

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.

Security code: 4443

August 8, 2022

To Our Shareholders

Chikahiro Terada  
Representative Director & CEO  
**Sansan, Inc.**  
Aoyama Oval Building 13F, 5-52-2  
Jingumae, Shibuya-ku, Tokyo

## Notice of the 15th Annual General Meeting of Shareholders

We are pleased to announce the 15th Annual General Meeting of Shareholders of Sansan, Inc. (the “Company”), which will be held as indicated below.

This year’s Annual General Meeting of Shareholders (“this Shareholders’ Meeting”), based on Article 1, paragraph 2 of the Company’s Articles of Incorporation and the Act on the Partial Amendment of the Act on Strengthening Industrial Competitiveness (Act No. 70 of 2021) and the Ministerial Ordinance on General Meetings of Shareholders Without a Designated Location based on the Act on Strengthening Industrial Competitiveness (Ministry of Justice / Ministry of Economy, Trade and Industry Ordinance No. 1 of 2021), will be a general meeting of shareholders without a designated location (a “virtual-only shareholders meeting” that is held online only).

This Shareholders’ Meeting shall not have a venue at which shareholders may attend in person, so please do participate online. For details on the environment and procedures, etc., required in order to participate, please refer to “Operational Arrangements for the Virtual-only Shareholders Meeting” on page 3. In addition, if you do not attend the meeting on the day, or even if you do plan to attend, in order to prepare for instances of communication problems, etc., voting rights can be exercised beforehand in writing or via the internet, etc., so please consider the Reference Documents for the General Meeting of Shareholders described below, and exercise your voting rights by no later than August 29, 2022 (Monday), 5:00 p.m. (JST).

- 1. Date and Time:** August 30, 2022 (Tuesday), 10:00 a.m. (JST)  
\*Login is scheduled to be available from around 9:30 a.m..
- 2. Event Format:** This shall be a general meeting of shareholders without a designated location.  
\*Please participate via the website designated by the Company (“Sansan Shareholders’ Meeting Website”). Please refer to the guide on page 3 for details on the website URL, access and login method, and procedural method, etc., required in order to participate.  
\*As the event is being held entirely online, there is no venue.
- 3. Purpose of the Meeting:**  
**Matters to be reported:**
  1. Business Report and Consolidated Financial Statements for the 15th Term (from June 1, 2021 to May 31, 2022) and the results of audit of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee
  2. Non-consolidated Financial Statements for the 15th Term (from June 1, 2021 to May 31, 2022)

**Matters to be resolved:**

- Proposal No. 1** Partial Amendments to the Articles of Incorporation
- Proposal No. 2** Election of Five Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal No. 3** Election of Two Directors Who Are Audit & Supervisory Committee Members
- Proposal No. 4** Determination of Content of Share Acquisition Rights as Share Options with Share Price Conditions for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

- ⊙ The method of communication to be used to exchange information in the proceedings of this Shareholders' Meeting will be the internet.
- ⊙ If a shareholder who exercised their voting rights beforehand in writing or via the internet, etc. attends this Shareholders' Meeting and exercises their voting rights again, the content exercised at the Shareholders' Meeting shall be treated as valid. It should be noted that in the event of participating in this Shareholders' Meeting upon having exercised voting rights beforehand, but the exercising of voting rights could not be confirmed on the day, the content exercised beforehand in writing or via the internet shall be treated as valid.
- ⊙ For instructions on exercising voting rights in writing or via the internet, etc., please refer to pages 6 to 7.
- ⊙ The content of any revisions that are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements shall be posted on the Company's website (<https://ir.corp-sansan.com/en/ir/stock/meeting.html>).
- ⊙ The results of the resolutions of this Shareholders' Meeting shall be posted on the Company's website described above after the ending of the Shareholders' Meeting, instead of the sending of a written notification of resolutions.
- ⊙ In the event of significant hindrance having been caused to the proceedings of this Shareholders' Meeting due to communication problems, etc., the Chair may decide to postpone or resume the Shareholders' Meeting, and therefore, a resolution to that effect shall be passed at the beginning of the Shareholders' Meeting. If the chair has decided to postpone or resume based on such a resolution, a statement to that effect as well as the date and time of the postponed or resumed meeting shall be promptly posted on the aforementioned website of the Company. In addition, any other change, etc., that occurs to the operation of this Shareholders' meeting shall be notified on the aforementioned website of the Company.
- ⊙ Pursuant to the provisions of relevant laws and regulations and Article 14 of the Company's Articles of Incorporation, the items listed below are posted on the Company's website described above. The documents provided with this notice are a part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Committee in preparing its audit report, as well as a part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by Financial Auditor in preparing its audit reports.
  - (1) Business Report  
Principal offices, Major lenders, Share acquisition rights, Issues that should be addressed, Financial Auditor, System to ensure the properness of business operations (Internal control system), and Policy on determination of dividends of surplus and others
  - (2) Consolidated Financial Statements  
Consolidated statement of changes in equity and Notes to consolidated financial statements
  - (3) Non-consolidated Financial Statements  
Balance sheet, statement of income, statement of changes in equity, individual notes, audit report on the non-consolidated financial statements

## [Operational Arrangements for the Virtual-only Shareholders Meeting]

The Company, in order to revitalize and streamline general meetings of shareholders, and in order to mitigate the risk of infectious diseases such as COVID-19 and large scale disasters such as natural disasters, has decided to hold this Shareholders' Meeting by the "virtual-only shareholders meeting" method. Participation in a virtual-only shareholders meeting, in other words, attendance at a general shareholders' meeting without a designated location, is treated as "attendance" under the Companies Act. At this Shareholders' Meeting, shareholders with voting rights will be able to view live video, exercise their voting rights, ask questions about the purposes of the shareholders' meeting, or submit motions, etc., by accessing the dedicated website designated by the Company for the shareholders' meeting on the day (Sansan Shareholders' Meeting Website), and participating online.

Please note that this Shareholders' Meeting shall not have a venue at which shareholders may attend in person, so please do participate online. Shareholders exercising their voting rights are asked to either exercise their voting rights beforehand in writing or via the internet, or to exercise them on the day of the shareholders' meeting via the "Sansan general meeting of shareholders website" specified by the Company.

Details such as the URL of the Sansan general meeting of shareholders website, access and login method, and procedural methods, etc., required in order to participate are provided below.

In addition, the website will be accepting questions, etc., beforehand, so please do make use of it. \*Please be sure to read the following notes prior to using the website.

### 1. Date and time of broadcast

August 30, 2022 (Tuesday) from 10:00 a.m. (JST)

\*Login is scheduled to be available from around 9:30 a.m.

\*However, if this Shareholders' Meeting could not be held under the schedule described above due to the impact of communications problems, etc., the updated schedule, etc., will be posted on the Company's website (<https://ir.corp-sansan.com/en/ir/stock/meeting.html>).

### 2. About the attendance method

(1) Please use a PC, etc., to access the Sansan general meeting of shareholders website stated below.

**Sansan Shareholders' Meeting Website: <https://web.sharely.app/login/sansan-15>**

(2) Once connected, please enter your "shareholder number", "zip code", and "number of shares held" as stated in the voting rights exercise form in accordance with the screen prompts to login.

\* Please be sure to prepare your "shareholder number", "zip code", and "number of shares held" prior to posting the voting rights exercise form.

\* Please refer to the help page at the URL stated below for any other questions.

Help page website: <https://sharely.zendesk.com/hc/ja/> (Only available in Japanese)

### 3. How to ask questions

If you have any questions about the purposes of this Shareholders' Meeting, please login to the Sansan general meeting of shareholders website stated above on the day of the event, and then ask the question in accordance with the instructions of the chair. In addition, shareholders who are not attending this Shareholders' Meeting on the day may ask questions prior to the meeting via the website during the period stated below.

Please note that each shareholder may ask up to two questions, and questions may be up to 150 characters in length. We ask that you do try to keep your questions brief so that their content can be accurately understood. It should be noted that on the day of the meeting, we shall focus on questions that relate to the purposes of this Shareholders' Meeting, and which do not overlap with other questions; we may not be able to respond to all of the questions asked.

[Period for acceptance of questions prior to the meeting]

August 4, 2022 (Thursday) 10:00 a.m. to August 29, 2022 (Monday) 5:00 p.m. (JST)

\* We will be unable to respond to opinions and comments, etc., that are sent after the acceptance period has ended.

\* It is planned for the explanations provided on the day of the Shareholders' Meeting to focus on the matters that are thought to be of particular interest to all shareholders.

4. About motions

If you would like to submit a motion for this Shareholders' Meeting, please login to the Sansan general meeting of shareholders website stated above on the day of the event, and then submit this in accordance with the instructions of the chair. Please be advised that we will be unable to adopt as motions those for which there applicability as a motion cannot be determined, such as where text data is transmitted by a method other than that specified by the chair.

5. How to exercise voting rights

In addition to exercising voting rights beforehand in writing or via the internet, etc., voting rights may be exercised on the day of the Shareholders' Meeting via the internet through the use of the Sansan general meeting of shareholders website.

Shareholders who would like to exercise their voting rights on the day of this Shareholders' Meeting are asked to exercise their voting rights in accordance with the instructions of the chair, while watching the progress of the proceeds via the live broadcast.

If a shareholder who exercised their voting rights beforehand in writing or via the internet, etc. attends this Shareholders' Meeting and exercises their voting rights again, the content exercised at the Shareholders' Meeting shall be treated as valid. It should be noted that in the event of participating in this Shareholders' Meeting upon having exercised voting rights beforehand, but the exercising of voting rights could not be confirmed on the day, the content exercised beforehand in writing or via the internet, etc. shall be treated as valid.

6. Content on the policy for measures against issues relating to the method of communication used for the exchanging of information during the proceedings of this Shareholders' Meeting

At this Shareholders' Meeting, we will use a system for which measures against communication issues have been taken, and we shall have multiple members of specialist staff available to handle any measures against communication issues on the day of the Shareholders' Meeting. However, in preparation for where significant hindrance is caused to the proceedings due to a communications issue, on the day of this Shareholders' Meeting, there shall be deliberations on a resolution allowing the Chair discretion to postpone or resume the Shareholders' Meeting, and in addition, a response manual that includes the method for notifying shareholders shall be prepared prior to the meeting.

7. Content of the policy for consideration to the securing of the interests of all shareholders who have difficulty using the internet as the communication method for the exchanging of information in the proceedings of this Shareholders' Meeting

Shareholders intending to exercise their voting rights but who have difficulty using the internet are asked to exercise their voting rights beforehand by returning the provided voting rights exercise form. Please also be advised that a "viewing room" shall be rented and set up with the necessary equipment in the Company for shareholders who would like to attend this Shareholders' Meeting on the day but who have difficulty using the internet as the method for the exchanging of information in the proceedings of the Shareholders' Meeting. Use of the "viewing room" shall require prior application. Please be advised that the capacity shall be 10 shareholders, and if there are more applicants than the capacity, access shall be determined via a draw.

[How to request access to the "viewing room"]

We shall accept requests via postal mail. When making a request, please send a document to the address shown below that states your "shareholder number" and "name" as shown in the enclosed voting rights exercise form, a "telephone number" at which you can be reached, and that you "would like to use the viewing room". Shareholders using the "viewing room" will be contacted by the secretary's office for general meetings of shareholders via postal mail with the details by no later than the contact date stated below.

Please be advised that your request will be deemed invalid if it does not state your "shareholder number", "name", "telephone number", and "request content ("would like to use the viewing room)". We ask for your understanding.

- Acceptance period Must arrive by August 18, 2022 (Thursday) (JST)

Please be advised that we request that the shareholder bears the shipping costs, etc.



## Guidance on Exercising Voting Rights

Exercise of voting rights at the general meeting of shareholders is shareholders' important right.

Please by all means exercise your voting rights after examining the attached Reference Documents for the General Meeting of Shareholders.

There are three methods to exercise your voting rights as indicated below.

<p style="text-align: center;"><b>Attend the meeting via the “Sansan Shareholders’ Meeting Website”</b></p> <p>Please access the “Sansan Shareholders’ Meeting Website” designated by the Company and enter your approval or disapproval for each proposal.</p> <hr/> <p style="text-align: center;">Date and time</p> <hr/> <p style="text-align: center;"><b>August 30, 2022 (Tuesday), 10:00 a.m. (JST)</b> (Accessible from 9:30 a.m. and onwards)</p>	<p style="text-align: center;"><b>Exercise the voting rights in writing (by mail)</b></p> <p>Please indicate whether you are for or against each proposal on the enclosed voting form, and return the form to us.</p> <hr/> <p style="text-align: center;">Exercise due date</p> <hr/> <p style="text-align: center;"><b>To be returned to us no later than August 29, 2022 (Monday), 5:00 p.m. (JST)</b></p>	<p style="text-align: center;"><b>Exercise the voting rights via the internet</b></p> <p>Please indicate whether you are for or against the proposals following the instructions on the next page.</p> <hr/> <p style="text-align: center;">Exercise due date</p> <hr/> <p style="text-align: center;"><b>No later than August 29, 2022 (Monday), 5:00 p.m. (JST)</b></p>
--	---	---

- Please note that your voting via the internet, etc. shall prevail, if you exercise your voting rights both in writing (by mail) and via the internet, etc. If you exercise your voting rights more than once via the internet, etc., only the last vote shall be deemed effective.

## Instructions for the Exercise of Voting Rights via the Internet, etc.

### By scanning the QR code ("Smart Exercise")

You can log-in to the website for exercise of voting rights without entering the voting rights exercise code and password.

1. Please scan the QR code printed on the voting form at the bottom right with your smartphone or tablet.
  - \* QR code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then please follow the instructions on the screen and indicate your approval or disapproval.

#### The exercise of voting rights by "Smart Exercise" is available only once.

In case if you want to change your vote after exercising your voting rights, please access the website for PC and log in by entering the "voting rights exercise code" and "password" indicated in the voting form, to exercise your voting rights again.

- \* You will be transferred to the website for PC by scanning the QR code again.

### By entering the voting rights exercise code and password

Website for exercise of voting rights:

<https://www.tosyodai54.net>

\*Only available in Japanese

1. Please access the website for exercise of voting rights.
2. Please enter the "voting rights exercise code" indicated in the voting form.
3. Please enter the "password" indicated in the voting form.
4. Then please follow the instructions on the screen and indicate your approval or disapproval.

If you have any questions on how to exercise your voting rights via the internet using a personal computer, smartphone, or mobile phone, please contact:

**Tokyo Securities Transfer Agent Co., Ltd.**

**Phone: 0120-88-0768**

(Toll free only from Japan)

(Business hours: 9:00 a.m. - 9:00 p.m.) (JST)

Institutional investors can exercise their voting rights via the "Electronic Voting Rights Exercise Platform" for institutional investors operated by ICJ, Inc.

(Attached Documents)

## Business Report

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

### 1. Status of the corporate group

#### (1) Status of operations for the fiscal year under review

##### (i) Progress and results of operations

Under the mission of “Turning encounters into innovation” and the vision of “Become business infrastructure,” the Group is providing business databases that 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 data input to digitize analog information with cloud software.

Specifically, the Group is developing services to promote digital transformation (DX) for corporate sales activities, invoicing work, contract work, etc. Moreover, as a result of recent changes to working styles due to the spread of COVID-19, new ways of thinking toward DX, and greater attention being attracted to the SaaS (Software as a Service) products, the DX market is forecast to reach ¥5,195.7 billion by 2030 (an increase of ¥3,813.6 billion since 2020) (Note 1.), while the SaaS market in Japan is forecast to reach ¥1,117.8 billion by 2024 (an increase of ¥516.2 billion since 2019) (Note 2.). Service for sales DX Sansan, provided by the Company, holds 83.1% share (Note 3.) of the B2B business card management service market, and this market has seen 13-fold expansion from 2013 to 2020 in conjunction with the growth in the Company’s services. In addition, Bill One, an online invoice receiving solution provided by the Company, captured the number one market share of the online invoice receiving solution in terms of net sales (Note 4.), a 226.0% increase year on year in this market in FY2021.

Consolidated financial results for the fiscal year ended May 31, 2022 are as follows.

(Millions of yen)

	14th term (Fiscal year ended May 31, 2021) (Previous fiscal year)	15th term (Fiscal year ended May 31, 2022) (Fiscal year under review)	Year-on-year change
Net sales	16,184	20,420	+26.2%
Gross profit	14,192	17,904	+26.2%
Operating profit	736	631	(14.2)%
Ordinary profit	375	968	+158.3%
Profit attributable to owners of parent	182	857	+369.7%

In the fiscal year under review, the Group engaged in strengthening the sales structure, including strategic hiring, in order to realize continuous growth of net sales. Furthermore, the Group engaged in initiatives such as enhanced functions for Sansan, Bill One, and Eight, a contact and career management app.

Moreover, the Company conducted a 4-for-1 stock split of common shares, effective December 1, 2021, and, as announced on October 8, 2021, selected and applied for the “Prime Market” in Tokyo Stock Exchange, Inc.’s new market segments. Following the simultaneous transition to the new market segments on April 4, 2022, the Company’s shares are listed on the Prime Market.

As a result, net sales for the fiscal year under review increased 26.2% year on year, gross profit increased 26.2% year on year, and gross profit margin was same as previous fiscal year at 87.7%, and despite the negative impact from the COVID-19 pandemic, results were overall solid. On the other hand, although operating profit decreased 14.2% year on year, this was attributed to the ¥2,013 million year on year increase in personnel expenses due to the progress in active personnel hiring as well as the ¥145 million year on year increase in advertising expenses due to enhanced marketing activities, resulting in progress being made in the strategy to achieve medium- to long-term growth of net sales. In addition, ordinary profit increased 158.3% year on year and profit attributable to owners of parent increased 369.7% year on year. This was mainly the result of recording a gain on sale of investment securities of ¥979 million in non-operating income, as announced on July 19, 2021.

- (Note)
1. Based on Market Edition and Vendor Strategy Edition of 2022 Outlook of the Digital Transformation Market by Fuji Chimera Research Institute
  2. Based on 2020 New Software Business Markets by Fuji Chimera Research Institute
  3. Based on Latest Trends in Business Card Management Services in Sales Support DX 2022 (December 2021, survey by Seed Planning, in Japanese)
  4. Deloitte Tohmatsu MIC Research Institute, “The Present and Future of the Market of Online Invoice Receiving Solution Expected to Grow at a Staggering Rate” (MIC IT Report, July 2022).

Results by segment are as follows.

Additionally, effective from the fiscal year under review, the Company has reorganized its business management system with the aim of optimizing the allocation of resources to each product and promoting the growth of each product. As a result, the former “Sansan Business” has been changed to “Sansan/Bill One Business” as a business that includes multiple products such as Sansan and Bill One.

1. Sansan/Bill One Business

This business segment includes services such as service for sales DX Sansan, and online invoice receiving solution Bill One.

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

(Millions of yen, unless otherwise noted)

	14th term (Fiscal year ended May 31, 2021) (Previous fiscal year)	15th term (Fiscal year ended May 31, 2022) (Fiscal year under review)	Year-on-year change
Net sales (Note 5.)	14,605	18,105	+24.0%
Sansan	14,519	17,214	+18.6%
Sansan recurring sales	13,811	16,349	+18.4%
Sansan other sales	707	865	+22.3%
Bill One	84	826	+878.1%
Others	1	64	+4,414.0%
Operating profit	5,278	5,725	+8.5%

Sansan			
Number of subscriptions	7,744 subscriptions	8,488 subscriptions	+9.6%
Monthly recurring sales per subscription	¥162 thousand	¥170 thousand	+4.9%
Last 12 months average of monthly churn rate (Note 6.)	0.63%	0.62%	(0.01) pt.
Bill One			
MRR (Note 7.)	20	117	+479.7%
Number of paid subscriptions	239 subscriptions	853 subscriptions	+256.9%
Monthly sales per paid subscription	¥84 thousand	¥137 thousand	+63.1%
Last 12 months average of monthly churn rate (Note 6.)	–	0.49%	–

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

6. Ratio of decrease in monthly fees associated with subscription cancellations to total monthly fees for existing subscriptions for each service.

7. Monthly Recurring Revenue

a. Sansan

The Company revamped the product Sansan, a B2B business card-based contact management service, based on the concept of “The database to power your sales” to create Sansan, a service for sales DX to further expand the number of Sansan subscriptions and the monthly sales per subscription. Specifically, apart from a corporate database that allows users to view over 1 million pieces of company information on Sansan, the Company engaged in developing functions able to store and visualize contact information not only from business cards but also email signatures, etc. in preparation for usage to commence in June 2023. By combining this contact information with a corporate database, companies using Sansan can build custom databases that also include information for companies with which they have no current contacts. While the spread of COVID-19 negatively affected the acquisition of new subscriptions, we succeeded in strengthening our sales system and steadily acquired new customers among medium and large enterprises. As a result, the number of Sansan subscriptions increased 9.6% year on year and the monthly recurring sales per subscription increased 4.9% year on year. Furthermore, as a result of carrying out ongoing initiatives to expand use among existing customers, the last 12 months average of monthly churn rate was 0.62%, a decrease of 0.01 points year on year, maintaining a low churn rate.

As a result, net sales in Sansan increased 18.6% year on year, of which recurring sales (fixed revenue) was up 18.4% year on year and other sales was up 22.3% year on year.

b. Bill One

Due to efforts such as strengthening our sales system through measures including personnel hiring and enhancing functions for continued high growth of Bill One we made steady progress in acquiring new subscriptions from medium and large enterprises, resulting in the 256.9% year on year increase in the number of paid subscriptions, and the 63.1% year on year increase in monthly sales per paid subscription.

As a result, net sales in Bill One increased 878.1% year on year. In addition, in May 2022, MRR was up 479.7% year on year and ARR (Note 8.) was ¥1,407 million, allowing the Company to substantially exceed its goal of ARR of ¥1.0 billion.

(Note) 8. Annual Recurring Revenue

c. Others

The Group focused on the launch of Contract One, a cloud-based contract management solution, etc., utilizing the strengths, knowledge, know-how, etc. cultivated through existing services.

As a result, net sales of others was up 4,414.0% year on year.

As a result, net sales in Sansan/Bill One Business increased 24.0% year on year. Segment profit increased 8.5% year on year, mainly due to increased investment to realize further growth of Bill One.

2. Eight Business

Apart from Eight, a contact and career management app, this business segment includes the transcribed media service provided by logmi, Inc.

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

(Millions of yen, unless otherwise noted)

	14th term (Fiscal year ended May 31, 2021) (Previous fiscal year)	15th term (Fiscal year ended May 31, 2022) (Fiscal year under review)	Year-on-year change
Net sales (Note 6.)	1,582	2,213	+39.9%
B2C services	296	286	(3.6)%
B2B services	1,286	1,927	+49.9%
Operating profit	(754)	(386)	–

Eight			
Number of Eight users (Note 9.)	2.92 million people	3.10 million people	+0.18 million people
Number of subscriptions for Eight Team	2,253 subscriptions	2,819 subscriptions	+25.1%

(Note) 9. Number of confirmed users who registered their business card to their profile after downloading the application

In April 2022, the business card management app Eight was revamped into a product based on the concept of “Manage your contacts and your career.” Specifically, by implementing a tab function for career improvement that collect information useful for career formation on Eight, users are able to obtain information in an efficient manner.

a. B2C Services

Due to the efforts to enhance service functions, etc., the number of Eight users totaled 3.10 million, an increase of 0.18 million year on year, but net sales from B2C services decreased 3.6% year on year.

b. B2B Services

Due to efforts to strengthen monetization of the various B2B services, including holding the 2nd “Climbers” major business event for the fiscal year under review in May 2022, net sales from B2B services increased 49.9% year on year. In addition, the number of subscriptions for Eight Team increased 25.1% year on year.

As a result, net sales in Eight Business increased 39.9% year on year, and segment loss was curtailed by ¥367 million year on year.

Net sales to external customers by business segment

(Millions of yen, unless otherwise noted)

Business segment	14th term (Fiscal year ended May 31, 2021) (Previous fiscal year)		15th term (Fiscal year ended May 31, 2022) (Fiscal year under review)		Year-on-year change	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	Change (%)
Sansan/Bill One Business	14,605	90.2	18,104	88.7	3,498	24.0
Eight Business	1,579	9.8	2,204	10.8	625	39.6
Other businesses	–	–	111	0.5	111	–
Total	16,184	100.0	20,420	100.0	4,235	26.2

(ii) Capital expenditures

Mainly as a result of construction to expand floor space at the head office and repair work, the Company acquired property, plant and equipment such as facilities attached to buildings of ¥524 million. In addition, the Company acquired software of ¥458 million, including in-house and contracted development.

(iii) Financing activities

Not applicable.

(iv) Business transfer, absorption-type company split or incorporation-type company split

Not applicable.

(v) Acquisition of other companies' business

Not applicable.

(vi) Succession of rights or duties related to the businesses of other corporations, etc. due to absorption-type merger or absorption-type company split

Not applicable.

- (vii) Acquisition or disposal of shares or other equity interests, or share acquisition rights in other companies

The Company acquired shares of Unipos Inc. on June 30, 2021.

The Company sold shares of WingArc1st Inc. on July 26, 2021.

On December 16, 2021, the Company acquired additional shares of SATORI, Inc., an equity-method affiliate of the Company, increasing its stake to 34.5%.

On May 2, 2022, the Company acquired additional shares of its consolidated subsidiary logmi, Inc., making it a wholly owned subsidiary.

## (2) Changes in assets and profit and loss in and at the end of the most recent three fiscal years

Categories	12th term (Fiscal year ended May 31, 2019)	13th term (Fiscal year ended May 31, 2020)	14th term (Fiscal year ended May 31, 2021)	15th term (Fiscal year under review) (Fiscal year ended May 31, 2022)
Net sales (Millions of yen)	10,206	13,362	16,184	20,420
Ordinary profit (loss) (Millions of yen)	(891)	435	375	968
Profit (loss) attributable to owners of parent (Millions of yen)	(945)	339	182	857
Basic earnings (loss) per share (Yen)	(10.10)	2.75	1.47	6.87
Total assets (Millions of yen)	9,079	22,819	24,310	26,292
Net assets (Millions of yen)	3,372	10,552	12,584	12,093
Net assets per share (Yen)	28.65	84.72	100.89	96.78

- (Notes) 1. The Company conducted a stock split at 10,000-for-1 on June 15, 2018 based on resolution at the meeting of the Board of Directors held on May 29, 2018. Basic earnings (loss) per share and net assets per share are calculated on the assumption that the stock split had been made at the beginning of the 12th term.
2. The Company conducted a stock split at 4-for-1 on December 1, 2021 based on resolution at the meeting of the Board of Directors held on October 8, 2021. Basic earnings (loss) per share and net assets per share are calculated on the assumption that the stock split had been made at the beginning of the 12th term.

## (3) Major subsidiaries

Company name	Share capital	Investment ratio of the Company (%)	Description of major businesses
Sansan Global Pte. Ltd.	SGD5,620,000	100.0	Sales operations and marketing services agency for Singapore region and other locations
Sansan Corporation	USD46,000	100.0	Sales vendor and agency for some settlement services for U.S. region.
logmi, Inc.	JPY16,350,000	100.0	Digital media business/IT consulting/planning, production and operation of websites/planning and holding of event seminars

**(4) Major businesses** (as of May 31, 2022)

Business segment	Description of business
Sansan/Bill One Business	Provision of Sansan, a service for sales DX, Bill One, an online invoice receiving solution, etc.
Eight Business	Provision of Eight, a contact and career management app

**(5) Employees** (as of May 31, 2022)

(i) Employees of the corporate group

Business segment	Number of employees	Change from previous fiscal year-end
Sansan/Bill One Business	870	+324
Eight Business	162	+45
Other businesses	173	-118
Total	1,205	+251

(Note) The numbers of employees stated above indicate numbers of employed personnel (excluding individuals seconded from the Group to companies outside the Group, and including individuals seconded to the Group from companies outside the Group). In addition to the total number of employees stated above (permanent employees and contract employees), the Group also employs 494 individuals as temporary employees and dispatched employees.

(ii) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
1,166	Increased by 238	32.2	2.8 years

(Note) The number of employees stated above indicates the number of employed personnel (excluding individuals seconded from the Company to other companies, and including individuals seconded to the Company from other companies). In addition to the total number of employees stated above (permanent employees and contract employees), the Company also employs 487 individuals as temporary employees and dispatched employees.

**(6) Other significant matters concerning status of the corporate group**

On April 4, 2022, the Company's shares were transferred to the "Prime Market," which is a new market segment on the Tokyo Stock Exchange.

## 2. Status of the Company

### (1) Shares (as of May 31, 2022)

(i) Total number of authorized shares 470,800,000 shares

(Note) The total number of authorized shares has increased by 353,100,000 shares due to the stock split carried out on December 1, 2021 (4-for-1 split of common shares).

(ii) Total number of issued shares 124,963,596 shares

(Notes) 1. Total number of issued shares includes 736 shares of treasury stock.

2. The Company's shares were transferred from the First Section of the Tokyo Stock Exchange to the Tokyo Stock Exchange Prime Market as the name of financial instruments exchange where the stock of the Company is traded due to the reorganization of the Tokyo Stock Exchange's market segments on April 4, 2022.

3. The total number of issued shares has increased by 93,779,951 shares due to exercise of share acquisition rights during the fiscal year under review and the stock split carried out on December 1, 2021 (4-for-1 split of common shares).

(iii) Number of shareholders 9,773

(iv) Major shareholders

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

(Note) Percentage of total shares is calculated after deducting treasury shares.

## (2) Officers

### (i) Directors (as of May 31, 2022)

Position	Name	Responsibilities and significant concurrent positions outside the Company
Representative Director & CEO	Chikahiro Terada	Executive Officer and CEO
Director	Kei Tomioka	Executive Officer, CRO, and Executive in charge of Business Division
Director	Kenji Shiomi	Executive Officer, CISO, DPO, and Executive in charge of Engineering Division and Eight Division
Director	Yuta Ohma	Executive Officer, CHRO, and Executive in charge of Human Resources Department
Director	Muneyuki Hashimoto	Executive Officer, CFO, and Executive in charge of Finance & Accounting Department, General Affairs & Legal Department, Office Strategy Department, Investment Strategy Team, IR Team and EX Design Team
Director (Audit & Supervisory Committee Member)	Yasuko Yokosawa	Counsel Attorney at TMI Associates
Director (Audit & Supervisory Committee Member)	Toru Akaura	Representative Director of Incubate Fund KK Outside Director of S-Pool, Inc. Outside Audit & Supervisory Board Member of Double Standard Inc.
Director (Audit & Supervisory Committee Member)	Yoshiki Ishikawa	Director of Cancer Scan Co., Ltd. Representative Director of Well-being for Planet Earth Foundation Outside Director of Gaiax Co. Ltd. Outside Director of SEPTENI HOLDINGS CO., LTD.
Director (Audit & Supervisory Committee Member)	Toko Shiotsuki	Director (Full-time Audit and Supervisory Committee member) of CyberAgent, Inc.

(Notes) 1. Changes in Directors during the fiscal year under review were as follows:

- i) Toko Shiotsuki was newly elected Director who is an Audit & Supervisory Committee Member at the 14th Annual General Meeting of Shareholders held on August 31, 2021, and assumed office as of the same date.
  - ii) Satoru Joraku retired from his position as Director at the conclusion of the 14th Annual General Meeting of Shareholders held on August 31, 2021.
  - iii) Osuke Honda retired from his position as Director at the conclusion of the 14th Annual General Meeting of Shareholders held on August 31, 2021.
2. Directors Yasuko Yokosawa, Toru Akaura, Yoshiki Ishikawa and Toko Shiotsuki are Outside Directors.
  3. Director Toko Shiotsuki has a degree as a junior accountant and has a considerable amount of knowledge related to accounting.
  4. The Company appoints full-time Audit & Supervisory Committee support personnel to assist the Audit & Supervisory Committee in performing the duties, and these personnel maintain a grasp of information through participating in major meetings and reading important documents. Accordingly, as an environment is in place for the adequate fulfillment of auditing operations through the internal control system, full-time Audit & Supervisory Members are not selected.
  5. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Directors who are Audit & Supervisory Committee Members Yasuko Yokosawa, Yoshiki Ishikawa and Toko Shiotsuki have been designated as independent officers as provided for by the aforementioned exchange.
  6. As part of organizational reforms carried out on July 1, 2022, the responsibilities and significant concurrent duties of Directors have changed as follows.
    - i) Director Yuta Ohma changed from being in charge of the Human Resources Department to being in charge of the Human Resources Division.
    - ii) Director Muneyuki Hashimoto changed from being in charge of the Finance & Accounting Department, General Affairs & Legal Department, Office Strategy Department, Investment Strategy Team, IR Team and EX Design Team to being in charge of the Corporate Division.

(ii) Summary of details of limited liability agreements

In accordance with Article 427, paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into agreements with each of the Directors who are Audit & Supervisory Committee Members to limit their liability for damages under Article 423, paragraph (1) of the Companies Act.

The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.

(iii) Summary of details of indemnification agreements

The Company has entered into indemnification agreements with Directors (excluding those who are Audit & Supervisory Committee Members) Chikahiro Terada, Kei Tomioka, Kenji Shiomi, Yuta Ohma, and Muneyuki Hashimoto, and Directors who are Audit & Supervisory Committee Members Toru Akaura, Yasuko Yokosawa, Yoshiki Ishikawa and Toko Shiotsuki 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

There are no relevant matters concerning the performance of the indemnification agreement.

(iv) Summary of details of directors and officers liability insurance policy

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 Directors 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 incurred by the Company or its subsidiaries 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 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.

(v) Remuneration, etc. for Directors

a. Policy, etc. on determination of the details of officer remuneration, etc.

The Company made the decision regarding the policy for deciding the details of remuneration, etc. for Directors at a meeting of the Board of Directors. Furthermore, at the meeting of the Board of Directors held in July 2022, the Company resolved to introduce the following partial changes to the policy on determination of officer remuneration, etc. for the 16th and subsequent fiscal years and stock options with share price conditions, which is non-monetary remuneration, to individual remuneration of Directors (excluding Audit & Supervisory Committee Members) on the condition that it is approved and resolved at the General Meeting of Shareholders.

The individual remuneration, etc. of Directors (excluding Audit & Supervisory Committee Members) for the current fiscal year was decided at an extraordinary meeting of the Board of Directors held after the Annual General Meeting of Shareholders after obtaining the prior approval of all Outside Directors in accordance with the above policy for determination, and the Company judges that the details thereof are in accordance with the said policy.

[Decision policy regarding the details of individual remuneration, etc. for Directors]

i) Policy for determining the amount or calculation method of individual remuneration, etc. of Directors regarding basic remuneration (fixed 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 responsibilities and business execution status of each Director and the Company's performance and economic conditions.

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.

ii) Introduction and decision policy for performance-linked remuneration and non-monetary remuneration

The introduction of a performance-linked remuneration plan or a non-monetary remuneration plan for individual Directors shall require a resolution of the Board of Directors.

When introducing such a remuneration plan, the Board of Directors shall also pass a resolution on 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.

With regard to individual remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) from the 16th term onward, stock options with share price conditions 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.

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

The remuneration, etc. of Directors shall, in principle, be fixed remuneration on a monthly basis. This shall not apply in cases where expenses to be paid as remuneration are separately incurred. The timing of when to grant stock options with share price conditions introduced as individual remuneration of Directors (excluding those who are Audit & Supervisory

Committee Members) from the 16th term onward is being considered based on stock options granted in the past, number of years in office, etc.

iv) Matters concerning the delegation of decisions on remuneration, etc.

Individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) shall be determined by resolution of the Board of Directors, and shall be subject to approval by a majority of the Directors and all Outside Directors.

b. Total amount of remuneration, etc. for the fiscal year under review

Categories	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of applicable officers
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration, etc.	
Directors (excluding Directors who are Audit & Supervisory Committee Members) [of which Outside Directors]	139 [0]	139 [0]	- [-]	- [-]	6 [0]
Directors who are Audit & Supervisory Committee Members [of which Outside Directors]	18 [18]	18 [18]	- [-]	- [-]	5 [5]
Total [of which outside officers]	157 [18]	157 [18]	- [-]	- [-]	11 [5]

- (Notes) 1. The above table includes one Director (excluding Directors who are Audit & Supervisory Committee Members) and one Director who is an Audit & Supervisory Committee Member who retired at the conclusion of the 14th Annual General Meeting of Shareholders held on August 31, 2021.
2. The total annual amount of remuneration paid to Directors (excluding Directors who are Audit & Supervisory Committee Members) shall not exceed ¥300 million (however, this does not include employee salaries), as resolved at the Extraordinary General Meeting of Shareholders held on January 30, 2019. Number of Directors (excluding Directors who are Audit & Supervisory Committee Members) at the conclusion of said General Meeting of Shareholders was five.
3. 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.

c. Total amount of officer remuneration, etc. received by outside officers from subsidiaries

Not applicable.

(vi) Outside officers

a. Significant concurrent positions at other companies and relationships between the Company and such other companies

Categories	Name	Concurrent positions	Relationship with the Company
Outside Director	Yasuko Yokosawa	Counsel Attorney at TMI Associates	A business relationship exists between said firm and the Company relating to legal 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.
Outside Director	Toru Akaura	Outside Director of S-Pool, Inc.	A business relationship exists between said company and the Company relating to Sansan/Bill One services. However the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests.
		Representative Director of Incubate Fund KK	There is no special interest.
		Outside Audit & Supervisory Board Member of Double Standard Inc.	There is no special interest.
Outside Director	Yoshiki Ishikawa	Director of Cancer Scan Co., Ltd.	A business relationship exists between said company 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.
		Representative Director of Well-being for Planet Earth Foundation	There is no special interest.
		Outside Director of Gaiax Co. Ltd.	A business relationship exists between said company and the Company relating to Sansan/Bill One services. However the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests.
		Outside Director of SEPTENI HOLDINGS CO., LTD.	A business relationship exists between said company and the Company relating to Sansan/Bill One services. However the amount of those transactions for both parties is immaterial (less than 1% of the Company's sales) and the business relationship is not significant in terms of the occurrence of special interests.
Outside Director	Toko Shiotsuki	Director (Full-time Audit and Supervisory Committee member) of CyberAgent, Inc.	A business relationship exists between said company 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.

b. Major activities during the fiscal year under review

Categories	Name	Attendance, statements contribution and overview of the duties carried out in the roles expected of Outside Directors
Outside Director (Audit & Supervisory Committee Member)	Yasuko Yokosawa	She attended all 17 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Committee held during the fiscal year under review. She accordingly furnishes remarks as necessary from an objective standpoint as an independent officer, including providing opinions on legal arrangements related to the Company's new business strategies, etc., drawing on her extensive insight and experience as an attorney at law.
Outside Director (Audit & Supervisory Committee Member)	Toru Akaura	He attended all 17 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Committee held during the fiscal year under review. He accordingly provides opinions on the Company's investment and financial strategies and business growth, as well as comments from a bird's-eye view of overall management, drawing on his longstanding work experience in the venture capital business and his extensive insight serving as an officer at other companies.
Outside Director (Audit & Supervisory Committee Member)	Yoshiki Ishikawa	He attended 16 out of 17 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Committee held during the fiscal year under review. He accordingly furnishes remarks as necessary from an objective standpoint as an independent officer, with a focus on providing opinions in the areas of data science, human resource strategy, and sustainability, from the perspective of a corporate manager and drawing on his wide-ranging insight in data sciences and other fields as a researcher.
Outside Director (Audit & Supervisory Committee Member)	Toko Shiotsuki	She attended all 13 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Committee held in the fiscal year under review since assuming office as Director of the Company. She accordingly furnishes remarks as necessary from an objective standpoint as an independent officer, primarily providing opinions from the perspective of auditing and supervision as well as diversity, by leveraging her broad insight in accounting, auditing and legal affairs based on her degrees as a junior accountant and a doctor of jurisprudence (professional) in addition to her work experience.

**(3) Basic policy regarding control of 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.

## Consolidated balance sheet

(As of May 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
Current assets	16,856	Current liabilities	11,507
Cash and deposits	15,432	Accounts payable - trade	253
Accounts receivable - trade	756	Current portion of long-term borrowings	477
Prepaid expenses	478	Accounts payable - other	1,081
Other	194	Income taxes payable	380
Allowance for doubtful accounts	(3)	Accrued consumption taxes	398
Non-current assets	9,435	Advances received	8,199
Property, plant and equipment	806	Provision for bonuses	487
Buildings and structures	645	Other	229
Other	161	Non-current liabilities	2,691
Intangible assets	1,147	Long-term borrowings	2,547
Software	917	Other	144
Goodwill	229	<b>Total liabilities</b>	<b>14,199</b>
Other	0	<b>Net assets</b>	
Investments and other assets	7,481	Shareholders' equity	11,832
Investment securities	6,262	Share capital	6,426
Leasehold deposits	793	Capital surplus	4,023
Deferred tax assets	416	Retained earnings	1,384
Other	10	Treasury shares	(1)
		Accumulated other comprehensive income	112
		Valuation difference on available-for-sale securities	85
		Foreign currency translation adjustment	26
		Share acquisition rights	142
		Non-controlling interests	5
		<b>Total net assets</b>	<b>12,093</b>
<b>Total assets</b>	<b>26,292</b>	<b>Total liabilities and net assets</b>	<b>26,292</b>

(Note) Amounts less than ¥1 million are rounded down.

## Consolidated statement of income

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

(Millions of yen)

Item	Amount	
Net sales		20,420
Cost of sales		2,515
Gross profit		17,904
Selling, general and administrative expenses		17,272
Operating profit		631
Non-operating income		
Interest income	0	
Dividend income	33	
Subsidy income	1	
Gain on sale of investment securities	979	
Other	26	1,042
Non-operating expenses		
Interest expenses	10	
Commission expenses	7	
Foreign exchange losses	9	
Loss on investments in investment partnerships	20	
Share of loss of entities accounted for using equity method	609	
Other	47	705
Ordinary profit		968
Extraordinary income		
Gain on reversal of share acquisition rights	0	
Gain on change in equity	105	105
Extraordinary losses		
Loss on retirement of non-current assets	16	
Loss on valuation of investment securities	140	
Impairment losses	9	165
Profit before income taxes		908
Income taxes - current	353	
Income taxes - deferred	(296)	56
Profit		852
Loss attributable to non-controlling interests		5
Profit attributable to owners of parent		857

(Note) Amounts less than ¥1 million are rounded down.

## Audit Report on the Consolidated Financial Statements

### Independent Auditor's Report

July 25, 2022

To the Board of Directors of Sansan, Inc.:

KPMG AZSA LLC  
Tokyo Office, Japan

Osamu Takagi  
Designated Engagement Partner  
Certified Public Accountant

Genta Tsuru  
Designated Engagement Partner  
Certified Public Accountant

#### **Opinion**

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the related notes of Sansan, Inc. (the "Company") and its consolidated subsidiaries (collectively referred to as the "Group"), as at May 31, 2022 and for the year from June 1, 2021 to May 31, 2022 in accordance with Article 444, paragraph (4) of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, 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.

#### **Other Information**

The other information comprises the business report and its supplementary schedules. 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 & 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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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 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 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 & 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 & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**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 Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

**Audit Report of the Audit & Supervisory Committee**

**Audit Report**

The Audit & Supervisory Committee audited the Directors’ performance of their duties during the 15th fiscal year (from June 1, 2021 to May 31, 2022). The Committee hereby reports the method and result thereof as follows.

1. Auditing method and its contents

The Audit & Supervisory Committee periodically received reports from Directors, employees and other relevant personnel, sought explanations as necessary, and expressed its opinions with respect to content of resolutions by the Board of Directors concerning matters stipulated in Article 399-13, paragraph (1), item (i) (b) and (c) of the Companies Act as well as the status of development and operation of the systems established pursuant to such resolutions (internal control systems), and conducted audits based on the methods described below.

- (1) In accordance with relevant matters such as the audit policy, allocation of duties determined by the Audit & Supervisory Committee, and in cooperation with the internal control department of the Company, we examined the decision-making process and details at important meetings, etc., the contents of principal approval documents and other important documents concerning business execution, the performance of duties by Directors and principal employees, and the state of operations and assets at the head office and principal offices, etc.  
As for subsidiaries, we endeavored to facilitate communication with and exchange of information with directors, audit & supervisory board members, etc. of the subsidiaries, and received reports from these subsidiaries on the status of their businesses as necessary.
- (2) We monitored and verified whether or not the Financial Auditor has properly carried out audits while maintaining its independence. We also received reports from the Financial Auditor on the performance of its duties and have asked it to provide explanations when necessary. In addition, we sought explanations as necessary, upon having received notice from the Financial Auditor that the “systems for ensuring that the performance of the duties is being carried out properly” (matters stipulated in each item of Article 131 of the Regulation on Corporate Accounting) have been developed in accordance with the “Quality Control Standard for Audit” (Business Accounting Council, October 28, 2005), etc.

Based on the methods described above, we reviewed the Business Report and supplementary schedules attached thereto, the Non-consolidated Financial Statements (Non-consolidated balance sheet, Non-consolidated statement of income, Non-consolidated statement of changes in equity, and Notes to non-consolidated financial statements), supplementary schedules attached thereto, and the Consolidated Financial Statements (Consolidated balance sheet, Consolidated statement of income, Consolidated statement of changes in equity, and Notes to consolidated financial statements).

2. Audit results

(1) Audit results of the Business Report, etc.

- (i) We deem that the Business Report and supplementary schedules attached thereto fairly represent the situation of the Company in accordance with relevant laws and regulations, and the Articles of Incorporation.
- (ii) We deem there to be no misconduct or material fact constituting a violation of relevant laws and regulations, or the Articles of Incorporation, regarding the Directors in performing their duties.
- (iii) We deem that resolutions of the Board of Directors regarding the internal control systems are appropriate in content. We also deem there to be no issues to be pointed out with respect to the contents of the Business Report and the Directors in performing their duties regarding the internal control systems.

(2) Audit results of the Non-consolidated Financial Statements and supplementary schedules attached thereto

We deem that the methods and results of audits performed by the Financial Auditor, KPMG AZSA LLC, are appropriate.

(3) Audit results of the Consolidated Financial Statements

We deem that the methods and results of audits performed by the Financial Auditor, KPMG AZSA LLC, are appropriate.

July 25, 2022

Audit & Supervisory Committee of Sansan, Inc.

Chairman of the Audit & Supervisory Committee Yasuko Yokosawa [Seal]

Audit & Supervisory Committee Member Toru Akaura [Seal]

Audit & Supervisory Committee Member Yoshiki Ishikawa [Seal]

Audit & Supervisory Committee Member Toko Shiotsuki [Seal]

(Note) Audit & Supervisory Committee Members Yasuko Yokosawa, Toru Akaura, Yoshiki Ishikawa and Toko Shiotsuki are outside directors as defined in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Partial Amendments to the Articles of Incorporation

#### 1. Reasons for the proposal

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to Article 14 of its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format, and in addition, to establish Supplementary Provisions concerning the effective date, etc., of this amendment.

#### 2. Contents of amendments

Details of the amendments are as follows.

(Underlined parts denote those amended.)

Current Articles of Incorporation	Proposed amendments
<p><u>Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements and/or consolidated financial statements through the internet in accordance with the provisions prescribed by the Ordinance of the Ministry of Justice, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">(Deleted)</p> <p><u>Article 14 (Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>1. The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 14 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p>

Current Articles of Incorporation	Proposed amendments
	<p data-bbox="815 232 1401 427">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 14 of the pre-amended Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u></p> <p data-bbox="815 434 1401 566">3. <u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

**Proposal No. 2** Election of Five Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all five Directors (excluding those who are Audit & Supervisory Committee Members; the same applies throughout this proposal) will expire upon the conclusion of this Shareholders' Meeting. In that regard, the Company proposes the election of five Directors.

Opinion regarding the suitability of this proposal was obtained beforehand from the Audit & Supervisory Committee.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Chikahiro Terada (December 29, 1976) <u>Reelection</u>	Apr. 1999      Joined Mitsui & Co., Ltd. Feb. 2006      General Manager of Corporate Management Department, of Mitsui Bussan Secure Directions, Inc. June 2007      Representative Director & CEO of the Company (current position) <Responsibility in the Company> Executive Officer and CEO	41,432,920
2	Kei Tomioka (May 26, 1976) <u>Reelection</u>	Apr. 1999      Joined Oracle Corporation Japan June 2007      Director of the Company (current position) June 2021      Outside Director of Fringe81 Co., Ltd. (currently Unipos Inc.) (current position) <Responsibility in the Company> Executive Officer, CRO, and Executive in charge of Business Division	4,160,000
3	Kenji Shiomi (August 12, 1970) <u>Reelection</u>	Apr. 1994      Joined Bussan System Integration Co. Ltd. (currently MITSUI KNOWLEDGE INDUSTRY CO., LTD.) Apr. 2005      Joined Wisdom Networks Co., Ltd. June 2006      President of United Portal Co., Ltd. June 2007      Director of the Company (current position) <Responsibility in the Company> Executive Officer, CISO, DPO, and Executive in charge of Engineering Division and Eight Division	2,320,000
4	Yuta Ohma (September 27, 1983) <u>Reelection</u>	Apr. 2006      Joined WORKPORT, inc. Oct. 2008      Joined Blast Co., Ltd., Director Feb. 2010      Joined the Company Aug. 2019      Director of the Company (current position) <Responsibility in the Company> Executive Officer, CHRO, and Executive in charge of Human Resources Division	88,000
5	Muneyuki Hashimoto (January 10, 1982) <u>Reelection</u>	Apr. 2004      Joined Lehman Brothers Japan Inc. Sept. 2008      Joined Barclays Capital Securities Japan Limited Jan. 2013      Joined DBJ Investment Advisory Co., Ltd. Nov. 2017      Joined the Company Aug. 2020      Director of the Company (current position) June 2021      Outside Director of Fringe81 Co., Ltd. (currently Unipos Inc.) (current position) <Responsibility in the Company> Executive Officer, CFO, and Executive in charge of Corporate Division	67,200

- (Notes)
1. There is no special interest between any of the candidates and the Company.
  2. The stated number of the Company's shares owned by each candidate is current as of the end of the fiscal year under review (May 31, 2022).
  3. Reasons for nomination as candidates for Directors
    - (1) Chikahiro Terada has served as the Company's Representative Director consistently since its establishment and has many years of management experience. He also has demonstrated strong leadership as the chief officer of planning strategies and execution of operations in all aspects of the Company's business, and has achieved timely and appropriate decision-making and management supervision. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
    - (2) Kei Tomioka founded the Company together with Representative Director Chikahiro Terada, and has contributed to the Company's business expansion and sales maximization by utilizing his knowledge in the sales department, not only by growing the Sansan Business into the Company's main business as Executive in charge, but also by promoting the Company's domestic and overseas business development, including the Bill One business. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
    - (3) Kenji Shiomi founded the Company together with Representative Director Chikahiro Terada, and has promoted service expansion and monetization as the executive officer in charge of the Eight Business. Furthermore, as the executive officer in charge of the Technology Division, he has led the development department with his knowledge as an engineer, contributing to business expansion and sales maximization by strengthening the Company's products. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
    - (4) Yuta Ohma joined the Company after gaining business start-up and management experience at human resources and recruiting company. After working as a manager in the sales department, he is currently the chief officer of the human resources department and is responsible for planning and executing practical human resources development and recruiting strategies from a front-line perspective. He has the qualifications and track record to flexibly and strategically oversee the strengthening of human capital, which is essential for the Company's business growth. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
    - (5) Muneyuki Hashimoto, after working in the securities and financial fields in Japan and overseas, has been leading the Company's financial strategy as CFO since joining the Company, and has contributed to the Company's growth and business expansion through his supervision and organizational management of the Corporate Department. Accordingly, the Company has nominated him as a candidate to continue serving as Director.
  4. The Company has entered into an indemnification agreement with Chikahiro Terada, Kei Tomioka, Kenji Shiomi, Yuta Ohma and Muneyuki Hashimoto as stipulated in Article 430-2, Paragraph (1) of the Companies Act, and a summary of the contents of the agreement is provided on pages 17 of the Business Report. If this proposal is approved and adopted, the Company plans to renew said agreements.
  5. The Company has entered into a directors and officers liability insurance policy, as stipulated in Article 430-3, Paragraph (1) of the Companies Act, and a summary of the contents of the agreement is provided on page 17 to 18 of the Business Report. The scope of the insured includes Directors (excluding Directors who are Audit & Supervisory Committee Members), Directors who are Audit & Supervisory Committee Members, Executive Officers, and Directors of subsidiaries of the Company. Each of the candidates is already included as an insured under the policy, and will continue to be included as an insured if this proposal is approved and adopted. The Company plans to renew said policy at the end of the current policy period.

### Proposal No. 3 Election of Two Directors Who Are Audit & Supervisory Committee Members

The terms of office of Directors who are Audit & Supervisory Committee Members Yasuko Yokosawa and Yoshiki Ishikawa will expire at the conclusion of this Shareholders' Meeting. Therefore, the Company proposes the election of two Directors who are Audit & Supervisory Committee Members.

In addition, prior consent of the Audit & Supervisory Committee has been obtained for the submission of this proposal.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Maki Suzuki (July 4, 1977)  <u>New election</u>	Oct. 2003 Registered at Tokyo Bar Association Joined TMI Associates July 2009 Registered as an attorney in New York State Oct. 2017 Joined Shintaro Sato Law Office (current position) Feb. 2021 Registered at Dai-Ni Tokyo Bar Association	—
2	Taro Saito (November 24, 1972)  <u>New election</u>	June 1995 Joined DENTSU INC. May 2005 Established dof Inc., assumed position of Director June 2009 Representative Director of dof Inc. (current position) Dec. 2014 Outside Director of VOYAGE GROUP Inc. (currently CARTA HOLDINGS Inc.) (current position) Jan. 2017 Established CC Corporation, assumed position of Director (current position) June 2019 Outside Director of for Startups, Inc. (current position) June 2020 Outside Director of ZOZO, Inc. (current position)	—

- (Notes) 1. There is no special interest between any of the candidates and the Company.
2. Furthermore, Maki Suzuki and Taro Saito are candidates for outside Director, satisfy the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company plans to submit notification to the aforementioned exchange concerning their designation as an independent officer conditional upon the approval and adoption of this proposal.
3. Reasons for nomination as candidates for outside Directors who are Audit & Supervisory Committee Members and outline of their expected roles
- (1) Although Maki Suzuki does not have experience of being directly involved in corporate management, she 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 nominated her as a candidate for outside Director who is an Audit & Supervisory Committee Member because she can be expected to provide meaningful opinions on the Company's management from a legal perspective as well as diversity.
- (2) Taro Saito has many years of work experience in branding and communication design as Representative Director of dof Inc., as well as extensive experience as an officer about other companies, and has cultivated a right range of insight through such experience. The Company has selected him as a candidate for outside Director who is an Audit & Supervisory Committee member with the expectation that he will provide advice and suggestions concerning the general management and corporate governance of the Company.
4. If this Proposal is approved, the Company plans to enter into agreements with Maki Suzuki and Taro Saito that limit their liability for damages under Article 423, paragraph (1) of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.
5. If this Proposal is approved, the Company plans to enter into compensation agreements with Maki Suzuki and Taro Saito under Article 430-2, paragraph (1) of the Companies Act, and a summary of the contents of the agreement is provided on pages 17 of the Business Report.
6. The Company has entered into a directors and officers liability insurance policy, as stipulated in Article 430-3, Paragraph (1) of the Companies Act, and a summary of the contents of the agreement is provided on page 17 to 18 of the Business Report. The scope of the insured includes Directors (excluding Directors who are Audit &

Supervisory Committee Members), Directors who are Audit & Supervisory Committee Members, Executive Officers, and Directors of subsidiaries of the Company. Maki Suzuki and Taro Saito will be newly included as insured parties under the relevant policy if this proposal is approved and adopted. The Company plans to renew said policy following the conclusion of the insurance period.

[Reference] About the skills matrix for Director candidates

What is the skills matrix?

The skills matrix is a list of the combination of skills, such as knowledge, education and experience, as well as the diversity of each Director in order for the board of directors to fulfill its supervisory function. The purpose of the matrix is to contrast the knowledge and experience of directors required by the Company in light of its management strategy with that of current Directors and candidates for Directors, to disclose that the Board of Directors as a whole has a balanced composition and that the appointment of Directors is appropriate in line with the management strategy.

The Company nominates candidates for Directors in consideration of the balance of knowledge, experience and ability, as well as diversity. If Proposals No. 2 and No. 3 of this general meeting of shareholders are approved and adopted as proposed, the expertise and experience of each Director, including the current Directors, will be as follows.

Name	Specialty and experience					
	Corporate management	Information security in the data domain	Finance & accounting/ Legal affairs	Personnel/ Human resources development	International experience	ESG SDGs
Chikahiro Terada	✓	✓			✓	✓
Kei Tomioka	✓	✓			✓	
Kenji Shiomi	✓	✓			✓	
Yuta Ohma	✓			✓		
Muneyuki Hashimoto	✓		✓		✓	
Toru Akaura	✓				✓	
Toko Shiotsuki	✓		✓			
Maki Suzuki		✓	✓	✓	✓	
Taro Saito	✓				✓	

**Proposal No. 4** Determination of Content of Share Acquisition Rights as Share Options with Share Price Conditions for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

1. Reasons for the proposal

With the aim of improving the medium to long term shareholder value and corporate value of the Company, under the objective of further improving the incentives of the Directors of the Company, as well as to share further value with all shareholders, the Company requests approval, as non-monetary remuneration for Directors of the Company (excludes Directors Who Are Audit & Supervisory Committee Members), for the introduction of stock options with share price conditions (hereinafter the “Stock Options”), the amount of the remuneration, etc., relating to the share acquisition rights as the Stock Options, as well as the specific content of the share acquisition rights.

It should be noted that the Company, for the introduction of the Stock Options, passed a resolution for the partial amendment for the policy for determining Director remuneration, etc., at the meeting of the Board of Directors held on July 14, 2022, as described on pages 18 to 19 of the Business Report, subject to the approval of this Proposal, and in light of the said policy, has determined that the Stock Options to be granted on the condition of the approval of this Proposal are suitable in terms of the level of remuneration for Directors (excluding Directors Who Are Audit & Supervisory Committee Members). Accordingly, the Company has received an opinion from the Audit & Supervisory Committee that the Stock Options to be granted on the condition of the approval of this Proposal are suitable in terms of the level of remuneration for Directors (excluding Directors Who Are Audit & Supervisory Committee Members).

2. Content of the proposal (amount and content of remuneration, etc., in the plan)

(1) Amount of remuneration, etc., relating to share acquisition rights as stock options

The Company, at the Extraordinary General Meeting of Shareholders held on January 30, 2019, approved the financial remuneration of Directors (excluding Directors Who Are Audit & Supervisory Committee Members) as being up to ¥300 million per year.

On this occasion, the Stock Options shall be introduced as an officer remuneration plan, and approval is requested for the new setting of up to ¥250 million as the limit for remuneration relating to the Stock Options for the Directors of the Company (excluding Directors Who Are Audit & Supervisory Committee Members), separate from the remuneration limit described above. At present, there are five Directors, and if Proposal No. 2 is approved as proposed, there will be five eligible Directors (excluding Audit & Supervisory Committee Members).

It should be noted in consideration that the fair valuation of the Stock Options will fluctuate depending on the stock price situation, the remuneration limit to be set here shall be an amount set as an upper limit assuming a certain level of increase to the stock price. In addition, the Stock Options will become exercisable rights upon the stock price of the Company reaching ¥2,344, and the rights will lose effect if this stock price is not achieved. Therefore, the fair valuation of the Stock Option has been calculated in consideration of such conditions. In the event of all of the Stock Options being exercised, the total number of outstanding shares as of May 31, 2022 will be diluted by a maximum of 0.40%, however, the achievement of the conditions for the exercising of rights set for the Stock Options will contribute to the improvement of the shareholder value and corporate value of the Company, which can be recognized to contribute to the interests of all existing shareholders, and therefore, the scale of the issuance is considered to be reasonable. Due to the issuance of the Stock Options, in the period from their allocation until the exercising of rights, share remuneration expenses will be recorded each year in the accounts, however, if the conditions for the exercising of rights are achieved, as described above, the benefit of the improvement of shareholder value and corporate value will be shared with all existing shareholders, and if the conditions for the exercising of rights are not achieved, the Stock Options will lose effect without any shares being issued, and the recorded share-based remuneration expenses will be reversed, meaning that there is no concern of existing shareholders incurring substantial disadvantage.

It should be noted that the Company, at the meeting of the Board of Directors held on July 14, 2022, passed a resolution for the issuance of share acquisition rights with share price conditions with

almost the same content as the Stock Options to employees of the Company and the subsidiaries of the Company. Please refer to the “Notification Regarding Issuance of Stock Options (Stock Acquisition Rights) with Stock Price Condition to Employees of the Company and its Subsidiaries” that was issued on that day for further details.

- (2) Overview of the share acquisition rights to be issued as the stock options (hereinafter the “Share Acquisition Rights”)

- (i) Total number of share acquisition rights

The total number of the Share Acquisition Rights to be issued to Directors of the Company (excluding Directors Who Are Audit & Supervisory Committee Members) within the one year period following the Annual General Meeting of Shareholders for the period ending May 2022 shall be limited to 5,000.

- (ii) Class and number of shares to be acquired upon exercise of share acquisition rights

The class of shares to be issued upon exercise of the Share Acquisition Rights shall be common stock of the Company, and the number of shares to be issued upon exercise of each of the Share Acquisition Rights (hereinafter the “Number of Granted Shares”) shall be one hundred (100).

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 “Allotment Date”), the Company conducts a stock split (including the gratis allotment of common stock of the Company; the same shall apply hereinafter) or a stock consolidation.

Number of Granted Shares after Adjustment = Number of Granted Shares before Adjustment × Ratio of Stock Split (or Stock Consolidation)

In addition, the Number of Granted Shares shall be appropriately adjusted to the extent reasonable in the event that, after the allotment date of the Share Acquisition Rights, the Company conducts a merger, company split or share exchange, or share transfer (hereinafter collectively referred to as “merger, etc.”) that require adjustment of the Number of Granted Shares. Provided, however, that such adjustment shall be made only with respect to the number of shares underlying the Share Acquisition Rights that have not been exercised at the time of such adjustment, and any fraction less than one share arising from the adjustment shall be rounded down.

- (iii) Amount to be paid in exchange for share acquisition rights

The payment of money in exchange for the Share Acquisition Rights is not needed. Since as stock options the Share Acquisition Rights are issued in consideration for the execution of duties, they do not fall under the category of “Favorable Issue.”

- (iv) Value or calculation method of assets to be contributed upon exercise of share acquisition rights

The purpose of investment for the exercising of the Share Acquisition Rights is monetary, and the amount of this shall be the amount obtained by multiplying the price per share that should be paid in when exercising the Share Acquisition Rights (hereinafter the “Exercise Price”) by the Number of Granted Shares in relation to the Share Acquisition Rights. The Exercise Price shall be the same amount as the closing price of the ordinary shares of the Company at the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Board of Directors of the Company for the issuance of the Share Acquisition Rights (if there were no transactions on that day, the closing price of the most recent day with transactions).

It should be noted in the event of a stock split or reverse stock split being performed by the Company on the ordinary shares of the Company after the Allotment Date, or in the event of it being necessary to adjust the Exercise Price stated above due to other reason, the Exercise Price may be adjusted within a reasonable range.

- (v) Exercise period of share acquisition rights

The period during which Share Acquisition Rights are exercisable (hereinafter the “Exercise Period”) shall be from August 31, 2024 until August 30, 2032 (provided, however, that if the last day is not a bank business day, it shall be the previous bank business day).

(vi) Restrictions on assignment of share acquisition rights

Any acquisition of the Share Acquisition Rights through transfer shall require approval by resolution of the Company's Board of Directors.

(vii) Conditions of exercise of share acquisition rights

- Persons who have been allotted the Share Acquisition Rights (hereinafter "Holders of the Share Acquisition Rights") may exercise their Share Acquisition Rights if, on a specific day from the allotment date of the Share Acquisition Rights to the end date of the exercise period (August 30, 2032), the closing price of the common stock of the Company on the Tokyo Stock Exchange exceeds ¥2,344.

However, if a stock split or reverse stock split is carried out after the allotment date, the value will be adjusted according to the following formula (rounded up to the nearest yen unit):

$$\text{Adjusted stock price} = \frac{\text{Stock price before adjustment}}{\text{Ratio of split (or merger)}} \times 1$$

- Holders of Share Acquisition Rights are required to be any one of directors, auditors, employees of the Company and the subsidiaries of the Company even at the time of the exercise of Share Acquisition Rights. Provided, however, that this shall not apply to the case where the Company's Board of Directors recognizes that there are justifiable reasons such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, etc.
- The other conditions for the exercising of the Share Acquisition Rights shall be determined by resolution of the Company's Board of Directors.

(viii) Matters relating to acquisition of share acquisition rights

- 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 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.
- In the event that the exercise of the Share Acquisition Rights becomes impossible pursuant to the provisions of Paragraph (vii) above prior to the exercise by the holder of the Share Acquisition Rights, the Company may acquire the Share Acquisition Rights without any charge on the date separately prescribed by the Company's Board of Directors.

(ix) Other matters concerning the share acquisition rights

Other matters concerning the Share Acquisition Rights shall be determined by resolution of the Company's Board of Directors.