sansan

Turning encounters into innovation

ANNUAL REPORT 2022

Year ended May 31, 2022

— Our Philosophy

Mission

Turning encounters into innovation

Our world is built on encounters; they are the very basis of society.
People encounter people.
Companies encounter companies.

We believe these connections bring innovation,
which in turn leads to new ways of working and doing business.

By developing innovative products,
we change how people and companies value their encounters,
and even change how those encounters take place.

Vision

Become business infrastructure

Transport networks, electrical grids, the internet.
These are some of the roads of society.

We believe another road is possible.
A new form of infrastructure for the business world.

This road connects people with people, companies with companies,
and turns everyday business into innovation.

We aim to be that new road, that business infrastructure.

Values

Face your mission and love your work

Lead the customer

Anticipate the experience

Make decisions with determination and intent

Find a faster way

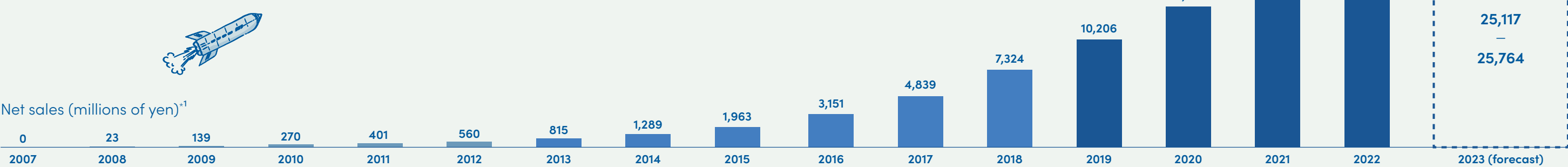Leverage all strengths

Appreciate and be inspired

Don't fear change, and challenge yourself

Premise

Balancing security and convenience

History

Since our founding, we have provided services that help solve the diverse issues that companies and businesspeople face. As a leading software-as-a-service (SaaS) company in Japan, we have done this by develaoping innovative technologies and creative operations. We will continue to pursue new services that address uncovered needs within societal issues, aiming for sustainable business growth and increased corporate value.

Pushing ourselves to achieve medium- to long-term sales growth and further increase our corporate value

Net sales (millions of yen)[*1]

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (forecast)
0	23	139	270	401	560	815	1,289	1,963	3,151	4,839	7,324	10,206	13,362	16,184	20,420	25,117 – 25,764

Founding and launch of business 2007–2012

Strengthening investments through large-scale fundraising 2013–2018

Diversifying business fields and services 2019–present

Main Services

2007: Launched Link Knowledge

2013: Name changed to Sansan, a B2B business card-based contact management service

2022: Reformed to being a sales DX solution — **Sansan**

2012: Began offering Eight, a business card management app

2022: Evolved into a contact and career management app — **Eight**

2020: Began offering Bill One, a cloud-based invoice management solution — **Bill One**

2021: Began offering Sansan Meishi Maker, a comprehensive business card making solution — **Sansan Meishi Maker**

2022: Began offering Contract One, a cloud-based contract management solution — **Contract One**

Corporate Philosophy Katachi of Sansan

We were founded on the belief that, although, in reality, companies are intangible entities, they require a lifeblood just like a real person. For this reason, we defined our mission (*shimei*). This mission clearly defines what we aim for and value. We have also created and determined our bearing (*shisei*, now called "values"), which is based on the professionalism we require to realize our company's overall mission.

Corporate Philosophy Katachi of Sansan

Each and every employee has regular opportunities to discuss our corporate philosophy. The results of these discussions have led to several changes over the years. In 2012, to boost our corporate branding, we stopped using the Japanese term *shimei* in our philosophy and instead began using the English term "mission." This term incorporates the meaning of "the value we are dedicated to delivering to society at large." We also made the content of our mission simple and easier to communicate to others. The current mission has been in place since 2018.

Corporate Philosophy Katachi of Sansan

As well as going public, we have been steadily expanding our business since 2019, and our stakeholders are increasing in number day by day. To respond to these changes, we decided it was vital to make it easier for society at large to understand our presence as a company.
To address this, we held Katachi discussions. These discussions provide an opportunity for all employees to discuss our corporate philosophy. Through them, we established the vision of "Become business infrastructure" as our aim in 2021. Using this vision, which is based on our mission and unique worldview of Turning encounters into innovation, we are aiming for the services we provide to be widely accepted and indispensable in the global business scene.

History

Our company was founded in June 2007 with the launch of Link Knowledge, the predecessor to Sansan. Through his broad experience dealing with domestic and foreign companies, our founder (the current CEO) had become keenly aware of the inefficient processes caused by how inadequately business card information was being managed and shared within companies. From the inception of our company until 2012, we worked to launch our business with little capital, as we had very limited access to financing.

▼**2007**
SAN SAN, Inc. (now Sansan, Inc.) founded

History

The increased activity in the venture capital market from 2013 decreased unlisted companies' difficulties in raising funds. Taking advantage of this change, we raised over 10 billion yen by 2018. We also heightened our marketing activities including through TV commercials. Our first TV commercial, aired in 2013, won an award and attracted national attention. These commercials have significantly contributed to raising the profile of our company and services.

▼**2013**
Raised approximately 500 million yen through third-party allocation of new shares
Broadcast first Sansan TV commercial
Sansan Corporation established in Delaware, USA
▼**2014**
Changed legal name to Sansan, Inc.
Raised approximately 1.4 billion yen through third-party allocation of new shares

▼**2015**
Sansan Global Pte. Ltd. established in Singapore
▼**2016**
Raised approximately 2 billion yen through third-party allocation of new shares
▼**2017**
Raised approximately 4.2 billion yen through third-party allocation of new shares
▼**2018**
Raised approximately 3 billion yen through third-party allocation of new shares

History

After we were listed on the Mothers Section of the Tokyo Stock Exchange in 2019, we were then transferred to the Exchange's Prime Market. From 2020 onwards, we began to expand our services to fields of business such as invoices and contracts, where analog operations remain deeply rooted. These new areas of business saw us apply the technologies and techniques we developed for Sansan and Eight to enable the digitization of analog information. Each of our current existing services also saw solid usage growth that, along with the further diversification of our business areas and services and the multi-product system we are building, has enabled us to achieve record-high revenues every fiscal year.

▼**2019**
Listed on the Mothers Section of the Tokyo Stock Exchange and raised approximately 2.1 billion yen through a public offering of shares
Raised approximately 4.7 billion yen through third-party allocation of new shares
▼**2020**
Acquired logmi, Inc. as a group company
▼**2021**
Listed on the First Section of the Tokyo Stock Exchange
▼**2022**
Transferred to the Prime Market on the Tokyo Stock Exchange

*1 The graph indicates net sales for fiscal years ended in May (figures prior to the year ended May 2016 are non-consolidated, while subsequent figures are consolidated).

Contents

Editorial Policy

This annual report aims to convey, in a clear and integrated manner, financial and non-financial information on our strategic story as a company. It also details the progress of our business activities toward realizing the Group's mission and vision. In the report, we refer to the International Integrated Reporting Framework, Guidance for Collaborative Value Creation, Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, Sustainability Accounting Standards Board (SASB) Standards, and Global Reporting Initiative (GRI) Standards.

Reporting Period

Fiscal 2021 (June 1, 2021 to May 31, 2022)

Disclaimer Regarding Forward-looking Statements

This report may contain future assumptions, prospects, and forecasts based on plans. However, these forward-looking statements are based on the information available at the time of the report's preparation, and on certain assumptions we accept as reasonable. Sansan, Inc. ("the Company") does not promise to achieve these. Major differences may occur between the forecast and the actual performance, including changes in economic conditions, consumer needs, and user preferences; competition with other companies; changes in laws, regulations, and others; and other future factors. Therefore, the actual performance announced may vary depending on these factors. The Company assumes no responsibility for any damage caused through the use of information in this report. Additionally, regarding new information and future events, the Company has no obligation to revise or officially announce revisions to the future prospects in this report.

Leverage the changing environment for major growth opportunities as we aim to become business infrastructure

Representative Director & CEO
Chika Terada

Review of Fiscal 2021

In the fiscal year ended May 2022, consolidated net sales growth, our most crucial management indicator, increased 26.2% year on year. This indicated steady expansion of our business despite the ongoing COVID-19 pandemic. However, I cannot be proud of this level of growth. Instead, this year, I take pride in the significant improvements we made to our main product, Sansan, which accounts for the majority of our sales, and to Eight. Sansan, which was initially a business card contact management service, has been transformed into a sales DX solution. It now has a database of more than one million items of corporate information and can organize and visualize all contact points, including business cards, emails, and web-based inquiries. As for Eight, while maintaining its core functionality as a business card management app, we have transformed it into a contact and career management app by adding the new Career tab. Having achieved profitability on a quarterly basis for Eight in the fourth quarter of the fiscal year ended May 2022, we are finally

at a stage where we can aim for full-year profitability in the fiscal year ending May 2023. The results of these service improvements will not be immediately evident in our business performance; however, they will contribute to our sales and profit growth over the medium- to long-term – we must make sure that's the case.

Japan's Electronic Book Storage Act was revised in January 2022, and a new invoicing system will be introduced in October 2023. These changes have led to greater customer understanding of the importance of invoice digitization. Bill One, the cloud-based invoice management solution we launched in May 2020, showed growth exceeding our initial plans for fiscal 2021. We continue to develop Bill One while adapting to the new invoicing system, such as by adding invoice issuing functionality, alongside the existing invoice receipt functionality, from July 2022.

Over the 15 years since our founding, our growth has been like climbing a mountain, one step at a time. The summit is still far away, so our climb will continue. However, looking back at the path we've traveled, there has never been a time when society has undergone a more profound transformation than it has during the pandemic. COVID-19 led to fewer opportunities for face-to-face meetings and, therefore, fewer business card exchanges. Online meetings and events are

becoming more widespread. We have been quickly responding to these changes by, for example, working to make Virtual Cards commonplace. But face-to-face business card exchanges are down to 70% of what they were, and considering the after-COVID-19 business encounters, they may never recover to pre-COVID-19 levels. By contrast, we have seized a significant business opportunity and achieved rapid growth for Bill One. In this way, the external environment has affected us positively and negatively. Whatever the case, from a medium- to long-term perspective, we must shift gears and turn COVID-19 into a growth opportunity. We need to be able to look back in three or five years and see this period as a significant turning point for our growth. It is my responsibility to make that happen, and I am approaching our product improvement processes with that in mind. Sansan and Eight are software, meaning that they are never finalized products and need to evolve continuously after their release. The true value of our improvements and their ability to drive our growth, including quantitatively, will be tested from fiscal 2022 onward. The attitude and messaging we have presented, of driving the evolution of these services, are vital for preventing stagnation and for contributing to the creation of new forms of value.

We'll look back on this as a major turning point

Management Philosophy and Principles

I place tremendous importance on creating new forms of value. This is something I'm always highly conscious of. For many, it may be a given that companies exist to create value. At Sansan, this idea of creating new value exists in different forms as our mission, vision, and values. We have revised the wording of our mission "Turning encounters into innovation" and values several

times. However, even when making such revisions, we have never wavered from our belief that there are challenges before us, that we can create new value by solving them, and that this will in turn create business opportunities.

Some social entrepreneurs create businesses to solve major social issues. In my case, however, I decided to

Realizing our vision through our mission to create truly unprecedented value

solve an issue that was closer to home. My parents, who were business owners, probably had a major influence on me. After graduating from college, I started working in the private sector, but from a young age I had naturally harbored a desire to start my own business someday and use it to impact society. I started with business cards because I was having trouble organizing them, as were my colleagues and the company I was working for. This challenge, which was occurring two to three meters around me, seemed like something I could solve. I suspected that to better manage business cards we could digitize them, share the data, and create a meaningful database. However, the challenge then was how to actually digitize the cards. This led me to realize that building an operational structure for digitization would produce new value. It also made me realize we could create disruptive value beyond just visualizing connections between people.

We want to tackle themes and issues that may not have arisen if we hadn't become involved, and to create value by solving them. We have incorporated these concepts into our mission and values and have made management decisions that emphasize being a mission-driven company. When I speak with employees, I focus on trying to get them to share our mission and values, as well as our vision to become business infrastructure, which we newly formulated last year.

We have various values, but one of our most important concepts is "Lead the customer." These words express our belief that we should not simply follow our customers but should instead lead the way ourselves. It's a simple phrase, but it accurately expresses our uniqueness.

The services we have created and the value we provide are not imitations of existing services. Instead, we have taken on the challenge of developing unprecedented business models aimed at a completely new business culture and customs. We gain much of our inspiration and ideas from actively listening to our customers and understanding the problems they face. However, we then lead our customers and the market to produce ideal solutions. Embodying "Lead the customer" is precisely how we have grown as a company.

We have been accumulating value and accomplishments as if we are adding layers of skin. This growth has been supported by our approach of creating value to solve challenges, as well as the technologies and operations that let us achieve this value. The business card digitization flow we developed for Sansan is one of the competitive advantages we're proud of. It combines AI technology, which continuously evolves through machine learning, with manual input by humans, to digitize analog information such as business

cards and invoices. This combination has enabled a high accuracy rate of 99.9%, which cannot be achieved using currently available standalone optical character recognition (OCR) technologies. Before we could establish this highly accurate method, we needed to digitize a vast number of business cards. Although this process was challenging, it provided an overwhelming competitive advantage that could not be threatened even if a new competitor entered the market, while also developing intellectual property strategies such as patent acquisitions. The technology and successful experiences we gained through digitization have made it easier for us to consider digitization services for documentation other than business cards. One of our core competencies is our ability to consider and create ideal solutions and produce entirely new value, based on the assumption that we can digitize analog documents.

Medium- to Long-Term Growth Strategy

Using our core competencies and working with our mission-driven colleagues, we have grown to provide cloud-based solutions that promote digital transformation and reshape how we work, linking encounters between people and companies to business opportunities. We have evolved into having a multi-product structure that provides solutions across the entire business flow, from sales to contracts and invoicing. Our solution-based services can be applied to all companies, regardless of industry or business type. I'm sure the accelerated shift to digital technologies in the wake of the pandemic is evident to everyone. I hope to promote the use of various business data through our services to revolutionize how companies and businesspeople work.

Sansan has an 83.1%[1] share of the corporate business card management services market. We've had the top share in the industry for nine consecutive years, but our user base is only about 3%[2] of Japan's workforce. Considering this market potential, we still have vast amounts of room for expansion. The improvements to our products will also help attract medium- and large-sized companies and improve unit prices.

Bill One has an established invoice network of about 41,000 companies in May 2022. It also has the top[3] market share of the invoice receiving services market, a market expected to grow at a high level. However, its network still only covers about 2% of Japanese companies,[2] again leaving vast room for development. We will also further expand our invoice network through product enhancements, such as invoice issuing and communication functionality among the network's participants.

In January 2022, we began offering Contract One, which centralizes management of contracts in all formats, both paper and electronic, to simultaneously improve operational efficiency and provide risk management. We intend to achieve significant growth through such new businesses over the next two to three years, while also accelerating the growth of the evolved forms of Sansan, Eight, and Bill One.

From a longer-term perspective, in five to 10 years, our roadmap leads to our becoming business infrastructure, as stated in our vision. In last year's annual report, I compared business infrastructure with roads. That is, people usually take them for granted

without being particularly conscious of them. Essentially, our goal is not to be merely a convenience but something that people find difficult to live without. We want people to say, "We couldn't work without Sansan's services." That is what we're working toward.

Over the next decade, we also want to establish a presence overseas. Although our overseas sales ratio is still low, we view our business model and strengths as unique even in the global market. First, we will expand Bill One to Singapore, Thailand, and other Asian countries. Even overseas, there are many commonalities in how companies receive invoices and the challenges they then face in processing them. Of course, factors such as language and business customs differ among countries, but our global expansion will begin by first taking the approach of solving common, worldwide problems.

Strengthening our ESG focus while challenging ourselves to achieve sustainable growth

To Our Stakeholders

After the Tokyo Stock Exchange market was restructured in April 2022, we were listed on the Prime Market. As a publicly listed company with a global presence, we need to be more proactive than ever in communicating our sustainable management and our environmental, social, and governance (ESG) focus to the public.

In June 2022, we identified five priority areas and 10 material issues (priority issues) that we needed to prioritize in terms of both importance to our company and society. We are now working to address issues across the ESG fields. I mentioned that our competitive advantage is our approach of creating new value and our technology and operations, which our human capital produces. We have made longstanding efforts to strengthen our investment in human capital, such as through training programs, but at the same time we believe human resources grow best when their working environments are themselves growing. For this reason, continuous business growth is vital. As each of our talented employees grows, our overall business will also

grow. Responsibility for growing the business ultimately lies with me, so I am focused on creating a more productive work environment by engaging in dialogue and communication with as many employees as I can. For governance, we have been working to increase diversity, including the appointment of independent and female outside directors before and after our listing on the Tokyo Stock Exchange. Going forward as well, we will continue to further strengthen and upgrade our governance.

Every day, I manage our business with the desire to achieve dynamic growth. However, dynamic growth doesn't happen spontaneously. It requires that we continuously challenge ourselves, without fearing change, and that we achieve milestones for growth into the future. This will result in our steadily realizing growth – not only continuous growth but also disruptive growth.

Chika Terada, Representative Director & CEO

Aiming to be vital business infrastructure for companies and businesspeople

Value Creation Model

We are committed to solving societal issues by investing management resources in a unique business model that is supported by our mission, sustainability policy, and governance structure. Through the results of these efforts and the value they provide to society at large, we aim to realize our vision and create a virtuous cycle that enables continuous and sustainable value creation.

Social Issues
External
Environment

・Low productivity in sales activities due to inefficient information collection and management and no data utilization
・Lost sales opportunities due to changes in business practices caused by COVID-19
・Addressing new tasks related to changes in laws and new tax systems
・Analog workflows that hinder the realization of diverse work styles

p.2 Corporate Philosophy
Corporate Philosophy

Mission
Turning encounters into innovation

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Management Resources and the Results We Deliver
Input
Management Resources

Financial Capital
Sound Financial Structure

Social Capital
Recognition and Credibility of Services

Human Capital
Diverse, Talented Workforce

Intellectual Capital
Technology for Digitizing Analog Information

Natural Capital
Conservation of Natural Environment Through Business Activities

p.18 Business Model
Business Model

Encounters
×
Analog to Digital

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

Values   Premise

Management Structure

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Governance	Sustainability Management	Information Security	Risk Management

p.64 Business Strategies by Segment

sansan

Bill One
powered by Sansan

Contract One
powered by Sansan

sansan 名刺メーカー

∞ Eight

p.16
Management Resources and the Results We Deliver
Output
Results We Deliver

Financial Capital
Increased Economic Value

Social Capital
Expanding Value Provided Through Services

Human Capital
An Organization with a Diverse Workforce

Intellectual Capital
Unrivaled Competitive Advantages

Natural Capital
Environmental Contributions

p.20 Value Provided to Society
Outcomes & Impacts
Social Value We Provide

・Digital Transformation for All of Society
・Highly Productive Corporate Activities Based on Innovation
・Safe and Secure Use of Data
・Diverse Talent Playing a Role in Society
・Transparent Corporate Management
・Low-Environmental-Impact Society

Vision
Become business infrastructure

Management Resources and the Results We Deliver

Solving social issues is one of our key themes. To that end, we invest an array of capital in our business models, such as highly diverse and talented staff and technologies to digitize analog information, which are a source of value creation. These efforts have produced many benefits – expanding the value of our service offerings, making us a leading SaaS organization in Japan, and providing a solid competitive advantage.

Input — Management Resource

Management Resources[1]

Financial Capital

- Sound Financial Structure
- Total assets: 26,292 million yen
- Cash and deposits: 15,432 million yen
- Shareholder capital: 11,832 million yen

To maximize sales growth, we are building a sturdy financial structure suited to our current business phase that requires agile and proactive investment to capture growth opportunities. We are executing suitable investment strategies while maintaining a stable balance between business growth and financial soundness.

Social Capital

Recognition and Credibility of Services

- Strong Brand Recognition of Sansan
- Credibility of Our Services

Our ongoing TV advertising since 2013 has secured a high level of recognition for Sansan among B2B services in Japan. Meanwhile, our services' operational performance has earned us a high degree of trust from the companies using these services.

Human Capital

Diverse, Talented Workforce

- Employees[1]: 1,205
- Employees in STEM divisions[2]: 404
- Ratio of Female Employees[3]: 33.6%
- Ratio of Non-Japanese Employees[3]: 2.6%
- Initiatives for Raising Security Awareness

Human resources are vital for value creation. As a key growth strategy, we are striving to strengthen our recruitment of engineering and other highly diverse and talented staff. Our services involve handling highly confidential information; therefore, we promote efforts to have all employees acquire certification in Protection of Individual Information Person qualifications.

Intellectual Capital

Technology for Digitizing Analog Information

- Digitization that Achieves 99.9% Accuracy
- AI and Image Recognition Technology

Our technology for rapidly digitizing analog information at 99.9% accuracy is a shared strength of the services that support our business model. We are further improving our digitization structures by developing and refining the AI and image recognition technologies they are based on. We can then apply this strength to various business fields, helping to further diversify our services.

Natural Capital

Conservation of Natural Environment through Business Activities

- Total Energy Consumption[4]: 14,193GJ
- Water Withdrawn[5]: 4,093m^3
- "Scan for Trees" Tree-planting Activities

Reducing our environmental impact is vital for achieving stable economic development and sustainable corporate growth. Under our sustainability policy, we work to address issues such as climate change and efficient use of natural capital.

Output — Results We Deliver

Management Resources[1]

Increased Economic Value

- Net Sales: 20,420 million yen
- Compound Annual Growth Rate for Net Sales Over 5 Years: 33.4%
- Gross Profit Margin: 87.7%

Our consolidated net sales reached record highs owing to solid growth from Sansan and high growth from Bill One, resulting in a five-year average annual growth rate of 33.4%. Meanwhile, our gross profit margin reached a high of 87.7% owing to cost reductions achieved through innovations in business operations and related actions.

Social Capital

Increasing the Value Our Services

- Total Subscriptions[6]: approx. 12,000
- Sansan has the Top Market Share[7]
- approx. 41,000 Companies Participating in the Bill One Invoice Network
- Bill One has the Top Market Share[8]
- Eight Users: 3.10 million

We provide digital transformation services that reshapes how people work in a variety of fields, and as a result of our efforts to enhance the functions of each services and expand sales, the number of total subscriptions reached approx. 12,000. Both Sansan and Bill One have acquired the top market share in Japan.

Human Capital

An Organization with a Diverse Workforce

- One of the Top SaaS Sales and Marketing Staff in Japan[3]: 479
- Protection of Individual Information Person qualifications: 900
- Ratio of women in management positions[3]: 16.5%

By continuously strengthening our recruitment and training of diverse staff members, we have built an organization with a high level of expertise in SaaS sales and marketing activities. Additionally, our efforts to create an environment and structure in which all employees can play an active role have resulted in a ratio of women in management positions of 16.5%.

Intellectual Capital

Unrivaled Competitive Advantages

- Rate of Automatic Digitization of Analog Information
- Patents: 9 (27 pending)

Our efforts to research and develop the technologies that support our digitization structures let us improve our automation rates, achieving 99.9% accuracy through technology alone. We are also engaged in research and development related to using a range of business data, which has led to our acquisition of various patents that enhance our services' competitive advantages.

Natural Capital

Environmental Contributions

- Total Trees Planted: 11,759 (as of September 2022)

We are working to enrich the natural environment, such as forests and water, by planting trees in disaster-hit areas in Japan in line with the total number of business cards and documents digitized through Sansan, Bill One, and Contract One.

01_On Value Creation   02_Business Strategies to Increase Corporate Value   03_Business Strategies by Segment   04_Data

01 | On Value Creation
02 | Business Strategies to Increase Corporate Value
03 | Business Strategies by Segment
04 | Data

— Business Model

Digital Transformation Business Model

We provide cloud-based solutions that promote digital transformation and reshape how people work, and these services are all supported by a common business model. The model is focused on business encounters between businesspeople and companies. A key characteristic of the model is its ability to solve various business-related issues, such as improving operational efficiency and boosting productivity, through the digitization of analog information and the promotion of the use of the resulting data. Japan still relies on analog, inefficient operations for many different business situations. In light of this, we believe our business model is highly versatile and can be applied to various business fields. Since our company's founding, we have continued to refine the technologies that we use for digitizing analog information, which are what make our business model possible. This process of refinement is a definite source of competitive advantage for us.

A Shared Business Model

We provide digital transformation solutions that turn encounters between businesspeople and companies into business opportunities and reshape how people work. Specifically, we offer services in a wide range of areas, such as sales, billing, and contracting. These services are all supported by a shared business model that is based on our mission of turning encounters into innovation. Our services are all centered on business-related encounters between people and companies. We also solve business-related issues by providing analog-to-digital solutions that can digitize all kinds of corporate information, customer contact information, and documents and workflow generated in billing and contract work. Our solutions also promote the use of the resulting data in the running of businesses, helping companies and businesspeople improve their operational efficiency and boost their productivity. In Japan, many companies still rely on inefficient analog workflows based on paper. The widespread nature of this issue is evidenced by the fact that it has prompted the Japanese government to establish the new Digital Agency and the fact that various companies and organizations are treating the promotion of digital transformation as an issue of the highest urgency. In light of this situation, we believe that there is still ample room to make further efficiency gains through digitization and that our versatile business model can

readily be applied to a wide range of fields.

Enabling analog to digital is a unique approach that combines cloud software with technologies for the above mentioned digitization. All our cloud-based services are done with application of high-level security. Our services' security and trustworthiness are essential pillars for our business. Our technologies for quickly and accurately digitizing analog information are another competitive advantage across our services. Since we began, we have faced this digitization challenge head-on, refining our technologies to achieve both 99.9% accuracy and speed when converting data. Our namesake Sansan solution has grown to lead[*1] the market for contact management services for corporations. Bill One, launched in 2020, has also gained top market share for cloud invoice receiving services[*2]. These digitizing technologies are highly versatile and applicable to other fields. Given that many social issues in Japan arise from reliance on analog processes, our business model is highly sustainable.

*1 "Latest Trends in Business Card Management Services and Sales Services [SFA/CRM/Online Business Card Exchange]," December 2020, Seed Planning, Inc.
*2 Deloitte Tohmatsu MIC Research Institute Co., Ltd., "Cloud Invoice Receiving Services Market Expected to Grow at a Staggering Rate: Current and Future," MIC IT Report, July 2022
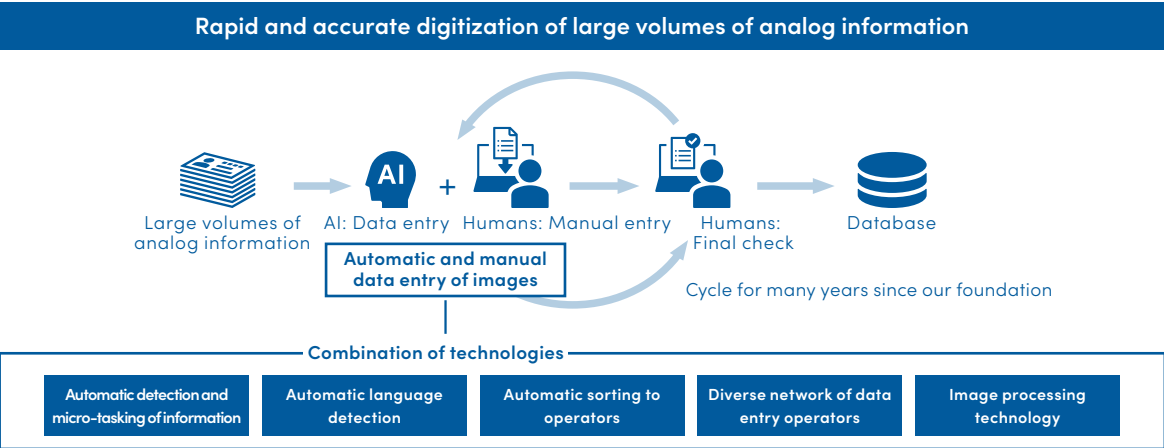
Digitizing Technologies

Achieving 99.9% Accurate Digitization

Our solutions digitize a wide variety of analog (i.e., paper-based) information, such as business cards and invoices. We achieve this by combining AI technology, which evolves through machine learning etc., with manual input. Manual input is always needed to supplement the accuracy, as it is difficult for not only our proprietary technology, but any widespread optical character recognition (OCR) systems to achieve 99.9% accuracy on its own. The structure of our operation is such that we digitize large volumes of analog information accurately, quickly, and at a low cost. This involves boosting the ratio of automated digitization through our own AI research within our research and development (R&D) Department, while creating a flow that efficiently integrates the power of hundreds of thousands of human operators.

Digitizing Analog Information

Rapid and accurate digitization of large volumes of analog information

Large volumes of analog information → AI: Data entry → Humans: Manual entry → Humans: Final check → Database

Automatic and manual data entry of images

Cycle for many years since our foundation

— Combination of technologies —

| Automatic detection and micro-tasking of information | Automatic language detection | Automatic sorting to operators | Diverse network of data entry operators | Image processing technology |

For Business Card

1. Scan or take a photo
Using our scanner or smartphone app, a user scans or takes a photo of a business card. The captured image is relayed to our data center.

2. Image processing
The background is corrected by image processing technology and whitening to make the text more visible and easier to read.

3. Classification
Clusters of characters on the image are identified and classified into categories such as company name, names, job title and more.

4. Segmentation
To ensure security, the images undergo a segmentation process that renders them unusable as standalone information.

5. Data entry
Each segment is automatically entered using machine processing. Data that cannot be confirmed by machine-based automatic input is entered manually.

Structures and Technologies That Enable Highly Accurate Digitization

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

AI and Image Recognition Technology
We use various image recognition technologies along with our independently developed AI to digitize business cards at high speed and with high accuracy.

NineOCR
Our proprietary OCR technology digitizes email addresses with 99.7% or higher accuracy. We are developing and researching it for the application of all information on business cards.

— **Social Value Provided by Sansan**

Sansan Use Case Studies

Sansan is a service advancing sales digital transformation that enhances individual and organizational sales abilities. Its concept is to serve as "the database to power your sales." The introduction of Sansan enables companies to make use of a unique database of more than one million accumulated informational items on corporations and past points of contact with customers. With this database, companies can use the data for a range of business activities while maintaining a high level of security. Sansan particularly focuses on functions that help resolve sales- and marketing-related challenges, but a broad range of industries and business sectors are in fact adopting it because it is designed for use by all members of an organization. In terms of actual user scenarios, companies are, for example, using Sansan as a database for successfully strengthening their sales activities and improving operational efficiency, as well as for improving data quality and achieving excellent results in marketing. The Sansan solution, which is our founding business, continues to grow steadily and to produce myriad benefits for the companies that implement it, such as improving business efficiency and thereby enabling highly productive corporate activities, as well as promoting digital transformation by ensuring the safe and secure use of data.

Use Case 1: Strengthening Sales and Marketing Capabilities
Mitsubishi Logistics Corporation

The inability to share customer information among departments and locations created problems for sales activities at this company. Introducing Sansan enabled Mitsubishi Logistics to successfully strengthen its sales efforts through a marketing strategy using Sansan as a database. The company first considered introducing the service as a tool to prevent sales conflicts, yet many staff also requested introduction of sales force automation (SFA) to enhance marketing. Customer information thus needed to be organized to maximize SFA's benefits. Mitsubishi Logistics established a plan to approach this goal by first introducing Sansan to centrally manage contact data throughout the company, then introduce customer relationship management (CRM) and SFA in stages. With Sansan, some sales departments' secured business appointments more than doubled thanks to more efficient sales activities. Marketing's use of the Bulk Email function has also produced significant results, including higher conversion and closing rates. Moreover, Sansan has produced a common understanding that business cards and contacts are assets that should be utilized throughout the company. Digitizing business cards is now an established practice at the company.

Use Case 2: Improved Operational Efficiency through Digital Transformation
Ministry of Economy, Trade and Industry (METI) of Japan

The Ministry of Economy, Trade and Industry adopted Sansan as part of its efforts to embody digital transformation – a movement it is also recommending to various industries. In doing so, it has achieved successful improvements in operational efficiency and performance. Before introducing Sansan, business cards at METI were managed by individuals, leading to a lack of information sharing and issues where multiple staff members would approach the same customers. With Sansan, interactions and contact points between staff and customers could be immediately identified through a simple search, greatly boosting the efficiency of these activities. In divisions with frequent departmental changes, using Sansan has enabled smooth transfer of contacts and information. With increased opportunities for online meetings, the service's Virtual Cards function has enabled contact networks to be produced by reliably identifying other parties' departments and job roles. These outcomes previously could only be accurately achieved through exchanging physical business cards. As a result, the system has been well received by users. Though it was limited to a few departments when it was first introduced, it is now being rolled out for all staff members.

Use Case 3: Improved Digital Marketing
NEC Solution Innovators, Ltd.

Data quality is a basic foundation of digital marketing, yet, as a company, NEC Solution Innovators faced difficulties in this area. Sansan enabled the company to efficiently increase its data quality and achieve outstanding results in its marketing. High-quality data is vital for maximizing effectiveness when using various cloud-based tools in a combined manner. However, the company had problems with its digital data such as omissions and inconsistent naming. These issues meant considerable time had to be spent on maintenance. The introduction of Sansan enabled automatic data quality maintenance. The data cleansing process, a task that staff spent 400 to 500 hours on each year, is now completely automated. In addition, processing data from business cards acquired at trade shows used to require staff to perform analog data entry. Now, thanks to Sansan, the company has also automated this process. Also, using the service's ability to interoperate with TEIKOKU DATABANK improved the richness of the company's lead information, greatly increasing its accuracy in marketing approaches. Introducing Sansan has led to an impressive 2.6-fold increase in deals generated from marketing.
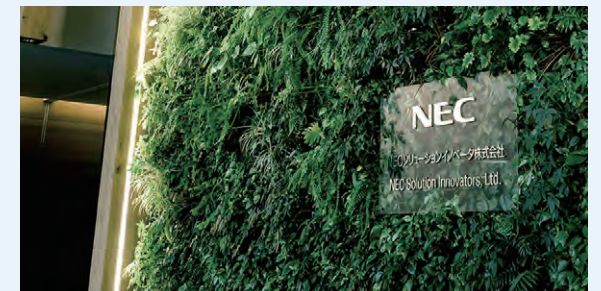
— ## Social Value Provided by Bill One

Bill One Use Case Studies

Bill One is an online invoice receiving solution that helps speed up managerial decision-making. It is based on the concept of "Receive, digitize & centralize your invoices. Fast monthly closing." The solution eliminates the need to process paper invoices, allowing all invoice receipt and issuance to be done online. It also offers centralized management through a highly searchable database, which enables invoice data to be used for a range of purposes. In addition, Bill One is compliant with laws such as the Electric Book Storage Act, enabling companies to comply with changes in the law without significant burden. In terms of actual user applications, companies have, for example, used Bill One to improve the efficiency of invoice receipt

flows, which has in turn greatly improved overall workflow. They have also used its fast and accurate conversion of invoice information into data to improve productivity Furthermore, Bill One has enabled companies to establish paperless systems that can accommodate a greater variety of working styles. Bill One has experienced rapid adoption by many companies since its launch in 2020. Through Bill One, we are contributing to the digital transformation of tasks related to invoicing, and to boosting the overall efficiency and productivity of businesses. Bill One also provides benefits such as helping to realize better cost control through data utilization, and creating new sales opportunities.

Use Case 1: Improved Operational Efficiency
ASAHI FACILITIES INC.

Asahi Facilities faced significant challenges when processing invoices across its multiple locations due to the nature of the building management business; which meant 90% of its received invoices were on paper. Introducing Bill One helped the company to substantially improve its invoicing flow. Paper invoices had been received at approximately 100 of its offices throughout Japan, which are accordingly sent to the company's 27 centers, then consolidated at each branch office before final delivery to accounting staff. This process required an extremely long lead time. Additionally, collecting these paper invoices through mailing consumed time and cost, and caused problem of not being able to immediately locate where the invoices were delivered to. Bill One enabled all the payment processes to be completed online, significantly reducing lead

time and person-hours. At the company's Tokyo head office alone, Bill One has reduced the time needed to sort and check 4,000 invoices from 20 hours to just 1 hour each month, which eliminated overtime work required every month. Also, as Bill One is compliant with the revised Electronic Book Storage Act, the company was able to smoothly comply with these revisions without installing a new system.

建物を育て
未来へつなぐ

Use Case 2: Productivity Improvements
dip Corporation

After facing challenges with its conventional style of analog invoice processing, dip Corporation boosted its efficiency by introducing Bill One. With the COVID-19 pandemic taking hold, using Bill One enabled the company to convert over 90% of its invoices from physical documents to electronic ones, such as PDFs sent by email. PDFs, however, were being provided as image data, so the invoices still had to be visually checked against purchase information. Also, while the monthly closing needs to be handled in a very short amount of time, nearly 1,000 emails sent to the accounting staff each month needed replying to, and at the same time the PDFs also had to be renamed and stored in a prompt and accurate fashion. Introducing Bill One led to more efficient reconciliation, as the service promptly and accurately digitizes necessary information.

Bill One's ability to receive invoices on behalf of the company and automatically save data also reduced the need for staff to respond to individual e-mails and to save invoices. These improvements helped decreased overtime in the accounting department. Productivity also improved because the time saved from increased efficiency could be used to develop new accounting strategies.

Use Case 3: Realizing Diverse Working Styles
TOEI ANIMATION CO., LTD.

After invoicing was posing a barrier to enabling remote work, Toei Animation made the decision to introduce Bill One. The solution allowed paperless invoicing and helped the company in accommodating a diverse range of working styles. Toei's invoicing process previously required staff to receive paper invoices, which supervising staff had to approve and process before they were forwarded to accounting staff for payment. This analog process meant staff who had received invoices had to come to the physical workplace to have them approved, and that was a major hurdle in introducing remote work amid the COVID-19 pandemic. Bill One enabled this invoicing work to be completed online, which helped Toei Animation to launch remote work companywide. While reducing risks associated with the loss of paper invoices, the ability to check

the status of invoices online has also allowed better collaboration among staff through the service's notification function. This function has also helped in identifying processing bottlenecks and has led to other efficiency improvements. Additionally, centralized management through a highly searchable database enabled the company to smoothly handle audits.

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Medium-Term Management Policy

Aiming for Sales and Profit Growth

We have set medium-term financial targets that are aimed at increasing shareholder and corporate value for the period from the fiscal year ending May 2023 to the fiscal year ending May 2025. These targets are based on our current business phases and the scales

of investment required for attaining sales growth. In order to achieve the targets, for each business, we will promote growth strategies and a range of management strategies that strengthen their common foundation.

Key Management Indicators and Medium-Term Targets

Our medium-term goal for the period from the fiscal year ending May 2023 to the fiscal year ending May 2025 is to achieve sales and profit growth. For the most critical management indicator, consolidated net sales, we aim to first maintain solid growth in the 20% range or higher. Second, we have adopted adjusted operating profit,[1] which excludes share-based payment expenses and expenses arising from business combination, as a key profit indicator. We aim to improve our adjusted operating profit margins each consolidated fiscal year

while making the necessary investments for sales growth in each business segment. To improve profitability, we are aiming at adjusted operating profit of 10 billion yen or more combined for Sansan and Bill One[2] in the fiscal year ending May 31, 2025, and a stable adjusted operating profit for the full period for Eight.

[1] Operating Profit + Share-based Payment Expenses + Expenses Arising from Business Combinations (amortization of goodwill and amortization of intangible assets)
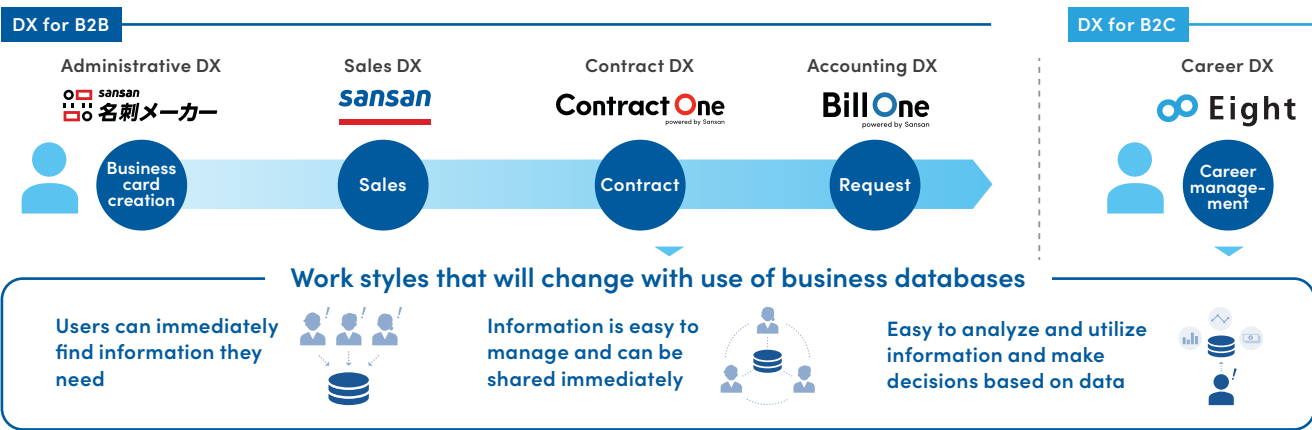[2] Excluding "Others" such as new services in Sansan/Bill One Business segment

1	Consolidated Net Sales	Continue solid growth in the 20% range or higher

2	Adjusted Consolidated Operating Profit	**Improved profit margins at each fiscal year end**
		Sansan/Bill One Business — Over 10 billion yen in total adjusted operating profit from Sansan and Bill One in the fiscal year ending May 2025 (excluding "Others" such as new services in the same segments) / **Eight Business** — Stable adjusted operating profit for the entire year

Management Strategy

We are developing digital transformation services that reshape how people work, linking encounters between people and companies with business opportunities. We established a multi-product structure from the perspective of a company's business flow, encompassing areas that range from recruitment to sales, contracts, and billing. There is a vast potential market offering

major business opportunities. Accordingly, we are actively hiring talented human resources and strengthening our technological capabilities with the aim of getting our revolutionary digital transformation service widely recognized as a form of business infrastructure and realizing sustainable growth.

DX for B2B | Administrative DX: 名刺メーカー (Business card creation) | Sales DX: sansan (Sales) | Contract DX: ContractOne (Contract) | Accounting DX: BillOne (Request) | DX for B2C | Career DX: Eight (Career management)

Work styles that will change with use of business databases

- Users can immediately find information they need
- Information is easy to manage and can be shared immediately
- Easy to analyze and utilize information and make decisions based on data

Our Technical Organization — Past and Present

Greater remote work, digital transformation, and interest in SaaS continue to expand our market. The digital transformation and domestic SaaS markets are expected to reach 5,195.7 billion yen by 2030 (an increase of 3,813.6 billion yen since 2020),[3] and 1,668.1 billion yen by 2026 (an increase of 579.0 billion yen since 2022),[4] respectively.

Analog/paper business cards, invoices, and contracts are still used daily, leaving significant room for greater operational efficiency and more effective utilization. All our services have substantial market potential. For example, Sansan has an 83.1%[5] share of the market for contract management services for corporations, but only about 3%[6] of Japan's total working population as users. Meanwhile, Bill One has built an invoice network among subscribing companies, including free subscribers, and

companies that invoice them, but as of May 31, 2022, this was only 41,000 companies, about 2%[6] of the total in Japan. Both therefore have ample room for expansion. Sansan and Bill One's monthly- subscription-based billing models are very attractive. They are expected to generate ongoing revenue with stable and continuous growth, each has a monthly churn rate averaging below 1.0% over the last 12 months, and they let us maximize customer lifetime value by increasing sales per contract.

[3] Based on Market Edition and Vendor Strategy Edition of 2022 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute
[4] Based on 2022 New Software Business Markets by Fuji Chimera Research Institute
[5] Latest Trends in Business Card Management Services in Sales Support DX 2022 (December 2021, Seed Planning, Inc. survey, in Japanese)
[6] The denominator, the total number of companies and employees in Japan, is calculated based on statistics from the Ministry of Internal Affairs and Communications' 2016 Economic Census for Business Activity Survey.

Recruiting and Training Talented Human Resources and Ensuring Diversity

To achieve sustainable growth, it is crucial that we hire many talented professionals with diverse career backgrounds, and improve our sales, development, and managerial structures. We will create environments and

systems in which talented human resources who are in tune with our philosophy and business can work with high levels of motivation. We will also work to ensure diversity among our human resources.

Continued Strengthening of Management System for Security Risks

Handling large amounts of personal and other important information assets, we emphasizes continuously enhancing its information management systems. Having formulated personal information protection

and information security policies, we closely monitor personal information protection measures, such as strict management of information assets, and will continue to enhance and improve internal systems and management.

Enhancing Technological Strengths

As accurate digitization technology drives our competitiveness and is the common foundation for our services' growth, we must improve and strengthen it
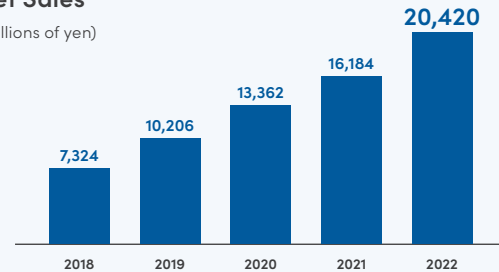
constantly. We will hire talented engineers, and invest in and monitor advanced technologies to improve our technological abilities and build a top team of engineers.

01_On Value Creation   02_Business Strategies to Increase Corporate Value   03_Business Strategies by Segment   04_Data

01 | On Value Creation
02 | Business Strategies to Increase Corporate Value
03 | Business Strategies by Segment
04 | Data

Financial/Non-Financial Highlights

Financial Results[*1]

Net Sales
(millions of yen)

2018	2019	2020	2021	2022
7,324	10,206	13,362	16,184	20,420

Gross Profit
(millions of yen)
■ Gross Profit
● Gross Profit Margin (%)

2018	2019	2020	2021	2022
5,888	8,608	11,541	14,192	17,904
80.4	84.3	86.4	87.7	87.7
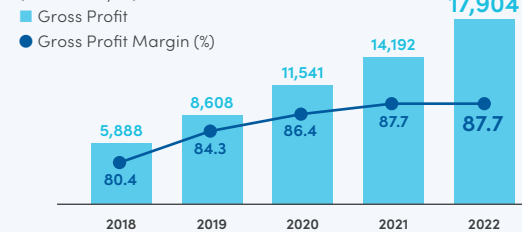
Adjusted Operating Profit[*2]
(millions of yen)
■ Adjusted Operating Profit
● Adjusted Operating Profit Margin (%)

2018	2019	2020	2021	2022
−3,061	−849	757	785	730
		5.7	4.9	3.6
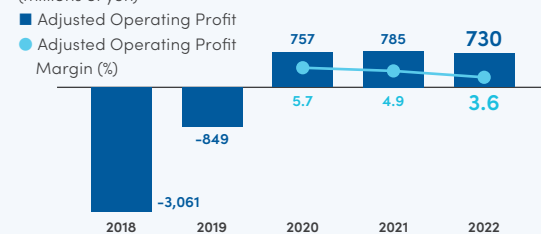
Profit Attributable to Owners of Parent
(millions of yen)

2018	2019	2020	2021	2022
−3,085	−945	339	182	857

EPS[*3]
(yen)

2018	2019	2020	2021	2022
−42.11	−10.10	2.75	1.47	6.87
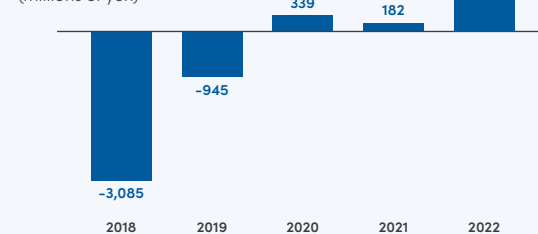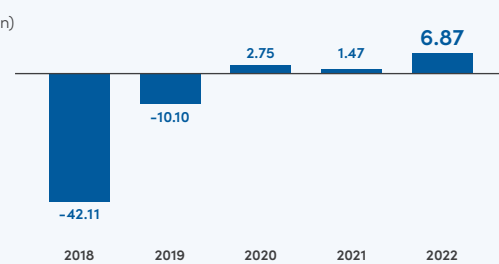
Total Assets/Net Assets
(millions of yen)
■ Total Assets
■ Net Assets

	2018	2019	2020	2021	2022
Total Assets	5,299	9,079	22,819	24,310	26,292
Net Assets	1,312	3,372	10,552	12,584	12,093

BPS[*3]
(yen)

2018	2019	2020	2021	2022
−77.87	28.65	84.72	100.89	96.78
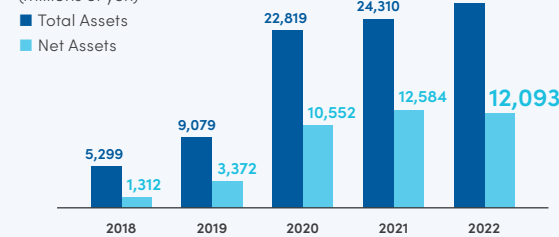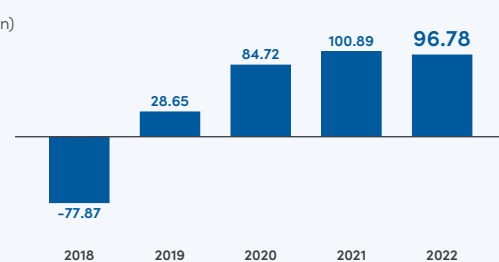
Cash Flow
(millions of yen)
■ Cash Flows from Operating Activities
■ Cash Flows from Investing Activities
■ Cash Flows from Financing Activities

	2018	2019	2020	2021	2022
Operating	−1,609	1,072	2,822	3,011	3,123
Investing	−679	−2,282	−7,189	−551	−1,014
Financing	3,826	3,132	11,563	−2,902	909

Non-Financial Results

GHG Emissions[*4]
(t-CO$_2$)
■ Scope 1
■ Scope 2 (market-based)

	2021	2022
Scope 1	154	187
Scope 2	371	480

Employee Gender Ratio[*5]
(%)
—●— Male
—●— Female

	2021	2022
Male	65.8	66.4
Female	34.2	33.6

Manager Gender Ratio[*5]
(%)
—●— Male
—●— Female

	2021	2022
Male	85.5	83.5
Female	14.5	16.5
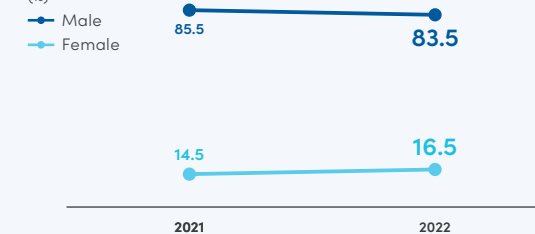
New Graduate Hire Gender Ratio[*5]
(%)
—●— Male
—●— Female

	2021	2022
Male	76.5	71.4
Female	23.5	28.6

Mid-Career Hire Gender Ratio[*5]
(%)
—●— Male
—●— Female

	2021	2022
Male	68.8	66.0
Female	31.2	34.0
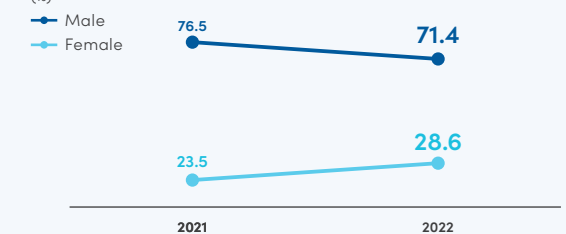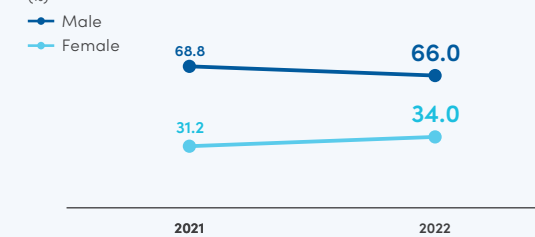
Ratio of Non-Japanese Employees[*5]
(%)

2021	2022
3.0	2.6
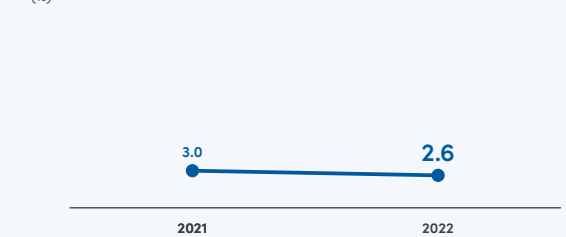
Percentage of Employees with Disabilities[*6]
(%)

2021	2022
1.6	2.4
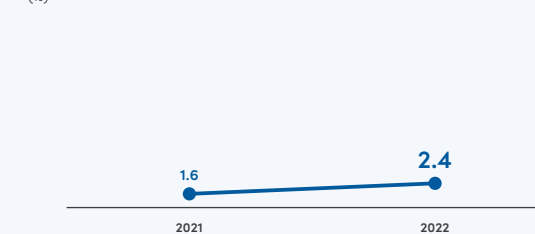
Childcare Leave Utilization Rate[*7]
(%)
—●— Male
—●— Female

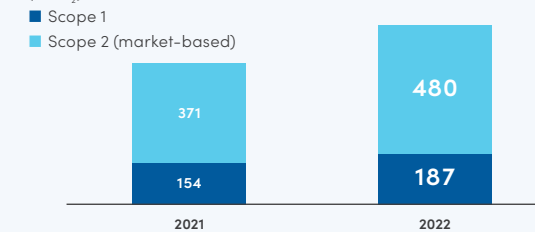|	2021	2022
Male	39.3	61.8
Female	100.0	100.0

*1 Consolidated results for fiscal years ended in May *2 Operating Profit + Share-Based Payment Expenses + Expenses Arising from Business Combinations (amortization of Goodwill and amortization of Intangible Assets) *3 Since a 4-for-1 share split of common shares was conducted on December 1, 2021, calculations are based on the assumption that the share split was conducted at the beginning of the fiscal year ended May 2018. *4 Scope 1 is calculated by aggregating GHG emissions relating to the gas consumption in each office. After calculating the consumption per office area using the actual results in some offices where the consumption can be ascertained, gas consumption is
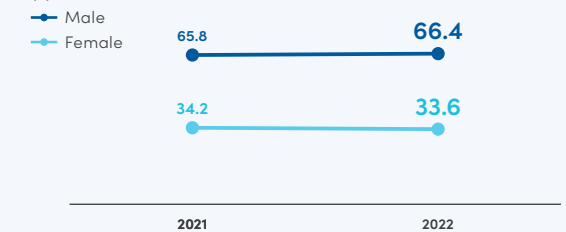
calculated by multiplying this value by the total area of all offices where gas can be used. Scope 2 is calculated by aggregating GHG emissions relating to the electricity consumption in each office. *5 Results for fiscal years ended in May (regular employees and contract employees of Sansan, Inc. and Sansan Global Pte. Ltd.) *6 Results for fiscal years ended in March (regular employees and contract employees and part-timers of Sansan, Inc.), once the necessary changes have been made, calculated on the fiscal year ended in March (April to March of the following year) *7 Results for fiscal years ended in May (regular employees of Sansan, Inc.)

— **CFO Message**

Seizing business opportunities and realizing growth in sales and profits

Director, Executive Officer, CFO, Managing Executive (Corporate Division)

Muneyuki Hashimoto

Review of Fiscal 2021

For the fiscal year ended May 2022, our consolidated net sales increased 26.2% year on year, to 20,420 million yen. However, our operating profit was 631 million yen, down 14.2%, because of intensified hiring efforts, part of our growth strategy. Ordinary profit and net income attributable to owners of the parent company increased significantly owing to gains on sales of investment securities and other factors.

Sales and operating profit were generally in line with our plans, and the results were near the median of the guidance we announced at the period's outset. Reflecting on the fiscal year ended May 2022, a prolonged state of emergency was in effect in Japan, which limited business activities and negatively impacted the number of users' business cards

exchanged. It was a challenging year for Sansan, but we remain optimistic, as orders are steady and sales are increasing. Meanwhile, Bill One grew more rapidly than we expected. We acquired more new contracts with medium- and large-sized companies than we foresaw at the start of the year. By flexibly shifting internal resources from Sansan to Bill One at the time when the unit price per customer started to increase, we achieved an approximately sixfold increase in monthly recurring revenue compared with the same period last year. Our annual recurring revenue also reached 1.39 billion yen, far exceeding our initial target of 1 billion yen. Bill One was only launched two years ago but has continued to steadily expand, reaffirming our ability to launch SaaS-based businesses. For Eight, we indicated at the time of our listing on the Tokyo Stock Exchange that we would eventually achieve a return to profitability. We have

now done exactly that on a per-month and quarterly basis. In the current phase, we aim to return to full-year profitability. The way to make an impact is to exceed market expectations. For this reason, we must continue to take measures to maintain high sales growth over the medium- to long-term. We need to advance even more quickly with our next measures and create new businesses that follow on from Bill One.

Overview of Consolidated Financial Results for FY2021
(millions of yen)

		FY2020 Full-year Results	FY2021 Full-year Results	YoY
Consolidated Results	Net Sales	16,184	20,420	+26.2%
	Gross Profit	14,192	17,904	+26.2%
	Gross Profit Margin	87.7%	87.7%	–
	Operating Profit	736	631	–14.2%
	Operating Profit Margin	4.6%	3.1%	–1.5pt.
	Ordinary Profit	375	968	+158.3%
	Profit Attributable to Owners of Parent	182	857	+369.7%
	EPS*1	1.47 yen	6.87 yen	+368.8%

Results by Segment for FY2021
(millions of yen)

		FY2020 Full-year Results	FY2021 Full-year Results	YoY
Net Sales	Consolidated	16,184	20,420	+26.2%
	Sansan/Bill One Business	14,605	18,105	+24.0%
	Eight Business	1,582	2,213	+39.9%
	Others	–	126	–
	Adjustments	–3	–25	–
Operating Profit	Consolidated	736	631	–14.2%
	Sansan/Bill One Business	5,278	5,725	+8.5%
	Eight Business	–754	–386	–
	Others	–	–28	–
	Adjustments	–3,787	–4,678	–

*1 As the Company conducted a four-for-one common stock split effective December 1, 2021, the EPS were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended May 31, 2021.

Outlook for Fiscal 2022

For the fiscal year ending May 2023, we expect sales to increase 23.0%, to 26.2%, owing to improvements to Sansan and Eight, as well as Bill One's high growth. We also expect that adjusted operating profit, which we set as a key management indicator from the prior period, will increase from 25.5% to 76.3%. We expect increased selling, general, and administrative expenses as we continue to execute investments for growth. However, we also expect increased profits, owing to our steady sales growth.

For this guidance, we have once again disclosed a range of projections. If customers accept Sansan, which has evolved into a sales DX solution, more quickly than expected, we anticipate upside in our performance. Our strength lies in our ability to remain a step ahead of

market needs, offering clients products with discernible value and stimulating latent needs. We therefore conservatively assume it will take some time for the market to understand our product's value. We are also closely monitoring impacts on our business caused by macro-trends such as the pandemic outlook and economic conditions.

Consolidated Financial Forecasts for FY2022
(millions of yen)

		FY2021 Full-year Results	FY2022*2 Full-year Results	YoY
Consolidated Forecasts	Sales	20,420	25,117 ~25,764	+23% ~+26%
	Sansan/Bill One Business	18,105	21,998 ~22,632	+21.5% ~+25.0%
	Eight Business	2,213	2,900 ~3,010	+31.0% ~+36.0%
	Adjusted Operating Profit*3	730	917 ~1,288	+25.5% ~+76.3%
	Adjusted Operating Profit Margin	3.6%	3.7% ~5.0%	+0.1pt. ~+1.4pt.

*2 We do not disclose specific forecast figures for operating profit (loss) and below as it is difficult to make a reasonable estimate of expenses related to stock-based compensation, which may vary significantly depending on the level of our stock price, and certain non-operating profit (loss) and other items.
*3 Operating Profit + Share-Based Payment Expenses + Expenses Arising from Business Combinations (amortization of Goodwill and amortization of Intangible Assets)

Medium-Term Financial Goals

We are still in the first stage of our growth as a company, so it is vital to continue growing our net sales. From the fiscal year ending May 2023 to that ending May 2025, we aim to maintain a solid sales growth rate in the 20% range or higher. We will execute investments in the necessary areas to achieve this growth over the medium-term.

To date, our growth strategy has involved personnel recruitment, as well as advertising initiatives aimed at raising brand recognition and increasing user numbers aggressively. These are necessary investments that will contribute to growing our net sales. We have no intention of changing our policy of allocating maximum budget to these investments. However, while investing in this growth, we are also seeking to improve our adjusted operating profit rates each fiscal year, aiming to achieve both solid sales growth and stable profit growth. We recognize we have already established a solid revenue base that can generate profits even if we continue to make the necessary investments. This medium-term financial goal also demonstrates our strong determination to maintain profit growth rates even as we continue to invest.

Investing in Growth and Fundraising

As part of our growth investments, besides advertising and recruitment activities, we also consider M&A and minority investments whenever the opportunities arise. In terms of fundraising, as of the end of May 2022, we had approximately 15 billion yen in cash on hand and have the funds required to operate our business. We intend to maintain a sound balance sheet from a capital efficiency standpoint. However, when funding is needed for M&A, etc., in addition to using our own funds, we will flexibly determine the most appropriate method for procuring the required amount, choosing from various financing methods, including borrowing from financial institutions and equity financing.

For M&A and investment, our Investment Strategy Team is central in advancing each project based on careful assessment of various scenarios. Specifically, focusing on the medium- to long-term, the team examines qualitative aspects, such as how the target company will contribute to our business, and quantitative aspects, such as the impact on our financial statements if the company were to become part of our group. While the scale of the target and the size of our balance sheet may provide insight into what we can and cannot do, when we consider adding a company to our group, we pay particular attention to our future direction and that of the target company. That's because it is important that the addition helps to form a coherent narrative. There are times when, even if the M&A does not produce immediate synergies, it is still an investment in future potential. Assuming a target meets these conditions, we then decide whether to invest based on comprehensive assessment of factors that also include the acquisition price, and the target's management team and organizational structure.

In August 2020, logmi, Inc. became one of our group companies. In May 2021, we entered into a capital and business alliance with Unipos Inc., hoping to make it a group company in the future. After executing an M&A decision, we maintain a close relationship through the dispatch of executives, and business alliances and collaborations. We also promote measures that help make the target company more efficient, such as partially integrating back-office operations.

Returns for Shareholders

We are aware of the importance of appropriately returning profits to shareholders, though we are currently in a growth phase. We therefore believe that the greatest return to our shareholders will be achieved by further strengthening our financial position, increasing internal reserves for business expansion, and ensuring solid results. This is why we have decided not to pay a dividend at this point. However, we will consider doing so over the medium- to long-term.

Non-Financial Information for Emphasis

Although it is not readily apparent from our financial statements, we closely monitor order value and churn rate as important indicators. The value of orders received is an indicator directly linked to subsequent trends in our net sales. Churn rate indicates how consistently our services are used, so it is vital to maintain a low level. In the fiscal year ended May 2022, Sansan's monthly churn rate averaged 0.62%[1] over the prior 12 months, maintaining a low level below 1%. From this same year, we began disclosing the average monthly churn rate for Bill One, which also maintained a low level of 0.49%.[1] Our maintaining a low churn rate indicates our services are becoming an important business infrastructure for our users. For individual services such as contact management and online receipt of invoices, some competitors offer services at lower prices. However, we believe that our services, which autonomously accumulate data, offers a competitive advantage, whereby the longer customers use the services, the greater the value of their data. This increases customer satisfaction and makes customers less likely to cancel their subscriptions.

*1 Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees from existing subscriptions for each service

Emphasizing Dialogue with Stakeholders

After graduating from college, I worked at a foreign financial institution before joining our company in November 2017. As we grow, I find it rewarding to be entrusted with important duties in my area of expertise. At the same time, I recognize the role and importance of our financial functions and the weight of my role's responsibility. As CFO, I am constantly aware of the need to keep finances from delaying business growth, and to maintain a base that enables appropriate risk-taking. To ensure that financial constraints, such as a lack of funds, don't prevent us from making the investments we need to grow, we are making a concerted effort to focus our financial resources on necessary investments while holding back where we can, even if we have finances to spare.

When communicating with our shareholders and investors, we are always mindful of the importance of engaging in sincere dialogue. The market determines a company's evaluation, and there are times when people expect more from us than we can deliver, or we are not well understood. We hold around 100 IR meetings each quarter and strive to maintain down-to-earth communication at all times. We regularly report the valuable opinions in these meetings to our Board of Directors for managerial decision-making, and we share them with the company's business side.

As well as institutional investors, we also want individual investors to take an interest in our company, so we strive to disclose information that is easy to understand. In December 2021, we implemented a share split, which lowered the price per unit of investment and improved our shares' liquidity.

We are proud to be one of the largest SaaS companies in Japan. Our most significant advantage over other SaaS companies is our five assets of data (contact and invoice databases), technologies (for digitization), products, sales, and brands. The SaaS space is filled with business opportunities. Moving forward, we will continue to combine these five assets to make the most of business opportunities and achieve vigorous growth.

Muneyuki Hashimoto, Director, Executive Officer, CFO, Managing Executive (Corporate Division)

Our Participation in logmi, Inc.

logmi, Inc. was established in August 2013. Its primary service involves operating media sources to deliver information that initially only offered limited access to broader audiences. This service is enabled by transcribing and recording the entirety of performances, discussions, financial results briefings, etc., as text. It has 3 million monthly users for the media sources provided, high brand recognition and power, and a unique business model. We made logmi part of our group in August 2020, aiming to further increase the value of both our companies' services due to logmi's latent potential and the expectation of producing synergistic effects between our businesses. Since then, we have been working on expanding the company's business performance further and increasing the value of our collaborative services. Specifically, we are strengthening logmi's management base by dispatching management personnel and supporting its management operations while also providing growth capital. At the same time, we are developing new services and strengthening existing ones by sharing our technical capabilities and knowledge. We are also working to develop products that tie in with the various business event and advertising services we offer through Eight Business.

The logmi Series Event Transcription Services

The logmi Series consists of three services, logmi Biz, Finance, and Tech, that transcribe and log excellent speeches, dialogs, press conferences, etc., in full, delivering valuable event information to a broader audience. Their accurate transcription helps corporate users deliver event content to those who are unavailable to attend or uninterested in watching archived videos. logmi Biz provides IT, innovation, and entrepreneurship-related event information to highly information-sensitive business leaders. logmi Finance provides information on financial results briefings aimed at analysts and institutional investors to a broader range of stakeholders, particularly individual investors. logmi Tech provides information on everything from the latest technologies to engineering skills and career development.

01_On Value Creation   02_Business Strategies to Increase Corporate Value   03_Business Strategies by Segment   04_Data

01 | On Value Creation
02 | Business Strategies to Increase Corporate Value
03 | Business Strategies by Segment
04 | Data

— Sustainability Management

Realizing a Sustainable Society and Business Growth

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

Material Issues (Priority issues)

In June 2022, our Board of Directors identified key material issues (priority issues) relating to the environment, society, and governance. We will strive to resolve these issues through our core business, thereby contributing to achieving the United Nations SDGs and, consequently, to building a sustainable society.

Process for Identifying Material Issues

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

Materiality Content

Area (1)	**Balancing Security and Convenience** Besides convenience, we are also implementing measures to ensure our employees maintain data privacy and information security, thereby providing a highly safe and stable service to society. **Materialities** 1. Provide safe and stable infrastructure services 2. Ensure robust protection of data privacy and information security	
Area (2)	**Transforming Work through Innovative DX Services** To become business infrastructure, we will leverage our strengths in data conversion to develop and provide innovative DX services that significantly improve social and economic productivity. **Materialities** 3. Promote DX services that improve productivity 4. Create innovative business infrastructure	
Area (3)	**Respecting Employee Diversity and Producing Innovation** To produce innovation that helps solve business challenges through the power of encounters, we promote the creation and provision of opportunities and environments for our diverse workforce to enjoy success. **Materialities** 5. Promote the recruitment, development, and success of human resources 6. Promote diversity and inclusion	
Area (4)	**Establishing a Firm Management Structure to Support Rapid Business Growth** To support our growth under a multi-product structure, we will reinforce our management structure by strengthening corporate governance and ensuring compliance. **Materialities** 7. Strengthen corporate governance 8. Ensure compliance	
Area (5)	**Conserving the Environment Through Business** We will promote the conservation of the environment by addressing climate change issues through our business activities, including promoting DX, supporting paperless work, and introducing environmentally friendly services. **Materialities** 9. Address climate change issues 10. Use natural capital efficiently	

Materiality Map

Importance to Society / Importance to Our Company

- 9 Address climate change issues
- 10 Use natural capital efficiently
- 5 Promote recruitment, development, and success of human resources
- 6 Promote diversity and inclusion
- 7 Strengthen corporate governance
- 8 Ensure compliance
- 1 Provide safe and stable infrastructure services
- 3 Promote DX services that improve productivity
- 2 Ensure robust protection of data privacy and information security
- 4 Create innovative business infrastructure

Stakeholder Engagement

We believe engaging with stakeholders to understand their expectations, concerns, and needs, and reflecting these in our management and activities is needed for sustainable growth and enhanced corporate value. That's why we actively build trust and collaboration with them, such as providing safe and secure services.

Stakeholders	Outline of Initiatives	Examples of Major Initiatives
Customers	We strive to provide our customers with stable, safe, and reliable services, and to continuously provide new value that helps resolve their issues.	• Provide regular support through the Customer Success Department • Establish a contact point for service inquiries • Disseminate information through websites, social media, etc. • Hold various events and seminars
Shareholders and Investors	To meet our shareholders' expectations, we are committed to accurate and fair disclosure of information and proactively creating opportunities for interactive dialogs.	• Share information through Shareholders' meetings, financial results announcements, timely disclosure, etc. • Hold various briefings for institutional and individual investors • Issue annual reports • Establish a contact point for IR inquiries
Business Partners	We work to provide safe and secure services by establishing appropriate collaborative relationships and information management systems with our vendors and partners under fair and equitable terms.	• Communicate regularly through purchasing activities • Ensure thorough compliance and risk checks • Establish business rules for purchases, etc. • Manage contractor safety
Employees	To realize our mission and vision, we strive to create opportunities and environments in which our diverse workforce can thrive.	• Provide all employees with opportunities to discuss and revise our corporate philosophy • Conduct engagement surveys • Establish various internal systems and consultation services • Conduct training and seminars
Local Communities and NPOs	Based on the concept of what we can do now for the future, as a member of local communities, we work to solve social issues and create common value through our core business.	• Sansan for NPOs • Kodomo Meishi Project • Supporting the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship • Yoiko for CSR

— **Sustainability Management**

[Special Feature] A Dialogue Between CEOs

A more prosperous and sustainable society through sustainable business activities

In recent years, different stakeholders have raised expectations toward, and taken greater interest in, how companies contribute to sustainability in society. Since its establishment, Sansan and MEDIA DO Co., Ltd., have been working to create value through their respective business activities to resolve social issues. The two companies CEOs discussed how they are incorporating sustainability into corporate management and tackling this issue through their businesses.

Sansan, Inc.
Representative Director & CEO

Chika Terada

Chika began his career with Mitsui & Co., Ltd. After moving to the IT Marketing Division, he relocated to Silicon Valley to work with local venture companies to develop their Japan-focused businesses. After returning to Japan, Chika launched an internal venture and worked for an affiliated company, after which he founded Sansan, Inc. in 2007.

MEDIA DO Co., Ltd.
President and CEO

Yasushi Fujita

In 1999, he established MEDIA DO Co., Ltd. Corporation and serves as its CEO and President. In 2020, Fujita established TOKUSHIMA INNOVATION BASE ASSOCIATION to support entrepreneurs, becoming its representative director. He is also focused on various regional development projects.

What is Sustainability in Corporate Management?

Chika Terada: The first step toward achieving sustainability is helping to resolve social issues through our core businesses. Our services are in fact designed to solve social issues by supporting corporate activities and improving productivity through digital transformation. Fundamentally speaking, I don't think it's possible to establish a viable business except by meeting society's needs and being compensated for doing so. That's why I don't think we need to distinguish between business and social contribution. Instead, it's natural to build a relationship with society through our business activities or other closely related activities. Our Scan for Trees[*1] initiative is an example. Users now consider it a natural part of our services. I'm always conscious of going a bit beyond our business activities and, as an extension of them, giving back to and contributing to society. By building on these efforts, we can convey the significance of our company's existence in a sustainability context.

*1 An initiative in which Sansan plants trees in areas of need every time the total number of documents digitized through the company's services equals the paper produced from a single tree.

Yasushi Fujita: We must ensure that our corporate management is sustainable. Our ability to do that relates to how much our presence is needed by society in an ongoing manner. As you said, society will inevitably weed out the values, businesses, and schemes it doesn't need. It's therefore vital to constantly pursue and express the kinds of business models that society wants. Our shareholders and investors are of course investing in our company itself, but they're also investing in the management team and visionaries entrusted with handling the company. Our sustainability initiatives demonstrate our ability to create ideas that produce value based on our connections with society. For example, TOKUSHIMA INNOVATION BASE ASSOCIATION (TIB) is an association that supports entrepreneurs. It's in a different field from our core business, and we're not investing much money in it. Nevertheless, TIB's activities to create and nurture entrepreneurs have spread, and it now has several hundred participants in Japan. What can we achieve with these participants? We may, for example, produce a framework that, if accepted, becomes the kind of movement that changes society. This initiative doesn't just build a track record through past financial statements, but also demonstrates how

we will design and realize value while looking ahead to the future.

What Opportunities Exist for Solving Social Issues in the Context of Corporate Responsibility and Risk Management?

Terada: The levels of compliance and governance required by companies constantly fluctuate. They depend on factors such as global capital markets, societal conditions, and the company's business phase. If we don't stay aware of these fluctuations, risks may start to materialize in various places. We need to tackle this issue from the dual perspectives of our responsibility to meet societal needs and risk management. Over the past year, we've been formulating a sustainability policy, identifying material issues, and considering response strategies to disseminate and implement our sustainability initiatives in a reproducible way. A material issue we've identified is strengthening our corporate governance and ensuring compliance. Setting this as an example for our stakeholders will let us further accelerate our business initiatives.

Fujita: I felt a significant change in our management team's and our employees' understanding of the importance of environmental, social, and governance (ESG) factors before and after our stock market listing. Going public not only means a company has a greater responsibility as a public institution, but also that it needs to place greater importance on growing its business through sales and profits, because it now has more stakeholders. I believe our employees understand this in a positive way. However, by only emphasizing the offensive aspects and not the defensive aspects of our business, no matter how well our business is doing, we may end up negatively impacting society. Growth is a balance of positives and negatives, so we need to deliver more positive outcomes through activities that involve frontline employees. We can do so from many different perspectives, including issuing integrated reports, adopting the principles of Japan's Corporate Governance Code, and changing our prior Risk Management Committee to form the Sustainability Committee.

Shared Denominators and Values in Human Resource Development

Fujita: One thing that's certain is that Japan's working

Special Feature   **A Dialogue Between CEOs**

population will decrease. Human resource strategy is a major theme at our company as well. I'm also involved in various local development activities in my hometown, the former Kito Village (now Kito District, Naka Town) in Tokushima Prefecture. Still, I feel there are limits to what I can do alone. For my company and its activities to be sustainable, I need to create structures and connections, and to train people to expand on existing efforts before I retire. These actions are all connected with my succession planning as president of MEDIA DO and with preparing successors in Japan's regions and for its future. Being managers and entrepreneurs puts us in a unique position to take such actions for a sustainable future.

Terada: We're supporting the establishment of the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship in Kamiyama Town, Tokushima Prefecture. This initiative began when I personally wanted to address social issues that our business couldn't help with. I determined that setting up a school was the best of the various options. I started working independently to shape the concept, established its framework with like-minded partners, and we're now preparing for an April 2023 opening. I eventually became the project's chairperson. However, before and after that, our board members had many discussions about the relationship between our company's management and the project, and we realized that the underlying issues we perceived in the project were the same ones we saw in our company's management. The people this college will produce—who create things and can make things happen, and who have studied technology, design, and entrepreneurship— are the exact people our company needs right now. However, looking all over Japan with that in mind, we realized that the preexisting frameworks, including corporate activities, weren't enough. We concluded that it is worthwhile expanding our scope of human resource development to include support for schools.

We're convinced that, while broader in scope and more long-term than developing human resources through business activities, this will be a more significant activity. That's why supporting the college is one of our measures for addressing our material issues.

Fujita: At 10 billion yen, the size of the fund for free tuition at the college is impressive, yet so is the scheme to generate and manage the fund. I believe it will have a meaningful impact and create positive societal effects.

Terada: I hope it does indeed have a broad impact. Alongside the support from your company, using the corporate version of Japan's hometown tax system in Kamiyama to raise 2.4 billion yen for the college was also a significant action. As the use of these systems becomes more common, companies will become more willing to allocate funds to areas where they're needed. Simply put, the scheme we're working on for free tuition is also a way to borrow cash from Japanese companies to invest in solutions for social issues. This is a novel concept and everything is coming together in an exciting way leading up to the college's opening next year.

I also clearly remember your response when I explained the concept of the college to you. You said, "What a great idea. This will add another dimension to your achievements as a manager."

Fujita: It still feels like the words "IT startup" or "entrepreneur" have negative connotations in Japan, and I believe our role is to dispel this negativity. I remember we talked about how creating shared value with society in this new way would give people a broader perspective about startup companies like ours.

At MEDIA DO, in job interviews, we're often asked questions about our sustainability-related measures. Even before interviewing for and joining our company, however, I feel students have a broader perspective of who I am, and they see me as someone involved in various activities in society, not just the IT company president. This is because today's students are deeply interested not only in succeeding but also in how they can contribute to society.

Terada: That goes hand in hand with the importance of having a mission and vision. Affirming and verbalizing the goals of our business and the mission it should fulfill

in terms of social worth increases company unity. I've received positive feedback from within and outside the company about our support for the college's establishment and that will help trigger a virtuous cycle.

What Can Companies and Entrepreneurs Do to Create a Sustainable Society?

Terada: It's hard to express this simply, but creating a good flow of funds is essential. This idea was brought more deeply to my attention when I was raising donations and investments for the scholarship fund. That is, using some ingenuity or positive pressure to direct funds to the areas that society desires creates a better direction of flow. Putting some willpower into funding flow helped things go more smoothly. When establishing the college, the opportunity to have discussions with people in different positions in society was also a valuable learning experience. For example, compared with those in the United States, Japanese companies invest very little in human capital. That said, instead of just focusing on negative information about Japan, I think that if we successfully spread awareness alongside solutions, it will encourage people to work together to remedy the country's shortcomings and boost its strengths. Contributing to this trend will let us achieve broader significance as companies and entrepreneurs.

Fujita: It's essential to continue to nurture people, not only as employees but also as individuals. For example, the other day, I was invited to speak at a class at Tokushima University about entrepreneurship. I told the students that entrepreneurship, or entrepreneurial spirit, is thinking about and acting on what you can do by understanding the gaps between issues and ideals in society. Entrepreneurship is not just about raising capital and starting your business. Instead, it's vital for everyone in all walks of life to uncover social issues, whether they're teachers, doctors, lawyers, or businesspeople. When the students heard this, their eyes lit up because they realized it also applies to them. As managers and entrepreneurs, challenging ourselves to solve social issues is something we see as obvious. Teaching the importance of having this perspective, regardless of one's profession, is something your business provides through the college and something we're doing through TIB to produce entrepreneurs. It made me realize that

entrepreneurs have a role to play in this.

Final Thoughts

Fujita: For my business, our managers and management team are committed to raising earnings per share and creating businesses with potential to achieve growth and return profits. However, I believe dramatic business growth cannot be achieved without solid managerial growth. It's natural that we should devote greater effort to our own businesses for doing so. Besides, the experiences that the company will gain from activities we initiate, such as establishing colleges or places like TIB, and collaborating with people we don't usually have contact with, then incorporating this experience and value that can only be gained through co-creation with others into our management, contributes to improving our skills. That is what we as managers should work on to ensure discontinuous growth for our companies. Besides business results, I'd like everyone to focus on the thoughts and philosophies behind our initiatives, and what it is we're trying do.

Terada: As a bridge between the analog and digital worlds, we're committed to delivering services to companies and businesspeople to help improve productivity. It can be quite frustrating for individuals to digitize business cards, invoices, and contracts, but our company uses a unique approach to eliminate this frustration from society. As a result, our company vision sees our services being steadily used and widely accepted throughout society, becoming a kind of infrastructure. Realizing this goal will bring about real value to society. This goal is closely linked with our business growth, and I hope many of our stakeholders support our efforts to achieve it.

— Environment

Conservation of Natural Environment Through Business Activities

We believe it is vital to correctly understand the impacts our business activities have on natural ecosystems to take appropriate considerations and measures toward environmental preservation. For this reason, we allocate a portion of our earnings to tree-planting activities, conserving water resources and biodiversity through forest preservation. In addition, the services we provide reduce environmental impacts through digitizing analog information and contribute to environmental conservation by promoting digital transformation in business and supporting paperless operations.

Efficient Use of Natural Capital

#### Support for Paperless Business Operations Through Provided Services

With our shared functionality related to digitizing documents, our primary services relate to supporting corporate digital transformation. In particular, paper documents like business cards, invoices, and contracts are creating issues of operational efficiency for companies. To address this issue, Sansan provides functionality enabling business cards to be exchanged online, and Bill One allows invoices to be received and issued in the cloud. Exchanging business data in this manner enables paperless environments and contributes to environmental conservation.

"Scan for Trees" Tree-Planting Activities

Scan for Trees is a project to plant trees in disaster-affected areas where they are needed according to the number of documents digitized by the Sansan, Bill One and Contract One services.

Paper documents such as business cards, invoices, and contracts are in many cases originally made from wood. This project is an initiative designed to enrich the natural environment, such as forests and water, through our services. So far, we have planted trees in Miyako City, Iwate Prefecture, and Osaki City, Miyagi Prefecture, which were affected by the Great East Japan Earthquake in 2011, and in Yamato Town, Kamimashiki District, Kumamoto Prefecture, which was damaged by the 2016 Kumamoto Earthquake. Since the start of the project, more than 10,000 trees have been planted. We are currently also counting digital documents, such as online business cards and PDF format invoices. We are supporting the recovery of forests and the reconstruction of disaster-hit areas even as online work becomes more commonplace.

SCAN FOR TREES

Number of trees planted:
11,759
(as of September 2022)
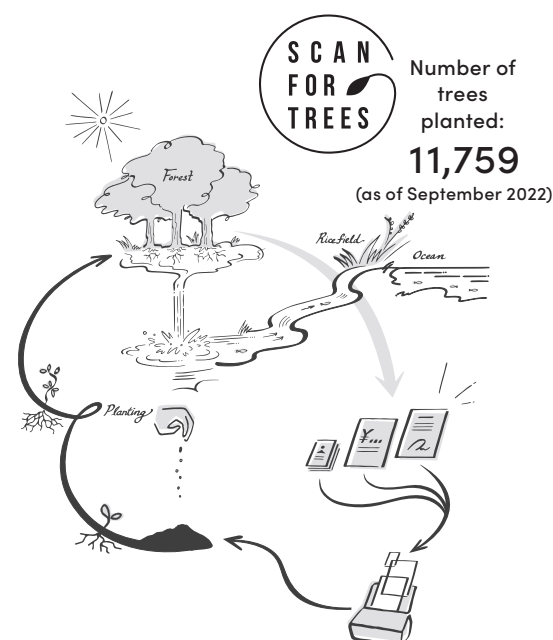
Eco-Friendly Comprehensive Business Card Making Solution: Sansan Meishi Maker

Sansan Meishi Maker supports achieving the SDGs through business card creation. It enables customers to order paper business cards in small lots as and when they need them, without wasting resources. The cards can be made with eco-friendly materials, enabling customers to contribute to resource conservation through their business cards. We utilize LIMEX, whose main raw material is limestone, as a material for business cards. By reducing the number of trees and the amount of water required in the paper manufacturing process, LIMEX is attracting attention as a new recyclable material that contributes to the conservation of resources.

Addressing Climate Change

Disclosure Based on TCFD Recommendations

Regarding climate change, Sansan determines and oversees business risks and opportunities under an appropriate system. In raising our ability to respond to issues, we aim, for example, at stable economic development and securing the foundations for people's livelihoods, and we see this as a vital initiative in advancing the transition to a low-carbon economy and, by extension, a decarbonized society.

Based on this idea, we have expressed support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD) and make disclosures based on this framework as follows.

Governance

Board of Directors' meetings discuss and decide policies and important matters that contribute to realizing sustainability, including our responses to climate change. For issues relating to climate change, we have set up a Climate Change Response Project, consisting of corporate departments, such as the IR Team, Office Strategy Department, and the Finance & Accounting Department, under the supervision of the Representative Director and are reviewing our responses. This project receives matters such as metrics relating to climate change, as well as business risks and opportunities that have been examined, tabulated, and specified, and supervises them in annual reports by the Board of Directors. It then decides business strategies and plans after duly considering the important matters.

Strategy

Sansan aims to better respond and adapt to a business environment in which the temperature rise from climate change is kept below 2°C, using mainly scenarios such as the Intergovernmental Panel on Climate Change's Shared Socioeconomic Pathways (SSP1-2.6) and Representative Concentration Pathways. We analyze the scenarios, identify business risks and opportunities from climate change, and formulate response strategies. For transition risks and opportunities, such as tighter laws and regulations and new carbon taxes, we will reduce greenhouse gas (GHG) emissions, set renewable energy policies, and promote initiatives from medium- to long-term perspectives. Our growth strategy already covers many such measures, dealing with transition risks, physical risks, and opportunities related to our services. We will also consider cost reduction efforts by diversifying and optimizing various services, including electric power.

Risk Management

In consultation with the directors in charge of each field and the Climate Change Response Project, Sansan conducts scenario analyses, identifies 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, for example, internal audits.

Metrics and Targets

Sansan selected GHG emissions[1] as a metric for climate change. The table below shows actual GHG emissions over the last two years. We are now studying calculating actual Scope 3 GHG emissions[1]. To set targets for each metric, alongside external factors such as global trends and Japan's laws and regulations, we conduct comprehensive studies based on internal factors to enhance future disclosures. The internal study thus covers progress in each of our businesses' strategies and measures, and risks and opportunities.

Item	Unit	FY2020	FY2021
Scope 1[2]	t-CO_2	154	187
Scope 2[3] (market-based)	t-CO_2	371	480
Scope 2 (location-based)	t-CO_2	324	452
Scope 1 and 2 (market-based)	t-CO_2	525	667
Scope 1 and 2 emissions intensity (per net sales)	t-CO_2/hundred million yen	3	3

[1] Non-consolidated results of Sansan, Inc. aggregated.
[2] Scope 1 is calculated by aggregating GHG emissions relating to the gas consumption in each office. After calculating the consumption per office area using the actual results in certain offices where the consumption can be determined, gas consumption is calculated by multiplying this value by the total area of all offices where gas can be used.
[3] Scope 2 is calculated by aggregating GHG emissions relating to each office's electricity consumption.

– Information Security

Balancing Security and Convenience

Convenience and security often come into conflict in the development of cloud services. Yet, it is vital to maintain the best possible balance between these two elements when aiming to increase social and economic efficiency and productivity. Our corporate philosophy is to balance both security and convenience. That's why

we prioritize providing secure and stable infrastructure and ensuring data privacy and information security, and consider these to be critical. We aim to minimize security risks and ensure that we can provide our services safely and securely as we pursue further growth.

Information Security Measures and Management System

Our services facilitate the management and use of data that includes private customer information, such as that on companies and individual users. We position the handling and protection of personal information and other vital information assets as our most critical management concern. Having formulated policies for protecting personal information and information security, we rigorously manage information assets and take every possible measure to minimize risk. In our security system, to be able to respond quickly and in all directions to privacy and security risks, executive officers themselves assume the roles of CISO[1] and

DPO.[2] We have also set up the CSIRT,[3] a department specializing in information security across Sansan. Since our founding in 2007, we have maintained a Personal Information Protection Management System as a measure to protect data, establishing an environment to deal with such protection within the company. We have also built a system that can continually monitor key data by fully leveraging the latest security technology.

*1 Chief Information Security Officer
*2 Data Protection Officer
*3 Computer Security Incident Response Team

Primary Duties Related to Information Security

CISO

This role has responsibility and authority for the security and risk management of information systems. The person oversees information security risk measures and management methods.

DPO

Data Protection Officers are responsible for and authorized to operate the PMS. They are also responsible for monitoring compliance with the GDPR.

Information System Administrator

As the head in charge of information system management, this person executes tasks based on authorization related to organizations and divisions of duties in consultation with the CISO.

CSIRT

CSIRT is our group that gathers information on events that potentially threaten information security and system vulnerabilities, monitors signs of cyberattacks and other risks, and formulates response measures and procedures.

Incident Guidelines

To prepare for incidents that may impact our services, such as disasters, accidents, unauthorized access, and vulnerability issues, we have established guidelines for each department related to incident response frameworks, chains of command and decision-making criteria, and response procedures. Specifically, we

classify incidents in terms of confidentiality, integrity, and availability, set priorities for each incident we are addressing, and define staff in each department responsible for making determinations relating to incidents and incident responses.

Education on Information Security

As part of our aim of ensuring a correct understanding of the Act on the Protection of Personal Information and safety management, all executives must acquire certification as a Protection of Individual Information Person. Salary increases are, in principle, suspended if an employee does not pass the exam after a certain period, and until they do pass. Information security and personal information protection training is provided upon hiring and then annually. These opportunities

help ensure employees correctly understand the Act on the Protection of Personal Information and have systematic knowledge of safe data management. We also have strict information asset handling procedures, such as prohibiting storage of personal and confidential information on PCs. The Internal Auditing Department appoints security committee members from among employees to strengthen awareness of security through the use of a mutual security auditing system.

Third-Party Certifications

We are committed to obtaining third-party security-related certifications and periodically renewing them. We have received various accreditations including

the PrivacyMark system and international ISO/IEC standards, which strengthen our information security and give our services further credibility.

PrivacyMark

The PrivacyMark system is in accordance with the Japanese Industrial Standard JIS Q15001: Personal Information Protection Management System - Requirements. It certifies that entities such as businesses have established appropriate protections for personal information based on the systems guidelines for establishing and operating personal information protection management systems. Certified groups can use PrivacyMark in their business activities. We obtained certification in 2007.

SOC 2 Type 1

SOC 2 reports are performed following Trust Services Criteria established by the American Institute of Certified Public Accountants. In these reports, which are not limited to financial matters, auditors express their opinions on internal controls. Areas examined include either security, availability, processing integrity, confidentiality, or privacy. Deloitte Touche Tohmatsu LLC has issued a report on internal controls for Type 1 security at Sansan.

Legal Requirements for Electronic Transaction Software Certification

The Japan Image and Information Management Association's Legal Requirements for Electronic Transaction Software Certification System checks whether software and software services that create and electronically exchange national tax-related documents comply with the Electronic Book Storage Act. Bill One and Contract One were certified in April 2022.

ISO/IEC 27001 and ISO/IEC 27017

In May 2022, Sansan and Bill One acquired ISO/IEC 27001 certification, an international standard for information security management systems. At the same time, Sansan also acquired ISO/IEC 27017 certification, an international standard for cloud security applicable to cloud service provision and use.

Technical Security Initiatives

We implement a variety of security measures including vulnerability assessments and penetration testing, which

third-party organizations and specialized in-house departments perform.

Encryption of All Data Center Transmissions

Alongside establishing firewalls, all external transmissions to our data center are highly encrypted using user-authenticated HTTPS.

Images Are Deleted After Business Cards Are Scanned

Sansan scanners are installed with software that prevents unauthorized external access. After business cards are scanned, the image data is deleted from the scanners.

Vulnerability Assessments and Penetration Testing by Security Specialists

We appoint external organizations to test our security through penetration testing based on the identification of system vulnerabilities and cyber-attacks, and to correct problems and otherwise strengthen our services.

High Service Availability

All our servers are load-balanced. Services can be promptly restored in the event of a failure. Additionally, our data centers are redundantly configured to minimize the risk of functional and service outages in the event of a disaster.

— CHRO Message

We want to work with mission-driven people to grow our business and reshape the world

Director, Executive Offcer, CHRO,
Managing Executive (Human Resources Division)

Yuta Ohma

We Need People who Can Make Decisions with Determination and Intent

Sansan was founded in 2007 with just five employees. Over the past 15 years, it's grown to 240 times that number, to 1,205 (as of May 31, 2022). In the three years since our listing on the Tokyo Stock Exchange, the world has changed in ways totally unforeseen at the time of our founding.

We launched our first product, Sansan, followed by Eight, and have continued to add to our lineup, shifting to a multi-product structure. Our investment strategies have also accelerated, and we have established several group companies. As we move into a new phase, we must also change our human resource strategy and human resource investment methods, while looking to the future. Recruitment is one of our most vital areas of focus. In the fiscal year ended May 31, 2022, we made approximately 340 new graduate and mid-

career hires. But we need even more talent as we continue accelerating the development of our business worldwide.

As an aside, our company defines talented human resources as people who can "Make decisions with determination and intent." We assess this by, for instance, looking at the decisions they have made in past situations. I believe these decisions reveal the person they want to be. Their determination to make that a reality will also be reflected in their decisions and policies at Sansan and in their departments. We place great importance on such a mindset. One of our values is "Lead the customer." This is also a simple expression of our stance. We don't just seek out and address customer needs; rather, we present our vision to the world and prioritize gaining customers' understanding of the value we provide and what we are trying to create through our services and products. In other words, we are committed to our mission of "turning

encounters into innovation." We aim to visualize the business networks that are triggered by exchanging business cards, and other information about points of contact, to create a world where people can meet who they want to meet and/or should meet. For this reason, we believe recruiting is about finding people who share our vision of the future beyond our current services.

Sales Force Expansions and High-Level Engineering Personnel

It's vital for our business that our products continue evolving. At the same time, however, we can't change how business works unless we raise people's awareness of our products and sell them in a way that encourages people to use them. If engineers can evolve our services (add depth), salespeople can expand them (add breadth). While both engineering and sales are vital, in our current phase, it's of foremost importance that we increase our salesforce. At the same time, we also want to ensure we maintain high standards when hiring engineers. We combine several approaches to meet our staffing needs, including mid-career recruiting, headhunting, and referral recruiting. Still, whether it's sales staff or engineers, it's not enough for them to just be talented. We need people who also have a mission-driven mindset.

Driving Engagement Through Discussions About the Katachi of Sansan

As a company grows and expands, people inevitably find it harder to see the relationship between the task at hand and our overarching mission. This is why we use every opportunity to confirm our corporate philosophy: the Katachi of Sansan. Since our founding, we have always involved all employees whenever we have revised the Katachi. Our Katachi discussions in 2022 centered on the theme of: "Why does your department exist and what is it trying to achieve? Express this as a mission statement." We've also discussed the more fundamental question of whether we need to continue

to uphold our current values in the future. For example, one of the past topics saw staff re-examining our values, removing those they felt were unnecessary, and adding or proposing values we should emphasize in the future. In this Katachi discussions, we divided more than 1,000 employees into over 100 teams, each made up of people with different job titles, divisions, and employment histories. They then spent three hours discussing the topic and creating output. This output was then sent back to their respective departments for further discussion, and each department compiled its own output. This process involved another three-hour discussion. Afterwards, we also held similar phased discussions among executives and the management committee, and incorporated all these discussions into the Katachi. We believe that, because all our employees were at the center of these discussions and their output was included in the company's framework, they were each able to feel that our vision is also their own. These experiences contribute to the creation of a mission-driven organization.

Recently, we have started assigning new employees to HR to undergo five days of training upon joining the company. There, they discuss company rules, the knowledge required to work at Sansan, and the Katachi. Three months after joining, they speak with their superiors about what they've experienced of this Katachi, and CEO Terada talks with them about how the Katachi is changing. They then receive another opportunity to reflect on this at the six-month mark.

Among our other initiatives is a monthly employee engagement score survey. Its results let us analyze and visualize the state of our organization and take action to address various issues. We're also focusing on ways to create stronger connections among employees. One example is Know Me, a system in which we subsidize meals outside of work for employees from three different departments. There's also Nana Hachi, where two veteran staff and a new employee have a two-on-one meeting. Such efforts to support cross-departmental connections help generate new ideas and foster smooth communication at work. Also, as the number of

01_On Value Creation   02_Business Strategies to   03_Business Strategies by Segment   04_Data
                            Increase Corporate Value

01 On Value Creation
02 Business Strategies to Increase Corporate Value
03 Business Strategies by Segment
04 Data

management layers increases in the medium- to long-term, we're working to establish clearer management policies for each management level. In particular, we believe we also need to accelerate our human resource development efforts. To do this, we're not relying only on internal knowledge but are also consulting with outside experts.

A Professional Sense of Fairness Toward Diversity and Inclusion

We want to be fair to all our employees. One of our past values was "make the right decision, fairly." When making hiring decisions, we don't do so based on attributes like new graduate or mid-career hire, gender, or nationality. Instead, we try to approach everyone fairly, as professionals. At the same time, as the HR department, we want to increase our ratio of female employees. Currently, around 30% of our employees are women. We're aiming for 40%. We want to increase our ratio of female executives to the same level as well. In terms of international recruitment, we're focusing on hiring foreign nationals to work at our headquarters in Japan. Before others even knew what we did as a company, we've always said we would change how people work globally, and we tried to identify opportunities to do so internationally. To that end, we're trying to gain new insights through cross-cultural communication. For example, we invited all foreign nationals hired at our Singapore branch to join our company-wide meeting in Japan in June 2022 and interact with Japanese employees. We also plan to proactively increase the number of these initiatives. At the same time, we're sending engineers from Japan on visits to our overseas locations to ensure that diversity is accepted and that we create a culture that is conducive to our mission.

Continuous Pursuit of Growth with Talented Human Resources

I first met CEO Terada in 2007, shortly after Sansan was founded. At the time, I was working for a recruiting company. Eventually, I joined Sansan. When I did, he said, "I don't have any results to be proud of yet, but there are some wonderful people I want you to meet who share my worldview and want to make it a reality." I ended up going out for dinner with staff from sales, engineering, and the Board of Directors. When I spoke to the sales staff, they said, "Our products are created by talented engineers, and as salespeople, our job is to convey the value they've produced to the market." Meanwhile, the engineers said, "We can't have salespeople be ashamed of our products. If we give them products with new features, they're sure to produce great results." They spoke with me, an outsider, with enthusiasm, while expressing respect for their colleagues in other divisions. Although they had different roles and used different words, they were all saying the same thing: "With this product, we will change how people work globally." This was precisely the kind of organization I wanted to create in my role as a recruiter. With such an organization, whether we have 50, 100, or 200 employees in the future, the 201st employee would be able to say they were proud to be here. At the same time, we could surely create an organization in which current employees would be proud to have this newest employee as a colleague. That hunch ultimately helped me decide to join the company. I feel the same now as I did then, and I want to help our company grow even more. How we achieve growth is of course vital, but who we do it with is even more critical. The best part of being a CHRO is wondering who you'll meet next and if you can create the kind of organization that will make that person want to choose to become your colleague.

Yuta Ohma, Director, Executive Offcer, CHRO, Managing Executive (Human Resources Division)

Unique Employee Empowerment

To sustain growth by absorbing our talent's expertise, we need an environment where all employees can work with great ambition. We have therefore put in place various systems to support active communication, knowledge acquisition, and diverse ways of working.

Promoting Greater Understanding of Sansan and Fostering Lively Internal Communication

Company-Wide Katachi Discussions

We regularly provide opportunities for all employees to discuss our corporate philosophy. Addressing our values and culture altogether is crucial for employee development and productivity improvement.

Sansan Values Star Award

Using Unipos, a service for peer evaluation and commendation, we have a system for employees to send praise to each other. We also have occasions to give awards to employees who embody our values.

Know Me

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

Knowledge Acquisition and Skills Improvement

Coacher

With the aim of helping employees identify areas for further growth and take action, we implemented a system that allows them to receive coaching from employees with specialized business coaching qualifications.

Geek Seek

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

Ocean

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

Enabling a Variety of Working Styles

Telecommuting System

This system lets employees choose to work from home for a certain number of days per month. The ability to flexibly combine the working styles of office and home will lead to increased work productivity.

Flextime System for Engineering Staff

This system lets employees freely adjust their daily starting and ending hours within the designated total working hours. This enables a variety of working styles and improves work productivity.

Oyaco

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

Employees' Voices

Coaching from a Working Mom: Masami Naito, Customer Success Department, Business Division

Masami is a mother of two and a member of Sansan's Customer Success Department in the Business Division. After taking the initiative to study coaching, she now works as one of the Coachers, coaching employees on their work and helping them tackle concerns related to life events such as marriage or childbirth. Masami herself was supported by Coachers when she was facing difficulties. This experience made her want to help others in the same way, leading to her decision to start studying. She became a Coacher in March 2021, and her role has expanded to include managers and employees after maternity or childcare leave. When coaching, she focuses not only on discovering what is important to that individual, and what they want to become, but also helps them perceive issues from multiple perspectives. This lets them understand things from new angles. As a result, she believes coaching is not only about increasing others' motivation but also about connecting that motivation with action.

− Human Capital

Special Feature   Engineer Interviews

Fostering engineers' growth and success with a unique business environment

Executive Officer, Head of Overseas Establishment Team (Engineering Division)

Shigemoto Fujikura

## From Business Cards to Interpersonal Networking: Challenges for Engineers During the Start-Up Phase

When I joined Sansan in 2009, we'd just made the major decision to revamp our systems. Business cards became just one part of such information. This project involved changing our core concepts and internal structure without changing our user-facing aspects. I led these changes. Until then, the system's core concept had been business cards, but when you focus on data points—like who met and what they did—and try to make this into an asset, there are limits to basing this around business cards. We therefore, changed the system so that information is aggregated around people.

Sansan is a corporate service and is structured in such a way that Company A's data can only be used within Company A, and Company B's data within Company B. But information about interpersonal networking produces two types of value: that as a corporate resource/asset and that as a representation of an open network. Sansan had only addressed the former, so we began prototyping Eight in 2010 to create a product for the latter.

Discovering Rewarding Experiences in Each Phase of Product Growth

I think most of our engineers are people who find it fun to discuss entirely novel ideas, such as how to turn things into reality and how doing so will produce something unprecedented. When presented with two technological options, such engineers find it relatively easy to pick the right one. But making decisions becomes harder when the future is unclear. For example, say there are significant business constraints. Even after accepting these constraints, it can be challenging to determine the correct way forward. A deep understanding of
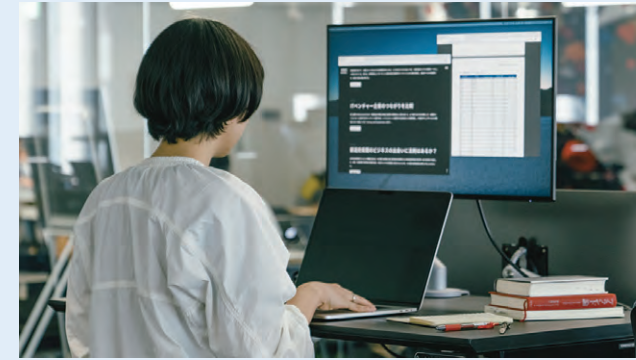
the business is needed to overcome such difficulties. All engineers have technical skills, but what makes an engineer truly valuable is their ability to make decisions based on business understanding.

It's not easy to add new functions to Sansan, which is now in its 16th year. You have to understand the entire system, keep vast amounts of source code in mind, and add new designs without impacting pre-existing ones. That all requires experience. On the other hand, some of the projects we've launched in the past year or two are still small, so it's relatively easy to implement new features. Yet, the earliest phases of a project, when you have to lay down a strong foundation, produce their own kind of difficulty and excitement. One of the best parts of working at Sansan is that we can gain broad engineering experience at all these different levels. This experience of making judgments and decisions, and producing designs that suit the characteristics of the project's phase, leads to true growth among engineers.

Pursuing Scalability Through Commonality and Efficiency

Sansan was an entirely new concept, so it was hard for people to understand its value as a product. Since it's hard work to create a system like this, we prioritized speed and optimized our business and system development around this single product. We've taken the same approach for Bill One and Eight, and we've also worked to further optimize it for each business. Our thinking was that, while a product's

future is still uncertain, it would be better to aim for individual optimizations. But we've recently undergone a significant reorganization. Our company is now based around functionality instead of products. Engineers are assigned to the Engineering Division but will gradually expand their activities in a cross-sectional way to become involved in other parts of the business. Through this change, we're aiming for engineering that is scalable thanks to commonality and efficiency. We're also aiming to contribute to individual engineers' growth. Engineers who have gained enough experience with Sansan should be encouraged to take on challenges in new fields because the knowledge gained from Sansan is not necessarily directly applicable to Bill One or Eight, so this will provide them with entirely new experiences. These kinds of challenges are stimulating and are growth opportunities. The fact that we can provide so many opportunities within the company is one of the strengths of our organizational growth. Although our employees in STEM Divisions[1] as of the end of May 2022 has increased to 404, up 91 year on year, we must continue to increase our engineering talent to achieve further growth in the future.

The dynamic and challenging nature of creating our unique products, and the possibility to develop multiple products, will hopefully appeal to overseas engineers as well. From May 2023, we will be strengthening our overseas recruitment of engineers, as well as our local recruitment. We look forward to the new culture these engineers will bring to our company.

Number of Employees in STEM Divisions[1]
(people)

2021	2022
313	404
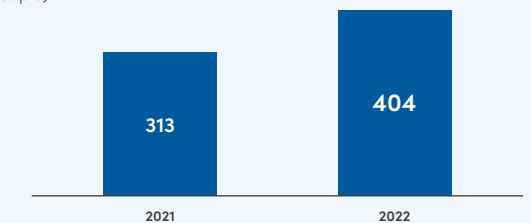
*1 Results for fiscal years ended in May (engineering, R&D, and creator positions for regular employees and contract employees of Sansan, Inc. and Sansan Global Pte. Ltd.)
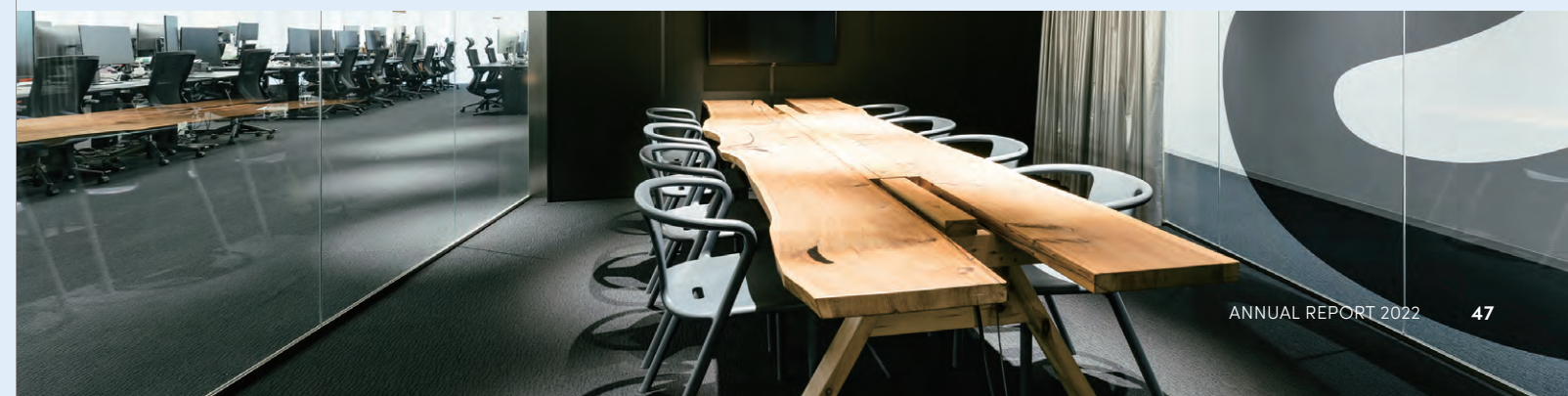
— ## Human Capital

# Investments in Human Capital and Promotion of Diversity and Inclusion

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

Recruiting, Developing, and Promoting Human Resources

Continuous strengthening of recruitment is an essential element of our growth strategy. As of May 31, 2022, we had more than 1,200 employees, and our various organizations, including development, sales, and back office, comprise talented individuals from diverse backgrounds. We emphasize hiring employees with strong expertise and skills, and who have a mission-driven attitude that matches our corporate philosophy. This emphasis stems from our belief that people whose ideals match our corporate philosophy, such as our mission, vision, and values, are more likely to be successful after joining. This mission-driven corporate culture has been an effective tool for recruiting, enabling us to hire a range of highly capable individuals. We are also developing systems and environments that not only enable our staff to succeed, but also allow our organization to absorb their knowledge and promote their growth and success to also nurture those around them. For example, we have adopted a mission grade framework for our personnel system, in which authority, responsibility, and benefits are determined by grade. Grade designation is based not only on performance but also on future expectations, enabling us to leverage each individual's growth. We have also adopted a 360-degree employee evaluation system in which colleagues in various positions assess individual employees. This comprehensive incorporation of feedback from people other than direct superiors lets us provide fairer evaluations. Additionally, we conduct monthly engagement surveys for regular employees and contract employees. We analyze these results and use them for self-management, organizational management, and the planning of company-wide internal systems and measures.

Number of Employees*1
(people)

2018	2019	2020	2021	2022
402	549	714	955	1,205
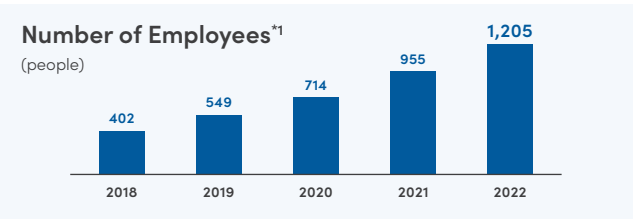
*1 Results for fiscal years ended in May

Supporting Women's Careers

Our policy is to actively recruit and promote talent without focusing on attributes such as background or gender, and to give all employees fair evaluations and promotion opportunities. Our ratio of female employees is thus increasing, with women in management positions reaching 16.5% as of May 31, 2022. Monitoring in each business period ensures a fair and unbiased evaluation process. We have also designed internal systems to provide more opportunities to play active roles. One example is Oyaco, a system that supports women—who are unequally burdened by pregnancy, childbirth, and childcare—to better balance motherhood and work. Oyaco provides subsidies for the extra fees associated with non-accredited nursery schools until age 3. We also provide support for the use of babysitters and housecleaning services. And to support career development while balancing childcare and nursing care, we allow employees to choose work styles that suit their circumstances. By establishing and applying various employment classifications, we strive to realize flexible ways of working that respect employees' will and motivation.

Promoting Employment of Foreign Nationals and People with Disabilities

We have raised our ratio of foreign nationals to 2.6% as of May 31, 2022. We strive to produce a richly diverse corporate culture through active interactions between foreign and Japanese employees around the world.

Our ratio of employees with disabilities as of May 31, 2022, was 2.4%. We are working to create and expand opportunities for people with disabilities to work alongside us.

Support for Human Resource Development (Support for the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship)

The Kamiyama Marugoto College of Design, Technology, and Entrepreneurship aims to change the future of humanity through technology and design. Supporting its development in turn fosters the development of entrepreneurs. A vital challenge for our group is recruitment, training, and promotion of human resources, and we believe our support for the college will contribute to creating IT human resources in Japan. Our company has started a dedicated internal department to support the college. By offering the marketing, design, and PR expertise we have cultivated through our business, we aim to create a world where the people creating the future can utilize our services as business infrastructure and produce innovation.

Kamiyama Marugoto College of Design, Technology, and Entrepreneurship

In April 2023, the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship, a private technical college, will open in the town of Kamiyama in Japan's Tokushima Prefecture. Unlike conventional technical colleges, which focus on technical education, Kamiyama Marugoto will let students simultaneously study technology, design, and entrepreneurship, with the goal of nurturing people who can accomplish great things by creating great things, and who can change society. Students receive a five-year integrated education from ages 15 to 20. It is a residential college, with students living together with peers their age. The curriculum will include practical aspects, such as exercises and experiments, as well as lecture-style classes. During classes, students will not only work on their assigned tasks but also develop practical problem-solving skills through bidirectional communication fostered by small group discussions, group work, and debates. Besides classes, the college will also provide students with opportunities for independent growth through extracurricular activities and interactions with the local community.

Governance

Special Feature — A Conversation Between Outside Directors

Improved monitoring of the Board of Directors to enhance corporate value over the medium- to long-term

In September 2022, Outside Directors Maki Suzuki and Toko Shiotsuki came together for a conversation. All four of Sansan's outside directors work concurrently as Audit & Supervisory Committee members. Suzuki, appointed at the August 2022 General Meeting of Shareholders, will serve as the Committee's chair. During their discussion, we asked them to share their frank opinions on topics such as the roles and functions of outside directors, along with their assessment of Sansan's governance structure and the challenges it faces.

Outside Director, Audit & Supervisory Committee Member
Maki Suzuki

Outside Director, Audit & Supervisory Committee Member
Toko Shiotsuki

The Roles and Functions of Outside Directors

What roles and functions do you believe outside directors need to fulfill?

Toko Shiotsuki: I believe the fundamental role of an outside director is to supervise management from an independent standpoint, without being bound by internal ties or interests. We need to express opinions and recommendations and contribute to enhancing medium- to long-term corporate value. Major corporate scandals in Japan are often rooted in poor internal practices and corporate cultures that prevent people from speaking up. Outside directors play a vital role in addressing these weaknesses. I always apply these basic principles in my duties.

Maki Suzuki: I agree. We need a keen awareness of those points. After all, the main role shareholders have entrusted us with is supervising management from the viewpoints of sustainable growth and improving medium- to long-term corporate value. We must therefore provide opinions and recommendations from an objective, outside perspective. As an attorney, I have been involved in corporate legal affairs related mainly to M&A, investment, and labor, specifically identifying legal risks based on facts and not only proposing solutions but also working directly with the legal department, those in charge of sales, and other departments to implement those solutions. These direct discussions have enabled us to consider what options are available to achieve a desired situation, and to choose the best one. I hope to put my experience and legal expertise to good use.

Shiotsuki: I feel your experience as an attorney seeing so many companies has given you a very objective perspective. I'm looking forward to combining our skills.

Suzuki: I firmly believe that scandals arise from being overly accommodating and not being able to speak up. I also believe that outside directors have to objectively monitor the actions a company is taking to enhance its value, consider whether these are optimal, and give our honest opinions.

Evaluation of Sansan's Governance Structure and Challenges

What are your thoughts on the effectiveness of the Board of Directors and our governance structure?

Shiotsuki: The Board of Directors has a good balance of people numbers and skills. The members' personalities make the discussions lively and create an atmosphere that, while moderately formal, is also frank, making it easy to express opinions. I heard about a time where the Board couldn't conclude discussions about an important investment project during its meeting, broke once for the Audit & Supervisory Committee meeting scheduled for after it, and then resumed right afterwards to continue its discussions. Besides an environment that allows for such exhaustive discussions, another strength is that important matters are reported during the earliest stages of consideration, which makes it easier to incorporate the substantive aspects into the Board's discussions. Whenever an outside director has raised an issue, the Board has performed additional confirmations or reviews and reflected these points of view in its final proposal. The seriousness with which it addresses these matters is yet another strength.

Suzuki: Overall, my impression from the Board is that Sansan is an open company. It's easy to ask straight questions or give frank opinions, regardless of how long you've been working there. The Audit & Supervisory Committee doesn't have full-time members and is composed solely of outside directors, so when I took this position, I was slightly concerned about whether we could collect the information and data we need. However, although I've only taken this position recently, there is, as my predecessor Yasuko Yokosawa told me, excellent cooperation between the Internal Auditing Department and the secretariat. So, I don't foresee any major problems in terms of information-gathering. I am sure they worked very hard to set up this strong foundation.

Shiotsuki: I think the relationship evolved gradually. The week before regular Board meetings, the secretariat also provides detailed explanation to the Audit & Supervisory Committee about the agenda and issues to be discussed, which really aids our understanding. Of course, the company is run with an emphasis on speed, so some materials come out at the last minute,

Special Feature A Conversation Between Outside Directors

and I understand that, but still, we are getting that information much faster than before. My questions are looked up and answered immediately, so I think things are functioning well.

Suzuki: Besides being an outside director, as an Audit & Supervisory Committee member, I'm also responsible for auditing the directors' execution of their duties, so these information-sharing mechanisms must function correctly. Chairing the Committee is a heavy responsibility, and I want to ensure that it won't simply listen quietly and approve internal reports and explanations. Instead, I want to ensure each member can share their expert opinions and to combine these into proposals to the Board.

What future governance challenges do you foresee?

Shiotsuki: I think that, as a company with an Audit & Supervisory Committee, we need to enhance the Board's monitoring functions and make it a forum for more strategic matters by reviewing what should be decided by the Board according to the company's growth stage.

Suzuki: One advantage of a company with an Audit & Supervisory Committee is that the Board can give itself enough time to monitor management by delegating important business execution decisions to the directors through resolutions. Some investment decisions have already been delegated to directors or executive officers in charge. However, we must review the appropriateness of proposal criteria to enhance how each decision is deliberated.

Shiotsuki: Also, although the nomination and compensation of directors is adequately discussed at Board meetings, it might be worth establishing a non-mandatory committee to increase transparency and objectivity. Also, a succession plan is not an immediate concern, but it's probably a good time to consider how Sansan will produce future successors, as the company is being managed in a unified manner by members who have been present since its founding. I think the process of considering such ideas will produce discussions about the company's state and lead to improved transparency and a more dynamic organization.

Suzuki: I agree. Sansan will need to consider a specific succession plan. Also, we currently have a non-mandatory management committee comprising directors and executive officers, but not a meeting that's a formal decision-making body. I think the company needs to consider something separate from the Board, such as a compensation committee, to clarify decision-making processes.

Specific Recommendations for Improving Long-Term Corporate Value

What are your recommendations for improving corporate value over the long-term, including from the perspectives of ESG and sustainability?

Shiotsuki: All companies, including Sansan, need sustainability-related initiatives to be a long-term part of society. Sustainability management and ESG issues are ongoing topics of discussion and of great interest to stakeholders. Between June and August, the Board of Directors discussed and expressed support for the recommendations published by the Task Force on Climate-related Financial Disclosures. It also formulated a Sustainability Policy and came to formal resolutions regarding material issues (priority issues) the company needs to prioritize. Management needs to steer the company toward solving these sustainability issues while pursuing profit. Of the material issues identified, it's easy to be mindful of issues such as "Ensure robust protection of data privacy and information security" and "Promote digital transformation services that improve productivity," in daily work. However, others, such as "Promoting diversity and inclusion," and "Address climate change issues," may be more challenging. As

an outside director, I intend to encourage more active efforts on these.

Suzuki: I agree. I believe it is also our role to make firm recommendations on whether the company is contributing to sustainability in society from a stakeholder perspective. Although the company's basic premise is Balancing security and convenience, it goes without saying that controlling security risks is vital for improving corporate value. Security reports are made at each Board meeting. The Internal Auditing Department also shares any incident that may impact management with all Audit & Supervisory Committee members. Still, I believe continued close monitoring is warranted.

Shiotsuki: I've heard that in sales meetings, many potential clients, especially large companies, have praised the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship initiative that Sansan is supporting. I therefore believe that social sustainability and corporate sustainability are moving in the same direction. However, looking at gender diversity, although Sansan has many active female employees, the percentage of women in management positions is just 16.5% (as of the end of May 2022), which is not high. Although the low numbers of women in engineering positions in Japan is a challenging factor, I believe the group needs to do more, starting with whatever it can, such as actively promoting women to executive positions and adopting flexible work styles.

Suzuki: The group's policy is to actively hire and promote talented people regardless of gender, nationality, or other attributes. In promoting women's careers, the company has extensive support systems for balancing

childcare and work. However, it is slower recruiting women in software development than in other fields. Maybe hiring is harder partly due to fewer women having science backgrounds in general. Nevertheless, companies need diverse opinions and perspectives to grow. We will closely monitor future efforts.

Shiotsuki: Remote work, which has become more prevalent during the pandemic, will also help women to continue working without interrupting their careers.

Suzuki: I agree. I think remote work made men realize how hard the household is. I hope that, little by little, society's perceptions will change. Sansan has one female executive officer. Having such role models will make a big difference to future female employees. I hope Sansan will actively appoint more female executives

Message to Stakeholders

Finally, do you have a message for our stakeholders?

Shiotsuki: I've been a full-time director of an IT company for over 20 years. In this rapidly changing industry, it's vital to accurately assess environmental changes and quickly adapt the business and organization. In the year since I became an outside director, the group marked a major turning point, boldly renewing its existing businesses and offering wider-ranging services. This ability to respond swiftly and boldly to changes is one of its greatest strengths. The transition to a multi-product structure has created more business opportunities than ever. We hope all stakeholders look forward to seeing Sansan grow into a world-class SaaS company.

Suzuki: As Ms. Shiotsuki noted, the group is at a major turning point. I believe you can look forward to seeing it swiftly implement growth strategies that also account for medium- to long-term challenges. To respond to environmental changes, the company will need to take more active risks. As outside directors, we will strive to provide proposals and advice from stakeholders' perspectives, without overly focusing on the numbers and while considering the balance between expected risk and return, and the feasibility of the returns.
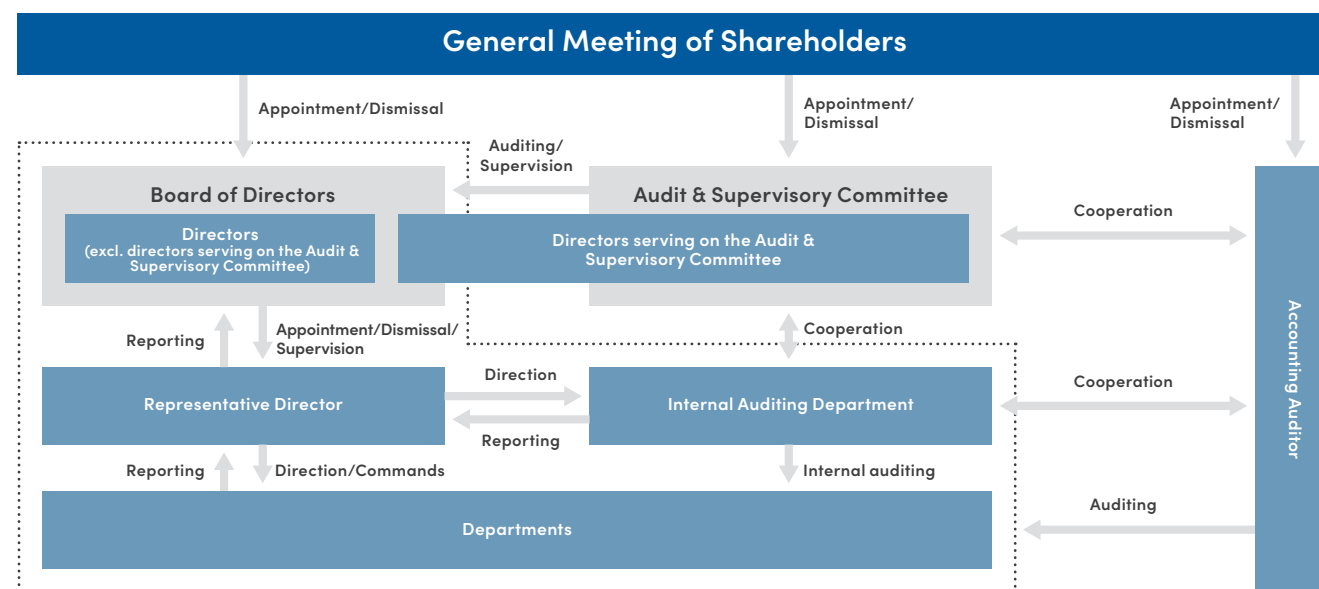
— Governance

Corporate Governance

We recognize the importance of sustainably maximizing corporate value and contributing to society, as well as the need to gain the continued trust of all stakeholders. Accordingly, we have adopted the system of an Audit & Supervisory Committee to improve our corporate governance and enhance the soundness and transparency of our management by strengthening the directors' supervisory functions. Through the Committee, we will secure transparency in management decision-making and supervision of business execution. We will also establish an internal control system and ensure it is operating thoroughly while striving to maintain and strengthen corporate governance.
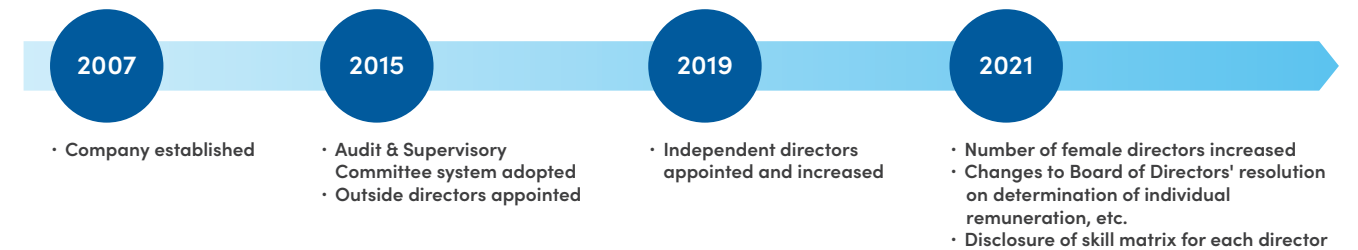
Corporate Governance System

Status of Corporate Governance Structure

Organizational Form	Company with Audit & Supervisory Committee		Optional Committees	None
Directors	9 (including 4 outside directors)		Incentives Provided to Directors	Stock option system has been introduced
Directors' Terms	Directors (excluding Audit & Supervisory Committee members): One year / Directors serving on the Audit & Supervisory Committee: Two years		Accounting Auditor	KPMG AZSA LLC
Audit & Supervisory Committee Members	4 (including 4 outside directors)		Corporate Governance Report	https://ir.corp-sansan.com/en/ir/management/governance.html

Efforts to Enhance Corporate Governance

We have taken a range of measures for enhancing corporate governance to achieve management soundness and transparency. In 2015, we adopted an Audit & Supervisory Committee system with four outside directors. In 2019–2021, we have strived to ensure independence by selecting and increasing the number of independent directors. In 2021, we added a female director (bringing the number to two) to increase the Board's diversity. Decisions about remuneration for directors (excluding Audit & Supervisory Committee members) will now be decided by a resolution of the Board of Directors instead of the Representative Director. The skills matrix of each director will also be disclosed.

2007
· Company established

2015
· Audit & Supervisory Committee system adopted
· Outside directors appointed

2019
· Independent directors appointed and increased

2021
· Number of female directors increased
· Changes to Board of Directors' resolution on determination of individual remuneration, etc.
· Disclosure of skill matrix for each director

Board of Directors

The Board of Directors consists of nine directors including four (all outside directors) who are members of the Audit & Supervisory Committee. We have thus established a system that enables outside directors to engage in management decision-making from a broader perspective and to provide external supervision of management, while drawing on their insights on corporate management and their fields of specialization based on an abundance of practical experience. The Board holds a regular monthly meeting, in principle, as well as extraordinary meetings whenever needed.

Composition of the Board of Directors

Ratio of Outside Directors

44%

Ratio of Independent Directors

33%

Ratio of Female Directors

22%
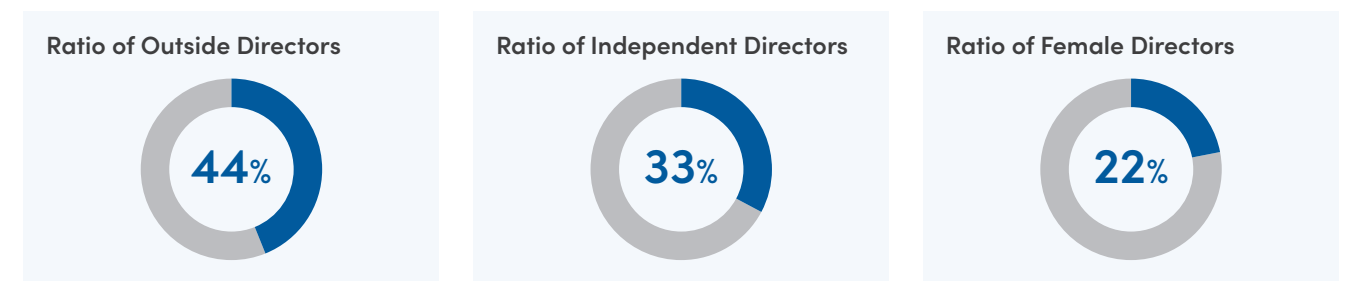
Audit & Supervisory Committee

The Audit & Supervisory Committee comprises four directors. All Committee members are outside directors; three are independent directors. Director members of the Committee provide oversight from their independent perspectives on corporate management, bringing expertise in areas such as legal affairs and accounting, and executive experience at other companies. They give their opinions on directors' performance of duties, at meetings of the Board of Directors and other meetings. Monthly Committee meetings are held to monitor governance and its operational status, and to audit and supervise directors' daily activities, including their performance of duties. The Committee also holds meetings with the Internal Auditing Department and accounting auditors, sharing pertinent information for auditing.

— Governance

Key Initiatives

To further enhance the level of corporate governance, we evaluate the effectiveness of the Board of Directors to improve its functions and formulate various policies to ensure our management is highly transparent.

Evaluation of the Effectiveness of the Board of Directors

We conducted an effectiveness evaluation of the Board of Directors in terms of business management, etc., as delegated by the shareholders. The Board takes into account the results when implementing its own PDCA cycle to enhance corporate governance.

The Audit & Supervisory Committee deliberated and expressed opinions on the evaluation of fiscal 2021 results for each director. The Board then discussed the results, reached a shared awareness, and decided on steps for improvement. The evaluation judged the Board's effectiveness to have been ensured, finding, in many instances, that its performance was appropriate

or mostly appropriate on the major assessment items: the Board's responsibilities, its size and composition, frequency of meetings, its decision-making process, and the quality of information it receives.

Considering the view that there needs to be deeper Board discussions and a better training system for directors, given the business scale and the increasing responsibilities of a listed company, we will formulate a roadmap and implement measures to improve the Board's effectiveness, including creating educational opportunities through more appropriate agenda-setting for the Board and dialogues based on specific cases.

Policy and Process of Determining Remuneration

We consult with our outside directors in advance regarding our policy for determining base remuneration amounts and performance-linked and non-monetary

remuneration for directors and other related matters. After receiving their opinions, the content of these policies is determined through a Board resolution.

Determination of the Amount of Individual Remuneration and Calculation Methods for Basic Remuneration (Fixed Monetary Remuneration)

Individual remuneration for directors (excluding Audit & Supervisory Committee members) is determined each year within the limit of total remuneration amounts resolved at the General Meeting of Shareholders. Consideration is given to factors such as responsibilities and performance, as well as our

business performance and the state of the economy. Meanwhile, remuneration for directors who are Audit & Supervisory Committee members is determined based on discussion by all Committee members, and within the limit of total remuneration amounts resolved at the General Meeting of Shareholders.

Introduction and Determination of Remuneration Linked to Company Performance and Non-Monetary Remuneration

Introduction of remuneration linked to company performance and non-monetary remuneration will require a Board of Directors resolution. A Board resolution will also determine how such a system and the amount (formula) are decided, and the proportion of each remuneration type for each individual. From fiscal 2022, individual remuneration for directors (excluding Audit & Supervisory Committee members) may include price-linked stock options as a

medium- to long-term incentive. The ratio to basic remuneration, appropriate limits, and conditions for such options will be set based on factors such as the business environment and other companies' remuneration levels, so as to maximize directors' performance and desire to contribute, strengthen correlation with the stock price, and encourage appropriate risk-taking.

Determining the Timing and Conditions of Payment/Distribution of Director Remuneration

Directors receive fixed monthly remuneration. The timing of distribution of price-linked stock options adopted as individual remuneration for directors (excluding Audit & Supervisory Committee

members) from fiscal 2022 will be considered based on factors such as past distributions and years of service. This does not preclude other costs to be paid as compensation that may arise separately.

Matters Related to Delegating Remuneration Decisions

Individual remuneration for directors (excluding Audit & Supervisory Committee members) is determined by a Board resolution requiring approval by a majority of directors and all independent directors.

We have also introduced a Stock Acquisition Rights Trust and Performance Target-linked Stock Acquisition Rights to incentivize directors to improve corporate value over the medium- to long-term.

Policies and Procedures in Nominating Candidates for Directors and Dismissing Directors

The Articles of Incorporation stipulate that the number of directors (excluding Audit & Supervisory Committee Members) and the Committee Members shall not exceed eight and five, respectively. We balance experience, knowledge and skills, and value diversity when appointing them. For the non-Committee directors, we nominate people with extensive and relevant business knowledge and experience, who should contribute greatly through the relevant business, fulfill their duties as directors, and contribute to improving our corporate value. For the Committee, we nominate individuals who can comment on our overall management using their abundant practical experience and knowledge, such as executives at other companies

or experts in law, accounting, and compliance.

For (non-Committee) directors, the Representative Director proposes candidates who meet our policies. After obtaining opinions from the Committee, the Board discusses the candidates and submits them to the Shareholders' Meeting for resolution.

For the Committee, the Representative Director nominates candidates who meet our policies. With the consent of the Committee, the Board discusses the candidates and submits them to the Shareholders' Meeting for resolution. The Board and the Committee monitor and supervise each director's performance, and will deliberate the dismissal of any director not meeting requirements.

Training Policy for Directors

We strive to provide documents, explanations, and relevant information in advance to facilitate fuller Board deliberations and help directors fulfil their auditing and supervisory functions. A secretariat aids the smooth functioning of the Audit & Supervisory

Committee, comprising outside directors. With access to key meetings and documents, it can promptly provide reports and other information as required. It also arranges third-party training for outside directors, with the company covering the expenses.

Internal Controls

We strive to maintain and strengthen our corporate governance by establishing an internal control system based on our Basic Policies on Internal Control Systems and ensuring it operates fully. These same policies stipulate that directors and employees must conduct appropriate corporate activities based on high ethical standards following our corporate philosophy. We have also established the Internal Auditing Department, an

independent body directly under the Representative Director's control that ensures the thorough operation of the internal control system. Specifically, it conducts regular audits to confirm that operations comply with laws, the Articles of Incorporation, and internal regulations. It also provides direction on improving any uncovered issues and confirms the status of these improvements.

Strengthening of Group Governance

We have established the Rules on Management of Subsidiaries as the basic policy for managing our subsidiaries, and strive to have a system that strengthens governance, including management

agreements with subsidiaries pursuant to these Rules. The Internal Auditing Department regularly audits subsidiaries to verify that operations comply with laws, the Articles of Incorporation, and internal regulations.

Policies Regarding Tax

We strive to maintain and improve our tax compliance and pay taxes fairly, based on a strong sense of ethics and our responsibility to contribute to national and

community development. Specifically, we comply with laws and regulations applicable to all countries and regions where we conduct business activities.

Methods of Addressing Taxation	• We aim to reduce our taxation risks through taxation planning, fulfilling our responsibility as a taxpayer through appropriately declaring and paying taxes. • We do not engage in tax planning intended to avoid tax, such as using non-substantial entities in tax havens or arbitrarily avoiding tax in a manner that is abusive and inconsistent with our business objectives. • Transaction prices applying to foreign transactions are calculated under each country or region's relevant laws and regulations and the arm's length principle. • We will respond sincerely to requests for information disclosure from taxation authorities and maintain good relationships with them. • We will endeavor to clarify how transactions for which tax interpretations are unclear should be processed by thoroughly reviewing them with our tax advisors.

01_On Value Creation | 02_Business Strategies to Increase Corporate Value | 03_Business Strategies by Segment | 04_Data

01 | On Value Creation
02 | Business Strategies to Increase Corporate Value
03 | Business Strategies by Segment
04 | Data

— Governance

Directors

Name	Chika Terada	Kei Tomioka	Kenji Shiomi	Yuta Ohma	Muneyuki Hashimoto	Maki Suzuki	Toru Akaura	Toko Shiotsuki	Taro Saito
Position	Representative Director & CEO*1	Director, Executive Officer, CRO*2, Managing Executive (Business Division)	Director, Executive Officer, CISO*3, DPO*4, Managing Executive (Engineering Division, Eight Division)	Director, Executive Officer, CHRO*5, Managing Executive (Human Resources Division)	Director, Executive Officer, CFO*6, Managing Executive (Corporate Division)	Outside Director, Audit & Supervisory Committee Member [Outside] [Independent]	Outside Director, Audit & Supervisory Committee Member [Outside]	Outside Director, Audit & Supervisory Committee Member [Outside] [Independent]	Outside Director, Audit & Supervisory Committee Member [Outside] [Independent]
Responsibilities and significant concurrent position at outside company	—	Outside Director of Unipos Inc.	—	—	Outside Director of Unipos Inc.	Attorney at Shintaro Sato Law Office	Outside Director of S-Pool, Inc. Representative Director of Incubate Fund KK Outside Audit & Supervisory Board Member of Double Standard Inc.	Director (Full-time Audit and Supervisory Committee member) of CyberAgent, Inc.	Representative Director of dof Inc. Outside Director of CARTA HOLDINGS Inc. Director of CC Corporation Outside Director of for Startups, Inc. Outside Director of ZOZO, Inc.
Profile	Chika began his career with Mitsui & Co., Ltd. After moving to the IT Marketing Division, he relocated to Silicon Valley to work with local venture companies to develop their Japan-focused businesses. After returning to Japan, Chika launched an internal venture and worked for an affiliated company, after which he founded Sansan, Inc. in 2007.	Kei began his career with Oracle Corporation Japan, and was based in Shanghai and Bangkok, taking charge of market development across Greater China (China, Hong Kong, Taiwan), Southeast Asia, and India. In 2007, Kei co-founded Sansan, Inc. and led business efforts for Sansan, the sales DX solution. Now as CRO, he oversees company-wide operating revenue.	Kenji co-founded Sansan, Inc. in 2007, after working with Bussan System Integration Co., Ltd. (now Mitsui Knowledge Industry Co., Ltd.), where he designed and developed mail systems for major mobile carriers. Since 2012, he has been in charge of the Eight B2C contact and career management app. Now as Engineering Division Head, he oversees the company-wide technology strategy and strengthens its engineering group.	Yuta began his career at a human resources company, where he helped launch a consulting service. He then went independent and served as a director for a venture firm in recruitment. Yuta joined Sansan, Inc. in 2010 as a Manager in sales and later became the head of HR. As CHRO, he leads strategies for optimizing the value and productivity of Sansan's workforce.	Muneyuki worked for foreign securities companies in Tokyo and New York for nearly 9 years, providing M&A and financing advisory services. He then moved to a group company of the Development Bank of Japan to work in private equity. He joined Sansan, Inc. in 2017, and was appointed CFO in 2018 to lead the company's financial strategy.	Maki, an attorney at law, was admitted to the New York State Bar Association after working since 2003 at TMI Associates. She joined the Shintaro Sato Law Office in 2017 and has been a member of the Dai-Ni Tokyo Bar Association since 2021. She became an Outside Director of Sansan, Inc. in August 2022. Her expertise is in corporate legal affairs and compliance, and she provides recommendations from a legal and diversity perspective.	Toru is a General Partner at Incubate Fund. Following his involvement in investment development tasks at Japan Associated Finance Co., Ltd. (now JAFCO Group Co., Ltd.), he founded his own venture capital company. Having become an Outside Director of Sansan, Inc. in August 2007, he makes general management recommendations.	Toko is a Director at CyberAgent, Inc., a Junior Accountant, and a Juris Doctor. After working with Japan Airlines Co. Ltd., she joined CyberAgent as a Standing Auditor, and in 2017 became a Director. Toko became an Outside Director of Sansan, Inc. in August 2021. She gives guidance on auditing and diversity, applying accounting and legal knowledge along with corporate experience.	After working with DENTSU Inc., Taro founded dof inc. in 2009 and became its CEO. He is also working as a Communication Designer. He became an Outside Director of Sansan, Inc. in August 2022. He provides recommendations on general management issues based on his extensive experience as a communication designer and the insights he has acquired as a board member of several companies.
Date of appointment as director	June 2007	June 2007	June 2007	August 2019	August 2020	August 2022	August 2007	August 2021	August 2022
Number of shares held*7	41,432,920	4,160,000	2,320,000	88,000	67,200	0	1,720,000	0	0
Attendance at Board of Directors meetings									
FY2021	17 of 17 times	17 of 17 times	17 of 17 times	17 of 17 times	17 of 17 times	—	17 of 17 times	13 of 13 times	—
Skills, diversity									
Corporate management	●	●	●	●	●		●	●	●
Data, information security	●	●	●						
Finance, accounting, legal					●	●		●	
Personnel, HR development				●			●		
Global-mindedness	●	●	●		●	●	●		●
Sustainability	●								
Primary reasons for above designation	– Founder – Representative Director – Worked in the U.S. – Chairperson, Kamiyama Marugoto College of Design, Technology, and Entrepreneurship	– Co-Founder – Director – Worked for a company focused on Asia	– Co-Founder – Director – Launch of services – CISO, DPO, and leads the Engineering Division – Worked in the U.S.	– Director – CHRO – Director at another company	– Director – CFO – M&A and financing advisory services in Japan and the U.S.	– Attorney in Japan and New York – Legal expertise in corporate law, compliance, and labor matters	– Representative director of a venture capital company operating domestically and internationally	– Full-time auditor at a company – Assistant public accountant – Doctor of Jurisprudence	– Representative director of a company – Has lived in the U.S.

*1 Chief Executive Officer *2 Chief Revenue Officer *3 Chief Information Security Officer *4 Data Protection Officer *5 Chief Human Resources Officer *6 Chief Financial Officer *7 As of May 2022

— **Governance**

Addressing Risk and Compliance

We strive to stay aware of potential risks that could severely impact our business management, and to either prevent them from manifesting or respond to them if they become a reality. We, therefore, maintain a risk management system and risk response frameworks. We have also identified thorough compliance as one of the key governance issues we must address, and we will use various measures to strengthen our managerial foundations, supporting rapid business growth under a multi-product structure.

Risk and Response Categories

Our software is cloud-based, so the management and business risks we face primarily relate to information security and technological innovation. Yet we also face risks in areas of high uncertainty, such as changing business practices and user trends due to the COVID-19 pandemic. We strive to stay aware of potential risks that could severely impact our business management and to either prevent them from manifesting or respond to them if they become a reality. We, therefore, maintain a risk management system and risk response frameworks.

Classification	Item	Details	Response
Information security risks	1) Handling of personal information	• Leaks, loss, falsification, or unauthorized use of customer information due to natural disasters, accidents, malicious and/or unauthorized access by external parties, and intentional acts or negligence by inside parties	• Establish and operate a personal information protection management system • PrivacyMark certification • ISMS, ISO27017 certification and SOC2 reports • Require all employees to acquire certification as a Protection of Individual Information Person • Gather information on new legal regulations in Japan and overseas, and implement necessary responses • Ensure compliance with laws and regulations and manage contractors' safety
	2) Equipment and network stability	• System failures due to natural disasters such as fires and earthquakes, external damage, human error, or other unexpected events that interfere with the use of our equipment and network	• Conduct load balancing and periodic backups across multiple servers • Set up real-time access log checking functions and an immediate notification system for software failures • Conduct recovery training based on failure scenarios
Risks to services	3) Service failures, etc.	• Problems arising in our applications, software, and systems • Major defects identified that could interfere with our business operations	• Build and maintain a highly reliable development system • Develop and implement incident guidelines for services
Risks from external environment	4) Internet access environments	• New internet usage regulations being introduced and having adverse effects	• Gather information on internet-related legal regulations, identify issues, and implement solutions
	5) Cloud business	• Increased competition due to the emergence of groundbreaking services from other companies • Demand for our cloud services falling significantly below our expectations	• Create new value • Proactively introduce new technologies • Protect our intellectual property rights by obtaining patents, etc. • Promote M&A, and capital and business alliances
	6) Responding to technological innovations	• Slow responses to technological innovations, etc. • Unexpected development costs, etc.	

Classification	Item	Details	Response
Risks from external environment	7) Competition	• Increased competition from existing operators and new entrants	• Create new value • Proactively introduce new technologies • Protect our intellectual property rights by obtaining patents, etc. • Promote M&A, and capital and business alliances
	8) COVID-19 pandemic	• Negative impact on new Sansan sales activities due to cautious investment by companies • Reduced growth of Eight's recruiting services due to companies' reluctance to recruit	• Develop services and functions suited to societal changes • Develop and implement a Business continuity plan for dealing with infectious disease spread
Investment risks	9) Upfront investments in advertising and promotions	• Significantly increased expenditures due to changes in advertising policies and plans	• Monitor cost effectiveness of advertising activities
	10) Investments such as corporate acquisitions	• Delayed business planning after an acquisition or investment	• Conduct sufficient due diligence on target companies • Carefully monitor and follow up with target companies
	11) System infrastructure investments	• Unexpected additional investments in hardware and software to ensure stable operation of services	• Carefully monitor external access • Design appropriate system infrastructure investments to accommodate business expansion
Human risks	12) Establishment of management control system	• Delays in building a business structure and internal management system to accommodate expansion of the scale of our business	• Develop rigorous internal control systems in line with business and employee growth
	13) Training and securing human resources	• Lack of qualified personnel • Delays in securing sales personnel for Sansan/Bill One, and loss of sales personnel	• Actively recruit human resources • Strengthen systems through internal training, etc. • Improve working environments
	14) Dependence on specific individuals	• Occurrence of any event that makes it difficult for Representative Director Chika Terada to continue working for any reason	• Ensure company structure is not overly reliant on the Representative Director • Strengthen information sharing among board members and the managing organization
Legal risks	15) Laws and regulations	• Impacts of new privacy-related laws and regulations in Japan and overseas, as well as laws regulating internet-related businesses, etc.	• Gather information on legal regulations, etc., identify issues, and implement solutions
	16) Intellectual property right infringement, etc.	• Claims for damages or injunctions from third parties for patent or trademark infringement • Third-party infringement of our intellectual property	• Conduct patent infringement searches through patent firms • Apply for and register trademarks • Implement legal measures
Overseas risks	17) Launching overseas	• Difficult to address risks specific to foreign countries • Delays in monetizing overseas businesses	• Gather information and identify issues in regions where business is to be developed, and formulate appropriate business plans
Others	18) Granting incentives	• Dilution of existing shareholders' shares from exercising issued stock options	• Design stock options with due consideration of market conditions and impacts on existing shareholders

— Governance

Compliance

In line with our philosophy, our basic policy is to conduct appropriate corporate activities based on high ethical standards. We believe it is essential to develop our business fairly and responsibly, using the added value we generate as a source of competitiveness. Based on this approach, we have identified "Ensure compliance" as one of our material issues to prioritize. In line with this, we are making efforts to instill an awareness of compliance among all employees.

Compliance Structure

In line with our Compliance Regulations, which stipulate basic matters related to compliance, we have established a Compliance Committee. The Committee is chaired by the Representative Director who also has ultimate responsibility for compliance. It comprises full-time directors and the heads of the Internal Auditing Department, Legal Department, and Human Resources Division. The Compliance Committee helps formulate related policies and measures and provides overall compliance monitoring. In principle, the Committee meets once a year, but it also meets as needed in the event of misconduct or other irregularities.

Establishing Internal Reporting Contacts

We have established internal reporting structure regulations for promptly assessing and dealing with information on violations or potential violations of laws and regulations. We have also established internal reporting contacts available to all employees (including contract, temporary, and part-time employees) and former employees.

We have established three contact points alongside the Internal Reporting Contacts handled by the Internal Auditing Department. Others include an external contact outsourced to an outside law firm and an external contact handled by the Audit & Supervisory Committee, which is composed entirely of outside directors who are also Committee members.

In accordance with the Whistle-Blower Protection Act, the content and privacy of consultations are protected at the reporting stage, and those making reports are fully protected from prejudicial treatment. Also, the external contacts are fully independent from the company. In addition to the Internal Reporting Contacts, a Harassment Consultation Contact has been established and is managed by the Human Resources Division under strict confidentiality, so employees can feel comfortable about discussing harassment issues with us.

How Internal Reporting Works

Each contact enables whistleblowers to make anonymous reports by email, using a dedicated form, or by postal mail. After receiving the report, the contact will make a report to the Compliance Committee and the Audit & Supervisory Committee and conduct a fair and impartial investigation based on the report's content and a detailed hearing with the individual filing the report. If the investigation uncovers illegal activities, necessary corrective measures and other relevant responses will be implemented. Prompt steps will also be taken to prevent recurrence and ensure that similar problems do not arise.

Reporting/Consulting Contacts

Contacts	Section in Charge
Internal Reporting Contact	Internal Auditing Department
External Contact (Law Firm)	Outsourced law firm
External Contact (Audit & Supervisory Committee)	Audit & Supervisory Committee
Harassment Consultation Contact	Human Resources Division

Addressing Antisocial Forces

Our policy against antisocial forces and groups that threaten social order and safety is defined in our Basic Policy regarding Antisocial Forces. We fully recognize the importance of cutting all ties with antisocial forces from the perspective of social responsibility, compliance, and corporate defense, and all our directors, officers, and employees will strive to ensure the appropriateness of and safety in our duties by complying with this Policy.

Addressing Bribery Risks

We believe raising awareness of bribery is vital to our accelerated business development in Japan and overseas. In response, we have established basic anti-bribery principles and specific behavioral guidelines. Moreover, to further reinforce ethical conduct and attitudes, we will use our guideline to do our utmost to prevent bribery-related acts (including facilitation payments).

Conducting Internal Audits

The Internal Auditing Department reports directly to the Representative Director. It conducts periodic internal audits of each department and organization to confirm their compliance with internal regulations. Specifically, it prepares an internal audit plan for each fiscal year and provides suggestions and guidance for improving operations as required. It also confirms that suggested improvements are made. Results are then reported to the Representative Director and the audited departments. Additionally, it holds regular dialogues with the Committee and shares information necessary for audits.

Security Audits

Through independent and objective audits, the Internal Auditing Department confirms the status of compliance with our personal information protection management system (JIS) and the status of JIS operation. It also monitors whether the management of information systems for handling information assets is adequately maintained and performed.

Comprehensive Auditing

Through independent and objective audits, the Internal Auditing Department confirms that our business operations and management of assets and facilities are being appropriately executed and managed.

Holding Compliance Training

We ensure all officers and employees undertake training on preventing various types of harassment in the workplace and that they correctly understand the factors of harassment, such as abuse of one's position of power and a lack of awareness of power dynamics, as well as inadequate understanding and knowledge about different values. Furthermore, in addition to formulating management policies for insider trading, we strive to improve employees' awareness and knowledge of legal compliance by holding regular seminars and training sessions on insider trading regulations.

Compliance Training for New Graduates and Mid-career Hires

We offer a variety of training programs for new graduates and mid-career hires over set periods. Specifically, we incorporate lecture-style and e-learning programs to ensure an even deeper and broader understanding of information security and compliance. New employees are also required to take tests on topics such as JIS, information security, insider trading, and the use of social media.

— Individual Business Strategies

[Special Feature] A Message from Our Business Managers

Major Shift After 15 Years: Moving to our Next Business Phase with a Multi-product Structure

Two of our founding members, Kei Tomioka, who oversees the business side of Sansan/Bill One, and Kenji Shiomi, who oversees Eight and the Engineering Division, discuss our past and future, and shed light on the company's vision.

Director, Executive Officer, CISO, DPO,
Managing Executive (Engineering Division, Eight Division)

Kenji Shiomi

Director, Executive Officer, CRO,
Managing Executive (Business Division)

Kei Tomioka

Developing Products and Functions to Support Our Growth

From Link Knowledge to Sansan, then Eight and Bill One, tell us about your respective businesses and technological developments to date.

Kei Tomioka: Our CEO, Chika Terada, came up with the concept for Link Knowledge to overcome challenges he experienced while working at a trading company that had a wealth of human networks but couldn't share them effectively because of its organizational structure. Chika realized that sharing the information on the business cards each employee held would create huge sales opportunities for the company. That's how our business started.

Kenji Shiomi: In the beginning, we called it Business Card OS. The idea was to make business cards an operating system for corporate activities. We decided on the product name Link Knowledge only after founding the company.

Tomioka: Link Knowledge was launched on October 1, 2007. The functionality was very simple – users would scan a business card, then, on the back end, we would convert it into data that could be searched for and referenced online. Our daily efforts, such as sales activities and technological improvements, led to more than 1,500 companies adopting our service by April 2013. That made us the market leader. In August 2013, we changed the service's name to Sansan. This name embodies our vision of changing the way people work by turning business encounters, as represented by business cards, into assets and connecting one person to another (or one San with another San, in Japanese). We therefore decided to promote its value as being a B2B cloud-based business card contact management service. We also launched our industry's first TV commercial as part of these efforts. This led to much wider recognition, and it felt as though our business had leaped ahead by one or two phases.

As Sansan has developed, how have its functions evolved?

Tomioka: Alongside building accurate databases through the use of human data entry operators, we decided to create the ability to share business card contact information within organizations to increase their revenue. Specifically, we now provide functionality suitable for customer management and marketing, such as automatic sharing of information about personnel transfers and the ability to send bulk emails, enhancing companies' sales abilities.

Shiomi: Back then, I was already concentrating on Eight, which we launched in 2012. At the time, we felt Link Knowledge was expanding too slowly as a business. So, we decided it would be better to release a product for individuals, broadening our base all at once. To achieve this goal, we established a new compact business division and proceeded to develop Eight, a business card management tool aimed at individuals.

Synergy Between Sansan and Eight

What are the synergies between these two major businesses?

Tomioka: There has been tremendous growth in Eight users since its release as an app for individual users. This has also majorly impacted Sansan. Sansan's TV commercials produced outstanding results, but again, as a service for businesses, its reach is limited. Eight, however, is for individuals, so its user base is an order of magnitude broader. This has positively impacted Sansan, too. Many people use Eight yet they have never heard of Sansan. Eight's reputation and brand recognition have created a great deal of business for Sansan.

Shiomi: Of course, these are the synergistic effects we had hoped for, but we still need to make much more progress. Right now, Eight has about three million users, but unless we increase that number significantly, we won't make exchanging business cards on Eight commonplace.

Tomioka: We've also had requests from Sansan users. For example, we were asked if updating business cards on Eight could also update information on Sansan regarding personnel shifts. In this way, there are areas of overlap between businesspeople and companies, and there are synergies between the two products or aspects that can be linked to value for our users.

Special Feature   ## A Message from Our Business Managers

The Need for Customer Success

What role do you think the customer success approach plays in Sansan's growth?

Tomioka: Customer success entails a straightforward task. As the name implies, it supports our users' success. Users need to accurately input information about their connections and continuously update it. Supporting habitual use is the key to achieving this behavior. Customer success helps support this goal in a down-to-earth way. Kenji actually first established the Customer Success Department.

Shiomi: Sansan and Eight aren't instantly useful or valuable after you install them. They only produce value after you import contact information. That's why Chika has asked us to focus on making sure this initial step takes place.

Tomioka: We understand that it's a hassle to import business cards from different departments and staff into Sansan. Simply urging people to use our product by saying, "All you have to do is scan them in," isn't enough. Initially, we went to users' offices to scan and digitize enormous numbers of business cards. It was so much work that my fingers got tired.

Shiomi: I think such down-to-earth actions are vital and the best way to achieve customer success. In fact, we're still scanning business cards on behalf of our users.

Product Management During COVID-19

Bill One, the cloud-based invoice management solution is seeing excellent results. How do you view its future in light of COVID-19?

Tomioka: We released Bill One in 2020, and as of May 31, 2022, it has 776 paid subscriptions. It was in the works for three or four years. We kept going back and forth on it internally, and finally completed a simple but excellent product. That was at the onset of the pandemic, and we launched it believing it would help our users work remotely. We also feel that revisions to Japan's laws have given it a boost.

Shiomi: Invoices can be physical documents sent by post or PDFs sent by email, with the format varying from company to company. So, our initial idea was to take advantage of Sansan's technology and operations, which we've used to accurately digitize business cards, another non-standard document, for over a decade. In the future, we plan to incorporate invoice issuing functions, alongside the receiving options, to comply with the new Japanese invoice system scheduled to be introduced in October 2023.

What are your thoughts on Sansan?

Tomioka: We have redefined Sansan, turning it into a sales DX solution. For the first time since our founding, we've shifted away from the keywords "business card" and are now betting on something else entirely. This shift involves producing more value from more complex encounters by including a corporate database as standard and enabling customer information from email signatures and web forms to be stored. We've been working on Sansan for 15 years and we're determined to create a foundation for the next 10–15 years through this relaunch.

What about Eight?

Shiomi: Currently, we're shifting toward the concept of Eight as a tool for shaping your own career, and we're evolving it into a tool you can use throughout your working life. Specifically, we're focusing on ensuring it meshes well with factors like career changes, learning, and event participation. Based on these developments, we hope to double our current number of users, including those outside Japan.

The Aim of Our Multi-product Structure

The new multi-product structure consists of three organizations: the Business Division, Product Unit, and Engineering Division. Why was it arranged that way?

Tomioka: Before the change, we had a product-based business structure with salespeople and engineers in each organization. However, as we increased our product numbers, we had redundant resources and operations that slowed us down in certain areas. In

response, we brought together our sales and marketing divisions to produce the Business Division and our development and research organizations to produce the Engineering Division, shifting to a structure in which these two divisions work reciprocally to lead our products' growth.

Shiomi: Our initial product-based structure was the most logical way to find solutions for each division. However, as we increased our product numbers, it felt like our engineers were becoming too dispersed. We believed that bringing them together to create a common foundation for our products would help accelerate product launches and growth. This structure would also let us share technologies that had only been used on Sansan with Eight, and bring Bill One's technologies to other products. We still have a long way to go, but this new structure is helping us redeploy and improve technology throughout the company.

From your respective standpoints, what do you hope to achieve in the future?

Shiomi: Fifteen years have passed since our founding. We now have enough members to take on even

bigger challenges. I also believe our business concept has become clearer. Therefore, I think we're ready to progress one more step toward our mission of Turning encounters into innovation, so this will be my area of focus.

Tomioka: We're at a significant turning point for our company. I want to put my energies into finding the best method for relaunching Sansan, the sales DX solution, which we recently revamped, to enable change and thus contribute to our mission and vision. I hope you'll keep following our progress.

Structure of Reportable Business Segments

Our reportable segments consist of the Sansan/Bill One and Eight.

Sansan/Bill One provides services to businesses, and our founding service, the Sansan sales DX solution, accounts for about 87% of consolidated net sales and is a pillar of our growth. Bill One, a cloud-based invoice management solution within the same market segment, has continued to grow at a high rate since its launch in May 2020.

Eight is a contact and career management app. We're monetizing its network of more than 3 million registered users by providing a variety of corporate facing services.

Net Sales by Segments[1]
(millions of yen)
- ■ Sansan/Bill One Business
- ■ Eight Business
- ▨ Others/Adjustments

2,213   121

18,105
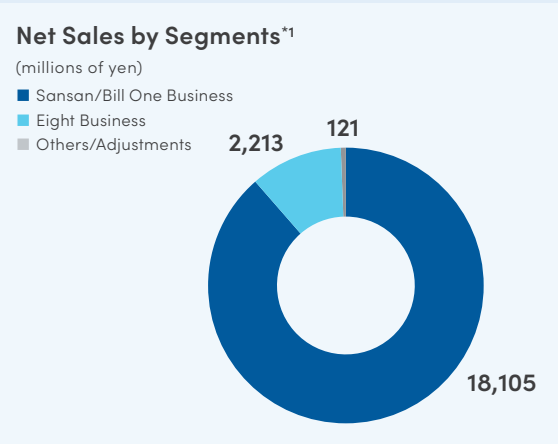
[1] As of May 2022. The few other services not included in reportable segments are recorded in Other, while elimination of intra-company transactions (sales), and costs not allocated to segments are recorded in Adjustments.

− Sansan/Bill One Business

Solutions for Promoting Corporate DX

Our Sansan/Bill One business includes Sansan, our sales DX solution; Sansan Meishi Maker, our comprehensive Business Card Making Solution; Bill One, ou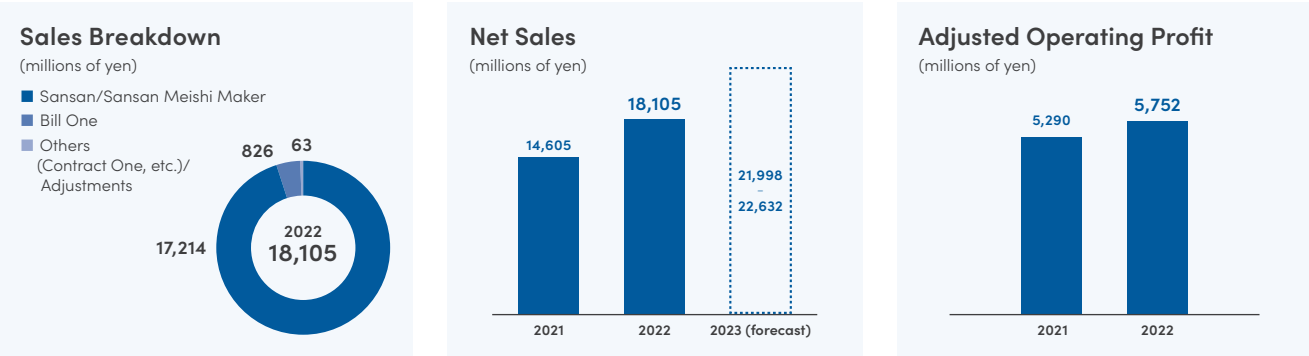r cloud-based invoice management solution; and Contract One, our cloud-based contract management solution. Each solution resolves business challenges by digitizing analog information to increase business efficiency and enable effective data use.

Our Technical Organization — Past and Present

Financial Results[*1]

In the fiscal 2021, net sales for our Sansan/Bill One business increased 24.0% year on year, mainly due to solid growth from Sansan and continued high growth from Bill One. Our adjusted operating profit increased 8.7% year on year, primarily due to enhancements to our sales structure and marketing initiatives mainly to realize further growth of Bill One. For the fiscal 2022, we expect sales growth of between 21.5% and 25.0%.

Sales Breakdown
(millions of yen)
- ■ Sansan/Sansan Meishi Maker
- ■ Bill One
- ■ Others (Contract One, etc.)/ Adjustments

826　63
17,214
2022
18,105

Net Sales
(millions of yen)

14,605 (2021)
18,105 (2022)
21,998 – 22,632 (2023 (forecast))

Adjusted Operating Profit
(millions of yen)

5,290 (2021)
5,752 (2022)

*1 Graph shows for each year ended May 31

Social Issues/Needs

Even today, companies still incorporate paper-based analog processes in their workflows. Delays in digitization are a major barrier towards improved operational efficiency and effective data use.

Obtaining accurate information, such as company names, customer names, titles, and contact details, and using it efficiently are crucial for sales activities. However, in most cases, customer contact information, such as exchanged business cards, e-mails, and records of prior meetings, is managed by individual employees. Thus, this valuable information is not effectively utilized within companies. In addition, management methods are often analog. These limitations create significant space for improving operational efficiency

through digitalization. Since the COVID-19 pandemic, opportunities to exchange business cards have decreased due to the spread of online meetings. This shift makes it more crucial than ever to obtain accurate information on business partners and manage and utilize information on contact points. For companies that are being contacted for the first time, detailed information on sales, industry, employee numbers, and regions is not available. These limitations make it challenging to select appropriate targets for new sales and to develop efficient sales strategies.

In addition, paper invoices are still more common than digital ones for many businesses. A reliance on paper-based processes such as managing mailed

documents, circulating invoices for internal approval, and manually entering invoice details to pay them creates a substantial barrier to efficiency. Since employees are forced to come to work to deal with paper invoices, analog processes also create a barrier

to diversifying work styles. The public and private sectors work together to computerize invoices in Japan. Companies must also adapt to new frameworks, such as the recent revisions to Japan's Electric Book Storage Act and the introduction of a new invoicing system.

Competitive Advantages

Technology for Digitizing Analog Information

Our unique operations combine technology and manual human input to achieve highly accurate digitization. (→ p.18 Business Model)

Strong Recognition of Sansan in Japan

Since Sansan's first TV commercial was aired in 2013, we have gained a high level of recognition in Japan. This recognition has contributed significantly to the credibility of our services.

One of the Largest SaaS Companies in Japan

Our position as one of Japan's largest SaaS companies has provided us with strengths in sales and marketing.

Main Services

Sales DX Solution	Comprehensive Business Card Making Solution	Cloud-based Invoice Management Solution	Cloud-based Contract Management Solution
sansan	**sansan 名刺メーカー**	**Bill One** powered by Sansan	**Contract One** powered by Sansan

A System for Business Operations That Supports Multiple Products

With Sansan as our core business, we are focused on expanding our business fields and creating new services by leveraging the strengths we have cultivated. This focus has resulted in increased service value and has also increased the importance of the synergy between these services. As a result, we now believe we have produced a multi-product business portfolio. This multi-product structure is supported by three organizations: our Product Unit, Engineering Division, and Business Division. These organizations function as a business management system to efficiently increase the speed of our business growth.

Specifically, the system's function starts with GMs being assigned to each major product. The GMs have essential roles and responsibilities related to planning business strategies, monitoring earnings, and making commitments to business plans, allowing each product to

grow independently. Next, the Engineering Division—where the engineering functions for each product are focused—works to further improve our technological capabilities, which are also the source of our competitive advantage, by providing high-level employee training and effectively utilizing our R&D resources. Finally, the Business Division brings the sales and marketing departments for Sansan, Bill One, and other products together under the control of a single headquarter. This configuration means we can allocate sales and marketing resources to high-growth products in an agile and flexible manner.

Due to their nature, the recruitment-related services, business events, and other services we provide through Eight are not sold under our multi-product structure. For this reason, non-development-related resources are managed within Eight Division.

— Sansan/Bill One Business

Sales DX Solution: Sansan
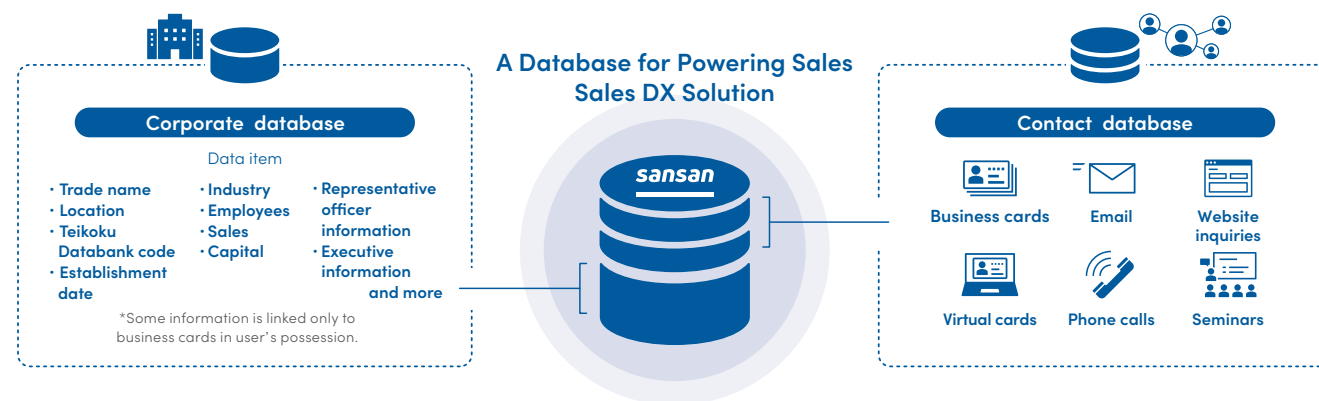

The Database to Power Your Sales

sansan

Sansan is a sales DX solution. Based on the concept of "The database to power your sales," it combines company databases and contact databases to create a unified database unique to the user's question, enhancing the sales capabilities of individuals and organizations.

Service Overview

Corporate database

Data item
- Trade name
- Location
- Teikoku Databank code
- Establishment date
- Industry
- Employees
- Sales
- Capital
- Representative officer information
- Executive information and more

*Some information is linked only to business cards in user's possession.

A Database for Powering Sales Sales DX Solution

sansan

Contact database
- Business cards
- Email
- Website inquiries
- Virtual cards
- Phone calls
- Seminars

Sansan allows users to build their own unique database by combining our database of companies, which contains more than 1 million pieces of information, with a contact database that accumulates and visualizes all of their company's contact points with customers, such as business card exchanges, e-mails, participation in seminars, and website inquiries. This database enables the efficient discovery of new sales contacts and the sharing of up-to-date information on client companies, thereby enhancing individual sales representatives' sales abilities. In addition, utilizing data through links with external systems enables advanced planning and execution of sales strategies that suit customers' needs, helping to maximize sales results across the organization.

The service's business model includes a basic plan for company-wide use. Monthly fees consist of licensing costs calculated based on the size of the user company and the usage, plus scanner rental fees, etc. When a company introduces Sansan, we also offer additional paid services such as converting large numbers of paper business cards and installation support.

Performance[1]

In the fiscal 2021, despite some negative impacts from the pandemic, Sansan subscriptions increased 9.6% year on year, and monthly recurring sales per subscription increased 4.9% year on year. These increases were the product of new subscriptions from medium and large companies that we acquired thanks to improvements to our sales DX structure. In addition, our last 12 months average of monthly churn rate for Sansan[2] remained low at 0.62%, down 0.01 points from the same period last year, due to ongoing efforts to expand use by existing customers.
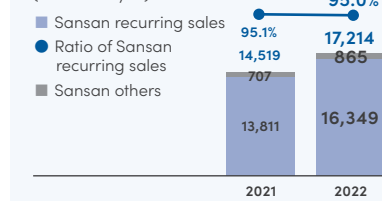
As a result, Sansan sales increased 18.6% year on year, within which recurring sales increased by 18.4% and other sales increased by 22.3%.

To further increase sales, we are working to transform Sansan from a cloud-based business card contact management service to a sales DX solution and produced new functions in the lead up to the service being made available in June 2022.
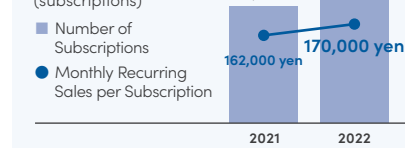

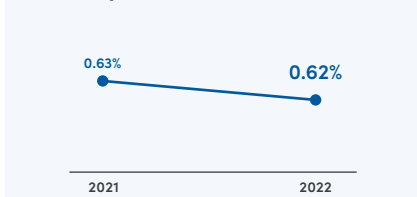**Sansan Recurring Sales**
(millions of yen)
- Sansan recurring sales
- Ratio of Sansan recurring sales
- Sansan others

95.1% → 95.0%
14,519 / 17,214
707 / 865
13,811 / 16,349
2021 / 2022

Number of Sansan Subscriptions/Monthly Recurring Sales per Subscription
(subscriptions)
- Number of Subscriptions
- Monthly Recurring Sales per Subscription

7,744 / 8,488
162,000 yen / 170,000 yen
2021 / 2022

Last 12 Months Average of Monthly Churn Rate for Sansan

0.63% → 0.62%
2021 / 2022

*1 Graph shows for each year ended May 31 *2 Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees from existing Sansan subscriptions

Strategy

Although Sansan targets all companies, only about 3%[3] of the working population in Japan uses our services, leaving ample room for development.

We have been adding new functions to Sansan as part of its transformation, and, to achieve future growth, we will promote such efforts even further, thereby enhancing Sansan's value as a business database. We will also expand our monthly recurring sales per subscription by strengthening our sales structure to increase subscriptions, as well as by acquiring new customers and promoting expanded use by existing customers based on the idea that all employees at user companies will utilize our services (company-wide use).
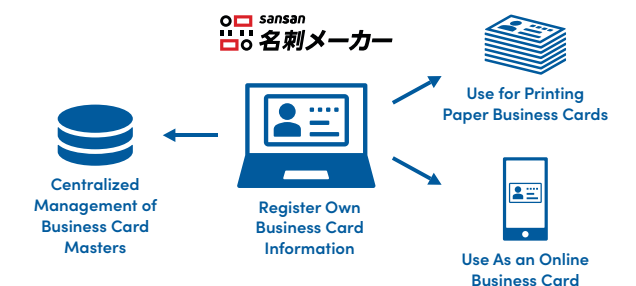

Sansan Potential Market Size

Company Size (Number of employees)	Sansan Coverage (Company)[3]	Sansan Coverage (Employee)[3]
1,000+	16.1% (+0.5 pt. YoY)	4.1% (+0.9 pt. YoY)
100 to 999	3.9% (+0.5 pt. YoY)	3.0% (+0.6 pt. YoY)
99 or fewer	0.3% (+0.0 pt. YoY)	1.1% (+0.2 pt. YoY)

*3 The denominator is calculated based on statistics from the Ministry of Internal Affairs and Communications' 2016 Economic Census for Business Activity Survey.

Comprehensive Business Card Making Solution: Sansan Meishi Maker

Sansan Meishi Maker is a comprehensive business card making solution, ordering, and administration based on the concept of "A better way to make business cards. A better way to work." Users can use Sansan and other platforms for ordering business cards, applying for renewals, approving them, and printing them.

Since its launch in May 2021, we have been working to enhance functions to improve convenience and have strengthened compatibility with external services, such as Google Workspace[TM],[4] Microsoft Outlook,[5] and Microsoft Teams.[5]

sansan 名刺メーカー

- Centralized Management of Business Card Masters
- Register Own Business Card Information
- Use for Printing Paper Business Cards
- Use As an Online Business Card

*4 Google Workspace is a trademark of Google LLC.
*5 Microsoft Outlook and Microsoft Teams are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.

— Sansan/Bill One Business

Cloud-Based Invoice Management Solution: Bill One

Receive, digitize & centralize your invoices. Fast monthly closing
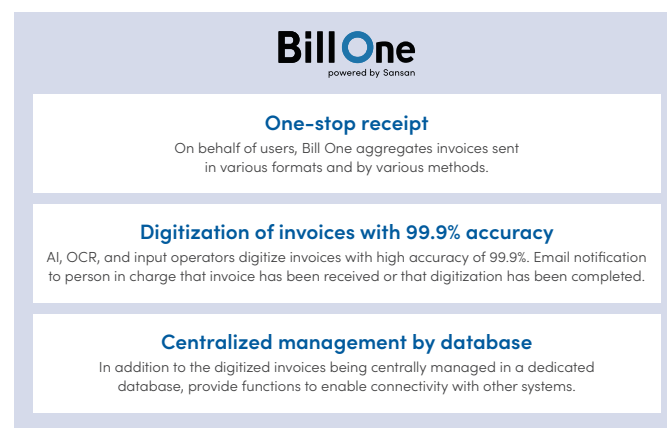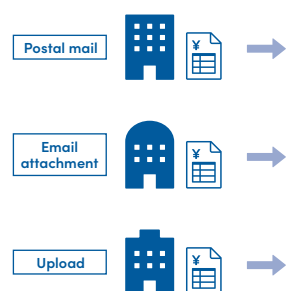
Bill One powered by Sansan

Bill One is a cloud-based invoice management solution that supports the making of faster managerial decisions. It does so by digitally transforming accounting through streamlined billing and is based on the concept of "Receive, digitize & centralize your invoices. Fast monthly closing."

Service Overview

Side issuing the invoice

- Postal mail
- Email attachment
- Upload

Bill One powered by Sansan

One-stop receipt
On behalf of users, Bill One aggregates invoices sent in various formats and by various methods.

Digitization of invoices with 99.9% accuracy
AI, OCR, and input operators digitize invoices with high accuracy of 99.9%. Email notification to person in charge that invoice has been received or that digitization has been completed.

Centralized management by database
In addition to the digitized invoices being centrally managed in a dedicated database, provide functions to enable connectivity with other systems.

Bill One user companies

Bill One can accept invoices in various formats (paper, PDF, etc.) from numerous locations and departments, converting them into data with high accuracy. This accuracy vastly reduces user workloads, enabling them to complete various workflows such as content review and approval in the cloud. In addition to invoice receipt functionality, an optional issuance function is also available. Since the digitized invoice information is centrally managed in a highly searchable database, customers can use the data to control costs, produce

sales opportunities, and maximize future revenue opportunities.

Its business model consists of an initial fee that includes installation support and a monthly fee calculated based on the number of invoices converted to data by the user company. However, for corporations with 100 or fewer employees, we offer a Small Business Plan with no initial and monthly fees, subject to certain conditions.

Performance[1]

Enhancements to our sales structure in fiscal 2021, including hiring and expanded functionality, resulted in new contracts from medium and large companies, increasing paid subscription numbers and monthly sales per paid subscription by 312.8% and 41.9%, respectively, year on year. Our last 12 months average of monthly churn rate[2] was just 0.49%.

As a result, Bill One sales increased 878.1% year on year. In May 2022, our MRR[3] increased 486.3% year on year and ARR[4] was 1,392 million yen, far exceeding our target of 1 billion yen.

Bill One has established an invoice network that includes paying and free subscribers who receive invoices and users who send invoices to other users. The number of companies participating in the network was approximately 41,000 as of May 31, 2022. The total value of invoices exchanged on this network exceeded 670 billion yen for the single month of May 2022.

Bill One ARR
(millions of yen)
237 (2021) | 1,392 (2022)
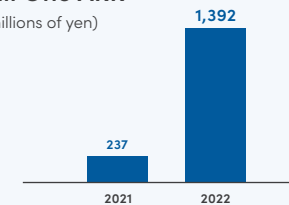
Bill One Number of Paid Subscriptions/Monthly Recurring Sales per Paid Subscription
(subscriptions)
■ Number of subscriptions
● Monthly recurring sales per paid subscription
188 (2021), 776 (2022)
105,000 yen (2021), 149,000 yen (2022)
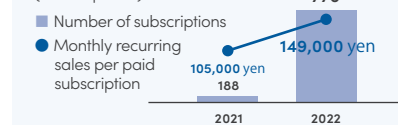
Last 12 Months Average of Monthly Churn Rate for Bill One
As of the end of May 2022
0.49%

*1 Graph shows for each year ended May 31 *2 Ratio of decrease in monthly fees associated with contract cancellations to total monthly fees from existing Bill One subscriptions *3 Monthly Recurring Revenue *4 Annual Recurring Revenue

Strategy

Bill One targets companies of all industries and sizes. However, even with 41,000 companies in our invoice network, this is only around 2%[5] of all companies in Japan. With vast potential for growth, we are working to continue high sales growth through further market penetration and expansion, aiming to have more than doubled ARR, year on year, in May 2023. Specifically, to maximize sales, we have enhanced sales activities, and advertising/marketing activities centered on TV commercials, and expanded functionality ahead of Japan's introduction of a new invoicing system.

Bill One Potential Market Size
Companies in Japan[5] Approximately 2 million
Companies in Bill One network 41,000
Bill One paid subscriptions 776

*5 The denominator is calculated based on statistics from the Ministry of Internal Affairs and Communications' 2016 Economic Census for Business Activity Survey

Cloud-Based Contract Management Solution: Contract One

Contract One is our cloud-based contract management solution. It centralizes the management of contracts in paper and electronic formats, simultaneously improving efficiency and managing risk, based on the concept of "Digitally transform your contract management to reduce risk." Users can complete analog tasks, like stamping, storing, and managing paper contracts, just by issuing online instructions. Since contracts are accurately converted into data, all contract information can be managed centrally and digitally. We have engaged in various marketing activities and improved Contract One's functionality since its launch in January 2022, and we now have 88 subscriptions as of August 2022, getting the service off to a good start.

Applying Stamps and Seals | Binding | Sending and Receiving | Printing | Storing Contract Originals

Contract One powered by Sansan

Complete All Contract Work Online
Centralized Management of Contract Information

— **Eight Business**
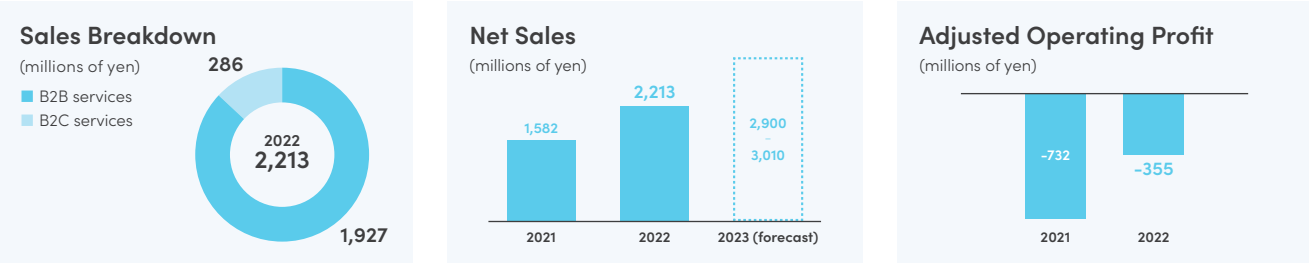
Personal Career Management App

The Eight business offers the Eight contact and career management app for individuals, with free basic features. Eight has more than 3 million users and is developing a range of paid individual and B2B services. We also offer event transcription services through the logmi series of services.

Overview of Eight Business

Financial Results[1]

In the fiscal 2021, we augmented the monetization of our B2B services (paid services for corporate), thereby increasing Eight business net sales by 39.9% year-on-year. This increase resulted in a reduction of the adjusted operating loss by 367 million yen compared with the same period last year.

The net sales growth rate is forecast to rise from 31.0% to 36.0% in fiscal 2022, and we are aiming adjusted operating profit.

Sales Breakdown
(millions of yen)
286
- B2B services
- B2C services

2022
2,213

1,927

Net Sales
(millions of yen)

1,582
2021

2,213
2022

2,900
3,010
2023 (forecast)

Adjusted Operating Profit
(millions of yen)

-732
2021

-355
2022

*1 Results for fiscal years ended in May

Social Issues/Needs

Faced with a rapidly changing business environment in recent years, more people are valuing career independence – taking charge of their own development instead of leaving it to their employer. Nevertheless, thus far, few businesspeople have actually managed to design their own careers. There is demand for opportunities to actively do this and for the right conditions to be established.

Meanwhile, securing talented staff is an urgent challenge for businesses. There is a growing diversity of recruitment methods, from job advertisements to employment agencies, social network services, and word of mouth, yet they are failing to attract sufficient workers amid a declining productive population. New methods to reach quality talent are needed.

Competitive Advantages

Technology for Digitizing Analog Information

Our unique operations combine technology and manual human input to achieve highly accurate digitization. (→ p.18 Business Model)

Network of More than 3 Million Users

At the end of fiscal 2021, Eight had 3.1 million users.[2]

*2 Authenticated users who have downloaded the app and registered their own business card in their profile.

Unique User Base of Businesspeople

A key feature of Eight is that users must enter their business card data to start using the service. This means the majority of its userbase is businesspeople.

Main Services

Contact and Career Management App | Event Transcription Services

Eight | **logmi Biz** | **logmi Tech** | **logmi Finance**

Contact and Career Management App: Eight

Service Overview

Eight is an app geared toward individuals rather than companies. When first time users open Eight, they scan their business card and create a profile. Doing so gives them free access to the basic features. The app is useful for accumulating and managing contacts with its business card management functions, yet it also lets users build their own career database by importing their own past and present contacts. Users can also efficiently identify useful career information and opportunities and other information to help career development, previously inaccessible company alerts, and job openings. If users display their intent to seek new employment, they can also receive job offers or be headhunted.

The business model is based on providing paid services to individuals and businesses. Our B2B offerings include a recruitment platform, advertising service, business events, and contact management service. Our B2C (paid, direct-to-consumer) service allows use of premium contact management features.
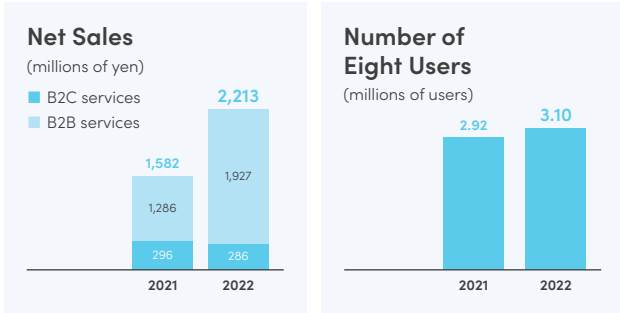
B2B services	Recruiting Platform	Eight Career Design	Fixed monthly fee[3] (fixed-term subscription)	A recruiting platform that companies can use to approach Eight users.
	Advertising Service	Eight Marketing Solutions	Usage fee based on number of ads sent[4] (fixed-term subscription)	A service for advertising to Eight users.
	Business Events	Meets, Climbers, DX Camp, Business IT & SaaS EXPO	Fixed fee[5] (pay-per-use)	A business events service for companies to optimize how they attract customers, as well as their marketing, using the Eight network.
	Business Card Management Service	Eight Team	Fixed monthly fee (annual subscription)	A service for intra-company sharing of business card information registered within Eight.
B2C services		Eight Premium		This service includes all optional features, such as downloading business card data.

*3 Additional fee when a hiring decision is made. *4 Minimum ad placement fee. List of direct advertisement options. *5 Multiple fee settings depending on the type of event held, etc.

Performance[1]

In the fiscal 2021, we focused on our B2B services. This resulted in a 49.9% increase in net sales of B2B services year on year. Moreover, the number of Eight users increased by 180,000 year on year. However, the COVID-19 pandemic brought changes in user behavior, causing a 3.6% fall in B2C net sales year on year.

Seeking further growth, we revamped Eight's concept in April 2022, with it now acting as a contact and career management app.

Net Sales
(millions of yen)
- B2C services
- B2B services

1,582
1,286
296
2021

2,213
1,927
286
2022

Number of Eight Users
(millions of users)

2.92
2021

3.10
2022

Strategy

Revamping the Eight product, as well as developing and enhancing features to help users design their careers, will lead to the Eight Career Designs further growth. We also aim to achieve a positive adjusted operating profit in this fiscal year by harnessing our three-million-strong user network and boosting monetization of B2B services.
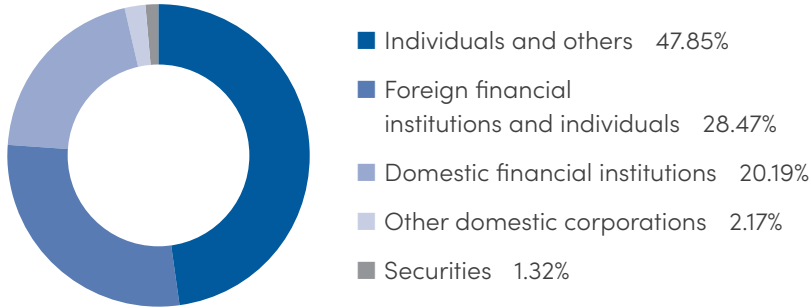
— Company and Stock Information

Company Information*1

Company Name	Sansan, Inc.
Head Office	Aoyama Oval Building 13F, 5-52-2 Jingumae, Shibuya-ku, Tokyo 150-0001, Japan
Group Companies	Sansan Global Pte. Ltd. (Singapore) Sansan Corporation (United States) logmi, Inc.
Founded	June 11, 2007
Capital	6,426 million yen

Stock Information*1

Stock Code	4443
Stock Exchange Registration	Tokyo Stock Exchange, Prime Market
Fiscal Year	June 1 – May 31
Shareholder Registry Administrator	Tokyo Securities Transfer Agent Co., Ltd.
Number of Shares Constituting One Trading Unit	100
Total Number of Issued Shares	124,963,596
Number of Shareholders	9,773

Distribution of Shares by Shareholder Type

- Individuals and others   47.85%
- Foreign financial institutions and individuals   28.47%
- Domestic financial institutions   20.19%
- Other domestic corporations   2.17%
- Securities   1.32%

*1 As of May 31, 2022

Main Shareholders

Name	Number of shares	Shareholding ratio
Chikahiro Terada	41,432,920	33.16%
The Master Trust Bank of Japan ,Ltd. (Trust Account)	17,699,800	14.16%
DCM Ventures China Fund(DCM VII), L. P.	5,420,000	4.34%
A-Fund, L. P.	5,120,000	4.10%
Custody Bank of Japan, Ltd. (Trust Account)	4,859,900	3.89%
Kei Tomioka	4,160,000	3.33%
Kenji Shiomi	2,320,000	1.86%
CNK, Inc.	2,047,080	1.64%
BBH BOSTON CUSTODIAN FOR NEXT GENERATION CONNECTIV-ITY ASIA FUND A SERIES T621052	1,772,100	1.42%
Toru Akaura	1,720,000	1.38%

External Evaluation

Annual Report

The Government Pension Investment Fund (GPIF) selected Sansan, Inc.'s Annual Report for 2021 as a "most-improved integrated report." We also received an Honors Award in the Traditional Annual Reports category at the International ARC Awards, hosted by MerComm, Inc., an independent awards organization in the U.S.

Corporate Website

Our corporate website was selected as an "Excellent Site," an overall award given as part of the "Fiscal 2021 Corporate Website Quality Ranking Survey of All Japanese Listed Companies." The survey is published by Nikko Investor Relations Co., Ltd., which conducts surveys and evaluations of the quality of the websites of all listed companies from an independent perspective. Surveys are published annually.

ESG Indexes

We are listed in the MSCI Japan Empowering Women Index (WIN), composed of the top 700 Japanese stocks by market capitalization with high percentages of female employees/managers, and the S&P/JPX Carbon Efficient Index, which is based on TOPIX component companies' disclosure of environmental information, carbon efficiency (volume of carbon emissions relative to revenues), and other factors, (as of September 30, 2022).

Website Information

- ·**Corporate Website**   https://www.corp-sansan.com/
- ·**Investor Relations**   https://ir.corp-sansan.com/en/ir.html
- ·**Sustainability**   https://www.corp-sansan.com/sustainability/

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