

News Release

May 30, 2025

To whom it may concern:

Company name: OPEN Group, Inc.
 Representative: Tomomichi Takahashi, Representative Director
 (Stock code: 6572 Prime Market of TSE)
 Inquiries: Satoshi Matsui, Director
 (TEL +81-3-6778-7588)

Notice of Status of Progress Based on the Plan for Compliance with Listing Criteria for the Tokyo Stock Exchange Prime Market

OPEN Group, Inc. (the “Company”) submitted and disclosed the details of its progress based on the plan to comply with the criteria for listing on the Prime Market on May 31, 2024. The Company hereby announces that the Progress Based on the Plan as of the end of February 2025 has been prepared as follows.

1. Status of compliance with listing criteria and a plan period

As of the end of February 2025, the Company's compliance with the Prime Market listing criteria is shown in the table below. The Company has failed to meet the criteria for “Market capitalization of tradable shares” and “Ratio of tradable shares” out of those for the status of compliance. The Company will continue to promote various initiatives to meet the criteria by the end of February 2026.

		Number of Shareholders	Number of tradable shares (Unit)	Market capitalization of tradable shares	Ratio of tradable shares
The Company's compliance status and its transition	As of the end of February 2023	10,660	226,963	¥6.7 billion	36.6%
	As of the end of February 2024	10,644	221,132	¥5.9 billion	35.5%
	As of the end of February 2025	9,619	211,608	¥4.8 billion	33.8%
Prime Market Listing Criteria		800	20,000	¥10.0 billion	35%
Plan Period		In compliance	In compliance	End of February	End of February

			2026	2026
--	--	--	------	------

* The Company's compliance status is calculated based on the distribution of the Company's stock certificates, etc., as well as the status of the Company's shares as of the record date of the Tokyo Stock Exchange.

2. Implementation Status and Evaluation of Initiatives to Comply with Listing Criteria (March 2024 ~ February 2025)

The Company took seriously the situation in which the Company has failed to meet the criteria for “Market capitalization of tradable shares” and “Ratio of tradable shares” and held a series of discussions centered on the management team on measures to be implemented to improve corporate value and achieve sustainable growth. Until the fiscal year ending February 2024, the Company had no choice but to devote management resources to the liquidation of low-profit, low-growth businesses and the reconstruction of our personnel structure, but now that these have subsided, the Company has shifted to aggressive management from the fiscal year ending February 2025. In order to meet the listing criteria for “Market capitalization of tradable shares”, the Company has been working to (1) strengthen business growth and profitability, (2) strengthen shareholder return measures, and (3) enhance IR activities in order to increase market capitalization by improving both profit (EBITDA, net income) and valuation ratios (EV/EBITDA, PER), which are components of the multiple method related to corporate value and stock value. The progress of initiatives based on this policy is as follows.

① Strengthen business growth and profitability

In the Intelligent Automation Business (formerly the Robot Outsourcing Business), the number of companies that have introduced both "BizRobo!" and "RoboRobo" has increased, and stock-type license revenue has increased. "RoboRobo" continues to make upfront investments centered on product development, but the mainstay "RoboRobo Compliance Service" has become profitable and has entered the profit contribution phase. In June 2024, the Company acquired AUTORO, Inc., and added AUTRO, a cloud-based RPA software, to our product lineup, aiming to upsell and cross-sell existing customers, as well as focusing on expanding new customers.

In the Ad Automation Business (formerly the Robot Transformation Business), the volume of transactions in the human resources category and new entry fields grew. In addition, in programs that have increased their transaction share, profit margins are also on an improving trend due to some improvements in commission rates and strengthening cost controls.

In addition to these existing businesses, the Company also actively engaged in the development of new businesses. Gokinjowork Inc., which joined the group in December 2023, is a company that offers the motto, "You can work anytime, anywhere, as much as you want!" In March 2025, the cumulative number of tasks carried out exceeded 500,000 and the total amount of remuneration (total amount of remuneration) exceeded 1.4 billion yen in response to the expanding demand of both companies and workers. In addition, in the ad automation business, the Company has redefined the results-based advertising industry, and in order to realize the same redefinition in the payroll industry, in October 2024, the Company will acquire

AsukaPayrollPro Inc., a payroll processing agency, and provide the company with "RoboRobo Payroll," which achieves overwhelming automation and efficiency. The redefinition has started to be put into practice.

As a result of these initiatives, consolidated net sales for the fiscal year ending February 2025 were 7.2 billion yen and consolidated operating income was 650 million yen, both of which exceeded the initial forecasts.

② Strengthening shareholder return measures

With regard to shareholder returns, the Company has determined that the Company can establish a financial base to return profits to shareholders according to business results, as the product development of "RoboRobo", which has been concentrating management resources as an upfront investment, is progressing, and the Company can expect to increase license income and secure profits. In October 2024, the Company changed our shareholder return policy. Specifically, the Company aims to continue to pay dividends with a dividend payout ratio of 40% of the profits generated from the Group's core businesses (core business profit)*, and achieve a dividend on equity (DOE) ratio by the fiscal year ending February 2028. The Company has introduced about 3% as an indicator with the aim of achieving more stable and substantial dividends. As for the year-end dividend for the fiscal year ending February 2025, the Company paid a dividend of 5.5 yen per share (3 yen per share based on the above dividend payout ratio and a commemorative dividend of 2.5 yen for the 25th anniversary of the company's founding) for the first time.

In addition, as a premise for the shareholder return policy described above, in the same month, the Company formulated a new capital policy with the aim of achieving future growth and appropriate evaluation from the capital markets. By promoting the following strategies, the Company aims to raise ROE (return on equity) based on core business income to double-digit percent over the medium to long term

- (a) The Company will continue to invest in existing businesses to achieve further growth, while at the same time simultaneously generating early profitability of new businesses through active use of M&A, with the aim of maximizing core business profits.
- (b) The need to increase the current equity capital is limited in view of the scale of the business and financial soundness indicators, and the Company will control it at an appropriate level through shareholder returns, etc.

Even after disclosing the capital policy, the Board of Directors and other organizations discussed specific measures to achieve double-digit ROE as soon as possible, and came to the conclusion that the above dividends alone are not necessarily sufficient to optimize the capital level, and that more proactive actions need to be taken. In January 2025, the Company has decided to carry out a total of 2 billion yen (up to 2 billion yen) of treasury stock buybacks.

* In order to eliminate the impact of temporary gains and losses arising from investment activities, the

Company will continue to develop new businesses with high performance volatility from the perspective of continuing stable dividends based on after-tax operating income (at present, the profit is based on the adjusted profit to eliminate the profits and losses of Hospitality Partners, Inc., which was established in March 2024, Gokinjowork Inc., which was acquired in December 2023, AUTORO Inc., which was acquired in June 2024, and AsukaPayrollPro Inc., which was acquired in October 2024.).

③ Enhancement of IR activities

After a series of discussions within the management team regarding the fact that the company's multiple valuations from the stock market are lower than those of other companies in the same industry, the Company has come to the conclusion that IR activities to date have not been sufficient in terms of both method and content, and that information asymmetry has arisen between the Company and investors, and as a result, the cost of capital has remained at a high level. In response to this, the Company has shifted to a policy of enhancing both the quality and quantity of IR, and have taken the following measures in the fiscal year ending February 2025.

- Establishment of an IR team
- Publication of the transcript of the online briefing
- Timely disclosure in English
- Expansion of Institutional Investor Interview Slots
- Holding briefings for individual investors

3. Future issues and initiatives based on the past status of items that do not comply with the listing criteria

① Market capitalization of tradable shares

With regard to the market capitalization of outstanding shares, the Company will strive to improve both profits (EBITDA, net income) and valuation ratios (EV/EBITDA, P/E) by implementing the capital policy, shareholder return policy, and business strategy formulated in the fiscal year ending February 2025 as described in Section 2.

The main measures to be implemented in the fiscal year ending February 2026 are the full-scale launch of Tungsten TotalAgility, a hyperautomation product that automates processes rather than individual tasks. Since it realizes a new dimension of automation and efficiency that is different from the past, it can be expected to upsell existing customers at a high unit price and expand new customers. The Company are also starting to see a solid response to the redefinition of the payroll area mentioned above. Our payroll automation concept is beginning to gain recognition in the industry, and the Company are in a situation where there are many M&A needs for payroll processors, and the Company plans to actively acquire them in a timely manner.

For the fiscal year ending February 2026, the Company expects net sales of 8,500 million yen (up 17.7% year-on-year) and operating income of 960 million yen (up 46.9% year-on-year).

② Ratio of tradable shares

In parallel with the implementation of measures to improve market capitalization, the Company will approach the Company's major shareholders for the sale of shares as appropriate. In addition, the Company will continue to consider how to utilize treasury stock holdings, including using them in M&A deals that do not dilute EPS and maintain and improve ROE levels.

###