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## **Items Subject to Measures for Electronic Provision Concerning Notice of the 27th Ordinary General Meeting of Shareholders**

Share Acquisition Rights

Financial Auditor

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Audit Report of Financial Auditor on Financial Statements

(From March 1, 2025 to February 28, 2026)

**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, paragraph (2) 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

		2nd series share acquisition rights
Date of resolution regarding issuance		May 23, 2017
Number of share acquisition rights		295,000
Type and number of shares delivered upon exercise of share acquisition rights		Common shares 2,950,000 shares (10 shares per share acquisition right)
Amount to be paid in for share acquisition rights		No payment is required in exchange for the share acquisition rights.
Amount of property contributed upon exercise of share acquisition rights		¥600 per share acquisition right (¥60 per share)
Exercise period		From May 24, 2019 to May 23, 2027
Conditions for exercise		(Note)
Ownership by executives	Director (excluding Audit and Supervisory Committee Member)	Number of share acquisition rights: 33,500 Number of shares delivered upon exercise of share acquisition rights: 335,000 shares Number of holders: 2
	Director (Audit and Supervisory Committee Member)	—

- Notes:
- 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.
  - In the event that a Holder of Share Acquisition Rights dies, his/her heir cannot exercise the share acquisition rights.
  - Share acquisition rights may not be offered for pledge or disposed of in any other way.
  - 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.
  - 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.
  - 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.

## Financial Auditor

(i) Name Avantia GP

Note: KPMG AZSA LLC, the Company's former financial auditor, retired from its position at the conclusion of the 26th Ordinary General Meeting of Shareholders held on May 28, 2025.

(ii) Amount of remuneration, etc.

	Amount of remuneration, etc. (Thousands of yen)
Amount of remuneration, etc. for the Financial Auditor for the fiscal year under review	39,900
Total amount of money and other economic benefits that should be paid to the Financial Auditor by the Company and its subsidiaries	39,900

Notes: 1. Since the audit contract between the Company and the Financial Auditor does not clearly distinguish between the amounts of remuneration, etc. for audits conducted based on the Companies Act and the amounts of remuneration, etc. for audits based on the Financial Instruments and Exchange Act, and it is not possible to substantively distinguish them, the amount of remunerations for Financial Auditor for the fiscal year under review is the total amount for both.

2. The Audit and Supervisory Committee decided to agree on the amount of remuneration, etc. of the Financial Auditor after making necessary examination of the Financial Auditor's audit plan, performance of duties and a basis for calculation of estimated remuneration, etc. are appropriate.

3. During the current fiscal year, the Company paid its former financial auditor, KPMG AZSA LLC, an amount of ¥3,000 thousand as additional fees related to the audit of the previous fiscal year.

(iii) Description of non-auditing services

Not applicable.

(iv) Policy for dismissal or non-reappointment decision of Financial Auditor

If the Audit and Supervisory Committee judges that action is necessary, such as in cases where the Financial Auditor's execution of its duties is impeded, the Audit and Supervisory Committee will determine the contents of a proposal to be submitted to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the Financial Auditor.

In addition, if the Audit and 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 unanimous approval by the Audit and Supervisory Committee Members. In this case, an Audit and Supervisory Committee Member selected by the Audit and 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.

## **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.

In accordance with the policy outlined above, the Company has decided to pay a dividend of ¥4.9 per share for the 27th fiscal year.

In addition, during the fiscal year under review, the Company purchased 5,494,253 treasury shares (total amount for share acquisition of ¥1,787 million).

## Consolidated statement of changes in equity

(From March 1, 2025 to February 28, 2026)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,926,160	6,071,957	647,351	(678,737)	11,966,732
Changes during period					
Issuance of new shares - exercise of share acquisition rights	15,749	15,749			31,499
Profit attributable to owners of parent			639,216		639,216
Purchase of treasury shares				(1,787,209)	(1,787,209)
Disposal of treasury shares		(9,100)		94,505	85,404
Change in scope of equity method			0		0
Dividends of surplus			(332,106)		(332,106)
Change in ownership interest of parent due to transactions with non-controlling interests		(6,555)			(6,555)
Net changes in items other than shareholders' equity					
Total changes during period	15,749	93	307,110	(1,692,704)	(1,369,750)
Balance at end of period	5,941,910	6,072,051	954,462	(2,371,441)	10,596,981

(Thousands of yen)

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	11,502	11,502	4,460	76	11,982,772
Changes during period					
Issuance of new shares - exercise of share acquisition rights					31,499
Profit attributable to owners of parent					639,216
Purchase of treasury shares					(1,787,209)
Disposal of treasury shares					85,404
Change in scope of equity method					0
Dividends of surplus					(332,106)
Change in ownership interest of parent due to transactions with non-controlling interests					(6,555)
Net changes in items other than shareholders' equity	19,359	19,359	4,804	2,976	27,140
Total changes during period	19,359	19,359	4,804	2,976	(1,342,610)
Balance at end of period	30,862	30,862	9,265	3,052	10,640,162

Note: The figures are rounded down to the nearest thousand yen.

## 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:  
13
- Names of major consolidated subsidiaries:  
OPEN, Inc.  
AUTORO Inc.  
LEAGLE Inc.  
Gokinjowork Inc.  
OASIS INNOVATION, Inc.
- Changes in scope of consolidation  
Three companies, whose shares were newly acquired, are included in the scope of consolidation.  
One company is excluded from the scope of consolidation due to the completion of liquidation.

#### (2) Application of equity method

Status of associates accounted for using equity method

- Number of associates accounted for using equity method:  
1
- Change in scope of equity method:  
One company is excluded from the scope of equity method due to the decline in substantial influence.

#### (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 26 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.

Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits to directors (and other officers) of consolidated subsidiaries, the Company has recorded the estimated amount of retirement benefits that is recognized as having accrued by the end of the current fiscal year.

(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.

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. However, for business operations involving the provision of services over a short period agreed upon with the customer, such as contract development, revenue is recorded at the time the customer performs an acceptance inspection.

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 seven 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)

“Accounts receivable - other” (¥15,645 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.

## 3. Notes to Accounting Estimates

### Valuation of goodwill

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

Goodwill	¥1,402,065 thousand
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(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	¥1,611,744 thousand
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(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 ¥108,526 thousand

#### 5. 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	62,549,000 shares	524,990 shares	– shares	63,073,990 shares

(2) Dividends of surplus

(i) Dividend payments, etc.

Resolution	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

(ii) 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 26, 2026	Common shares	Retained earnings	¥273,037 thousand	¥4.9	February 28, 2026	May 27, 2026

(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 1,872,010 shares

## 6. 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 and accounts receivable - other, 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.

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, 2026, fair values and the differences between them were as follows.

	(Thousands of yen)		
	Carrying amount	Fair value	Difference
(1) Leasehold deposits (*)	83,298	79,833	(3,464)
Total assets	83,298	79,833	(3,464)
(1) Bonds payable (*)	1,190,000	1,189,810	(189)
(2) Long-term borrowings (*)	1,719,101	1,717,985	(1,116)
Total liabilities	2,909,101	2,907,795	(1,306)

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

Notes: 1. Cash and deposits, accounts receivable - trade, accounts receivable - other, 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, 2026
Unlisted shares	87,548
Investments in investment limited partnerships	1,524,195

(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	–	79,833	–	79,833
Total assets	–	79,833	–	79,833
(1) Bonds payable	–	1,189,810	–	1,189,810
(2) Long-term borrowings	–	1,717,985	–	1,717,985
Total liabilities	–	2,907,795	–	2,907,795

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.

## 7. 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.

	Reportable segments			Other (Note)	Total
	Intelligent Automation	Ad Automation	Total		
Net sales					
Goods or services transferred at a point in time	957,012	1,317,024	2,274,036	1,107,638	3,381,675
Goods or services transferred over time	4,681,474	–	4,681,474	84,938	4,766,413
Revenue from contracts with customers	5,638,487	1,317,024	6,955,511	1,192,577	8,148,088
Net sales to external customers	5,638,487	1,317,024	6,955,511	1,192,577	8,148,088

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

(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	2,488,758	2,858,885
Contract liabilities	1,175,532	1,137,910

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 ¥937,924 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.

**8. Notes to Per Share Information**

(1) Net assets per share	¥190.73
(2) Basic earnings per share	¥11.07

**9. Notes to Significant Subsequent Events**

Not applicable.

## Balance sheet

(as of February 28, 2026)

(Thousands of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>11,299,894</b>	<b>Current liabilities</b>	<b>2,458,933</b>
Cash and deposits	6,432,432	Short-term borrowings	1,500,000
Operating accounts receivable	104,380	Current portion of bonds payable	350,000
Prepaid expenses	52,263	Current portion of long-term borrowings	351,900
Accounts receivable - other	30,398	Accounts payable - other	90,425
Short-term loans receivable from subsidiaries and associates	4,595,000	Accrued expenses	27,405
Deposits paid	620	Income taxes payable	58,229
Other	84,799	Accrued consumption taxes	17,400
		Deposits received	6,148
<b>Non-current assets</b>	<b>3,973,952</b>	Provision for bonuses	39,599
<b>Property, plant and equipment</b>	<b>146,882</b>	Provision for loss on trust-type share options	17,824
Buildings	76,256	<b>Non-current liabilities</b>	<b>2,182,161</b>
Tools, furniture and fixtures	70,625	Bonds payable	840,000
		Long-term borrowings	1,342,161
<b>Intangible assets</b>	<b>93</b>	<b>Total liabilities</b>	<b>4,641,094</b>
Software	20		
Telephone subscription right	72	<b>Net assets</b>	
		<b>Shareholders' equity</b>	<b>10,597,429</b>
<b>Investments and other assets</b>	<b>3,826,976</b>	Share capital	5,941,910
Shares of subsidiaries and associates	2,099,289	Capital surplus	6,060,490
Investment securities	1,549,975	Legal capital surplus	60,113
Leasehold deposits	64,128	Other capital surplus	6,000,376
Deferred tax assets	113,582	Retained earnings	966,470
		Legal retained earnings	40,710
		Other retained earnings	925,760
		Retained earnings brought forward	925,760
		Treasury shares	(2,371,441)
		<b>Valuation and translation adjustments</b>	<b>30,862</b>
		Valuation difference on available-for-sale securities	30,862
		<b>Share acquisition rights</b>	<b>4,460</b>
		<b>Total net assets</b>	<b>10,632,752</b>
<b>Total assets</b>	<b>15,273,846</b>	<b>Total liabilities and net assets</b>	<b>15,273,846</b>

Note: The figures are rounded down to the nearest thousand yen.

## Statement of income

(From March 1, 2025 to February 28, 2026)

(Thousands of yen)

Item	Amount	
<b>Operating revenue</b>		<b>1,142,244</b>
<b>Operating expenses</b>		<b>978,131</b>
<b>Operating profit</b>		<b>164,112</b>
<b>Non-operating income</b>		
Interest income	79,021	
Foreign exchange gains	458	
Other	122	79,602
<b>Non-operating expenses</b>		
Interest expenses	42,115	
Commission expenses	44,868	
Loss on investments in investment partnerships	107,931	
Other	5,894	200,809
<b>Ordinary profit</b>		<b>42,906</b>
<b>Extraordinary losses</b>		
Loss on valuation of investment securities	19,156	19,156
<b>Profit before income taxes</b>		<b>23,749</b>
Income taxes - current	24,329	
Income taxes - deferred	79,058	103,387
<b>Profit</b>		<b>(79,638)</b>

Note: The figures are rounded down to the nearest thousand yen.

## Statement of changes in equity

(From March 1, 2025 to February 28, 2026)

(Thousands of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
						Retained earnings brought forward			
Balance at beginning of period	5,926,160	44,363	6,009,477	6,053,841	7,500	1,370,715	1,378,215	(678,737)	12,679,479
Changes during period									
Issuance of new shares - exercise of share acquisition rights	15,749	15,749		15,749					31,499
Profit						(79,638)	(79,638)		(79,638)
Purchase of treasury shares								(1,787,209)	(1,787,209)
Disposal of treasury shares			(9,100)	(9,100)				94,505	85,404
Dividends of surplus						(365,316)	(365,316)		(365,316)
Provision of legal retained earnings					33,210		33,210		33,210
Net changes in items other than shareholders' equity									
Total changes during period	15,749	15,749	(9,100)	6,648	33,210	(444,955)	(411,744)	(1,692,704)	(2,082,050)
Balance at end of period	5,941,910	60,113	6,000,376	6,060,490	40,710	925,760	966,470	(2,371,441)	10,597,429

(Thousands of yen)

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	11,502	11,502	4,460	12,695,442
Changes during period				
Issuance of new shares - exercise of share acquisition rights				31,499
Profit				(79,638)
Purchase of treasury shares				(1,787,209)
Disposal of treasury shares				85,404
Dividends of surplus				(365,316)
Provision of legal retained earnings				33,210
Net changes in items other than shareholders' equity	19,359	19,359	-	19,359
Total changes during period	19,359	19,359	-	(2,062,690)
Balance at end of period	30,862	30,862	4,460	10,632,752

Note: The figures are rounded down to the nearest thousand yen.

## 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	¥2,099,289 thousand
Investment securities	¥1,549,975 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      ¥95,498 thousand

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

(i) Short-term receivables	¥4,727,234 thousand
(ii) Short-term liabilities	¥8,567 thousand

## 4. Notes to Statement of Income

Volume of transactions with subsidiaries and associates

Volume of operating transactions	
Operating revenue	¥1,113,780 thousand
Operating expenses	¥12,247 thousand
Volume of non-operating transactions	¥65,585 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	7,352,060 shares
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## 6. Notes to Deferred Tax Accounting

### (1) Major components of deferred tax assets and liabilities

	(Thousands of yen)
Deferred tax assets	
Accrued enterprise tax	11,852
Provision for bonuses	12,125
Accrued expenses	7,591
Leasehold deposits (asset retirement obligations)	3,963
Loss on valuation of shares of subsidiaries and associates	502,019
Loss on valuation of investment securities	56,311
Loss carryforwards	160,037
Other	5,835
Subtotal of deferred tax assets	759,737
Valuation allowance	(631,949)
Total	127,787
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(14,205)
Total	(14,205)
Net deferred tax assets	113,582

### (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	(15.2)%
Inhabitant per capita taxes	5.1%
Expenses not deductible permanently, such as entertainment expenses	3.3%
Change in valuation allowance	419.6%
Effect of change in tax rate	(9.3)%
Loss on liquidation of subsidiaries	44.9%
Succession of loss carryforwards resulting from liquidation of subsidiaries	(43.6)%
Other	(0.1)%
Effective rate of income taxes after application of deferred tax accounting	435.3%

### (3) Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in tax rate of current taxes

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporate Tax for Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after March 1, 2027 are calculated by changing the statutory effective tax rate from 30.62% to 31.52%.

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

### (1) 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.	Held by the Company 100% direct	Outsourcing services for management work	Outsourcing services for management work	985,188	Operating accounts receivable	90,308
			Lending of funds	Lending of funds	3,900,000	Short-term loans receivable	3,900,000
			Concurrent positions held by officers	Receipt of interest (Note 2)	57,036	Other current assets	44,235
	AUTORO Inc.	Held by the Company 100% direct	Outsourcing services for management work	Outsourcing services for management work	38,088	Operating accounts receivable	3,491
			Lending of funds	Lending of funds	150,000	Short-term loans receivable	150,000
			Concurrent positions held by officers	Receipt of interest (Note 2)	2,067	Other current assets	1,701
	LEAGLE Inc.	Held by the Company 100% direct	Outsourcing services for management work	Outsourcing services for management work	64,392	Operating accounts receivable	5,902
			Lending of funds	Lending of funds	40,000	Short-term loans receivable	40,000
			Concurrent positions held by officers	Receipt of interest (Note 2)	600	Other current assets	453
	Gokinjowork Inc.	Held by the Company 81.3% direct	Outsourcing services for management work	Outsourcing services for management work	24,912	Operating accounts receivable	4,152
			Receipt of secondment fees	Receipt of secondment fees	112,015	Accounts receivable - other	16,650
			Lending of funds	Lending of funds	200,000	Short-term loans receivable	200,000
Concurrent positions held by officers			Receipt of interest (Note 2)	3,000	Other current assets	15,425	

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.

(2) Officers, major individual shareholders and others

(Thousands of yen)

Type	Name of the company or individual	Percentage owned	Relationship with the related parties	Transaction details	Transaction amount	Item	Balance at end of period
Officer	Nobuyuki Osumi	(Owned) 11.68% direct	Director of the Company	Exercise of share acquisition rights (Note)	11,700	—	—
Subsidiary's officer	Takayuki Ishii	(Owned) 3.74% direct	President & CEO of OPEN, Inc.	Exercise of share acquisition rights (Note)	11,999	—	—

Terms and conditions of transactions and policy on determination thereof

Note: Exercise of share acquisition rights in the fiscal year under review concerning those granted pursuant to the resolution at the Ordinary General Meeting of Shareholders held on May 23, 2017. The “Transaction amount” column lists the amount calculated by multiplying the number of shares granted through the exercise of the share acquisition rights during the fiscal year under review by the paid-in amount at the time of exercise.

**9. Notes to Per Share Information**

(1) Net assets per share	¥190.74
(2) Basic earnings per share	¥(1.38)

**10. Notes to Significant Subsequent Events**

Not applicable.

# Audit Report of Financial Auditor on Financial Statements

## Independent Auditor's Report

April 17, 2026

OPEN Group, Inc.  
The Board of Directors

Avantia GP  
Tokyo Office, Japan

Kenzo Fujita (Seal)  
Designated Engagement Partner  
Certified Public Accountant

Hiroaki Soma (Seal)  
Designated Engagement Partner  
Certified Public Accountant

Ryunosuke Tanaka (Seal)  
Designated Engagement Partner  
Certified Public Accountant

### Audit 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, the related notes and the accompanying supplementary schedules (collectively, “non-consolidated financial statements, etc.”) of OPEN Group, Inc. (the “Company”), as at February 28, 2026 and for the 27th fiscal year from March 1, 2025 to February 28, 2026 in accordance with Article 436, paragraph (2), item (i) of the Companies Act.

In our opinion, the non-consolidated financial statements, etc. 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 non-consolidated financial statements, etc. were prepared, in accordance with accounting principles generally accepted in Japan.

### Basis for Audit 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 Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. 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 refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the reporting process for the other information.

The scope of our audit opinion on the non-consolidated financial statements, etc. does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the non-consolidated financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

### **Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements, Etc.**

Management is responsible for the preparation and fair presentation of non-consolidated financial statements, etc. in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of non-consolidated financial statements, etc. that are free from material misstatements, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern, and disclosing matters related to going concern as applicable in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, Etc.**

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. 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 on the non-consolidated financial statements, etc. based on our audit from an independent point of view. 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 non-consolidated financial statements, etc.

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 non-consolidated financial statements, etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, in making those risk assessments, 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 of the non-consolidated financial statements, etc. is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. 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 the material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. 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 of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related measures in order to eliminate obstruction factors or safeguards to reduce obstruction factors to acceptable levels.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and the designated engagement partners 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.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.