Company name: May 14, 2026

For immediate Release

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Notice Regarding Misconduct by a Former Employee

In late March 2026, we discovered that a former employee of our company had engaged in the misconduct described below. In response, we conducted an investigation into the facts of the matter (hereinafter referred to as “this investigation”) with the assistance of an external law firm. Having now confirmed the details of the misconduct, we hereby provide the following update.

We deeply regret that this situation has arisen and sincerely apologize for the significant inconvenience and concern caused to our shareholders and all other stakeholders. We are committed to implementing thorough measures to prevent a recurrence of such misconduct. Furthermore, we are considering appropriate actions regarding this matter, including legal measures.

1. Overview

In connection with our recruitment services for the restaurant industry (hereinafter referred to as the “Recruitment Services”) , it has come to light that one of our former employees (who has already been dismissed for cause and hereinafter referred to as “the former employee”) engaged in the falsification of contracts and other documents to make it appear as though requests had been received from client companies, and also falsified documents to make it appear as though job seekers had accepted employment offers, thereby recording fictitious revenue (hereinafter referred to as “the misconduct”) between June 2025 and March 2026. As a result of this investigation, we have confirmed that this misconduct was committed solely by the former employee in question and that no other officers or employees were involved.

2. Cause

We believe that this misconduct was caused not only by the former employee’s significant lack of awareness regarding compliance, but also by deficiencies in our operational management systems and internal controls during the launch phase of the new business. Specifically, there were structural issues resulting from a combination of the following factors:

(1) The former employee’s lack of compliance awareness

The former employee reported to his/her supervisor that the number of accepted job offers was several times higher than the business plan, thereby recording fictitious sales. Since the former employee’s incentive compensation was not tied to actual performance, there was no economically rational reason for him/her to report fictitious results. Even during the course of this investigation, no evidence was found that the former employee had gained any financial benefit from these false reports. Therefore, it is believed that the former employee committed this misconduct out of a purely personal desire to demonstrate results and earn praise from others; however, such behavior demonstrates a severe lack of compliance awareness for an employee of a listed company.

(2) Excessive Reliance on a Single Individual and Absence of Checks and Balances

The recruitment business was launched as a new venture for our company in June 2025, but the operational structure resulted in all practical tasks being concentrated on this one former employee. Furthermore, as the business was in its start-up phase, a dedicated business management system had not been implemented, and progress management was left to the discretion of this former employee, leading to a lack of transparency in business processes.

(3) Inadequate Approval Processes and Lack of Management Oversight

The approval process by supervisors was limited to specific situations, such as when recognizing revenue, and sufficient checks were not in place for critical stages, such as the submission of recruitment contract applications. Furthermore, combined with the fact that the immediate supervisor was also responsible for management duties in other departments, as well as physical factors such as remote work, this created an environment where there was insufficient oversight of the former employee's daily work activities and inadequate direct guidance and management regarding the performance of their duties.

3. Disciplinary Action Regarding the Misconduct

In response to this misconduct, the Company has, in accordance with internal regulations, dismissed the former employee in question with disciplinary effect as of May 13, 2026. The former employee's supervisor has been given a written reprimand.

4. Measures to Prevent Recurrence

Based on the results of this investigation, we take this incident very seriously. We will work to prevent a recurrence by reviewing our internal management systems through the following measures and further strengthening our management and audit systems, including those of our group companies.

(Measures to Prevent Recurrence)

① Strengthening the Review System

We will review our business processes as outlined below and strengthen our management system and review functions to ensure that no single employee can complete a task independently.

<Process for Concluding Business Negotiation and Recruitment Contracts>

Upon instruction from a sales representative, a third party other than the sales representative (hereinafter referred to as the "Assistant") will draft the recruitment contract. The Assistant will send the contract directly to the client for content verification, and upon contract execution, the Assistant will carry out the procedures in accordance with the company's internal approval regulations. After execution, the Assistant will register the contract in the recruitment management system (hereinafter referred to as the "Recruitment System") to ensure it is accessible to all relevant parties.

<Order Acceptance Process>

Upon reaching an agreement with a client company or job seeker, the Assistant will prepare a quotation based on instructions from the sales representative. The prepared quotation will be sent via the Recruitment System after receiving approval from a supervisor. After sending, it will be stored within the system to ensure it is accessible to all relevant parties.

<Revenue Recognition Process>

The assistant will verify the content of the evidence of employment (delivery) confirmation obtained by the sales representative from the client company. Afterwards, following approval by a supervisor, the document will be stored in the Recruitment System to ensure it is accessible to all relevant parties.

② Strengthening the Business Operations Structure

Regarding the operational structure of this business, we will eliminate the current system where managers hold dual roles and instead appoint a dedicated manager. We will also expand the business operations team to a four-person structure, including an assistant, to ensure that the above-mentioned check processes are carried out by multiple personnel.

③ Strengthening Internal Audits

As part of company-wide control monitoring, the Internal Audit Department will regularly check business workflows and review contract documents to strengthen the monitoring system aimed at the early detection of fraud.

④ Strengthening Compliance Training

To enhance the company's self-regulatory mechanisms and foster an organizational culture that prevents similar incidents from occurring again, we will strengthen compliance training for all employees. Rather than merely disseminating rules, we will use case studies—including this instance of misconduct—to instill a clear understanding of the criteria for determining what constitutes misconduct. Furthermore, the effectiveness of these training programs will be continuously monitored by our Risk and Compliance Committee.

4. Impact on Consolidated Financial Results

As mentioned above, the total impact of this misconduct amounts to approximately 12 million yen. While we have not restated the consolidated financial statements through the third quarter of the fiscal year ending March 2026, we have reflected this adjustment in the consolidated financial statements for the full fiscal year ending March 2026.