

July 14, 2022

To whom it may concern:

Company name	Sansan, Inc.
Representative	Chikahiro Terada, Representative Director & CEO (Code: 4443 TSE Prime Market)
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### **Notification Regarding Introduction of Stock Options (Stock Acquisition Rights) with Stock Price Condition to Directors of the Company**

Sansan, Inc. (“the Company”), having revised its policy decision with regard to remuneration for directors and other matters at a meeting of its Board of Directors held on July 14, 2022, agreed on an agenda item, based on the provisions of Article 361 of Japanese corporate law, relating to the amount and content of remuneration for stock acquisition rights as stock options for the directors of the Company (excl. Director serving on the Audit & Supervisory Committee). Having resolved to submit the matter for discussion at the 15th Annual General Meeting of Shareholders (“the AGM”) scheduled to be held on August 30, 2022, the Company sets out the details as follows.

#### **1. Purpose and Conditions Regarding Introduction of Stock Options with Stock Price Condition**

In aiming to improve its shareholder value and corporate value over the medium to long term, the Company is seeking to introduce stock options with stock price condition (“the Stock Options”) for the purpose of both giving added incentives to its directors and providing further value sharing with its shareholders.

At the Extraordinary General Meeting of Shareholders held on January 30, 2019, it was approved that the total annual amount of remuneration for directors (excl. Director serving on the Audit & Supervisory Committee) should not exceed JPY300 million. However, newly introducing the Stock Options at the AGM as a remuneration framework for directors of the Company (excl. Director serving on the Audit & Supervisory Committee), which is separate from the remuneration facility, the Company is asking for approval with regard to the setting of a new upper remuneration limit of JPY250 million. Given that the fair valuation of the Stock Options will fluctuate depending on the stock price situation, the newly set remuneration limit is set as an upper limit assuming a certain degree of stock price increase. In addition, the Stock Options will enable the exercise of rights only when the stock price of the Company reaches the JPY2,344 level, and should that not be achieved, the rights will lapse. Therefore, at the time when we estimate that there is a probability that the Stock Options will lapse, we will then calculate their fair value.

If all of the Stock Options are exercised, the total number of issued shares as of the end of May 2022 will be diluted by up to 0.40%. We do recognize, however, that the achievement of the exercise conditions set for the Stock Options will contribute to the improvement of the Company’s shareholder value and corporate value as well as contribute to the interests of existing shareholders, and thus we believe the scale of the issuance to be reasonable. Due to the issuance of the Stock Options, stock-based compensation expenses will be recorded annually for accounting purposes from the granting of the exercise of rights. If the conditions for exercising the rights are achieved, as mentioned above, improved shareholder value and corporate value can be shared with existing shareholders. In the event that the conditions for exercising the rights are not achieved, the shares will lapse without being issued and

recorded stock-based compensation expenses will conversely be added back. We thus believe that existing shareholders are unlikely to suffer any serious disadvantage.

At the Board of Directors' meeting held on July 14, 2022, the Company passed a resolution by which stock options with stock price condition that are almost the same as the Stock Options would be issued to employees of the Company and its subsidiaries. See "Notification Regarding Issuance of Stock Options (Stock Acquisition Rights) with Stock Price Condition to Employees of the Company and its Subsidiaries" released today for details.

## **2. Overview of Stock Acquisition Rights ("the Stock Acquisition Rights") Issued as the Stock Options**

### **(1) Total Number of Stock Acquisition Rights**

The total number of New Stock Acquisition Rights issued to Directors of the Company (excl. Director serving on the Audit & Supervisory Committee) within one year from the date of the AGM for the fiscal year ended May 31, 2022, shall be limited to 5,000.

### **(2) Class and Number of Shares to Be Acquired upon Exercise of Stock Acquisition Rights**

The class of shares to be issued upon exercise of the Stock Acquisition Rights shall be common stock of the Company, and the number of shares to be issued upon exercise of each of the Stock Acquisition Rights (the "Number of Granted Shares") shall be one hundred (100). The Number of Granted Shares shall be adjusted according to the following formula in the event that, after the allotment date of the Stock Acquisition Rights, the Company conducts a stock split (including the gratis allotment of common stock of the Company; the same shall apply hereinafter) or a stock consolidation.

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

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

### **(3) Amount to Be Paid in Exchange for Stock Acquisition Rights**

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

### **(4) Value or Calculation Method of Assets to Be Contributed upon Exercise of Stock Acquisition Rights**

The purpose of the investment in exercising the Stock Acquisition Rights shall be deemed monetary, and the price shall be the amount per share to be paid when exercising the Stock Acquisition Rights ("the Exercise Price") multiplied by the number of shares granted for the Stock Acquisition Rights. As for the Exercise Price, the amount shall be the same as the closing price of the Company's common stock on the Tokyo Stock Exchange on the last working day prior to the date of Board of Directors' resolution relating to the issuance of the Stock Acquisition Rights (or the closing price on the most recent previous trading day if there was no trading for the Company's common stock on that day).

In addition, in the event that, after the allotment date of the Stock Acquisition Rights, the Company conducts merger etc., or otherwise requires adjustment of the above exercise price, or should

adjustment to the abovementioned exercise price become necessary, the Exercise Price shall be deemed adjustable within an appropriately reasonable range in consideration of the conditions of merger, etc. and the conditions for a gratis allocation of shares.

(5) Exercise Period of Stock Acquisition Rights

The period during which the Stock Acquisition Rights are exercisable (the "Exercise Period") is from August 31, 2024, to August 30, 2032 (provided, however, that if the last day is not a Bank Business Day, it shall be the Previous Bank Business Day).

(6) Restrictions on Assignment of Stock Acquisition Rights

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

(7) Conditions of Exercise of Stock Acquisition Rights

- i. The Directors who have been allotted the Stock Acquisition Rights ("Holders of the Stock Acquisition Rights") may exercise their Stock Acquisition Rights if, on a specific day from the allotment date of the Stock Acquisition Rights to the end date of the exercise period (August 30, 2032), the closing price of the common stock of the Company on the Tokyo Stock Exchange exceeds JPY2,344. However, if a stock split or reverse stock split is carried out after the allotment date, the value will be adjusted according to the following formula (rounded up to the nearest yen unit):

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

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

(8) Matters Relating to Acquisition of Stock Acquisition Rights

- i. In the event of a merger agreement in which the Company becomes a dissolved company, a split agreement or a split plan in which the Company becomes a split company, or a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, which is approved by a general meeting of shareholders (or by a resolution of the Board of Directors if no approval is required by a general meeting of shareholders), the Company may acquire all of the Stock Acquisition Rights without any charge upon the arrival of a date to be separately specified by its Board of Directors. When acquiring a part of the Stock Acquisition Rights, the part of the Stock Acquisition Rights to be acquired shall be determined by a resolution of the Company's Board of Directors.
- ii. In the event that the exercise of the Stock Acquisition Rights becomes impossible pursuant to the provisions of Paragraph (7) above prior to the exercise by the holder of the Stock Acquisition Rights, the Company may acquire the Stock Acquisition Rights without any charge.

(9) Other details of Stock Acquisition Rights, etc.

Other details with regard to the Stock Acquisition Rights shall be determined by resolution of the Board of Directors of the Company.