

# Annual Securities Report

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

Sansan, Inc.

(E34960)

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

## Table of Contents

	Page
Cover Page	3
Part One Company Information.....	4
I. Overview of Company.....	4
1. Key financial data.....	4
2. History.....	7
3. Description of business.....	8
4. Subsidiaries and associates.....	10
5. Employees.....	11
II. Status of Business .....	13
1. Management policy, management environment, and issues to be addressed, etc.....	13
2. Policy and initiatives related to sustainability.....	15
3. Business risks.....	22
4. Management analysis of financial position, operating results, and status of cash flows.....	25
5. Important contracts for operation.....	29
6. Research and development activities.....	29
III. Information About Facilities.....	30
1. Overview of capital expenditures.....	30
2. Major facilities.....	30
3. Planned addition, retirement, and other changes of significant facilities.....	30
IV. Information About Reporting Company.....	31
1. Company’s shares, etc.....	31
2. Acquisition and disposal of treasury shares.....	52
3. Dividend policy.....	53
4. Corporate governance, etc.....	54
V. Accounting.....	73
1. Consolidated financial statements and other information.....	74
(1) Consolidated financial statements .....	74
(2) Others.....	115
2. Non-consolidated financial statements and other information.....	116
(1) Non-consolidated financial statements .....	116
(2) Description of main assets and liabilities.....	128
(3) Others.....	128
VI. Outline of Share-related Administration of Reporting Company.....	129
VII. Reference Information About Reporting Company.....	130
1. Information about parent of reporting company.....	130
2. Other reference information.....	130
Part Two: Information About Reporting Company’s Guarantor, etc.....	132
[Auditor’s Report].....	133

## Cover Page

Filed Document	Annual Securities Report
Applicable Law	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
Filed to	Director-General of the Kanto Local Finance Bureau
Filing Date	August 28, 2024
Fiscal Year	The 17th Term (from June 1, 2023 to May 31, 2024)
Company Name	Sansan <i>Kabushiki Kaisha</i>
Company Name in English	Sansan, Inc.
Name and Title of Representative	Chikahiro Terada, Representative Director & CEO
Address of Head Office	Aoyama Oval Building 13F, 5-52-2 Jingumae, Shibuya-ku, Tokyo (Note) The head office will be relocated effective from September 2024 as below: 1-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
Phone Number	+81-3-6758-0033
Contact Person	Muneyuki Hashimoto, Director, Executive Officer, CFO
Contact Address	Aoyama Oval Building 13F, 5-52-2 Jingumae, Shibuya-ku, Tokyo
Phone Number	+81-3-6758-0033
Contact Person	Muneyuki Hashimoto, Director, Executive Officer, CFO
Place for Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Part One: Company Information

### I. Overview of Company

#### 1 Key financial data

##### (1) Summary of consolidated financial data

Fiscal term		13th term	14th term	15th term	16th term	17th term
Fiscal year ended		May 31, 2020	May 31, 2021	May 31, 2022	May 31, 2023	May 31, 2024
Net sales	(Millions of yen)	13,362	16,184	20,420	25,510	33,878
Ordinary profit	(Millions of yen)	435	375	968	122	1,224
Profit (loss) attributable to owners of parent	(Millions of yen)	339	182	857	(141)	953
Comprehensive income	(Millions of yen)	331	1,820	(658)	(63)	924
Net assets	(Millions of yen)	10,552	12,584	12,093	13,190	14,772
Total assets	(Millions of yen)	22,819	24,310	26,292	31,200	37,592
Net assets per share	(Yen)	84.64	100.34	95.59	100.95	111.30
Basic earnings (loss) per share	(Yen)	2.75	1.47	6.87	(1.13)	7.59
Diluted earnings per share	(Yen)	2.72	1.45	6.77	–	7.47
Equity-to-asset ratio	(%)	46.2	51.5	45.4	40.6	37.3
Return on equity	(%)	4.9	1.6	7.0	–	7.1
Price earnings ratio	(Times)	496.3	1,408.6	148.4	–	213.0
Cash flows from operating activities	(Millions of yen)	2,822	3,011	3,123	3,848	5,483
Cash flows from investing activities	(Millions of yen)	(7,189)	(551)	(1,014)	1,364	(3,180)
Cash flows from financing activities	(Millions of yen)	11,563	(2,902)	909	523	1,431
Cash and cash equivalents at end of period	(Millions of yen)	12,663	12,223	15,245	20,985	24,729
Number of employees		713	954	1,205	1,399	1,899
[Separately, average number of temporary employees]	(Persons)	[346]	[363]	[449]	[557]	[726]

- Notes:
- Diluted earnings per share for the 16th term are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.
  - By resolution at the Board of Directors meeting held on October 8, 2021, the Company implemented a 4-for-1 stock split on December 1, 2021. However, net assets per share, basic earnings (loss) per share and diluted earnings per share were calculated on the assumption that said splitting of shares had been made at the beginning of the 13th term.
  - The returns on equity for the 16th term have not been disclosed since losses attributable to owners of parent were recorded.
  - The price earnings ratio for the 16th term have not been disclosed since losses attributable to owners of parent were recorded.
  - The number of employees represents the number of employed persons (including contract employees). For the number of temporary employees (including part-timers), the annual average number of staff is shown in parentheses and is excluded from the above number.
  - The Company recorded a loss on valuation of investment securities as an extraordinary loss in the recording of a loss attributable to owners of parent in the 16th term.
  - The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the 15th term, and key financial data for the 15th term or later are data resulting from the application of the standard and relevant ASBJ regulations.
  - Starting from the 15th term, figures, which was previously rounded down to thousands, are rounded down to millions. To facilitate the comparison, the unit of presentation was also changed from thousands of yen to millions of yen for the 14th term and before.

## (2) Key financial data of reporting company

Fiscal term		13th term	14th term	15th term	16th term	17th term
Fiscal year ended		May 31, 2020	May 31, 2021	May 31, 2022	May 31, 2023	May 31, 2024
Net sales	(Millions of yen)	13,358	16,042	20,057	24,926	32,519
Ordinary profit	(Millions of yen)	484	684	1,651	533	1,443
Profit (loss)	(Millions of yen)	388	490	1,429	(473)	1,151
Share capital	(Millions of yen)	6,236	6,312	6,426	6,582	6,774
Total number of issued shares	(Shares)	31,138,853	31,183,645	124,963,596	125,410,584	125,835,416
Net assets	(Millions of yen)	10,612	12,933	13,128	13,352	15,046
Total assets	(Millions of yen)	22,881	24,610	27,202	31,124	37,386
Net assets per share	(Yen)	85.12	103.16	103.92	102.82	114.50
Dividends per share		–	–	–	–	–
[Interim dividends per share]	(Yen)	[–]	[–]	[–]	[–]	[–]
Basic earnings (loss) per share	(Yen)	3.14	3.94	11.45	(3.78)	9.16
Diluted earnings per share	(Yen)	3.11	3.88	11.28	–	9.02
Equity-to-asset ratio	(%)	46.3	52.3	47.7	41.4	38.5
Return on equity	(%)	5.6	4.2	11.1	–	8.4
Price earnings ratio	(Times)	434.0	524.4	89.1	–	176.3
Payout ratio	(%)	–	–	–	–	–
Number of employees	(Persons)	710	928	1,166	1,317	1,698
[Separately, average number of temporary employees]		[344]	[359]	[443]	[549]	[719]
Total shareholder return	(%)	–	151.6	74.9	125.4	118.6
[Comparison benchmark: TOPIX]	(%)	[–]	[123.0]	[122.3]	[137.5]	[177.3]
Highest share price	(Yen)	6,540	10,300	3,085 [14,570]	1,970	1,985
Lowest share price	(Yen)	3,435	4,020	876 [7,940]	804	1,070

- Notes:
1. Dividends per share and payout ratio have not been disclosed because dividends were not paid.
  2. Diluted earnings per share for the 16th term are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.
  3. By resolution at the Board of Directors meeting held on October 8, 2021, the Company implemented a stock split at a ratio 4-for-1 on December 1, 2021. However, net assets per share, basic earnings (loss) per share and diluted earnings per share were calculated on the assumption that said splitting of shares had been made at the beginning of the 13th term.
  4. The returns on equity for the 16th term have not been disclosed since losses were recorded.
  5. The price earnings ratio for the 16th term have not been disclosed since losses attributable to owners of parent were recorded.
  6. The number of employees represents the number of employed persons (including contract employees). For the number of temporary employees (including part-timers), the annual average number of staff is shown in parentheses and is excluded from the above number.
  7. The highest share price and the lowest share price are those on the Mothers Section of the Tokyo Stock Exchange up to January 20, 2021, those on the First Section of the Tokyo Stock Exchange from January 21, 2021 up to April 3, 2022, and those on the Prime Market of the Tokyo Stock Exchange from April 4, 2022.
  8. Total shareholder returns and comparison benchmarks for the 13th term have not been disclosed, because shares of the Company were listed on the Mothers Section of the Tokyo Stock Exchange as of June 19, 2019. Total shareholder returns and comparison benchmarks for the 14th term or later were calculated with those as at the end of the 13th term as the baseline.
  9. The Company recorded a loss on valuation of investment securities as an extraordinary loss in the recording of a loss in the 16th term.

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

## 2 History

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

### 3 Description of business:

The Group has two reportable segments by business type, Sansan/Bill One Business and Eight Business, with eight consolidated subsidiaries as of the end of the fiscal year ended May 31, 2024. Minor other services outside the reportable segments are included in Others, and consolidated eliminations (net sales) and various costs not attributed to any reportable segment are included in Adjustments.

Under the mission of “Turning encounters into innovation” and the vision of “Become business infrastructure,” the Company group (the “Group”) is providing cloud-based solutions that promote digital transformation (DX) and reshape how people work, leading to encounters with people and companies that become business opportunities by using approaches that combine systems that use technology and manpower to digitize analog information with cloud software. Specifically, the Company operates the Sansan/Bill One Business, which includes Sansan service for sales DX and Bill One cloud-based invoice management solution, and the Eight Business, which includes the business card app Eight and the event transcription service logmi series. The Technology Division is responsible for research and development related to technologies for digitizing analog information and various types of data, as well as product development, etc., as a common foundation for both businesses, and continues to pursue the development of new technologies and improvement of data entry operations. The following two businesses are the same as the segment classifications listed in “V. Accounting 1 Consolidated financial statements and other information (1) Notes to consolidated financial statements.”

#### (1) Sansan/Bill One Business

The Sansan/Bill One Business provides Sansan service for sales DX and Bill One cloud-based invoice management solution to corporate clients.

##### 1) Sansan

Based on the concept of “Manage your contacts, maximize your business,” Sansan builds a database unique to users by combining corporate information and customer’s contact information to strengthen the sales capabilities of organizations and individuals. Users can view more than 1 million items of corporate information, including not only companies with which they have contact on Sansan, but also companies with which they have no current contacts. In addition to business cards, users can also store and visualize a variety of contact information with customers on Sansan, including information of inquires via e-mails and website, etc. By combining such corporate information and contact information, data can be used for planning and executing sophisticated, customer-specific sales strategies to maximize sales outcome of the entire organization.

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

##### 2) Bill One

Bill One is based on the concept of “Receive, digitize & centralize your invoices. Fast monthly closing,” and helps speed up management decision-making by enabling online receipt of all invoices in various formats (paper, PDF, etc.) delivered to multiple offices and departments, and by promoting efficiency in invoice-related operations throughout an entire company. Paper invoices are received by the Bill One scanning service center on behalf of the customer and converted into accurate data in a short period of time. Invoices in PDF format, etc. are also converted to data after Bill One receives them via email. In addition to being able to view the data-coded invoices in the cloud, various workflow processes, such as invoice verification and approval, can be completed in the cloud, contributing to the acceleration of monthly account settlement operations. Since invoice information is managed centrally in a highly searchable database, the data can be used to control costs, create sales opportunities, and maximize future revenue opportunities. In addition, the data can be used in conjunction with other third-party services such as accounting systems. In addition to invoice issuance and mailing services, the Company supports corporate accounting operations by providing a variety of functions, such as the Bill One Business Card, a corporate card that was launched in June 2023.

The price model for invoice receiving feature offers fee plans consisting of an initial fee, which includes installation support by a dedicated consultant, and a monthly fee calculated based on the number of invoices converted to data for the user company. Other features such as invoicing and corporate cards, etc. adopt a different price model. For companies with 100 or fewer employees, a small business plan with no initial and monthly fees is available, subject to certain conditions.

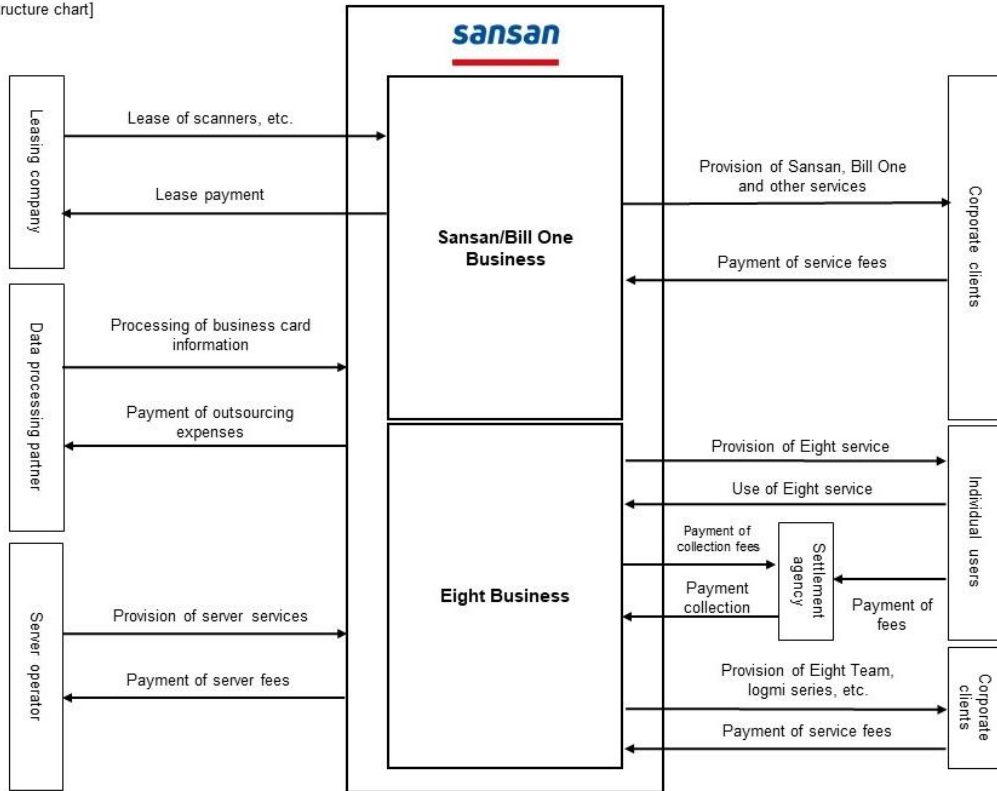
#### (2) Eight Business

The Eight app is geared toward individual, rather than company, use and gives access to basic feature for free of charge. enables users to accurately digitize business card data about themselves and the people with whom they exchange business cards by simply scanning them, and to easily manage and search their connections in the cloud. By scanning their own business card, users can first create their own page on Eight that accurately reflects their affiliation, title, etc. Next, by scanning business cards of those with whom they have exchanged business cards, the business card information is accurately converted into data, which can then be managed and searched in the cloud. In addition, users can receive notifications when changes are made to the business cards of those with whom they are connected on Eight, allowing them to obtain information on their recent activities.

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



[Business structure chart]



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

#### 4 Subsidiaries and associates

Company name	Address	Share capital	Description of principal business	Ratio of voting rights holding (held) (%)	Related details
Consolidated subsidiaries					
Sansan Global Pte. Ltd.	Singapore	S\$5,620 thousand	Sansan/Bill One Business	100.0	Sales operations and marketing services agency for the Company's products Interlocking officers
Sansan Global Development Center, Inc.	Philippines	PHP10,000 thousand	Sansan/Bill One Business	100.0	Development of the Company's products Interlocking officers
Sansan Global (Thailand) Co., Ltd. (Note 4)	Thailand	THB10,000 thousand	Sansan/Bill One Business	100.0	Consulting services for the Company's products Interlocking officers
logmi, Inc. (Note 5)	Shibuya-ku, Tokyo	JPY16 million	Eight Business	100.0	Interlocking officers
CREATIVE SURVEY INC.	Minato-ku, Tokyo	JPY100 million	Sansan/Bill One Business	63.1	—
Institute of Language Understanding Inc. (Note 6)	Tokushima-shi, Tokushima	JPY58 million	Other	65.8	—
2 other entities					

- Notes:
- Names of segments are provided in the "Description of principal business" of the consolidated subsidiaries.
  - None of the companies file Securities Registration Statements or Annual Securities Reports.
  - The Company resolved at the meeting of the Board of Directors held on October 17, 2023 to dissolve and liquidate Sansan Corporation, its consolidated subsidiary, as of October 31, 2023.
  - On March 4, 2024, the Company newly established Sansan Global (Thailand) co., Ltd. as its consolidated subsidiary.
  - This company was balance sheet insolvent as of May 31, 2024, with its liabilities exceeding its assets by ¥80 million.
  - On June 20, 2023, the Company acquired shares of Institute of Language Understanding Inc., making it a consolidated subsidiary of the Company.

## 5 Employees

### (1) Consolidated companies

As of May 31, 2024

Name of segment	Number of employees (Persons)	
Sansan/Bill One Business	1,422	(584)
Eight Business	157	(95)
Reportable segments total	1,579	(679)
Corporate (shared)	320	(47)
Total	1,899	(726)

- Notes:
1. The number of employees represents the number of employed persons (including contract employees). For the number of temporary employees (including part-timers), the annual average number of staff is shown in parentheses and is excluded from the above number.
  2. The number of employees shown as Corporate (shared) represents the number of those who belong to departments that cannot be classified into any specific business segment as well as to the administrative department.
  3. The increase in the number of employees by 500 persons during the fiscal year under review is mainly due to regular and mid-term hiring associated with business expansion.

### (2) Reporting company

As of May 31, 2024

Number of employees (Persons)	Average age (Years)	Average years of employment (Years)	Average annual salary (Millions of yen)
1,698 (719)	32.1	2.9	7.5

Name of segment	Number of employees (Persons)	
Sansan/Bill One Business	1,307	(578)
Eight Business	115	(94)
Reportable segments total	1,422	(672)
Corporate (shared)	276	(47)
Total	1,698	(719)

- Notes:
1. The number of employees represents the number of employed persons (including contract employees). For the number of temporary employees (including part-timers), the annual average number of staff is shown in parentheses and is excluded from the above number.
  2. Average annual salary represents the figure for full-time employees of the Company and includes bonuses and supplemental wages. Expenses related to the monetary compensation of the withholding tax, etc. pertaining to trust-type stock options are not included.
  3. The number of employees shown as Corporate (shared) represents the number of those who belong to departments that cannot be classified into any specific business segment as well as to the administrative department.
  4. The increase in the number of employees by 381 persons during the fiscal year under review is mainly due to regular and mid-term hiring associated with business expansion.

### (3) Labor union

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

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

1) Reporting company

For the fiscal year under review				
Percentage of female employees in management positions (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Gender wage gap for workers (%) (Note 3)		
		All workers	Of which, full-time employees	Of which, non-full-time employees
17.8	53.7	47.6	82.2	77.2

- Note: 1. Calculated based on the provisions of “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).  
 2. Calculated the rate of taking childcare leave in Article 71-4 item 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) based on “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).  
 3. Calculated the ratio of female employees’ average annual wage to male employees’ average annual wage.

2) Consolidated subsidiaries

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

## II. Status of Business

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

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

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

#### (1) Basic policy of corporate management

As its corporate philosophy, the Group has established its mission of "Turning encounters into innovation" and its vision to "Become business infrastructure." To realize this mission and vision, the Group is developing services to change the way companies and business people facing various business challenges work and to promote DX, and it believes that the promotion of these business activities will contribute to solving social issues and eventually maximize shareholder value and corporate value of the Group.

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

The Company had previously set a medium-term objective aiming to achieve both net sales and adjusted operating profit (Note 1) growth for the fiscal year ended May 31, 2023 to the fiscal year ending May 31, 2025. However, based on the solid performance up to the fiscal year ended May 31, 2024, we have set a new medium-term financial policy for the fiscal year ending May 31, 2025 to the fiscal year ending May 31, 2027.

With the new medium-term financial policy, the Group is aiming for consistent, solid growth in sales and accelerated growth in profit. For net sales, which is the most important management indicator, we aim for an average annual growth rate of 22% to 27% over the period. For adjusted operating profit, which has been adopted as a key profit indicator, we aim to achieve adjusted profit margin of 18% to 23% by the fiscal year ending May 31, 2027 by accelerating growth while making investments for sales growth.

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

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

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

##### 1) Wide-ranging market opportunities

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

The Company also believes that documents such as business cards, invoices, and contracts for which the Group offers services are still used on many occasions on a daily basis in paper form, leaving significant room for operational efficiency and effective utilization. Regarding the potential market for each service, Sansan has an 82.4% (Note 4) share of the B2B business card management service market, but the number of Sansan users accounts for only about 4% (Note 5) of the total working population in Japan as of the end of May 2024, and the Company believes there is vast room for development. Next, Bill One has gained top market share for cloud invoice receiving solutions (Note 6), but as of the end of May 2024, the coverage was less than 1% (Note 5) of all companies in Japan, and the Company believes there is vast room for development.

Notes: 2. Based on Market Edition and Corporate Edition of 2024 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute

3. Based on 2023 New Software Business Markets by Fuji Chimera Research Institute

4. Based on Latest Trends in Business Card Management Services in Sales Support DX 2024 (January 2024, survey by Seed Planning, in Japanese)

5. The denominator, the total number of companies and employees in Japan, is calculated based on the 2021 Economic Census for Business Activity by the Ministry of Internal Affairs and Communications.

6. Deloitte Tohmatsu MIC Economic Research Institute, "The Market of Online Invoice Receiving Solution Continues to Grow at a Staggering Rate" (MIC IT Report, November 2023)

##### 2) Mechanisms and technology to achieve 99.9% accuracy in converting analog information into digital

The accuracy of digital conversion of analog information in each of the services provided by the Group contributes to the essential quality and competitiveness of services provided, and the common strength of Group businesses is having the mechanisms and technology to achieve 99.9% accuracy. The Group's services involve the digitization of analog information through a combination of technology, which is constantly evolving through machine learning and other means, and manpower. Since its founding, the Group has digitized business cards and other vast amount of analog information mainly through human data entry, and it is now able to develop and operate proprietary systems that accurately and efficiently digitize large amounts of analog information. This technological capability and proprietary mechanisms are the source of the Group's competitiveness, and it is pursuing the development of new technologies and operational

improvements in order to continuously improve the quality and competitiveness of its services. In addition, these mechanisms and technologies are characterized by their applicability to a wide variety of business fields.

### 3) Highly stable financial and revenue model

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

Specific management strategies of the Group are as follows.

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

Sansan and Bill One are services that target many companies regardless of industry or business category, and there is a large potential for customer development in Japan alone. In the fiscal year ended May 31, 2024, we established dedicated sales departments for each of Sansan and Bill One toward further sales growth in the future, strengthening our sales structure with initiatives such as accelerated personnel recruitment.

Under the strengthened sales departments, we will strive to acquire new customers and expand the use by existing customers for Sansan on the premise that all employees of user companies use the service (company-wide use). At the same time, for Bill One, we will further expand net sales by acquiring new customers as well as enhancing the development and sales of new functions including Bill One Expenses, which utilizes our Bill One Business Card service, and Bill One Issue, which enables users to complete all the processes from invoice issuing to payment reconciliation.

In addition, we will work to create new services using the technology developed. In the Contract One contract database solution, we will strive to further improve user accessibility, mainly through the use of AI technology.

#### (ii) Expansion of profit in the Eight Business

With the profitability-focused business operation, we aim to further increase adjusted operating profit by leveraging the Eight network, which has 3.72 million registered users, to strengthen monetization of B2B services such as business events, and by implementing other initiatives such as enhancement of the number of subscriptions of Eight Team.

#### (iii) Utilization of M&A

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

### (4) Priority business and financial issues to be addressed

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

#### 1) Recruiting and training outstanding talent and ensuring diversity

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

#### 2) Continuous strengthening of the management system against security risks

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

#### 3) Enhancing technological strengths

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

## 2 Policy and initiatives related to sustainability

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

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

### (1) General sustainability initiatives

#### 1) Governance

The Group believes that helping to resolve social issues through its business activities contributes to the building of a sustainable society, and in turn opens the way to sustainable growth for the Group and to enhancements in the Company's corporate value. While taking into account such factors as the operating environment, the state of management, and the stage of the business, the Group promotes activities for achieving sustainability through collaboration and cooperation with all of its stakeholders. Based on these concepts, a Director of the Company has been assigned responsibility for each of the material issues (priority issues), under whose supervision response measures and the details of initiatives are considered. Matters that contribute to achieving sustainability, including consideration of these details, are reported to and subsequently supervised by the Board of Directors on an annual basis, and significant issues are deliberated and determined by the Board of Directors.

#### 2) Strategy

The Group uses the following process to identify material issues related to sustainability that should be addressed as a matter of priority.

(i) Selecting candidates for significant issues	In addition to referring to international guidelines and rules, such as the goals and targets contained within the SASB (Sustainability Accounting Standards Board) standards and the SDGs (Sustainable Development Goals), material issue candidates that are highly relevant to the Group are selected through discussions and other communication between Directors of the Company and institutional investors.
(ii) Assessing the importance of issues	The issues selected in (i) are each assessed by all Directors individually along two axes. One is the importance of the issue to society (stakeholders) in terms of achieving a sustainable society, and the other is the importance of the issue in terms of achieving the Group's vision and driving the growth of the business.
(iii) Discussions and decisions by the Board of Directors	The results of the assessments conducted in (ii) are discussed and deliberated by the Board of Directors, which identifies material issues.

As a result of the above, the Group has selected 10 material issues organized into 5 areas, as follows.

Area (1)	<p>Balance Security and Convenience Besides convenience, we also implement measures to ensure that our employees maintain data privacy and information security, thereby providing society with a highly safe and stable service.</p> <p>Material issues</p> <ol style="list-style-type: none"> <li>1. Provide safe and stable infrastructure services</li> <li>2. Ensure robust protection of data privacy and information security</li> </ol>
Area (2)	<p>Transform Work Through Innovative DX Services To become business infrastructure, we will leverage our strengths in digitization to develop and provide innovative DX services that substantively improve social and economic productivity.</p> <p>Material issues</p> <ol style="list-style-type: none"> <li>3. Promote DX services that improve productivity</li> <li>4. Create innovative business infrastructure</li> </ol>
Area (3)	<p>Respect Employee Diversity and Producing Innovation To produce innovation that helps solve business challenges through the power of encounters, we promote creation and provision of opportunities and environments for our diverse workforce to succeed.</p> <p>Material issues</p> <ol style="list-style-type: none"> <li>5. Promote recruitment, development, and success of human resources</li> <li>6. Promote diversity, equity and inclusion</li> </ol>
Area (4)	<p>Establish a Firm Management Structure to Support Rapid Business Growth To support our growth under a multiproduct structure, we will reinforce our management structure by strengthening corporate governance and ensuring compliance.</p> <p>Material issues</p> <ol style="list-style-type: none"> <li>7. Strengthen corporate governance</li> <li>8. Ensure compliance</li> </ol>

Area (5)	<p>Conserve the Environment Through Business We will promote environmental conservation by addressing climate change issues through our business activities, including advancing DX, supporting paperless work, and introducing environmentally friendly services.</p> <p>Material issues 9. Address climate change issues 10. Use natural capital efficiently</p>
----------	--

### 3) Risk management

The Group perceives risks related to addressing sustainability to be synonymous with or closely related to risks that could have a significant impact on management and the business, and it analyzes and identifies them as part of its company-wide risk management activities. Details of risks etc., are presented in “II. Status of Business 3. Business risks” Furthermore, risks and opportunities related to climate change are presented in “II. Status of Business 2. Policy and initiatives related to sustainability (2) Initiatives to address climate change issues.”

### 4) Metrics and targets

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

Material issues	Metrics and targets for fiscal year ending May 31, 2030	Results for fiscal year ended May 31, 2024
1. Provide safe and stable infrastructure services	Number of major incidents: 0	0
2. Ensure robust protection of data privacy and information security	Proportion of those qualified as Protection of Individual Information Person: maintained at 80% or higher	86.7%
3. Promote DX services that improve productivity	Number of items converted from analog to digital information using our services: 500 million	240 million
4. Create innovative business infrastructure	Number of users of our services: 20 million people	789 million people
5. Promote recruitment, development, and success of human resources	Proportion of recruitment through referrals: 35% Unipos posting rate: 80%	10.3% 58.1%
6. Promote diversity, equity and inclusion	Ratio of female employees in management positions: 30% or higher Ratio of female employees: 45% or higher	17.8% 36.7%
7. Strengthen corporate governance	Ratio of female Directors: 30% or higher	22.2%
8. Ensure compliance	Number of significant compliance violations: 0 Proportion of employees receiving compliance-related training: 100%	0 100%
9. Address climate change issues	Scope 1+2: carbon neutral	999 t-CO <sub>2</sub>
10. Use natural capital efficiently	Number of uses of paperless functions in our services: 120 million	10 million

Notes: 1. Results and targets presented here are for the Company on a non-consolidated basis.

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

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

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

5. Scope 1 is calculated by aggregating direct GHG emissions from the offices and facilities owned by the Company. Scope 2 is calculated by aggregating by indirect GHG emissions from the use of purchased electricity and thermal energy in each office.

### (2) Initiatives to address climate change issues

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



## 1) Governance

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

## 2) Strategy

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

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

(i) Business risk identification

Type	Scenario analysis	Business risks	Time frame	Profit impact (annual)		Countermeasures	
				1.5°C/ below 2°C scenario	4°C scenario		
Transitional risk	Market	Increasing environmental awareness across society, the use of various paper-based business tools is gradually declining, while the utilization of digital information is expanding.	The frequency and importance of utilization of some functions of the service that digitizes paper business cards, invoices, contracts, and other documents to improve productivity may decrease.	Short to medium term	Small	Small	Provide added value equal to or greater than the value of digitizing analog information by expanding highly convenient functions centered on the use of digital information and enhancing its value as a platform.
		Social demand and requirement for the use of clean energy will increase, and various energy prices are soaring. Additionally, the increased global warming is resulting in an increased cooling load for information and communication equipment.	Increases in server prices and various energy prices such as electricity, which are essential for the business centered on a SaaS-type business model, will lead to higher operating expenses.	Medium to long term	Small to medium	Small	Reduce costs by optimizing procurement of necessary resources and materials, including servers and electricity, and improve efficiency by implementing energy-saving measures to reduce energy use.
	Law and regulation	Many countries and regions will tighten regulations on GHG emissions, and new carbon taxes and higher tax rates will be introduced as carbon pricing.	The expenses associated with tax burdens, as well as the cost of purchasing non-fossil fuel certificates and credits for carbon offsetting, may increase.	Medium to long term	Small	Small	Reduce tax burdens and carbon offset costs by increasing the use of renewable energy and improving energy efficiency through the implementation of energy saving.
Physical risk	Acute	Natural disasters such as torrential rains and floods that cause extensive damage are becoming more severe and more frequent.	Flooding the servers and digitalization centers responsible for tasks such as digitizing paper invoices, leading to service disruptions, as well as the damage to the stored documents of service user companies, resulting in a decline in the service value.	Medium to long term	Small to medium	Small to large	As part of the business continuity plan (BCP), ensure service continuity during natural disasters by using multiple servers for system redundancy, decentralizing important service operation sites, and preparing manuals for emergencies.

## (ii) Business opportunity identification

Type	Scenario analysis	Business opportunities	Time frame	Profit impact (annual)		Countermeasures
				1.5°C/ below 2°C scenario	4°C scenario	
Products and services	Growing environmental awareness across society will increase demand for services that help reduce paper use. Additionally, the increased risk of infectious diseases associated with rising temperatures has led to a rise in non-face-to-face and non-contact business activities, increasing the importance of using digital information.	The demand for the various DX services, which are equipped with functions to curb the use of paper while improving the efficiency of various workflows through the use of digital information, may expand.	Medium to long term	Small to medium	Small	Enhance the value provided to users by expanding highly convenient functions centered on the use of digital information, and stimulate further demand by strengthening the sales and marketing activities.

## 3) Risk management

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

## 4) Metrics and targets

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

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

Item	Unit	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Scope 1	t-CO <sub>2</sub>	0	0	0
Scope 2 (location-based)	t-CO <sub>2</sub>	639	840	1,021
Scope 2 (market-based)	t-CO <sub>2</sub>	668	851	999
Scope 1 and 2 (market-based)	t-CO <sub>2</sub>	668	851	999
Scope 3	t-CO <sub>2</sub>	15,679	18,638	21,509
Scope 1, 2 and 3 (market-based)	t-CO <sub>2</sub>	16,347	19,489	22,508
Scope 1, 2 and 3 emissions intensity (per net sale)	t-CO <sub>2</sub> / hundred million yen	81.7	78.2	69.3

Notes: 1. This figure is based on the non-consolidated results of Sansan, Inc. and covers 96.0% (percentage of non-consolidated net sales to consolidated net sales) of our business scope as of fiscal year ended May 31, 2023.

2. Scope 1 is calculated by aggregating direct GHG emissions from the offices and facilities owned by the Company. Scope 2 is calculated by aggregating by indirect GHG emissions from the use of purchased electricity and thermal energy in each office. Scope 3 is calculated by aggregating the GHG emissions of the entire value chain (Categories 1 through 15), excluding Scope 1 and Scope 2.

(3) Initiatives on Investments in Human Resources

1) Governance

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

2) Strategy

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

(i) Recruitment of diverse talented professionals

As part of its important growth strategy, the Group continues to strengthen its recruitment of human resources. The number of employees on a consolidated basis was 1,899 persons as of the end of the fiscal year under review, and various organizations such as development, sales and back offices consist of human resources with diverse backbones. In the recruitment, the Group gives weight to human resources who not only have a high level of expertise and skills but also share an understanding of the Group's corporate philosophy and take a mission-driven attitude. The more the ideal image that human resources have matches the corporate philosophy such as the mission, vision and values, the more actively they are likely to participate after joining the company. Therefore, the Company is reinforcing recruitment through referrals.

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

The Group principally implements the following initiatives in order to not only ensure that talented professionals actively participate, but also establish an environment in which organizations absorb their excellent insights, resulting in further growth of people around them.

Name	Description
Katachi discussion	We provides opportunities for all employees to discuss the corporate philosophy, and facing the Company's values and culture is an important opportunity from the perspective of growth of individuals and an increase in productivity. In the fiscal year under review, we conducted discussions on our purpose with all employees to deepen their understanding of and empathy for the corporate philosophy from the perspective of sustainable growth of the organization.
Unipos	We strive to instill the company culture and improve employee engagement through visualization of internal appreciation cases by utilizing a platform involving all employees centered on the peer bonus® system.
Engagement survey	We conduct engagement survey of permanent employees and contract employees once a month, and utilize an analysis of the responses in self-management and organizational management, formulation of company-wide internal systems and measures, etc.
Know Me	We have established a system to fund food and drink expenses when employees who are involved in different operations interact in a team of three, in order to stimulate internal communications to improve quality of operations.
Coacha	For the purpose of identifying challenges for growth from potentials and possibilities of individuals and encouraging their action, we have established a system in which employees can take one-on-one coaching of the employees who have professional qualifications for coaching.
Geek Seek	For the purpose of improving quality of services, we have established a system to fund costs of purchasing of books and tools necessary for acquisition of knowledge and increase in business efficiency, costs of participating in events, etc. for positions of engineers, researchers and designers.

(iii) Promotion of active participation of women

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

(iv) Employment of foreign nationals and people with disability

In being oriented to proactive overseas business development, the Group reinforces recruitment of employees with a foreign citizenship, and endeavors to foster corporate culture of achieving missions while embracing diversity by creating opportunities for interaction between foreign employees at overseas offices and Japanese employees in Japan to

stimulate communications. With regard to the employment of people with disability, our employees with disability play roles directly related to our business through work such as data conversion for our services Sansan, Bill One, and Contract One. The Group makes efforts to expand opportunities for people with disability to work and opportunities for them to actively participate by enhancing onboarding programs that take into account the unique characteristics of their disabilities.

### 3) Risk management

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

### 4) Metrics and targets

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

Significant issues	Metrics (targets for fiscal year ending May 31, 2030)	Results for fiscal year ended May 31, 2024
Promote recruitment, development, and success of human resources	Proportion of recruitment through referrals (35%)	10.3%
	Unipos posting rate (80%)	58.1%
	Number of appreciation posts in Unipos	47,840 subscriptions
	Response rate for engagement survey	80.2%
	Total participation time for Katachi-related training	Approximately 15,000 hours
	Investments in Geek Seek	¥43 million
	Investments in measures for interaction among employees	¥16 million
	Total number of participants in internal coaching	748 persons
Promote diversity, equity and inclusion	Ratio of female employees in management positions (30% or higher)	17.8%
	Ratio of female employees (45% or higher)	36.7%
	Ratio of foreign employees	6.2%
	Ratio of employment of people with disability	2.4%

Notes: 1. Results and targets presented here are for the Company on a non-consolidated basis.

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

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

### 3 Business risks

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

#### (1) Risk management

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

##### 1) Identification and analysis processes of risks

The Group makes an internal audit plan in accordance with the internal audit regulations, and each department regularly reviews risks in the internal audit process and prepares risk assessment matrix that complies assessment of risks extracted annually and its countermeasure plan. The Internal Audit Department aggregates data of the risk assessment matrix prepared by each department and reports to the representative director. The representative director and a responsible person at each department discusses the countermeasure plans for the risks as necessary.

##### 2) Incident guidelines

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

#### (2) Major risks

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

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

Category	Item	Description of risks	Responses
Information security risk	(1) Handling of personal information	<ul style="list-style-type: none"> <li>Natural disasters, accidents, unauthorized access from the outside with a malicious intention, and internal leak, loss, alteration or abuse of customer information by intention or negligence</li> </ul>	<ul style="list-style-type: none"> <li>Establishment and operation of a personal information protection management system</li> <li>Obtaining PrivacyMark certification</li> <li>Obtaining ISO/IEC 27001 and ISO/IEC27017 certifications</li> <li>Requiring all officers and employees to obtain the qualification of Personal Information Protection Specialist</li> <li>Collection of information on new legal regulations in Japan and overseas, and implementation of necessary countermeasures</li> <li>Thorough legal compliance, and safe management of outsourcing contractors</li> </ul>
	(2) Equipment and network stability	<ul style="list-style-type: none"> <li>Obstacles posed to the Group's equipment and use of network due to natural disasters such as fire and earthquake, external breakage, system failures due to human errors, or any other unanticipated events</li> </ul>	<ul style="list-style-type: none"> <li>Distribution of load to multiple servers and regular backups</li> <li>Establishment of a real-time access log check function and a system to immediately give notice of any software failure</li> <li>Recovery training assuming the time of failure occurrence</li> </ul>

Category	Item	Description of risks	Responses
Service risk	(3) Service failures, etc.	<ul style="list-style-type: none"> <li>• Occurrence of various bugs in the Group's applications, software and systems</li> <li>• Detection of any critical bug that poses an obstacle to the operation of the Group's businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Building and maintenance of the highly reliable development structure</li> <li>• Formulating and implementing of incident guidelines for services</li> </ul>
External environment risk	(4) Internet access environments	<ul style="list-style-type: none"> <li>• Introduction of new regulations on Internet use, and occurrence of an adverse effect</li> </ul>	<ul style="list-style-type: none"> <li>• Collection of information on Internet-related legal regulations, etc. as well as extraction of issues and implementation of solutions</li> </ul>
	(5) Cloud business	<ul style="list-style-type: none"> <li>• Significant downturn in demand for cloud services themselves</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of new value offered</li> <li>• Proactive adoption of new technologies</li> <li>• Protection of intellectual property rights through patent acquisition, etc.</li> <li>• Promotion of M&amp;A, and capital and business alliances</li> </ul>
	(6) Responding to technological innovations	<ul style="list-style-type: none"> <li>• Delay in responding to technological innovations, etc.</li> <li>• Incurrence of unexpected development expenses, etc.</li> </ul>	
	(7) Competition	<ul style="list-style-type: none"> <li>• Intensified competition with existing business operators and new entrant operators</li> <li>• Intensified competition due to appearance of any other company's service with a revolutionary concept</li> </ul>	
(8) Natural disasters	<ul style="list-style-type: none"> <li>• Delay or suspension of business due to large-scale natural disasters including earthquakes and typhoons</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of BCP manual</li> </ul>	
Investment risk	(9) Upfront investments in advertising and promotions	<ul style="list-style-type: none"> <li>• Large increase in expenditures due to changes in the policy and plans for advertising and promotions</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of cost-effectiveness of advertising and promotions</li> </ul>
	(10) Investments such as corporate acquisitions	<ul style="list-style-type: none"> <li>• Delay in a business plan after an acquisition or investment</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of sufficient due diligence for target companies</li> <li>• Thorough monitoring and follow-ups for target companies</li> </ul>
	(11) System infrastructure investments	<ul style="list-style-type: none"> <li>• Unexpected additional investment in hardware and software for stable operation of services</li> </ul>	<ul style="list-style-type: none"> <li>• Thorough monitoring of access from the outside</li> <li>• Design of appropriate system infrastructure investment according to the business expansion</li> </ul>
Personal risk	(12) Establishment of management control system	<ul style="list-style-type: none"> <li>• Delay in establishment of the business structure and the internal management structure according to the business size</li> </ul>	<ul style="list-style-type: none"> <li>• Thorough development of the internal management structure in line with increases in operations and employees</li> </ul>
	(13) Training and securing human resources	<ul style="list-style-type: none"> <li>• Shortfall in excellent human resources</li> <li>• Delay in securing sales staff in the Sansan/Bill One Business and loss of them</li> </ul>	<ul style="list-style-type: none"> <li>• Aggressive recruitment of human resources</li> <li>• Strengthening of the structure by internally fostering personnel, etc.</li> <li>• Development of the working environment</li> </ul>

Category	Item	Description of risks	Responses
	(14) Dependence on specific individuals	<ul style="list-style-type: none"> <li>• Occurrence of any event that brings difficulties for Chikahiro Terada, Representative Director, to continue operations</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of a structure that does not excessively depend on him</li> <li>• Mutual information sharing among executives and strengthening of the management organization</li> </ul>
Legal risk	(15) Laws and regulations	<ul style="list-style-type: none"> <li>• Impact of enactment of new privacy-related regulations, laws regulating internet-related business operators, and relevant laws, etc. applicable in line with the expansion of the business environment in Japan and overseas</li> </ul>	<ul style="list-style-type: none"> <li>• Collection of information on legal regulations, etc. as well as extraction of issues and implementation of solutions</li> </ul>
	(16) Intellectual property right infringement, etc.	<ul style="list-style-type: none"> <li>• A claim for damage or injunction request from a third party on the grounds of infringement of patent right or trademark right</li> <li>• A third party's infringement of intellectual property rights held by the Group</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of survey on intellectual property right infringement via patent firms</li> <li>• Patent applications and registrations</li> <li>• Implementation of legal actions</li> </ul>
Overseas risk	(17) Launching overseas	<ul style="list-style-type: none"> <li>• Occurrence of risks specific to overseas that are difficult to address</li> <li>• Delay in monetarization of the overseas business</li> </ul>	<ul style="list-style-type: none"> <li>• Collection of information on regions where the Group has developed its businesses as well as extraction of issues and implementation of solutions</li> <li>• Formulation of appropriate business plans</li> </ul>
Other	(18) Granting incentives	<ul style="list-style-type: none"> <li>• Dilution of value of shares held by existing shareholders through exercise of stock options issued (Note 1)</li> </ul>	<ul style="list-style-type: none"> <li>• Design of stock options with adequate consideration of the market environment, impact on existing shareholders, etc.</li> </ul>

Note: 1. The number of shares granted as stock options as of August 8, 2024 was 3,494,576 shares, which accounted for 2.77% of the total number of issued shares.



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

### (1) Explanation of operating results

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

#### 1) Analysis of operating results

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

Specifically, the Group is developing solutions to promote DX for corporate sales activities, invoicing work, contract work, etc. Moreover, as a result of reforming awareness regarding DX, changes to working styles, and greater attention being given to SaaS (Software as a Service) products, the DX market is forecast to reach ¥8,035.0 billion by FY2030 (an expected increase of ¥4,015.3 billion from FY 2023) (Note 1), while the SaaS market in Japan is forecast to reach ¥2,099.0 billion by FY2027 (an expected increase of ¥686.2 billion from FY2023) (Note 2). A sales DX solution Sansan, provided by the Company, holds 82.4% share (Note 3) of the B2B business card management service market, and this market has seen approximately 16-fold expansion from 2013 to 2022 in conjunction with the growth in the Company's services. In addition, Bill One, a cloud-based invoice management solution provided by the Company, captured the number one market share of the online invoice receiving solution in terms of net sales (Note 4), with this market seeing a 156.8% increase year on year in FY2022.

Consolidated financial results for the fiscal year ended May 31, 2024 are as follows.

	(Millions of yen, unless otherwise noted)		
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024	Year-on-year change
Net sales	25,510	33,878	+32.8%
Gross profit	21,827	28,814	+32.0%
Adjusted operating profit (Note 5)	942	1,709	+81.5%
Ordinary profit	122	1,224	+903.3%
Profit attributable to owners of parent	(141)	953	-

In the fiscal year under review, backed by the positive order situation, the Group engaged in strengthening the sales structure for Sansan and Bill One, as well as enhancing functions for each service, aiming for further growth of net sales. In Eight Business, the Group worked to increase future profitability.

Consequently, results were strong in the fiscal year under review with net sales increasing 32.8% year on year, gross profit increasing 32.0% year on year (with a gross profit margin of 85.1%). Adjusted operating profit increased 81.5% year on year mainly due to a decline in the ratio of advertising expenses to net sales, in addition to an increase in net sales. Meanwhile, ordinary profit increased 903.3% year on year mainly due to the absence of one-off expenses related to trust-type stock options recorded in the previous fiscal year, as well as the increase in adjusted operating profit. Furthermore, profit attributable to owners of parent turned into black (¥141 million of loss for the previous fiscal year) on the back of strong ordinary profit, despite the recording of loss on valuation of investment securities of ¥380 million in extraordinary losses.

- Notes:
1. Based on Market Edition and Corporate Edition of 2024 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute
  2. Based on 2023 New Software Business Markets by Fuji Chimera Research Institute
  3. Based on Latest Trends in Business Card Management Services in Sales Support DX 2024 (January 2024, survey by Seed Planning, in Japanese)
  4. Deloitte Tohmatsu MIC Research Institute, "The Market of Online Invoice Receiving Solution Continues to Grow at a Staggering Rate" (MIC IT Report, November 2023)
  5. Adjusted operating profit = Operating profit + Share-based payment expenses + Expenses arising from business combinations (amortization of goodwill and amortization of intangible assets)

Results by segment are as follows.

(i) Sansan/Bill One Business

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

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

(Millions of yen, unless otherwise noted)			
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024	Year-on-year change
Net sales (Note 6)	22,516	29,948	+33.0%
Sansan	19,793	22,889	+15.6%
Sansan recurring sales	18,688	21,509	+15.1%
Sansan other sales	1,104	1,379	+24.9%
Bill One	2,414	6,168	+155.5%
Others	308	889	+188.1%
Adjusted operating profit	7,005	8,675	+23.8%
<b>Sansan</b>			
Number of subscriptions	8,969	9,693	+8.1%
	subscriptions	subscriptions	
Monthly recurring sales per subscription	¥184 thousand	¥197 thousand	+7.1%
Last 12 months average of monthly churn rate (Note 7)	0.44%	0.42%	(0.02) pts.
<b>Bill One</b>			
MRR (Note 8)	316	640	+102.5%
Number of paid subscriptions	1,581	2,816	+78.1%
	subscriptions	subscriptions	
Monthly recurring sales per paid subscription	¥200 thousand	¥227 thousand	+13.5%
Last 12 months average of monthly churn rate (Note 7)	0.64%	0.33%	(0.31) pts.

- Notes: 6. The sum of sales to external customers and intersegment sales or transfers  
7. Ratio of decrease in MRR resulting from subscription cancellations to MRR for existing subscriptions for each service  
8. Monthly Recurring Revenue

a. Sansan

In addition to working on strengthening the sales structure through hiring personnel, the Group has been optimizing the pricing structure and reviewing the fee settings taking into account the market environment, the status of service enhancements, and other factors. As a result, the number of subscriptions and the monthly recurring sales per subscription were up 8.1% year on year and 7.1% year on year, respectively. Furthermore, the last 12-month average of monthly churn rate was 0.42%, a decrease of 0.02 percentage points year on year, maintaining a churn rate as low as less than 1%.

As a result, net sales in Sansan increased 15.6% year on year, of which recurring sales (fixed revenue) were up 15.1% year on year and other sales were up 24.9% year on year.

b. Bill One

In addition to working on strengthening the sales structure with a focus on hiring personnel, we have been optimizing the pricing structure and reviewing the fee setting taking into account the market environment, the status of service enhancements, and other factors. As a result, steady progress has been made in acquiring new subscriptions, mainly from medium and large enterprises, and the number of paid subscriptions and the monthly recurring sales per paid subscription were up 78.1% year on year and 13.5% year on year, respectively. Furthermore, the last-12 month average of monthly churn rate was 0.33%, a decrease of 0.31 percentage points year on year, maintaining a low churn rate as low as less than 1%.

As a result, ARR (Note 9) in Bill One as of May 31, 2024 amounted to ¥7,680 million, while net sales increased 155.5% year on year.

Also, to seek further in sales, the Group strived to expand its sales areas by working to develop new functions, including Bill One Issue, which enables users to complete all the processes from invoice issuing to payment reconciliation, and Bill One Expenses, which utilizes our Bill One Business Card service.

- Notes: 9. Annual Recurring Revenue

c. Others

The Group focused on the launch of new services including Contract One, a contract DX solution service, utilizing the strengths, knowledge, know-how, etc. cultivated through existing services. In addition, CREATIVE SURVEY INC. became a consolidated subsidiary in March 2023 and its contributions to consolidated earnings have recorded from the fourth quarter of the fiscal year ended May 31, 2023.

As a result, net sales of others were up 188.1% year on year.

As a result of these efforts, net sales increased 33.0% year on year and adjusted operating profit increased 23.8% year on year in Sansan/Bill One Business.

(ii) Eight Business

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

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

(Millions of yen, unless otherwise noted)			
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024	Year-on-year change
Net sales (Note 10)	2,867	3,548	+23.8%
B2C services	303	347	+14.7%
B2B services	2,563	3,200	+24.8%
Adjusted operating profit	(170)	314	-
<b>Eight</b>			
Number of Eight users (Note 11)	3.31 million people	3.72 million people	+0.41 million people
Number of subscriptions for Eight Team	3,703 subscriptions	4,608 subscriptions	+24.4%

Notes: 10. The sum of sales to external customers and intersegment sales or transfers

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

a. B2C services

As a result of the enhancement of functions such as the virtual card exchange function, the number of Eight users totaled 3.72 million, an increase of 0.41 million year on year, and net sales from B2C services increased 14.7% year on year.

b. B2B services

The Group worked on strengthening monetization of the various services. As a result, net sales from B2B services increased 24.8% year on year. In addition, the number of subscriptions for Eight Team increased 24.4% year on year.

As a result of these efforts, net sales in Eight Business increased 23.8% year on year. In the meantime, the Group succeeded in turning adjusted operating profit into black on a full-year basis at ¥314 million (compared with ¥170 million of loss for the previous fiscal year) as a result of our efforts to operate business with an emphasis on profitability, as well as of increased net sales.

## 2) Analysis of financial position

	(Millions of yen)		
	As of May 31, 2023	As of May 31, 2024	YoY change
Total assets	31,200	37,592	+6,391
Total liabilities	18,009	22,819	+4,809
Total net assets	13,190	14,772	+1,581
Total liabilities and net assets	31,200	37,592	+6,391

### Assets

Total assets at the end of the fiscal year under review were ¥37,592 million, up ¥6,391 million from the end of the previous fiscal year. This was primarily due to increases of ¥3,760 million in cash and deposits, ¥1,643 million in leasehold deposits, ¥354 million in deferred tax assets, ¥280 million in prepaid expenses, and ¥213 million in goodwill, which were partially offset by decreases of ¥251 million in buildings and structures and ¥135 million in software.

### Liabilities

Total liabilities at the end of the fiscal year under review were ¥22,819 million, up ¥4,809 million from the end of the previous fiscal year. This was primarily due to increases of ¥2,930 million in advances received mainly as a result of receiving a lump-sum payment for the contract term from customers, ¥710 million in long-term borrowings as a result of incremental borrowings, ¥245 million in provision for bonuses, and ¥371 million in current portion of long-term borrowings, which were partially offset by a decrease of ¥228 million in accounts payable - other.

### Net assets

Net assets at the end of the fiscal year under review were ¥14,772 million, up ¥1,581 million from the end of the previous fiscal year. This was primarily due to increases of ¥192 million each in share capital and capital surplus as a result of the exercise of share acquisition rights, ¥181 million in share acquisition rights, ¥953 million in retained earnings from profit attributable to owners of parent.

## 3) Analysis of cash flows

	(Millions of yen)		
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024	YoY change
Cash flows from operating activities	3,848	5,483	+1,634
Cash flows from investing activities	1,364	(3,180)	-
Cash flows from financing activities	523	1,431	+908
Cash and cash equivalents at end of period	20,985	24,729	+3,744

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year under review totaled ¥24,729 million, an increase of ¥3,744 million compared to the previous fiscal year (up 17.8% year on year). This increase includes the effect of foreign exchange fluctuations of ¥10 million on net cash.

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

### Cash flows from operating activities

Net cash provided by operating activities totaled ¥5,483 million (compared with ¥3,848 million provided in the previous fiscal year).

The main factors for the increase in net cash were increases of ¥2,928 million in advances received, ¥298 million in trade payables, and ¥233 million in provision for bonuses, and the recording of non-cash expenses of ¥889 million in depreciation, ¥180 million in share-based payment expenses, and ¥380 million in loss on valuation of investment securities. The main factors for the decrease in net cash were a decrease of ¥239 million in accounts payable - other, an increase of ¥265 million in prepaid expenses, and income taxes paid of ¥215 million.

### Cash flows from investing activities

Net cash used in investing activities totaled ¥3,180 million (compared with ¥1,364 million provided in the previous fiscal year).

This was primarily due to cash outflows from payments of leasehold deposits of ¥1,980 million, purchase of investment securities of ¥572 million, purchase of intangible assets of ¥348 million, purchase of property, plant and equipment of ¥217 million, and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥136 million, which were partially offset by cash inflows from proceeds from refund of leasehold deposits of ¥285 million.

#### Cash flows from financing activities

Net cash provided by financing activities totaled ¥1,431 million (compared with ¥523 million provided in the previous fiscal year).

This was primarily due to cash inflows from proceeds from long-term borrowings of ¥1,800 million and proceeds from issuance of shares of ¥367 million, which were partially offset by cash outflows from repayments of long-term borrowings of ¥717 million.

#### 4) Production, orders, and sales results

##### a. Production results

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

##### b. Order results

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

##### c. Sales results

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

Name of segment	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024	YoY change
Sansan/Bill One Business (Millions of yen)	22,512	29,938	+33.0%
Eight Business (Millions of yen)	2,864	3,542	+23.7%
Others (Millions of yen)	134	397	+196.4%
Total (Millions of yen)	25,510	33,878	+32.8%

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

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

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

##### 1) Assumptions used for major accounting policies and estimates

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

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

##### 2) Recognition, analysis, and considerations related to operating results, etc. for the fiscal year ended May 31, 2023

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

##### 3) Capital sources and liquidity

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

##### 4) Major factors impacting operating results

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

##### 5) Issue awareness by management and future policies

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

#### 5 Important contracts for operation

Not applicable.

#### 6 Research and development activities

Not applicable.

### III. Information About Facilities

#### 1 Overview of capital expenditures

Total amount of capital expenditures for the fiscal year under review amounted to ¥567 million. The major investments were an investment of ¥174 million implemented to develop software for services in the Sansan Business. In addition, capital expenditures of ¥86 million were implemented for expansion and renovation of the head office, etc.

There were no significant retirement, sale, etc. of facilities in the fiscal year under review.

#### 2 Major facilities

The Group's major facilities are as follows.

##### (1) Reporting company

As of May 31, 2024

Name of office (Location)	Name of segment	Type of facility	Carrying amount				Number of employees (Persons)
			Building (Millions of yen)	Software (Millions of yen)	Others (Millions of yen)	Total (Millions of yen)	
Omotesando head office (Shibuya-ku, Tokyo)	Sansan/Bill One Business Corporate (shared)	Facility for operation	159	612	70	842	1,362 (519)

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

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

3. The head office is a rental property, and the annual rent is ¥677 million.

##### (2) Subsidiaries in Japan

No applicable facilities.

##### (3) Subsidiaries outside Japan

No applicable facilities.

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

##### (1) Planned addition and other changes of significant facilities

At the meeting of the Board of Directors held on July 13, 2023, the Company resolved to relocate its head office. The Company expects to spend ¥3,100 million in new facilities to be established as a result of the relocation of the head office.

##### (2) Planned retirement and other changes of significant facilities

For a portion of the building and other items of the reporting company presented in "2 Major facilities," the Company plans to depreciate or retire those items' total amounts by October 2024, when the head office relocation is scheduled to be completed.

#### IV. Information About Reporting Company

##### 1 Company's shares, etc.

###### (1) Total number of shares

###### 1) Authorized shares

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

###### 2) Issued shares

Class	Number of issued shares as of fiscal year end May 31, 2024	Number of issued shares as of filing date August 28, 2024	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	125,835,416	125,984,536	Tokyo Stock Exchange (Prime Market)	These are shares with full voting rights, which are standard shares of the Company with no limits on rights. Number of shares in a trading unit is 100 shares.
Total	125,835,416	125,984,536	—	—

Note: "Number of issued shares as of filing date" does not include the number of shares issued through the exercise of share acquisition rights between August 1, 2024 and the filing date of this Annual Securities Report.

- (2) Share acquisition rights  
 1) Description of stock-option system

A. 3rd Share Acquisition Rights

Date of resolution	January 9, 2019
Category and number of recipients (Persons)	Employees of the Company: 399 Directors of the Company's subsidiaries: 2 Employees of the Company's subsidiaries: 2
Number of share acquisition rights (Units)*	136,984 [125,346] (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 547,936 [501,384] (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥850 (Notes 2 & 3)
Exercise period of share acquisition rights*	From February 1, 2021 to January 8, 2029
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥850 Amount credited to paid-in capital: ¥425
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. As for matters changed by the end of the month before the filing date (July 31, 2024), descriptions as at the end of the month before the filing date are provided in parentheses, and other matters have not changed from the descriptions as of the last day of the fiscal year.

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

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

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

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

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

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

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



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

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

- of an increase in legal capital surplus shall be the amount of the above maximum amount of increase of share capital, etc. less the amount of the increase in share capital.
- (7) Restrictions on assignment of share acquisition rights  
For restriction on the acquisition by transfer, approval by resolution of the Board of Directors of the Restructured Company shall be required.
- (8) Other conditions for exercising share acquisition rights  
Shall be decided pursuant to (Note 4) above.
- (9) Reasons and conditions for acquisition of share acquisition rights  
Shall be decided pursuant to (Note 6) above.
- (10) Other conditions shall be determined in accordance with the conditions of the Restructured Company.

#### B. 4th Share Acquisition Rights

Date of resolution	January 9, 2019
Category and number of recipients (Persons)	(Note 9)
Number of share acquisition rights (Units)*	308,340 [292,173] (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 1,233,360 [1,168,692] (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥850 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 1, 2020 to January 30, 2029
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥850 Amount credited to paid-in capital: ¥425
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. As for matters changed by the end of the month before the filing date (July 31, 2024), descriptions as at the end of the month before the filing date are provided in brackets, and other matters have not changed from the descriptions as of the last day of the fiscal year.

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

- (1) The person to whom the share acquisition rights are allotted (hereinafter the “trustee”) may not exercise the share acquisition rights, and except as otherwise provided in the offering memorandum, only the person to whom the share acquisition rights are granted by the trustee (hereinafter the “Share Acquisition Rights Holder”) may exercise the share acquisition rights.
- (2) The Share Acquisition Rights Holder may exercise the share acquisition rights only if segment profit of the Sansan Business of the Company exceeds ¥3,150 million based on the Company’s statement of income (when the consolidated statement of income is prepared, consolidated statement of income) in any fiscal year between the fiscal year ended May 31, 2020 and the fiscal year ended May 31, 2022. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company’s Board of Directors.
- (3) Notwithstanding (2) above, the Share Acquisition Rights Holder may not exercise all the remaining share acquisition rights, if each event listed below occurs between the Allotment Date of the share acquisition rights and the expiration date of the exercise period.
  - (a) Case where issuance of common shares of the Company, etc. at a price lower than the price calculated by multiplying the exercise price stipulated in (Note 3) and (Note 4) above by 50% (any fraction less than ¥1 being rounded up to the nearest yen) is conducted (excluding cases where the amount to be paid in is “particularly favorable” as stipulated in Article 199, paragraph (3) and Article 200, paragraph (2) of the Companies Act, cases where the issuance, etc. is due to allotment to shareholders, and other cases where the issuance, etc. is conducted at a price that is considered different from the share value of common shares).
  - (b) In the case where common shares of the Company to be acquired upon exercise of the share acquisition rights are not listed on any financial instruments exchange in Japan, when trading or any other transaction at a price lower than the price calculated by multiplying the exercise price stipulated in (Note 3) and (Note 4) above by 50% (any fraction less than ¥1 being rounded up to the nearest yen) is conducted (excluding cases where the transaction is conducted at a price that is considered significantly lower than the share value at the time of the transaction for special reasons such as capital policy purposes).
  - (c) In the case where common shares of the Company to be acquired upon exercise of the share acquisition rights are listed on any financial instruments exchange in Japan, when the closing price in ordinary

transactions of common shares of the Company is lower than the price calculated by multiplying the exercise price stipulated in (Note 3) and (Note 4) above by 50% (any fraction less than ¥1 being rounded up to the nearest yen).

- (d) In the case where common shares of the Company to be acquired upon exercise of the share acquisition rights are not listed on any financial instruments exchange in Japan, when the amount of shares valued by a third-party evaluation organization, etc. using methods such as the DCF method and the comparable company analysis method is lower than the price calculated by multiplying the exercise price stipulated in (Note 3) and (Note 4) above by 50% (any fraction less than ¥1 being rounded up to the nearest yen) (however, if the amount of shares valued is presented in a certain range, the Company's Board of Directors shall judge whether this paragraph applies, through consultation with the third-party evaluation organization, etc.).
- (4) The Share Acquisition Rights Holder is required to remain a Director, employee or adviser of the Company or its subsidiary/affiliate, or an external cooperator of an outsourcing contractor, etc. until the holder exercises the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.
- (5) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
- (6) Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
- (7) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
- (8) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.
8. The share acquisition rights were issued with compensation at ¥17 per one share acquisition right. Based on ¥850 of issuance price and ¥425 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥855 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥428 as a result of addition of ¥3, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.
9. Chikahiro Terada, Representative Director & CEO, established a "share acquisition rights trust" with Takanori Kushida, a tax accountant, as the trustee (hereinafter the "Trust (4th Share Acquisition Rights)") as of January 30, 2019 based on the resolution at the Extraordinary General Meeting of Shareholders held on January 9, 2019 for the purpose of granting an incentive for the medium- to long-term enhancement of corporate value to current and future executives and employees, etc. of the Group and retaining outstanding talents. For the Trust (4th Share Acquisition Rights), the Company issued the 4th Share Acquisition Rights (resolution at the Extraordinary General Meeting of Shareholders on January 9, 2019) on January 31, 2019 pursuant to the Companies Act.
- The Trust (4th Share Acquisition Rights) is to distribute 534,611 units of the 4th Share Acquisition Rights granted to Takanori Kushida, a tax accountant, (equivalent to four shares per unit) to the Group's executives and employees, etc. according to future achievements. Unlike the existing incentive plan using share acquisition rights, this scheme enables us to determine the size of distribution of an incentive at some future point in time based on assessment of future achievement for the Group's executives and employees, etc. to even further reward individuals' efforts, and to also distribute share acquisition rights to the Group's executives and employees, etc. who will be hired in the future. Any person to which the 4th Share Acquisition Rights are distributed may exercise the share acquisition rights in accordance with the provisions of the prospectus for the 4th Share Acquisition Rights and the agreement for treatment. The Trust (4th Share Acquisition Rights) consists of the three agreements (from A to C), and the outline is as follows.

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

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

(A) Two Directors of the Company, 383 employees of the Company, and three employees of the Company's subsidiaries

(B) 106 employees of the Company, 12 Director and employees of the Company's subsidiaries

(C) Four Directors of the Company, 10 employees of the Company, three employees of the Company's subsidiaries, and three subcontractors of the Company

C. 5th Share Acquisition Rights

Date of resolution	July 14, 2020
Category and number of recipients (Persons)	Directors of the Company: 6 Executive Officers of the Company: 12
Number of share acquisition rights (Units)*	213 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 85,200 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	1,338 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 1, 2021 to August 25, 2030
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,338 Amount credited to paid-in capital: ¥669
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2024).

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

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

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

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

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

#### D. 6th Share Acquisition Rights

Date of resolution	July 14, 2021
Category and number of recipients (Persons)	Directors of the Company: 6 Executive Officers of the Company: 13
Number of share acquisition rights (Units)*	188 [183] (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 75,200 [73,200] (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥2,093 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 1, 2022 to August 23, 2031
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥2,093 Amount credited to paid-in capital: ¥1,047
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. As for matters changed by the end of the month before the filing date (July 31, 2024), descriptions as at the end of the month before the filing date are provided in brackets, and other matters have not changed from the descriptions as of the last day of the fiscal year.

- Notes: 1. Same as Note 1 of the 5th Share Acquisition Rights.  
2. Same as Note 2 of the 3rd Share Acquisition Rights.  
3. Same as Note 3 of the 3rd Share Acquisition Rights.

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

E. 7th Share Acquisition Rights

Date of resolution	July 14, 2022
Category and number of recipients (Persons)	Employees of the Company: 138 Employee of the Company's subsidiary: 1
Number of share acquisition rights (Units)*	5,840 [5,540] (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 584,000 [554,000] (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,021 (Notes 2 & 3)
Exercise period of share acquisition rights*	From July 15, 2024 to July 14, 2032
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,021 Amount credited to paid-in capital: ¥511
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. As for matters changed by the end of the month before the filing date (July 31, 2024), descriptions as at the end of the month before the filing date are provided in brackets, and other matters have not changed from the descriptions as of the last day of the fiscal year.

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

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

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

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

(1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (July 14, 2032) exceeds ¥2,344.

However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

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

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

F. 8th Share Acquisition Rights

Date of resolution	July 14, 2022
Category and number of recipients (Persons)	Directors of the Company: 5 Executive Officers of the Company: 15
Number of share acquisition rights (Units)*	1,601 [1,542] (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 160,100 [154,200] (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,021 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 1, 2023 to September 1, 2032
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,021 Amount credited to paid-in capital: ¥511
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. As for matters changed by the end of the month before the filing date (July 31, 2024), descriptions as at the end of the month before the filing date are provided in brackets, and other matters have not changed from the descriptions as of the last day of the fiscal year.

- Notes: 1. Same as Note 1 of the 7th Share Acquisition Rights.  
2. Same as Note 2 of the 3rd Share Acquisition Rights.  
3. Same as Note 3 of the 3rd Share Acquisition Rights.  
4. Exercise conditions of share acquisition rights

(1) Persons who have received an allotment of the share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) may exercise their share acquisition rights only if the amount of net sales in the Company’s consolidated statement of income for the fiscal year ended May 31, 2023 exceeds ¥25,265 million.

In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company’s Board of Directors.

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

5. Same as Note 5 of the 3rd Share Acquisition Rights.  
6. Same as Note 6 of the 3rd Share Acquisition Rights.  
7. Same as Note 7 of the 3rd Share Acquisition Rights.

8. The share acquisition rights were issued with compensation at ¥12,500 per one share acquisition right. Based on ¥1,021 of issuance price and ¥511 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥1,146 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥574 as a result of addition of ¥63, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.



G. 9th Share Acquisition Rights

Date of resolution	August 30, 2022
Category and number of recipients (Persons)	Directors of the Company: 5
Number of share acquisition rights (Units)*	3,250 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 325,000 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,269 (Notes 2 & 3)
Exercise period of share acquisition rights*	From August 31, 2024 to August 30, 2032
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,269 Amount credited to paid-in capital: ¥635
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2024).

- Notes: 1. Same as Note 1 of the 7th Share Acquisition Rights.  
2. Same as Note 2 of the 3rd Share Acquisition Rights.  
3. Same as Note 3 of the 3rd Share Acquisition Rights.  
4. Exercise conditions of share acquisition rights

(1) Persons who have received an allotment of the share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) may exercise their share acquisition rights if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (August 30, 2032) exceeds ¥2,344.

However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

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

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

H. 10th Share Acquisition Rights

Date of resolution	July 13, 2023
Category and number of recipients (Persons)	Employees of the Company: 57
Number of share acquisition rights (Units)*	1,243 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 124,300 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,552.5 (Notes 2 & 3)
Exercise period of share acquisition rights*	From July 14, 2025 to July 13, 2033
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,552.5 Amount credited to paid-in capital: ¥777
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2024).

- Notes: 1. Same as Note 1 of the 7th Share Acquisition Rights.  
2. Same as Note 2 of the 3rd Share Acquisition Rights.  
3. Same as Note 3 of the 3rd Share Acquisition Rights.  
4. Exercise conditions of share acquisition rights

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

However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

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

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

## I. 11th Share Acquisition Rights

Date of resolution	July 13, 2023
Category and number of recipients (Persons)	Directors of the Company: 5 Executive Officer of the Company: 11
Number of share acquisition rights (Units)*	1,420 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 142,000 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥1,552.5 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 13, 2024 to September 12, 2033
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,552.5 Amount credited to paid-in capital: ¥777
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2024).

- Notes:
1. Same as Note 1 of the 7th Share Acquisition Rights.
  2. Same as Note 2 of the 3rd Share Acquisition Rights.
  3. Same as Note 3 of the 3rd Share Acquisition Rights.
  4. Exercise conditions of share acquisition rights

(1) Persons who have received an allotment of the share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) may exercise their share acquisition rights only if the amount of net sales in the Company’s consolidated statement of income for the fiscal year ended May 31, 2024 exceeds ¥33,164 million.

In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company’s Board of Directors.

- (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
- (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
- (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.
- (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
- (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
5. Same as Note 5 of the 3rd Share Acquisition Rights.
6. Same as Note 6 of the 3rd Share Acquisition Rights.
7. Same as Note 7 of the 3rd Share Acquisition Rights.
8. The share acquisition rights were issued with compensation at ¥14,000 per one share acquisition right. Based on ¥1,552.5 of issuance price and ¥777 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥1,692.5 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥847 as a result of addition of ¥70, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.

J. 12th Share Acquisition Rights

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

\* Description as of the last day of the fiscal year (May 31, 2024) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2024).

Notes: 1. Same as Note 1 of the 7th Share Acquisition Rights.

2. The amount of an increase in share capital upon issuance of shares through exercising the share acquisition rights shall be half of the maximum amount of increase of share capital, etc., which is calculated in accordance with Article 17, paragraph (1) of the Regulation on Corporate Accounting, and any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen. In this case, the amount of an increase in legal capital surplus shall be the amount of the above maximum amount of increase of share capital, etc. less the amount of the increase in share capital.

3. Exercise conditions of share acquisition rights

(1) Persons who have received an allotment of the share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) may exercise their share acquisition rights if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (August 29, 2033) exceeds ¥2,344.

However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

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

(2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.

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

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

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

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

4. Same as Note 5 of the 3rd Share Acquisition Rights.

5. Same as Note 6 of the 3rd Share Acquisition Rights.

6. Treatment of share acquisition rights in organizational restructuring

If the Company conducts a merger (limited to the case where the Company is extinguished through the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter, collectively, “organizational restructuring”), share acquisition rights of a Stock Company listed in Article 236, paragraph (1), item (viii), (a) through (e) of the Companies Act (hereinafter the “Restructured Company”) are each delivered to the Share Acquisition Rights Holder of the share acquisition rights remaining on the effective date of the organizational restructuring (hereinafter the “remaining share acquisition rights”) based on the following policy in each case. In this case, the remaining share acquisition rights shall be extinguished, and the Restructured Company shall newly issue share acquisition rights. However, this shall apply only if it is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that the Restructured Company shall deliver share acquisition rights.

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

#### K. 13th Share Acquisition Rights

Date of resolution	July 11, 2024
Category and number of recipients (Persons)*2	Employees of the Company: 102
Number of share acquisition rights (Units)*2	2,218 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*2	Common shares                      221,800 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*1	¥1,783 (Notes 2 & 3)
Exercise period of share acquisition rights*1	From July 12, 2026 to July 11, 2034
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*1	Issuance price: ¥1,783 Amount credited to paid-in capital: ¥892
Exercise conditions of share acquisition rights*1	(Note 4)
Matters concerning transfer of share acquisition rights*1	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*1	(Note 7)

\*1 Description as of the date of resolution of issue (July 11, 2024) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2024).

\*2 Description as of the allotment date (August 7, 2024) is provided.

Notes: 1. Same as Note 1 of the 7th Share Acquisition Rights.

2. Same as Note 2 of the 3rd Share Acquisition Rights.

3. Same as Note 3 of the 3rd Share Acquisition Rights.

4. Exercise conditions of share acquisition rights

- (1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights if the closing price of the Company's common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the Allotment Date of the share acquisition rights to the end of the period of exercise of the rights (July 11, 2034) exceeds ¥3,987.

However, in the event of a stock split or stock consolidation after the Allotment Date, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

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

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

#### L. 14th Share Acquisition Rights

Date of resolution	July 11, 2024
Category and number of recipients (Persons)	Directors of the Company: 5 Executive Officers of the Company: 13
Number of share acquisition rights (Units)*	800 (Note 1)
Class, description and number of shares to be acquired upon exercise of share acquisition rights (Shares)*	Common shares: 80,000 (Note 1)
Amount to be paid upon exercise of share acquisition rights (Yen)*	¥ 1,783 (Notes 2 & 3)
Exercise period of share acquisition rights*	From September 5, 2025 to September 4, 2034
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)*	Issuance price: ¥1,783 Amount credited to paid-in capital: ¥892
Exercise conditions of share acquisition rights*	(Note 4)
Matters concerning transfer of share acquisition rights*	(Note 5)
Matters concerning the grant of the share acquisition rights in association with an organizational restructuring*	(Note 7)

\* Description as of the date of resolution of issue (July 11, 2024) is provided. There was no change in these matters as at the end of the month before the filing date (July 31, 2024).

Notes: 1. Same as Note 1 of the 7th Share Acquisition Rights.

2. Same as Note 2 of the 3rd Share Acquisition Rights.

3. Same as Note 3 of the 3rd Share Acquisition Rights.

4. Exercise conditions of share acquisition rights

- (1) Persons who have received an allotment of the share acquisition rights (hereinafter the "Share Acquisition Rights Holder") may exercise their share acquisition rights only if the amount of net sales in the Company's consolidated statement of income for the fiscal year ending May 31, 2025 has exceeded ¥43,303 million.

In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company's Board of Directors.

- (2) The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
- (3) In the event that the Share Acquisition Rights Holder dies, the inheritance of the share acquisition rights shall not be permitted.
- (4) Pledging of the share acquisition rights, or the creation of security interests shall not be permitted.

- (5) The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
- (6) It shall not be possible to exercise fractions less than one unit of the share acquisition rights.
- 5. Same as Note 5 of the 3rd Share Acquisition Rights.
- 6. Same as Note 6 of the 3rd Share Acquisition Rights.
- 7. Same as Note 7 of the 3rd Share Acquisition Rights.
- 8. The share acquisition rights were issued with compensation at ¥18,500 per one share acquisition right. Based on ¥1,783 of issuance price and ¥892 of amount credited to paid-in capital in the case where shares are issued through exercise of share acquisition rights, the issuance price shall be ¥1,968 reflecting the carrying amount per share of the share acquisition rights at the time of exercise, and amount credited to paid-in capital shall be ¥985 as a result of addition of ¥93, which is half of the maximum amount of increase of share capital, etc. (any fraction less than ¥1 arising as a result of the calculation shall be rounded up to the nearest yen), in accordance with Article 17, paragraph (1), item (i) of the Regulation on Corporate Accounting.

2) Shareholder rights plans

Not applicable.

3) Share acquisition rights for other uses

Not applicable.

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

Not applicable.

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

Month/date/year	Increase (decrease) in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Increase (decrease) in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase (decrease) in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
June 18, 2019 (Note 1)	500,000	29,932,353	1,051	3,864	1,051	2,551
July 17, 2019 (Note 2)	1,126,500	31,058,853	2,369	6,234	2,369	4,921
July 30, 2019 (Note 3)	–	31,058,853	–	6,234	(947)	3,974
December 20, 2019 (Note 4)	80,000	31,138,853	2	6,236	2	3,977
February 1 to May 31, 2021 (Note 5)	44,792	31,183,645	76	6,312	76	4,053
June 1 to November 30, 2021 (Note 6)	31,684	31,215,329	63	6,376	63	4,116
December 1, 2021 (Note 7)	93,645,987	124,861,316	–	6,376	–	4,116
January 1 to May 31, 2022 (Note 8)	102,280	124,963,596	50	6,426	50	4,166
From June 1, 2022 to May 31, 2023 (Note 9)	446,988	125,410,584	155	6,582	155	4,322
From July 1, 2023 to May 31, 2024 (Note 10)	424,832	125,835,416	192	6,774	192	4,514

Notes: 1. Paid-in public offering (offering by means of the book-building method)

Issuance price: ¥4,500  
Subscription price: ¥4,207.50  
Amount credited to paid-in capital: ¥2,103.75  
Total amount to be paid: ¥2,103,750,000

2. Third-party allotment of shares with compensation (capital increase by third-party allotment of shares related to secondary distribution through over-allotment)

Issuance price: ¥4,500  
Subscription price: ¥4,207.50  
Amount credited to paid-in capital: ¥2,103.75  
Allottee: Nomura Securities Co., Ltd.

3. Based on the resolution at the meeting of the Board of Directors held on July 30, 2019, the amount of legal capital surplus was reduced and the reduction amount was transferred to other capital surplus to realize future flexible and agile capital policy through early elimination of cumulative losses. The capital reduction ratio for legal capital surplus is 19.2%.

4. Due to the exercise of share acquisition rights as of December 20, 2019, the total number of issued shares increased by 80,000 shares, and share capital and legal capital surplus each increased by ¥2 million.

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

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

7. Due to the stock split (1-for-4).

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

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

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

11. During the period between June 1, 2024 and the end of the month before the filing date (July 31, 2024), the total number of issued shares increased by 149,120 shares, and share capital and legal capital surplus each increased by ¥71 million due to the exercise of share acquisition rights.



## (5) Shareholding by shareholder category

As of May 31, 2023

Category	Shareholding status (Number of shares per share unit: 100 shares)								Shares less than one unit (Shares)
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors		Individuals, etc.	Total	
					Companies, etc.	Individuals			
Number of shareholders (Persons)	–	15	19	37	174	38	5,956	6,239	–
Number of shares held (Units)	–	163,506	3,108	328,990	492,044	199	270,235	1,258,082	27,216
Shareholding ratio (%)	–	13.00	0.25	26.15	39.11	0.01	21.48	100.00	–

Note: Of treasury shares of 871 shares, 8 units are included in “Individuals, etc.” and 71 shares are included in “Shares less than one unit.”

## (6) Major shareholders

As of May 31, 2023

Name or designation	Address	Number of shares held (Shares)	Ratio of shares held to total number of shares issued (excluding treasury shares) (%)
CNK, Inc.	Midtown East 4F, 9-7-2, Akasaka Minato-ku, Tokyo	32,809,100	26.07
JPLLC CLIENT ASSET S-SK J (Standing proxy: Citibank, N.A., Tokyo Branch)	FOUR CHASE METROTECH CENTER BROOKLYN, NY 11245 (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	11,311,935	8.99
The Master Trust Bank of Japan, Ltd. (Trust account)	1-8-1 Akasaka, Minato-ku, Tokyo	10,636,500	8.45
Chikahiro Terada	Suginami-ku, Tokyo	9,415,900	7.48
MSCO CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1585 BROADWAY NEW YORK, NEW YORK 10036, U.S.A. (OTEMACHI FINANCIAL CITY SOUTH TOWER, 1-9-7 Otemachi, Chiyoda-ku, Tokyo)	9,064,300	7.20
PERSHING-DIV. OF DLJ SECS. CORP. (Standing proxy: Citibank, N.A., Tokyo Branch )	ONE PERSHING PLAZA JERSEY CITY NEW JERSEY U.S.A (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	4,579,500	3.64
Kei Tomioka	Meguro-ku, Tokyo	4,160,000	3.31
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	3,897,100	3.10
Kenji Shiomi	Shinjuku-ku, Tokyo	2,285,000	1.82
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	25 CABOT SQUARE, CANARY WHARF, LONDON E14 4QA, U.K. (OTEMACHI FINANCIAL CITY SOUTH TOWER, 1-9-7 Otemachi, Chiyoda-ku, Tokyo)	1,835,500	1.46
Total	–	89,994,835	71.52

- Notes: 1. Of the number of shares held in The Master Trust Bank of Japan, Ltd. (Trust account) above, the number of shares related to trust activities is 4,994,200 shares. These shares are broken down to 151,800 shares of the portion included in pension trusts and 4,842,400 shares of the portion included in investment trusts.
2. Of the number of shares held in Custody Bank of Japan, Ltd. (Trust account) above, the number of shares related to trust activities is 3,278,000 shares. These shares are broken down to 68,000 shares of the portion included in pension trusts and 3,210,000 shares of the portion included in investment trusts.
3. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of November 22, 2019 shows that Capital Research and Management Company held the following shares as of November 15, 2019. However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2024, the said company is not included in the above status of major shareholders. The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows. Although the Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021, the following number of shares, etc. held shows the number of shares before the stock split.

Name or designation	Address	Number of shares, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A.	Shares: 731,200	2.35

4. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of January 7, 2020 shows that SPARX Asset Management Co., Ltd. held the following shares as of December 31, 2019. However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2024, the said company is not included in the above status of major shareholders.  
The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.  
Although the Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021, the following number of shares, etc. held shows the number of shares before the stock split.

Name or designation	Address	Number of shares, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
SPARX Asset Management Co., Ltd.	6th Floor, Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo	Shares: 1,010,000	3.25

5. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of January 8, 2020 shows that JPMorgan Asset Management (Japan) Limited and two joint holders held the following shares as of December 31, 2019. However, since the Company cannot confirm the number of shares that said company and joint holders actually held as of May 31, 2024, they are not included in the above status of major shareholders.  
The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.  
Although the Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021, the following number of shares, etc. held shows the number of shares before the stock split.

Name or designation	Address	Number of shares, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
JPMorgan Asset Management (Japan) Limited	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo	Shares: 1,446,800	4.66
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo	Shares: 25,800	0.08
J.P. Morgan Securities plc	25 Bank Street, Canary Wharf, London E14 5JP, U.K.	Shares: 35,267	0.11

6. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of September 6, 2021 shows that Pleiad Investment Advisors Limited held the following shares as of August 31, 2021. However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2024, the said company is not included in the above status of major shareholders.  
The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.  
Although the Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021, the following number of shares, etc. held shows the number of shares before the stock split.

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

7. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of September 7, 2021 shows that T. Rowe Price Japan, Inc. held the following shares as of August 31, 2021. However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2024, the said company is not included in the above status of major shareholders.  
The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.  
Although the Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021, the following number of shares, etc. held shows the number of shares before the stock split.

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

8. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of August 22, 2023 shows that FIL Investments (Japan) Limited held the following shares as of August 15, 2023. However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2024, the said company is not included in the above status of major shareholders.

The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.

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

9. A Statement of Large-Volume Holdings (Statement of Changes) which was made available for public inspection as of April 22, 2024 shows that Greenoaks Capital Partners LLC held the following shares as of April 15, 2024.

However, since the Company cannot confirm the number of shares that said company actually held as of May 31, 2024, the said company is not included in the above status of major shareholders.

The description of the Statement of Large-Volume Holdings (Statement of Changes) is as follows.

Name or designation	Address	Number of shares, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
Greenoaks Capital Partners LLC	4 Orinda Way, Suite 200-C, Orinda, CA, USA	Shares: 10,281,300	8.17

10. Chikahiro Terada, who was a major shareholder as of the end of the previous fiscal year, is no longer a major shareholder as of the end of the fiscal year under review. CNK, Inc. has become a new major shareholder.

(7) Voting rights

1) Issued shares

As of May 31, 2024

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	Common shares 800	–	–
Shares with full voting rights (Other)	Common shares 125,807,400	1,258,074	–
Shares less than one unit	Common shares 27,216	–	–
Total number of issued shares	125,835,416	–	–
Aggregate voting rights of all shareholders	–	1,258,074	–

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

2) Treasury shares, etc.

As of May 31, 2024

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Ratio of shares held to total number of shares issued (%)
Sansan, Inc.	Aoyama Oval Building 13F, 5-52-2 Jingumae, Shibuya-ku, Tokyo	800	–	800	0.00
Total	–	800	–	800	0.00

## 2 Acquisition and disposal of treasury shares

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

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

(2) Acquisitions by resolution of Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Resolution by the Board of Directors (July 11, 2024) (Acquisition period: From July 12, 2024 to August 31, 2024)	200,000	300,000,000
Treasury shares acquired before the fiscal year under review	–	–
Treasury shares acquired during the fiscal year under review	–	–
Total number and value of remaining shares subject to the resolution	–	–
Percentage of un-exercised portion as of the last day of the fiscal year under review (%)	–	–
Treasury shares acquired during the period	37,500	84,144,900
Ratio of un-exercised acquisition as of the date of filing (%)	81.25	71.95

Note: The number of treasury shares acquired during the period (from June 1, 2024 to the filing date of the Annual Securities Report) does not include shares acquired by the buyback of shares pursuant to the resolution between August 1, 2024 and the filing date of this Annual Securities Report.

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

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

Category	Fiscal year under review		Current period	
	Number of shares (Shares)	Total amount disposed (Yen)	Number of shares (Shares)	Total amount disposed (Yen)
Acquired treasury shares offered to third parties	–	–	–	–
Acquired treasury shares disposed of through cancellation	–	–	–	–
Acquired treasury shares transferred for mergers, share exchanges, share issuance, or company splits	–	–	–	–
Other	–	–	–	–
Number of treasury shares held	871	–	38,371	–

Note: The number of treasury shares held during the period (from June 1, 2024 to the filing date of the Annual Securities Report) does not include shares acquired through the acquisition of common shares that falls under Article 155, item (iii) of the Companies Act between August 1, 2024 and the filing date of this Annual Securities Report.

### 3 Dividend policy

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

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

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

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

## 4 Corporate governance, etc.

### (1) Overview of corporate governance

#### 1) Basic views on corporate governance

Under the mission of “Turning encounters into innovation” and the vision of “Become business infrastructure,” the Company is developing businesses. The Company provides an innovative service to the very nature of business and encounters, and the cloud-based solutions that promote digital transformation and reshape how we work to companies and businesspersons facing various business issues. Through this service, the Company will maximize sustainable corporate value and contribute to society while recognizing the importance of gaining the continued trust of all stakeholders.

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

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

##### A. Overview of the system of corporate governance

At the Annual General Meeting of Shareholders held on August 18, 2015, the Company transitioned to the system of a company with an Audit & Supervisory Committee for the purpose of further improving its corporate governance and enhancing the soundness and transparency of management by reinforcing the supervisory function of the Directors.

### Board of Directors

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

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

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

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

### Executive Committee

The Company has established the Executive Committee as an advisory body for business execution to develop a system that contributes to the appropriate and prompt execution of business by the Board of Directors and officers in charge, etc.

The Executive Committee consists of all full-time Directors and officers in charge and meets as necessary. The Committee operates with an awareness of the mobility and flexibility of business execution and decision-making, for example, by inviting people other than its members for certain advisory matters.

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

### Audit & Supervisory Committee

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

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

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

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

Nomination and Remuneration Advisory Committee

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

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

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

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

Internal audits

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

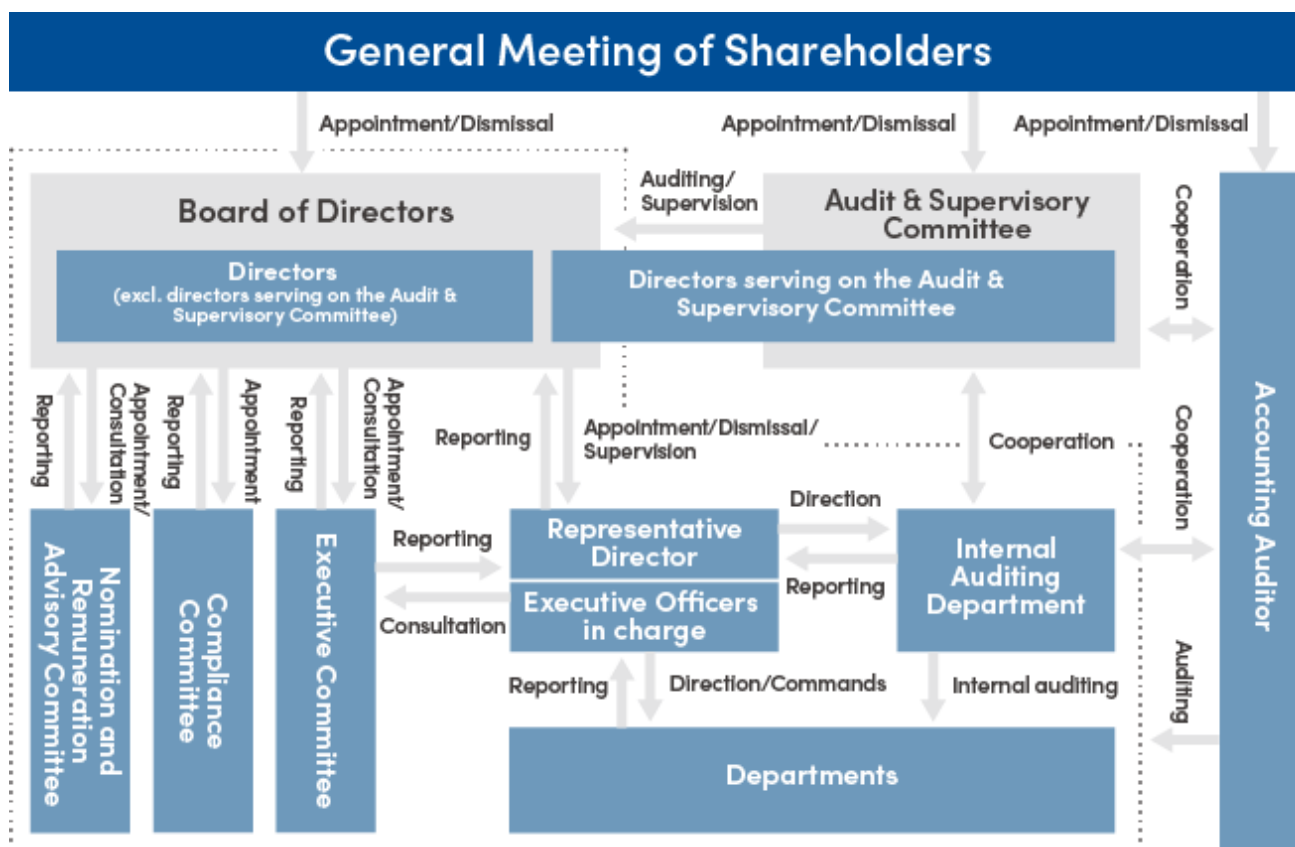
The Internal Auditing Department cooperates with the Audit & Supervisory Committee and the Financial Auditor and shares the information necessary for auditing, thereby enhancing the effectiveness of each audit.

B. Reasons for adopting this system

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

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

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



### 3) Status of the preparedness of the internal control system

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

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

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

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

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

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

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

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

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

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

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



- F. Internal control system for financial reporting (System to ensure properness of financial reporting)
- In order to secure the properness of financial reporting of the Company and its subsidiaries, the Company shall develop and appropriately operate internal rules, including the Basic Policy on Internal Controls Related to Financial Reporting, based on the Financial Instruments and Exchange Act and other laws and regulations in Japan and overseas that apply to the Company and its subsidiaries.
  - Develop and operate a monitoring system for financial reporting and establish a system for timely and appropriate reporting when internal control system problems or defects are identified through the monitoring system.
  - In terms of information infrastructure, effective and efficient use of the internal control system is made for financial reporting and the Company shall respond appropriately with respect to general control and application control of that structure.
- G. Matters related to the Office that assists the duties of the Audit & Supervisory Committee, matters related to the independence of members of that Office, and matters on ensuring the practicability of instructions to those members (Establishing an Office and Office member for the Audit & Supervisory Committee) (Independence of the Office member for the Audit & Supervisory Committee) (Ensuring practicability of instructions to the Office member of the Audit & Supervisory Committee)
- Establish an Office under the direct control of the Audit & Supervisory Committee and an Office member is designated to assist the duties of the Committee's members on a full time basis.
  - The supervisory authority over that Office member is to belong exclusively to the Audit & Supervisory Committee and the appointment, transfer, performance evaluation, disciplinary action, and other matters regarding the member require the approval of, and prior notification to, the Audit & Supervisory Committee.
- H. System for submitting reports to the Audit & Supervisory Committee, which includes the system for Directors and employees to report to the Audit & Supervisory Committee (System for reporting to the Audit & Supervisory Committee)
- Directors and employees shall promptly inform the Audit & Supervisory Committee of any matter that may have a significant impact on the Company and the implementation status of internal audits as well as legal matters, and provide necessary reports and information in response to requests from the Audit & Supervisory Committee.
  - Ensure that there is an appropriate reporting system in accordance with the rules for a Whistle-Blower System. The Company shall not treat any Director or employee unfavorably on the basis of said Director or employee using the System to give a report.
- I. Other systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee (Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee)
- The Company ensures the efficiency and effectiveness of audits by having an Audit & Supervisory Committee member or an Office member of the Audit & Supervisory Committee attend meetings of the Board of Directors or other important meetings and gather information necessary for the audits.
  - The Representative Director & CEO shall meet regularly with the Audit & Supervisory Committee and Financial Auditor to exchange opinions and communicate effectively.
  - The Audit & Supervisory Committee shall meet regularly with the Financial Auditor to exchange opinions, as well as exchange information with auditing organizations at all times, such as by receiving the audit plan and reports on the results of auditing from the Internal Auditing Department.
  - The operation status of the Whistle-Blower System and other compliance systems shall be regularly reported to the Audit & Supervisory Committee.
  - Payments of reasonable costs incurred in the process of executing the duties of the Audit & Supervisory Committee member shall be addressed upon a request for payment.

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

#### 4) Summary of details of limited liability agreements

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

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

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

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

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

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

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

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

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

7) Number of Directors

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

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

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

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

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

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

10) Organization determining dividends of surplus etc.

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

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

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

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

12) Regarding the system for managing subsidiaries and affiliates

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

### 13) Basic policy regarding the control of the Company

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

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

### 14) Activities of the Board of Directors

During the fiscal year under review, the Company held 15 meetings of the Board of Directors, and the attendance record for each Director is as follows.

Name	Number of times attended	Attendance ratio
Chikahiro Terada	15 times	100%
Kei Tomioka	15 times	100%
Kenji Shiomi	15 times	100%
Yuta Ohma	15 times	100%
Muneyuki Hashimoto	15 times	100%
Maki Suzuki	15 times	100%
Toru Akaura	15 times	100%
Toko Shiotsuki	15 times	100%
Taro Saito	14 times	93%

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

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

### 15) Activities of the Nomination and Remuneration Advisory Committee

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

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

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

- Matters concerning policies and procedures for nominating Directors
- Matters concerning the selection of director candidates for the 16th Annual General Meeting of Shareholders
- Matters concerning policies for determining the remuneration etc. of Directors (excluding those who are Audit & Supervisory Committee Members), decision procedures, and individual remuneration, etc.
- Matters concerning the proposal for remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) for the 16th Annual General Meeting of Shareholders

## (2) Officers

## 1) List of Officers

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

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Representative Director & CEO Executive Officer, CEO and CPO	Chikahiro Terada	December 29, 1976	April 1999 May 2001 February 2006 June 2007 Joined Mitsui & Co., Ltd. Worked for Mitsui Comtek Corp. in Silicon Valley Seconded as General Manager of Corporate Management Department of Mitsui Bussan Secure Directions, Inc. Assumed office as Representative Director & CEO of the Company (current position)	(Note 3)	9,415,900
Director Executive Officer and COO Executive in charge of the Sansan Division and Bill One Division	Kei Tomioka	May 26, 1976	April 1999 June 2007 June 2021 Joined Oracle Corporation Japan Assumed office as Director of the Company (current position) Outside Director of Fringe81 Co., Ltd. (currently Unipos Inc.) (current position)	(Note 3)	4,160,000
Director Executive Officer, CISO and DPO Executive in charge of the Technology Division and Eight Business	Kenji Shiomi	August 12, 1970	April 1994 December 2000 April 2005 June 2006 June 2007 Joined Bussan System Integration Co. Ltd. (currently MITSUI KNOWLEDGE INDUSTRY CO., LTD.) Seconded to Mitsui & Co., Ltd., Mitsui Comtek Corp. Joined Wisdom Networks Co., Ltd. President of United Portal Co., Ltd. Assumed office as Director of the Company (current position)	(Note 3)	2,285,000
Director Executive Officer and CHRO Executive in charge of the Human Resources Division	Yuta Ohma	September 27, 1983	April 2006 October 2008 February 2010 August 2019 Joined WORKPORT, inc. Director of Blast Co., Ltd. Joined the Company Assumed office as Director of the Company (current position)	(Note 3)	138,112
Director Executive Officer and CFO Executive in charge of the Corporate Division	Muneyuki Hashimoto	January 10, 1982	April 2004 September 2008 January 2013 November 2017 August 2020 June 2021 Joined Lehman Brothers Japan Inc. Joined Barclays Capital Securities Japan Limited Joined DBJ Investment Advisory Co., Ltd. Joined the Company Assumed office as Director of the Company (current position) Outside Director of Fringe81 Co., Ltd. (currently Unipos Inc.) (current position)	(Note 3)	179,192

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

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Toko Shiotsuki	January 9, 1973	<p>April 1996 Joined Japan Airlines Co., Ltd.</p> <p>October 1999 Passed the second exam for certified public accountants</p> <p>July 2000 Standing Auditor of CyberAgent, Inc.</p> <p>March 2007 Juris Doctor, The University of Tokyo School of Law</p> <p>December 2017 Director (Full-time Audit and Supervisory Committee member) of CyberAgent, Inc. (current position)</p> <p>August 2021 Assumed office as Director (Audit &amp; Supervisory Committee Member) of the Company (current position)</p>	(Note 5)	–
Director (Audit & Supervisory Committee Member)	Tsunehiro Shiota	September 22, 1982	<p>April 2005 Joined Lehman Brothers Japan Inc.</p> <p>December 2008 Joined Barclays Capital Securities Japan Limited</p> <p>August 2012 Joined Evernote Corporation</p> <p>May 2014 Vice President, Analytics of Evernote Corporation</p> <p>January 2016 Vice President, Business Operations and Strategy of Evernote Corporation</p> <p>September 2016 Partner of WiL, LLC</p> <p>August 2024 Assumed office as Director (Audit &amp; Supervisory Committee Member) of the Company (current position)</p>	(Note 4)	–
Total					17,898,204

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

## 2) Outside Officers

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

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

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

- A. Outside Director Toru Akaura, as the Representative Director of Incubate Fund KK, possesses many years of professional experience in the venture capital business, together with a wealth of experience as a director of other companies, and has cultivated broad insights through these experiences. The Company has appointed him in the anticipation that he will provide appropriate decision-making and management supervision and offer managerial advice on general management and corporate investment from an objective and professional perspective as an independent Director. A business relationship exists between Incubate Fund KK and the Company relating to Sansan/Bill One services and Eight services. However, the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests. Other than the above, there are no personal, capital, or business relationships, or other interests between him and the Company.
- B. Outside Director Taro Saito, as the Representative Director of dof Inc., possesses many years of work experience in branding and communication design together with extensive experience as an officer at other companies, and has cultivated broad insights through these experiences. The Company has appointed him in the anticipation that he will provide appropriate decision-making and management supervision and offer managerial advice on general management and corporate governance from an objective and professional perspective as an independent Director. There are no personal, capital, or business relationships, or other interests between him and the Company.
- C. Outside Director who is an Audit & Supervisory Committee Member Maki Suzuki has experience as an outside officer at other companies and has gained specialist knowledge in corporate legal affairs and compliance, etc., as well as a wealth of insight in judicial precedents, in her career as an attorney. The Company has appointed her in the anticipation that she will provide important opinions on the Company's management, including diversity, in addition to auditing and supervising the Directors' performance of their duties as an independent Director. There are no personal, capital, or business relationships, or other interests between her and the Company.
- D. Outside Director who is an Audit & Supervisory Committee Member Toko Shiotsuki has degrees as a junior accountant and a doctor of jurisprudence (professional), and has extensive experience in business companies, including serving as a full-time Audit & Supervisory Committee member of a listed company by leveraging her broad insight in accounting, auditing and legal affairs. The Company has appointed her in the anticipation that she will provide important opinions on the Company's management, including diversity, in addition to auditing and supervising the Directors' performance of their duties as an independent Director. There are no personal, capital, or business relationships, or other interests between her and the Company.
- E. Outside Director who is an Audit & Supervisory Committee Member Tsunehiro Shirota has extensive experience and broad insight, having been involved in domestic and cross-border M&A deals, fundraising, and startup investments at U.S. securities firms and global funds, as well as serving as a vice president of a U.S. software company. The Company has appointed him in the anticipation that he will provide important opinions, including perspectives of investment, finance, and corporate governance, on the Company's management as well as audit and supervise the Directors' performance of their duties. There are no personal, capital, or business relationships, or other interests between her and the Company.

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

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

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

### (3) Audits

#### 1) Audit & Supervisory Committee's audits

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

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

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

Name	Number of times attended	Attendance ratio
Maki Suzuki	13 times	100%
Toru Akaura	13 times	100%
Toko Shiotsuki	13 times	100%
Taro Saito	13 times	100%

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

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

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

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

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

#### 2) Internal audits

The Company's internal audits are conducted by one head of the Internal Auditing Department and two staff members who belong to the Internal Auditing Department, and internal auditors appointed by the head of the Internal Auditing Department. The objective of internal auditing is to examine and evaluate the effectiveness of internal controls established and operated at the Company, and to point out matters that require improvement and offer advice toward making improvement in order to contribute to achievement of the Company's management targets and stable business operations. The Internal Auditing Department makes an internal audit plan each fiscal year, implements internal auditing after receiving the approval of the Representative Director & CEO, and reports the results of the audits to the Representative Director & CEO and the division that was subject to auditing, while pointing out matters to be improved to said division and checking the status of improvement. Furthermore, the Internal



Auditing Department reports audit results and the status of improvement to the Audit & Supervisory Committee and the Board of Directors.

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

3) Financial audits

a. Name of audit firm  
KPMG AZSA LLC

b. Period continuously audited  
Ten years

c. Certified public accountants who performed the audit  
Osamu Takagi  
Genta Tsuru

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

d. Composition of assistants involved in the audit:

Assistants involved in the audit of the Company consist of eight certified public accountants and eleven other persons.

e. Policy and reasons for selecting audit firm

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

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

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

4) Details etc. of remuneration for audits

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

(Millions of yen)

Category	Previous fiscal year		Fiscal year under review	
	Remuneration based on audit and attestation services	Remuneration based on services other than auditing	Remuneration based on audit and attestation services	Remuneration based on services other than auditing
Reporting company	32	—	37	—
Consolidated subsidiaries	—	—	—	—
Total	32	—	37	—

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

Previous fiscal year  
Not applicable.

Fiscal year under review  
Not applicable.

C. Remuneration based on other important audit and attestation services

Not applicable.

D. Policy for determining remuneration for audits

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

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

#### (4) Remuneration etc. of officers

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

Following consultation with the Nomination and Remuneration Advisory Committee, the Company made the decision regarding the policy for deciding the details of remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year under review at a meeting of the Board of Directors based on the said Committee's report.

Remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year under review consists of basic remuneration, which is a fixed monetary remuneration, performance-linked bonus as short-term incentive remuneration, stock options with share price conditions as medium- to long-term incentive remuneration and stock remuneration-type stock options. In consideration of their roles and duties, remuneration, etc. of Directors who are Audit & Supervisory Committee Members is limited to basic remuneration, which is fixed monetary remuneration.

The individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year under review was deliberated by the Nomination and Remuneration Advisory Committee, the majority of whose members and chairperson are independent Outside Directors, from the perspective of ensuring objectivity and transparency, and a report was submitted stating that the details and decision process were in accordance with the relevant decision-making policy. The Board of Directors made decisions based on the content of the report, and therefore, the Company judges that the details thereof are in accordance with the said policy.

In addition, the Board of Directors of the Company resolved on July 23, 2024 to partially revise the policy for determining the remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the 18th term onward, subject to approval of Proposals 1 and 4 by the General Meeting of Shareholders to be held on August 27, 2024.

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

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

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

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

The amount of individual performance-linked bonuses for Directors (excluding those who are Audit & Supervisory Committee Members) shall be calculated ranging from 0% to 200% based on the degree of achievement against the performance targets for each fiscal year within the limits of the total amount of remuneration resolved at the General Meeting of Shareholders, and shall be updated and determined each fiscal year, taking into consideration each Director's position and responsibilities, etc.

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

- b. Introduction and decision policy for non-monetary remuneration

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

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

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

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

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

- d. Matters concerning the decisions on remuneration, etc.

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

When issuing stock options with share price conditions and stock remuneration-type stock options to Directors (excluding those who are Audit & Supervisory Committee Members), a resolution of the General Meeting of

Shareholders shall be obtained, and the content of the proposal of the General Meeting of Shareholders shall be determined at a meeting of the Board of Directors based on a report from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

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

July 13, 2023 Resolved to introduce performance-linked bonus, to introduce stock remuneration-type stock options with share price conditions, and to revise the policy for determining remuneration, etc. for Directors

August 29, 2023 Resolved the amount of individual remuneration, etc. for Directors (excluding those who are Audit & Supervisory Committee Members) and the issuance of stock options with share price conditions

The details of the decision policy regarding the details of individual remuneration, etc. of Directors from the 18th term onward are as follows.

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

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

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

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

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

- b. Introduction and decision policy for non-monetary remuneration

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

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

- c. Policy for determining the level, timing of payment/granting, and conditions of remuneration, etc. to Directors  
Remuneration for Directors shall be designed with reference to the remuneration levels of companies of similar business size and in related industries and business categories, using the officers' remuneration database of an external research organization.

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

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

- d. Matters concerning the decisions on remuneration, etc.

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

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

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

Officer category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of applicable officers (Number of persons)
		Fixed remuneration	Performance-linked remuneration	Stock option	
Director (excluding persons who are Audit & Supervisory Committee Members and Outside Directors)	305	229	14	61	5
Outside Director (Audit & Supervisory Committee Member)	23	23	–	–	4

- Notes: 1. Taxation on Stock Options (Q&A) published by the National Tax Agency on May 30, 2023 states that trust-type stock options are subject to employment income taxation on the difference between the exercise price at the time of exercise and the market value of the shares at the time of exercise. As a response to the statement, the amount of basic remuneration for Directors (excluding those who are Audit & Supervisory Committee Members) includes 80 million yen paid to two Directors (excluding those who are Audit & Supervisory Committee Members) as a cover for the additional burden of unexercised trust-type stock options granted to them.
2. The performance targets, the basis for calculating the amount of performance-linked bonuses, are based on consolidated net sales, the most important management indicator. The performance target and actual results for the fiscal year under review were 33,878 million yen in consolidated net sales (achievement rate: 102.2%) against the target consolidated net sales of 33,164 million yen. The calculation method for the amount of performance-linked bonuses for the fiscal year under review is as follows:

Amount of performance-linked bonus = bonus base amount x payment coefficient

Payment coefficient

Performance target achievement rate	Payment coefficient
110% or more	200%
100% or more	120%
95% or more	80%
90% or more	50%
Under 90%	0%

3. The column “Stock option” shows the amount of expenses recorded in the fiscal year under review for share acquisition rights as stock options with share price conditions and stock remuneration-type stock options with share price conditions for Directors (excluding those who are Audit & Supervisory Committee Members).
4. The total annual amount of remuneration paid to Directors (excluding those who are Audit & Supervisory Committee Members) shall not exceed ¥300 million, as resolved at the Extraordinary General Meeting of Shareholders held on January 30, 2019. Number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of said General Meeting of Shareholders was five. At the 17th Annual General Meeting of Shareholders held on August 27, 2024, it was resolved to revise the maximum annual amount of the said remuneration to ¥500 million (including ¥50 million for outside Directors). The number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders was seven (including two outside Directors).
5. The total annual amount of remuneration paid to Directors who are Audit & Supervisory Committee Members shall not exceed ¥50 million, as resolved at the Extraordinary General Meeting of Shareholders held on January 30, 2019. Number of Directors who are Audit & Supervisory Committee Members at the conclusion of said General Meeting of Shareholders was four.
6. The maximum amount of remuneration for share acquisition rights as stock options with share price conditions for Directors (excluding those who are Audit & Supervisory Committee Members) was resolved at the 15th Annual General Meeting of Shareholders held on August 30, 2022, separate from the maximum amount of remuneration mentioned in 4. above, to be up to ¥250 million (the total number of these share acquisition rights issued within one year from the date of the said General Meeting of Shareholders is limited to 5,000). Number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders was five. There was no issuance of share acquisition rights based on the resolution of the relevant General Meeting of Shareholders in the fiscal year under review. Details of share acquisition rights issued in the 16th fiscal year based on the resolution of the said General Meeting of Shareholders are described in “IV. Information About Reporting Company, 1 Company’s shares, etc., (2) Share acquisition rights, 1) Description of stock-option system, G. 9th Share Acquisition Rights.”
7. The maximum amount of remuneration for share acquisition rights as stock remuneration-type stock options with share price conditions for Directors (excluding those who are Audit & Supervisory Committee Members) was

resolved at the 16th Annual General Meeting of Shareholders held on August 29, 2023, separate from the maximum amount of remuneration mentioned in 4. and 6. above, to be up to ¥250 million (the total number of these share acquisition rights issued within one year from the date of the said General Meeting of Shareholders is limited to 3,000). Number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders was five. Details of share acquisition rights issued in the fiscal year under review based on the resolution of the said General Meeting of Shareholders are described in “IV. Information About Reporting Company, 1 Company’s shares, etc., (2) Share acquisition rights, 1) Description of stock-option system, J. 12th Share Acquisition Rights.”

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

Since no Director is paid in excess of a total of ¥100 million in remuneration etc., this information is not listed.

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

Not applicable.

5) Matters concerning incentives for Directors

As a means to incentivize the Directors apart from the remuneration system for Directors described above, the Company has introduced Performance Target-Linked Share Acquisition Rights (Stock Options with Charge) which are offered on the condition that performance targets, which use consolidated net sales as an indicator, are achieved, for Directors (excluding those who are Audit & Supervisory Committee Members) and Executive Officers of the Company, aiming to provide an incentive to improve the Company’s shareholder value and corporate value over the medium- to long-term; and Directors (excluding those who are Audit & Supervisory Committee Members) and Executive Officers acquire the share acquisition rights based on their own investment decisions.

5) Stock held

1) Criteria and approach to classification of investment stocks

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

2) Investment stocks held for purposes other than pure investment

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

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

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

b. Number of issues and balance sheet amount

	Number of issues (Issues)	Total carrying amount on the balance sheet (Millions of yen)
Unlisted shares	13	2,599
Shares other than unlisted shares	2	299

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

	Number of issues (Issues)	Total acquisition price related to the increase in the number of shares (Millions of yen)	Reason for the increase in the number of shares
Unlisted shares	3	74	To strengthen business partnership
Shares other than unlisted shares	1	291	To strengthen business partnership

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

	Number of issues (Issues)	Total selling price related to the decrease in the number of shares (Millions of yen)
Unlisted shares	2	46
Shares other than unlisted shares	–	–

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

Issue name	Fiscal year under review	Previous fiscal year	Purpose of holding, summary of business partnership, etc., quantitative effect of holding and reasons for the increase in the number of shares	Whether or not the Company owns shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount on the balance sheet (Millions of yen)	Carrying amount on the balance sheet (Millions of yen)		
Unipos Inc.	366,200	366,200	(Purpose of holding) To strengthen business partnership. (Summary of business partnership) Sales support such as provision of sales and marketing know-how (Quantitative effect of holding) *	None
	65	52		
ULURU.CO., LTD	150,000	–	(Purpose of holding) To strengthen business partnership. (Summary of business partnership) Improvement of the added value of existing services and consideration of new business development through the use of each other's resources (Quantitative effect of holding) *	None
	245	–		

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

3) Investment stocks held for pure investment purposes

Not applicable.

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

Not applicable.

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

Not applicable.



## V. Accounting

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

- (1) The Company's consolidated financial statements are prepared in accordance with the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976).
- (2) The Company's non-consolidated financial statements are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963, hereinafter referred to as "Regulation on Financial Statements").  
In addition, the Company falls under the category of special company submitting financial statements, and prepares its non-consolidated financial statements in accordance with the provisions of Article 127 of the Regulation on Financial Statements.

### 2. Audit attestation

In accordance with the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, KPMG AZSA LLC has audited the consolidated financial statements for the fiscal year (from June 1, 2023 to May 31, 2024) and the non-consolidated financial statements for the fiscal year (from June 1, 2023 to May 31, 2024).

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

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

# 1 Consolidated financial statements and other information

## (1) Consolidated financial statements

### 1) Consolidated balance sheet

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	21,114	24,874
Accounts receivable - trade	*1 1,180	*1 1,229
Prepaid expenses	604	884
Other	341	715
Allowance for doubtful accounts	(32)	(34)
Total current assets	23,207	27,671
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,281	1,291
Accumulated depreciation	(717)	(977)
Buildings and structures, net	564	313
Other	446	529
Accumulated depreciation	(240)	(323)
Other, net	206	206
Total property, plant and equipment	770	520
Intangible assets		
Software	827	691
Goodwill	706	919
Other	0	0
Total intangible assets	1,533	1,610
Investments and other assets		
Investment securities	3,705	3,799
Leasehold deposits	885	2,528
Deferred tax assets	595	950
Other	502	511
Total investments and other assets	5,689	7,790
Total non-current assets	7,993	9,920
Total assets	31,200	37,592

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	338	637
Current portion of long-term borrowings	558	930
Accounts payable - other	1,929	1,701
Income taxes payable	206	315
Accrued consumption taxes	410	676
Advances received	*2 10,729	*2 13,660
Provision for bonuses	601	846
Other	207	235
<b>Total current liabilities</b>	<b>14,982</b>	<b>19,004</b>
Non-current liabilities		
Long-term borrowings	2,838	3,549
Provision for retirement benefits for directors (and other officers)	–	53
Retirement benefit liability	–	58
Deferred tax liabilities	–	1
Other	188	152
<b>Total non-current liabilities</b>	<b>3,027</b>	<b>3,815</b>
<b>Total liabilities</b>	<b>18,009</b>	<b>22,819</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,582	6,774
Capital surplus	4,178	4,371
Retained earnings	1,695	2,648
Treasury shares	(2)	(2)
<b>Total shareholders' equity</b>	<b>12,454</b>	<b>13,792</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	156	134
Foreign currency translation adjustment	49	79
<b>Total accumulated other comprehensive income</b>	<b>206</b>	<b>213</b>
Share acquisition rights	457	638
Non-controlling interests	72	128
<b>Total net assets</b>	<b>13,190</b>	<b>14,772</b>
<b>Total liabilities and net assets</b>	<b>31,200</b>	<b>37,592</b>

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

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Net sales	*1 25,510	*1 33,878
Cost of sales	3,683	5,064
Gross profit	21,827	28,814
Selling, general and administrative expenses	*2 21,627	*2 27,477
Operating profit	199	1,337
Non-operating income		
Interest income	4	4
Subsidy income	14	16
Gain on sale of investment securities	291	–
Surrender value of insurance policies	–	12
Other	18	16
Total non-operating income	328	49
Non-operating expenses		
Interest expenses	13	16
Foreign exchange losses	18	25
Commission expenses	7	3
Loss on investments in investment partnerships	38	40
Share of loss of entities accounted for using equity method	287	–
Loss on withdrawal from business	–	27
Penalty loss on cancellation of rental contracts	–	19
Other	39	29
Total non-operating expenses	405	163
Ordinary profit	122	1,224
Extraordinary income		
Gain on reversal of share acquisition rights	0	2
Gain on sale of investment securities	–	37
Gain on sale of shares of subsidiaries and associates	619	–
Gain on step acquisitions	196	–
Total extraordinary income	817	40
Extraordinary losses		
Loss on retirement of non-current assets	*3 54	*3 15
Loss on sale of investment securities	–	13
Loss on valuation of investment securities	*4 980	*4 380
Total extraordinary losses	1,035	409
Profit (loss) before income taxes	(96)	855
Income taxes - current	264	301
Income taxes - deferred	(203)	(363)
Total income taxes	60	(61)
Profit (loss)	(156)	917
Loss attributable to non-controlling interests	(15)	(35)
Profit (loss) attributable to owners of parent	(141)	953

## Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Profit (loss)	(156)	917
Other comprehensive income		
Valuation difference on available-for-sale securities	70	(22)
Foreign currency translation adjustment	22	29
Total other comprehensive income	* 93	* 7
Comprehensive income	(63)	924
Comprehensive income attributable to:		
Owners of parent	(48)	960
Non-controlling interests	(15)	(35)

3) Consolidated statement of changes in equity  
Fiscal year ended May 31, 2023

(Millions of yen)

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

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

Fiscal year ended May 31, 2024

(Millions of yen)

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

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

## 4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(96)	855
Depreciation	898	889
Amortization of goodwill	39	111
Loss (gain) on sale and retirement of non-current assets	54	15
Share-based payment expenses	296	180
Gain on reversal of share acquisition rights	(0)	(2)
Loss (gain) on sale of shares of subsidiaries and associates	(619)	–
Loss (gain) on sale of investment securities	(291)	(24)
Loss (gain) on valuation of investment securities	980	380
Loss (gain) on investments in investment partnerships	38	40
Share of loss (profit) of entities accounted for using equity method	287	–
Loss (gain) on step acquisitions	(196)	–
Increase (decrease) in allowance for doubtful accounts	29	1
Increase (decrease) in provision for bonuses	113	233
Interest and dividend income	(4)	(4)
Interest expenses	13	16
Decrease (increase) in trade receivables	(391)	(16)
Decrease (increase) in prepaid expenses	(101)	(265)
Decrease (increase) in other assets	(118)	(199)
Increase (decrease) in trade payables	71	298
Increase (decrease) in accounts payable - other	780	(239)
Increase (decrease) in advances received	2,423	2,928
Increase (decrease) in accrued consumption taxes	15	255
Increase (decrease) in other liabilities	(6)	58
Other, net	111	183
<b>Subtotal</b>	<b>4,328</b>	<b>5,698</b>
Interest and dividends received	4	4
Proceeds from insurance income	–	12
Interest paid	(13)	(16)
Income taxes paid	(471)	(215)
<b>Net cash provided by (used in) operating activities</b>	<b>3,848</b>	<b>5,483</b>



(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(200)	(217)
Purchase of intangible assets	(480)	(348)
Purchase of investment securities	(359)	(572)
Proceeds from sale of investment securities	1,406	67
Proceeds from sale of shares of subsidiaries and associates	1,601	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*2 (136)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 46	–
Payments for investments in capital	(500)	–
Payments of leasehold deposits	(214)	(1,980)
Proceeds from refund of leasehold deposits	–	285
Other, net	64	(278)
<b>Net cash provided by (used in) investing activities</b>	<b>1,364</b>	<b>(3,180)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(140)	–
Proceeds from long-term borrowings	900	1,800
Repayments of long-term borrowings	(527)	(717)
Proceeds from issuance of shares	307	367
Proceeds from issuance of share acquisition rights	22	19
Other, net	(39)	(38)
<b>Net cash provided by (used in) financing activities</b>	<b>523</b>	<b>1,431</b>
Effect of exchange rate change on cash and cash equivalents	4	10
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,739</b>	<b>3,744</b>
Cash and cash equivalents at beginning of period	15,245	20,985
<b>Cash and cash equivalents at end of period</b>	<b>*1 20,985</b>	<b>*1 24,729</b>

## Notes to the consolidated financial statements

### Basis of preparation of consolidated financial statements

1. Disclosure of scope of consolidation

Number of consolidated subsidiaries: 8

• Names of consolidated subsidiaries:

Sansan Global Pte. Ltd.

Sansan Corporation

Sansan Global Development Center, Inc.

Sansan Global (Thailand) Co., Ltd.

logmi, Inc.

CREATIVE SURVEY INC.

Institute of Language Understanding Inc.

One other company

*Change in scope of consolidation*

Included in the scope of consolidation in the fiscal year under review are Institute of Language Understanding Inc., due to its shares being acquired, and Sansan Global (Thailand) Co., Ltd., due to it being established.

2. Disclosure about application of equity method

Not applicable.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

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

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

A. Securities

Available-for-sale securities

Securities other than shares with no market price, etc.

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

Shares with no market price, etc.

Stated at cost using the moving-average method

Investments in investment limited partnerships, etc.

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

B. Inventories

Work in process

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

(2) Accounting policy for depreciation of significant assets

A. Property, plant and equipment (excluding leased assets)

Facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method, and other property, plant and equipment are depreciated using the declining-balance method.

B. Intangible assets (excluding leased assets)

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

C. Leased assets

Leased assets related to finance lease transactions that transfer ownership

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

Leased assets related to finance lease transactions that do not transfer ownership

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

(3) Accounting policy for significant deferred assets

Share issuance costs

Share issuance costs are fully recognized as expenses when incurred.

- (4) Accounting policy for significant provisions
- A. Allowance for doubtful accounts  
To prepare for losses from bad debts, an estimated uncollectible amount is provided by using the historical rate of credit loss in the case of general receivables, or based on individual consideration of recoverability in the case of specific receivables such as highly doubtful receivables.
- B. Provision for bonuses  
A reserve for the employee bonus payment is provided by recording the estimated amounts of the future payments attributed to the fiscal year under review.
- C. Provision for retirement benefits for directors (and other officers)  
To provide for the payment of retirement benefits for directors (and other officers), certain consolidated subsidiaries record the amount of payment due as of the end of the fiscal year in accordance with their internal regulations.
- (5) Accounting policy for retirement benefits  
*Application of the simplified method for small-sized companies, etc.*  
Certain consolidated subsidiaries apply the simplified method whereby retirement benefit obligations are measured at the amount of retirement benefits to be required for voluntary termination at the end of the fiscal year for the calculation of retirement benefit liability and retirement benefit expenses.
- (6) Method and period for amortization of goodwill  
Goodwill is amortized over a ten-year period using the straight-line method.
- (7) Accounting policy for revenue and expense
- Sansan/Bill One Business  
The services to be transferred over a certain period include sales DX service Sansan and cloud-based invoice management solution Bill One, and as these main services are provided throughout the course of the contract period, revenue is recognized by apportioning the transaction price based on the contract with the client over the service provision period set forth in the contract.  
In addition, for the pay as you go portion of Sansan business cards and Bill One invoice data conversion, the amount calculated in accordance with the number of subject business cards or invoices, and the unit price based on the contract is recognized as revenue.
- Eight Business  
The services to be transferred over a certain period include B2C business card management service for individuals Eight Premium, B2B business card management service for companies Eight Team, as well as recruitment-related services and advertisement distribution services. As these are services that are provided over the course of the contract period, the total transaction price under the contract with the client for the service provision period prescribed in the contract is apportioned and recognized as revenue.  
Goods or services that are to be transferred at one time include B2B recruitment-related services, advertising services, and various business event services.  
In the event of an advertisement bring created in the advertising service and provided to the client, revenue is recognized at the time the advertisement is transferred to the client. In addition, in the event business service, as goods or services are transferred to the client through the holding of an event, revenue is recognized on each occasion that an event is held.
- (8) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen  
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and differences arising from the foreign exchange are recognized as gains or losses. Assets and liabilities of the foreign subsidiaries are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, while revenues and expenses of foreign subsidiaries are translated into Japanese yen at the average exchange rate during the fiscal year under review. Differences arising from these translations are included in foreign currency translation adjustment under net assets.
- (9) Scope of cash and cash equivalents in consolidated statement of cash flows  
Cash and cash equivalents in the consolidated statement of cash flows are comprised of cash in hand, demand deposits and short-term investments with terms of redemption or maturities of three months or less from the acquisition date, readily convertible into cash and are exposed to only an insignificant risk of fluctuations in value.

## Significant accounting estimates

### Recoverability of deferred tax assets

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

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
Deferred tax assets (before offset)	658	1,027

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

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

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

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

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

### Valuation of goodwill

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

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
Goodwill	706	919

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

In the case where a test is made for indicators of impairment and indicators of impairment are identified, the Company determines whether recognition of impairment loss on goodwill is necessary or not by calculating the undiscounted future cash flows for the period corresponding to the remaining goodwill amortization period based on the business plan and comparing that with the amount corresponding to the net assets multiplied by the Company's equity ratio, and the amount if goodwill is added. If it is determined that recognition of impairment loss is necessary, the carrying amount of that goodwill is reduced to the recoverable amount and the amount of the reduction is recognized as the impairment loss.

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

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

### Valuation of investment securities

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

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
Investment securities (unlisted stocks)	2,939	2,599
Loss on valuation of investment securities	980	380

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

As investment securities (unlisted stocks) have no market price as they are mainly invested to create synergies with existing business and expand business domain, they are carried at cost in the consolidated balance sheet. However, when the substantive value significantly decreases due to worsening of financial position of the issuing company, impairment accounting is applied, unless the recoverability of the substantive value is deemed possible, backed by sufficient evidence. For shares and other equity securities purchased at a higher price than the price on the basis of net assets per share by reflecting excess earning power and other factors of an investee at the time of purchase, the Company determines whether impairment accounting is applied or not by examining the substantive value taking into account excess earning power. When making a valuation of whether or not there is any decrease of excess earning power, the Company performs comparison between the business plan that was formulated upon investment and actual results, grasps the status of investment return, and considers the external economic environment, etc. to assess the feasibility of future business plans.

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

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

**Notes to consolidated balance sheet**

- \*1 Balance of contract assets arising from contracts with customers  
Contract assets arising from contracts with customers are included in “accounts receivable - trade.” The amount of contract assets is described in “Notes to the consolidated financial statements (Revenue recognition) (3) 1) Balance etc. of contract assets and liabilities” of the consolidated financial statements.
- \*2 Balance of contract liabilities arising from contracts with customers  
Contract liabilities arising from contracts with customers are included in “advances received.” The amount of contract liabilities is described in “Notes to the consolidated financial statements (Revenue recognition) (3) 1) Balance etc. of contract assets and liabilities” of the consolidated financial statements.

**Notes to consolidated statement of income**

- \*1 Revenue from contracts with customers  
Net sales are not described via categorization into revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is described in “Notes to the consolidated financial statements (Revenue recognition) (1) Information on disaggregation of revenue from contracts with customers” of the consolidated financial statements.
- \*2 The main expense items of selling, general and administrative expenses and their amounts are as follows.

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Salaries, allowances and bonuses	7,621	9,805
Advertising expenses	3,306	3,934
Provision for bonuses	1,134	1,647

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

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Buildings and structures	4	0
Software	49	15
Others	0	0
Total	54	15

- \*4 Loss on valuation of investment securities  
Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)  
Of the securities held by the Company that are classified as investment securities, impairment accounting was performed for SATORI, Inc. due to its substantive value having declined significantly.
- Fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)  
Of the securities held by the Company that are classified as investment securities, impairment accounting was performed for two issues of unlisted stocks due to their substantive value having declined significantly.

**Notes to consolidated statement of comprehensive income**

- \* Reclassification adjustments relating to other comprehensive income

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Valuation difference on available-for-sale securities:		
Amount for the fiscal year under review	385	(7)
Gross adjustments	(291)	-
Before tax effect adjustments	94	(7)
Amount of tax effect	23	14
Valuation difference on available-for-sale securities	70	(22)
Foreign currency translation adjustment:		
Amount for the fiscal year under review	22	29
Foreign currency translation adjustment	22	29
Total other comprehensive income	93	7

**Notes to consolidated statement of changes in equity**

Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

1. Class and total number of issued shares

	Number of shares at beginning of the fiscal year under review (Shares)	Increased number of shares for the fiscal year under review (Shares)	Decreased number of shares for the fiscal year under review (Shares)	Number of shares at end of the fiscal year under review (Shares)
Issued shares				
Common shares (Note 1)	124,963,596	446,988	–	125,410,584
Total	124,963,596	446,988	–	125,410,584
Treasury shares				
Common shares (Note 2)	736	135	–	871
Total	736	135	–	871

Notes: 1. The increase in common shares was due to the exercise of share acquisition rights.

2. The increase in treasury shares of common shares was due to the buyback of shares less than one unit.

2. Matters concerning share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be acquired upon exercise of the share acquisition rights	Number of shares to be acquired upon exercise of the share acquisition rights (Shares)				Balance at end of period (Millions of yen)
			Beginning of period of the fiscal year under review	Increase for the fiscal year under review	Decrease for the fiscal year under review	End of period of the fiscal year under review	
Reporting company	4th share acquisition rights as stock options	–	–	–	–	–	6
	5th share acquisition rights as stock options	–	–	–	–	–	48
	6th share acquisition rights as stock options	–	–	–	–	–	103
	7th share acquisition rights as stock options	–	–	–	–	–	128
	8th share acquisition rights as stock options	–	–	–	–	–	102
	9th share acquisition rights as stock options	–	–	–	–	–	67
Consolidated subsidiary	1st share acquisition rights as stock options	–	–	–	–	–	–
Total		–	–	–	–	–	457

Note: The first days of the exercise period for the 7th, 8th, and 9th share acquisition rights as stock options of the reporting company are yet to arrive.

3. Dividends

Not applicable.

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

1. Class and total number of issued shares

	Number of shares at beginning of the fiscal year under review (Shares)	Increased number of shares for the fiscal year under review (Shares)	Decreased number of shares for the fiscal year under review (Shares)	Number of shares at end of the fiscal year under review (Shares)
Issued shares				
Common shares (Note)	125,410,584	424,832	–	125,835,416
Total	125,410,584	424,832	–	125,835,416
Treasury shares				
Common shares	871	–	–	871
Total	871	–	–	871

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

2. Matters concerning share acquisition rights

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

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

3. Dividends

Not applicable.

**Notes to consolidated statement of cash flows**

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

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Cash and deposits	21,114	24,874
Time deposits with maturity over three months	(129)	(145)
Cash and cash equivalents	20,985	24,729

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

Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

The breakdown of assets and liabilities of CREATIVE SURVEY INC., which was newly consolidated due to the acquisition of shares, at the start of its consolidation, and the relationship between the acquisition cost of the company's shares and the revenue due to the acquisition of the shares (net amount) is as follows.

	(Millions of yen)
Current assets	499
Non-current assets	0
Goodwill	516
Current liabilities	(278)
Non-controlling interests	(81)
Subtotal	656
Equity method evaluation amount until acquisition of control	(59)
Gain on step acquisitions	(196)
Share acquisition amount	400
Cash and cash equivalents	(446)
Net: Revenue from acquisition	46

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

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

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

**Lease transactions**

The information is omitted as it is immaterial.



## Financial instruments

### 1. Matters relating to financial instruments

#### (1) Policies for financial instruments

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

#### (2) Details of financial instruments and their risks

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

Investment securities are shares of companies with which we have business relationships that are held as available-for-sale securities and are exposed to the credit risk of the issuer.

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

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

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

#### (3) System for managing risks associated with financial instruments

##### 1) Credit risk management (risks associated with non-performance of contract by counterparties)

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

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

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

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

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

#### (4) Supplemental information on fair values of financial instruments

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

### 2. Matters relating to fair value of financial instruments

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

As of May 31, 2023

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities	65	65	-
Leasehold deposits	885	880	(4)
Total assets	950	946	(4)
Long-term borrowings (*2)	3,397	3,391	(5)
Total liabilities	3,397	3,931	(5)

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

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

As of May 31, 2024

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities	299	299	–
Leasehold deposits	2,528	2,504	(24)
Total assets	2,828	2,803	(24)
Long-term borrowings (*2)	4,479	4,474	(5)
Total liabilities	4,479	4,474	(5)

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

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

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

(Millions of yen)

Category	As of May 31, 2023	As of May 31, 2024
Investment securities		
Available-for-sale securities (unlisted stocks)	2,939	2,599
Investments in investment limited partnerships	690	880
J-KISS share acquisition rights	10	20

These are shares, etc. that do not have a market value, so are not subject to fair value disclosure.

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

As of May 31, 2023

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	Over 10 years
Cash and deposits	21,114	–	–	–
Accounts receivable - trade	1,180	–	–	–
Leasehold deposits	175	676	33	–
Total	22,469	676	33	–

As of May 31, 2024

(Millions of yen)

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

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

As of May 31, 2023

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	Over 5 years
Long-term borrowings	558	525	510	1,354	448	–
Total	558	525	510	1,354	448	–

As of May 31, 2024

(Millions of yen)

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

3. Matters relating to the breakdown, etc. of the market value of financial instruments for each level

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

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

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

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

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

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

As of May 31, 2023

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	65	–	–	65
Total assets	65	–	–	65

As of May 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	299	–	–	299
Total assets	299	–	–	299

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

As of May 31, 2023

(Millions of yen)

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

As of May 31, 2024

(Millions of yen)

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

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

Investment securities

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

Leasehold deposits

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

Long-term borrowings

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

## Securities

### 1. Available-for-sale securities

As of May 31, 2023

(Millions of yen)

	Class	Consolidated balance sheet amount	Cost	Difference
Items whose carrying amount exceeds cost	(1) Shares:	65	48	16
	(2) Debentures			
	1) Government and local government bonds, etc.	—	—	—
	2) Bonds payable	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	65	48	16
Items whose carrying amount does not exceed cost	(1) Shares	—	—	—
	(2) Debentures			
	1) Government and local government bonds, etc.	—	—	—
	2) Bonds payable	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	—	—	—
	Total	65	48	16

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

2. Unlisted shares (consolidated balance sheet amount: ¥2,939 million), investments in investment limited partnerships (consolidated balance sheet amount: ¥690 million), and J-KISS share acquisition rights (consolidated balance sheet amount: ¥10 million) are not described as they do not have market prices.

As of May 31, 2024

(Millions of yen)

	Class	Consolidated balance sheet amount	Cost	Difference
Items whose carrying amount exceeds cost	(1) Shares:	53	48	5
	(2) Debentures			
	1) Government and local government bonds, etc.	—	—	—
	2) Bonds payable	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	53	48	5
Items whose carrying amount does not exceed cost	(1) Shares	245	291	(45)
	(2) Debentures			
	1) Government and local government bonds, etc.	—	—	—
	2) Bonds payable	—	—	—
	3) Others	—	—	—
	(3) Others	—	—	—
	Subtotal	245	291	(45)
	Total	299	340	(40)

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

2. Unlisted shares (consolidated balance sheet amount: ¥2,599 million), investments in investment limited partnerships (consolidated balance sheet amount: ¥880 million), and J-KISS share acquisition rights (consolidated balance sheet amount: ¥20 million) are not described as they do not have market prices.

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

Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

(Millions of yen)

Class	Sale proceeds	Total gain on sale	Total loss on sale
Shares	1,406	291	—
Total	1,406	291	—

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

(Millions of yen)

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

3. Securities for which impairment accounting was performed

In the previous fiscal year, impairment accounting of ¥980 million was performed for one issue of unlisted stock (SATORI, Inc.) classified as available-for-sale securities.

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

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

## Stock options, etc.

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

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Share-based payment expenses (selling, general and administrative expenses)	296	180

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

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Gain on reversal of share acquisition rights	0	2

### 3. Details, scale and other variables of stock options

#### (1) Details of stock options

##### Reporting company

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

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

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

	2023 stock option (12th Share Acquisition Rights)
Category and number of recipients	Directors of the Company: 4
Number of options by class of stocks (Notes 1, 2, 3)	Common shares of the Company: 144,800 shares
Date of grant	September 13, 2023
Vesting conditions	(Note 4)
Relevant employment period	Not specified
Exercise period	From August 30, 2026 to August 29, 2033

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

*Consolidated subsidiary*

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

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



- (viii) (Where the holder is a Director or an Audit & Supervisory Board Member of CREATIVE SURVEY INC.) If the holder commits violation of fiduciary duty or other obligations to CREATIVE SURVEY INC. or its subsidiaries
- (ix) If it is found that the holder is an anti-social force (meaning a crime syndicate, a member of a crime syndicate, a right-wing organization, an anti-social force, or any other equivalent; the same shall apply hereinafter), or is involved in any interaction or involvement with anti-social forces, etc. through funding, etc.
- (4) The share acquisition rights shall be exercised in units of one share acquisition right, and partial exercise of each share acquisition right is not permitted.

(2) Scale of and changes in stock options

Stock options that existed in the fiscal year under review (fiscal year ended May 31, 2024) are included, and the number of stock options has been converted to the number of shares.

1) Number of stock options

*Reporting company*

	2019 stock option (3rd Share Acquisition Rights)	2019 stock option (4th Share Acquisition Rights)	2020 stock option (5th Share Acquisition Rights)	2021 stock option (6th Share Acquisition Rights)	2022 stock option (7th Share Acquisition Rights)
Before vesting (Shares)					
As of May 31, 2023	–	–	–	–	644,500
Granted	–	–	–	–	–
Expired	–	–	–	–	60,500
Vested	–	–	–	–	–
Unvested balance	–	–	–	–	584,000
After vesting (Shares)					
As of May 31, 2023	675,668	1,612,324	88,400	80,000	–
Vested	–	–	–	–	–
Exercised	105,956	298,876	3,200	2,000	–
Expired	21,776	80,088	–	2,800	–
Unexercised balance	547,936	1,233,360	85,200	75,200	–

	2022 stock option (8th Share Acquisition Rights)	2022 stock option (9th Share Acquisition Rights)	2022 stock option (10th Share Acquisition Rights)	2023 stock option (11th Share Acquisition Rights)	2023 stock option (12th Share Acquisition Rights)
Before vesting (Shares)					
As of May 31, 2023	181,300	325,000	–	–	–
Granted	–	–	124,300	142,000	144,800
Expired	–	–	–	–	–
Vested	181,300	–	–	–	–
Unvested balance	–	325,000	124,300	142,000	144,800
After vesting (Shares)					
As of May 31, 2023	–	–	–	–	–
Vested	181,300	–	–	–	–
Exercised	14,800	–	–	–	–
Expired	6,400	–	–	–	–
Unexercised balance	160,100	–	–	–	–

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

*Consolidated subsidiary*

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

2) Price information

*Reporting company*

	2019 stock option (3rd Share Acquisition Rights)	2019 stock option (4th Share Acquisition Rights)	2020 stock option (5th Share Acquisition Rights)	2021 stock option (6th Share Acquisition Rights)	2022 stock option (7th Share Acquisition Rights)
Exercise price (Note) (Yen)	850	850	1,338	2,093	1,021
Average price at time of exercise (Yen)	1,449	1,455	1,454	1,454	–
Fair valuation price at date of grant (Yen)	–	–	179	273	816

	2022 stock option (8th Share Acquisition Rights)	2022 stock option (9th Share Acquisition Rights)	2023 stock option (10th Share Acquisition Rights)	2023 stock option (11th Share Acquisition Rights)	2023 stock option (12th Share Acquisition Rights)
Exercise price (Note) (Yen)	1,021	1,269	1,552.5	1,552.5	1
Average price at time of exercise (Yen)	1,408	–	–	–	–
Fair valuation price at date of grant (Yen)	125	802	770	682	1,363

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

2. Converted to the value after the December 1, 2021 stock split (4-for-1 stock split).

*Consolidated subsidiary*

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

4. Estimation method of fair valuation price of stock options

*Reporting company*

(1) 10th Share Acquisition Rights

1) Valuation method used: Black-Scholes model

2) Main base figures and their estimation methods

Share price volatility (Note 1)	61.56%
Forecast remaining period (Note 2)	5.94 years
Forecast dividends (Note 3)	¥0 per share
Risk-free interest rate (Note 4)	0.309%

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

(2) 11th Share Acquisition Rights

1) Valuation method used: Black-Scholes model

2) Main base figures and their estimation methods

Share price volatility (Note 1)	61.03 %
Forecast remaining period (Note 2)	5.5 years
Forecast dividends (Note 3)	¥0per share
Risk-free interest rate (Note 4)	0.319 %

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

(3) 12th Share Acquisition Rights

1) Valuation method used: Black-Scholes model

2) Main base figures and their estimation methods

Share price volatility (Note 1)	61.03%
Forecast remaining period (Note 2)	9.97 years
Forecast dividends (Note 3)	¥0 per share
Risk-free interest rate (Note 4)	0.719%

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

*Consolidated subsidiary*

CREATIVE SURVEY INC.

As for the 4th and 5th Share Acquisition Rights of CREATIVE SURVEY INC. granted in the fiscal year under review, the intrinsic value per unit of stock options was estimated instead of the fair value per unit of stock options because the company is a private company. The valuation of the company's shares, which is the basis for the calculation of the intrinsic value per unit, is based on the valuation calculated with reference to the issue price of the most recent capital increase by way of third-party allotment. Since the value of the stock calculated is less than or equal to the strike price, the intrinsic value per unit at the time of grant is zero, and the fair valuation unit price of the stock options is also calculated to be zero.

5. Number of vested stock options and their estimation method

Because it is difficult to reasonably estimate the number of options that will expire in the future, a method that reflects only the actual number expired has been adopted.

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

Total intrinsic value at the end of the fiscal year under review	¥1,364 million
Total intrinsic value on the exercise date for stock options exercised during the fiscal year under review	¥246 million

## Tax effect accounting

### 1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	As of May 31, 2023	As of May 31, 2024
Deferred tax assets		
Tax loss carryforward (Note)	1,135	834
Excess depreciation	713	903
Loss on valuation of investment securities	343	451
Provision for bonuses	182	254
Accrued enterprise tax	29	36
Others	500	419
Subtotal deferred tax assets	2,905	2,900
Valuation allowance for tax loss carryforward (Note)	(1,058)	(459)
Valuation allowance for total deductible temporary differences	(1,188)	(1,413)
Subtotal valuation allowance	(2,247)	(1,873)
Total deferred tax assets	658	1,027
Deferred tax liabilities		
Valuation difference on available-for-sale investment securities	(62)	(77)
Other	-	(1)
Total deferred tax liabilities	(62)	(79)
Net deferred tax assets	595	948
Net deferred tax liabilities	-	-

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

As of May 31, 2023

	(Millions of yen)						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	Over 5 years	Total amount
Tax loss carryforward (*1)	-	4	0	0	737	391	1,135
Valuation allowance	-	(4)	(0)	(0)	(661)	(391)	(1,058)
Deferred tax assets	-	-	-	-	76	-	(*2) 76

(\*1) 1. Tax loss carryforwards are multiplied by the statutory effective tax rate.

2. The amount recorded based on the future taxable income after careful consideration of recoverability.

As of May 31, 2024

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

(\*1) 1. Tax loss carryforwards are multiplied by the statutory effective tax rate.

2. The amount recorded based on the future taxable income after careful consideration of recoverability.

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

	<u>As of May 31, 2023</u>	<u>As of May 31, 2024</u>
Statutory effective tax rate	–%	30.6%
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	–	7.4
Income not taxable permanently, such as dividend income	–	0.0
Inhabitant per capita taxes	–	2.2
Share-based payment expenses	–	6.5
Tax credits, etc.	–	(5.6)
Change in valuation allowance	–	(47.2)
Previous years' taxes	–	0.2
Amortization of goodwill	–	4.0
Differences in tax rates with consolidated subsidiaries	–	(0.8)
Others	–	(4.5)
Effective rate of income taxes after application of tax effect accounting	<u>–</u>	<u>(7.2)</u>

(Note) Some information has been omitted because a loss before income taxes was recorded in the previous fiscal year ended May 31, 2023.

**Business combinations, etc.***Business combination through acquisition of shares*

The Company resolved at the Board of Directors meeting held on May 23, 2023 to acquire shares of Institute of Language Understanding Inc. and make it a consolidated subsidiary. The shares were acquired on June 20, 2023 based on this resolution.

## 1. Outline of business combination

## (1) Name of the acquired company and details of the acquired business

Name: Institute of Language Understanding Inc.

Description of business: Creating operational efficiency and high value-added through the use of large-scale language knowledge

## (2) Main reason of the business combination

The knowledge database and language understanding engine owned by Institute of Language Understanding Inc. have synergies with our core technologies such as OCR and language processing, etc. Therefore, the acquisition of the company will strengthen our R&D capabilities in the area of natural language processing.

## (3) Date of the business combination

June 1, 2023 (deemed date of acquisition)

## (4) Legal form of the business combination

Acquisition of shares in consideration for cash

## (5) Name of entity after the business combination

Unchanged.

## (6) Percentage of voting rights acquired

65.75%

## (7) Main basis for determining acquiring company

The Company acquired the shares in consideration for cash.

## 2. Period for which the operating results of the acquired company are included in the consolidated statement of income for the fiscal year under review

From June 1, 2023 to May 31, 2024

## 3. Acquisition cost of acquiree and components thereof by consideration type

Consideration for acquisition	Cash and deposits	¥500 million
Acquisition cost		¥500 million

## 4. Details and amount of major acquisition-related cost

Fees and commissions for advisory services      ¥6 million

## 5. Amount of goodwill recognized, basis for recognition, amortization method and amortization period

(1) Amount of goodwill recognized: ¥324 million

(2) Basis for recognition: Future excess earnings power expected from future business development

(3) Amortization method and period: Straight-line method over ten years

6. Amount and breakdown of assets acquired and liabilities assumed as of the date of the business combination  
(Millions of yen)

Current assets	428
Non-current assets	26
Total assets	455
Current liabilities	84
Non-current liabilities	103
Total liabilities	187

**Asset retirement obligations**

Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

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

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

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

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

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

## Revenue recognition

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

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

Segment classification	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Sansan/Bill One Business		
Sansan (Stock)	18,687	21,507
Sansan (Other)	1,104	1,379
Bill One	2,412	6,166
Others	306	884
Eight Business		
B2C Services	303	347
B2B Services	2,561	3,195
Other Business (Note)	134	397
Revenue from contracts with customers	25,510	33,878
Sales to external customers	25,510	33,878

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

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

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

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

#### 1) Balance, etc., of contract assets and contract liabilities

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

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

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

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Credits from contracts with customers		
Accounts receivable - trade (beginning balance)	756	1,180
Accounts receivable - trade (ending balance)	1,180	1,229
Contract liabilities		
Advances received (beginning balance)	8,191	10,720
Advances received (ending balance)	10,720	13,651
Amount of revenue recognized during the fiscal year under review that was included in the balance of contract liabilities (advanced received) at the beginning of the fiscal year	8,089	10,599

#### 2) Transaction price allocated to the remaining performance obligations

Total transaction price allocated to the remaining performance obligations and time when revenues are expected to be recognized as of May 31, 2024.

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

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Within 1 year	116	120
Over 1 year	120	115
Total	236	235



## Segment information, etc.

### Segment information

#### 1. Description of reportable segments

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

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

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

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

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

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

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

3. Information on the amounts of net sales, profit or loss, assets, liabilities, and other items for each reportable segment  
Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

(Millions of yen)

	Reportable segments			Others (Note 1)	Total
	Sansan/Bill One Business	Eight Business	Total		
Net sales					
Sales to external customers	22,512	2,864	25,376	134	25,510
Intersegment sales or transfers	4	2	7	64	72
Total	22,516	2,867	25,384	198	25,582
Segment profit (loss) (Note 2)	7,005	(170)	6,835	(36)	6,798
Other items					
Depreciation	523	15	538	0	538

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

(Millions of yen)

	Sansan/Bill One Business	Eight Business	Others	Adjustments (Note 1)	Amount recorded in consolidated statement of income
Segment profit (loss)	7,005	(170)	(36)	(5,856)	942
Share-based payment expenses	315	136	–	251	702
Amortization of goodwill and amortization of intangible assets	12	20	7	–	39
Operating profit (loss)	6,677	(326)	(43)	(6,107)	199

- Note: 1. The adjustments stated are the amounts of corporate expenses not attributable to any reportable segment and mostly consist of general and administrative expenses. Depreciation included in adjustments as corporate expenses is ¥359 million.  
2. Share-based payment expenses include expenses related to compensation in monetary amounts paid to the Group's employees, etc. for trust-type stock options and expenses related to the payment of alternative salaries, etc.  
3. Segment assets and liabilities have not been shown, as information relating to assets and liabilities are not regularly provided to the chief operating decision maker and are not subject to the assessment of performance.  
4. Intersegment sales or transfers are based on prevailing market price.

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

(Millions of yen)

	Reportable segments			Others (Note 1)	Total
	Sansan/Bill One Business	Eight Business	Total		
Net sales					
Sales to external customers	29,938	3,542	33,481	397	33,878
Intersegment sales or transfers	9	5	14	122	137
Total	29,948	3,548	33,496	519	34,016
Segment profit (loss) (Note 2)	8,675	314	8,989	(79)	8,910
Other items					
Depreciation	474	8	483	0	484

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

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

(Millions of yen)

	Sansan/Bill One Business	Eight Business	Others	Adjustments (Note 1)	Amount recorded in consolidated statement of income
Segment profit (loss)	8,675	314	(79)	(7,201)	1,709
Share-based payment expenses (Note 2)	67	27	–	164	260
Amortization of goodwill and amortization of intangible assets	51	20	39	–	111
Operating profit (loss)	8,556	266	(118)	(7,366)	1,337

Notes: 1. The adjustments stated are the amounts of corporate expenses not attributable to any reportable segment and mostly consist of general and administrative expenses. Depreciation included in adjustments as corporate expenses is ¥405 million.

2. Expenses related to the monetary compensation and payment of alternative wages, etc. to employees, etc. of the Group pertaining to trust-type stock options are included in share-based payment expenses.
3. Segment assets and liabilities have not been shown, as information relating to assets and liabilities are not regularly provided to the chief operating decision maker and are not subject to the assessment of performance.
4. Intersegment sales or transfers are based on actual market price.

*Information associated with reportable segments*

1. Information for each product or service

This information is omitted because the same information has been presented in Segment information.

2. Information for each region

(1) Net sales

This has been omitted because net sales to external Japanese customers account for more than 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

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

3. Information for each of main customers

This has been omitted because there is no external customer that accounts for 10% or more of net sales recorded on the consolidated statement of income.

*Disclosure of impairment losses on non-current assets for each reportable segment*

Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

Not applicable.

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

Not applicable.

*Amortization and unamortized balance of goodwill for each reportable segment*

Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

(Millions of yen)

	Sansan/Bill One Business	Eight Business	Corporate and eliminations	Total
Amortization of goodwill	12	20	7	39
Goodwill	503	145	57	706

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

(Millions of yen)

	Sansan/Bill One Business	Eight Business	Corporate and eliminations	Total
Amortization of goodwill	51	20	39	111
Goodwill	451	125	341	919

*Information about gain on bargain purchase for each reportable segment*

Not applicable.

*Related party information*

Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

1. Transactions with related parties

(Millions of yen)

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

Note: 1. Due to the exercise of the 3rd Share Acquisition Rights, granted by a resolution at the Company's Extraordinary General Meeting of Shareholders held on January 9, 2019, during the fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the fiscal year under review.

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

1. Transactions with related parties

(Millions of yen)

Type	Name of the company, etc. or person	Location	Share capital or investments in capital	Nature of business or occupation	Percentage ownership held in (or by) party such as voting rights, etc. (%)	Relationship with related parties	Nature of transactions	Monetary amount of transactions	Item	Balance at end of period
Officer	Muneyuki Hashimoto	-	-	Director of the Company	(held by party) Direct: 0.1	-	Exercise of share acquisition rights (Note 1)	107	-	-
Officer	Yuta Ohma	-	-	Director of the Company	(held by party) Direct: 0.1	-	Exercise of share acquisition rights (Note 2)	40	-	-

Notes: 1. Due to the exercise of the 3rd and 4th Share Acquisition Rights, granted by a resolution at the Company's Extraordinary General Meeting of Shareholders held on January 9, 2019, during the fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the fiscal year under review.

2. Due to the exercise of the 3rd and 4th Share Acquisition Rights, granted by a resolution at the Company's Extraordinary General Meeting of Shareholders held on January 9, 2019, during the fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the fiscal year under review.

**Per share information**

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Net assets per share	¥100.95	¥111.30
Basic earnings (loss) per share	¥(1.13)	¥7.59
Diluted earnings per share	¥-	¥7.47

Notes: 1. Diluted earnings per share for the fiscal year ended May 31, 2023 are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.

2. Basis for calculation of basic earnings (loss) per share and diluted earnings per share is as follows:

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Million yen)	(141)	953
Profit (loss) not attributable to common shareholders (Million yen)	-	-
Profit (loss) attributable to owners of parent related to common shares (Million yen)	(141)	953
Average number of outstanding common shares during the period (Shares)	125,162,268	125,614,516
Diluted earnings per share		
Adjustments stated for profit attributable to owners of parent (Million yen)	-	-
Increase in number of common shares (Shares)	-	1,986,773
(Of which share acquisition rights) (Shares)	-	(1,986,773)
Overview of potential shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	-	2021 Stock options (the 6th Share Acquisition Rights): 188 units (75,200 shares)  2023 Stock Options (the 10th Share Acquisition Rights): 1,243 units (124,300 shares)  2023 Stock Options (the 11th Share Acquisition Rights): 1,420 units (142,000 shares)

### Significant events after reporting period

#### Issuance of the 13th Share Acquisition Rights

At the meeting of the Board of Directors held on July 11, 2024, the Company resolved to issue the 13th Share Acquisition Rights to employees of the Company in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act. The details were confirmed on the allotment date as follows.

#### 13th Share Acquisition Rights

Number of share acquisition rights	2,218 units
Class and number of shares to be acquired upon exercise of the share acquisition rights	Common shares of the Company, 221,800 shares (100 shares per share acquisition right)
Exercise price of share acquisition rights (Yen)	¥178,300 per share acquisition right
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)	Issuance price: ¥1,783 per one share Amount credited to paid-in capital: ¥892 per one share
Allotment date of share acquisition rights	August 7, 2024
Persons subject to allotment of share acquisition rights	102 employees of the Company
Exercise period of share acquisition rights	From July 12, 2026 to July 11, 2034
Exercise conditions of share acquisition rights	*

- (\*) 1. Persons who have received an allotment of the share acquisition rights (the “Share Acquisition Rights Holder”) may exercise their share acquisition rights if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (July 11, 2034) exceeds the ¥3,987. However, in the event of a stock split or stock consolidation after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

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

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

#### *Issuance of the 14th Share Acquisition Rights (compensatory stock options)*

At the meeting of the Board of Directors held on July 11, 2024, the Company resolved to issue the 14th Share Acquisition Rights to Directors and Executive Officers of the Company in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

#### 14th Share Acquisition Rights

Number of share acquisition rights	800 units
Class and number of shares to be acquired upon exercise of the share acquisition rights	Common shares of the Company, 80,000 shares (100 shares per share acquisition right)
Issuance price of share acquisition rights (Yen)	¥18,500 per share acquisition right
Exercise price of share acquisition rights (Yen)	¥178,300 per share acquisition right
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)	Issuance price: ¥1,783 per one share Amount credited to paid-in capital: ¥892 per one share
Allotment date of share acquisition rights	September 5, 2024
Persons subject to allotment of share acquisition rights	5 Directors of the Company 13 Executive Officers of the Company
Exercise period of share acquisition rights	From September 5, 2025 to September 4, 2034
Exercise conditions of share acquisition rights	*

- (\*) 1. Persons who have received an allotment of the share acquisition rights (the “Share Acquisition Rights Holder”) may exercise their share acquisition rights only if the amount of net sales in the Company’s consolidated statement of income for the fiscal year ending May 31, 2025 exceeds ¥43,303 million. In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company’s Board of Directors.
2. The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
3. In the event the Share Acquisition Rights Holder dies, inheritance shall not be permitted.
4. Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
5. The share acquisition rights may not be exercised if, in so doing, the total number of the Company’s issued shares at that time would exceed the total number of authorized shares.
6. It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

#### *Share Repurchase*

The Company resolved at the Board of Directors meeting held on July 11, 2024 the matter on share repurchase as described below, in accordance with the provisions of the Articles of Incorporation under Article 459, paragraph (1), item (i) of the Companies Act.

- Reason for share repurchase  
In addition to the Company’s strong performance for the fiscal year ended May 31, 2024 that was driven by growth in our main business, we have set medium-term financial strategies to accelerate profit growth while continuing to invest for sales growth from the fiscal year ending May 31, 2025 through the fiscal year ending May 31, 2027. Based on these circumstances, we have determined that we are now in a financial condition to return profits to shareholders. Specifically, we will repurchase our own shares as part of our shareholder returns, taking into consideration share price trends and the share dilution ratio resulting from the issuance of share options.
- Details of share repurchase
  - Class of shares to be repurchased: Common shares of the Company
  - Total number of shares to be repurchased: 200,000 shares (maximum)  
(up to 0.16% of the total number of shares issued (excluding treasury shares))
  - Total purchase price: ¥300 million (maximum)
  - Period of repurchase: From July 12, 2024 to August 31, 2024
  - Method of repurchase: Market purchases on the Tokyo Stock Exchange
- Status of share repurchase
  - Class of shares repurchased: Common shares of the Company
  - Total number of shares repurchased: 141,700 shares
  - Total purchase price: ¥299,948,600
  - Period of repurchase: From July 12, 2024 to August 21, 2024
  - Method of repurchase: Market purchases on the Tokyo Stock Exchange



*Sale of Investment Securities*

The Company resolved at the Board of Directors meeting held on August 19, 2024 to sell a portion of its investment securities holdings.

1. Reason for sale of investment securities  
To increase the efficiency of assets held.
2. Details of sale of investment securities
  - (1) Shares to be sold: Shares of one unlisted stock held by the Company
  - (2) Period of sale: September 2024
  - (3) Gain on sale of investment securities (expected): ¥416 million

- 5) Annexed consolidated detailed schedules  
 Consolidated detailed schedule of corporate bonds  
 Not applicable.

Consolidated detailed schedule of borrowings

Category	Balance at June 1, 2023 (Millions of yen)	Balance at May 31, 2024 (Millions of yen)	Average interest rate (%)	Repayment due
Current portion of long-term borrowings	558	930	0.48	–
Current portion of lease obligations	40	39	–	–
Long-term borrowings (excluding current portion)	2,838	3,549	0.52	2025 to 2028
Lease obligations (excluding current portion)	111	74	–	2025 to 2028
Total	3,549	4,594	–	–

- Notes: 1. The average interest rate represents the weighted average interest rate with respect to the balance of borrowings at the end of period.  
 2. The average interest rate for lease obligations is omitted because lease obligations are recorded on the consolidated balance sheet at the amount before the amount equivalent to interest included in the total lease payments is deducted.  
 3. The repayment schedule of long-term borrowings and lease obligations (excluding current portion) for the five-year period after the consolidated balance sheet date is as follows:

(Millions of yen)

	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
Long-term borrowings	915	1,759	759	115
Lease obligations	35	26	11	0

Consolidated detailed schedule of asset retirement obligations  
 Not applicable.

## (2) Others

## Quarterly information for the fiscal year ended May 31, 2024

(Cumulative period)	First quarter	Second quarter	Third quarter	Fiscal year under review
Net sales (Millions of yen)	7,504	15,726	24,234	33,878
Profit before income taxes (Millions of yen)	111	262	696	855
Profit attributable to owners of parent (Millions of yen)	25	143	539	953
Basic earnings (loss) per share (Yen)	0.21	1.14	4.30	7.59

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	0.21	0.94	3.15	3.29

## 2 Non-consolidated financial statements and other information

### (1) Non-consolidated financial statements

#### 1) Non-consolidated balance sheet

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	20,508	23,858
Accounts receivable - trade	*1 1,093	*1 1,106
Prepaid expenses	577	857
Other	*1 425	*1 794
Allowance for doubtful accounts	(32)	(34)
Total current assets	22,572	26,582
Non-current assets		
Property, plant and equipment		
Buildings	560	307
Tools, furniture and fixtures	51	45
Leased assets	138	103
Other	16	12
Total property, plant and equipment	767	469
Intangible assets		
Trademark right	0	-
Software	825	689
Total intangible assets	825	689
Investments and other assets		
Investment securities	3,705	3,799
Shares of subsidiaries and associates	1,275	1,823
Long-term loans receivable from subsidiaries and associates	-	50
Leasehold deposits	879	2,515
Deferred tax assets	595	950
Other	502	505
Total investments and other assets	6,958	9,644
Total non-current assets	8,551	10,803
Total assets	31,124	37,386

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	*1 321	*1 629
Current portion of long-term borrowings	558	930
Lease liabilities	40	39
Accounts payable - other	*1 1,933	*1 1,713
Income taxes payable	205	307
Accrued consumption taxes	394	636
Advances received	10,546	13,402
Deposits received	76	103
Provision for bonuses	596	819
Other	70	55
<b>Total current liabilities</b>	<b>14,744</b>	<b>18,637</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,838	3,549
Lease liabilities	111	74
Other	77	77
<b>Total non-current liabilities</b>	<b>3,027</b>	<b>3,701</b>
<b>Total liabilities</b>	<b>17,771</b>	<b>22,339</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,582	6,774
<b>Capital surplus</b>		
Legal capital surplus	4,322	4,514
<b>Total capital surplus</b>	<b>4,322</b>	<b>4,514</b>
<b>Retained earnings</b>		
<b>Other retained earnings</b>		
Voluntary retained earnings	150	150
Retained earnings brought forward	1,685	2,836
<b>Total retained earnings</b>	<b>1,835</b>	<b>2,986</b>
Treasury shares	(2)	(2)
<b>Total shareholders' equity</b>	<b>12,738</b>	<b>14,274</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	156	134
<b>Total valuation and translation adjustments</b>	<b>156</b>	<b>134</b>
Share acquisition rights	457	638
<b>Total net assets</b>	<b>13,352</b>	<b>15,046</b>
<b>Total liabilities and net assets</b>	<b>31,124</b>	<b>37,386</b>

## 2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Net sales	*1 24,926	*1 32,519
Cost of sales	*1 3,521	*1 4,806
Gross profit	21,405	27,712
Selling, general and administrative expenses	*1, *2 21,083	*1, *2 26,153
Operating profit	321	1,559
Non-operating income		
Interest income	0	1
Subsidy income	14	16
Gain on sale of investment securities	291	-
Other	20	26
Total non-operating income	*1 327	*1 44
Non-operating expenses		
Interest expenses	13	16
Commission expenses	7	3
Foreign exchange losses	16	22
Loss on investments in investment partnerships	38	40
Loss on withdrawal from business	-	27
Penalty loss on cancellation of rental contracts	-	19
Other	39	29
Total non-operating expenses	115	160
Ordinary profit	533	1,443
Extraordinary income		
Gain on reversal of share acquisition rights	0	2
Gain on sale of investment securities	-	37
Gain on sale of shares of subsidiaries and associates	351	-
Total extraordinary income	351	40
Extraordinary losses		
Loss on retirement of non-current assets	*3 50	*3 15
Loss on sale of shares of subsidiaries and associates	267	-
Loss on sale of investment securities	-	13
Loss on valuation of investment securities	*4 980	*4 380
Total extraordinary losses	1,298	409
Profit (loss) before income taxes	(413)	1,074
Income taxes - current	263	292
Income taxes - deferred	(203)	(369)
Total income taxes	59	(76)
Profit (loss)	(473)	1,151

3) Non-consolidated statement of changes in equity  
Fiscal year ended May 31, 2023

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				Voluntary retained earnings	Retained earnings brought forward	
Balance at beginning of period	6,426	4166	4,166	150	2,158	2,308
Changes during period						
Issuance of new shares	155	155	155	–	–	–
Purchase of treasury shares	–	–	–	–	–	–
Loss	–	–	–	–	(473)	(473)
Net changes in items other than shareholders' equity	–	–	–	–	–	–
Total changes during period	155	155	155	–	(473)	(473)
Balance at end of period	6,582	4,322	4,322	150	1,685	1,835

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1)	12,900	85	85	142	13,128
Changes during period						
Issuance of new shares	–	311	–	–	–	311
Purchase of treasury shares	(0)	(0)	–	–	–	(0)
Loss	–	(473)	–	–	–	(473)
Net changes in items other than shareholders' equity	–	–	70	70	314	385
Total changes during period	(0)	(161)	70	70	314	223
Balance at end of period	(2)	12,738	156	156	457	13,352

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				Voluntary retained earnings	Retained earnings brought forward	
Balance at beginning of period	6,582	4,322	4,322	150	1,685	1,835
Changes during period						
Issuance of new shares	192	192	192	–	–	–
Profit	–	–	–	–	1,151	1,151
Net changes in items other than shareholders' equity	–	–	–	–	–	–
Total changes during period	192	192	192	–	1,151	1,151
Balance at end of period	6,774	4,514	4,514	150	2,836	2,986

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(2)	12,738	156	156	457	13,352
Changes during period						
Issuance of new shares	–	384	–	–	–	384
Profit	–	1,151	–	–	–	1,151
Net changes in items other than shareholders' equity	–	–	(22)	(22)	181	158
Total changes during period	–	1,535	(22)	(22)	181	1,694
Balance at end of period	(2)	14,274	134	134	638	15,046



## Notes to the non-consolidated financial statements

### Significant accounting policies

1. Accounting policy for measuring assets
  - (1) Accounting policy for measuring securities
    - Shares of subsidiaries and affiliates  
Stated at cost using the moving-average method
    - Available-for-sale securities
      - Securities other than shares with no market price, etc.  
Stated at the quoted market price. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.
      - Shares with no market price, etc.  
Stated at cost using the moving-average method
    - Investments in limited partnerships and similar investments  
Stated at the net amount equivalent to the Company's share of equity interest based on the most recent financial statements available according to the financial closing date stipulated in the partnership agreement. If the partnerships, etc. hold available-for-sale securities with valuation difference, the amount of valuation difference equivalent to the Company's share of equity interest is recorded as valuation difference on available-for-sale securities.
  - (2) Accounting policy for measuring inventories
    - Work in process  
Stated at cost using the identified cost method (balance sheet amounts are determined based on the method of writing down the book value in accordance with the declining in profitability of assets)
2. Accounting policy for depreciation of assets
  - (1) Property, plant and equipment (excluding leased assets)  
Facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method, and other property, plant and equipment are depreciated using the declining-balance method.
  - (2) Intangible assets (excluding leased assets)  
Amortized using the straight-line method.  
Software for internal use is amortized using the straight-line method over its useful life as internally determined (three years).
  - (3) Leased assets
    - Leased assets related to finance lease transactions that transfer ownership
    - Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to non-current assets owned by lessee.
    - Leased assets related to finance lease transactions that do not transfer ownership
    - Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming the lease periods as useful lives without residual value.
3. Accounting policy for deferred assets
  - Share issuance costs  
Share issuance costs are fully recognized as expenses when incurred.
4. Accounting policy for provisions
  - (1) Allowance for doubtful accounts  
To prepare for losses from bad debts, an estimated uncollectible amount is provided by using the historical rate of credit loss in the case of general receivables, or based on individual consideration of recoverability in the case of specific receivables such as highly doubtful receivables.
  - (2) Provision for bonuses  
A reserve for the employee bonus payment is provided by recording the estimated amounts of the future payments attributed to the fiscal year under review.
5. Accounting policy for revenue and expense
  - Sansan/Bill One Business  
The services to be transferred over a certain period include sales DX service Sansan and cloud-based invoice management solution Bill One, and as these main services are provided throughout the course of the contract period, revenue is recognized by apportioning the transaction price based on the contract with the client over the service provision period set forth in the contract.  
In addition, for the pay as you go portion of Sansan business cards and Bill One invoice data conversion, the amount calculated in accordance with the number of subject business cards or invoices, and the unit price based on the contract is recognized as revenue.
  - Eight Business  
The services to be transferred over a certain period include B2C business card management service for individuals Eight Premium, B2B business card management service for companies Eight Team, as well as recruitment-related

services and advertisement distribution services. As these are services that are provided over the course of the contract period, the total transaction price under the contract with the client for the service provision period prescribed in the contract is apportioned and recognized as revenue.

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

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

### Significant accounting estimates

#### *Recoverability of deferred tax assets*

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

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
Deferred tax assets (before offset)	686	1,027

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

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

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

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

#### *Valuation of investment securities*

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

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
Investment securities (unlisted stocks)	2,939	2,599
Shares of subsidiaries and associates	1,275	1,823

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

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

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

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

**Notes to non-consolidated balance sheet**

\*1 Monetary receivables from, and monetary payables to, subsidiaries and associates (excluding those displayed under categories)

	(Millions of yen)	
	As of May 31, 2023	As of May 31, 2024
Short-term monetary receivables:	93	124
Short-term monetary payables:	76	126

**Notes to non-consolidated statement of income**

\*1 Transactions with subsidiaries and associates

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Transactions relating to the Company's operation		
Net sales	8	14
Cost of sales	84	97
Selling, general and administrative expenses	190	504
Amount of non-operating transactions	6	12

\*2 The approximate percentage of expenses attributable to selling expenses was 17.1% for the previous fiscal year and 16.2% for the fiscal year under review, and the approximate percentage of expenses attributable to general and administrative expenses was 82.9% for the previous fiscal year and 83.8% for the fiscal year under review.

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

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Salaries, allowances and bonuses	7,293	8,970
Advertising expenses	3,296	3,872
Provision for bonuses	1,124	1,595
Depreciation	346	410

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

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Buildings and structures	0	0
Software	49	15
Others	0	0
Total	50	15

\*4 Loss on valuation of investment securities

Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

Of the securities that are classified as investment securities, impairment accounting was performed for SATORI, Inc. due to its substantive value having declined significantly.

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

Of the securities that are classified as investment securities, impairment accounting was performed for unlisted stocks due to its substantive value having declined significantly.

**Securities**

Previous fiscal year (May 31, 2023)

Shares of subsidiaries and affiliates are shares with no market price, etc., so the fair value of shares of subsidiaries and affiliates are omitted.

The carrying amount on the balance sheet for shares of subsidiaries and affiliates with no market price, etc. are as follows.

(Millions of yen)

Category	As of May 31, 2023
Shares of subsidiaries	1,275

Fiscal year under review (May 31, 2024)

Shares of subsidiaries are shares with no market price, etc., so the fair value of shares of subsidiaries are omitted.

The carrying amount on the balance sheet for shares of subsidiaries with no market price, etc. are as follows.

(Millions of yen)

Category	As of May 31, 2024
Shares of subsidiaries	1,823

## Tax effect accounting

### 1. Breakdown of deferred tax assets by major cause of accrual

	(Millions of yen)	
	As of May 31, 2023	As of May 31, 2024
Deferred tax assets		
Tax loss carryforward	871	564
Excess depreciation	710	861
Provision for bonuses	182	250
Loss on valuation of shares of subsidiaries and associates	80	80
Accrued enterprise tax	29	36
Loss on valuation of investment securities	343	451
Others	401	283
Subtotal deferred tax assets	2,619	2,528
Valuation allowance for tax loss carryforward	(794)	(188)
Valuation allowance for total deductible temporary differences	(1,167)	(1,312)
Subtotal valuation allowance	(1,961)	(1,500)
Total deferred tax assets	658	1,027
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(62)	(77)
Total deferred tax assets	(62)	(77)
Net deferred tax assets	595	950
Net deferred tax liabilities	-	-

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

	As of May 31, 2023	As of May 31, 2024
Statutory effective tax rate	-%	30.6%
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	-	5.8
Income not taxable permanently, such as dividend income	-	0.0
Inhabitant per capita taxes	-	1.6
Share-based payment expenses	-	5.2
Tax credits, etc.	-	(4.4)
Change in valuation allowance	-	(42.9)
Previous year's taxes	-	0.2
Others	-	3.3
Effective rate of income taxes after application of tax effect accounting	-	7.1

(Note) Some information has been omitted because a loss before income taxes was recorded in the previous fiscal year.

## Business combinations through acquisition

This has been omitted because the same details are shown in (1) "Notes to the consolidated financial statements (Business combinations, etc.)" of 1 the consolidated financial statements.

## Revenue recognition

Information serving as the basis for the ascertaining of revenue from contracts with customers has been omitted because the same details are shown in (1) "Notes to the consolidated financial statements (Revenue recognition)" of 1 the consolidated financial statements.

### Significant events after reporting period

#### Issuance of the 13th share acquisition rights

At the meeting of the Board of Directors held on July 11, 2024, the Company resolved to issue the 13th Share Acquisition Rights to employees of the Company in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act. The details were confirmed on the allotment date as follows.

#### 13th Share Acquisition Rights

Number of share acquisition rights	2,218 units
Class and number of shares to be acquired upon exercise of the share acquisition rights	Common shares of the Company, 221,800 shares (100 shares per share acquisition right)
Exercise price of share acquisition rights (Yen)	¥178,300 per share acquisition right
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)	Issuance price: ¥1,783 per one share Amount credited to paid-in capital: ¥892 per one share
Allotment date of share acquisition rights	August 7, 2024
Persons subject to allotment of share acquisition rights	102 employees of the Company
Exercise period of share acquisition rights	From July 12, 2026 to July 11, 2034
Exercise conditions of share acquisition rights	*

- (\*) 1. Persons who have received an allotment of the share acquisition rights (the “Share Acquisition Rights Holder”) may exercise their share acquisition rights if the closing price of the Company’s common share in regular trading on the Tokyo Stock Exchange on a specific day during the period from the allotment date of the share acquisition rights to the end of the period of exercise of the rights (July 11, 2034) exceeds the ¥3,987. However, in the event of a stock split or stock consolidation after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

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

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

#### Issuance of the 14th share acquisition rights (compensatory stock options)

At the meeting of the Board of Directors held on July 11, 2024, the Company resolved to issue the 14th Share Acquisition Rights to Directors and Executive Officers of the Company in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

#### 14th Share Acquisition Rights

Number of share acquisition rights	800 units
Class and number of shares to be acquired upon exercise of the share acquisition rights	Common shares of the Company, 80,000 shares (100 shares per share acquisition right)
Issuance price of share acquisition rights (Yen)	¥18,500 per share acquisition right
Exercise price of share acquisition rights (Yen)	¥178,300 per share acquisition right
Issuance price and amount credited to paid-in capital in the event of issuance of shares upon exercise of share acquisition rights (Yen)	Issuance price: ¥1,783 per one share Amount credited to paid-in capital: ¥892 per one share
Allotment date of share acquisition rights	September 5, 2024
Persons subject to allotment of share acquisition rights	5 Directors of the Company 13 Executive Officers of the Company
Exercise period of share acquisition rights	From September 5, 2025 to September 4, 2034
Exercise conditions of share acquisition rights	*

- (\*) 1. Persons who have received an allotment of the share acquisition rights (the “Share Acquisition Rights Holder”) may exercise their share acquisition rights only if the amount of net sales in the Company’s consolidated statement of income for the fiscal year ending May 31, 2025 exceeds ¥43,303 million. In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the

acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company's Board of Directors.

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

#### *Share Repurchase*

The Company resolved at the Board of Directors meeting held on July 11, 2024 the matter on share repurchase as described below, in accordance with the provisions of the Articles of Incorporation under Article 459, paragraph (1), item (i) of the Companies Act.

##### 1. Reason for share repurchase

In addition to the Company's strong performance for the fiscal year ended May 31, 2024 that was driven by growth in our main business, we have set medium-term financial strategies to accelerate profit growth while continuing to invest for sales growth from the fiscal year ending May 31, 2025 through the fiscal year ending May 31, 2027. Based on these circumstances, we have determined that we are now in a financial condition to return profits to shareholders. Specifically, we will repurchase our own shares as part of our shareholder returns, taking into consideration share price trends and the share dilution ratio resulting from the issuance of share options.

##### 2. Details of share repurchase

- (1) Class of shares to be repurchased: Common shares of the Company
- (2) Total number of shares to be repurchased: 200,000 shares (maximum)  
(up to 0.16% of the total number of shares issued (excluding treasury shares))
- (3) Total purchase price: ¥300 million (maximum)
- (4) Period of repurchase: From July 12, 2024 to August 31, 2024
- (5) Method of repurchase: Market purchases on the Tokyo Stock Exchange

##### 3. Status of share repurchase

- (1) Class of shares repurchased: Common shares of the Company
- (2) Total number of shares repurchased: 141,700 shares
- (3) Total purchase price: ¥299,948,600
- (4) Period of repurchase: From July 12, 2024 to August 21, 2024
- (5) Method of repurchase: Market purchases on the Tokyo Stock Exchange

#### *Sale of Investment Securities*

The Company resolved at the Board of Directors meeting held on August 19, 2024 to sell a portion of its investment securities holdings.

##### 1. Reason for sale of investment securities

To increase the efficiency of assets held.

##### 2. Details of sale of investment securities

- (1) Shares to be sold: Shares of one unlisted stock held by the Company
- (2) Period of sale: September 2024
- (3) Gain on sale of investment securities (expected): ¥416 million

4) Annexed non-consolidated detailed schedules  
 Non-consolidated detailed schedule of property, plant and equipment

(Millions of yen)

Category	Class of assets	Beginning balance	Increase during period	Decrease during period	Amount amortized during period	Ending balance	Total accumulated depreciation
Property, plant and equipment	Building	560	106	0	359	307	972
	Tools, furniture and fixtures	51	17	0	24	45	132
	Leased assets	138	6	2	38	103	155
	Others	16	0	0	3	12	13
	Total	767	131	3	425	469	1,274
Intangible assets	Trademark right	0	–	–	0	–	–
	Software	825	345	20	461	689	–
	Total	825	345	20	461	689	–

Note: The main increases during the period are as follows.

Building	Makuhari Scanning Center:	¥51 million
	Software related to applications for the Sansan Business:	¥174 million
	Software related to business cards data conversion:	¥204 million

Consolidated detailed schedule of provisions

(Millions of yen)

Item	Beginning balance	Increase during period	Decrease during period (Intended use)	Decrease during period (Others)	Ending balance
Allowance for doubtful accounts	32	34	–	32	34
Provision for bonuses	596	819	596	–	819

Note: The “Decrease during the period (Others)” of allowance for doubtful accounts is the reversal amount.

- (2) Description of main assets and liabilities  
 This is omitted because consolidated financial statements have been prepared.
- (3) Others  
 Not applicable.



## VI. Outline of Share-related Administration of Reporting Company

Fiscal year	From June 1 to May 31
Annual General Meeting of Shareholders	Within three months after the end of each fiscal year
Record date	Every May 31
Record date for dividends of surplus	Every November 30 and May 31
Number of shares constituting one unit	100 shares
Buyback of shares less than one unit	
Place for application	Head Office, Tokyo Securities Transfer Agent Co., Ltd. 3-11 Kanda-Nishikicho, Chiyoda-ku, Tokyo
Shareholder registry administrator	Tokyo Securities Transfer Agent Co., Ltd. 3-11 Kanda-Nishikicho, Chiyoda-ku, Tokyo
Broker	–
Fees for buyback	Amount separately specified as fees equivalent to fees for consignment on sale of shares
Method of public notices	Through electronic public notices. However, in the event of an accident or any other unavoidable circumstances that make it impossible to give such notices electronically, they will be published in The Nikkei. URL for public notices <a href="https://jp.corp-sansan.com/">https://jp.corp-sansan.com/</a>
Shareholder perks and benefits	Not applicable.

Note: The Company's Articles of Incorporation stipulate that shareholders of the Company holding shares of less than one unit shall not be able to exercise rights other than the following for shares less than one unit:

- (1) Rights set forth in items of Article 189, paragraph (2) of the Companies Act;
- (2) Right to make a demand pursuant to the provisions of Article 166, paragraph (1) of the Companies Act;
- (3) Right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder.

## VII. Reference Information About Reporting Company

### 1 Information about parent of reporting company

The Company does not have a parent company, etc. as defined in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

### 2 Other reference information

The Company filed the following documents between the beginning of the fiscal year under review and the filing date of this Annual Securities Report.

- (1) Annual Securities Report, accompanying documents, and confirmation letter  
Fiscal year (16th term) (from June 1, 2022 to May 31, 2023)  
Filed to Director-General of the Kanto Local Finance Bureau in August 30, 2023
- (2) Internal control report and accompanying documents  
Filed to Director-General of the Kanto Local Finance Bureau in August 30, 2023
- (3) Quarterly securities reports and confirmation letter  
(First quarter of the 17th term) (from June 1, 2023 to August 31, 2023)  
Filed to Director-General of the Kanto Local Finance Bureau in October 12, 2023  
(Second quarter of the 17th term) (from September 1, 2023 to November 30, 2023)  
Filed to Director-General of the Kanto Local Finance Bureau in January 12, 2024  
(Third quarter of the 17th term) (from December 1, 2023 to February 29, 2024)  
Filed to Director-General of the Kanto Local Finance Bureau in April 11, 2024
- (4) Extraordinary Reports  
An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (xii) (Events Having a Significant Impact on Financial Position, Business Performance, and Cash Flow Status) and item (xix) (Events Having a Significant Impact on Financial Position, Business Performance, and Cash Flow Status of Consolidated Companies) of the Cabinet Office Order on Disclosure of Corporate Affairs  
Filed to Director-General of the Kanto Local Finance Bureau on July 13, 2023  
  
An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ix-ii) (Issuance of Share Acquisition Rights as Stock Options) of the Cabinet Office Order on Disclosure of Corporate Affairs  
Filed to Director-General of the Kanto Local Finance Bureau on July 13, 2023  
  
An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ix-ii) (Issuance of Share Acquisition Rights as Stock Options) of the Cabinet Office Order on Disclosure of Corporate Affairs  
Filed to Director-General of the Kanto Local Finance Bureau on July 13, 2023  
  
An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ix-ii) (Issuance of Share Acquisition Rights as Stock Options) of the Cabinet Office Order on Disclosure of Corporate Affairs  
Filed to Director-General of the Kanto Local Finance Bureau on August 29, 2023  
  
An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ix-ii) (Results of Voting Rights Exercised at the General Meeting of Shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs  
Filed to Director-General of the Kanto Local Finance Bureau on August 30, 2023  
  
An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ix-ii) (Issuance of Share Acquisition Rights as Stock Options) of the Cabinet Office Order on Disclosure of Corporate Affairs  
Filed to Director-General of the Kanto Local Finance Bureau on July 11, 2024  
  
An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ix-ii) (Issuance of Share Acquisition Rights as Stock Options) of the Cabinet Office Order on Disclosure of Corporate Affairs  
Filed to Director-General of the Kanto Local Finance Bureau on July 11, 2024  
  
An Extraordinary Report pursuant to provisions of Article 19, paragraph (2), item (ix-ii) (Results of Voting Rights Exercised at the General Meeting of Shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs  
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024
- (5) Amendment Reports of Extraordinary Reports  
An amendment report pertaining to the amendment report of the abovementioned Extraordinary Report (Issuance of Share Acquisition Rights as Stock Options) filed on August 29, 2023  
Filed to Director-General of the Kanto Local Finance Bureau on September 13, 2023  
  
An amendment report pertaining to the amendment report of the abovementioned Extraordinary Report (Issuance of Share Acquisition Rights as Stock Options) filed on July 11, 2024  
Filed to Director-General of the Kanto Local Finance Bureau on August 8, 2024
- (6) Report on Status of Purchase of Treasury Shares

A Report on Status of Purchase of Treasury Shares in acquisition of treasury shares pursuant to Article 24-6, paragraph (1) of the Financial Instruments and Exchange Act  
(Reporting period: From July 1, 2024 to July 31, 2024)  
Filed to Director-General of the Kanto Local Finance Bureau on August 13, 2024

- (7) Amendment Reports of Annual Securities Reports and confirmation letter  
The amendment report pertaining to the Annual Securities Report for the fiscal year (12th term) and confirmation letter  
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

The amendment report pertaining to the Annual Securities Report for the fiscal year (13th term) and confirmation letter  
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

The amendment report pertaining to the Annual Securities Report for the fiscal year (14th term) and confirmation letter  
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

The amendment report pertaining to the Annual Securities Report for the fiscal year (15th term) and confirmation letter  
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

The amendment report pertaining to the Annual Securities Report for the fiscal year (16th term) and confirmation letter  
Filed to Director-General of the Kanto Local Finance Bureau on August 28, 2024

**Part Two: Information About Reporting Company's Guarantor, etc.**

Not applicable.

**Independent Auditor’s Report on the Financial Statements**  
**and**  
**Internal Control Over Financial Reporting**

August 28, 2024

To the Board of Directors of Sansan, Inc.:

KPMG AZSA LLC  
Tokyo Office, Japan

Osamu Takagi  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Genta Tsuru  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of Sansan, Inc. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “Accounting” section in the company’s Annual Report, which comprise the consolidated balance sheet as at May 31, 2024 and the consolidated statement of income and comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2 (1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of valuation of investment securities (unlisted shares)	
The key audit matter	How the matter was addressed in our audit
<p>As stated in the notes “Significant accounting estimates, <i>Valuation of investment securities</i>,” ¥3,799 million of investment securities recorded in the consolidated balance sheet of Sansan, Inc. at the end of the fiscal year under review includes ¥2,599 million in unlisted stocks, which account for 6.9% of total assets. In addition, a loss on valuation of investment securities of ¥380 million was recorded in the consolidated statement of income for the fiscal year under review.</p> <p>Unlisted stocks are stated at cost on the balance sheet, but if the substantive value of the shares has declined significantly due to deterioration in the financial position of the issuer of the shares, impairment loss is recorded unless the recoverability is supported by sufficient evidence. In addition, for shares acquired at a price higher than the price based on the net asset value per share reflecting the excess earning power of the investee at the time of acquisition, the Company considers whether or not the initially expected excess earning power has declined and determines whether or not impairment should be recognized based on the substantive value taking this into account.</p> <p>Sansan, Inc. invests in unlisted stocks mainly to create synergies with existing businesses and expand business areas. Unlisted stocks are significant in terms of value and would have a material impact on the Company's financial position and operating results if they were required to be impaired. The determination of whether or not the excess earning power, etc. of unlisted stocks acquired at a price reflecting the excess earning power, etc. has decreased is based on the achievement of the business plan. The preparation of the business plan uses assumptions that are subject to uncertainty, such as sales growth, and management's judgments about these assumptions have a significant impact on the valuation.</p> <p>As a result, we have determined that appropriateness of judgment regarding valuation of investment securities (unlisted stocks) is of most significance in the audit of the consolidated financial statements of the fiscal year under review, and is a key audit matter.</p>	<p>We mainly conducted the following audit procedures to assess appropriateness of judgment regarding valuation of investment securities (unlisted stocks).</p> <p>(1) Assessment of internal control</p> <p>We assessed effectiveness of establishment and operation status of internal control related to determination of whether or not impairment losses on unlisted stocks should be recognized. For unlisted stocks acquired at a price reflecting excess earning power, etc., we focused on controls over the evaluation of the investee's business plan which management uses to determine whether excess earning power is impaired.</p> <p>(2) Examination of appropriateness of valuation of unlisted stocks</p> <ul style="list-style-type: none"> <li>• We obtained the most recent financial information of the investee and compared it to the acquisition price to determine whether or not a significant decline in substantive value had occurred due to the deterioration in the investee's financial condition.</li> <li>• For unlisted stocks acquired at a price reflecting excess earning power, we reviewed available information on the investee's performance, including the achievement status of the business plan and future performance prospects, and evaluated the appropriateness of the sales growth assumptions used in the preparation of the business plan. Then, we examined whether or not the substantive value including excess earning power, etc., had declined significantly.</li> <li>• We confirmed that unlisted stocks whose substantive value has significantly declined have been recorded at a substantial reduction in value.</li> </ul>

## Other Information

The other information comprises the information included in the Annual Report, but does not include the

consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties including the design, operation of the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selection and application of audit procedures are at the discretion of the auditor. Furthermore, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and any measures taken to remove impediments or safeguards applied to reduce impediments to an acceptable level.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Audit of the Internal Control Report**

### **Opinion**

We also have audited the accompanying internal control report of Sansan, Inc. as at May 31, 2024, in accordance with Article 193-2 (2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at May 31, 2024, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

### **Basis for Opinion**

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

### **Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report**

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The audit and supervisory committee are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement



misstatements.

### **Auditor's Responsibilities for the Audit of the Internal Control Report**

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

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

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated, and other matters required by the standards for audits of internal control.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and any measures taken to remove impediments or safeguards applied to reduce impediments to an acceptable level.

### **[Remuneration-related information]**

The amounts of remuneration paid to our firm and the other parties belonging to the same network as our firm based on audit attestation services and non-audit services of the Company and its subsidiaries are stated in (3) Audits in Corporate governance under Reporting Company.

### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

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

### **Notes to the Reader of Audit Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

The English version of the "Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting" and the English translations of the consolidated financial statements and non-consolidated financial statements are disclosed as a single document.

In addition, although the internal control report is not disclosed as a single document, because the "Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting" is translated, the internal control report portion is also included.

- 
- (Notes) 1. The original version of the independent auditor's report presented above is kept separately by the Company (the filing company of the Annual Securities Report).
2. XBRL data is not included in the scope of the audit.

## **Independent Auditor's Report**

August 28, 2024

To the Board of Directors of Sansan, Inc.:

KPMG AZSA LLC  
Tokyo Office, Japan

Osamu Takagi  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Genta Tsuru  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Sansan, Inc. (“the Company”), which comprise the balance sheet as at May 31, 2024, the statements of income and changes in net assets for the year then ended, and notes, comprising a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2 (1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of judgment regarding valuation of investment securities (unlisted stocks)

The content of “appropriateness of judgment regarding valuation of investment securities (unlisted stocks),” a key audit matter to be stated in the independent auditor’s report on the financial statements, is substantially the same as that of “appropriateness of judgment regarding valuation of investment securities (unlisted stocks),” a key audit matter described in the independent auditor’s report on the consolidated financial statements. Therefore, information on this matter is omitted in the independent auditor’s report on the financial statements.

## **Other Information**

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

## **Responsibilities of Management and The Audit and Supervisory Committee for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties including the design, operation of the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selection and application of audit procedures are at the discretion of the auditor. Furthermore, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions

that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and any measures taken to remove impediments or safeguards applied to reduce impediments to an acceptable level.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **[Remuneration-related information]**

Remuneration-related information is presented in the Auditor's Report on the consolidated financial statements.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

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

#### **Notes to the Reader of Audit Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

- 
- (Notes) 1. The original version of the independent auditor's report presented above is kept separately by the Company (the filing company of the Annual Securities Report).
2. XBRL data is not included in the scope of the audit.