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Items Subject to Measures for Electronic Provision Concerning Notice of the 26th Ordinary General Meeting of Shareholders

Share Acquisition Rights

System to Ensure the Appropriateness of Operations and Operating Status of the System

Policy on Decisions on Dividends and Other Appropriation of Surplus

Notes to Consolidated Financial Statements

Notes to Financial Statements

(From March 1, 2024 to February 28, 2025)

OPEN Group, Inc.

The items above are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents stating items subject to measures for electronic provision, pursuant to laws and regulations, as well as Article 15 of the Articles of Incorporation of the Company for the convenience of shareholders.

Share Acquisition Rights

(i) Share acquisition rights owned by the executives of the Company that have been delivered as remuneration for their performance of duties as of the end of the fiscal year under review

<table>
<tr><td colspan="2"></td><td>2nd series share acquisition rights</td></tr>
<tr><td colspan="2">Date of resolution regarding issuance</td><td>May 23, 2017</td></tr>
<tr><td colspan="2">Number of share acquisition rights</td><td>295,000</td></tr>
<tr><td colspan="2">Type and number of shares delivered upon exercise of share acquisition rights</td><td>Common shares 2,950,000 shares
(10 shares per share acquisition right)</td></tr>
<tr><td colspan="2">Amount to be paid in for share acquisition rights</td><td>No payment is required in exchange for the share acquisition rights.</td></tr>
<tr><td colspan="2">Amount of property contributed upon exercise of share acquisition rights</td><td>¥600 per share acquisition right
(¥60 per share)</td></tr>
<tr><td colspan="2">Exercise period</td><td>From May 24, 2019 to May 23, 2027</td></tr>
<tr><td colspan="2">Conditions for exercise</td><td>(Note)</td></tr>
<tr><td rowspan="2">Ownership by executives</td><td>Director
(excluding Audit and Supervisory Committee Member)</td><td>Number of share acquisition rights: 56,000
Number of shares delivered upon exercise of share acquisition rights: 560,000 shares
Number of holders: 2</td></tr>
<tr><td>Director
(Audit and Supervisory Committee Member)</td><td>–</td></tr>
</table>

(Notes)
1. Persons to whom share acquisition rights were allotted (“Holders of Share Acquisition Rights”) must also hold a position as director, audit & supervisory board member, employee, advisor or external collaborator of the Company or its subsidiaries, or any other equivalent position at the time of exercising the rights. However, this shall not apply to cases where a Holder of Share Acquisition Rights holds a position as shareholder of the Company at the time of exercising the rights, or where the resolution of the Company’s Board of Directors decides that there is a legitimate reason.
2. In the event that a Holder of Share Acquisition Rights dies, his/her heir cannot exercise the share acquisition rights.
3. Share acquisition rights may not be offered for pledge or disposed of in any other way.
4. Regardless of the exercise period, Holders of Share Acquisition Rights cannot exercise their rights until the day on which one year elapses after the listing of these shares on a stock exchange in Japan.
5. Other conditions for exercise of the rights are as per the provisions stipulated in the “Share Acquisition Rights Allotment Agreement” to be concluded between the Company and each Holder of Share Acquisition Rights based on the resolution at the General Meeting of Shareholders and the resolution of the Board of Directors on the relevant share acquisition rights.
6. The Company conducted a 5,000-for-1 share split of its common shares on May 30, 2017, a 5-for-1 share split of its common shares on December 1, 2018, and a 2-for-1 share split of its common shares on July 1, 2019. Consequently, “type and number of shares delivered upon exercise of share acquisition rights” and “amount of property contributed upon exercise of share acquisition rights” have been adjusted.

(ii) Share acquisition rights delivered to employees, etc. as remuneration for their performance of duties during the fiscal year under review

Not applicable.

(iii) Other significant matters related to share acquisition rights

Not applicable.

System to Ensure the Appropriateness of Operations and Operating Status of the System

(1) Overview of decisions regarding the system to ensure the appropriateness of operations

The overview of decisions regarding the system to ensure that execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and the other system to ensure the appropriateness of operations of the Company is as follows.

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

a. Executives and employees comply with laws and regulations and the Articles of Incorporation and perform duties based on sound social norms and ethics.
b. The Group has in place rules, etc. on compliance, and operations are performed in accordance with these rules. On the status of compliance, Internal Audit Office conducts internal audits.
c. A compliance consultation desk is established among the Internal Audit Office and Audit and Supervisory Committee Members to early detect and correct any act that violates laws and regulations, rules, etc. by implementing the whistle-blowing system.
d. The Group consistently takes a firm stand against anti-social forces and makes sure to steer away from such forces. Under this policy, the Group strives to improve the internal system centered around the responsible supervisory department, and powerfully promotes efforts to exclude anti-social forces in cooperation with external specialist organizations including the police.

(ii) System to store and manage information related to execution of duties by Directors

In accordance with the Document Management Rules, information on execution of duties by Directors is recorded and stored in documents or electromagnetic media. These records are managed in a state available for inspection to Directors and Audit and Supervisory Committee Members.

(iii) Rules and other system to manage risks of loss

a. The Group establishes risk management rules and performs operations in accordance with these rules. As for the status of risk management, the Internal Audit Office and the department in charge of specific risk management items conduct internal audits.
b. To promote group-wide risk management activities, the Company has established a compliance system through the Risk Management Committee, chaired by Company's Representative Director, to conduct risk management activities.

(iv) System to ensure the efficiency of execution of duties by Directors

a. Delegation of authority and decision-making procedures are clarified by the Board of Directors Rules, Organization Rules, Division of Duties Rules, Administrative Authority Rules, Request for Approval Rules, and other rules.
b. The Management Meeting of which members are Directors, etc. is set up.
c. The overall budget is developed by the Board of Directors, and monthly performance management for each department is conducted by the Board of Directors and the Management Meeting based on the overall budget.

(v) System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

a. The Group establishes the Compliance Policy and directors of each company of the Group follow this policy on their own.
b. The Audit and Supervisory Committee Rules and the Internal Audit Rules shall provide that all the Group companies are subject to audits by the Audit and Supervisory Committee and internal audits, and assessment of the group-wide conformity to laws and regulations and the Articles of Incorporation is conducted.
c. The Company shall request submission of relevant materials and other documents or a report where necessary, to timely and appropriately capture operation and business activities of subsidiaries, in accordance with the Subsidiary and Associate Management Rules established by the Company.

(vi) Appointment of supporting personnel, when Audit and Supervisory Committee Members of the Company request such personnel

When Audit and Supervisory Committee Members request personnel supporting Audit and Supervisory Committee Members, such personnel shall be appointed.

(vii) Independence of employees stated in (vi) above from Directors (excluding Directors who are Audit and Supervisory Committee Members), and ensuring of effectiveness of instructions by the Audit and Supervisory Committee to the employees

For personnel affairs of personnel supporting Audit and Supervisory Committee Members, consent of the Audit and Supervisory Committee shall be obtained.

(viii) System regarding report to the Audit and Supervisory Committee

a. When Directors (excluding Directors who are Audit and Supervisory Committee Members) find any fact that could do significant damage to the Company, they immediately report the fact to the Audit and Supervisory Committee.
b. The Audit and Supervisory Committee may ask Directors (excluding Directors who are Audit and Supervisory Committee Members) or employees to make a report.
c. The Internal Audit Office has in place a system to report the status of implementation of internal audit to the Audit and Supervisory Committee.
d. The Group has in place a system that enables appropriate reports to be made in accordance with the Subsidiary and Associate Management Rules, the Risk Management Rules and the Rules for Responding to Accidents, Misconduct, Etc.
e. The Group makes efforts to have in place a system to ensure that whistle-blowers shall not be treated disadvantageously, by setting up the Compliance and Whistle-blowing Rules, including establishment of rules that prohibit disadvantageous treatment due to the whistle-blowers' report.

(ix) Policy on procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit and Supervisory Committee Members (limited to those related to the execution of duties by the Audit and Supervisory Committee), and other expenses incurred in the said execution of duties, or handling of debts

If Audit and Supervisory Committee Members request advance payment or reimbursement, etc. of expenses due to execution of their duties, except when deemed unnecessary for execution of their duties, the Group shall process the request promptly.

(x) Other systems to ensure the effectiveness of auditing by Audit and Supervisory Committee Members

a. Audit and Supervisory Committee Members may attend the Management Meeting, other important meetings, committee meetings, etc.
b. Meetings for exchange of opinions are held periodically between Audit and Supervisory Committee Members and Representative Director.
c. Audit and Supervisory Committee Members seek cooperation with the Financial Auditor or the Internal Audit Office by periodically holding meetings for exchange of opinions with them.

(2) Overview of current status of system to ensure the appropriateness of operations

The current status of systems to ensure the appropriateness of operations is described as follows:

(i) Status of initiatives related to the execution of duties by Directors

The Board of Directors meetings were held 20 times in the fiscal year under review. The Board of Directors made vigorous discussions and exchange of opinions, decided on matters stipulated in laws and regulations, etc. and important matters regarding operation such as development of management policy and budgets, and examined assessment, analysis and measures for management plan, as well as ensured conformity to laws and regulations and the Articles of Incorporation, etc. and appropriateness of operations.

(ii) Status of initiatives related to the risk management system

The Group, with the Risk Management Committee playing a central role, is conducting group-wide risk management activities for business activities. The matters deliberated on and decided by the Risk Management Committee are promoted in risk management activities by the person responsible for risk management at each Group company and the status of the activities are reported to the Risk Management Committee twice a year.

The Risk Management Committee reports the status of risk management at Board of Directors meetings twice a year for discussion on related measures and other matters requiring attention.

(iii) Status of initiatives for compliance

The Group made efforts to improve the awareness of compliance and ensure effectiveness by communicating information on importance of compliance to its executives and employees as needed.

The Company has prepared the Compliance and Whistle-blowing Rules, as well as established internal and external contact points for receiving whistle-blowing reports and put in place a system for consultations and receiving reports.

(iv) Status of initiatives related to the business management of subsidiaries by the parent company

In order to ensure the appropriateness of operations of the Group, as its policy, the Group asks the Company's Business Management Department to submit relevant materials and other documents or make a report where necessary to timely and appropriately capture operation and business activities of subsidiaries based on the Subsidiary and Associate Management Rules. Furthermore, with regard to important matters regarding business operation of subsidiaries, the Group strived to manage and operate subsidiaries, among others, by requiring report to or approval from the Company's Board of Directors.

(v) Status of initiatives related to ensuring the effectiveness of audits by the Audit and Supervisory Committee

In the fiscal year under review, the Audit and Supervisory Committee meetings were held 14 times, where the Audit and Supervisory Committee received reports on important matters regarding audits, made discussions and passed resolutions. The Audit and Supervisory Committee attended important internal meetings including the Board of Directors meetings, and conducted audits of the status of operations and properties, audits of the execution of duties by Directors (excluding Directors who are Audit and Supervisory Committee Members) including audits of documents for request for approval and dealing agreements, and audits of compliance with laws and regulations and the Articles of Incorporation, etc. In addition, Audit and Supervisory Committee Members exchanged information and mutually communicated with Directors, the Internal Audit Office, the Financial Auditor, etc. by holding regular meetings with them.

Policy on Decisions on Dividends and Other Appropriation of Surplus

The Company believes that enhancing the return of profits to our shareholders is one of the key management strategies that leads to an increase in shareholder value. The basic policy is to return profits based on operating performance while ensuring a robust internal reserve necessary for securing a stable management foundation over the long term and achieving future business expansion.

Even as the Company prioritizes the allocation of profits generated by the main business of the Group to investments in business development required for growth going forward, M&A, and other uses, the Company intends to make returns to shareholders, while maintaining a sound financial position, and is aiming for a consistent dividend based on a target dividend payout ratio of 40% of profit generated by the main business of the Group. The Company is also seeking to achieve further enhancements in the stability and size of the dividend by adopting a target Dividend On Equity (DOE) ratio of around 3% for the fiscal year ending February 29, 2028.

Additionally, in the medium to long term, to achieve a double-digit return on equity (ROE), the Company will strive to maximize profits through business growth while continuing to consider the flexible acquisition of its own shares as a shareholder return strategy that contributes to improving capital efficiency.

The Company has decided not to pay dividends thus far in order to strengthen our competitiveness and achieve further growth. Moving forward, however, we anticipate establishing a financial foundation that will enable the return of profits to shareholders based on operating performance. In accordance with the policy outlined above, the Company has decided to pay a dividend of ¥3.00 per share for the 26th fiscal year. In commemoration of reaching the 25th anniversary of its founding in April 2025, a commemorative dividend of ¥2.50 per share has been added, bringing the total to ¥5.50 per share.

In addition, during the fiscal year under review, the Company purchased 834,300 treasury shares (total amount for share acquisition of ¥212 million).

Notes to Consolidated Financial Statements

1. Basis of Preparation of Consolidated Financial Statements

(1) Disclosure of scope of consolidation

Status of consolidated subsidiaries

- Number of consolidated subsidiaries:
  11
- Names of major consolidated subsidiaries:
  OPEN, Inc.
  AUTORO Inc.
  LEAGLE Inc.
  Gokinjowork Inc.
- Changes in scope of consolidation
  Two companies, whose shares were newly acquired, and one company, which was newly established, are included in the scope of consolidation. One company is excluded from the scope of consolidation due to the sale of its shares.

(2) Application of equity method

Status of associates accounted for using equity method

- Number of associates accounted for using equity method
  2
- Names of major subsidiaries and associates:
  A PLUS JAPAN, Inc.

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

Consolidated subsidiaries have the same account closing date as the consolidated closing date.

(4) Accounting policies

(i) Valuation basis and methods for significant assets

a. Securities

Available-for-sale securities

- Shares, etc. that do not have a market price
  Stated at cost determined by the moving average method
  Investment limited partnerships are recorded at the net value of the percentage owned of each investment based on the most recent financial statements available according to the financial reporting date specified in the partnership agreements.

b. Inventories

- Work in process
  Stated at cost determined by the specific identification method (for the value stated in the balance sheet, book value is written down based on the decreased profitability).

(ii) Accounting methods for depreciation of significant depreciable assets

a. Property, plant and equipment

The declining balance method is applied.
However, straight-line method is used for the facilities attached to buildings. Lump-sum depreciable assets whose acquisition cost is ¥100,000 or more but less than ¥200,000 are amortized in equal amounts over three years.
Major useful lives are as follows:

Buildings	10 to 15 years

Tools, furniture and fixtures 3 to 15 years

b. Intangible assets

・ Software for internal use
The straight-line method is applied over its useful life as internally determined (3 to 5 years).

(iii) Accounting methods for deferred assets

Bond issuance costs
The entire amount of the costs is recognized as expenses when incurred.

(iv) Accounting policy for provisions

Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

Provision for bonuses

To provide for payment of bonuses to employees, the amount estimated to cover the bonus payment for services rendered by employees during the fiscal year under review is provided based on the estimated amount of bonuses to be paid.

Provision for loss on trust-type share options

To prepare for losses associated with the exercise of trust-type share options, the Company has recorded the estimated amount of losses at the end of the fiscal year under review.

(v) Standards for recognition of revenues and expenses

Description of the Group's main performance obligations associated with revenue from contracts with customers and normal timing of satisfying the performance obligations (normal timing of recognizing revenue) are as follows. From the fiscal year under review, the name of the reportable segment previously referred to as "Robot Outsourcing" has been changed to "Intelligent Automation," and the name of the reportable segment referred to as "Robot Transformation" has been changed to "Ad Automation."

a. Intelligent Automation

The Intelligent Automation business mainly provides the following two services.
(i) BizRobo!
This business engages in RPA services using the "BizRobo!" platform that creates digital labor for performing outsourced routine operations.
The main performance obligation is the provision of access environment for software and support over the contact period. Since the performance obligations are satisfied as time passes, revenue is recognized over a certain period of time in accordance with the period of contracts with customers. However, for business operations involving the provision of services over a short period agreed upon with the customer, such as support for the introduction of the "BizRobo!" platform, revenue is recorded at the time the customer performs an acceptance inspection.

(ii) RoboRobo
This business engages in providing the "RoboRobo" cloud-based service that increases productivity through automation of back office operations. The main performance obligation is the provision of access environment for software in the cloud and support over the contact period. Since the performance obligations are satisfied as time passes, revenue is recognized over a certain period of time in accordance with the period of contracts with customers.

b. Ad Automation

This business mainly engages in providing the “PRESCO” pay-per-performance advertising service. The main performance obligations include the rendering of services through running advertisements in accordance with contractual terms agreed with customers (advertisers) (performance approval conditions). The performance obligations are satisfied at the time when the customer approves, and revenue and expenses are recognized at this time. Moreover, for transactions in which the Group’s role in provision of goods or services to customers is an agent, revenue is recognized at the net amount calculated by deducting the amount paid to the other goods or service provided from the total amount received from the customer.

Because the period from satisfaction of performance obligations until receipt of consideration is normally within one year in any of the businesses, no adjustment for significant financial components is made to receivables based on the contract with the customer.

(vi) Accounting method and period for amortization of goodwill

As for amortization of goodwill, the period in which its effect is expected to be realized is reasonably estimated on an individual basis, and the goodwill is amortized in equal amounts over five to ten years. When the amount is insignificant, it is accounted for as profit or loss for the fiscal year in which the goodwill arises.

2. Notes to Changes in Presentation

(Consolidated balance sheet)

“Deposits paid” (¥6,510 thousand in the previous fiscal year), which was included in “Other” under “Current assets” in the previous fiscal year, is presented separately from the fiscal year under review due to an increase in materiality.

“Contract liabilities” (¥930,082 thousand in the previous fiscal year), which was included in “Other” under “Current liabilities” in the previous fiscal year, is presented separately from the fiscal year under review due to an increase in materiality.

3. Notes to Accounting Estimates

Judgment regarding indications of impairment on goodwill

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

Goodwill ¥942,346 thousand

(2) Information about the contents of significant accounting estimates related to the identified item

If it is deemed that there are indications of impairment with regard to goodwill, the Company determines whether to recognize impairment losses. Indications of impairment include the recording of consecutive operating losses, a significant deterioration in the business environment, a substantial deviation from the business plan and other factors. Key assumptions used in the business plan are the number of transactions.

In case of a substantial deviation from the business plan as a result of future uncertain economic conditions and the impact on the Company’s business conditions, it may be necessary to recognize impairment losses in the consolidated financial statements for the following fiscal year.

Valuation of investment securities

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

Investment securities ¥1,746,585 thousand

(2) Information about the contents of significant accounting estimates related to the identified item

Investment securities held by the Company are shares, etc. that do not have a market price and which are held mainly for the purpose of cultivating synergies with existing business or expanding the business domain, and the Company uses the acquisition cost as the consolidated balance sheet amount. However, if the real value has decreased significantly, due to a deterioration in the financial position of the issuing company of those shares, etc., the Company will apply impairment treatment unless there is sufficient evidence supporting the possibility of recovery of the real value. Moreover, for shares, etc. acquired at a price higher than the amount based on net assets per share, reflecting the excess earning power, etc. of the investee company at the time of acquisition, the company examines whether or not the excess earning power, etc. has declined from the initially projected amount, judges whether or not to apply impairment treatment using the real value obtained by the aforementioned examination. When judging whether there has been a decline in the excess earning power, etc., the Company comprehensively considers the status of achievement of business plans conceived at the time of acquisition, the future growth potential, forecasts of business performance, the status of fund procurement and other factors.

If revisions to these assumptions become necessary due to changes in future uncertain conditions, the revisions could significantly affect the amount for investment securities in the consolidated financial statements for the following fiscal year.

4. Notes to Consolidated Balance Sheet

Accumulated depreciation on property, plant and equipment ¥80,207 thousand

5. Notes to Consolidated Statement of Income

Head office relocation expenses

These expenses arose from the relocation of the head office in November 2024, and primarily consist of costs related to moving to the new location and the retirement of equipment at the former head office.

6. Notes to Consolidated Statement of Changes in Equity

(1) Classes and total number of issued shares

Classes of shares	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Common shares	62,235,000 shares	314,000 shares	– shares	62,549,000 shares

(2) Dividends of surplus

Dividends whose record date is in the fiscal year under review but whose effective date falls in the following fiscal year

Resolution (scheduled)	Classes of shares	Source of dividends	Total amount of dividends	Dividends per share	Record date	Effective date
May 28, 2025	Common shares	Retained earnings	¥332,105 thousand	¥5.5	February 28, 2025	May 29, 2025

(3) The class and number of shares underlying share acquisition rights at the end of the fiscal year under review (excluding share acquisition rights of whose exercise period has not commenced):

Common shares 2,397,000 shares

7. Notes to Financial Instruments

(1) Status of financial instruments

(i) Policy on financial instruments

To raise working capital that is the foundation for business operation, the Group basically uses its own funds. However, if working capital is required due to a change in the business size or other reasons, or medium- to long-term funding needs based on a new business plan and an investment plan thereto arise, funds are raised through corporate bonds and bank loans.

The Group limits its investment activities to short-term deposits and other low risk financial assets, and raises funds through loans from financial institutions such as banks.

As its policy, speculative transactions such as derivative transactions are not conducted.

(ii) Description of financial instruments and their risks, and risk management system

Accounts receivable - trade, which are trade receivables, are exposed to credit risk of customers and business partners. As for this risk, the Group has a system where maturity and balances are managed for each counterparty in accordance with the Company's Sales Management Regulations, and credit standing is obtained.

Deposits paid are mainly deposits of funds to securities firms. Although these are exposed to credit risk of business partners, the Group has a system where credit standing of business partners is obtained periodically.

Investment securities are mainly shares in companies which have business relationships with the Group and investments in investment limited partnerships, etc., and are exposed to credit risk of issuers. The Group regularly captures financial conditions of the issuers and investment limited partnerships.

Leasehold deposits are those required in conjunction with lease of offices. Although these deposits are exposed to credit risk of those to whom the deposits are provided, the Group obtains credit standing of those to whom the deposits are provided when concluding a lease agreement, and periodically monitors it to manage their credibility individually.

Most of accounts payable - trade and accounts payable - other, which are trade payables, are due within one month.

Most of income taxes payable are due within three months.

Bonds payable and borrowings are used mainly for working capital and capital investment funds. Some of these borrowings are exposed to risk of interest rate fluctuations. If a sharp change in market conditions occurs, the Group makes prepayment, modification of terms, etc. on a timely basis as its policy.

In addition, although accounts payable - trade and borrowings are exposed to liquidity risk where payment cannot be made on the repayment due date, the Group has a system where the Business Management Department manages payment schedule based on reports from each department.

(iii) Supplemental matters on the fair value of financial instruments

The fair value of financial instruments refers to their market value or value reasonably calculated if market value is not available. Since calculation of the fair value takes into account variable factors, the fair value may vary by applying different preconditions, etc.

(2) Fair values of financial instruments

Carrying amounts in the consolidated balance sheet as of February 28, 2025, fair values and the differences between them were as follows.

(Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Leasehold deposits (*)	80,810	78,181	(2,629)
Total assets	80,810	78,181	(2,629)
(1) Bonds payable (*)	1,584,000	1,582,695	(1,304)
(2) Long-term borrowings (*)	1,194,788	1,193,192	(1,595)
Total liabilities	2,778,788	2,775,887	(2,900)

(*) Include amounts to be refunded, redeemed or repaid within one year.

Notes: 1. Cash and deposits, accounts receivable - trade, deposits paid, accounts payable - trade, accounts payable - other, income taxes payable, and short-term borrowings are excluded from the above table because they are settled in cash and in a short period of time and their fair values are nearly equal to the carrying amounts.
2. Shares, etc. that do not have a market price are not subject to disclosure of fair value. Carrying amounts in the consolidated balance sheet of these financial instruments are as follows.

(Thousands of yen)

Category	As of February 28, 2025
Unlisted shares	135,922
Investments in investment limited partnerships	1,610,663

(3) Matters regarding breakdown of fair values of financial instruments by level, etc.

Fair values of financial instruments are classified into the following three levels according to the observability and significance of inputs used to determine the fair values.

Fair values of Level 1: Fair values determined by quoted prices related to assets and liabilities subject to measurement of fair values formed in active markets from among the observable inputs related to measurement of fair values
Fair values of Level 2: Fair values determined using inputs related to measurement of fair values other than Level 1 inputs from among observable inputs related to measurement of fair values
Fair values of Level 3: Fair values determined using unobservable inputs related to measurement of fair values

If multiple inputs that have a significant effect on determination of fair values are used, the fair values are classified to the lowest priority level in determination of fair values from among the levels to which those inputs belong.

(i) Financial instruments recorded at fair value in the consolidated balance sheet

Not applicable.

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

Category		Fair value (Thousands of yen)			
		Level 1	Level 2	Level 3	Total
(1)	Leasehold deposits	–	78,181	–	78,181
	Total assets	–	78,181	–	78,181
(1)	Bonds payable	–	1,582,695	–	1,582,695
(2)	Long-term borrowings	–	1,193,192	–	1,193,192
	Total liabilities	–	2,775,887	–	2,775,887

Note: Explanation on valuation methods used to calculate fair values and inputs related to measurement of fair values

Leasehold deposits

The fair value of leasehold deposits is calculated based on the present value of future cash flows that are discounted using the interest rate based on appropriate indices such as the yield on government bonds, and is classified as fair values of Level 2.

Bonds payable (including current portion of bonds payable)

The fair value of bonds payable issued by the Company is calculated by discounting the total of principal and interest in the remaining periods at an interest rate that would be charged for similar new loans, and is classified as fair values of Level 2.

Long-term borrowings

The fair value of long-term borrowings is calculated by discounting the total of principal and interest in the remaining periods at an interest rate that would be charged for similar new loans, and is classified as fair values of Level 2.

8. Notes to Revenue Recognition

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

The information on disaggregated revenue according to the timing of revenue recognition is as follows.

(Thousands of yen)

	Reportable segments			Other (Note)	Total
	Intelligent Automation	Ad Automation	Total		
Net sales					
Goods or services transferred at a point in time	727,555	1,491,582	2,219,138	961,227	3,180,365
Goods or services transferred over time	4,044,080	–	4,044,080	–	4,044,080
Revenue from contracts with customers	4,771,636	1,491,582	6,263,218	961,227	7,224,445
Net sales to external customers	4,771,636	1,491,582	6,263,218	961,227	7,224,445

(Note) The classification "Other" is the segment of businesses not included in the reportable segments, and includes Sales Outsourcing and Matching Platform.

(2) Information that provides the basis for understanding revenue

As presented in "(v) Standards for recognition of revenues and expenses" under "1. Basis of Preparation of Consolidated Financial Statements, (4) Accounting policies."

(3) Information for understanding the amount of revenue for the fiscal year under review and the following fiscal years

(i) Receivables from contracts with customers and the balance of contract liabilities, etc.

(Thousands of yen)

	Fiscal year under review	
	Balance at beginning of period	Balance at end of period
Receivables from contracts with customers	2,420,159	2,488,758
Contract liabilities	930,082	1,175,532

Contract liabilities are mainly related to advances received from customers concerning the provision of cloud-based services and maintenance services, and are recorded in "Contract liabilities" in current liabilities on the consolidated balance sheet. These liabilities are reversed upon the satisfaction of performance obligations.

Of the revenue recognized in the fiscal year under review, the amount included in the balance of contract liabilities at the beginning of the period was ¥725,838 thousand.

(ii) Transaction price allocated to remaining performance obligations

The description of the transaction price allocated to remaining performance obligations has been omitted because there were no significant contracts having an original expected duration of over one year.

9. Notes to Per Share Information

(1) Net assets per share	¥198.37
(2) Basic earnings per share	¥7.15

10. Notes to Significant Subsequent Events

Not applicable.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

(1) Valuation basis and methods for assets

(i) Shares of subsidiaries and associates

Stated at cost determined by the moving average method

(ii) Available-for-sale securities

・ Shares, etc. that do not have a market price
Stated at cost determined by the moving average method
Investment limited partnerships are recorded at the net value of the percentage owned of each investment based on the most recent financial statements available according to the financial reporting date specified in the partnership agreements.

(2) Accounting methods for depreciation of assets

(i) Property, plant and equipment

The declining balance method is applied.
However, straight-line method is used for the facilities attached to buildings. Lump-sum depreciable assets whose acquisition cost is ¥100,000 or more but less than ¥200,000 are amortized in equal amounts over three years.
Major useful lives are as follows:

Buildings	10 to 15 years
Tools, furniture and fixtures	3 to 15 years

(ii) Intangible assets

・ Software for internal use
The straight-line method is applied over its useful life as internally determined (5 years).

(3) Accounting methods for deferred assets

Bond issuance costs

The entire amount of the costs is recognized as expenses when incurred.

(4) Accounting policy for provisions

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(ii) Provision for bonuses

To provide for payment of bonuses to employees, the amount estimated to cover the bonus payment for services rendered by employees during the fiscal year under review is provided based on the estimated amount of bonuses to be paid.

(iii) Provision for loss on trust-type share options

To prepare for losses associated with the exercise of trust-type share options, the Company has recorded the estimated amount of losses at the end of the fiscal year under review.

(5) Standards for recognition of revenues and expenses

Revenue of the Company, a holding company, is outsourcing service fees such as management consulting fees and dividend income received from subsidiaries. As for outsourcing service fees, the

Company's performance obligations are the provision of operations outsourced to the Company based on agreements with subsidiaries, and revenue is recognized at the time of providing the operations. Dividend income is recognized on the effective date of dividends.

2. Notes to Accounting Estimates

Valuation of shares of subsidiaries and associates and investment securities

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

Shares of subsidiaries and associates	¥1,261,764 thousand
Investment securities	¥1,655,599 thousand

(2) Information about the contents of significant accounting estimates related to the identified item

Shares of subsidiaries and associates and investment securities held by the Company are shares, etc. that do not have a market price and which are held mainly for the purpose of cultivating synergies with existing business or expanding the business domain, and the Company uses the acquisition cost as the non-consolidated balance sheet amount. However, if the real value has decreased significantly, due to a deterioration in the financial position of the issuing company of those shares, etc., the Company will apply impairment treatment unless there is sufficient evidence supporting the possibility of recovery of the real value. Moreover, for shares, etc. acquired at a price higher than the amount based on net assets per share, reflecting the excess earning power, etc. of the investee company at the time of acquisition, the company examines whether or not the excess earning power, etc. has declined from the initially projected amount, judges whether or not to apply impairment treatment using the real value obtained by the aforementioned examination. When judging whether there has been a decline in the excess earning power, etc., the Company comprehensively considers the status of achievement of business plans conceived at the time of acquisition, the future growth potential, forecasts of business performance, the status of fund procurement and other factors.

If revisions to these assumptions become necessary due to changes in future uncertain conditions, the revisions could significantly affect the amounts for shares of subsidiaries and associates and investment securities in the financial statements for the following fiscal year.

3. Notes to Balance Sheet

(1) Accumulated depreciation on property, plant and equipment ¥71,929 thousand

(2) Receivables from and liabilities to subsidiaries and associates are as follows.

(i) Short-term receivables	¥4,144,475 thousand
(ii) Short-term liabilities	¥7,710 thousand

4. Notes to Statement of Income

Volume of transactions with subsidiaries and associates

Volume of operating transactions	
Operating revenue	¥1,335,804 thousand
Operating expenses	¥10,017 thousand
Volume of non-operating transactions	¥58,287 thousand

5. Notes to Statement of Changes in Equity

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

Common shares	2,166,104 shares

6. Notes to Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities

(Thousands of yen)

Deferred tax assets	
Accrued enterprise tax	10,279
Provision for bonuses	7,593
Accrued expenses	9,732
Leasehold deposits (asset retirement obligations)	1,283
Loss on valuation of shares of subsidiaries and associates	505,264
Loss on valuation of investment securities	7,342
Loss carryforwards	167,761
Other	11,846
Subtotal of deferred tax assets	721,104
Valuation allowance	(514,257)
Total	206,846
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(5,076)
Total	(5,076)
Net deferred tax assets	201,770

(2) Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

Statutory effective tax rate	30.6%
(Adjustments)	
Exclusion of dividend income from gross profit	(0.1)%
Inhabitant per capita taxes	0.1%
Expenses not deductible permanently, such as entertainment expenses	0.1%
Change in valuation allowance	(26.1)%
Other	0.0%
Effective rate of income taxes after application of deferred tax accounting	4.6%

(3) Change in tax rate of income taxes after the account closing date

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted in the Japanese Diet on March 31, 2025, and due to the change in corporate tax rates for fiscal years beginning on or after April 1, 2026, the statutory effective tax rate applied to the calculation of deferred tax assets and deferred tax liabilities will be revised. The effect of the change in tax rate is not material.

7. Notes to Revenue Recognition

The notes have been omitted because information that provides the basis for understanding revenue from contracts with customers is stated in “Notes to Financial Statements, 1. Summary of Significant Accounting Policies, (5) Standards for recognition of revenues and expenses.”

8. Notes to Transaction with Related Parties

Subsidiaries, associates and others

(Thousands of yen)

Type	Company name	Percentage owned	Relationship with the related parties	Transaction details	Transaction amount (Note 1)	Item	Balance at end of period (Note 1)
Subsidiaries	OPEN, Inc. (Note 3)	Held by the Company 100% direct	Outsourcing services for management work	Outsourcing services for management work	1,203,000	Operating accounts receivable	126,038
			Lending of funds	Lending of funds	3,500,000	Short-term loans receivable	3,500,000
			Concurrent positions held by officers	Receipt of interest (Note 2)	51,271	Other current assets	40,091
	AUTORO Inc.	Held by the Company 100% direct	Lending of funds	Lending of funds	100,000	Short-term loans receivable	100,000
			Concurrent positions held by officers	Receipt of interest (Note 2)	649	Other current assets	649
	LEAGLE Inc.	Held by the Company 100% direct	Outsourcing services for management work	Outsourcing services for management work	85,464	Operating accounts receivable	7,834
			Lending of funds	Lending of funds	40,000	Short-term loans receivable	40,000
			Concurrent positions held by officers	Receipt of interest (Note 2)	670	Other current assets	453
	Gokinjowork Inc.	Held by the Company 81.3% direct	Outsourcing services for management work	Outsourcing services for management work	13,740	Operating accounts receivable	7,688
			Lending of funds	Lending of funds	200,000	Short-term loans receivable	200,000
			Concurrent positions held by officers	Receipt of interest (Note 2)	2,991	Other current assets	10,658

Terms and conditions of transactions and policy on determination thereof

Notes:
1. The price and other trading conditions are determined after the Company provides an asking price by reference to current market prices and makes price negotiations.
2. For the lending of funds, the lending interest rate is reasonably determined based on market interest rates. Collateral is not received for such loans.
3. The transaction amount with OPEN, Inc. includes the transaction amounts with the former OPEN ASSOCIATES JAPAN, Inc. and the former SEGMENT Inc. before their merger, which took place on June 1, 2024.

9. Notes to Per Share Information

(1) Net assets per share ¥210.18

(2) Basic earnings per share ¥26.48

10. Notes to Significant Subsequent Events

Not applicable.