
105% or more	150%
100% or more	100%
95% or more	75%
90% or more	50%
Under 90%	0%

3. The column “Stock option” shows the amount of expenses recorded in the fiscal year under review for share acquisition rights as stock options with share price conditions and stock remuneration-type stock options with share price conditions for Directors (excluding those who are Audit & Supervisory Committee Members).
4. The total annual amount of remuneration paid to Directors (excluding those who are Audit & Supervisory Committee Members) shall not exceed ¥500 million (including ¥50 million for Outside Directors), as resolved at the 17th Annual General Meeting of Shareholders held on August 27, 2024. The number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders was seven (including two Outside Directors).
5. The total annual amount of remuneration paid to Directors who are Audit & Supervisory Committee Members shall not exceed ¥50 million, as resolved at the Extraordinary General Meeting of Shareholders held on January 30, 2019. Number of Directors who are Audit & Supervisory Committee Members at the conclusion of said General Meeting of Shareholders was four.
6. The maximum amount of remuneration for share acquisition rights as stock options with share price conditions for Directors (excluding those who are Audit & Supervisory Committee Members) was resolved at the 15th Annual General Meeting of Shareholders held on August 30, 2022, separate from the maximum amount of remuneration mentioned in 4. above, to be up to ¥250 million (the total number of these share acquisition rights issued within one year from the date of the said General Meeting of Shareholders is limited to 5,000). Number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders was five. Details of share acquisition rights issued in the 16th fiscal year based on the resolution of the said General Meeting of Shareholders are described in “IV. Information About Reporting Company, 1 Company’s shares, etc., (2) Share acquisition rights, 1) Description of stock-option system, G. 9th Share Acquisition Rights.” The share price condition for these share acquisition rights stipulates that they may be exercised if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (August 30, 2032) exceeds ¥2,344. This share price condition was met during the fiscal year ended May 31, 2025.
7. The maximum amount of remuneration for share acquisition rights as stock remuneration-type stock options with share price conditions for Directors (excluding those who are Audit & Supervisory Committee Members) was resolved at the 16th Annual General Meeting of Shareholders held on August 29, 2023, separate from the maximum amount of remuneration mentioned in 4. and 6. above, to be up to ¥250 million (the total number of these share acquisition rights issued within one year from the date of the said General Meeting of Shareholders is limited to 3,000). Number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders was five. Details of share acquisition rights issued in the 17th term based on the resolution of the said General Meeting of Shareholders are described in “IV. Information About Reporting Company, 1 Company’s shares, etc., (2) Share acquisition rights, 1) Description of stock-option system, J. 12th Share Acquisition Rights.” The share price condition for these share acquisition rights stipulates that they may be exercised if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (August 29, 2033) exceeds ¥2,344. This share price condition was met during the fiscal year ended May 31, 2025.

8. The Company has proposed “Determination of the Amount and Content of Stock Option Remuneration for Directors (Excluding Outside Directors and Directors Who Are Audit & Supervisory Committee Members)” as an agenda item for resolution at the 18th Annual General Meeting of Shareholders scheduled to be held on August 26, 2025. The proposal seeks approval for the setting of the maximum amount of remuneration, separate from the maximum amount of remuneration mentioned in 4., 6. and 7. above, for share acquisition rights to be granted as stock options with share price conditions to Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members). The proposed maximum amount is up to ¥500 million (the total number of these share acquisition rights issued within one year from the date of the said General Meeting of Shareholders is limited to 6,500). The Company has also proposed “Election of Seven Directors (Excluding Those Who Are Audit & Supervisory Committee Members)” as an agenda item for resolution at the said General Meeting of Shareholders. If this proposal is approved and adopted, the number of Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders is expected to be five.

3) Total amount of remuneration, etc. for each officer of the reporting company

Name	Total amount of remuneration (Millions of yen)	Officer category	Company category	Amount of remuneration by type (Millions of yen)		
				Fixed remuneration	Performance-linked bonuses	Stock option
Chikahiro Terada	139	Director	Reporting company	46	7	85

Note: Only Directors whose total remuneration, etc. exceeds ¥100 million are listed.

4) Important items from among the employee salary portion of an officer who concurrently serves as an employee

Not applicable.

5) Matters concerning incentives for Directors

To provide an incentive separate from the above remuneration system for Directors, the Company has introduced the Performance Target-linked Stock Acquisition Rights (Stock Options with Charge) for Directors (excluding those who are Audit & Supervisory Committee Members) of the Company, which aims to provide an incentive to improve the Company’s shareholder value and corporate value over the medium- to long-term, on the condition that performance targets and other conditions are achieved. Directors (excluding those who are Audit & Supervisory Committee Members), may acquire such rights based on their own investment judgment.

5) Stock held

1) Criteria and approach to classification of investment stocks

Regarding the classification of investment stocks held for pure investment purposes and investment stocks held for purposes other than pure investment purposes, the Company classifies those investment stocks held solely for the purpose of profiting from fluctuations of stock value or dividends from stocks as investment stocks held for pure investment purposes, and classifies investment stocks other than the foregoing to be investment stocks held for purposes other than pure investment purposes.

2) Investment stocks held for purposes other than pure investment

a. Holding policy, method of verifying the rationale behind the holdings, and details of verification by the Board of Directors, etc. regarding the suitability of holding each stock

When considering the acquisition of stock, the Company verifies the rationale for holding it and whether to hold it or not based on the matters specified below.

・Whether it will lead to the enhancement of the Company’s corporate value in the medium to long term, such as there being business synergy, etc.
・Whether it will have a negative impact on the Company’s financial soundness
・Whether the holding ratio and acquisition amount exceed the range deemed reasonably necessary

b. Number of issues and balance sheet amount

	Number of issues (Issues)	Total carrying amount on the balance sheet (Millions of yen)
Unlisted shares	14	2,320
Shares other than unlisted shares	2	292

(Issues whose number of shares increased in the fiscal year under review)

	Number of issues (Issues)	Total acquisition price related to the increase in the number of shares (Millions of yen)	Reason for the increase in the number of shares
Unlisted shares	1	100	To strengthen business partnership
Shares other than unlisted shares	–	–	–

(Issues whose number of shares decreased in the fiscal year under review)

	Number of issues (Issues)	Total selling price related to the decrease in the number of shares (Millions of yen)
Unlisted shares	1	668
Shares other than unlisted shares	–	–

c. Information on the number of shares for each specified investment stock and deemed holding stock, carrying amount on the balance sheet, etc.

Issue name	Fiscal year under review	Previous fiscal year	Purpose of holding, summary of business partnership, etc., quantitative effect of holding and reasons for the increase in the number of shares	Whether or not the Company owns shares
	Number of shares (Shares) / Carrying amount on the balance sheet (Millions of yen)	Number of shares (Shares) / Carrying amount on the balance sheet (Millions of yen)		
Unipos Inc. *1	366,200	366,200	(Purpose of holding) To strengthen business partnership. (Summary of business partnership) Sales support such as provision of sales and marketing know-how (Quantitative effect of holding) *2	None
	64	53		
ULURU.CO., LTD	150,000	150,000	(Purpose of holding) To strengthen business partnership. (Summary of business partnership) Improvement of the added value of existing services and consideration of new business development through the use of each other's resources (Quantitative effect of holding) *2	None
	227	245		

*1 With respect to the shares of Unipos Inc., as stated in “II. Status of Business 5. Important contracts *Transfer of Shares in Unipos Inc.*,” they were transferred on July 1, 2025.

*2 Since it is difficult to quantitatively describe the effect of holding specific investment stocks, we will describe the method of verifying the rationale behind the holdings. Each term, the Company verifies the effects of holding individual stock, and confirms that all of the stock it holds are held for purposes that are in line with the holding policy.

3) Investment stocks held for pure investment purposes

Not applicable.

4) Investment stocks for which the purpose of holding was changed from pure investment to purposes other than pure investment during the fiscal year under review

Not applicable.

5) Investment stocks for which the purpose of holding was changed from purposes other than pure investment to pure investment during the fiscal year under review and the preceding four fiscal years

Not applicable.

V. Accounting

1. Method of preparing consolidated financial statements and non-consolidated financial statements

(1) The Company's consolidated financial statements are prepared in accordance with the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976).

(2) The Company's non-consolidated financial statements are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963, hereinafter referred to as "Regulation on Financial Statements").
In addition, the Company falls under the category of special company submitting financial statements, and prepares its non-consolidated financial statements in accordance with the provisions of Article 127 of the Regulation on Financial Statements.

2. Audit attestation

In accordance with the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, KPMG AZSA LLC has audited the consolidated financial statements for the fiscal year (from June 1, 2024 to May 31, 2025) and the non-consolidated financial statements for the fiscal year (from June 1, 2024 to May 31, 2025).

3. Special efforts to ensure the appropriateness of consolidated financial statements, etc.

The Company makes special efforts to ensure the appropriateness of its consolidated financial statements, etc. Specifically, in order to properly understand the details of accounting standards, etc. and establish a system that can appropriately respond to changes in accounting standards, etc., we participate in training sessions on changes in accounting standards, etc. held by audit firms and other external organizations, and hold discussions with audit firms as necessary.

1 Consolidated financial statements and other information

(1) Consolidated financial statements

1) Consolidated balance sheet

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	24,874	31,172
Accounts receivable - trade	*1 1,229	*1 1,409
Prepaid expenses	884	1,077
Other	715	1,742
Allowance for doubtful accounts	(34)	(9)
Total current assets	27,671	35,392
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,291	2,445
Accumulated depreciation	(977)	(450)
Buildings and structures, net	313	1,994
Other	529	1,041
Accumulated depreciation	(323)	(398)
Other, net	206	642
Total property, plant and equipment	520	2,637
Intangible assets		
Software	691	724
Goodwill	919	951
Other	0	0
Total intangible assets	1,610	1,675
Investments and other assets		
Investment securities	3,799	3,727
Leasehold deposits	2,528	2,063
Deferred tax assets	950	1,964
Other	511	523
Total investments and other assets	7,790	8,278
Total non-current assets	9,920	12,591
Total assets	37,592	47,984

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	637	815
Current portion of long-term borrowings	930	938
Accounts payable - other	1,701	2,708
Income taxes payable	315	1,100
Accrued consumption taxes	676	669
Advances received	*2 13,660	*2 17,469
Provision for bonuses	846	1,016
Provision for loss on share sale contract	–	2,301
Other	235	773
Total current liabilities	19,004	27,792
Non-current liabilities		
Long-term borrowings	3,549	2,634
Provision for retirement benefits for directors (and other officers)	53	58
Retirement benefit liability	58	59
Deferred tax liabilities	1	–
Other	152	1,399
Total non-current liabilities	3,815	4,150
Total liabilities	22,819	31,943
Net assets		
Shareholders’ equity		
Share capital	6,774	7,203
Capital surplus	4,371	4,800
Retained earnings	2,648	3,072
Treasury shares	(2)	(302)
Total shareholders’ equity	13,792	14,775
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	134	97
Foreign currency translation adjustment	79	75
Total accumulated other comprehensive income	213	173
Share acquisition rights	638	973
Non-controlling interests	128	118
Total net assets	14,772	16,040
Total liabilities and net assets	37,592	47,984

2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Net sales	*1 33,878	*1 43,202
Cost of sales	5,064	5,791
Gross profit	28,814	37,410
Selling, general and administrative expenses	*2 27,477	*2 34,609
Operating profit	1,337	2,800
Non-operating income		
Interest income	4	16
Dividend income	–	5
Foreign exchange gains	–	3
Subsidy income	16	25
Surrender value of insurance policies	12	–
Other	16	17
Total non-operating income	49	67
Non-operating expenses		
Interest expenses	16	27
Foreign exchange losses	25	–
Commission expenses	3	5
Loss on investments in investment partnerships	40	39
Donations	–	15
Loss on withdrawal from business	27	–
Penalty loss on cancellation of rental contracts	19	–
Other	29	36
Total non-operating expenses	163	124
Ordinary profit	1,224	2,743
Extraordinary income		
Gain on reversal of share acquisition rights	2	36
Gain on sale of investment securities	37	418
Total extraordinary income	40	455
Extraordinary losses		
Loss on retirement of non-current assets	*3 15	*3 47
Head office relocation expenses	–	241
Loss on sale of investment securities	13	–
Loss on valuation of investment securities	*4 380	*4 126
Impairment losses	–	*5 43
Provision for loss on share sale contract	–	*6 2,301
Total extraordinary losses	409	2,759
Profit (loss) before income taxes	855	439
Income taxes - current	301	1,031
Income taxes - deferred	(363)	(1,006)
Total income taxes	(61)	25
Profit (loss)	917	414
Profit (loss) attributable to non-controlling interests	(35)	(9)
Profit (loss) attributable to owners of parent	953	424

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Profit (loss)	917	414
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	(36)
Foreign currency translation adjustment	29	(3)
Total other comprehensive income	* 7	* (40)
Comprehensive income	924	374
Comprehensive income attributable to:		
Owners of parent	960	384
Non-controlling interests	(35)	(9)

Fiscal year ended May 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,582	4,178	1,695	(2)	12,454
Changes during period					
Issuance of new shares	192	192	–	–	384
Profit (loss) attributable to owners of parent	–	–	953	–	953
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	192	192	953	–	1,337
Balance at end of period	6,774	4,371	2,648	(2)	13,792

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	156	49	206	457	72	13,190
Changes during period						
Issuance of new shares	–	–	–	–	–	384
Profit (loss) attributable to owners of parent	–	–	–	–	–	953
Net changes in items other than shareholders' equity	(22)	29	7	181	55	244
Total changes during period	(22)	29	7	181	55	1,581
Balance at end of period	134	79	213	638	128	14,772

Fiscal year ended May 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,774	4,371	2,648	(2)	13,792
Changes during period					
Issuance of new shares	429	429	–	–	858
Purchase of treasury shares	–	–	–	(299)	(299)
Profit (loss) attributable to owners of parent	–	–	424	–	424
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	429	429	424	(299)	982
Balance at end of period	7,203	4,800	3,072	(302)	14,775

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	134	79	213	638	128	14,772
Changes during period						
Issuance of new shares	–	–	–	–	–	858
Purchase of treasury shares	–	–	–	–	–	(299)
Profit (loss) attributable to owners of parent	–	–	–	–	–	424
Net changes in items other than shareholders' equity	(36)	(3)	(40)	335	(9)	285
Total changes during period	(36)	(3)	(40)	335	(9)	1,268
Balance at end of period	97	75	173	973	118	16,040

4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	855	439
Depreciation	889	940
Amortization of goodwill	111	131
Loss (gain) on sale and retirement of non-current assets	15	47
Impairment losses	–	43
Share-based payment expenses	180	573
Gain on reversal of share acquisition rights	(2)	(36)
Loss (gain) on sale of investment securities	(24)	(418)
Loss (gain) on valuation of investment securities	380	126
Loss (gain) on investments in investment partnerships	40	39
Increase (decrease) in allowance for doubtful accounts	1	(25)
Increase (decrease) in provision for bonuses	233	173
Increase (decrease) in provision for loss on share sale contract	–	2,301
Interest and dividend income	(4)	(21)
Interest expenses	16	27
Decrease (increase) in trade receivables	(16)	(126)
Decrease (increase) in prepaid expenses	(265)	(179)
Decrease (increase) in other assets	(199)	(343)
Increase (decrease) in trade payables	298	177
Increase (decrease) in accounts payable - other	(239)	969
Increase (decrease) in advances received	2,928	3,808
Increase (decrease) in accrued consumption taxes	255	20
Increase (decrease) in other liabilities	58	1,509
Other, net	183	(197)
Subtotal	5,698	9,981
Interest and dividends received	4	21
Proceeds from insurance income	12	–
Interest paid	(16)	(27)
Income taxes paid	(215)	(324)
Net cash provided by (used in) operating activities	5,483	9,651

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	(217)	(2,231)
Purchase of intangible assets	(348)	(470)
Purchase of investment securities	(572)	(400)
Proceeds from sale of investment securities	67	668
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (136)	*2 (230)
Payments of leasehold deposits	(1,980)	(33)
Proceeds from refund of leasehold deposits	285	783
Other, net	(278)	(635)
Net cash provided by (used in) investing activities	(3,180)	(2,550)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,800	–
Repayments of long-term borrowings	(717)	(907)
Proceeds from issuance of shares	367	642
Proceeds from issuance of share acquisition rights	19	14
Purchase of treasury shares	–	(299)
Other, net	(38)	(105)
Net cash provided by (used in) financing activities	1,431	(654)
Effect of exchange rate change on cash and cash equivalents	10	(3)
Net increase (decrease) in cash and cash equivalents	3,744	6,443
Cash and cash equivalents at beginning of period	20,985	24,729
Cash and cash equivalents at end of period	*1 24,729	*1 31,172

Notes to the consolidated financial statements

Basis of preparation of consolidated financial statements

1. Disclosure of scope of consolidation
   Number of consolidated subsidiaries: 7
   ・Names of consolidated subsidiaries:
   Sansan Global Pte. Ltd.
   Sansan Global Development Center, Inc.
   Sansan Global (Thailand) Co., Ltd.
   logmi, Inc.
   CREATIVE SURVEY INC.
   Institute of Language Understanding Inc.
   One other company

   Change in scope of consolidation
   Sansan Corporation was excluded from the scope of consolidation for the fiscal year under review due to the completion of its liquidation.

2. Disclosure about application of equity method
   Not applicable.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries
   The end of the fiscal year of all consolidated subsidiaries coincides with the balance sheet date of the consolidated financial statements of the Company.

4. Disclosure of accounting policies
   (1) Accounting policy for measuring significant assets
   A. Securities
   Available-for-sale securities
   Securities other than shares with no market price, etc.
   Stated at the quoted market price. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

   Shares with no market price, etc.
   Stated at cost using the moving-average method

   Investments in investment limited partnerships, etc.
   Stated at the net amount equivalent to the Company’s share of equity interest based on the most recent financial statements available according to the financial closing date stipulated in the partnership agreement. If the partnerships, etc. hold available-for-sale securities with valuation difference, the amount of valuation difference equivalent to the Company’s share of equity interest is recorded as valuation difference on available-for-sale securities.

   (2) Accounting policy for depreciation of significant assets
   A. Property, plant and equipment (excluding leased assets)
   Facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method, and other property, plant and equipment are depreciated using the declining-balance method.

   B. Intangible assets (excluding leased assets)
   Amortized using the straight-line method. Software for internal use is amortized using the straight-line method over its useful life as internally determined (three years).

   C. Leased assets
   Leased assets related to finance lease transactions that transfer ownership
   Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to non-current assets owned by lessee.

   Leased assets related to finance lease transactions that do not transfer ownership
   Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming the lease periods as useful lives without residual value.

   (3) Accounting policy for significant deferred assets
   Share issuance costs
   Share issuance costs are fully recognized as expenses when incurred.

(4) Accounting policy for significant provisions

A. Allowance for doubtful accounts

To prepare for losses from bad debts, an estimated uncollectible amount is provided by using the historical rate of credit loss in the case of general receivables, or based on individual consideration of recoverability in the case of specific receivables such as highly doubtful receivables.

B. Provision for bonuses

A reserve for the employee bonus payment is provided by recording the estimated amounts of the future payments attributed to the fiscal year under review.

C. Provision for retirement benefits for directors (and other officers)

To provide for the payment of retirement benefits for directors (and other officers), certain consolidated subsidiaries record the amount of payment due as of the end of the fiscal year in accordance with their internal regulations.

D. Provision for loss on share sale contract

In connection with the execution of contract to sell both currently held shares and those to be acquired in the future, we have recorded a provision for estimated losses in anticipation of potential losses that may arise from these transactions.

(5) Accounting policy for retirement benefits

Application of the simplified method for small-sized companies, etc.

Certain consolidated subsidiaries apply the simplified method whereby retirement benefit obligations are measured at the amount of retirement benefits to be required for voluntary termination at the end of the fiscal year for the calculation of retirement benefit liability and retirement benefit expenses.

(6) Method and period for amortization of goodwill

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

(7) Accounting policy for revenue and expense

Sansan/Bill One Business

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

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

Eight Business

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

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

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

(8) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

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

(9) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows are comprised of cash in hand, demand deposits and short-term investments with terms of redemption or maturities of three months or less from the acquisition date, readily convertible into cash and are exposed to only an insignificant risk of fluctuations in value.

Significant accounting estimates

Recoverability of deferred tax assets

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

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Deferred tax assets (before offset)	1,027	2,046

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

Deferred tax assets have been calculated using estimates of the future timing at which taxable income will be generated and the amounts thereof based on business plans.

In estimating taxable income, the Company makes estimates based on certain assumptions regarding the external management environment and other external factors, as well the Group's budget and other internal factors, in particular major expense items such as net sales, personnel expenses, and advertising expenses.

(3) Effect on the consolidated financial statements for the next fiscal year

Those estimates may be affected by uncertain future changes in economic conditions, etc. If the timing at when taxable income is generated and the amounts thereof differ from the estimates, the amount of deferred tax assets recognized in the consolidated financial statements for the next fiscal year may be significantly affected.

Valuation of goodwill

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

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Goodwill	919	951
Impairment losses	–	43

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

In the case where a test is made for indicators of impairment and indicators of impairment are identified, the Company determines whether recognition of impairment loss on goodwill is necessary or not by calculating the undiscounted future cash flows for the period corresponding to the remaining goodwill amortization period based on the business plan and comparing that with the amount corresponding to the net assets multiplied by the Company's equity ratio, and the amount if goodwill is added. If it is determined that recognition of impairment loss is necessary, the carrying amount of that goodwill is reduced to the recoverable amount and the amount of the reduction is recognized as the impairment loss. For the fiscal year under review, we recorded an impairment loss of ¥43 million on securities for which estimated future cash flows were assessed to have deteriorated.

(3) Effect on the consolidated financial statements for the next fiscal year

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

Valuation of investment securities

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

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Investment securities (unlisted stocks)	2,599	2,320
Loss on valuation of investment securities	380	126
Provision for loss on share sale contract	–	907

Investment securities (unlisted shares) include ¥1,900 million in preferred shares of Unipos Inc., our principal investment.

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

As investment securities (unlisted stocks) have no market price as they are mainly invested to create synergies with existing business and expand business domain, they are carried at cost in the consolidated balance sheet. However, when the substantive value significantly decreases due to worsening of financial position of the issuing company, impairment accounting is applied, unless the recoverability of the substantive value is deemed possible, backed by sufficient evidence. For shares and other equity securities purchased at a higher price than the price on the basis of net assets per share by reflecting excess earning power and other factors of an investee at the time of purchase, the Company determines whether impairment accounting is applied or not by examining the substantive value taking into account excess earning power. When making a valuation of whether or not there is any decrease of excess earning power, the Company performs comparison between the business plan that was formulated upon investment and actual results, grasps the status of investment return, and considers the external economic environment, etc. to assess the feasibility of future business plans. For the fiscal year under review, we recorded an impairment loss of ¥126 million on a security of a company whose excess earning power was determined to be impaired. With respect to our investment in Unipos Inc., as described in "1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements, Notes to consolidated statement of income, 6. Provision for loss on share sale contract," a provision for loss on share sale contract of ¥907 million was recorded to cover the anticipated loss arising from the sale of preferred shares we hold, in connection with the share transfer agreement executed with Link and Motivation Inc., pursuant to which we have agreed to sell our shares in Unipos Inc.

Furthermore, significant changes in market conditions or other external factors affecting individual investments may result in the recognition of impairment losses in the consolidated financial statements for the following fiscal year.

(3) Effect on the consolidated financial statements for the next fiscal year

Concerning this estimate, in the event that the investee's actual results, etc. falls below the plan formulated at the time of investment, excess earning power will be deemed to have been impaired, impairment accounting may be performed, and recognition of loss on valuation of investment securities may be required in the consolidated financial statements for the next fiscal year.

Changes in accounting policies

Application of Accounting Standard for Current Income Taxes, etc.

We have applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard 2022”) from the beginning of the fiscal year under review. Regarding the amendments on the classification of corporate income taxes (taxation on other comprehensive income), we have followed the transitional provisions set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and in the proviso of paragraph 65-2(2) of the Implementation Guidance on ax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “Revised Guidance 2022”) There is no impact on our consolidated financial statements resulting from this change in accounting policy.

Accounting standards not yet adopted

・Accounting Standards for Leases (ASBJ Statement No. 34, September 13, 2024)

・Implementation Guidance on Accounting Standard for Leases(ASBJ Statement No. 33, September 13, 2024), etc.

(1) Overview

As part of its efforts to align Japanese accounting standards with international standards, the Accounting Standards Board of Japan (ASBJ) has considered the development of accounting standards for leases, taking into account international accounting standards, that require lessees to recognize assets and liabilities for all leases. As a basic policy, the ASBJ sought to base the lease accounting standards on the single accounting model under IFRS 16. However, instead of incorporating all provisions of IFRS 16, the ASBJ issued lease accounting standards and related guidance that adopt only the principal requirements of IFRS 16, aiming to establish a simplified and practical framework that would generally not require significant adjustments when IFRS 16 is applied to individual financial statements.

In line with IFRS 16, leases are accounted for irrespective of whether they are classified as finance leases or operating leases. As the lessee's method of allocating lease-related expenses, a single accounting model is applied for all leases, under which depreciation charges for right-of-use assets and interest expenses on lease liabilities are recognized.

(2) Scheduled effective date

Effective as of the beginning of the fiscal year ending May 31, 2028.

(3) Impact of the adoption of the accounting standards

The impact on the consolidated financial statements resulting from the adoption of the Accounting Standards for Leases and related standards are currently being assessed.

Notes to consolidated balance sheet

*1 Balance of receivables arising from contracts with customers

Receivables arising from contracts with customers are included in "accounts receivable - trade." The amount of receivables arising from contracts with customers is described in "1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements, Revenue recognition, (3) 1) Balance etc. of receivables arising from contracts with customers and contract liabilities."

*2 Balance of contract liabilities arising from contracts with customers

Contract liabilities arising from contracts with customers are included in "advances received." The amount of contract liabilities is described in "1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements, Revenue recognition (3) 1) Balance etc. of receivables arising from contracts with customers and contract liabilities."

Notes to consolidated statement of income

*1 Revenue from contracts with customers

Net sales are not described via categorization into revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is described in "1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements, Revenue recognition, (1) Information on disaggregation of revenue from contracts with customers."

*2 The main expense items of selling, general and administrative expenses and their amounts are as follows.

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Salaries, allowances and bonuses	9,805	12,345
Advertising expenses	3,934	5,107
Provision for bonuses	1,647	1,996

*3 The details of loss on retirement of non-current assets are as follows.

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Buildings and structures	0	1
Software	15	38
Others	0	7
Total	15	47

*4 Loss on valuation of investment securities

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

Of the securities held by the Company that are classified as investment securities, impairment accounting was performed for two issues of unlisted stocks due to their substantive value having declined significantly.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

Of the securities held by the Company that are classified as investment securities, impairment accounting was performed for one issue of unlisted stock due to its substantive value having declined significantly.

*5 Impairment losses

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

Not applicable.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

The Group recorded an impairment loss for the following cash-generating unit.

Location	Use	Type	Amount
–	–	Goodwill	¥43 million

The Group determines cash-generating units primarily based on the type of services provided, considering, in principle, the nature of the business.

With respect to the goodwill associated with Diamond Corporate Data Services, Inc., a consolidated subsidiary, we recorded an impairment loss as an extraordinary loss, reducing the carrying amount to its recoverable amount due to the inability to generate the initially expected earnings. The recoverable amount was measured based on value in use, and, as no future cash flows are expected, the amount was assessed as zero.

*6 Provision for loss on share sale contract

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

Not applicable.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)
A provision for loss on share sale contract was recorded to cover the anticipated loss arising from the sale of common and preferred shares of Unipos Inc. (hereinafter, "Unipos") we hold, in connection with the share transfer agreement executed with Link and Motivation Inc. on May 22, 2025, pursuant to which we have agreed to sell our shares in Unipos Inc. The loss consists of (i) the loss related to the share sale contract for common and preferred shares in Unipos held by the Company as of May 31, 2025, and (ii) the loss related to the share sale contract for preferred shares in Unipos to be acquired from Development Bank of Japan Inc. (hereinafter, "DBJ") pursuant to a shareholders' agreement between the Company and DBJ. The breakdown of the amounts is as follows. Please note that we entered into a shareholders' agreement dated May 2025 with DBJ regarding the preferred shares of Unipos, which provides for our acquisition of all of DBJ's preferred shares in Unipos through exercising a call option.
The transfer of shares under the above share transfer agreement was executed as of July 1, 2025, and the loss incurred as a result of the transfer has been finalized.

(Millions of yen)

Loss related to the execution of the share sale contract for shares held (common shares)	31
Loss related to the execution of the share sale contract for shares held (common shares)	907
Loss related to the execution of the share sale contract for shares to be acquired from DBJ	1,362

Notes to consolidated statement of comprehensive income

* Reclassification adjustments relating to other comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Valuation difference on available-for-sale securities:		
Amount for the fiscal year under review	(7)	(46)
Before income taxes and tax effect adjustments	(7)	(46)
Amount of income taxes and tax effect	14	(9)
Valuation difference on available-for-sale securities	(22)	(36)
Foreign currency translation adjustment:		
Amount for the fiscal year under review	29	(3)
Foreign currency translation adjustment	29	(3)
Total other comprehensive income	7	(40)

Notes to consolidated statement of changes in equity

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

1. Class and total number of issued shares

	Number of shares at beginning of period (Shares)	Increased number of shares during period (Shares)	Decreased number of shares during period (Shares)	Number of shares at end of period (Shares)
Issued shares				
Common shares (Note)	125,410,584	424,832	–	125,835,416
Total	125,410,584	424,832	–	125,835,416
Treasury shares				
Common shares	871	–	–	871
Total	871	–	–	871

Note: The increase in common shares was due to the exercise of share acquisition rights.

2. Matters concerning share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be acquired upon exercise of the share acquisition rights	Number of shares to be acquired upon exercise of the share acquisition rights (Shares)				Balance at end of period (Millions of yen)
			Beginning of period	Increase during period	Decrease during period	End of period	
Reporting company	4th share acquisition rights as stock options	–	–	–	–	–	5
	5th share acquisition rights as stock options	–	–	–	–	–	46
	6th share acquisition rights as stock options	–	–	–	–	–	100
	7th share acquisition rights as stock options	–	–	–	–	–	158
	8th share acquisition rights as stock options	–	–	–	–	–	116
	9th share acquisition rights as stock options	–	–	–	–	–	96
	10th share acquisition rights as stock options	–	–	–	–	–	6
	11th share acquisition rights as stock options	–	–	–	–	–	75
	12th share acquisition rights as stock options	–	–	–	–	–	32
Consolidated subsidiary	1st share acquisition rights as stock options	–	–	–	–	–	–
	4th share acquisition rights as stock options	–	–	–	–	–	–
	5th share acquisition rights as stock options	–	–	–	–	–	–
Total		–	–	–	–	–	638

Note: The first days of the exercise period for the 7th, 9th, 10th, 11th, and 12th share acquisition rights as stock options of the reporting company, and the first day of the exercise period for the 4th, 5th share acquisition rights as stock options of a consolidated subsidiary are yet to arrive.

3. Dividends

Not applicable.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

1. Class and total number of issued shares

	Number of shares at beginning of period (Shares)	Increased number of shares during period (Shares)	Decreased number of shares during period (Shares)	Number of shares at end of period (Shares)
Issued shares				
Common shares (Note 1)	125,835,416	681,036	–	126,516,452
Total	125,835,416	681,036	–	126,516,452
Treasury shares				
Common shares (Note 2)	871	141,700	–	142,571
Total	871	141,700	–	142,571

Notes: 1. The increase in common shares was due to the exercise of share acquisition rights.
2. The increase of 141,700 in treasury common shares was due to the acquisition of treasury shares pursuant to a resolution of the Board of Directors.

2. Matters concerning share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be acquired upon exercise of the share acquisition rights	Number of shares to be acquired upon exercise of the share acquisition rights (Shares)				Balance at end of period (Millions of yen)
			Beginning of period	Increase during period	Decrease during period	End of period	
Reporting company	4th share acquisition rights as stock options	–	–	–	–	–	3
	5th share acquisition rights as stock options	–	–	–	–	–	44
	6th share acquisition rights as stock options	–	–	–	–	–	95
	7th share acquisition rights as stock options	–	–	–	–	–	236
	8th share acquisition rights as stock options	–	–	–	–	–	101
	9th share acquisition rights as stock options	–	–	–	–	–	232
	10th share acquisition rights as stock options	–	–	–	–	–	11
	11th share acquisition rights as stock options	–	–	–	–	–	89
	12th share acquisition rights as stock options	–	–	–	–	–	115
	13th share acquisition rights as stock options	–	–	–	–	–	25
	14th share acquisition rights as stock options	–	–	–	–	–	14
	15th share acquisition rights as stock options	–	–	–	–	–	2
	16th share acquisition rights as stock options	–	–	–	–	–	1
Consolidated subsidiary	1st share acquisition rights as stock options	–	–	–	–	–	–
	4th share acquisition rights as stock options	–	–	–	–	–	–
	5th share acquisition rights as stock options	–	–	–	–	–	–
Total		–	–	–	–	–	973

Note: The first days of the exercise period for the 10th, 12th, 13th, 14th, 15th, and 16th share acquisition rights as stock options of the reporting company, and the first day of the exercise period for the 4th, 5th share acquisition rights as stock options of a consolidated subsidiary are yet to arrive.

3. Dividends

Not applicable.

Notes to consolidated statement of cash flows

*1 Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Cash and deposits	24,874	31,172
Time deposits with maturity over three months	(145)	–
Cash and cash equivalents	24,729	31,172

*2 Major components of assets and liabilities of consolidated subsidiaries acquired by purchase of shares

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

The breakdown of assets and liabilities of Institute of Language Understanding Inc., which was newly consolidated due to the acquisition of shares, at the start of its consolidation, and the relationship between the acquisition cost of the company's shares and the expenses due to the acquisition of the shares (net amount) is as follows.

	(Millions of yen)
Current assets	428
Non-current assets	26
Goodwill	324
Current liabilities	(84)
Non-current liabilities	(103)
Non-controlling interests	(91)
Share acquisition amount	500
Cash and cash equivalents	(363)
Net: Expenses from acquisition	(136)

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

The breakdown of assets and liabilities of Kaede IR Advisory Co., Ltd. (currently Logmi, Inc.), which was newly consolidated due to the acquisition of shares, at the start of its consolidation, and the relationship between the acquisition cost of the company's shares and the expenses due to the acquisition of the shares (net amount) is as follows.

	(Millions of yen)
Current assets	86
Non-current assets	0
Goodwill	207
Current liabilities	(34)
Share acquisition amount	260
Cash and cash equivalents	(29)
Net: Expenses from acquisition	(230)

Lease transactions

Operating leases

As lessee

Unexpired lease payments related to non-cancellable operating leases

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Within one year	1, 225	1, 562
Over one year	2, 999	6, 554
Total	4, 224	8, 117

Financial instruments

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

   (2) Details of financial instruments and their risks
   Accounts receivable - trade, which refers to the amount owed to us through trade, are exposed to the credit risk of customers.
   Investment securities are shares of companies with which we have business relationships that are held as available-for-sale securities and are exposed to the credit risk of the issuer.
   Leasehold deposits are mainly leasehold deposits for the head office and exposed to the credit risk of lessors.
   Accounts payable - trade and accounts payable - other classified as operating payables are all due within one year.
   Long-term borrowings are mainly taken out to fund working capital requirements and the longest maturity from the date of the balance sheet is three years and seven months.

   (3) System for managing risks associated with financial instruments
   1) Credit risk management (risks associated with non-performance of contract by counterparties)
   For accounts receivable-trade, which refers to the amount owed to us through trade, the Group will ensure that the Finance and Accounting Division will maintain regular contact with the business units regarding outstanding balances and status of payments for each customer, and make every effort to quickly identify and reduce collection concerns arising from the deterioration of our customers' financial status.
   For investment securities, financial conditions of issuers are assessed on a regular basis.
   For leasehold deposits, the responsible department monitors statuses as necessary to seek for an early identification of collectability concern in order to mitigate risk of non-performance caused by deteriorated financial condition of counterparties and other factors.
   2) Management of liquidity risks associated with fund procurement (risks associated with non-repayment on due date)
   The administrative division manages liquidity risk by preparing and renewing cash management plans in a timely manner while maintaining liquidity in hand.

   (4) Supplemental information on fair values of financial instruments
   Because the calculation of the fair value of financial instruments incorporates variable factors, the values may vary in case where different assumptions, etc. are used.

2. Matters relating to fair value of financial instruments
   The table below shows the amounts of financial instruments recorded in the consolidated balance sheet, their fair values and the differences between them. It should be noted that shares with no market price, etc., are not included in the table below. (Refer to (Note 1))

As of May 31, 2024

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities	319	319	–
Leasehold deposits	2,528	2,504	(24)
Total assets	2,848	2,823	(24)
Long-term borrowings (*2)	4,479	4,474	(5)
Total liabilities	4,479	4,474	(5)

(*1) "Cash and deposits," "accounts receivable - trade," "accounts payable - trade," and "accounts payable - other" have been omitted because they are cash and have a market value that is close to the carrying amount due to being settled in a short period of time.

(*2) The current portion of long-term borrowings is included.

As of May 31, 2025

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities (*2)	312	312	–
Leasehold deposits	2,063	1,766	(296)
Total assets	2,375	2,078	(296)
Long-term borrowings (*3)	3,572	3,563	(8)
Total liabilities	3,572	3,563	(8)

(*1) "Cash and deposits," "accounts receivable - trade," "accounts payable - trade," and "accounts payable - other" have been omitted because they are cash and have a market value that is close to the carrying amount due to being settled in a short period of time.

(*2) Investment securities include ¥64 million in common shares of Unipos Inc., our principal investment. With respect to these common shares, as described in "1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements, Notes to consolidated statement of income, 6. Provision for loss on share sale contract," a provision for loss on share sale contract of ¥31 million was recorded to cover the anticipated loss arising from the sale of these common shares, in connection with the share transfer agreement executed with Link and Motivation Inc., pursuant to which we have agreed to sell our shares in Unipos Inc.

(*3) The current portion of long-term borrowings is included.

(Note) 1. Shares with no market price, etc.

(Millions of yen)

Category	As of May 31, 2024	As of May 31, 2025
Unlisted stocks (*)	2,599	2,320
Investments in investment limited partnerships	880	1,095

(*) Unlisted stocks include ¥1,900 million in preferred shares of Unipos Inc., our principal investment. With respect to these preferred shares, as described in "1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to consolidated statement of income, 6. Provision for loss on share sale contract," a provision for loss on share sale contract of ¥907 million was recorded to cover the anticipated loss arising from the sale of these preferred shares, in connection with the share transfer agreement executed with Link and Motivation Inc., pursuant to which we have agreed to sell our shares in Unipos Inc.

2. Redemption schedule of receivables after the consolidated balance sheet date

As of May 31, 2024

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	Over 10 years
Cash and deposits	24,874	–	–	–
Accounts receivable - trade	1,229	–	–	–
Leasehold deposits	494	134	–	1,898
Total	26,599	134	–	1,898

As of May 31, 2025

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	Over 10 years
Cash and deposits	31,172	–	–	–
Accounts receivable - trade	1,409	–	–	–
Leasehold deposits	243	26	1,793	–
Total	32,825	26	1,793	–

3. Repayment schedule of long-term borrowings after the consolidated balance sheet date

As of May 31, 2024

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	Over 5 years
Long-term borrowings	930	915	1,759	759	115	–
Total	930	915	1,759	759	115	–

As of May 31, 2025

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	Over 5 years
Long-term borrowings	938	1,759	759	115	–	–
Total	938	1,759	759	115	–	–

3. Matters relating to the breakdown, etc. of the market value of financial instruments for each level
The market value of financial instruments is classified into the following three levels, in accordance with the observability and importance of the inputs relating to the calculation of market value.

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

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

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

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

(1) Financial instruments recorded at market value in the consolidated balance sheet

As of May 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	299	–	–	299
J-KISS share acquisition rights	–	–	20	20
Total assets	299	–	20	319

As of May 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	292	–	–	292
J-KISS share acquisition rights	–	–	20	20
Total assets	292	–	20	312

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

As of May 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Leasehold deposits	–	2,504	–	2,504
Total assets	–	2,504	–	2,504
Long-term borrowings	–	4,474	–	4,474
Total liabilities	–	4,474	–	4,474

As of May 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Leasehold deposits	–	1,766	–	1,766
Total assets	–	1,766	–	1,766
Long-term borrowings	–	3,563	–	3,563
Total liabilities	–	3,563	–	3,563

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

Investment securities

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

The most recent fair value of J-KISS share acquisition rights is estimated based on historical transaction prices and relevant events affecting financial instruments, and classified as Level 3.

Leasehold deposits

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

Long-term borrowings

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

Securities

1. Available-for-sale securities

As of May 31, 2024

(Millions of yen)

	Class	Consolidated balance sheet amount	Cost	Difference
Items whose carrying amount exceeds cost	(1) Shares:	53	48	5
	(2) Debentures			
	1) Government and local government bonds, etc.	–	–	–
	2) Bonds payable	–	–	–
	3) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	53	48	5
Items whose carrying amount does not exceed cost	(1) Shares	245	291	(45)
	(2) Debentures			
	1) Government and local government bonds, etc.	–	–	–
	2) Bonds payable	–	–	–
	3) Others	–	–	–
	(3) Others	20	20	–
	Subtotal	265	311	(45)
Total		319	360	(40)

Notes: 1. "Cost" in the above table represents the carrying amount after impairment.
2. Unlisted shares (consolidated balance sheet amount: ¥2,599 million) and investments in investment limited partnerships (consolidated balance sheet amount: ¥880 million) are not presented as they do not have market prices.

As of May 31, 2025

(Millions of yen)

	Class	Consolidated balance sheet amount	Cost	Difference
Items whose carrying amount exceeds cost	1) Shares:	64	48	15
	(2) Debentures			
	1) Government and local government bonds, etc.	–	–	–
	2) Bonds payable	–	–	–
	3) Others	–	–	–
	(3) Others	–	–	–
	Subtotal	64	48	15
Items whose carrying amount does not exceed cost	(1) Shares	227	291	(63)
	(2) Debentures			
	1) Government and local government bonds, etc.	–	–	–
	2) Bonds payable	–	–	–
	3) Others	–	–	–
	(3) Others	20	20	–
	Subtotal	247	311	(63)
Total		312	360	(48)

Notes: 1. "Cost" in the above table represents the carrying amount after impairment.

2. Unlisted shares (consolidated balance sheet amount: ¥2,320 million) and investments in investment limited partnerships (consolidated balance sheet amount: ¥1,095 million) are not presented as they do not have market prices.

2. Available-for-sale securities sold during the fiscal year under review

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Millions of yen)

Class	Sale proceeds	Total gain on sale	Total loss on sale
Shares	71	37	13
Total	71	37	13

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

(Millions of yen)

Class	Sale proceeds	Total gain on sale	Total loss on sale
Shares	668	418	–
Total	668	418	–

3. Securities for which impairment accounting was performed

In the previous fiscal year, impairment accounting of ¥380 million was performed for unlisted stocks classified as available-for-sale securities.

In the fiscal year under review, impairment accounting of ¥126 million was performed for unlisted stocks classified as available-for-sale securities.

For listed stocks other than shares with no market price, etc., impairment accounting is performed for the entire amount if the market value at the end of period has declined by 50% or more compared to the cost; in the event of a decline of 30% to 50%, impairment accounting is performed for the amount deemed necessary in consideration of recoverability and other factors. Moreover, for unlisted stocks of shares with no market price, etc., if the substantive value at the end of period has declined by 50% or more compared to the cost, impairment accounting is performed for the amount deemed necessary in consideration of recoverability and other factors.

Stock options, etc.

1. Recorded amount and account name of expenses related to stock options

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Share-based payment expenses (selling, general and administrative expenses)	180	573

2. Amount recorded as a gain due to expiration due to non-exercise of rights

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Gain on reversal of share acquisition rights	2	36

3. Details, scale and other variables of stock options

(1) Details of stock options

Reporting company

	2019 stock option (3rd Share Acquisition Rights)	2019 stock option (4th Share Acquisition Rights)	2020 stock option (5th Share Acquisition Rights)
Category and number of recipients	Employees of the Company: 399	Trustee: Takanori Kushida (Note 5)	Directors of the Company: 6 Executive Officers of the Company: 12
Number of options by class of stocks (Notes 1, 2, 3)	Common shares of the Company: 1,322,100 shares	Common shares of the Company: 2,138,444 shares	Common shares of the Company: 122,400 shares
Date of grant	January 31, 2019	January 31, 2019	August 26, 2020
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Relevant employment period	From January 31, 2019 to January 31, 2021	Not specified	Not specified
Exercise period	From February 1, 2021 to January 8, 2029	From September 1, 2020 to January 30, 2029	From September 1, 2021 to August 25, 2030

	2021 stock option (6th Share Acquisition Rights)	2022 stock option (7th Share Acquisition Rights)	2022 stock option (8th Share Acquisition Rights)
Category and number of recipients	Directors of the Company: 6 Executive Officers of the Company: 13	Employees of the Company: 138 Employee of the Company’s subsidiary: 1	Directors of the Company: 5 Executive Officers of the Company: 15
Number of options by class of stocks (Notes 1, 2, 3)	Common shares of the Company: 80,000 shares	Common shares of the Company: 655,900 shares	Common shares of the Company: 181,300 shares
Date of grant	August 24, 2021	July 29, 2022	September 2, 2022
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Relevant employment period	Not specified	Not specified	Not specified
Exercise period	From September 1, 2022 to August 23, 2031	From July 15, 2024 to July 14, 2032	From September 1, 2023 to September 1, 2032

	2022 stock option (9th Share Acquisition Rights)	2023 stock option (10th Share Acquisition Rights)	2023 stock option (11th Share Acquisition Rights)
Category and number of recipients	Directors of the Company: 5	Employees of the Company: 57	Directors of the Company: 5 Executive Officers of the Company: 11
Number of options by class of stocks (Notes 1, 2, 3)	Common shares of the Company: 325,000 shares	Common shares of the Company: 124,300 shares	Common shares of the Company: 142,000 shares
Date of grant	September 14, 2022	August 7, 2023	September 13, 2023
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Relevant employment period	Not specified	Not specified	Not specified
Exercise period	From August 31, 2024 to August 30, 2032	From July 14, 2025 to July 13, 2033	From September 13, 2024 to September 12, 2033

	2023 stock option (12th Share Acquisition Rights)	2024 stock option (13th Share Acquisition Rights)	2024 stock option (14th Share Acquisition Rights)
Category and number of recipients	Directors of the Company: 4	Employees of the Company: 102	Directors of the Company: 5 Executive Officers of the Company: 13
Number of options by class of stocks (Notes 1, 2, 3)	Common shares of the Company: 144,800 shares	Common shares of the Company: 221,800 shares	Common shares of the Company: 80,000 shares
Date of grant	September 13, 2023	August 7, 2024	September 5, 2024
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Relevant employment period	Not specified	Not specified	Not specified
Exercise period	From August 30, 2026 to August 29, 2033	From July 12, 2026 to July 11, 2034	From September 5, 2026 to September 4, 2034

	2024 stock option (15th Share Acquisition Rights)	2024 stock option (16th Share Acquisition Rights)
Category and number of recipients	Executive Officers of the Company: 3	Employees of the Company: 4
Number of options by class of stocks (Notes 1, 2, 3)	Common shares of the Company: 22,800 shares	Common shares of the Company: 15,900 shares
Date of grant	October 4, 2024	December 6, 2024
Vesting conditions	(Note 4)	(Note 4)
Relevant employment period	Not specified	Not specified
Exercise period	From September 18, 2026 to September 17, 2034	From November 20, 2026 to November 19, 2034

Notes: 1. Converted to the number of shares.
2. Converted to the number of shares after the June 15, 2018 stock split (10,000-for-1 stock split).
3. Converted to the number of shares after the December 1, 2021 stock split (4-for-1 stock split).
4. As described in "IV. Information About Reporting Company, (2) Share acquisition rights."
5. The share acquisition rights were allotted to a trust with Takanori Kushida as the trustee, and will be issued to the officers and employees of the Group designated as beneficiaries.

Consolidated subsidiary

Company name	CREATIVE SURVEY INC.	CREATIVE SURVEY INC.	CREATIVE SURVEY INC.
	2019 stock option (1st Share Acquisition Rights)	2023 stock option (4th Share Acquisition Rights)	2023 stock option (5th Share Acquisition Rights)
Category and number of recipients	Directors of CREATIVE SURVEY INC.: 2 Employees of CREATIVE SURVEY INC.: 3	Director of CREATIVE SURVEY INC.: 1	Director of CREATIVE SURVEY INC.: 1
Number of options by class of stocks (Note 1)	Common shares of CREATIVE SURVEY INC.: 3,400 shares	Common shares of CREATIVE SURVEY INC.: 1,625 shares	Common shares of CREATIVE SURVEY INC.: 1,625 shares
Date of grant	April 1, 2019	August 31, 2023	December 22,2023
Vesting conditions	(Note 2)	(Note 2)	(Note 2)
Relevant employment period	Not specified	Not specified	Not specified
Exercise period	From April 2, 2021 to April 1, 2029	From September 1, 2025 to August 31, 2033	From December 23, 2025 to December 22, 2033

Notes: 1. Converted to the number of shares.
2. (1) The person who is in the position of Representative Director of CREATIVE SURVEY INC. at the time of grant of rights must be holding the position of Director of CREATIVE SURVEY INC. at the time of exercise of the rights, and those who are in the position of Director, Audit & Supervisory Board Member, or employee of CREATIVE SURVEY INC. or its subsidiary at the time of exercise of the rights must be holding the position of Director, Audit & Supervisory Board Member, or employee of CREATIVE SURVEY INC. or its subsidiary, respectively.
(2) The Share Acquisition Rights shall not be exercised until the day on which the common stock issued by CREATIVE SURVEY INC. that is the object of the Share Acquisition Rights is listed on the Tokyo Stock Exchange or any other similar domestic or foreign securities exchange.
(3) If a share acquisition right holder falls under any of the following events, the share acquisition right holder may not exercise the share acquisition rights thereafter. However, this shall not apply in cases where the exercise of share acquisition rights are permitted by decision of a majority of CREATIVE SURVEY INC.'s directors.
(i) if the holder is sentenced to a term of imprisonment or harsher punishment
(ii) Without our prior written consent, if the holder competes with CREATIVE SURVEY INC. or its subsidiaries in any name such as directly or indirectly establishing a corporation that engages in business that competes with CREATIVE SURVEY INC. or its subsidiaries, or assuming the position of director or employee of such a corporation, or establishing a continuous contractual relationship of delegation, contracting, etc. with such a corporation under whatever name, including advisors, counselors, consultants, and others.
(iii) If the holder damages CREATIVE SURVEY INC. or its subsidiary's reputation due to violation of law or other wrongful act
(iv) If the holder is ordered a petition for seizure, provisional seizure, provisional disposition, compulsory execution, or auction, or delinquent payment of taxes and public dues
(v) When a payment is suspended or becomes insolvent, or a draft or check drawn or accepted is dishonored

(vi) Where a petition for commencement of bankruptcy proceedings, civil rehabilitation proceedings or other similar proceedings are filed

(vii) (Where the holder is an employee of CREATIVE SURVEY INC.) If the holder falls under any of the disciplinary reasons stipulated in the employment regulations of CREATIVE SURVEY INC. or its subsidiary

(viii) (Where the holder is a Director or an Audit & Supervisory Board Member of CREATIVE SURVEY INC.) If the holder commits violation of fiduciary duty or other obligations to CREATIVE SURVEY INC. or its subsidiaries

(ix) If it is found that the holder is an anti-social force (meaning a crime syndicate, a member of a crime syndicate, a right-wing organization, an anti-social force, or any other equivalent; the same shall apply hereinafter), or is involved in any interaction or involvement with anti-social forces, etc. through funding, etc.

(4) The share acquisition rights shall be exercised in units of one share acquisition right, and partial exercise of each share acquisition right is not permitted.

(2) Scale of and changes in stock options

Stock options that existed in the fiscal year under review (fiscal year ended May 31, 2025) are included, and the number of stock options has been converted to the number of shares.

1) Number of stock options

Reporting company

	2019 stock option (3rd Share Acquisition Rights)	2019 stock option (4th Share Acquisition Rights)	2020 stock option (5th Share Acquisition Rights)	2021 stock option (6th Share Acquisition Rights)	2022 stock option (7th Share Acquisition Rights)
Before vesting (Shares)					
As of May 31, 2024	–	–	–	–	584,000
Granted	–	–	–	–	–
Expired	–	–	–	–	–
Vested	–	–	–	–	584,000
Unvested balance	–	–	–	–	–
After vesting (Shares)					
As of May 31, 2024	547,936	1,233,360	85,200	75,200	–
Vested	–	–	–	–	584,000
Exercised	174,820	238,516	4,400	2,000	186,500
Expired	15,736	61,780	–	–	107,100
Unexercised balance	357,380	933,064	80,800	73,200	290,400

	2022 stock option (8th Share Acquisition Rights)	2022 stock option (9th Share Acquisition Rights)	2022 stock option (10th Share Acquisition Rights)	2023 stock option (11th Share Acquisition Rights)	2023 stock option (12th Share Acquisition Rights)
Before vesting (Shares)					
As of May 31, 2024	–	325,000	124,300	142,000	144,800
Granted	–	–	–	–	–
Expired	–	–	17,200	–	–
Vested	–	325,000	–	142,000	–
Unvested balance	–	–	107,100	–	144,800
After vesting (Shares)					
As of May 31, 2024	160,100	–	–	–	–
Vested	–	325,000	–	142,000	–
Exercised	28,800	35,000	–	11,000	–
Expired	–	–	–	–	–
Unexercised balance	131,300	290,000	–	131,000	–

	2024 stock option (13th Share Acquisition Rights)	2024 stock option (14th Share Acquisition Rights)	2024 stock option (15th Share Acquisition Rights)	2024 stock option (16th Share Acquisition Rights)
Before vesting (Shares)				
As of May 31, 2024	–	–	–	–
Granted	221,800	80,000	22,800	15,900
Expired	5,200	4,000	–	–
Vested	–	–	–	–
Unvested balance	216,600	76,000	22,800	15,900
After vesting (Shares)				
As of May 31, 2024	–	–	–	–
Vested	–	–	–	–
Exercised	–	–	–	–
Expired	–	–	–	–
Unexercised balance	–	–	–	–

Notes: 1. Converted to the number of shares after the June 15, 2018 stock split (10,000-for-1 stock split).
2. Converted to the number of shares after the December 1, 2021 stock split (4-for-1 stock split).

Consolidated subsidiary

Company name	CREATIVE SURVEY INC.	CREATIVE SURVEY INC.	CREATIVE SURVEY INC.
	2019 stock option (1st Share Acquisition Rights)	2023 stock option (4th Share Acquisition Rights)	2023 stock option (5th Share Acquisition Rights)
Before vesting (Shares)			
As of May 31, 2024	300	1,625	1,625
Granted	–	–	–
Expired	–	–	–
Vested	–	–	–
Unvested balance	300	1,625	1,625
After vesting (Shares)			
As of May 31, 2024	–	–	–
Vested	–	–	–
Exercised	–	–	–
Expired	–	–	–
Unexercised balance	–	–	–

2) Price information

Reporting company

	2019 stock option (3rd Share Acquisition Rights)	2019 stock option (4th Share Acquisition Rights)	2020 stock option (5th Share Acquisition Rights)	2021 stock option (6th Share Acquisition Rights)	2022 stock option (7th Share Acquisition Rights)
Exercise price (Note) (Yen)	850	850	1,338	2,093	1,021
Average price at time of exercise (Yen)	2,163	2,150	1,818	2,303	2,169
Fair valuation price at date of grant (Yen)	–	–	179	273	816

	2022 stock option (8th Share Acquisition Rights)	2022 stock option (9th Share Acquisition Rights)	2023 stock option (10th Share Acquisition Rights)	2023 stock option (11th Share Acquisition Rights)	2023 stock option (12th Share Acquisition Rights)
Exercise price (Note) (Yen)	1,021	1,269	1,552.5	1,552.5	1
Average price at time of exercise (Yen)	2,122	2,244	–	2,150	–
Fair valuation price at date of grant (Yen)	125	802	770	682	1,363

	2024 stock option (13th Share Acquisition Rights)	2024 stock option (14th Share Acquisition Rights)	2024 stock option (15th Share Acquisition Rights)	2024 stock option (16th Share Acquisition Rights)
Exercise price (Note) (Yen)	1,783	1,783	2,303	1,986
Average price at time of exercise (Yen)	–	–	–	–
Fair valuation price at date of grant (Yen)	1,108	1,329	1,089	1,191

Notes: 1. Converted to the value after the June 15, 2018 stock split (10,000-for-1 stock split).
2. Converted to the value after the December 1, 2021 stock split (4-for-1 stock split).

Consolidated subsidiary

Company name		CREATIVE SURVEY INC.	CREATIVE SURVEY INC.	CREATIVE SURVEY INC.
		2019 stock option (1st Share Acquisition Rights)	2023 stock option (4th Share Acquisition Rights)	2023 stock option (5th Share Acquisition Rights)
Exercise price	(Yen)	5,000	3,938	3,938
Average price at time of exercise	(Yen)	–	–	–
Fair valuation price at date of grant	(Yen)	–	–	–

4. Estimation method of fair valuation price of stock options

Reporting company

(1) 13th Share Acquisition Rights

1) Valuation method used: Black-Scholes model

2) Main base figures and their estimation methods

Share price volatility (Note 1)	59.04%
Forecast remaining period (Note 2)	5.93 years
Forecast dividends (Note 3)	¥0 per share
Risk-free interest rate (Note 4)	0.485%

Notes: 1. Calculated based on the actual share price for the period corresponding to the forecast remaining period.
2. The period from the allotment date to the midpoint of the exercise period.
3. Based on the actual dividend forecast for the most recent fiscal year.
4. The yield on government bonds corresponding to the forecast remaining period.

(2) 14th Share Acquisition Rights

1) Valuation method used: Black-Scholes model

2) Main base figures and their estimation methods

Share price volatility (Note 1)	58.86%
Forecast remaining period (Note 2)	5.5 years
Forecast dividends (Note 3)	¥0 per share
Risk-free interest rate (Note 4)	0.51%

Notes: 1. Calculated based on the actual share price for the period corresponding to the forecast remaining period.
2. The period from the allotment date to the midpoint of the exercise period.
3. Based on the actual dividend forecast for the most recent fiscal year.
4. The yield on government bonds corresponding to the forecast remaining period.

(3) 15th Share Acquisition Rights

1) Valuation method used: Black-Scholes model

2) Main base figures and their estimation methods

Share price volatility (Note 1)	58.48%
Forecast remaining period (Note 2)	5.96 years
Forecast dividends (Note 3)	¥0 per share
Risk-free interest rate (Note 4)	0.497%

Notes: 1. Calculated based on the actual share price for the period corresponding to the forecast remaining period.
2. The period from the allotment date to the midpoint of the exercise period.
3. Based on the actual dividend forecast for the most recent fiscal year.
4. The yield on government bonds corresponding to the forecast remaining period.

(4) 16th Share Acquisition Rights

1) Valuation method used: Black-Scholes model

2) Main base figures and their estimation methods

Share price volatility (Note 1)	58.14%
Forecast remaining period (Note 2)	5.96 years
Forecast dividends (Note 3)	¥0 per share
Risk-free interest rate (Note 4)	0. 738%

Notes: 1. Calculated based on the actual share price for the period corresponding to the forecast remaining period.
2. The period from the allotment date to the midpoint of the exercise period.
3. Based on the actual dividend forecast for the most recent fiscal year.
4. The yield on government bonds corresponding to the forecast remaining period.

5. Number of vested stock options and their estimation method

The estimated number of stock options expected to vest is, in principle, calculated by estimating the number of forfeitures due to non-vesting, based on the expected achievement of performance conditions and historical employee turnover rates.

6. The total intrinsic value at the end of the fiscal year under review and the total intrinsic value on the exercise date for stock options exercised during the fiscal year under review when calculated based on the intrinsic value per unit of the stock option

Total intrinsic value at the end of the fiscal year under review	¥1,504 million
Total intrinsic value on the exercise date for stock options exercised during the fiscal year under review	¥550 million

Tax effect accounting

1. Major components of deferred tax assets and liabilities

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Deferred tax assets		
Excess depreciation	903	905
Provision for loss on share sale contract	–	701
Loss on valuation of investment securities	451	503
Provision for bonuses	254	306
Tax loss carryforward (Note)	834	285
Accrued enterprise tax	36	62
Others	419	770
Subtotal deferred tax assets	2,900	3,537
Valuation allowance for tax loss carryforward (Note)	(459)	(277)
Valuation allowance for total deductible temporary differences	(1,413)	(1,213)
Subtotal valuation allowance	(1,873)	(1,490)
Total deferred tax assets	1,027	2,046
Deferred tax liabilities		
Valuation difference on available-for-sale investment securities	(77)	(67)
Other	(1)	(14)
Total deferred tax liabilities	(79)	(82)
Net deferred tax assets	948	1,964
Net deferred tax liabilities	–	–

Note: Amounts of tax loss carryforwards and their deferred tax assets by carryforward expiration date

As of May 31, 2024

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	Over 5 years	Total amount
Tax loss carryforward (*1)	–	4	1	419	144	264	834
Valuation allowance	–	(4)	(1)	(44)	(144)	(264)	(459)
Deferred tax assets	–	–	–	375	–	–	(*2) 375

(*) 1. Tax loss carryforwards are multiplied by the statutory effective tax rate.
2. The amount recorded based on the future taxable income after careful consideration of recoverability.

As of May 31, 2025

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	Over 5 years	Total amount
Tax loss carryforward (*1)	0	–	–	–	34	250	285
Valuation allowance	(0)	–	–	–	(34)	(242)	(277)
Deferred tax assets	–	–	–	–	–	7	(*2) 7

(*) 1. Tax loss carryforwards are multiplied by the statutory effective tax rate.
2. The amount recorded based on the future taxable income after careful consideration of recoverability.

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of tax effect accounting

	As of May 31, 2024	As of May 31, 2025
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	7.4	13.9
Income not taxable permanently, such as dividend income	0.0	(0.2)
Inhabitant per capita taxes	2.2	4.9
Share-based payment expenses	6.5	37.4
Impairment losses	–	3.0
Tax credits, etc.	(5.6)	(0.8)
Change in valuation allowance	(47.2)	(92.0)
Previous years' taxes	0.2	0.3
Amortization of goodwill	4.0	9.2
Differences in tax rates with consolidated subsidiaries	(0.8)	(0.9)
Others	(4.5)	0.4
Effective rate of income taxes after application of tax effect accounting	(7.2)	5.8

3. Change in corporation tax rate after fiscal year-end

Following the enactment of the Act Amending Certain Provisions of the Income Tax Act and Other Laws (Act No. 13 of 2025) on March 31, 2025, the corporation surtax for defense spending will be imposed beginning with fiscal years starting on or after April 1, 2026.

Accordingly, for the purpose of measuring deferred tax assets and liabilities related to temporary differences expected to reverse in or after the fiscal year commencing June 1, 2026, the statutory effective tax rate has been revised from 30.6% to 31.5%. The impact of this change on the consolidated financial statements is immaterial.

Asset retirement obligations

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

Regarding leasehold deposits related to real estate lease agreements, asset retirement obligations are not recorded as liabilities because the amount that is deemed as ultimately being unrecoverable (costs for restoring the leased building to its original state) is reasonably estimated and the amount that is to be borne in the fiscal year ended May 31, 2024 is recorded as an expense.

The amount that is to be borne for the fiscal year ended May 31, 2024 is calculated based on the expected occupancy period.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

Regarding leasehold deposits related to real estate lease agreements, asset retirement obligations are not recorded as liabilities because the amount that is deemed as ultimately being unrecoverable (costs for restoring the leased building to its original state) is reasonably estimated and the amount that is to be borne in the fiscal year under review is recorded as an expense.

The amount that is to be borne for the fiscal year under review is calculated based on the expected occupancy period.

Revenue recognition

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

The Group's net sales are revenue from contracts with customers, and the disaggregated breakdown by transaction type for the Group's reportable segments is as follows.

(Millions of yen)

Segment classification	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Sansan/Bill One Business		
Sansan (Stock)	21,507	25,134
Sansan (Other)	1,379	1,629
Bill One	6,166	9,787
Others	884	1,221
Eight Business		
B2C Services	347	402
B2B Services	3,195	4,636
Other Business (Note)	397	389
Revenue from contracts with customers	33,878	43,202
Sales to external customers	33,878	43,202

Note: The "Other Business" is a business segment that is not included in the reportable segments, and includes subsidiaries' businesses.

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

The information serving as basis for the ascertaining of revenue is as stated in "1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements, Basis of preparation of consolidated financial statements, 4. Disclosure of accounting policies, (7) Accounting policy for revenue and expense."

(3) Information on the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers existed at the end of the fiscal year under review in the next fiscal year onwards

1) Balance, etc., of receivables arising from contracts with customers and contract liabilities

Receivables arising from contracts with customers have been recognized under "accounts receivable - trade."

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

The balances of receivables from contracts with customers, and contract liabilities were as follows:

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Credits from contracts with customers		
Accounts receivable - trade (beginning balance)	1,180	1,229
Accounts receivable - trade (ending balance)	1,229	1,409
Contract liabilities		
Advances received (beginning balance)	10,720	13,651
Advances received (ending balance)	13,651	17,469
Amount of revenue recognized during the fiscal year under review that was included in the balance of contract liabilities (advanced received) at the beginning of the fiscal year	10,599	13,536

2) Transaction price allocated to the remaining performance obligations

Total transaction price allocated to the remaining performance obligations and time when revenues are expected to be recognized as of May 31, 2025.

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

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Within 1 year	120	175
Over 1 year	115	118
Total	235	293

Segment information, etc.

Segment information

1. Description of reportable segments

The reportable segments used by the Group are components for which discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors, in particular, to make decisions about resources to be allocated to the segments and assess their performance.

In the operation of its business activities, the Group has established business divisions and companies to engage in specific services, and it formulates comprehensive strategies for the services that each business division and company provides.

Accordingly, the Group's operations are made up of business segments engaged in specific services under the basic operating structures of business divisions or companies, aggregated based on aggregation criteria and quantitative thresholds, and it has two reportable segments of the "Sansan/Bill One Business" and the "Eight Business."

Descriptions of the services belonging to each segment are stated below.

Reportable segment	Description of services in segment
Sansan/Bill One Business	Provision of Sansan, a service for sales DX, Bill One, a cloud-based accounting DX solution, etc.
Eight Business	Provision of Eight, a business card app, as well as logmi series, event transcription services

2. Methods of calculating the amounts of net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting method used for business segments reported is the same as the description in "Matters forming the basis of preparing the consolidated financial statements.

3. Changes in reportable segments and other related matters

Previously, general and administrative expenses not attributable to any reportable segment were included under adjustments as corporate expenses and were not allocated to any reportable segment. However, beginning with the fiscal year under review, these corporate expenses have been allocated to each reportable segment based on reasonable allocation criteria, in order to more appropriately evaluate segment performance.

The segment information for the fiscal year ended May 31, 2024 is presented in accordance with the calculation method for segment profit used in the fiscal year under review.

4. Information on the amounts of net sales, profit or loss, assets, liabilities, and other items for each reportable segment
Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Millions of yen)

	Reportable segments			Others (Note 1)	Total
	Sansan/Bill One Business	Eight Business	Total		
Net sales					
Sales to external customers	29,938	3,542	33,481	397	33,878
Intersegment sales or transfers	9	5	14	122	137
Total	29,948	3,548	33,496	519	34,016
Segment profit (loss) (Note 2)	2,250	(461)	1,788	(79)	1,709
Other items					
Depreciation	832	56	889	0	889

Notes: 1. The "Others" category is a business segment that is not included in the reportable segments, and includes subsidiaries' businesses.
2. Segment profit (loss) is shown as adjusted operating profit (loss), which is the sum of operating profit (loss) plus share-based payment expenses and expenses arising from business combinations (amortization of goodwill and amortization of intangible assets).

(Millions of yen)

	Sansan/Bill One Business	Eight Business	Others	Amount recorded in consolidated statement of income
Segment profit (loss)	2,250	(461)	(79)	1,709
Share-based payment expenses	217	42	–	260
Amortization of goodwill and amortization of intangible assets	51	20	39	111
Operating profit (loss)	1, 980	(524)	(118)	1, 337

Note: Share based payment expenses include expenses related to compensation in monetary amounts paid to the Group's employees, etc. for trust type stock options and expenses related to the payment of alternative salaries, etc.

3 Segment assets and liabilities have not been shown, as information relating to assets and liabilities are not regularly provided to the chief operating decision maker and are not subject to the assessment of performance.
4. Intersegment sales or transfers are based on prevailing market price.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

(Millions of yen)

	Reportable segments			Others (Note 1)	Total
	Sansan/Bill One Business	Eight Business	Total		
Net sales					
Sales to external customers	37,773	5,039	42,812	389	43,202
Intersegment sales or transfers	12	12	24	122	147
Total	37,785	5,051	42,837	512	43,349
Segment profit (loss) (Note 2)	3,581	63	3,645	(89)	3,555
Other items					
Depreciation	874	65	939	1	940

Notes: 1. The “Others” category is a business segment that is not included in the reportable segments, and includes subsidiaries’ businesses.

2. Segment profit (loss) is shown as adjusted operating profit (loss), which is the sum of operating profit (loss) plus share-based payment expenses and expenses arising from business combinations (amortization of goodwill and amortization of intangible assets).

(Millions of yen)

	Sansan/Bill One Business	Eight Business	Others	Amount recorded in consolidated statement of income
Segment profit (loss)	3,581	63	(89)	3,555
Share-based payment expenses	518	104	–	622
Amortization of goodwill and amortization of intangible assets	51	40	39	131
Operating profit (loss)	3,011	(81)	(129)	2,800

Note: Share based payment expenses include expenses related to compensation in monetary amounts paid to the Group's employees, etc. for trust type stock options and expenses related to the payment of alternative salaries, etc.

3. Segment assets and liabilities have not been shown, as information relating to assets and liabilities are not regularly provided to the chief operating decision maker and are not subject to the assessment of performance.

4. Intersegment sales or transfers are based on actual market price.

Information associated with reportable segments

1. Information for each product or service
   This information is omitted because the same information has been presented in Segment information.

2. Information for each region
   (1) Net sales
   This has been omitted because net sales to external Japanese customers account for more than 90% of net sales on the consolidated statement of income.

   (2) Property, plant and equipment
   This has been omitted because the value of property, plant and equipment in Japan accounts for more than 90% of the value of property, plant and equipment on the consolidated balance sheet.

3. Information for each of main customers
   This has been omitted because there is no external customer that accounts for 10% or more of net sales recorded on the consolidated statement of income.

Disclosure of impairment losses on non-current assets for each reportable segment
Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)
Not applicable.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)
An impairment loss of ¥43 million was recognized in Others.
Amortization and unamortized balance of goodwill for each reportable segment
Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Millions of yen)

	Reportable segments		Others	Corporate and eliminations	Total
	Sansan/Bill One Business	Eight Business			
Amortization of goodwill	51	20	39	–	111
Goodwill	451	125	341	–	919

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

(Millions of yen)

	Reportable segments		Others	Corporate and eliminations	Total
	Sansan/Bill One Business	Eight Business			
Amortization of goodwill	51	40	39	–	131
Goodwill	400	292	259	–	951

Information about gain on bargain purchase for each reportable segment
Not applicable.

Related party information

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

1. Transactions with related parties

(Millions of yen)

Type	Name of the company, etc. or person	Location	Share capital or invest-ments in capital	Nature of business or occupation	Percentage ownership held in (or by) party such as voting rights, etc. (%)	Relation-ship with related parties	Nature of transactions	Monetary amount of trans-actions	Item	Balance at end of period
Officer	Muneyuki Hashimoto	–	–	Director of the Company	(held by party) Direct: 0.1	–	Exercise of share acquisition rights (Note 1)	107	–	–
Officer	Yuta Ohma	–	–	Director of the Company	(held by party) Direct: 0.1	–	Exercise of share acquisition rights (Note 2)	40	–	–

Notes: 1. Due to the exercise of the 3rd and 4th Share Acquisition Rights, granted by a resolution at the Company's Extraordinary General Meeting of Shareholders held on January 9, 2019, during the fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the fiscal year under review.

2. Due to the exercise of the 3rd and 4th Share Acquisition Rights, granted by a resolution at the Company's Extraordinary General Meeting of Shareholders held on January 9, 2019, during the fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the fiscal year under review.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

2. Transactions with related parties

(Millions of yen)

Type	Name of the company, etc. or person	Location	Share capital or invest-ments in capital	Nature of business or occupation	Percentage ownership held in (or by) party such as voting rights, etc. (%)	Relation-ship with related parties	Nature of transactions	Monetary amount of trans-actions	Item	Balance at end of period
Officer	Chikahiro Terada,	–	–	Director of the Company	(held by party) Direct: 6.5 Indirect: 26.0	–	Exercise of share acquisition rights (Note 1)	11	–	–
Officer	Kei Tomioka	–	–	Director of the Company	(held by party) Direct: 3.3	–	Exercise of share acquisition rights (Note 1)	11	–	–
Officer	Kenji Shiomi	–	–	Director of the Company	(held by party) Direct: 1.7	–	Exercise of share acquisition rights (Note 1)	11	–	–
Officer	Muneyuki Hashimoto	–	–	Director of the Company	(held by party) Direct: 0.1	–	Exercise of share acquisition rights (Note 2)	49	–	–

Notes: 1. Due to the exercise of the 9th Share Acquisition Rights, granted by a resolution at the meeting of the Board of Directors held on August 30, 2022, during the fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the fiscal year under review.

2. Due to the exercise of the 3rd and 4th Share Acquisition Rights, granted by a resolution at the Company's Extraordinary General Meeting of Shareholders held on January 9, 2019, during the fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the fiscal year under review.

Per share information

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Net assets per share	¥111.30	¥118.29
Basic earnings (loss) per share	¥7.59	¥3.36
Diluted earnings per share	¥7.47	¥3.30

Note: Basis for calculation of basic earnings (loss) per share and diluted earnings per share is as follows:

		Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Basic earnings (loss) per share			
Profit (loss) attributable to owners of parent	(Million yen)	953	424
Profit (loss) not attributable to common shareholders	(Million yen)	–	–
Profit (loss) attributable to owners of parent related to common shares	(Million yen)	953	424
Average number of outstanding common shares during the period	(Shares)	125,614,516	126,082,316
Diluted earnings per share			
Adjustments stated for profit attributable to owners of parent	(Million yen)	–	–
Increase in number of common shares	(Shares)	1,986,773	2,461,575
(Of which share acquisition rights)	(Shares)	(1,986,773)	(2,461,575)
Overview of potential shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects		2021 Stock options (6th Share Acquisition Rights): 188 units (75,200 shares) 2023 Stock Options (10th Share Acquisition Rights): 1,243 units (124,300 shares) 2023 Stock Options (11th Share Acquisition Rights): 1,420 units (142,000 shares)	2024 Stock options (15th Share Acquisition Rights): 228 units (22,800 shares) 2024 Stock Options (16th Share Acquisition Rights): 159 units (15,900 shares)

Significant events after reporting period

Issuance of the 17th Share Acquisition Rights

At the meeting of the Board of Directors held on July 14, 2025, the Company resolved to issue the 17th Share Acquisition Rights to Executive Officers and employees of the Company, and Directors, Executive Officers, and employees of its subsidiaries in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

17th Share Acquisition Rights

Number of share acquisition rights	5,694 units
Class and number of shares to be acquired upon exercise of the share acquisition rights	Common shares of the Company, 569,400 shares (100 shares per share acquisition right)
Exercise price of share acquisition rights	¥201,000 per share acquisition right
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥2,010 per one share Amount credited to paid-in capital: ¥1,005 per one share
Allotment date of share acquisition rights	September 12, 2025
Persons subject to allotment of share acquisition rights	13 Executive Officers of the Company 159 employees of the Company 2 Directors of subsidiaries 1 Executive Officer of subsidiaries 4 employees of subsidiaries
Exercise period of share acquisition rights	From July 15, 2027 to July 14, 2035
Exercise conditions of share acquisition rights	*

(*) 1. Persons who have received an allotment of the share acquisition rights (the “Share Acquisition Rights Holder”) may exercise their share acquisition rights if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (July 14, 2035) exceeds the ¥3,987.
However, in the event of a stock split or stock consolidation after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

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

Additional acquisition of subsidiary shares

At the meeting of the Board of Directors held on July 24, 2025, the Company resolved to acquire additional shares of its consolidated subsidiary, Ninout Inc. (formerly CREATIVE SURVEY INC.), thereby making it a wholly owned subsidiary. The transaction was completed on July 31, 2025.

1. Overview of the transaction

(1) Name of the acquiree and description of its business

Company name:	Ninout Inc.
Business description:	Development and provision of Act One, a solution that maximizes sales opportunities across all customer touchpoints; CREATIVE SURVEY, a service that strengthens connections between customers and brands; and Fan Fan Fan, a service that enhances engagement between brands and their fans.

(2) Date of business combination
July 31, 2025

(3) Legal form of the business combination
Acquisition of shares from non-controlling shareholders

(4) Name of the acquiree after the transaction
No change

(5) Other matters concerning the overview of the transaction
The Company acquired all shares held by non-controlling shareholders, making Ninout Inc. a wholly owned subsidiary.

2. Accounting treatment

In accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), the transaction is accounted for as a transaction with non-controlling interests under common control.

3. Additional acquisition of subsidiary shares

Consideration for the acquisition:	Cash
Acquisition Cost:	¥1,412 million

4. Changes in capital surplus associated with the transaction with non-controlling shareholders

(1) Primary factor for changes in capital surplus

Additional acquisition of subsidiary shares.

(2) Amount of capital surplus decreased due to transactions with non-controlling interests

Not yet determined as of the date of this disclosure.

5) Annexed consolidated detailed schedules

Consolidated detailed schedule of corporate bonds

Not applicable.

Consolidated detailed schedule of borrowings

Category	Balance at June 1, 2024 (Millions of yen)	Balance at May 31, 2025 (Millions of yen)	Average interest rate (%)	Repayment due
Current portion of long-term borrowings	930	938	0.76	–
Current portion of lease obligations	39	149	–	–
Long-term borrowings (excluding current portion)	3,549	2,634	0.89	2026 to 2028
Lease obligations (excluding current portion)	74	316	–	2026 to 2028
Total	4,594	4,038	–	–

Notes: 1. The average interest rate represents the weighted average interest rate with respect to the balance of borrowings at the end of period.
2. The average interest rate for lease obligations is omitted because lease obligations are recorded on the consolidated balance sheet at the amount before the amount equivalent to interest included in the total lease payments is deducted.
3. The repayment schedule of long-term borrowings and lease obligations (excluding current portion) for the five-year period after the consolidated balance sheet date is as follows:

(Millions of yen)

	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
Long-term borrowings	1,759	759	115	–
Lease obligations	141	87	57	26

Consolidated detailed schedule of asset retirement obligations

Not applicable.

(2) Others

Interim and full-year information for the fiscal year ended May 31, 2025

		First six-months	Full-year
Net sales	(Millions of yen)	20,058	43,202
Profit before income taxes	(Millions of yen)	406	439
Profit attributable to owners of parent	(Millions of yen)	320	424
Basic earnings (loss) per share	(Yen)	2.54	3.36

2 Non-consolidated financial statements and other information

(1) Non-consolidated financial statements

1) Non-consolidated balance sheet

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	23,858	30,021
Accounts receivable - trade	*1 1,106	*1 1,195
Prepaid expenses	857	1,036
Other	*1 794	*1 1,796
Allowance for doubtful accounts	(34)	(8)
Total current assets	26,582	34,040
Non-current assets		
Property, plant and equipment		
Buildings	307	1,956
Tools, furniture and fixtures	45	198
Leased assets	103	423
Other	12	10
Total property, plant and equipment	469	2,589
Intangible assets		
Software	689	723
Total intangible assets	689	723
Investments and other assets		
Investment securities	3,799	3,727
Shares of subsidiaries and associates	1,823	2,081
Long-term loans receivable from subsidiaries and associates	50	80
Leasehold deposits	2,515	2,052
Deferred tax assets	950	1,954
Other	505	515
Total investments and other assets	9,644	10,412
Total non-current assets	10,803	13,725
Total assets	37,386	47,766

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	*1 629	*1 729
Current portion of long-term borrowings	930	938
Lease liabilities	39	149
Accounts payable - other	*1 1,713	*1 2,738
Income taxes payable	307	1,080
Accrued consumption taxes	636	617
Advances received	13,402	17,127
Deposits received	103	279
Provision for bonuses	819	970
Provision for loss on share sale contract	–	2,301
Other	55	275
Total current liabilities	18,637	27,207
Non-current liabilities		
Long-term borrowings	3,549	2,634
Lease liabilities	74	316
Other	77	1,082
Total non-current liabilities	3,701	4,033
Total liabilities	22,339	31,241
Net assets		
Shareholders' equity		
Share capital	6,774	7,203
Capital surplus		
Legal capital surplus	4,514	4,944
Total capital surplus	4,514	4,944
Retained earnings		
Other retained earnings		
Voluntary retained earnings	150	150
Retained earnings brought forward	2,836	3,457
Total retained earnings	2,986	3,607
Treasury shares	(2)	(302)
Total shareholders' equity	14,274	15,453
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	134	97
Total valuation and translation adjustments	134	97
Share acquisition rights	638	973
Total net assets	15,046	16,524
Total liabilities and net assets	37,386	47,766

2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Net sales	*1 32,519	*1 41,246
Cost of sales	*1 4,806	*1 5,327
Gross profit	27,712	35,918
Selling, general and administrative expenses	*1, *2 26,153	*1, *2 32,990
Operating profit	1,559	2,927
Non-operating income		
Interest income	1	13
Dividend income	–	5
Foreign exchange gains	–	9
Subsidy income	16	24
Other	26	28
Total non-operating income	44	81
Non-operating expenses		
Interest expenses	16	27
Donations	–	15
Commission expenses	3	5
Foreign exchange losses	22	–
Loss on investments in investment partnerships	40	39
Loss on withdrawal from business	27	–
Penalty loss on cancellation of rental contracts	19	–
Other	29	35
Total non-operating expenses	160	123
Ordinary profit	1,443	2,885
Extraordinary income		
Gain on reversal of share acquisition rights	2	36
Gain on sale of investment securities	37	418
Total extraordinary income	40	455
Extraordinary losses		
Loss on retirement of non-current assets	*3 15	*3 46
Loss on sale of investment securities	13	–
Head office relocation expenses	–	241
Loss on liquidation of subsidiaries	–	3
Loss on valuation of investment securities	*4 380	*4 126
Provision for loss on share sale contract	–	*5 2,301
Total extraordinary losses	409	2,718
Profit (loss) before income taxes	1,074	622
Income taxes - current	292	997
Income taxes - deferred	(369)	(995)
Total income taxes	(76)	2
Profit (loss)	1,151	620

3) Non-consolidated statement of changes in equity
Fiscal year ended May 31, 2024

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings: Voluntary retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings
Balance at beginning of period	6,582	4,322	4,322	150	1,685	1,835
Changes during period						
Issuance of new shares	192	192	192	–	–	–
Profit	–	–	–	–	1,151	1,151
Net changes in items other than shareholders' equity	–	–	–	–	–	–
Total changes during period	192	192	192	–	1,151	1,151
Balance at end of period	6,774	4,514	4,514	150	2,836	2,986

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(2)	12,738	156	156	457	13,352
Changes during period						
Issuance of new shares	–	384	–	–	–	384
Profit	–	1,151	–	–	–	1,151
Net changes in items other than shareholders' equity	–	–	(22)	(22)	181	158
Total changes during period	–	1,535	(22)	(22)	181	1,694
Balance at end of period	(2)	14,274	134	134	638	15,046

Fiscal year ended May 31, 2025

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				Voluntary retained earnings	Retained earnings brought forward	
Balance at beginning of period	6,774	4,514	4,514	150	2,836	2,986
Changes during period						
Issuance of new shares	429	429	429	–	–	–
Purchase of treasury shares	–	–	–	–	–	–
Profit	–	–	–	–	620	620
Net changes in items other than shareholders' equity	–	–	–	–	–	–
Total changes during period	429	429	429	–	620	620
Balance at end of period	7,203	4,944	4,944	150	3,457	3,607

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(2)	14,274	134	134	638	15,046
Changes during period						
Issuance of new shares	–	858	–	–	–	858
Purchase of treasury shares	(299)	(299)	–	–	–	(299)
Profit	–	620	–	–	–	620
Net changes in items other than shareholders' equity	–	–	(36)	(36)	335	298
Total changes during period	(299)	1,179	(36)	(36)	335	1,478
Balance at end of period	(302)	15,453	97	97	973	16,524

Notes to the non-consolidated financial statements

Significant accounting policies

1. Accounting policy for measuring assets
   (1) Accounting policy for measuring securities
   Shares of subsidiaries and affiliates
   Stated at cost using the moving-average method

   Available-for-sale securities
   Securities other than shares with no market price, etc.
   Stated at the quoted market price. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

   Shares with no market price, etc.
   Stated at cost using the moving-average method

   Investments in limited partnerships and similar investments
   Stated at the net amount equivalent to the Company's share of equity interest based on the most recent financial statements available according to the financial closing date stipulated in the partnership agreement. If the partnerships, etc. hold available-for-sale securities with valuation difference, the amount of valuation difference equivalent to the Company's share of equity interest is recorded as valuation difference on available-for-sale securities.

2. Accounting policy for depreciation of assets
   (1) Property, plant and equipment (excluding leased assets)
   Facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method, and other property, plant and equipment are depreciated using the declining-balance method.

   (2) Intangible assets (excluding leased assets)
   Amortized using the straight-line method.
   Software for internal use is amortized using the straight-line method over its useful life as internally determined (three years).

   (3) Leased assets
   Leased assets related to finance lease transactions that transfer ownership
   Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to non-current assets owned by lessee.

   Leased assets related to finance lease transactions that do not transfer ownership
   Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming the lease periods as useful lives without residual value.

3. Accounting policy for deferred assets
   Share issuance costs
   Share issuance costs are fully recognized as expenses when incurred.

4. Accounting policy for provisions
   (1) Allowance for doubtful accounts
   To prepare for losses from bad debts, an estimated uncollectible amount is provided by using the historical rate of credit loss in the case of general receivables, or based on individual consideration of recoverability in the case of specific receivables such as highly doubtful receivables.

   (2) Provision for bonuses
   A reserve for the employee bonus payment is provided by recording the estimated amounts of the future payments attributed to the fiscal year under review.

   (3) Provision for loss on share sale contract
   In connection with the execution of contract to sell both currently held shares and those to be acquired in the future, we have recorded a provision for estimated losses in anticipation of potential losses that may arise from these transactions.

5. Accounting policy for revenue and expense
   Sansan/Bill One Business
   The services to be transferred over a certain period include sales DX service Sansan and cloud-based accounting DX solution Bill One, and as these main services are provided throughout the course of the contract period, revenue is recognized by apportioning the transaction price based on the contract with the client over the service provision period set forth in the contract.
   In addition, for the pay as you go portion of Sansan business cards and Bill One invoice data conversion, the amount calculated in accordance with the number of subject business cards or invoices, and the unit price based on the contract is recognized as revenue.

   Eight Business
   The services to be transferred over a certain period include B2C business card management service for individuals Eight Premium, B2B business card management service for companies Eight Team, as well as recruitment-related

services and advertisement distribution services. As these are services that are provided over the course of the contract period, the total transaction price under the contract with the client for the service provision period prescribed in the contract is apportioned and recognized as revenue.

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

In the event of an advertisement created in the advertising service and provided to the client, revenue is recognized at the time the advertisement is transferred to the client. In addition, in the event business service, as goods or services are transferred to the client through the holding of an event, revenue is recognized on each occasion that an event is held. 4

Significant accounting estimates

Recoverability of deferred tax assets

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

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Deferred tax assets (before offset)	1,027	2,033

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

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

(3) Effect on non-consolidated financial statements for the next fiscal year

Those estimates may be affected by uncertain future changes in economic conditions, etc. If the timing at when taxable income is generated and the amounts thereof differ from the estimates, the amount of deferred tax assets recognized in the non-consolidated financial statements for the next fiscal year may be significantly affected.

Valuation of investment securities

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

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Investment securities (unlisted stocks)	2,599	2,320
Shares of subsidiaries and associates	1,823	2,081

Investment securities (unlisted stocks) include ¥1,900 million in preferred shares of Unipos Inc., our principal investment, as of both May 31, 2024 and May 31, 2025.

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

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

(3) Effect on non-consolidated financial statements for the next fiscal year

Concerning this estimate, in the event that the investee's actual results, etc. falls below the plan formulated at the time of investment, excess earning power will be deemed to have been impaired, impairment accounting may be performed, and recognition of loss on valuation of investment securities may be required in the financial statements for the next fiscal year.

Changes in accounting policies

Application of Accounting Standard for Current Income Taxes, etc.

We have applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter the "Revised Accounting Standard 2022") from the beginning of the fiscal year under review. Regarding the amendments on the classification of corporate income taxes, we have followed the transitional provisions set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and in the proviso of paragraph 65-2(2) of the Implementation Guidance on ax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "Revised Guidance 2022") There is no impact on our non-consolidated financial statements resulting from this change in accounting policy.

Notes to non-consolidated balance sheet

*1 Monetary receivables from, and monetary payables to, subsidiaries and associates (excluding those displayed under categories)

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Short-term monetary receivables:	124	114
Short-term monetary payables:	126	152

Notes to non-consolidated statement of income

*1 Transactions with subsidiaries and associates

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Transactions relating to the Company's operation		
Net sales	14	19
Cost of sales	97	60
Selling, general and administrative expenses	504	840
Amount of non-operating transactions	12	20

*2 The approximate percentage of expenses attributable to selling expenses was 16.2% for the previous fiscal year and 16.3% for the fiscal year under review, and the approximate percentage of expenses attributable to general and administrative expenses was 83.8% for the previous fiscal year and 83.7% for the fiscal year under review.

The main expense items of selling, general and administrative expenses and their amounts are as follows.

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Salaries, allowances and bonuses	8,970	11,134
Advertising expenses	3,872	4,978
Provision for bonuses	1,595	1,895
Depreciation	410	532

*3 The details of loss on retirement of non-current assets are as follows.

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Buildings and structures	0	0
Software	15	38
Others	0	7
Total	15	46

*4 Loss on valuation of investment securities

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

Of the securities that are classified as investment securities, impairment accounting was performed for unlisted stocks due to their substantive value having declined significantly.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

Of the securities that are classified as investment securities, impairment accounting was performed for unlisted stocks due to their substantive value having declined significantly.

*5 Provision for loss on share sale contract

Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

Not applicable.

Fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

A provision for loss on share sale contract was recorded to cover the anticipated loss arising from the sale of common and preferred shares of Unipos Inc. (hereinafter, "Unipos") we hold, in connection with the share transfer agreement executed with Link and Motivation Inc. on May 22, 2025, pursuant to which we have agreed to sell our shares in Unipos Inc. The loss consists of (i) the loss related to the share sale contract for common and preferred shares in Unipos held by the Company as of May 31, 2025, and (ii) the loss related to the share sale contract for preferred shares in Unipos to be acquired from Development Bank of Japan Inc. ("DBJ") pursuant to a shareholders' agreement between the Company and DBJ. The breakdown of the amounts is as follows. Please note that we have entered into a

shareholders' agreement with DBJ regarding the preferred shares of Unipos, which provides for our acquisition of all of DBJ's preferred shares in Unipos through exercising a call option.
The transfer of shares under the above share transfer agreement was executed as of July 1, 2025, and the loss incurred as a result of the transfer has been finalized.

(Millions of yen)

Loss related to the execution of the share sale contract for shares held (common shares)	31
Loss related to the execution of the share sale contract for shares held (preferred shares)	907
Loss related to the execution of the share sale contract for shares to be acquired from DBJ	1,362

Securities

Previous fiscal year (May 31, 2024)

Shares of subsidiaries and affiliates are shares with no market price, etc., so the fair value of shares of subsidiaries and affiliates are omitted.

The carrying amount on the balance sheet for shares of subsidiaries and affiliates with no market price, etc. are as follows.

(Millions of yen)

Category	As of May 31, 2024
Shares of subsidiaries	1,823

Fiscal year under review (May 31, 2025)

Shares of subsidiaries are shares with no market price, etc., so the fair value of shares of subsidiaries are omitted.

The carrying amount on the balance sheet for shares of subsidiaries with no market price, etc. are as follows.

(Millions of yen)

Category	As of May 31, 2025
Shares of subsidiaries	2,081

Tax effect accounting

1. Breakdown of deferred tax assets by major cause of accrual

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Deferred tax assets		
Excess depreciation	861	843
Provision for loss on share sale contract	–	701
Loss on valuation of investment securities	451	503
Provision for bonuses	250	297
Loss on valuation of shares of subsidiaries and associates	80	81
Accrued enterprise tax	36	62
Tax loss carryforward	564	–
Others	283	639
Subtotal deferred tax assets	2,528	3,131
Valuation allowance for tax loss carryforward	(188)	–
Valuation allowance for total deductible temporary differences	(1,312)	(1,097)
Subtotal valuation allowance	(1,500)	(1,097)
Total deferred tax assets	1,027	2,033
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(77)	(67)
Other	–	(11)
Total deferred tax liabilities	(77)	(79)
Net deferred tax assets	950	1,954
Net deferred tax liabilities	–	–

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of tax effect accounting

	As of May 31, 2024	As of May 31, 2025
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	5.8	9.5
Income not taxable permanently, such as dividend income	0.0	(0.1)
Inhabitant per capita taxes	1.6	3.2
Share-based payment expenses	5.2	26.4
Tax credits, etc.	(4.4)	(0.4)
Change in valuation allowance	(42.9)	(69.8)
Previous year’s taxes	0.2	0.1
Others	3.3	0.9
Effective rate of income taxes after application of tax effect accounting	7.1	0.4

3. Change in corporation tax rate after fiscal year-end

Following the enactment of the Act Amending Certain Provisions of the Income Tax Act and Other Laws (Act No. 13 of 2025) on March 31, 2025, the corporation surtax for defense spending will be imposed beginning with fiscal years starting on or after April 1, 2026.

Accordingly, for the purpose of measuring deferred tax assets and liabilities related to temporary differences expected to reverse in or after the fiscal year commencing June 1, 2026, the statutory effective tax rate has been revised from 30.6% to 31.5%. The impact of this change on the consolidated financial statements is immaterial.

Revenue recognition

Information serving as the basis for the ascertaining of revenue from contracts with customers has been omitted because the same details are shown in “1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements, Revenue recognition” of 1 the consolidated financial statements.

Significant events after reporting period

Issuance of the 17th share acquisition rights

Disclosure has been omitted here, as the same information is disclosed in "1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements, Significant events after reporting period."

Additional acquisition of subsidiary shares

Disclosure has been omitted here, as the same information is disclosed in "1 Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to the consolidated financial statements, Significant events after reporting period."

4) Annexed non-consolidated detailed schedules

Non-consolidated detailed schedule of property, plant and equipment

(Millions of yen)

Category	Class of assets	Beginning balance	Increase during period	Decrease during period	Amount amortized during period	Ending balance	Total accumulated depreciation
Property, plant and equipment	Building	307	2,022	0	372	1,956	439
	Tools, furniture and fixtures	45	202	1	48	198	104
	Leased assets	103	431	6	105	423	255
	Others	12	–	–	2	10	15
	Total	469	2,656	7	528	2,589	814
Intangible assets	Software	689	480	49	397	723	–
	Total	689	480	49	397	723	–

Note: The main increases during the period are as follows.

Building	Shibuya Sakura Stage:	¥1,989 million
Tools, furniture and fixtures	Shibuya Sakura Stage:	¥198 million
Leased assets	Shibuya Sakura Stage:	¥413 million
Software	Software related to applications for the Sansan Business:	¥195 million
	Software related to business cards data conversion:	¥126 million

Non-consolidated detailed schedule of provisions

(Millions of yen)

Item	Beginning balance	Increase during period	Decrease during period (Intended use)	Decrease during period (Others)	Ending balance
Allowance for doubtful accounts	34	8	–	34	8
Provision for bonuses	819	970	819	–	970
Provision for loss on share sale contract	–	2,301	–	–	2,301

Note: The “Decrease during the period (Others)” of allowance for doubtful accounts is the reversal amount.

(2) Description of main assets and liabilities

This is omitted because consolidated financial statements have been prepared.

(3) Others

Not applicable.

VI. Outline of Share-related Administration of Reporting Company

Fiscal year	From June 1 to May 31
Annual General Meeting of Shareholders	Within three months after the end of each fiscal year
Record date	Every May 31
Record date for dividends of surplus	Every November 30 and May 31
Number of shares constituting one unit	100 shares
Buyback of shares less than one unit	
Place for application	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited, Head Office 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Broker	–
Fees for buyback	Amount separately specified as fees equivalent to fees for consignment on sale of shares
Method of public notices	Through electronic public notices. However, in the event of an accident or any other unavoidable circumstances that make it impossible to give such notices electronically, they will be published in The Nikkei. URL for public notices https://jp.corp-sansan.com/
Shareholder perks and benefits	Not applicable.

Note: The Company's Articles of Incorporation stipulate that shareholders of the Company holding shares of less than one unit shall not be able to exercise rights other than the following for shares less than one unit:

(1) Rights set forth in items of Article 189, paragraph (2) of the Companies Act;

(2) Right to make a demand pursuant to the provisions of Article 166, paragraph (1) of the Companies Act;

(3) Right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder.

VII. Reference Information About Reporting Company

1 Information about parent of reporting company

The Company does not have a parent company, etc. as defined in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2 Other reference information

The Company filed the following documents between the beginning of the fiscal year under review and the filing date of this Annual Securities Report.

(1) Annual Securities Report, accompanying documents, and confirmation letter
Fiscal year (17th term) (from June 1, 2023 to May 31, 2024)
Filed to Director-General of the Kanto Local Finance Bureau in August 28, 2024

(2) Internal control report and accompanying documents
Filed to Director-General of the Kanto Local Finance Bureau in August 28, 2024

(3) Semi-annual securities reports and confirmation letter
(First half of the 18th term) (from June 1, 2024 to November 30, 2024)
Filed to Director-General of the Kanto Local Finance Bureau in January 14, 2025

(4) Extraordinary Reports
An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ii-ii) (Issuance of Share Acquisition Rights as Stock Options) of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed to Director-General of the Kanto Local Finance Bureau on July 11, 2024

An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ii-ii) (Issuance of Share Acquisition Rights as Stock Options) of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed to Director-General of the Kanto Local Finance Bureau on July 11, 2024

An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ix-ii) (Results of Voting Rights Exercised at the General Meeting of Shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (xii) (Events Having a Significant Impact on Financial Position, Business Performance, and Cash Flow Status) and item (xix) (Events Having a Significant Impact on Financial Position, Business Performance, and Cash Flow Status of Consolidated Companies) of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed to Director-General of the Kanto Local Finance Bureau on May 22, 2025

An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ii-ii) (Issuance of Share Acquisition Rights as Stock Options) of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed to Director-General of the Kanto Local Finance Bureau on July 14, 2025

(5) Amendment Reports of Annual Securities Reports and confirmation letter
The amendment report pertaining to the Annual Securities Report for the fiscal year (12th term) and confirmation letter
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

The amendment report pertaining to the Annual Securities Report for the fiscal year (13th term) and confirmation letter
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

The amendment report pertaining to the Annual Securities Report for the fiscal year (14th term) and confirmation letter
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

The amendment report pertaining to the Annual Securities Report for the fiscal year (15th term) and confirmation letter
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

The amendment report pertaining to the Annual Securities Report for the fiscal year (16th term) and confirmation letter
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

(6) Amendment Reports of Extraordinary Reports
An amendment report pertaining to the amendment report of the abovementioned Extraordinary Report (Issuance of Share Acquisition Rights as Stock Options) filed on July 11, 2024
Filed to Director-General of the Kanto Local Finance Bureau on August 8, 2024

(7) Report on Status of Purchase of Treasury Shares
A Report on Status of Purchase of Treasury Shares in acquisition of treasury shares pursuant to Article 24-6, paragraph (1) of the Financial Instruments and Exchange Act
(Reporting period: From July 1, 2024 to July 31, 2024)
Filed to Director-General of the Kanto Local Finance Bureau on August 13, 2024

A Report on Status of Purchase of Treasury Shares in acquisition of treasury shares pursuant to Article 24-6, paragraph (1) of the Financial Instruments and Exchange Act
(Reporting period: From August 1, 2024 to August 31, 2024)
Filed to Director-General of the Kanto Local Finance Bureau on September 11, 2024

Part Two: Information About Reporting Company's Guarantor, etc.

Not applicable.

Independent Auditor's Report on the Financial Statements
and
Internal Control Over Financial Reporting

August 25, 2025

To the Board of Directors of Sansan, Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Osamu Takagi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takemitsu Nemoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sansan, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Accounting" section in the company's Annual Report, which comprise the consolidated balance sheet as at May 31, 2025 and the consolidated statement of income and comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2 (1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Reasonableness of accounting treatment for the provision for loss on share sale contract related to the sale of common and preferred shares of Unipos Inc.</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As stated in “Notes to the consolidated financial statements, Notes to consolidated statement of income, 6. Provision for loss on share sale contract,” a provision for loss on share sale contract Sansan, Inc. (hereinafter, the “Company”) entered into a share transfer agreement with Link and Motivation Inc. (hereinafter, “LMI”) on May 22, 2025. In connection with the sale of the common and preferred shares of Unipos Inc. (hereinafter, “Unipos”) to LMI pursuant to this agreement, the Company recorded an extraordinary loss by recognizing a provision for loss on share sale contract in the amount of ¥2,301 million, representing the estimated loss to be incurred.

Such loss consists of (i) the loss arising from the share sale contract for the common and preferred shares of Unipos held by the Company as of May 31, 2025, and (ii) the loss arising from the share sale contract for the preferred shares to be additionally acquired from Development Bank of Japan Inc. (hereinafter, “DBJ”) through the Company’s exercise of a call option under the shareholders’ agreement of Unipos. The breakdown of the loss is as follows.

・ Loss arising from the share sale contract for common shares held by the Company: ¥31 million
・ Loss arising from the share sale contract for preferred shares held by the Company: ¥907 million
・ Loss arising from the share sale contract for preferred shares to be acquired from DBJ: ¥1,362 million
The additional acquisition of shares from DBJ and the transfer of shares based on the share transfer agreement with LMI was executed on June 30, 2025, and July 1, 2025, respectively, following approval at the annual general meeting of shareholders and the preferred shareholders’ meeting of Unipos.

In recognizing the provision for loss on share sale contract, several matters must be considered, including the reasonableness of the share sale transaction to LMI, which includes the preferred shares additionally acquired from DBJ; the appropriateness of the acquisition price of the preferred shares to be additionally acquired from DBJ; the appropriateness of the transfer price agreed with LMI; and the appropriateness of the timing of recognition of the related loss. Furthermore, the provision for loss on share sale contract recognized is substantial in amount, and</td>
<td>The primary procedures we performed to assess reasonableness of accounting treatment for the provision for loss on share sale contract related to the sale of common and preferred shares of Unipos Inc. included the following:

(1) Understanding the process for transferring Unipos shares

・ We inquired of the CFO and read the minutes of the board of directors’ meetings to obtain an understanding of the process for transferring Unipos’s common and preferred shares to LMI, including the additional acquisition of preferred shares from DBJ.
・ Based on this understanding, we assessed whether the business rationale for the transaction had been sufficiently considered in the Company’s decision-making process, taking into account in a comprehensive manner the selection of the transferee, the valuation of Unipos’s enterprise value, the determination of the transfer price, and the contractual terms and conditions with DBJ.
(2) Assessment of the appropriateness of the share transfer price

・ We assessed the appropriateness of the acquisition price for the additional preferred shares to be acquired from DBJ by reading the shareholders’ agreement and verifying whether the acquisition price was calculated in accordance with its terms. We also compared the acquisition price with relevant payment documents for the subsequent fiscal year.
・ We assessed the appropriateness of the transfer price agreed with LMI by reading the share transfer agreement, based on our understanding of the transfer process described in (1) above. We also compared the transfer price with relevant receipt documents for the subsequent fiscal year.
(3) Assessment of the appropriateness of the timing of recognition of the provision

・ We read the notices of resolutions of the annual and preferred shareholders’ meetings of Unipos held on June 27, 2025. We also assessed, by reading the relevant supporting documents, that the share transfer transaction was executed in the subsequent fiscal year based on those resolutions.</td></tr>
</table>

its impact on the consolidated financial statements is material. We, therefore, determined that reasonableness of accounting treatment for the provision for loss on share sale contract related to the sale of common and preferred shares of Unipos Inc. is of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	・ We assessed the appropriateness of the timing for recognizing the provision for loss on the share sale contract based on the share transfer agreement with LMI, including the loss arising from the sale of the additional preferred shares to be acquired from DBJ, in accordance with applicable accounting standards.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

・ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Sansan, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") as at May 31, 2025, in accordance with Article 193-2 (2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at May 31, 2025, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The audit and supervisory committee are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

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

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated, and other matters required by the standards for audits of internal control.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

[Fee-related Information]

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in (3) Audits in Corporate governance under Information About Reporting Company.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

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

Notes to the Reader of Audit Report:

The Independent Auditor’s Report herein is the English translation of the Independent Auditor’s Report as required by the Financial Instruments and Exchange Act of Japan.
The English version of the “Independent Auditor’s Report on the Financial Statements and Internal Control Over Financial Reporting” and the English translations of the consolidated financial statements and non-consolidated financial statements are disclosed as a single document.
In addition, although the internal control report is not disclosed as a single document, because the “Independent Auditor’s Report on the Financial Statements and Internal Control Over Financial Reporting” is translated, the internal control report portion is also included.

(Notes) 1. The original version of the independent auditor’s report presented above is kept separately by the Company (the filing company of the Annual Securities Report).
2. XBRL data is not included in the scope of the audit.

Independent Auditor's Report

August 25, 2025

To the Board of Directors of Sansan, Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Osamu Takagi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takemitsu Nemoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sansan, Inc. ("the Company"), which comprise the balance sheet as at May 31, 2025, the statements of income and changes in net assets for the year then ended, and notes, comprising a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2 (1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of accounting treatment for the provision for loss on share sale contract related to the sale of common and preferred shares of Unipos Inc.

The content of "reasonableness of accounting treatment for the provision for loss on share sale contract related to the sale of common and preferred shares of Unipos Inc.," a key audit matter to be stated in the independent auditor's report on the financial statements, is substantially the same as that of "reasonableness of accounting treatment for the provision for loss on share sale contract related to the sale of common and preferred shares of Unipos Inc.," a key audit matter described in the independent auditor's report on the consolidated financial statements. Therefore, information on this matter is omitted in the independent auditor's report on the financial statements.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and The Audit and Supervisory Committee for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

[Fee-related information]

Fee-related information is presented in the Auditor's Report on the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

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

Notes to the Reader of Audit Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

(Notes) 1. The original version of the independent auditor's report presented above is kept separately by the Company (the filing company of the Annual Securities Report).

2. XBRL data is not included in the scope of the audit.