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.

Items Disclosed on the Internet Concerning
Notice of the 15th Annual General Meeting of Shareholders

Business Report

1. Principal offices
2. Major lenders
3. Share acquisition rights
4. Issues to be addressed
5. Financial Auditor
6. System to ensure the properness of business operations (Internal control system)
7. Policy on determination of dividends of surplus and others

Consolidated Financial Statements

Consolidated statement of changes in equity
Notes to consolidated financial statements

Non-consolidated Financial Statements

Non-consolidated balance sheet
Non-consolidated statement of income
Non-consolidated statement of changes in equity
Notes to non-consolidated financial statements
Audit Report on the Non-consolidated Financial Statements

Sansan, Inc.

Pursuant to the provisions of relevant laws and regulations and Article 14 of the Company's Articles of Incorporation, the items listed above are provided to shareholders by posting them on the Company's website (https://ir.corp-sansan.com/en/ir/stock/meeting html).

1. Principal offices (as of May 31, 2022)

(1) The Company

Head office: Shibuya-ku, Tokyo

(2) Consolidated subsidiaries

Sansan Global Pte. Ltd.	Singapore
Sansan Corporation	State of Delaware, USA
logmi, Inc.	Shibuya-ku, Tokyo

2. Major lenders (as of May 31, 2022)

(Millions of yen)

Lenders	Outstanding borrowings
Sumitomo Mitsui Banking Corporation	880
Resona Bank, Limited	775
Mizuho Bank, Ltd.	625
MUFG Bank, Ltd.	600
Development Bank of Japan Inc.	142

3. Share acquisition rights

(1) Share acquisition rights held by the Company's officers at the end of fiscal year under review that have been delivered as consideration for their execution of duties

		3rd Share Acquisition Rights
Date of resolution of issue		January 9, 2019
Number of share acquisition rights		212,087 units
Class and number of shares to be acquired upon exercise of share acquisition rights		Common shares 848,348 shares (Four shares per share acquisition right)
Amount to be paid in for share acquisition rights		Without contribution
Value of property to be contributed when share acquisition rights are exercised		¥3,400 per share acquisition right (¥850 per share)
Exercise period		From February 1, 2021 to January 8, 2029
Exercise conditions		(Note 1)
Status of share acquisition rights held by officers	Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	Number of share acquisition rights 24,460 units
		Number of shares to be acquired 97,840 shares
		Number of holders 2

(Notes) 1. Terms and conditions of exercise of 3rd Share Acquisition Rights are as follows.

(1) The person to whom the share acquisition rights are allotted (the "share acquisition rights holder") must, at the time of exercise of the share acquisition rights, be holding the position of Director, Audit & Supervisory Board Member, or employee of the Company or a subsidiary of the Company. However, this shall not apply in cases where the person resigns at the expiration of his/her term of office, retires at the mandatory retirement age, or when another justifiable reason is acknowledged by the Board of Directors of the Company.

(2) In the event that the share acquisition rights holder dies, the inheritance of the share acquisition rights shall not be permitted.

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

2. The 3rd Share Acquisition Rights held by two Directors were granted while they were serving as employees.

(2) Share acquisition rights delivered during the fiscal year under review to employees, etc. as consideration for their execution of duties

Not applicable.

4. Issues to be addressed

As its corporate philosophy, the Group has established its mission of “turning encounters into innovation” and its vision to “become business infrastructure.” Towards the realization of this mission and vision, we are developing a business database that will connect encounters between people and companies to business opportunities, and which will change working styles, and through the promotion of such business activities, we are aiming to achieve both growth in net sales and growth in profit as a medium term objective for the 16th period (the fiscal year ending May 2023) to the 18th period (the fiscal year ending May 2025). First of all, for consolidated net sales, which is the most important management indicator, we are aiming to continue the solid growth of 20%+ range or higher. Next, we have adopted adjusted operating profit (Note 3), which excludes share-based payment expenses and expenses arising from business combinations as a profit indicator to be emphasized, and are aiming to improve adjusted operating profit margin in each consolidated fiscal year while making the investments required for growth of net sales in each business. In order to achieve an improved profit margin, we are aiming to record adjusted operating profit of ¥10.0 billion or more in total for the Sansan and Bill One services (Note 4) in the 18th period (the fiscal year ending May 2025), as well as to record stable adjusted operating profit over the full year in Eight Business.

(Notes) 3. Adjusted operating profit: Operating profit + Share remuneration-related expenses + Expenses that arise in conjunction with corporate integration (amortization of goodwill and amortization of intangible assets)

4. Total for “Sansan” and “Bill One” in Sansan/Bill One Business, excluding the “Others” category

The major management issues and issues to be addressed as identified by the Company to realize the mission, vision, and medium term objectives are outlined below.

(i) Further Growth of the Sansan/Bill One Business

Having established a series of business processes extending from marketing activities to the receiving of new orders, Sansan continues to generate robust growth, although the COVID-19 pandemic did cause a certain level of impact. Sansan is a service for all companies within Japan, and there is plenty of room for development in Japan. Towards further growth in the future, we will promote the improved value of the Sansan business database through the spreading and expansion of the functions that contribute to the resolution of business issues in sales and marketing activities. In addition, we will work to increase our number of subscriptions largely by strengthening our sales structure. We will also work to gain new customers premised on the notion of all staff members in a user company accessing the services (company-wide use) and promoting greater service use among existing customers. Through these ongoing initiatives, we will take steps to further increase net sales per subscription.

In addition, in regard to Bill One as well, because the service is available to all companies in Japan, regardless of industry or size, there is a great deal of room for coverage expansion, and we will actively implement a variety of measures to further expand its use. Specifically, in order to achieve maximization of sales, we shall work on efforts to strengthen sales activities as well as advertising and marketing activities, etc., with a focus on television commercials, and to expand the invoice issuance function in anticipation of the introduction of an invoicing system, among other functions.

(ii) Monetization of the Eight Business

We will work on business growth through the use of the network of over three million Eight users, and the strengthening of the monetization of the various B2B services. Mainly, we are aiming to achieve a full-year adjusted operating profit in the overall business through the enhancement of Eight Career Design, which is a recruitment-related professional recruiting service.

(iii) Creation of new services and enhanced growth

A variety of efficiency issues are accumulating in the various business workflows of companies, and the Group is focusing on creating new services that promote corporate DX by leveraging the strengths and knowledge it has cultivated through its existing services. Specifically, the Group has begun providing services in the business areas of contracts as well as business cards, etc., production, and will continue to establish these business processes and ensure their stable provision, as well as promote efforts to create new services.

(iv) Recruiting and training outstanding talent and ensuring diversity

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

(v) Continuous strengthening of the management system against security risks

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

(vi) Enhancing technological strengths

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

In addition, at the Group, in relation to issues surrounding climate change, the ascertaining and monitoring of business risks and opportunities under an appropriate system, and the raising of the ability to respond to issues, is regarded as an extremely important initiative for the promotion of the migration to a low carbon economy or carbon-free society, and has the objective of stable economic development and the securing of a foundation for day to day life, etc.

Under such concepts, the Company has expressed its support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD), and makes disclosures based on this framework as shown below.

a. Governance

Including our responses to climate change issues, in the Sansan Group various policies and important matters that contribute to the realization of sustainability are among the items discussed and decided on at Board of Directors' meetings. In the case of responses to issues relating to climate change, we have set up a Climate Change Response Project - consisting of corporate departments, such as the IR Office, Office Strategy Department, and the Finance and Accounting Department - under the supervision of the representative director and are reviewing our responses. Under this project, matters that include various indicators relating to climate change as well as business risks and opportunities that have been examined, tabulated, and specified are received and supervised in annual reports by the Board of Directors. Business strategies and plans are then decided upon after having given due consideration to the important matters.

b. Strategy

To strengthen its ability to respond and adapt to a business environment in which the temperature rise due to climate change is held down to less than 2°C, the Group mainly utilizes scenarios that include the Intergovernmental Panel on Climate Change (IPCC)'s Shared Socioeconomic Pathways (SSP1-2.6) and Representative Concentration Pathways. After analyses of the scenarios, we identify the business risks and opportunities posed by climate change and formulate response strategies. With regard to transition risks and opportunities, such as the tightening of laws and regulations and the introduction of carbon taxes in each country, we will respond by reducing greenhouse gas (GHG) emissions, establishing a policy for using renewable energy, and promoting a variety of initiatives from medium- to long-term perspectives. In addition, many of the measures to deal with transition risks, physical risks, and opportunities related to our services are already being addressed as part of our growth strategy. In the years to come, however, we will also consider efforts to reduce costs by diversifying and optimizing various services, including electric power.

c. Risk management

In consultation with the directors in charge of each field and its Climate Change Response Project, the Sansan Group is conducting scenario analyses, identifying climate-related business risks and opportunities, assessing their importance, calculating their financial impact, and reviewing its countermeasures. These matters are next reported to the Board of Directors on an annual basis, and the Board of Directors decides on business strategies and plans after considering important matters, including these risks and countermeasures. Important climate change-related risks are also integrated and managed with the results of company-wide risk analyses conducted through, for example, internal audits.

d. Indicators and targets

The Group has selected GHG emissions as a climate change-related appraisal metric.

The actual GHG emissions in the last two years (Note 5) are as set out in the table below. We are currently studying the calculation of actual GHG emissions under Scope 3.

Item	Unit	14th term	15th term
Scope 1 (Note 6)	t-CO2	154	187
Scope 2 (Note 7) (market-based)	t-CO2	371	480
Scope 2 (location-based)	t-CO2	324	452
Scope 1 and 2 (market-based)	t-CO2	525	667
Scope 1 and 2 GHG Emissions Unit (per net sale)	t-CO2 / hundred million yen	3	3

(Notes) 5. The non-consolidated results of Sansan, Inc. have been aggregated.

6. Scope 1 is calculated by aggregating GHG emissions relating to the gas consumption in each office. After calculating the consumption per office area using the actual results in some offices where the consumption can be ascertained, gas consumption is calculated by multiplying this value by the total area of all offices where gas can be used.

7. Scope 2 is calculated by aggregating GHG emissions relating to the electricity consumption in each office.

With regard to the setting of targets for each metric, in addition to external factors such as global trends and the status of laws and regulations in Japan, we are currently promoting a comprehensive study based on internal factors to enhance future disclosures. The internal study thus covers the progress of strategies and measures in each of our businesses, risks and opportunities, etc.

The content of specific risks and opportunities identified under the scenario analyses, financial impacts, countermeasures and other information is as set out in the tables below. The present 2030 is set as the medium-term analysis period and up to and including 2050 as the long-term analysis period, both of which cover all businesses of the Sansan Group

(a) Business risk identification

Scenario analysis results	Business risks	Types of risks	Time frames	Financial impact (Annual)	Strategies
Regulations will be tightened in each country and carbon tax introduced	Increase in tax burden due to carbon tax	Transitional risk (policy and law)	Medium to long term	Carbon tax burden Approx. ¥100 million to ¥300 million	Reduction of GHG emissions from a medium- to long-term perspective Expanded use of renewable energy
Prices for various kinds of energy soar due to increased demand for clean energy, and other factors	Increase in operating expenses (costs/SG&A)	Transitional risk (market)	Medium to long term	Cost increase Approx. ¥300 million to ¥1.1 billion	Cost reductions by diversifying/ optimizing power and raw material procurement sources
Due to heightened environmental awareness, the use of paper media will decrease (digitalization will accelerate)	Decline in importance of some our service functions	Transitional risk (market)	Short to medium term	Response completed, assumption that there will be no major financial impact	Further improvements in functions and convenience centered on digital use
Torrential rainfall and floods due to climate change occur at a certain frequency	Partial suspension of services due to flooding of offices and utilization system downtime Damage to stored documents and other losses due to office flooding	Physical risk (acute)	Medium to long term	Profit impact Approx. ¥200 million to ¥1.6 billion	Redundancy of utilized systems (servers) Dispersal of service offices Preparation of manuals for flood response, etc.

(b) Business opportunity identification

Scenario analysis results	Business opportunities	Types of opportunities	Time frames	Financial impact (Annual)	Strategies
Conversion from analog to digital media (DX) accelerates due to heightened environmental awareness Non-face-to-face business activities increase due to increased risk of infectious diseases associated with rising temperatures	Burgeoning demand for our services	Products and services	Medium to long term	Profit increase Approx. ¥400 million to ¥2.7 billion	Further improvements in functions and convenience centered on digital use Enhancement of sales system/marketing measures
Regulations will be tightened in each country and carbon tax introduced	No carbon tax due to achieving zero GHG emissions	Resilience	Medium to long term	Carbon tax burden ¥0	Reduction of GHG emissions from a medium- to long-term perspective Expanded use of renewable energy

5. Financial Auditor

(1) Name

KPMG AZSA LLC

(2) Amount of remuneration

(Millions of yen)

	Amount of remuneration
Amount of remuneration for the Financial Auditor for the fiscal year under review	25
Total amount of money and other economic benefits that the Company and its subsidiaries should pay to the Financial Auditor	25

(Notes) 1. In the audit agreement between the Company and the Financial Auditor, the amount of remuneration for audit under the Companies Act and audit under the Financial Instruments and Exchange Act are not clearly distinguished. As it is not possible to effectively distinguish them, the total amount of both remunerations is described as the amount of remuneration for the Financial Auditor for the fiscal year under review.

2. The Audit & Supervisory Committee has concluded that the remuneration of the Financial Auditor is appropriate and consented to it after confirming the details of the audit plan of the Financial Auditor, the status of performing duties of financial audits, the suitability of the estimate of remuneration for the Financial Auditor and other factors.

3. Among the principal subsidiaries of the Company, Sansan Global Pte. Ltd. is audited by a financial auditor other than the Company's Financial Auditor.

(3) Details of non-audit services

Not applicable.

(4) Policy on decisions of dismissal or non-reappointment of the Financial Auditor

If deemed necessary by the Audit & Supervisory Committee in cases such as where the Financial Auditor has difficulty in executing audit duties, the Audit & Supervisory Committee shall decide the content of a proposal regarding the dismissal or non-reappointment of the Financial Auditor to be submitted to a general meeting of shareholders.

If the Audit & Supervisory Committee determines that any of the provisions of Article 340, paragraph (1) of the Companies Act applies with respect to the Financial Auditor, it shall dismiss the Financial Auditor based on a resolution by the Audit & Supervisory Committee. In this case, the Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee shall present a report stating the purport of the dismissal of the Financial Auditor and the reasons therefor to the first general meeting of shareholders convened after the dismissal.

6. System to ensure the properness of business operations (Internal control system)

(1) Overview of decisions on the system to ensure the properness of business operations

Overview of decisions on the system to ensure that the execution of duties by Directors complies with laws and regulations as well as the Articles of Incorporation, and other systems to ensure the properness of business operations of the Company and business operations of the corporate group composed of its subsidiaries (Basic Policy on Internal Control Systems) is as follows.

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

The Directors and employees shall carry out appropriate corporate activities based on a strong sense of ethics founded on compliance with laws and regulations and other internal rules such as the Articles of Incorporation in accordance with the Company's corporate philosophy and code of conduct, "The Katachi of Sansan."

In addition, internal audits are implemented by the Internal Auditing Department, an independent entity under the direct supervision of the Representative Director & CEO, and the Company shall verify whether business operations are conducted based on laws and regulations, the Articles of Incorporation, internal rules and other regulations, while striving to make improvements wherever necessary when issues are discovered.

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

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

In addition, Directors may access these documents and records at any time.

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

The Company shall appropriately manage a host of potential risks in the Company's business activities through the establishment of internal rules and a response system.

In particular, utmost priority is given to the appropriate handling of personal information, a person is appointed to be in charge of personal information protection, and efforts are made to minimize the risks associated with the management of personal information by establishing internal rules centered on basic regulations for the protection of personal information. Efforts are made to reduce information security risks by appointing a Chief Information Officer with responsibility and authority for information security risks and risk management, and by establishing rules on management of information systems.

Directors shall immediately report to the Audit & Supervisory Committee in the event of any kind of risk arising that may cause a major loss to the Company.

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

Regular meetings comprising Directors are held once a month and extraordinary meetings are convened as needed in order to supervise the status of business execution by discussing and making decisions on important matters in accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors' Rules, and receiving reports from Executive Directors.

The Company shall establish a suitable and efficient decision making system through developing internal rules such as the Board of Directors' Rules, and clarifying areas of responsibility and authority.

Efforts are made to streamline decision making by promoting the digitization of various internal procedures.

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

The Company and its subsidiaries, etc., which comprise the Sansan Group, have held up a policy to carry out appropriate corporate activities based on high ethical standards and to comply with their respective corporate philosophy and code of conduct as well as applicable laws and regulations and internal rules, such as the Articles of Incorporation, and endeavor to develop fair and responsible business to contribute to sustainable growth of the Sansan Group.

In addition, as the basic policy for involvement in management of its subsidiaries, the Company has established the Rules on Management of Subsidiaries and maintains a system in which group governance can function, such as concluding business management agreements with the subsidiaries pursuant to said rules.

The Internal Auditing Department implements regular audits in order to verify if the business operations of the Company and its subsidiaries are in compliance with laws and regulations, the Articles of Incorporation, internal rules, and other regulations.

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

In order to secure the properness of financial reporting of the Company and its subsidiaries, the Company shall develop and appropriately operate internal rules, including the Basic Policy on Internal Controls Related to Financial Reporting, based on the Financial Instruments and Exchange Act and other laws and regulations in Japan and overseas that apply to the Company and its subsidiaries.

The Company shall develop and operate a monitoring system for financial reporting and it shall also establish a system for timely and appropriate reporting when internal control system problems or defects are identified through the monitoring system.

In terms of information infrastructure, effective and efficient use of the internal control system is made for financial reporting and the Company shall respond appropriately with respect to general control and application control of that structure.

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

The Company shall establish an Office under the direct control of the Audit & Supervisory Committee and an Office member is designated to assist the duties of the Committee's members on a full time basis.

The supervisory authority over that Office member is to belong exclusively to the Audit & Supervisory Committee and the appointment, transfer, performance evaluation, disciplinarian action, and other matters regarding the member require the approval of, and prior notification to, the Audit & Supervisory Committee.

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

Directors and employees shall promptly inform the Audit & Supervisory Committee of any matter that may have a significant impact on the Company and the implementation status of internal audits as well as legal matters, and provide necessary reports and information in response to requests from the Audit & Supervisory Committee.

The Company shall formulate rules for a Whistle-Blower System and ensure the operation of an appropriate reporting system based on the stipulations of the Whistle-Blower System. The Company shall not treat any Director or employee unfavorably on the basis of that Director or employee using the System to give a report to the Audit & Supervisory Committee.

(ix) Other: Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee (Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee)

The Representative Director & CEO shall meet regularly with the Audit & Supervisory Committee and Financial Auditor to exchange opinions and communicate effectively.

The Audit & Supervisory Committee shall meet regularly with the Financial Auditor, cooperate with the Internal Auditing Department, and exchange information at all times.

Payments of costs incurred in the process of executing the duties of the Audit & Supervisory Committee member shall be addressed upon a request for payment.

(2) Overview of operational status of the system to ensure the properness of business operations

The Company has established and implemented an internal control system based on the aforementioned Basic Policy on Internal Control Systems. An overview of its operational status is as follows.

During the fiscal year under review, the Company held 17 meetings of the Board of Directors. Outside Directors that have no conflict of interest with the Company were always in attendance to ensure that Directors executed their duties lawfully and to improve the efficiency of the Directors' execution of duties, and exchanged opinions with the Executive Directors. In addition, the Company held 12 meetings of the Audit & Supervisory Committee, which is composed of four Outside Directors. The Company has established the Office member dedicated to the Audit & Supervisory Committee, who provides reports regarding the status of internal audit implementation, as well as reports and information as requested by the Audit & Supervisory Committee. Furthermore, with regard to the Board of Directors, in addition to the aforementioned meetings of the Board of Directors held, there were four resolutions in writing, which were deemed to be equivalent to resolutions by a meeting of the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company.

With regard to the system for complying with laws and regulations and ensuring the appropriateness of business operations, annual comprehensive audits of all the departments of head office continued to be set up with the 15th Internal Audit Plan made a core part of those activities, and internal audits aimed at contributing to establishing and strengthening group-wide systems have been implemented through a process of identifying issues based on a close examination from a chronological perspective. Audit results are explained to the audited divisions and the status of improvement is examined. In addition, efforts are made to further enhance the internal control system through cooperation with the Audit & Supervisory Committee and other measures.

With regard to risk management, a list of accidents and emergencies with the potential to cause the leakage of personal information is reported to the Board of Directors on a monthly basis, and every effort is made to identify potential risks. Employees, including temporary employees receive training on protecting personal information in order to deepen knowledge and understanding of the appropriate handling of personal information. Also, both permanent employees and contract employees are encouraged to acquire certification as Protection of Individual Information Person, and the Company is keeping record of such certification acquirement. Furthermore, with regard to the development of basic regulations for the protection of personal information, and checking the status of its implementation, audits are implemented in accordance with the annual audit plan that is formulated by the person in charge of the protection of personal information. With regard to other matters concerning information security of the Company, vulnerability and penetration tests are implemented, and vulnerability countermeasures are taken from an objective perspective.

With regard to the subsidiary management system, the Company has entered into business management agreements with Sansan Global Pte. Ltd. and logmi, Inc., which are under the scope of consolidation, in accordance with the Rules on Management of Subsidiaries, and while keeping track of the status of business operations through a requirement to provide prior approval for important management decisions, the Company has dispatched officers as directors to each company, and is sharing issues and providing guidance and assistance in the area of practical management. In the case of Sansan Global Pte. Ltd., which is a local corporation overseas, the Company secures the suitability of proper business operations from the perspective of the Company and the subsidiary by requiring that it has an audit undertaken by a local audit firm.

With regard to the internal control system for financial reporting, the Internal Auditing Department implemented evaluation in accordance with the internal controls evaluation annual plan pursuant to the Basic Policy on Internal Controls Related to Financial Reporting, one of the Company's internal rules. As a result of implementing roll-forward procedures for each of the evaluation items based on evaluations provided during the period, it was confirmed that the internal controls for the fiscal year under review were effective.

7. Policy on determination of dividends of surplus and others

Recognizing the importance of properly returning profits to its shareholders, the Company’s basic policy is to pay stable dividends while ensuring a balance with internal reserves. However, given that our business remains in the growth stage at this point in time, we seek to enhance internal reserves to facilitate business expansion, in addition to strengthening our financial position. As such, we accordingly deem that making allocations for business expansion will lead to the greatest return on profits to our shareholders.

During the fiscal year under review, we are placing top priority on undertaking investment that aims to achieve medium- to long-term growth, and have accordingly opted to forgo payment of a dividend this fiscal year. We intend to use the internal reserves as a financial resource for strengthening our financial position and expanding our business.

Our Board of Directors acts as the body for making decisions regarding dividends of surplus, etc. based on our basic policy of furnishing dividends twice annually in the form of an interim dividend and a year-end dividend, in the event that we opt to implement a dividend of surplus. In addition, as the Articles of Incorporation of the Company stipulates that, “the dividend of surplus, etc., shall be determined in accordance with the provisions of Article 459, paragraph (1) of the Companies Act, and unless otherwise specified by laws and regulations, will be determined by a resolution by the Board of Directors.”

Consolidated statement of changes in equity

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,312	4,053	526	(0)	10,892
Changes during period					
Issuance of new shares	113	113			226
Purchase of treasury shares				(1)	(1)
Purchase of shares of consolidated subsidiaries		(143)			(143)
Profit attributable to owners of parent			857		857
Net changes in items other than shareholders' equity					–
Total changes during period	113	(30)	857	(1)	939
Balance at end of period	6,426	4,023	1,384	(1)	11,832

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	1,622	1	1,623	65	2	12,584
Changes during period						
Issuance of new shares						226
Purchase of treasury shares						(1)
Purchase of shares of consolidated subsidiaries						(143)
Profit attributable to owners of parent						857
Net changes in items other than shareholders' equity	(1,536)	25	(1,510)	76	3	(1,430)
Total changes during period	(1,536)	25	(1,510)	76	3	(491)
Balance at end of period	85	26	112	142	5	12,093

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

Notes to consolidated financial statements

1. Notes regarding significant accounting policies for preparation of consolidated financial statements

(1) Disclosure of scope of consolidation

(i) Consolidated subsidiaries

- Number of consolidated subsidiaries: 4
- Names of consolidated subsidiaries:
  Sansan Global Pte. Ltd.
  Sansan Corporation
  logmi, Inc.
  One other company

(ii) Unconsolidated subsidiaries

4th Share Acquisition Rights Trust

Reasons for exclusion from scope of consolidation

4th Share Acquisition Rights Trust is excluded from the scope of consolidation because of its smallness in scale, and because its net assets, net sales, profit or loss (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), etc. do not have a significant impact on the consolidated financial statements.

(iii) Disclosure about fiscal years, etc. of consolidated subsidiaries

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

(2) Disclosure about application of equity method

(i) Affiliates accounted for using equity method

- Number of affiliates accounted for using equity method: 3
- Names of affiliates:
  Creative Survey, Inc.
  SATORI, Inc.
  EventHub Co., Ltd.

(ii) Unconsolidated subsidiaries not accounted for using equity method

4th Share Acquisition Rights Trust is excluded from the scope of application of equity method because its profit or loss (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), etc. have an immaterial impact on the consolidated financial statements, and it is not significant as a whole.

(iii) Special notes regarding procedures for applying equity method

If any of the companies to which the equity method is applied has a balance sheet date that differs from the consolidated balance sheet date, then the financial statements for the most recent fiscal year of that company are used.

(3) Disclosure of accounting policies

(i) Accounting policy for measuring significant assets

a. Other securities (available-for-sale securities)

Securities other than shares with no market price, etc.

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

Shares with no market price, etc.

Stated at cost using the moving-average method

b. Inventories

Work in process

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

(ii) Accounting policy for depreciation of significant assets

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

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

b. Intangible assets (excluding leased assets)

Amortized using the straight-line method. Software for internal use is amortized using the straight-line method over its useful life as internally determined (3 years).

c. Leased assets

- Leased assets related to finance lease transactions that transfer ownership

  Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to non-current assets owned by lessee.
- Leased assets related to finance lease transactions that do not transfer ownership

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

(iii) Accounting policy for deferred assets

Share issuance costs

Share issuance costs are fully recognized as expenses when incurred.

(iv) Accounting policy for significant provisions

a. Allowance for doubtful accounts

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

b. Provision for bonuses

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

(v) Accounting policy for revenue and expense

Sansan/Bill One Business

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

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

Eight Business

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

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

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

(vi) Method and period for amortization of goodwill

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

(vii) Accounting policy for foreign currency translation

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

2. Notes regarding changes in accounting policy

(1) Application of accounting standard for revenue recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the current consolidated fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the current consolidated fiscal year, was added to or subtracted from the opening balance of retained earnings from the start of the current consolidated fiscal year, and thus the new accounting policy was applied from such opening balance.

The impact of this change on profit and loss, the opening balance for retained earnings for the current consolidated fiscal year was immaterial.

(2) Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current consolidated fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44(2) of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

The application of the “Accounting Standard for Fair Value Measurement” and relevant ASBJ regulations has no effect on the consolidated financial statements for the current consolidated fiscal year.

3. Notes regarding accounting estimates

Recoverability of deferred tax assets

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

Deferred tax assets	¥454 million (before offset)

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

Deferred tax assets have been calculated using estimates of the future timing at which taxable income will be generated and the amounts thereof based on business plans. Those estimates may be affected by uncertain future changes in economic conditions, etc. If the timing at when taxable income is actually generated and the amounts thereof differ from the estimates, the amount of deferred tax assets recognized in the consolidated financial statements for the next fiscal year may be significantly affected.

Valuation of goodwill

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

Goodwill	¥229 million
Goodwill related to investment into SATORI, Inc. (hereinafter, “SATORI”), including investment securities	¥1,287 million

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

In the case where a test is made for indicators of impairment and indicators of impairment are identified, the Company determines whether recognition of impairment loss on goodwill is necessary or not by calculating the undiscounted future cash flows for the period corresponding to the remaining goodwill amortization period based on the business plan and comparing that with the carrying amount. If it is determined that recognition of impairment loss is necessary, the carrying amount of that goodwill is reduced to the recoverable amount and the amount of the reduction is recognized as the impairment loss. In the fiscal year under review, indicators of impairment were not identified for goodwill.

With regard to investment into SATORI, which is a major equity-method affiliate, the Company assessed the attainability of SATORI’s business plans by taking into consideration its external economic environment, major trends for KPI, net sales, etc. and its growth rate, and determined whether or not there were indicators of impairment. As it was determined that there were no indicators of impairment in the fiscal year under review, impairment losses were not recorded.

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

Valuation of investment securities

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

Investment securities	¥4,643 million (unlisted stocks)

This amount includes ¥1,865 million as investment into SATORI, which is a major equity-method affiliate of the Company.

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

The Company determines whether or not there is any impairment of excess earning power when making a valuation by grasping the state of investment achievement by performing an actual-result comparison on the business plan that was formulated at the time of investment and considering the external economic environment, etc. to assess the attainability of future business plans. A loss on valuation of ¥27 million was recorded for stocks for which impairment of excess earning power was recognized.

In the event that the investee's actual results, etc. falls below the plan formulated at the time of investment, excess earning power will be deemed to have been impaired, and impairment accounting may be performed.

4. Additional information

Accounting estimates associated with the spread of COVID-19

It is difficult to accurately estimate when the impact of the novel coronavirus disease (COVID-19) will come to an end. In the next consolidated fiscal year, based on the assumption that a certain level of economic impact caused by the pandemic will continue until the end of the fiscal year ending May 31, 2023, accounting estimates, such as the recoverability of deferred tax assets, were made.

5. Notes to the consolidated balance sheet

Accumulated depreciation of property, plant and equipment	¥760 million

6. Notes to the consolidated statement of changes in equity

(1) Class and number of shares of issued shares as of the end of the fiscal year under review

Common shares:	124,963,596 shares

(2) Class and number of shares of treasury shares

Common shares:	736 shares

(3) Class and number of shares to be acquired upon exercise of the share acquisition rights (excluding those for which the first day of the exercise period has not arrived) in the fiscal year under review

Common shares:	2,993,996 shares

7. Notes regarding financial instruments

(1) Matters relating to financial instruments

(i) Policies for financial instruments

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

(ii) Descriptions of financial instruments and risks associated therewith

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

Investment securities mainly consist of securities of companies with which a business relationship has been established and are exposed to market fluctuation risk.

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

Accounts payable – trade and accounts payable - other classified as operating payables are all due within one year. Long-term borrowings are mainly taken out to fund working capital and investment capital requirements and the longest maturity from the date of the balance sheet is four years and eleven months.

(iii) System for managing risks associated with financial instruments

a. Credit risk management (risks associated with non-performance of contract by counterparties)

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

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

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

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

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

(iv) Supplemental information on fair values of financial instruments

The fair values of financial instruments include the value based on market prices and reasonably estimated values if there are no market prices. Because the calculation of such values incorporates variable factors, the values may vary in case where different assumptions, etc. are used.

(2) Matters relating to fair value of financial instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as of May 31, 2022, as well as their differences. It should be noted that shares with no market price, etc., are not included in the table below. (Refer to (Note) 3.).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities	1,161	1,161	–
Leasehold deposits	793	789	(3)
Total assets	1,954	1,951	(3)
Long-term borrowings	3,024	3,024	0
Total liabilities	3,024	3,024	0

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

2. Long-term borrowings include the current portion of long-term borrowings.

3. Shares with no market price, etc., are not included in "investment securities." The amount recorded on the consolidated balance sheet for the applicable financial instrument is as indicated below.

(Millions of yen)

Categories	Consolidated balance sheet amount
Investment securities	
Other securities (unlisted shares)	2,535
Investments in investment limited partnerships	457
Shares of subsidiaries and associates (unlisted shares)	2,107

(3) Matters relating to the breakdown of the market value of financial instruments for each appropriate category

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

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

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

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

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

(i) Financial assets and financial liabilities recorded on the consolidated balance sheet at market value

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities (available-for-sale securities)				
Shares	1,161	–	–	1,161
Total assets	1,161	–	–	1,161

(ii) Financial assets and financial liabilities not recorded on the consolidated balance sheet at market value

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Leasehold deposits	–	789	–	789
Total assets	–	789	–	789
Long-term borrowings	–	3,024	–	3,024
Total liabilities	–	3,024	–	3,024

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

Investment securities

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

Leasehold deposits

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

Long-term borrowings

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

8. Notes regarding the revenue recognition

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

(Millions of yen)

Segment classification	The current consolidated fiscal year
Sansan/Bill One Business	
Sansan (Stock)	16,349
Sansan (Other)	865
Bill One	826
Other	63
Eight Business	
B2C Services	286
B2B Services	1,918
Other Business	111
Revenue from contracts with customers	20,420
Sales to external customers	20,420

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

The information serving as basis for the ascertaining of revenue from contracts with customers is as stated in “1. Notes regarding significant accounting policies for preparation of consolidated financial statements (3) Disclosure of accounting policies (v) Revenue and expense recording standards.”

(3) Information for ascertaining the amount of revenue for the current consolidated fiscal year and the following consolidated fiscal year

(i) Balance, etc., of contract assets and contract liabilities

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

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

The balances of receivables from contracts with customers, and contract liabilities were as follows: Among the revenue recognized during the current consolidated fiscal year, the amount that was included in the closing balance of contract liabilities (advances received) was ¥6,692 million.

(Millions of yen)

	The current consolidated fiscal year
Credits from contracts with customers	
Accounts receivable - trade (opening balance)	571
Accounts receivable - trade (closing balance)	756
Contract liabilities	
Advances received (opening balance)	6,719
Advances received (closed balance)	8,199

(ii) Transaction price allocated to the remaining performance obligations

Total transaction price allocated to the remaining performance obligations and time when revenues are expected to be recognized as of May 31, 2022

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

	The current consolidated fiscal year
Within one year	62
Over one year	102
Total	164

9. Notes regarding per share information

(1) Net assets per share ¥96.78

(2) Basic earnings per share ¥6.87

(Note) A stock split was conducted on December 1, 2021 at a ratio of four shares per ordinary share. Therefore, “Net assets per share” and “Basic earnings per share” are calculated under the premise of the stock split having been conducted at the beginning of the current consolidated fiscal year.

10. Notes regarding significant events after reporting period

Issuance of the 7th share acquisition rights

At the meeting of the Board of Directors held on July 14, 2022, the Company resolved to issue the 7th Share Acquisition Rights to employees of the Company and employee of the Company’s subsidiary in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

7th Share Acquisition Rights

Number of share acquisition rights	6,559 units
Class and number of shares to be acquired upon exercise of share acquisition rights	Common shares of the Company, 655,900 shares (100 shares per share acquisition right)
Exercise price of share acquisition rights	¥102,100 per share acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,021 per one share Additional paid-in capital: ¥511 per one share
Allotment date of share acquisition rights	July 29, 2022
Persons subject to allotment of share acquisition rights	138 employees of the Company 1 employee of the Company’s subsidiary
Exercise period of share acquisition rights	From July 15, 2024 to July 14, 2032
Exercise conditions of share acquisition rights	*

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

However, in the event of a share split or reverse share split after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Split (or Reverse split) ratio}}$$

2. The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the

expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.

3. In the event the Share Acquisition Rights Holder dies, inheritance shall not be recognized.
4. Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
5. The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
6. It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

Issuance of the 8th share acquisition rights (compensatory stock options)

At the meeting of the Board of Directors held on July 14, 2022, the Company resolved to issue the 8th Share Acquisition Rights to Directors and Executive Officers of the Company in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act. 8th Share Acquisition Rights

Number of share acquisition rights	1813 units
Class and number of shares to be acquired upon exercise of share acquisition rights	Common shares of the Company, 181,300 shares (100 shares per share acquisition right)
Issuance price of share acquisition rights	¥12,500 per share acquisition right
Exercise price of share acquisition rights	¥102,100 per share acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,021 per one share Additional paid-in capital: ¥511 per one share
Allotment date of share acquisition rights	September 2, 2022
Persons subject to allotment of share acquisition rights	5 Directors of the Company 15 Executive Officers of the Company
Exercise period of share acquisition rights	From September 1, 2023 to September 1, 2032
Exercise conditions of share acquisition rights	*

* 1. Persons who have received an allotment of the share acquisition rights (the "Share Acquisition Rights Holder") may exercise their share acquisition rights only if the amount of net sales in the Company's consolidated statement of income for the fiscal year ending May 31, 2023 has exceeded ¥25,265 million. In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company's Board of Directors.

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

Non-consolidated balance sheet

(As of May 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	16,521	Current liabilities	11,382
Cash and deposits	15,094	Accounts payable - trade	245
Accounts receivable - trade	683	Current portion of long-term borrowings	477
Prepaid expenses	470	Lease obligations	32
Other	276	Accounts payable - other	1,067
Allowance for doubtful accounts	(3)	Income taxes payable	380
Non-current assets	10,680	Accrued consumption taxes	388
Property, plant and equipment	799	Advances received	8,119
Buildings	638	Deposits received	58
Tools, furniture and fixtures	50	Provision for bonuses	483
Leased assets	89	Other	129
Other	21	Non-current liabilities	2,691
Intangible assets	917	Long-term borrowings	2,547
Software	917	Lease obligations	66
Trademark right	0	Other	77
Investments and other assets	8,963	Total liabilities	14,073
Investment securities	4,154	**Net assets**	
Shares of subsidiaries and associates	3,595	Shareholders' equity	12,900
Leasehold deposits	787	Share capital	6,426
Deferred tax assets	416	Capital surplus	4,166
Other	10	Legal capital surplus	4,166
		Retained earnings	2,308
		Other retained earnings	2,308
		Voluntary retained earnings	150
		Retained earnings brought forward	2,158
		Treasury shares	(1)
		Valuation and translation adjustments	85
		Valuation difference on available-for-sale securities	85
		Share acquisition rights	142
		Total net assets	13,128
Total assets	27,202	Total liabilities and net assets	27,202

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

Non-consolidated statement of income

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

(Millions of yen)

Item	Amount	
Net sales		20,057
Cost of sales		2,418
Gross profit		17,638
Selling, general and administrative expenses		16,954
Operating profit		683
Non-operating income		
Interest income	0	
Dividend income	33	
Subsidy income	1	
Gain on sale of investment securities	979	
Other	24	1,039
Non-operating expenses		
Interest expenses	10	
Commission expenses	4	
Foreign exchange losses	9	
Loss on investments in investment partnerships	20	
Other	26	72
Ordinary profit		1,651
Extraordinary income		
Gain on reversal of share acquisition rights	0	0
Extraordinary losses		
Loss on retirement of non-current assets	16	
Loss of valuation of investment securities	140	
Impairment losses	9	165
Profit before income taxes		1,485
Income taxes - current	352	
Income taxes - deferred	(296)	56
Profit		1,429

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

Non-consolidated statement of changes in equity

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

(Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
				Other retained earnings				
	Share capital	Legal capital surplus	Total capital surplus	Voluntary retained earnings	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,312	4,053	4,053	150	728	879	(0)	11,245
Changes during period								
Issuance of new shares	113	113	113					226
Purchase of treasury shares							(1)	(1)
Profit					1,429	1,429		1,429
Net changes in items other than shareholders' equity								–
Total changes during period	113	113	113	–	1,429	1,429	(1)	1,655
Balance at end of period	6,426	4,166	4,166	150	2,158	2,308	(1)	12,900

	Valuation and translation adjustments			
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Share acquisition rights	Total net assets
Balance at beginning of period	1,622	1,622	65	12,933
Changes during period				
Issuance of new shares				226
Purchase of treasury shares				(1)
Profit				1,429
Net changes in items other than shareholders' equity	(1,536)	(1,536)	76	(1,459)
Total changes during period	(1,536)	(1,536)	76	195
Balance at end of period	85	85	142	13,128

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

Notes to non-consolidated financial statements

1. Notes regarding matters relating to significant accounting policies

(1) Accounting policy for measuring assets

(i) Shares of subsidiaries and affiliates

Stated at cost using the moving-average method

(ii) Other securities (available-for-sale securities)

Securities other than shares with no market price, etc.

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

Shares with no market price, etc.

Stated at cost using the moving-average method

(iii) Inventories

Work in process

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

(2) Accounting policy for depreciation of assets

(i) Property, plant and equipment (excluding leased assets)

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

(ii) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

Software for internal use is amortized using the straight-line method over its useful life as internally determined (3 years).

(iii) Leased assets

- Leased assets related to finance lease transactions that transfer ownership
  Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to non-current assets owned by lessee.
- Leased assets related to finance lease transactions that do not transfer ownership
  Leased assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming the lease periods as useful lives without residual value.

(3) Accounting policy for deferred assets

Share issuance costs

Share issuance costs are fully recognized as expenses when incurred.

(4) Accounting policy for provisions

(i) Allowance for doubtful accounts

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

(ii) Provision for bonuses

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

(5) Accounting policy for revenue and expense

Sansan/Bill One Business

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

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

Eight Business

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

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

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

2. Notes regarding changes in accounting policy

(Application of accounting standard for revenue recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the current consolidated fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the current fiscal year, was added to or subtracted from the opening balance of retained earnings from the start of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

The impact of this change on profit and loss, the opening balance for retained earnings for the current fiscal year was immaterial.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44(2) of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). It should be noted that there is no impact on the non-consolidated financial statements for the current fiscal year.

3. Notes regarding accounting estimates

Recoverability of deferred tax assets

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

Deferred tax assets	¥454 million (before offset)

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

This information is omitted as it is the same as that provided in notes regarding accounting estimates for the consolidated financial statements.

Valuation of investment securities and shares of subsidiaries and associates

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

Investment securities	¥2,535 million (unlisted stocks)
Shares of subsidiaries and associates	¥3,595 million

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

This information is omitted as it is the same as that provided in notes regarding accounting estimates for the consolidated financial statements.

4. Additional information

Accounting estimates associated with the spread of COVID-19

It is difficult to accurately estimate when the impact of the novel coronavirus disease (COVID-19) will come to an end. In the next fiscal year, based on the assumption that a certain level of economic impact caused by the pandemic will continue until the end of the fiscal year ending May 31, 2023, accounting estimates, such as the recoverability of deferred tax assets, were made.

5. Notes to the non-consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment ¥758 million

(2) Monetary receivables from, and monetary payables to, subsidiaries and associates

Short-term monetary receivables:	¥94 million
Short-term monetary payables:	¥17 million

6. Notes to the non-consolidated statement of income

Transactions with subsidiaries and associates

Transactions relating to the Company’s operation	
Net sales	¥59 million
Cost of sales	¥19 million
Selling, general and administrative expenses	¥161 million
Amount of non-operating transactions	¥10 million

7. Notes to the non-consolidated statement of changes in equity

Class and number of shares of treasury shares as of the end of the fiscal year under review

Common shares:	736 shares

8. Notes regarding tax effect accounting

Breakdown of deferred tax assets by major cause of accrual

	(Thousands of yen)
Deferred tax assets	
Excess depreciation	653
Provision for bonuses	148
Loss on valuation of shares of subsidiaries and associates	80
Accrued business tax	50
Loss of valuation of investment securities	43
Tax loss carryforward	1,160
Other	244
Subtotal deferred tax assets	2,380
Valuation allowance for tax loss carryforward	(1,095)
Valuation allowance for total deductible temporary differences	(829)
Subtotal valuation allowance	(1,925)
Total deferred tax assets	454
Deferred tax liabilities	
Valuation difference on available-for-sale securities	38
Total deferred tax liabilities	38
Net deferred tax assets	416

9. Notes to Transaction with Related Parties

(Millions of yen)

Category	Name of the company, etc or person	Location	Share capital or investments in capital	Nature of business or occupation	Percentage ownership held in (or by) party such as voting rights, etc	Relationship with related parties	Nature of transactions	Monetary amount of transactions	Item	Balance at end of the current fiscal year
Officer	Muneyuki Hashimoto	–	–	The Company Director	(held by party) Direct 0 1	–	Exercise of share acquisition rights (Note 1)	11	–	–
Officer	Satoru Joraku	–	–	Executive Officer of the Company	(held by party) Direct 0 7	–	Exercise of share acquisition rights (Note 2)	17	–	–

(Notes)
1. Due to the exercise of the 3rd Share Acquisition Rights, granted by a resolution at the meeting of the Board of Directors held on January 9, 2019, during the consolidated fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the consolidated fiscal year under review.
2. Due to the exercise of the 5th Share Acquisition Rights, granted by a resolution at the meeting of the Board of Directors held on Tuesday, July 14, 2020, during the consolidated fiscal year under review. Monetary amount of transactions listed above are amounts paid upon exercise of share acquisition rights in the consolidated fiscal year under review.

10. Notes regarding per share information

(1) Net assets per share ¥105.06

(2) Basic earnings per share ¥11.45

(Notes) The Company implemented a stock split of common shares at a ratio of 4-for-1 on December 1, 2021. Therefore, “Net assets per share” and “Basic earnings per share” are calculated under the premise of the stock split having been conducted at the beginning of the current fiscal year.

11. Notes regarding significant events after reporting period

Issuance of the 7th share acquisition rights

At the meeting of the Board of Directors held on July 14, 2022, the Company resolved to issue the 7th Share Acquisition Rights to employees of the Company and employee of the Company's subsidiary in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

7th Share Acquisition Rights

Number of share acquisition rights	6,559 units
Class and number of shares to be acquired upon exercise of share acquisition rights	Common shares of the Company, 655,900 shares (100 shares per share acquisition right)
Exercise price of share acquisition rights	¥102,100 per share acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,021 per one share Additional paid-in capital: ¥511 per one share
Allotment date of share acquisition rights	July 29, 2022
Persons subject to allotment of share acquisition rights	138 employees of the Company 1 employee of the Company's subsidiary
Exercise period of share acquisition rights	From July 15, 2024 to July 14, 2032
Exercise conditions of share acquisition rights	*

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

However, in the event of a share split or reverse share split after the date of allotment, the share price shall be adjusted according to the following formula (fractions of a yen shall be rounded up to the nearest yen).

$$\text{Share price after adjustment} = \text{Share price before adjustment} \times \frac{1}{\text{Split (or Reverse split) ratio}}$$

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

Issuance of the 8th share acquisition rights (compensatory stock options)

At the meeting of the Board of Directors held on July 14, 2022, the Company resolved to issue the 8th Share Acquisition Rights to Directors and Executive Officers of the Company in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act. 8th Share Acquisition Rights

Number of share acquisition rights	1813 units
Class and number of shares to be acquired upon exercise of share acquisition rights	Common shares of the Company, 181,300 shares (100 shares per share acquisition right)
Issuance price of share acquisition rights	¥12,500 per share acquisition right
Exercise price of share acquisition rights	¥102,100 per share acquisition right
Issuance price and additional paid-in capital in the event of issuance of shares upon exercise of share acquisition rights	Issuance price: ¥1,021 per one share Additional paid-in capital: ¥511 per one share
Allotment date of share acquisition rights	September 2, 2022
Persons subject to allotment of share acquisition rights	5 Directors of the Company 15 Executive Officers of the Company
Exercise period of share acquisition rights	From September 1, 2023 to September 1, 2032
Exercise conditions of share acquisition rights	*

*

1. Persons who have received an allotment of the share acquisition rights (the "Share Acquisition Rights Holder") may exercise their share acquisition rights only if the amount of net sales in the Company's consolidated statement of income for the fiscal year ending May 31, 2023 has exceeded ¥25,265 million. In determining the net sales amount, there are events, such as changes in the applicable accounting standards and the acquisitions of companies, which can have a major impact on the business results of the Company. In the event that the Board of Directors determines that it is not appropriate to make a judgment based on actual figures, the Company will eliminate the effect of the acquisition of a company, etc. within a reasonable range, and it shall be deemed possible to adjust the actual figures used for judgment. In addition, in the event of significant changes in the concept of items to be referred to, due to the application of international financial reporting standards, changes in the fiscal year end, etc., the indicators to be referred to shall be determined by the Company's Board of Directors.
2. The Share Acquisition Rights Holders are required to have a position in the Company or a subsidiary and associate of the Company as Director, Audit & Supervisory Board Member or employee at the time of exercising the share acquisition rights. However, this shall not apply in the event of resignation due to the expiration of the term of office, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
3. In the event the Share Acquisition Rights Holder dies, inheritance shall not be recognized.
4. Pledging of share acquisition rights, or the creation of security interests shall not be permitted.
5. The share acquisition rights may not be exercised if, in so doing, the total number of the Company's issued shares at that time would exceed the total number of authorized shares.
6. It shall not be possible to exercise fractions less than one unit of the share acquisition rights.

Audit Report on the Non-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 non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and the related notes, and the accompanying supplementary schedules (the "financial statements and the accompanying supplementary schedules") of Sansan, Inc. (the "Company") as at May 31, 2022 and for the year from June 1, 2021 to May 31, 2022 in accordance with Article 436, paragraph (2), item (i) of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules 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 Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules 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 Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

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

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan,

the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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 Company 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.