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[Document Title]	Annual Securities Report
[Legal Basis]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted to]	Director-General of the Kanto Local Finance Bureau
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[Fiscal year]	26th Term (April 1, 2025, to March 31, 2026)
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Part I [Company Information]

Section 1 [Company Overview]

1 [Trends in Key Management Indicators, etc.]

(1) Key Consolidated Management Indicators

Term		22nd Term	23rd Term	24th Term	25th Term	26th Term
Fiscal year-end		March 2022	March 2023	March 2024	March 2025	March 2026
Net sales	(thousand yen)	1,692,513	1,924,259	2,229,281	2,942,635	33,605,038
Ordinary profit (loss)	(thousand yen)	165,558	46,955	△235,040	△613,224	3,627,064
Profit (loss) attributable to owners of the parent	(thousand yen)	2,438	△530,291	△1,261,695	△654,991	2,801,675
Comprehensive income	(thousand yen)	△58,275	△448,941	△1,260,754	△631,936	3,090,812
Net assets	(thousand yen)	2,818,110	2,508,880	1,982,624	2,400,153	19,403,979
Total assets	(thousand yen)	4,400,902	4,386,012	3,786,248	4,593,971	28,577,580
Net assets per share	(yen)	195.22	167.39	111.78	130.74	625.40
Basic earnings (loss) per share	(yen)	0.17	△36.45	△84.07	△37.40	115.47
Diluted earnings per share	(yen)	0.16	-	-	-	90.40
Equity ratio	(%)	63.5	56.2	50.6	50.4	64.8
Return on equity	(%)	0.10	△20.15	△57.60	△30.98	26.88
Price-to-earnings ratio	(times)	1,841.18	-	-	-	11.00
Cash flows from operating activities	(thousand yen)	113,086	2,421	333,604	△83,408	△4,913,586
Cash flows from investing activities	(thousand yen)	△304,067	△255,774	△569,264	△1,192,735	△8,302,240
Cash flows from financing activities	(thousand yen)	28,314	242,023	382,956	163,550	13,117,441
Cash and cash equivalents at end of period	(thousand yen)	1,420,430	1,415,253	1,659,429	505,038	396,801
Number of employees (Average number of temporary employees, not included above)	(persons)	173 (33)	177 (29)	210 (27)	221 (14)	244 (6)

(Notes) 1. Diluted earnings per share for the 23rd, 24th and 25th fiscal years are not presented because basic losses per share were recorded, although potential ordinary shares existed.

2. The price-to-earnings ratios for the 23rd, 24th and 25th fiscal years are not presented because basic losses per share were recorded.

3. The number of employees represents the number of employees actually in service. The average number of temporary employees, including part-time employees, is presented separately in parentheses and is not included in the number of employees stated above.

(2) Key Management Indicators of the Submitting Company

Term		22nd Term	23rd Term	24th Term	25th Term	26th Term
Fiscal year-end		March 2022	March 2023	March 2024	March 2025	March 2026
Net sales	(thousand yen)	450,371	450,702	463,437	628,325	30,696,146
Ordinary profit (loss)	(thousand yen)	120,034	7,865	△1,388,054	△730,512	3,457,982
Profit (loss) for the fiscal year	(thousand yen)	25,388	△864,385	△1,953,120	△682,867	2,728,083
Share capital	(thousand yen)	1,457,102	1,516,478	1,868,479	1,912,113	8,486,036
Total number of issued shares	(shares)	14,326,753	14,757,851	17,188,051	17,795,951	29,769,051
Net assets	(thousand yen)	2,897,640	2,167,920	944,034	1,344,935	17,988,928
Total assets	(thousand yen)	3,979,206	3,644,149	2,268,329	3,048,263	26,869,130
Net assets per share	(yen)	201.99	145.98	52.83	72.03	578.87
Annual dividend per share (of which, interim dividend per share)	(yen)	- (-)	- (-)	- (-)	- (-)	- (-)
Basic earnings (loss) per share	(yen)	1.79	△59.41	△130.14	△38.99	112.44
Diluted earnings per share	(yen)	1.76	-	-	-	88.03
Equity ratio	(%)	72.7	59.0	39.9	41.8	63.8
Return on equity	(%)	0.90	△34.27	△127.83	△62.64	29.61
Price-to-earnings ratio	(times)	174.86	-	-	-	11.30
Dividend payout ratio	(%)	-	-	-	-	-
Number of employees (Average number of temporary employees, not included above)	(persons)	33 (19)	38 (19)	59 (14)	36 (5)	26 (1)
Total shareholder return	(%)	68.2	57.1	158.8	210.2	276.7
(Comparison index: TSE Growth Market 250 Index)	(%)	(65.7)	(62.3)	(62.0)	(54.1)	(58.1)
Highest share price	(yen)	492	326	1,419	3,140	4,320
Lowest share price	(yen)	277	237	251	585	675

(Notes) 1. Diluted earnings per share for the 23rd, 24th and 25th fiscal years are not presented because basic losses per share were recorded, although potential ordinary shares existed.

2. The price-to-earnings ratios for the 23rd, 24th and 25th fiscal years are not presented because basic losses per share were recorded.

3. The number of employees represents the number of employees actually in service, excluding employees seconded by the Company to external organisations. The average number of temporary employees, including part-time employees, is presented separately in parentheses and is not included in the number of employees stated above.

4. The highest and lowest share prices are based on prices quoted on the Growth Market of the Tokyo Stock Exchange on and after April 4, 2022, and on the Mothers Market of the Tokyo Stock Exchange prior to that

date.

5. Following the revision of the Tokyo Stock Exchange’s market segments, the comparative index used for total shareholder return was changed from the TSE Mothers Index to the TSE Growth Market 250 Index.

2 [Corporate History]

The Company was established in July 2000 to promote transformation in the real world through its data analytics capabilities, including improvements in corporate operations and consumers' lives. With the vision of serving as the world's data section, the Company aims to continue upgrading people's lives around the world by providing AI infrastructure and AI, IT and marketing solutions. The Company's principal milestones are as follows.

July 2000	Datasection Inc. was established in Jingumae, Shibuya-ku, Tokyo
May 2012	Relocated the head office to Shibuya, Shibuya-ku, Tokyo
July 2012	Entered into a capital and business alliance agreement with Hakuhodo Inc. and established a joint framework for the development of marketing solutions using social media data.
April 2013	Established solid intelligence Inc. as a consolidated subsidiary.
March 2014	Jointly established Data Exchange Consortium Limited Liability Partnership.
March 2014	Conducted a capital increase through a third-party allotment to TBS Innovation Partners, LLC, a subsidiary of Tokyo Broadcasting System Holdings, Inc. (currently TBS Holdings, Inc.), for the purpose of forming a capital and business alliance with the TBS Group.
April 2014	Entered into a capital and business alliance agreement with D.A. Consortium Inc. and established a joint research and development framework for advertising and marketing platforms using big data analytics.
December 2014	Listed the Company's shares on the Mothers Market of the Tokyo Stock Exchange.
February 2016	Jointly established Japan Data Exchange Inc.
September 2016	Entered into a capital and business alliance agreement with Kyodo News Images, Inc. and established a joint research and development framework using AI-based image analysis technology.
January 2018	Acquired shares in KAG Network Solutions Inc. (currently d-ss. inc.) and made it a consolidated subsidiary.
May 2018	Entered into a capital and business alliance agreement with Allm Inc. and established a joint research and development framework using AI-based data analysis technology.
July 2018	Acquired from Allm Inc. the development and sales business in Japan for FollowUP, a retail support tool using in-store camera devices.
July 2018	Entered into a capital and business alliance agreement with KDDI Corporation and established a joint business development framework using image analysis and social media analysis.
August 2018	Relocated the head office to Nishigotanda, Shinagawa-ku, Tokyo.
December 2019	Acquired common shares in Jach Technology SpA, which develops and sells FollowUP overseas, and made it and its subsidiaries consolidated subsidiaries.
September 2021	Converted Inteligenxia S.A., a competitor of Jach Technology SpA in Latin America, into a consolidated subsidiary.
April 2022	Transitioned from the Mothers Market to the Growth Market following the Tokyo Stock Exchange's market restructuring.
September 2023	Acquired the data analysis consulting and related contract system development business from The ROOM 4D Inc.; the Company's subsidiary d-ss. inc. acquired the SES business, including system development, data analysis and data utilisation support, from The ROOM Door Inc.
March 2024	Launched the AI infrastructure business as a new business.
July 2024	Made MSS Inc., a company engaged in marketing research and sales promotion businesses, a consolidated subsidiary.
December 2024	Transitioned from a company with a board of corporate auditors to a company with an audit and supervisory committee.
March 2025	Officially launched "TAIZA," the Company's proprietary AI cloud stack.

3 [Description of Business]

As of the end of the current consolidated fiscal year, the Group consists of the Company, 10 consolidated subsidiaries and 10 unconsolidated subsidiaries. The Group operates the AI Infrastructure Business, Data Science Business, System Integration Business and Marketing Solutions Business, with each business organically linked around the AI Infrastructure Business. The principal affiliated companies are shown in the business structure diagram below.

The specific activities and services of each business are as follows:

(1) AI Infrastructure Business

As its strategic core business, the Group develops and provides its AI cloud stack, “TAIZA”; provides GPU cloud services; operates AI data centres; and makes investments related to AI data centres.

(2) Data Science Business

Leveraging its strengths in data utilisation and its proven track record in AI development, the Group supports data-driven management and digital transformation initiatives through solutions including consulting on data utilisation and AI and IT education.

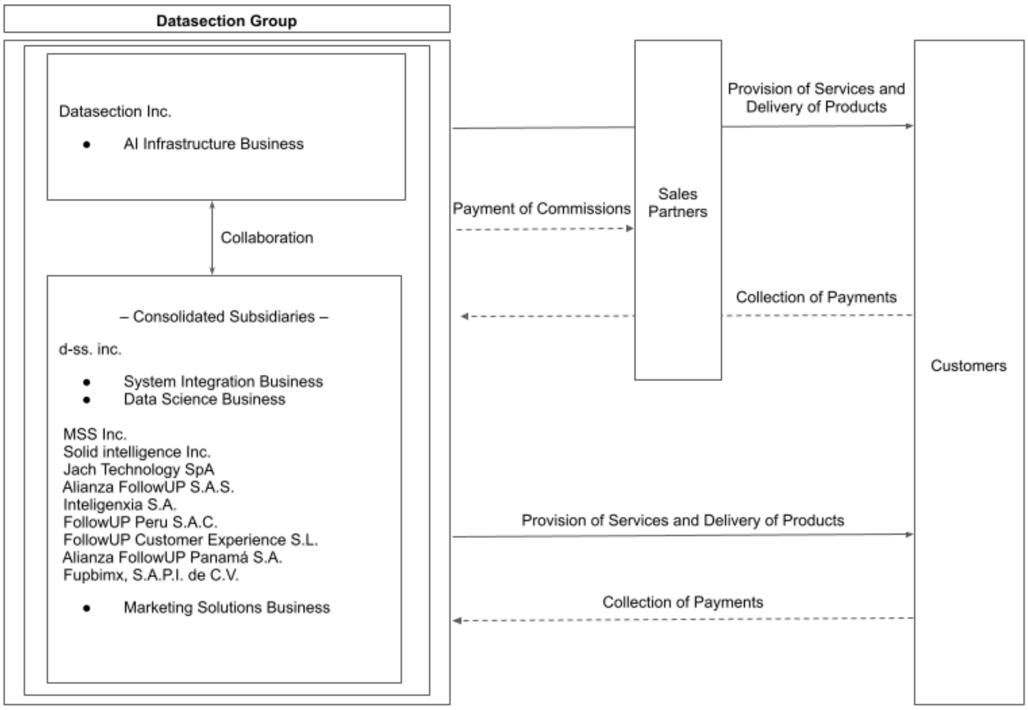
(3) System Integration Business

The Group develops customised solutions tailored to individual customers by combining AI technologies with the technical expertise and know-how cultivated through big data analytics. The Group also provides payment services, including the corporate prepaid card service “Biz Preca” (https://bizpreca.jp/); system engineering services (SES) for card companies, payment service providers and securities companies; contracted development of financial systems, mainly for credit card companies; managed services, including the construction, operation and maintenance of cloud systems mainly based on AWS; and security services, including PCI DSS consulting and security assessment services.

(4) Marketing Solutions Business

The Group provides “FollowUP” globally as a recurring-revenue service that supports improvements in store performance by analysing image and video data captured by AI cameras installed in retail stores together with POS data. The Group also provides digital marketing and social media analysis, as well as consulting and marketing research services based on such analysis. In addition, the Group provides sales promotion services and related solutions primarily to companies in the food-related retail, manufacturing and logistics industries.

[Business Structure Diagram]



4 [Status of Affiliated Companies]

Name	Address	Share Capital or Capital Contribution	Principal Business	Percentage of Voting Rights Owned or Held (%)	Nature of Relationship
(Consolidated Subsidiaries)					
Solid intelligence Inc.	Shinagawa-ku, Tokyo	18,260 thousand yen	Marketing Solutions Business	100.0	Lease of office premises One concurrently serving director Provision of contracted services
d-ss. inc.	Shinagawa-ku, Tokyo	20,000 thousand yen	System Integration Business and Data Science Business	100.0	Lease of office premises One concurrently serving director Provision of contracted services
MSS Inc.	Minato-ku, Tokyo	10,000 thousand yen	Marketing Solutions Business	100.0	One concurrently serving director Provision of contracted services
Jach Technology SpA	Santiago, Chile	8,914 million Chilean pesos	Marketing Solutions Business	100.0	One concurrently serving director Sales of products
Alianza FollowUP S.A.S.	Bogotá, Colombia	279 million Colombian pesos	Marketing Solutions Business	100.0 (100.0)	Sales of products Provision of loans
Inteligenxia S.A.	Santiago, Chile	434 million Chilean pesos	Marketing Solutions Business	100.0 (100.0)	Provision of loans Sales of products
FollowUP Peru S.A.C.	Lima, Peru	1,000 Peruvian soles	Marketing Solutions Business	55.0 (55.0)	Sales of products
FollowUP Customer Experience S.L.	Madrid, Spain	265,736 euros	Marketing Solutions Business	100.0 (100.0)	Sales of products
Alianza FollowUP Panamá S.A.	Panama City, Panama	2,000 Panamanian balboas	Marketing Solutions Business	100.0 (100.0)	Sales of products Provision of loans
Fupbimx, S.A.P.I. de C.V.	Mexico City, Mexico	857,741 Mexican pesos	Marketing Solutions Business	60.0 (60.0)	Sales of products

(Note) Figures in parentheses under “Percentage of Voting Rights Owned or Held” represent indirect ownership and are included in the figures immediately above.

Section 2 [Business Status]

1 [Management Policy, Business Environment and Issues to Be Addressed, etc.]

(1) Management Policy

The Group's mission is "Change The Frame: Bringing transformation to the real world through technology and creating new ways of living," and its vision is to "continue upgrading people's lives around the world" through the fulfilment of this mission.

Based on this vision, the Group aims to serve as the world's data section and become a company that globally supports the use of AI and data analytics by businesses and society to enrich people's lives, through the provision of AI infrastructure and AI, IT and marketing solutions.

Forward-looking statements contained herein are based on the Company's judgement as of the end of the current consolidated fiscal year.

(2) Business Environment

During the current consolidated fiscal year, the Japanese economy continued on a moderate recovery trend amid improvements in employment and income conditions. However, the outlook remained uncertain due to factors including heightened tensions in the Middle East, rising prices and the continued high level of interest rates in the United States and Europe. In Japan's AI business market, investment in enhancing application functionality and utilising systems specialised for specific operations is expected to increase from fiscal 2023 onwards. As applications and systems become more complex in response to user requirements, in-house development is expected to become more common than outsourcing due to factors such as cost and development speed. Accordingly, substantial growth is anticipated in products related to in-house development, particularly middleware, servers, storage systems and infrastructure as a service (IaaS). The market is forecast to reach ¥1,978.7 billion in fiscal 2027, 1.7 times the level in fiscal 2021 (Fuji Chimera Research Institute, Inc., "2022 Comprehensive Survey of the Artificial Intelligence Business").

The global AI market is also expected to grow at an accelerating pace as applications of generative AI, an area of strength for the Group, expand and its implementation in society progresses. In the AI data centre field, which the Group intends to develop further, there is growing global demand for the construction of AI data centres capable of handling rapidly increasing AI processing requirements. In the current global economic and security environment, characterised by geopolitical challenges and security risks, AI is becoming increasingly important in addressing a wide range of issues, creating strong demand for greater AI data centre capacity and cross-border collaboration. In addition, as the computing power required to train AI models is doubling approximately every six months across the industry (according to the May 2024 EPOCH AI research report, "Training Compute of Frontier AI Models Grows by 4–5 times per Year"), the Group expects demand for AI data centres and AI cloud stacks to increase further as new and larger models emerge.

(3) Issues to Be Addressed

During the previous consolidated fiscal year, the Group continued to pursue the global commercialisation of its AI Infrastructure Business, having positioned it as a new strategic core business, and achieved monetisation during the current consolidated fiscal year. The issues that the Group must address in order to achieve not only continuous growth but also transformative, discontinuous growth are as follows.

(i) Expansion of the AI Infrastructure Business

To achieve rapid expansion of the AI Infrastructure Business, its strategic core business, the Group must strengthen its business foundation, including securing the funding required for investment in AI infrastructure. The Group will secure funding sources, increase equity capital, recruit highly skilled personnel, identify and secure optimal business partners, and advance the development and construction of its AI cloud stack, "TAIZA." It will also deepen collaboration and discussions with leading business partners and prospective business partners.

(ii) Continuous Medium- to Long-Term Growth of Existing Businesses

The Group operates Data Science, Marketing Solutions and System Integration as its existing core businesses in Japan and overseas. During the previous consolidated fiscal year, the restructuring of certain existing domestic businesses whose profitability had deteriorated was largely completed, and all of these businesses performed strongly or steadily during the current consolidated fiscal year. To accelerate further growth, the Group will continue to strengthen its technological, development and proposal capabilities, develop and enhance its proprietary products, generate synergies between its businesses, and utilise M&A and business alliances.

(iii) Recruitment and Development of Highly Skilled Personnel

To implement the measures described above and support the expansion of the Group's businesses, the Group considers it important to recruit a large number of highly skilled personnel globally and strengthen its sales, development and management structures. To recruit highly motivated and capable personnel who identify with the Group's sense of speed, vision and business policies, the Group will continue to explore optimal recruitment methods and develop an environment and systems in which employees can work with a high level of motivation.

(iv) Strengthening Corporate Governance

The Group has expanded its global business investments and scale, including through cross-border M&A, and intends to pursue further global expansion and growth. In December 2024, the Company transitioned to a company with an Audit and Supervisory Committee to strengthen corporate governance. In both Japan and overseas, maintaining and enhancing robust governance and a high standard of internal management are essential. The Group will continue to develop its governance framework while ensuring the appropriateness of important decision-making and promoting the proper and timely execution of operations by each business entity.

2 [Approach to Sustainability and Related Initiatives]

The Group's approach to sustainability and related initiatives is as follows.

Forward-looking statements contained herein are based on the Group's judgement as of the end of the current consolidated fiscal year.

(1) Sustainability

With a strong commitment to continuously improving people's lives around the world, the Group aims to achieve sustainable growth and substantial corporate development. The Group is keenly aware of its corporate responsibility to address global challenges, including declining birth rates, ageing populations, shrinking workforces, food supply issues, security and changes in social structures. All officers and employees of the Group companies work together to realise this vision and enhance corporate value.

In September 2023, the Group established the Datasection Group Sustainability Policy to promote these initiatives in a concrete and sustainable manner.

Under the Sustainability Declaration, "Contributing to the world and people's lives 100 years from now," the Group undertakes various initiatives based on the following fundamental policies:

• Creating innovation through global partnerships

The Group addresses social issues globally through its business by providing and creating advanced products and services optimised for its customers.

• Promoting diversity and inclusion globally

As the Group further globalises its business, respect for diversity, diverse talent and rewarding work forms part of its corporate culture and serves as a driving force. The Group respects these values and works to create a workplace environment that promotes each individual's growth, success and ease of working.

• Developing diverse talent to lead the future

Through the development of data scientists and AI and IT engineers, among others, the Group strives to cultivate diverse talent with strong technical and professional skills.

• Ensuring compliance and strengthening corporate governance

The Group seeks to achieve fair and highly transparent management in order to address social issues globally and enhance corporate value.

(2) Governance Structure and Risk Management

The Group has established a governance structure to address sustainability-related risks and business opportunities globally. For details of the governance structure, please refer to "Part IV [Information on the Reporting Company], 4 [Corporate Governance], (1) [Overview of Corporate Governance], (ii) [Corporate Governance Structure and Reasons for Adopting the Structure]."

With respect to related risks and business opportunities, in addition to individual decisions concerning matters such as business investments, full-time Audit and Supervisory Committee Members, the Internal Audit Office, the Corporate Management Department and the Legal Department work together to report appropriately to the Board of Directors and the Representative Director.

(3) Human Capital Strategy

In light of the characteristics of the Group's global business operations, the Group undertakes the following initiatives regarding its human resource development policy and the development of its internal workplace environment.

• Human Resource Development Policy

In addition to providing company-wide training, the Group promotes the behavioural principle of "dedicating 20% of one's efforts to challenges for personal growth." The Group has a culture and framework that support autonomous self-development and career building, and continuously develops its personnel by providing support through on-the-job training for the acquisition of knowledge required in their work.

• Development of the Internal Workplace Environment

The Group actively recruits a broad range of people with diverse attributes, talents and career backgrounds globally. In light of the characteristics of its businesses, the Group supports diverse work arrangements in each country, including flexible working hours, shorter working hours, remote working and childcare leave, so that people can thrive regardless of gender or age. In this way, the Group strives to build an organisation in which diverse talent can work with a strong sense of fulfilment.

(4) Indicators and Targets

With respect to the indicators relating to the Group's human resource development policy and initiatives to improve the internal workplace environment, including the promotion of workforce diversity described in "(3) Human Capital Strategy," the Group set a medium-term KPI of achieving a 30% rate of childcare leave taken by male employees over the three-year period through 2025. The Group promoted the use of such leave and achieved this target. The Group will continue working to improve the rate and has set a target of 50% by 2028. In light of the characteristics of the Group's businesses, the competitive environment and its growth strategy, the Group will also appropriately consider establishing additional indicators and targets.

3 [Business Risks]

Matters concerning the status of business, status of accounting, and other matters described in the Annual Securities Report that may have a material effect on investors' decisions are described below. In addition, even for matters that do not necessarily constitute such risks, we have included them from the standpoint of proactive disclosure if we consider them important for investment decisions. The statements in the text do not cover all the risks associated with an investment in the Company's shares. The degree and timing of the possibility that such risks may materialize and the nature of the impact on the Group's operating results and other conditions if such risks materialize are not stated because it is difficult to reasonably foresee such risks.

The Group recognizes the potential for these risks to occur and is committed to preventing their occurrence and responding swiftly should they arise. However, investment decisions concerning the Company's shares should be made only after careful consideration of both the matters described herein and other information contained in this Annual Securities Report.

Forward-looking statements in the text are based on the judgment of the Group as of the end of the current consolidated fiscal year.

(1) Business Environment

(i) Geopolitical Risk

The Group has seven overseas consolidated subsidiaries and conducts business globally, with plans for further expansion. Although the Group carefully assesses potential geopolitical risks in each region, including those where it currently operates, when developing its business portfolio, geopolitical risks may adversely affect the Group's financial position and operating results.

(ii) Procurement Risk

The Group takes appropriate measures under prevailing market conditions, including planned purchases and the establishment of multiple procurement channels, based on relevant market conditions and trends in the supply, demand and prices of the equipment and materials required for its businesses. Nevertheless, shortages may prevent the Group from procuring necessary equipment and materials at the appropriate time, or the Group may be unable to pass increased procurement costs on to selling prices. In such cases, the Group's financial position and operating results may be adversely affected.

(iii) Foreign Exchange Risk

The volume of the Group's foreign currency-denominated transactions has increased rapidly. In addition, the financial statements of overseas subsidiaries are prepared in local currencies and translated into Japanese yen when the consolidated financial statements are prepared. Although the parent company seeks to implement appropriate risk controls, including the standardisation of settlement currencies, sudden exchange-rate fluctuations or a material divergence between assumed and actual exchange rates may adversely affect the Group's financial position and operating results.

(iv) Technological Innovation

To respond to technological innovation, the Group regards the recruitment and development of engineers, the enhancement of the working environment, and the acquisition of technologies, expertise and know-how relating to AI and data analytics as among its highest priorities, taking into account the characteristics and conditions of the industries in which it operates. The Group intends to strengthen these initiatives further. However, the fields of AI and data analytics are characterised by rapid change and the continuous development of new technologies. If the Group encounters difficulty in acquiring the expertise and know-how required for business development, or if its response to technological innovation is delayed, the Group's financial position and operating results may be adversely affected.

(v) Changes in Customer Needs

Technology in the AI field, in which the Group operates, continues to advance rapidly. If the Group is unable to respond appropriately and in a timely manner to changes in customer needs and other developments in this business environment, the Group's financial position and operating results may be adversely affected.

(vi) Laws and Regulations

The Group's business activities are subject to various laws and regulations. The Group works with external specialists, including legal counsel, to ensure compliance with these requirements. Any amendment to or introduction of applicable laws and regulations, or any breach of such requirements by the Group, may adversely affect the Group's financial position and operating results.

(2) Business Activities

(i) Recruitment and Retention of Personnel

The Group has a relatively small workforce and an organisational structure commensurate with its current scale. Strengthening its human resources is essential to further business expansion, and the Group is actively recruiting highly skilled professionals who can make an immediate contribution. However, if the Group is unable to recruit, retain and develop such personnel, or if directors or employees unexpectedly leave the Group, this may constrain business expansion and adversely affect the Group’s financial position and operating results.

(ii) Business Investments

The Group actively invests in businesses expected to generate synergies and acquires companies as subsidiaries. When selecting investment targets and businesses, the Group conducts detailed due diligence, including a review of financial condition, in addition to assessing potential business synergies. Following an investment, the Group seeks to mitigate risk through long-term post-merger integration initiatives, including the dispatch of management personnel. Nevertheless, if an investee, subsidiary or newly planned business does not progress as planned and its business condition deteriorates, the Group’s financial position and operating results may be adversely affected.

(iii) Impairment Risk

In addition to making ongoing capital investments, the Group actively conducts mergers and acquisitions as necessary to accelerate business growth. It has introduced business portfolio management that takes into account the profitability and growth potential of each business and makes investment decisions based on the selective allocation of resources, with the aim of avoiding future impairment risk.

When there are indications that the carrying amounts of property, plant and equipment or intangible assets, including goodwill, may not be recoverable, the Group performs impairment testing. If such testing indicates that an asset group showing signs of impairment is not expected to generate sufficient future cash flows, the Group may be required to recognise an impairment loss, which could adversely affect its financial position and operating results.

(iv) Intellectual Property Rights

The Group takes measures to protect its intellectual property rights. However, if a third party infringes the Group’s intellectual property rights, resolving the matter may require substantial time and expense and may adversely affect the Group’s financial position and operating results. The Group also investigates and addresses, to the extent practicable, the possibility that its activities may infringe third-party intellectual property rights. Nevertheless, it is difficult to identify all third-party intellectual property rights relevant to the Group’s business domains, and the possibility cannot be excluded that the Group may unknowingly infringe another company's patents. In such a case, claims for damages, demands for royalty payments or other actions against the Group may adversely affect its financial position and operating results.

(v) Corporate Governance and Internal Control Systems

As the Group expands its business globally, including through mergers and acquisitions, the number of consolidated subsidiaries and other entities requiring oversight is increasing. Strengthening corporate governance and internal control systems on a global basis is therefore essential. In close cooperation with the Audit and Supervisory Committee and the Internal Audit Office, the Group promotes rapid decision-making on a consolidated basis and the appropriate execution of such decisions, while strengthening corporate governance and internal controls, including through the development of internal rules and manuals.

If the development or operation of these systems is inadequate, or if violations of laws and regulations, misconduct or similar incidents occur despite these systems, the Group’s financial position and operating results may be adversely affected.

(vi) Disaster Risk

As part of its preparedness for disasters and other risks, the Group is strengthening measures for responding to system incidents and ensuring business continuity in emergencies. However, natural disasters such as earthquakes, typhoons, floods, tsunamis, tornadoes, torrential rain, heavy snow and volcanic activity, as well as fires, power outages, electricity shortages or acts of terrorism, may disrupt business operations and cause physical damage or personal injury.

(3) Information Security

(i) System Failures and Information Security

The Group’s businesses depend heavily on internet communications networks as the infrastructure for its services. The Group implements preventive measures, including operational monitoring, to avoid system failures that could interrupt services to customers, as well as system outages and information leaks caused by cyberattacks. Nevertheless, a major system failure or information leak may occur despite these measures and could adversely affect the Group’s financial position and operating results.

(4) Other

(i) Dilution of share value due to exercise of share acquisition rights

The Company grants share acquisition rights as an incentive to directors and employees of the Group. The Company also issues share acquisition rights other than stock options for the purpose of raising funds and strengthening its capital base. If these share acquisition rights are exercised, the value per share may be diluted. As of the end of the current consolidated fiscal year, the number of potential shares underlying the share acquisition rights was 38,737,100, equivalent to 130.1% of the 29,769,051 shares issued as of that date.

4 [Management's Analysis of Financial Position, Operating Results and Cash Flows]

(1) Current Management Strategy and Overview of Operating Results

During the current consolidated fiscal year, the Japanese economy continued on a moderate recovery trend as employment and income conditions improved. However, the outlook remained uncertain due to factors including the prolonged situations in Ukraine and the Middle East, rising prices, and the effects of persistently high interest rates in the United States and Europe.

In Japan's AI business market, investment in enhancing application functionality and in systems specialised for specific operations is expected to increase from fiscal 2023 onward. As applications and systems become more complex to meet user requirements, in-house development is expected to become more common than outsourcing due to cost and development speed considerations. Accordingly, strong growth is anticipated particularly in middleware, servers, storage, IaaS and other products related to in-house development, with the market forecast to reach ¥1,978.7 billion in fiscal 2027, 1.7 times the fiscal 2021 level (Fuji Chimera Research Institute, Inc., "2022 Comprehensive Survey of the Artificial Intelligence Business").

The global AI market is also expected to grow at an accelerating pace as the applications of generative AI, an area of strength for the Group, expand and its implementation in society progresses. In the field of AI data centres, which the Group intends to develop further, the market increasingly requires the construction of facilities capable of handling rapidly growing AI processing demand on a global basis. Against a global economic and security environment characterised by geopolitical issues and security risks, AI is becoming an increasingly important factor in addressing a wide range of challenges, creating strong demand for greater AI data centre capacity and cross-border collaboration. In addition, the computing power required to train AI models is doubling approximately every six months across the industry (based on the May 2024 EPOCH AI research report, "Training Compute of Frontier AI Models Grows by 4–5 times per Year"). The Group therefore expects demand for AI data centres and AI cloud stacks to increase further as new and larger-scale models emerge.

In the previous consolidated fiscal year, the Group launched a global AI Infrastructure Business, renamed from the AI Data Centre Business, as a new strategic core business. To develop and expand this business, the Group renewed its management structure and promoted the recruitment of highly skilled personnel. From an operational perspective, the Group pursued a strategy of securing NVIDIA GPUs, for which global supply is constrained, through business alliances with Taiwanese server equipment suppliers and other partners. It also advanced the development and construction of TAIZA, its proprietary algorithm system designed to optimise the operation of large-scale GPU clusters, and deepened collaboration and discussions with existing and prospective business partners. In parallel, the Group promoted sales activities through its global network, expanding its pipeline of large-scale prospective projects for the provision of AI data-centre services in Asia, primarily Japan, and in Europe.

During the current consolidated fiscal year, the Company secured sites for AI data centres and, through its business partner Naunau Japan Co., Ltd. (head office: Chuo-ku, Tokyo; representative: Reika Omi), indirectly entered into three large-scale AI data-centre service agreements with a customer that is one of the world's largest cloud service providers. The contracted projects progressed, and service under one of them commenced in September 2025.

To install equipment at the AI data centres for these contracted projects, in July 2025 the Company entered into an agreement with GIGA COMPUTING CO., LTD. (head office: New Taipei City, Taiwan; representative: Daniel Hou, CEO) for the acquisition of a complete set of 625 GPU servers equipped with 5,000 NVIDIA B200 GPUs as property, plant and equipment. In December 2025, the Company entered into an agreement with INVENTEC CORPORATION (head office: Taipei, Taiwan; representative: Jack Tsai, President) for the acquisition of a complete set of 1,250 GPU servers equipped with 10,000 NVIDIA B300 GPUs as property, plant and equipment.

In addition, in June 2025 the Company reached a basic agreement with Mathew Hawkins, the largest shareholder and representative of CUDO Ventures Ltd. (head office: London, United Kingdom; representative: Matt Hawkins, CEO; service brand: CUDO Compute; "CUDO"), regarding the acquisition of CUDO as a subsidiary through a capital alliance. CUDO is an NVIDIA-certified AI partner under the NVIDIA Cloud Partner programme and has an established track record and technical expertise in the operation of AI cloud stacks and data-centre infrastructure. The Company and CUDO also agreed to establish a Company subsidiary as a joint venture and are continuing discussions.

The Group's operating results for the current consolidated fiscal year were as follows. In the first quarter, Fupbimx, S.A.P.I. de C.V., previously an unconsolidated subsidiary in Mexico, was included in the scope of consolidation because its materiality had increased.

(Net sales)
Net sales for the current consolidated fiscal year were ¥33,605 million, an increase of ¥30,662 million year on year. This was mainly attributable to the commencement of service provision in the AI Infrastructure Business in September 2025 and generally steady or strong performance in the existing businesses.
(Cost of sales)
Cost of sales was ¥27,208 million, an increase of ¥25,517 million year on year. The principal components were server usage fees of ¥25,154 million, personnel expenses of ¥1,019 million, outsourcing expenses of ¥524 million and depreciation of ¥429 million.
(Selling, general and administrative expenses)
Selling, general and administrative expenses were ¥2,852 million, an increase of 63.2% year on year. The principal components were personnel expenses of ¥914 million, outsourcing expenses of ¥765 million, professional fees of ¥289 million, taxes and dues of ¥178 million, amortisation of goodwill and customer-related assets of ¥120 million, travel and transportation expenses of ¥99 million, and rent expenses of ¥58 million.
(Non-operating income and expenses)
The Group recorded foreign exchange gains of ¥113 million and interest expenses of ¥28 million.
(Extraordinary income and losses)
The Group recorded gain on reversal of share acquisition rights of ¥8 million, loss on sale of investment securities of ¥2 million and loss on valuation of investment securities of ¥1 million.
(Total income taxes)
Income taxes-current were ¥948 million and income taxes-deferred were negative ¥124 million, resulting in total income taxes of ¥824 million.

Following the commencement of service provision in the new AI Infrastructure Business in September 2025, net sales for the current consolidated fiscal year were ¥33,605 million, an increase of ¥30,662 million year on year. This covered the substantial upfront investment costs for the AI Infrastructure Business, resulting in operating profit of ¥3,544 million, compared with an operating loss of ¥496 million in the previous fiscal year, and adjusted EBITDA of ¥4,205 million, compared with negative ¥169 million in the previous fiscal year. The Group recorded interest expenses of ¥28 million and other non-operating expenses, while recording foreign exchange gains of ¥113 million and other non-operating income, resulting in ordinary profit of ¥3,627 million, compared with an ordinary loss of ¥613 million in the previous fiscal year. After recording gain on reversal of share acquisition rights of ¥8 million as extraordinary income and total income taxes of ¥824 million, profit attributable to owners of the parent was ¥2,801 million, compared with loss attributable to owners of the parent of ¥654 million in the previous fiscal year.
* Adjusted EBITDA = Operating profit + Depreciation + Amortisation of intangible assets + Share-based compensation expenses + M&A-related expenses

(2) Overview by Business Segment
Operating results by segment for the current consolidated fiscal year were as follows.

a. Domestic Business
In the AI Infrastructure Business, the Group made substantial upfront investments to establish the business foundation and expand operations. As full-scale service provision commenced in the third quarter, both net sales and profit increased significantly.
The Data Science Business and System Integration Business recorded strong growth in both net sales and profit, led by d-ss. inc.
In the Marketing Solutions Business, solid intelligence Inc. and the FollowUP service performed steadily, while MSS Inc. underperformed. As a result, both net sales and profit were broadly in line with the previous fiscal year.
As a result, net sales to external customers in the Domestic Business increased to ¥32,468 million, up ¥30,549 million year on year, and segment profit was ¥5,057 million, compared with segment profit of ¥92 million in the previous fiscal year.

b. Overseas Business
The Overseas Business is engaged in the international expansion of FollowUP within the Marketing Solutions Business.
During the current consolidated fiscal year, orders in Chile and Colombia, the principal overseas markets, remained steady. Consequently, net sales to external customers were ¥1,136 million, an increase of ¥113 million year on year, and segment profit was ¥149 million, compared with ¥163 million in the previous fiscal year.

(3) Overview of Financial Position

The Group's financial position at the end of the current consolidated fiscal year was as follows.

(Assets)

Total assets at the end of the current consolidated fiscal year were ¥28,577 million, an increase of ¥23,983 million, or 522.1%, from the end of the previous consolidated fiscal year.

This was mainly attributable to increases of ¥13,851 million in current assets, ¥4,603 million in property, plant and equipment, and ¥5,290 million in investments and other assets.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year were ¥9,173 million, an increase of ¥6,979 million, or 318.1%, from the end of the previous consolidated fiscal year.

This was mainly attributable to increases of ¥5,215 million in deposits received, ¥1,578 million in accounts payable—other and ¥988 million in income taxes payable, partly offset by a decrease of ¥665 million in short-term borrowings.

(Net assets)

Net assets at the end of the current consolidated fiscal year were ¥19,403 million, an increase of ¥17,003 million, or 708.4%, from the end of the previous consolidated fiscal year.

The principal factors were increases of ¥23 million each in share capital and capital surplus due to the partial exercise of the 15th series of share acquisition rights (paid-in stock options); increases of ¥407 million each in share capital and capital surplus due to the exercise of the 19th series of share acquisition rights (fixed exercise price); increases of ¥2,293 million each in share capital and capital surplus due to the exercise of the 20th series of share acquisition rights (with an exercise price adjustment clause); and increases of ¥3,849 million each in share capital and capital surplus due to the partial exercise of the 23rd series of share acquisition rights (fixed exercise price). In addition, share acquisition rights increased by ¥766 million and retained earnings increased by ¥2,801 million due to the recording of profit attributable to owners of the parent.

(4) Cash Flow Position

Cash and cash equivalents (hereinafter, "cash") at the end of the current consolidated fiscal year decreased by ¥108 million from the end of the previous consolidated fiscal year to ¥396 million. Cash flows and the factors affecting them during the current consolidated fiscal year were as follows.

(Cash flows from operating activities)

Net cash used in operating activities was ¥4,913 million, compared with ¥83 million used in the previous consolidated fiscal year. The principal factors included profit before income taxes of ¥3,631 million, an increase in trade receivables of ¥10,459 million, an increase in accounts payable and accrued expenses of ¥1,556 million, and depreciation of ¥454 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥8,302 million, compared with ¥1,192 million used in the previous consolidated fiscal year. This was mainly attributable to purchases of property, plant and equipment of ¥4,628 million and payments of guarantee deposits of ¥3,180 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥13,117 million, compared with ¥163 million provided in the previous consolidated fiscal year. This was mainly attributable to proceeds of ¥13,147 million from the issuance of shares upon exercise of share acquisition rights and an increase of ¥138 million in short-term borrowings, partly offset by repayments of long-term borrowings of ¥163 million.

Trends in cash flow-related indicators were as follows.

	Fiscal year ended 31 March 2025 (Consolidated)	Fiscal year ended 31 March 2026 (Consolidated)
Equity ratio (%)	50.4	64.8
Market capitalisation ratio (%)	371.9	131.9

Equity ratio: Equity / Total assets

Market capitalisation ratio: Market capitalisation / Total assets

(Note 1) Market capitalisation is calculated based on the number of issued shares excluding treasury shares.

(5) Sources of Capital and Liquidity of Funds

In addition to cash flows generated from operating activities, the Group raises funds through various means, including borrowings from financial institutions and equity financing, and seeks to maintain sufficient liquidity in cash on hand. The Group plans to fund equipment and other expenditures for each AI data centre in the AI Infrastructure Business using borrowings, proceeds from the exercise of the 23rd series of share acquisition rights (unexercised balance at the end of the current consolidated fiscal year: 37,930,000 shares; exercise price: ¥1,250) and advance payments from customers.

(6) Production, Orders and Sales

a. Production

Because of the nature of the Group’s businesses, disclosure of production results is not considered applicable and is therefore omitted.

b. Orders

Because of the nature of the Group’s businesses, disclosure of order results is not considered applicable and is therefore omitted.

c. Sales

Sales for the current consolidated fiscal year by segment were as follows.

Segment	Current consolidated fiscal year (1 April 2025 to 31 March 2026)	Year-on-year (%)
Domestic Business (thousand yen)	32,468,614	1,691.4
Overseas Business (thousand yen)	1,136,424	111.1
Total (thousand yen)	33,605,038	1,142.0

(Notes) 1. Intersegment transactions have been eliminated.

2. The reasons for the significant year-on-year change in sales during the current consolidated fiscal year are described in “(1) Current Management Strategy and Overview of Operating Results” above.

3. Sales to major customers for the two most recent consolidated fiscal years and the respective percentages of total sales were as follows.

Customer	Previous consolidated fiscal year (1 April 2024 to 31 March 2025)		Current consolidated fiscal year (1 April 2025 to 31 March 2026)	
	Amount (thousand yen)	Percentage (%)	Amount (thousand yen)	Percentage (%)
NowNaw Japan Co., Ltd.	—	—	30,477,329	90.7

(7) Outlook

The fiscal year ending 31 March 2027 is positioned as a phase of accelerated growth following the full-scale commencement of service provision in the AI Infrastructure Business in the previous fiscal year. The Group also expects favourable performance in the existing Data Science, System Integration and Marketing Solutions businesses, supported by expanding synergies among these businesses. Accordingly, the Group forecasts consolidated net sales of ¥162,193 million, operating profit of ¥24,815 million, adjusted EBITDA of ¥58,191 million, ordinary profit of ¥12,542 million and profit attributable to owners of the parent of ¥8,704 million.

The consolidated earnings forecast includes revenue from AI data-centre projects in the AI Infrastructure Business, comprising ¥79,864 million from the project for which service provision commenced in the previous fiscal year; ¥15,943 million from the first domestic data-centre project already under contract and ¥34,164 million from the first Australian data-centre project already under contract, both of which are scheduled to commence operations in stages from July; ¥15,943 million from the first Thai data-centre project, which forms part of the highly probable pipeline; and ¥12,811 million from the planned expansion of the first Australian data-centre project, which is also considered highly probable.

These projects represent aggregate forecast revenue of ¥158,726 million, while revenue from the Group's other existing businesses is forecast at ¥3,467 million. In addition, the Group forecasts aggregate project profit of ¥26,843 million, excluding interest expenses, from the data-centre projects reflected in this consolidated earnings forecast.
The Group will promptly revise its earnings forecast if such revision becomes necessary due to progress in major pipeline projects in the AI Infrastructure Business or other developments.

(8) Factors That May Materially Affect Operating Results

Factors that may materially affect the Group's operating results are described in "Part I [Company Information], Section 2 [Business Status], 3 [Business Risks]".

(9) Significant Accounting Estimates and Assumptions Used in Those Estimates

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. In preparing the consolidated financial statements, accounting estimates that affect the reported amounts of assets, liabilities, income and expenses are made on a reasonable basis using information available at the time, including past results. Actual results may differ from these estimates because of the uncertainty inherent in estimation. Significant accounting estimates and assumptions used in preparing the consolidated financial statements are described in "Part I [Company Information], Section 5 [Financial Information], 1 [Consolidated Financial Statements and Other Information], (1) [Consolidated Financial Statements], Notes to Consolidated Financial Statements, Significant Accounting Estimates".

5 [Material Contracts]

(Grant of the Right to Nominate Director Candidates to the Allottee of a Third-Party Allotment)

The Company entered into a share subscription agreement with First Plus Financial Holdings PTE. Ltd. ("First Plus") in connection with a third-party allotment of new shares to First Plus. Under the agreement, First Plus was granted the right to nominate two candidates for appointment as directors of the Company (the "Agreement"). Details of the Agreement are as follows.

(1) Overview of the Agreement

Contract date	Counterparty	Address of counterparty	Details of the agreement
29 February 2024	First Plus Financial Holdings PTE. Ltd.	8 Marina View, #36-02 Asia Square Tower 1, Singapore	For as long as First Plus continues to hold at least a prescribed number of the Company's ordinary shares, First Plus has the right to nominate two directors of the Company. If First Plus exercises this right, the Company must take the necessary measures to ensure that the nominees are appointed as directors without delay. However, First Plus is under no obligation to nominate any director.

(2) Purpose of the Agreement

Strengthening corporate governance and providing other management support.

(3) Status of Deliberations by the Board of Directors and the Process Leading to the Company's Decision to Enter into the Agreement

In light of the urgency and necessity of raising funds at the time, as well as the anticipated enhancement of the Group's corporate value through the use of First Plus' network, the Board of Directors held sufficient deliberations on multiple occasions and approved the issuance of new shares to First Plus through a third-party allotment and the execution of the share subscription agreement containing the Agreement.

(4) Impact of the Agreement on the Company's Corporate Governance

As of the end of the current consolidated fiscal year, no director nominated by First Plus had been appointed or was serving on the Board. If a person nominated by First Plus is appointed as a director in the future, that person may influence the Company's management decisions. However, First Plus has expressed its intention to support the Group's management through the medium- to long-term holding of the Company's shares and has in fact provided support in relation to fundraising, useful information and introductions to companies that contribute to the development and promotion of the AI Infrastructure Business, the Group's new strategic core business. The Company therefore considers that the Agreement will not adversely affect its corporate governance.

(Issuance of the 23rd Series of Share Acquisition Rights)

At a meeting held on 10 September 2025, the Board of Directors resolved to issue the 23rd series of share acquisition rights by way of third-party allotment (the "Share Acquisition Rights"). The issuance was approved at the Extraordinary General Meeting of Shareholders held on 17 October 2025. On the same date, the Company entered into a third-party allotment agreement concerning the Share Acquisition Rights with First Plus, the allottee, and payment was completed.

An overview of the Share Acquisition Rights is provided below.

<Overview of the Issuance of the Share Acquisition Rights>

(i) Allotment date	17 October 2025
(ii) Number of share acquisition rights issued	440,000 rights
(iii) Issue price	Total: ¥809,600,000 (¥1,840 per share acquisition right)
(iv) Number of potential shares resulting from the issuance	44,000,000 shares (100 shares per share acquisition right)
(v) Amount of funds to be raised	¥55,809,600,000 Breakdown: Proceeds from issuance of the Share Acquisition Rights: ¥809,600,000 Proceeds from exercise of the Share Acquisition Rights: ¥55,000,000,000
(vi) Exercise price	Exercise price: ¥1,250
(vii) Description and value of assets to be contributed upon exercise	The assets to be contributed upon exercise of the Share Acquisition Rights shall be cash or the aggregate amount of the principal and interest receivables held by First Plus against the Company under the revolving credit facility agreement dated 4 August 2025 between the Company and First Plus (facility limit: US$35,000,000; term: two years; interest rate: 4%). Where a US dollar-denominated monetary claim is contributed in accordance with the terms and conditions of issuance, the value of such claim shall be translated into Japanese yen using the telegraphic transfer middle rate quoted by MUFG Bank, Ltd. on the business day immediately preceding the exercise date.
(viii) Offering or allotment method (Allottee)	All 440,000 Share Acquisition Rights were allotted to First Plus by way of third-party allotment.
(ix) Exercise period	From 20 October 2025 to 19 October 2026
(x) Other matters	The third-party allotment agreement provides, among other matters, that: • If First Plus transfers the Share Acquisition Rights with the prior approval of the Company's Board of Directors, the transferee shall succeed to all of First Plus' rights and obligations as allottee under the agreement. Prior approval of the Company is required if First Plus' ownership ratio of the Company's ordinary shares would exceed 33% of the total number of issued shares. • Until six months have elapsed from the date of the agreement, the Company may not issue shares, share acquisition rights or securities convertible into, or carrying rights to acquire, such shares or rights without First Plus' prior written consent. • If First Plus holds any unexercised Share Acquisition Rights one month before expiry of the exercise period, or if trading in the Company's shares on the Tokyo Stock Exchange is suspended for five or more trading days, First Plus may at any time thereafter request, by giving notice to the Company, that the Company purchase all or part of the Share Acquisition Rights.

6 [Research and Development Activities]

Total research and development expenditure for the Group during the current consolidated fiscal year was ¥4 million. Research and development activities relating to AI technology were conducted in the Domestic Business segment.

Section 3 [Equipment and Facilities]

1 [Overview of Capital Expenditures]

Total capital expenditures made during the current consolidated fiscal year amounted to ¥5,106 million. The principal expenditure was ¥4,497 million for data-centre equipment not yet in operation, which is recorded as construction in progress.

There were no material disposals, sales or other retirements of equipment during the current consolidated fiscal year.

2 [Principal Equipment and Facilities]

The principal equipment and facilities of the Group are as follows.

(1) Reporting Company

As of 31 March 2026

Office / Facility (Location)	Segment	Carrying Amount				Number of Employees (persons)
		Buildings (thousand yen)	Tools, Furniture and Fixtures (thousand yen)	Software (thousand yen)	Total (thousand yen)	
Head Office (Shinagawa-ku, Tokyo)	Domestic Business	—	11,041	1,155,930	1,166,971	14 (1)
Head Office (Shinagawa-ku, Tokyo)	Corporate / Common	—	4,336	—	4,336	12 (0)

(Notes) 1. There are no principal facilities currently out of operation.
2. The head office premises are leased. Annual rent is ¥13,807 thousand.
3. The number of employees represents employees actually in service, excluding employees seconded from the Company to external organisations. The average annual number of temporary employees, including part-time employees, is shown separately in parentheses.

(2) Domestic Subsidiaries

Omitted because the information is immaterial.

(3) Overseas Subsidiaries

As of 31 December 2025

Office / Facility (Location)	Segment	Carrying Amount				Number of Employees (persons)
		Buildings (thousand yen)	Tools, Furniture and Fixtures (thousand yen)	Software (thousand yen)	Total (thousand yen)	
Jach Technology SpA (Santiago, Chile)	Overseas Business	-	241,261	482,749	724,010	52 (0)

(Notes) 1. There are no principal facilities currently out of operation.
2. The number of employees represents employees actually in service. The average annual number of temporary employees, including part-time employees, is shown separately in parentheses.

3 [Plans for New Construction, Retirement and Other Changes to Equipment]

The Group formulates its capital expenditure plans after comprehensively considering economic forecasts, industry trends, investment efficiency and other relevant factors. As a general rule, each consolidated company prepares its own equipment plan, while the reporting company coordinates the overall planning process.

The Group's material plans for the construction of new equipment and facilities as of the end of the current consolidated fiscal year are as follows.

Material New Construction of Equipment and Facilities

Company / Facility	Location	Segment	Description of Equipment	Planned Investment		Funding Method	Scheduled Commencement and Completion		Expected Increase in Capacity after Completion
				Total (¥ million)	Amount Paid (¥ million)		Commencement	Completion	
Undecided	Chiba Prefecture	Domestic Business	Data-centre facilities, equipment and machinery	65,000	1,579	Cash on hand and borrowings	July 2025	August 2026	(Note)
Undecided	Thailand	Overseas Business	Data-centre facilities, equipment and machinery	48,000	2,918	Cash on hand and borrowings	March 2026	August 2026	(Note)
Undecided	Australia	Overseas Business	Data-centre facilities, equipment and machinery	97,000	-	Cash on hand and borrowings	March 2026	August 2026	(Note)
The Company Head Office	Domestic Business	Domestic Business	Algorithms for optimising the operation of large-scale GPU clusters for AI and related systems	1,500	1,411	Cash on hand and borrowings	August 2024	December 2026	-

(Note) The expected increase in capacity following completion is omitted because it is difficult to quantify.

Section 4 [Information about the Reporting Company]

1 [Information about Shares and Other Securities]

(1) [Total Number of Shares and Issued Shares]

(i) [Total Number of Shares]

Type	Total Number of Shares Authorised to Be Issued (shares)
Common shares	88,000,000
Total	88,000,000

(Note) Pursuant to a resolution of the Extraordinary General Meeting of Shareholders held on 17 October 2025, the Articles of Incorporation were amended and the total number of shares authorised to be issued was increased from 30,400,000 shares to 88,000,000 shares.

(ii) [Issued Shares]

Type	Number of Issued Shares as of the End of the Current Fiscal Year (31 March 2026)	Number of Issued Shares as of the Filing Date (29 June 2026)	Name of Financial Instruments Exchange on Which the Shares Are Listed or Authorised Financial Instruments Business Association with Which the Shares Are Registered	Description
Common shares	29,769,051	32,017,051	Tokyo Stock Exchange Growth Market	Number of shares per unit 100 shares
Total	29,769,051	32,017,051	-	-

(2) [Share Acquisition Rights]

(i) [Employee Stock Option Plans]

	15th Series of Share Acquisition Rights
Date of resolution	15 January 2021
Category and number of grantees (persons)	Directors of the Company: 2
Number of share acquisition rights (rights)*	1,080 [0]
Class, description and number of shares underlying the share acquisition rights (shares)*	108,000 common shares [0] (Note 1)
Amount payable upon exercise of the share acquisition rights (yen)*	430 (Note 2)
Exercise period of the share acquisition rights*	From 3 February 2021 to 2 February 2029
Issue price and amount to be incorporated into share capital upon issuance of shares through exercise of the share acquisition rights (yen)*	Issue price: 432 Amount incorporated into share capital: 216
Conditions for exercise of the share acquisition rights*	(Note 3)
Matters concerning transfer of the share acquisition rights*	Any transfer of the share acquisition rights shall require approval by resolution of the Board of Directors.
Matters concerning the grant of share acquisition rights in connection with a reorganisation*	(Note 4)

* The information presented is as of the end of the current fiscal year (31 March 2026). Matters that changed between the end of the current fiscal year and the end of the month preceding the filing date (31 May 2026) are shown in brackets as of 31 May 2026. All other matters remain unchanged from the end of the current fiscal year.

(Notes) 1. If, after the allotment date of the share acquisition rights, the Company conducts a share split (including a gratis allotment of the Company's common shares; the same applies hereinafter) or a share consolidation, the number of shares to be granted shall be adjusted in accordance with the following formula. Such adjustment shall apply only to the number of shares underlying share acquisition rights that have not been exercised at the relevant time, and any fraction of less than one share resulting from the adjustment shall be disregarded.

Number of shares granted after adjustment = Number of shares granted before adjustment x Share split (or consolidation) ratio

If, after the allotment date of the share acquisition rights, the Company conducts a merger, company split or reduction in share capital, or if an adjustment to the number of shares to be granted otherwise becomes necessary in circumstances equivalent to the foregoing, the number of shares to be granted shall be adjusted appropriately within a reasonable range.

2. If, after the allotment date of the share acquisition rights, the Company conducts a share split or share consolidation, the exercise price shall be adjusted in accordance with the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Share split (or consolidation) ratio}}$$

If, after the allotment date of the share acquisition rights, the Company issues new shares or disposes of treasury shares at a price below the market price of the Company's common shares (excluding the issuance of new shares or disposal of treasury shares upon exercise of share acquisition rights and the transfer of treasury shares through a share exchange), the exercise price shall be adjusted in accordance with the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of outstanding shares} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Market price per share before issuance}}}{\text{Number of outstanding shares} + \text{Number of newly issued shares}}$$

In the above formula, the 'number of outstanding shares' means the total number of issued common shares of the Company less the number of treasury common shares held by the Company. If the Company disposes of treasury common shares, 'number of newly issued shares' shall be read as 'number of treasury shares to be disposed of'.

In addition to the foregoing, if, after the allotment date of the share acquisition rights, the Company merges with another company, conducts a company split or otherwise becomes required to adjust the exercise price in circumstances equivalent to the foregoing, the Company may appropriately adjust the exercise price within a reasonable range.

3. Conditions for Exercise of Share Acquisition Rights

(i) Holders of share acquisition rights may exercise their share acquisition rights only if both conditions (a) and (b) below are satisfied.

(a) Net sales exceed ¥2,000 million in any fiscal year from the fiscal year ended 31 March 2022 through the fiscal year ended 31 March 2024. For purposes of determining net sales, the figures in the statement of income, or the consolidated statement of income if the Company prepares consolidated financial statements, included in the Company's Annual Securities Report shall be used. If there is a material change in the concept of net sales to be referenced due to the adoption of International Financial Reporting Standards or otherwise, the Board of Directors shall separately determine the appropriate indicator to be referenced.

(b) During the period from the allotment date through 31 July 2025, the closing price of the Company's common shares in regular trading on the Tokyo Stock Exchange exceeds 150% of the exercise price of the share acquisition rights for each of any 20 consecutive trading days. The exercise price shall be appropriately adjusted by the Board of Directors in accordance with Note 2 above.

(ii) Share acquisition rights may not be exercised if such exercise would cause the total number of issued shares of the Company to exceed the total number of shares authorised to be issued at that time.

(iii) Share acquisition rights may not be exercised in fractions of less than one right.

4. Matters Concerning the Grant of Share Acquisition Rights in Connection with a Reorganisation

If the Company conducts a merger in which the Company is dissolved, an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively, a 'Reorganisation'), the Company shall grant to each holder of share acquisition rights, on the effective date of the Reorganisation, share acquisition rights of the relevant stock company listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (the 'Reorganised Company') in accordance with the conditions below. This shall apply only where the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides that share acquisition rights of the Reorganised Company will be granted in accordance with the following conditions.

(i) Number of Share Acquisition Rights of the Reorganised Company to Be Granted

Each holder shall be granted the same number of share acquisition rights as the number of share acquisition rights held by that holder.

(ii) Class of Shares of the Reorganised Company Underlying the Share Acquisition Rights

Common shares of the Reorganised Company.

(iii) Number of Shares of the Reorganised Company Underlying the Share Acquisition Rights

To be determined in accordance with Note 1 above, taking into account the conditions of the Reorganisation.

(iv) Value of Assets to Be Contributed upon Exercise of the Share Acquisition Rights

The value of assets to be contributed upon exercise of each share acquisition right granted shall be the amount obtained by multiplying the post-Reorganisation exercise price, determined by adjusting the exercise price specified in Note 2 above in consideration of the conditions of the Reorganisation, by the number of shares of the Reorganised Company underlying the relevant share acquisition right as determined in accordance with item (iii) above.

(v) Exercise Period of the Share Acquisition Rights

From the later of the first day of the original exercise period and the effective date of the Reorganisation through the last day of the original exercise period.

(vi) Matters Concerning Increases in Share Capital and Legal Capital Surplus upon the Issuance of Shares through Exercise of the Share Acquisition Rights

To be determined in accordance with the row titled 'Issue price and amount to be incorporated into share capital upon issuance of shares through exercise of share acquisition rights (yen)' in the table above.

(vii) Restrictions on Acquisition of Share Acquisition Rights by Transfer

Acquisition of share acquisition rights by transfer shall require approval by resolution of the Board of Directors of the Reorganised Company.

(viii) Other Conditions for Exercise of the Share Acquisition Rights

To be determined in accordance with Note 3 above.

(ix) Grounds and Conditions for Acquisition of the Share Acquisition Rights

(a) If a general meeting of shareholders approves, or the Board of Directors resolves where shareholder approval is not required, a merger agreement under which the Company becomes the disappearing company, a company split agreement or plan under which the Company becomes the splitting company, or a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, the Company may acquire all share acquisition rights without consideration on a date separately determined by the Board of Directors.

(b) If, before exercising the share acquisition rights, a holder becomes unable to exercise them pursuant to the provisions of Note 3 above, the Company may acquire those share acquisition rights without consideration.

(x) Other conditions shall be determined in accordance with the conditions of the Reorganised Company.

	16th Series of Share Acquisition Rights	18th Series of Share Acquisition Rights
Date of resolution	21 July 2022	21 November 2022
Category and number of grantees (persons)	Directors of the Company: 3	Employees of the Company: 12
Number of share acquisition rights (rights)*	2,289	1,144
Class and number of shares underlying the rights (shares)*	228,900 common shares (Note 1)	114,400 common shares (Note 1)
Amount payable upon exercise (yen)*	¥1 (Note 2)	
Exercise period*	From 13 August 2027 to 12 August 2032	From 22 December 2027 to 21 December 2032
Issue price and amount incorporated into share capital upon exercise (yen)*	Issue price: ¥280 Amount incorporated into share capital: ¥140 (Note 3)	Issue price: ¥251 Amount incorporated into share capital: ¥125.5 (Note 3)
Conditions for exercise*	1. At the time of exercise, a holder of the share acquisition rights must remain a director, company auditor or employee of the Company or an affiliated company of the Company. This requirement shall not apply where the Board of Directors recognises retirement upon expiry of the holder’s term of office, mandatory retirement or any other justifiable reason. 2. Notwithstanding item 1 above, if a general meeting of shareholders approves, or the Board of Directors resolves where shareholder approval is not required, a merger agreement under which the Company becomes the disappearing company, or a share exchange agreement, share delivery agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, the holder may exercise the share acquisition rights only during the 30-day period beginning on the day following the date of such approval or resolution. 3. An heir of a holder may not exercise the share acquisition rights. 4. The share acquisition rights may not be exercised if such exercise would cause the total number of issued shares of the Company to exceed the total number of shares authorised to be issued at that time. 5. The share acquisition rights may not be exercised in fractions of less than one right.	
Matters concerning transfer*	Any transfer requires approval by resolution of the Board of Directors.	

Matters concerning acquisition by the Company*	1. If a general meeting of shareholders approves, or the Board of Directors resolves where shareholder approval is not required, a merger agreement under which the Company becomes the disappearing company, a company split agreement or plan under which the Company becomes the splitting company, or a share exchange agreement, share delivery plan or share transfer plan under which the Company becomes a wholly owned subsidiary, the Company may acquire all of the share acquisition rights without consideration on a date separately determined by the Board of Directors. 2. If, before exercising the share acquisition rights, a holder becomes unable to exercise them pursuant to the conditions for exercise set out above, the Company may acquire, without consideration and on a date separately determined by the Board of Directors, the share acquisition rights that have become unexercisable.

Treatment upon a reorganization*	If the Company conducts a merger in which the Company is dissolved, an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively, a "Reorganisation"), the Company shall grant to each holder of the share acquisition rights, on the effective date of the Reorganisation, share acquisition rights of the relevant stock company listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (the "Reorganised Company") in accordance with the conditions set out below. This shall apply only where the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides that share acquisition rights of the Reorganised Company will be granted in accordance with the following conditions. (i) Number of Share Acquisition Rights of the Reorganised Company to Be Granted Each holder shall be granted the same number of share acquisition rights as the number of share acquisition rights held by that holder. (ii) Class of Shares of the Reorganised Company Underlying the Share Acquisition Rights Common shares of the Reorganised Company. (iii) Number of Shares of the Reorganised Company Underlying the Share Acquisition Rights The number shall be determined in accordance with Note 1 above, taking into account the conditions of the Reorganisation. (iv) Value of Assets to Be Contributed upon Exercise of the Share Acquisition Rights The value of assets to be contributed upon exercise of each share acquisition right granted shall be the amount obtained by multiplying the post-Reorganisation exercise price, determined by adjusting the exercise price specified in Note 2 above in consideration of the conditions of the Reorganisation, by the number of shares of the Reorganised Company underlying the relevant share acquisition right as determined in accordance with item (iii) above. (v) Exercise Period of the Share Acquisition Rights The exercise period shall commence on the later of the first day of the exercise period specified in the table above and the effective date of the Reorganisation, and shall end on the last day of the exercise period specified in the table above. (vi) Matters Concerning Increases in Share Capital and Legal Capital Surplus upon the Issuance of Shares through Exercise of the Share Acquisition Rights These matters shall be determined in accordance with Note 3 above. (vii) Restrictions on Acquisition of Share Acquisition Rights by Transfer Acquisition of share acquisition rights by transfer shall require approval by resolution of the Board of Directors of the Reorganised Company. (viii) Other Conditions for Exercise of the Share Acquisition Rights These conditions shall be determined in accordance with the conditions for exercise of the share acquisition rights set out above.

	(ix) Grounds and Conditions for Acquisition of the Share Acquisition Rights These matters shall be determined in accordance with the matters concerning acquisition of the share acquisition rights by the Company set out above. (x) Other Conditions Other conditions shall be determined in accordance with the conditions applicable to the Reorganised Company.

* The information presented is as of the end of the current fiscal year (31 March 2026). As there were no changes to the matters required to be disclosed between that date and the end of the month preceding the filing date (31 May 2026), the information as of 31 May 2026 is omitted.

(Notes) 1. If, after the allotment date of the share acquisition rights, the Company conducts a share split or share consolidation, the number of shares to be granted shall be adjusted in accordance with the following formula, and any fraction of less than one share resulting from the adjustment shall be disregarded.

Number of shares granted after adjustment = Number of shares granted before adjustment x Share split or consolidation ratio

In addition to the foregoing, if, after the allotment date, an unavoidable event requiring adjustment to the number of underlying shares occurs, including a reduction in capital, merger or company split, the number of underlying shares shall be adjusted within a reasonable range, taking into account the terms of the relevant transaction.

2. The value of the assets to be contributed upon exercise of each share acquisition right shall be the amount obtained by multiplying ¥1, being the amount payable per share to be delivered upon exercise (the 'Exercise Price'), by the number of shares to be granted.

3. Increases in share capital and legal capital surplus shall be determined as follows:

(1) The amount of share capital to be increased upon issuance of shares through exercise of the share acquisition rights shall be one-half of the maximum amount of increase in share capital and related items calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting. Any fraction of less than one yen shall be rounded up.

(2) The amount of legal capital surplus to be increased shall be the maximum amount of increase in share capital and related items referred to in (1) above, less the amount of share capital to be increased under (1).

	21st Series of Share Acquisition Rights
Date of resolution	25 March 2025
Category and number of grantees (persons)	Director of the Company: 1
Number of share acquisition rights (rights)*	3,558
Class and number of shares underlying the rights (shares)*	355,800 common shares (Note 1)
Amount payable upon exercise (yen)*	¥1 (Note 2)
Exercise period*	From 26 March 2027 to 25 March 2035
Issue price and amount incorporated into share capital upon exercise (yen)*	Issue price: ¥1,005 Amount incorporated into share capital: ¥502.5 (Note 3)
Conditions for exercise*	(Note 3)
Matters concerning transfer*	Any transfer requires approval by resolution of the Board of Directors.
Matters concerning acquisition by the Company*	(Note 4)
Treatment upon a reorganisation*	(Note 5)

* The information presented is as of the end of the current fiscal year (31 March 2026). As there were no changes to the matters required to be disclosed between that date and the end of the month preceding the filing date (31 May 2026), the information as of 31 May 2026 is omitted.

(Notes) 1. If, after the allotment date of the share acquisition rights, the Company conducts a share split (including a gratis allotment of common shares; the same applies hereinafter) or share consolidation, the number of shares to be granted shall be adjusted in accordance with the following formula. The adjustment shall apply only to shares underlying unexercised share acquisition rights at that time, and any fraction of less than one share shall be disregarded.

Number of shares granted after adjustment = Number of shares granted before adjustment x Share split (or consolidation) ratio

If, after the allotment date, the Company conducts a merger, company split or reduction in share capital, or if an adjustment is otherwise required in circumstances equivalent to the foregoing, the number of shares to be granted shall be adjusted appropriately within a reasonable range.

2. If, after the allotment date, the Company conducts a share split or share consolidation, the Exercise Price shall be adjusted in accordance with the formula below, and any fraction of less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Share split (or consolidation) ratio}}$$

If, after the allotment date, the Company issues new shares or disposes of treasury shares at a price below the market price of its common shares, excluding issuances or disposals upon exercise of share acquisition rights or in connection with a merger, company split, share exchange or share delivery, the Exercise Price shall be adjusted in accordance with the formula below, and any fraction of less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of outstanding shares} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Market price per share before issuance}}}{\text{Number of Existing Shares Issued} + \text{Number of Newly Issued Shares}}$$

In the formula above, the 'number of outstanding shares' means the total number of issued common shares less treasury common shares held by the Company. In the case of a disposal of treasury shares, 'number of newly issued shares' shall be read as 'number of treasury shares to be disposed of'.

In addition, if, after the allotment date, the Company conducts a merger, company split, share exchange or share delivery, or if an adjustment to the Exercise Price is otherwise required in circumstances equivalent to the foregoing, the Company may appropriately adjust the Exercise Price within a reasonable range.

3. Conditions for Exercise of the Share Acquisition Rights

(i) Holders may exercise the share acquisition rights only if net sales shown in the Company's consolidated statement of income (or statement of income if consolidated financial statements are not prepared) included in the Annual Securities Report for either the fiscal year ended 31 March 2026 or the fiscal year ending 31 March 2027 exceed ¥5,000 million. Once this condition is satisfied, the rights may be exercised during the exercise period set out in the table above.

(ii) At the time of exercise, the holder must remain a director, Audit & Supervisory Board member or employee of the Company or an affiliated company. This shall not apply where the Board of Directors recognises retirement upon expiry of term, mandatory retirement or another justifiable reason.

(iii) Exercise by an heir of a holder is not permitted.

(iv) The rights may not be exercised if such exercise would cause the total number of issued shares to exceed the total number of shares authorised to be issued at that time.

(v) Share acquisition rights may not be exercised in fractions of less than one right.

4. Matters Concerning Acquisition of the Share Acquisition Rights

(i) If a general meeting of shareholders approves, or the Board of Directors resolves where shareholder approval is not required, a merger agreement under which the Company becomes the disappearing company, a company split agreement or plan under which the Company becomes the splitting company, or a share exchange agreement, share delivery plan or share transfer plan under which the Company becomes a wholly owned subsidiary, the Company may acquire all of the share acquisition rights without consideration on a date separately determined by the Board of Directors.

(ii) If a holder becomes unable to exercise the rights pursuant to the provisions of Note 3 above before exercise, the Company may acquire those rights without consideration.

5. Treatment of Share Acquisition Rights upon a Reorganisation

If the Company conducts a merger in which it is dissolved, an absorption-type company split, incorporation-type company split, share exchange or share transfer (collectively, a 'Reorganisation'), the Company shall grant to each holder, on the effective date of the Reorganisation, share acquisition rights of the relevant stock company listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (the 'Reorganised Company') in accordance with the conditions below. This shall apply only where the relevant merger agreement, company split agreement or plan, share exchange agreement or share transfer plan provides for such grant.

(i) Number of Share Acquisition Rights of the Reorganised Company to Be Granted

Each holder shall receive the same number of rights as the number held immediately before the Reorganisation.

(ii) Class of Shares of the Reorganised Company Underlying the Rights

Common shares of the Reorganised Company.

(iii) Number of Shares of the Reorganised Company Underlying the Rights

To be determined in accordance with Note 1 above, taking into account the conditions of the Reorganisation.

(iv) Value of Assets to Be Contributed upon Exercise

The value of assets to be contributed upon exercise of each right shall be the amount obtained by multiplying the post-Reorganisation Exercise Price, determined by adjusting the Exercise Price specified in Note 2 above in consideration of the conditions of the Reorganisation, by the number of shares of the Reorganised Company determined under item (iii).

(v) Exercise Period

From the later of the first day of the original exercise period and the effective date of the Reorganisation through the last day of the original exercise period.

(vi) Increases in Share Capital and Legal Capital Surplus upon Exercise

To be determined in accordance with the row concerning issue price and amount incorporated into share capital in the table above.

(vii) Restrictions on Acquisition by Transfer

Acquisition by transfer shall require approval by resolution of the Board of Directors of the Reorganised Company.

(viii) Other Conditions for Exercise

To be determined in accordance with Note 3 above.

(ix) Grounds and Conditions for Acquisition

To be determined in accordance with Note 4 above.

(x) Other conditions shall be determined in accordance with the conditions of the Reorganised Company.

(ii) [Rights Plan]

Not applicable.

(iii) [Other Share Acquisition Rights]

Share acquisition rights issued pursuant to the Companies Act are as follows.

	23rd Series of Share Acquisition Rights
Date of resolution	10 September 2025
Number of share acquisition rights (rights)*	379,300 [357,900]
Number of treasury share acquisition rights (rights)*	0
Class and number of shares underlying the rights (shares)*	37,930,000 common shares [35,790,000] (Note 1)
Amount payable upon exercise (yen)*	¥1,250 (Note 2)
Exercise period*	From 20 October 2025 to 19 October 2026
Issue price and amount incorporated into share capital upon exercise (yen)*	Issue price: ¥1,268 Amount incorporated into share capital: ¥634
Conditions for exercise*	Partial exercise of the Share Acquisition Rights is not permitted.
Matters concerning transfer*	Any transfer requires approval by resolution of the Board of Directors.
Treatment upon a reorganisation*	(Note 3)

* The information presented is as of the end of the current fiscal year (31 March 2026). Matters that changed between that date and the end of the month preceding the filing date (31 May 2026) are shown in brackets as of 31 May 2026. All other matters remain unchanged.

(Notes) 1. If, after the allotment date, the Company conducts a share split (including a gratis allotment of common shares; the same applies hereinafter) or share consolidation, the number of shares to be granted shall be adjusted in accordance with the formula below. The adjustment shall apply only to shares underlying unexercised rights at that time, and any fraction of less than one share shall be disregarded.

Number of shares granted after adjustment = Number of shares granted before adjustment x Share split (or consolidation) ratio

If, after the allotment date, the Company conducts a merger, company split or reduction in share capital, or if an adjustment is otherwise required in circumstances equivalent to the foregoing, the number of shares to be granted shall be adjusted appropriately within a reasonable range.

2. If, after the allotment date, the Company conducts a share split or share consolidation, the Exercise Price shall be adjusted in accordance with the formula below, and any fraction of less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Share split (or consolidation) ratio}}$$

If, after the allotment date, the Company issues new shares or disposes of treasury shares at a price below the market price of its common shares, excluding issuances or disposals upon exercise of share acquisition rights and transfers of treasury shares through a share exchange, the Exercise Price shall be adjusted in accordance with the formula below, and any fraction of less than one yen shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of outstanding shares} + \dfrac{\text{Number of newly issued shares x Amount paid per share}}{\text{Market price per share before issuance}}}{\text{Number of Shares Already Issued + Number of Newly Issued Shares}}$$

In the formula above, the 'number of outstanding shares' means the total number of issued common shares less treasury common shares held by the Company. In the case of a disposal of treasury shares, 'number of newly issued shares' shall be read as 'number of treasury shares to be disposed of'.

In addition, if, after the allotment date, the Company merges with another company, conducts a company split or otherwise requires an adjustment to the Exercise Price in circumstances equivalent to the foregoing, the Company may appropriately adjust the Exercise Price within a reasonable range.

3. Matters Concerning the Grant of Share Acquisition Rights in Connection with a Reorganisation

If the Company conducts a merger in which it is dissolved, an absorption-type company split, incorporation-type company split, share exchange or share transfer (collectively, a 'Reorganisation'), the Company shall grant to each holder, on the effective date of the Reorganisation, share acquisition rights of the relevant stock company listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (the 'Reorganised Company') in accordance with the conditions below. This shall apply only where the relevant merger agreement, company split agreement or plan, share exchange agreement or share transfer plan provides for such grant.

(i) Number of Share Acquisition Rights of the Reorganised Company to Be Granted

Each holder shall receive the same number of rights as the number held immediately before the Reorganisation.

(ii) Class of Shares of the Reorganised Company Underlying the Rights

Common shares of the Reorganised Company.

(iii) Number of Shares of the Reorganised Company Underlying the Rights

To be determined in accordance with Note 1 above, taking into account the conditions of the Reorganisation.

(iv) Value of Assets to Be Contributed upon Exercise

The value of assets to be contributed upon exercise of each right shall be the amount obtained by multiplying the post-Reorganisation Exercise Price, determined by adjusting the Exercise Price specified in Note 2 above in consideration of the conditions of the Reorganisation, by the number of shares of the Reorganised Company determined under item (iii).

(v) Exercise Period

From the later of the first day of the exercise period and the effective date of the Reorganisation through the last day of the exercise period.

(vi) Increases in Share Capital and Legal Capital Surplus upon Exercise

To be determined in accordance with the row concerning issue price and amount incorporated into share capital in the table above.

(vii) Restrictions on Acquisition by Transfer

Acquisition by transfer shall require approval by resolution of the Board of Directors of the Reorganised Company.

(viii) Other Conditions for Exercise

To be determined in accordance with Note 3 above.

(ix) Grounds and Conditions for Acquisition

(a) If a general meeting of shareholders approves, or the Board of Directors resolves where shareholder approval is not required, a merger agreement under which the Company becomes the disappearing company, a company split agreement or plan under which the Company becomes the splitting company, or a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, the Company may acquire all of the rights without consideration on a date separately determined by the Board of Directors.

(b) If a holder becomes unable to exercise the rights pursuant to the provisions of Note 3 above before exercise, the Company may acquire those rights without consideration.

(x) Other conditions shall be determined in accordance with the conditions of the Reorganised Company.

(3) [Exercise of Bonds with Share Acquisition Rights Subject to Exercise Price Adjustment Clauses, etc.]

(i) 20th Series of Share Acquisition Rights

	Interim Accounting Period (1 October 2025 to 31 March 2026)	26th Fiscal Year (1 April 2025 to 31 March 2026)
Number of bonds with share acquisition rights subject to exercise price adjustment clauses, etc. exercised during the period (rights)	—	43,071
Number of shares delivered upon exercise during the period (shares)	—	4,307,100
Average exercise price, etc. for exercises during the period (yen)	—	1,061
Amount of funds raised through exercises during the period (thousand yen)	—	4,571,054
Cumulative number of bonds with share acquisition rights subject to exercise price adjustment clauses, etc. exercised as of the end of the period (rights)	—	44,000
Cumulative number of shares delivered in respect of such bonds, etc. as of the end of the period (shares)	—	4,400,000
Cumulative average exercise price, etc. in respect of such bonds, etc. as of the end of the period (yen)	—	1,058
Cumulative amount of funds raised in respect of such bonds, etc. as of the end of the period (thousand yen)	—	4,673,483

(Note) All of these share acquisition rights were exercised during the current fiscal year. Accordingly, there were no outstanding share acquisition rights, underlying shares or other balances as of the end of the current fiscal year.

(4) [Changes in the Total Number of Issued Shares, Share Capital, etc.]

Date	Increase (Decrease) in Total Number of Issued Shares (shares)	Total Number of Issued Shares (shares)	Increase (Decrease) in Share Capital (thousand yen)	Share Capital Balance (thousand yen)	Increase (Decrease) in Legal Capital Surplus (thousand yen)	Legal Capital Surplus Balance (thousand yen)
15 June 2021 (Note 2)	182,910	14,179,463	48,928	1,449,264	48,928	1,221,047
16 June 2021 (Note 1)	1,000	14,180,463	55	1,449,319	55	1,221,102
10 August 2021 (Note 3)	16,290	14,196,753	3,233	1,452,552	3,233	1,224,335
11 August 2021 to 31 March 2022 (Note 1)	130,000	14,326,753	4,550	1,457,102	4,550	1,228,885
17 August 2022 (Note 1)	66,600	14,393,353	9,357	1,466,460	9,357	1,238,243
19 August 2022 (Note 4)	96,184	14,489,537	13,658	1,480,118	13,658	1,251,901

Date	Increase (Decrease) in Total Number of Issued Shares (shares)	Total Number of Issued Shares (shares)	Increase (Decrease) in Share Capital (thousand yen)	Share Capital Balance (thousand yen)	Increase (Decrease) in Legal Capital Surplus (thousand yen)	Legal Capital Surplus Balance (thousand yen)
26 September 2022 (Note 5)	248,314	14,737,851	35,260	1,515,378	35,260	1,287,161
27 September 2022 to 31 March 2023 (Note 1)	20,000	14,757,851	1,100	1,516,478	1,100	1,288,261
16 October 2023 to 4 January 2024 (Note 1)	200,200	14,958,051	11,011	1,527,489	11,011	1,299,272
29 February 2024 (Note 6)	2,230,000	17,188,051	340,989	1,868,479	340,989	1,640,262
1 July 2024 (Note 7)	515,000	17,703,051	—	1,868,479	—	1,640,262
10 March 2025 to 31 March 2025 (Note 8)	92,900	17,795,951	43,633	1,912,113	43,633	1,683,896
1 April 2025 to 11 July 2025 (Note 8)	4,307,100	22,103,051	2,293,107	4,205,220	2,293,107	3,977,003
24 October 2025 (Note 1)	1,488,000	23,591,051	407,860	4,613,081	407,860	4,384,864
6 November 2025 to 17 November 2025 (Note 1)	6,070,000	29,661,051	3,849,594	8,462,675	3,849,594	8,234,458
15 December 2025 (Note 1)	108,000	29,769,051	23,360	8,486,036	23,360	8,257,819

(Notes) 1. The increases resulted from the exercise of share acquisition rights.

2. The increase resulted from a paid-in third-party allotment.
   Issue price: ¥535
   Amount incorporated into share capital: ¥267.5
   Principal allottee: Go Strategy S.A.S.
3. The increase resulted from the issuance of new shares as restricted share-based compensation.
   Issue price: ¥397
   Amount incorporated into share capital: ¥198.5
4. The increase resulted from the issuance of new shares as restricted share-based compensation.
   Issue price: ¥284
   Amount incorporated into share capital: ¥142
5. The increase resulted from the issuance of new shares as restricted share-based compensation.
   Issue price: ¥284
   Amount incorporated into share capital: ¥142
6. The increase resulted from a paid-in third-party allotment.
   Issue price: ¥305.82
   Amount incorporated into share capital: ¥152.91
   Allottee: First Plus Financial Holdings PTE. Ltd.
7. The increase resulted from the issuance of new shares in connection with the share exchange conducted on 1 July 2024, under which the Company became the wholly owning parent company and MSS Inc. became

its wholly owned subsidiary.

8. The increase resulted from the exercise of the 20th series of share acquisition rights with an exercise price adjustment clause issued by way of third-party allotment.
9. From 1 April 2026 to 31 May 2026, the exercise of share acquisition rights increased the total number of issued shares by 2,248,000 shares and increased share capital and legal capital surplus by ¥1,380,548 thousand each.

(5) [Shareholders by Category]

As of 31 March 2026

Category	Shares Held (100 shares per unit)								Shares of Less than One Unit (shares)
	Government and Local Public Bodies	Financial Institutions	Financial Instruments Business Operators	Other Corporations	Foreign Corporations, etc.		Individuals and Others	Total	
					Other than Individuals	Individuals			
Number of Shareholders (persons)	—	3	21	81	79	278	14,471	14,933	—
Number of Shares Held (units)	—	221	51,834	10,267	153,464	3,893	77,571	297,250	44,051
Percentage of Shares Held (%)	—	0.10	17.40	3.50	51.60	1.30	26.10	100.0	—

(Note) Of the 137,615 treasury shares, 1,376 units are included under 'Individuals and Others' and 15 shares are included under 'Shares of Less than One Unit'.

(6) [Major Shareholders]

As of 31 March 2026

Name	Address	Number of Shares Held (shares)	Percentage of Total Issued Shares Excluding Treasury Shares (%)
FIRST PLUS FINANCIAL HOLDINGS PTE. LTD.	8 Marina View, #36-02 Asia Square Tower 1, Singapore	9,788,000	33.03
Tokai Tokyo Securities Co., Ltd.	4-7-1 Meieki, Nakamura-ku, Nagoya, Aichi	2,174,000	7.34
FUTU SECURITIES INTERNATIONAL (HONG KONG) LIMITED	Unit C1-2, 13/F, United Centre, No. 95 Queensway, Admiralty, Hong Kong	1,083,800	3.66
SBI SECURITIES Co., Ltd.	1-6-1 Roppongi, Minato-ku, Tokyo	961,837	3.25
VLC Security Co., Ltd.	4-1-40 Toranomon, Minato-ku, Tokyo	515,000	1.74
Morgan Stanley MUFG Securities Co., Ltd.	1-9-7 Otemachi, Chiyoda-ku, Tokyo	489,900	1.65
Nomura Securities Co., Ltd.	1-13-1 Nihombashi, Chuo-ku, Tokyo	469,477	1.58
JP JPMSE LUX RE MACQUARIE BANK LTD LONDON EQ CO	Level 6, 50 Martin Place, Sydney, Australia	448,480	1.51
JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO	Citigroup Centre, Canada Square, London E14 5LB, United Kingdom	444,200	1.50
Rakuten Securities, Inc. Joint Account	2-6-21 Aoyama, Minato-ku, Tokyo	426,940	1.44
Total	-	16,801,634	56.70

(Notes) 1. KDDI Corporation, which was a major shareholder as of the end of the previous fiscal year, was no longer a major shareholder as of the end of the current fiscal year.

2. Of the 9,788,000 shares held by FIRST PLUS FINANCIAL HOLDINGS PTE. LTD. shown above, the authority to exercise voting and other rights in respect of 7,558,000 shares acquired through the exercise of the 19th and 23rd series of share acquisition rights has been comprehensively delegated to Earth Elements Capital Co., Ltd.

(7) [Voting Rights]

(i) [Issued Shares]

As of 31 March 2026

Category	Number of Shares (shares)		Number of Voting Rights (rights)	Description
Shares without Voting Rights		—	—	—
Shares with Restricted Voting Rights (Treasury Shares, etc.)		—	—	—
Shares with Restricted Voting Rights (Other)		—	—	—
Shares with Full Voting Rights (Treasury Shares, etc.)	Common shares	137,600	—	—
Shares with Full Voting Rights (Other)	Common shares	29,587,400	295,874	—
Shares of Less than One Unit	Common shares	44,051	—	—
Total Issued Shares		29,769,051	—	—
Total Voting Rights of Shareholders		—	295,874	—

(ii) [Treasury Shares, etc.]

As of 31 March 2026

Name of Owner	Address of Owner	Shares Held in Own Name (shares)	Shares Held in the Name of Others (shares)	Total Shares Held (shares)	Percentage of Total Issued Shares (%)
Datasection Inc.	1-3-8 Nishigotanda, Shinagawa-ku, Tokyo	137,600	—	137,600	0.46
Total	—	137,600	—	137,600	0.46

2 [Acquisition of Treasury Shares]

[Class of Shares, etc.] Acquisition of common shares pursuant to Article 155, Item 13 of the Companies Act

(1) [Acquisitions Pursuant to a Resolution of the General Meeting of Shareholders]

Not applicable.

(2) [Acquisitions Pursuant to a Resolution of the Board of Directors]

Not applicable.

(3) [Acquisitions Not Based on a Resolution of the General Meeting of Shareholders or the Board of Directors]

Acquisition of common shares pursuant to Article 155, Item 13 of the Companies Act

Category	Number of Shares (shares)	Total Value (yen)
Treasury Shares Acquired during the Current Fiscal Year (Note)	46,703	137,000
Treasury Shares Acquired during the Current Period	—	—

(Note) Treasury shares acquired during the current fiscal year comprised 40 shares purchased as shares of less than one unit and 46,663 shares granted under the restricted share-based compensation scheme and subsequently acquired by the Company without consideration.

(4) [Disposal and Holding of Acquired Treasury Shares]

Category	Current Fiscal Year		Current Period	
	Number of Shares (shares)	Total Disposal Value (yen)	Number of Shares (shares)	Total Disposal Value (yen)
Treasury Shares Offered for Subscription	-	-	-	-
Treasury Shares Retired	-	-	-	-
Treasury Shares Transferred in Connection with a Merger, Share Exchange, Share Delivery or Company Split	-	-	-	-
Other (Disposal of Treasury Shares as Restricted Share-Based Compensation) (Note)	-	-	-	-
Treasury Shares Held	137,615	—	137,615	—

3 [Dividend Policy]

(1) Basic Policy on Dividends

The Company recognises the return of profits to shareholders as an important management priority. Its basic policy is to pay stable dividends while securing sufficient retained earnings to support future business expansion and strengthen its management foundation.

(2) Basic Policy on the Number of Dividend Payments per Fiscal Year

The Articles of Incorporation provide that the Company may pay a year-end dividend and may pay dividends of surplus by establishing a record date. When dividends of surplus are paid, the Company's basic policy is to pay a year-end dividend once a year.

(3) Decision-Making Bodies for Dividends

The Board of Directors is the decision-making body for interim dividends, while the General Meeting of Shareholders is the decision-making body for year-end dividends.

(4) Approach to Dividends for the Current Fiscal Year and Use of Retained Earnings

During the current fiscal year, the Company actively recruited personnel and undertook other initiatives to expand its business. As the Company prioritised the accumulation of retained earnings, it did not pay any dividends of surplus. Retained earnings will be used effectively to strengthen the Company's financial position and fund future business expansion.

(5) Interim Dividends

The Articles of Incorporation provide that the Company may pay an interim dividend pursuant to Article 454, Paragraph 5 of the Companies Act.

4 [Corporate Governance and Related Matters]

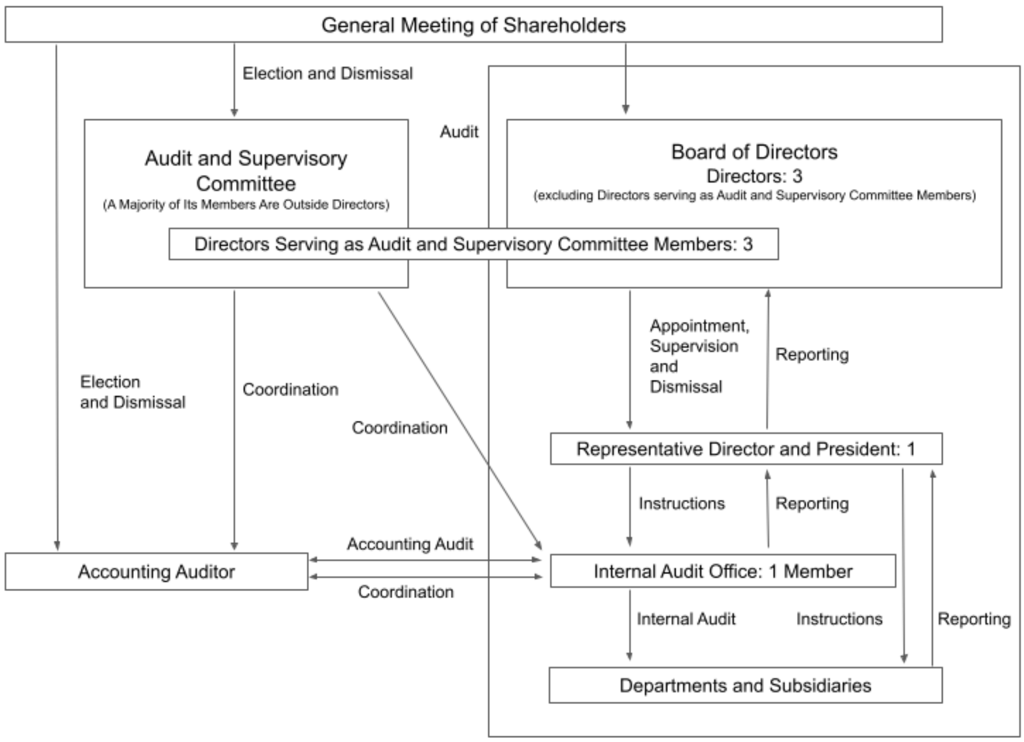
(1) [Overview of Corporate Governance]

(i) Basic Approach to Corporate Governance

The Company regards corporate governance as a framework for ensuring discipline in corporate management. It recognises that sound corporate governance is essential to respecting shareholders' rights and conducting business in a sound and responsible manner. The Company’s principal corporate governance priorities are to: clearly define its corporate purpose and management philosophy and communicate broadly to society the attitudes and conduct expected of management in light of those principles; build constructive relationships with stakeholders; ensure timely and appropriate disclosure of information; strengthen management oversight by the Board of Directors and the Audit and Supervisory Committee and fulfil its accountability to shareholders; and establish and operate effective internal control systems to maintain discipline in management.

(ii) Overview of the Corporate Governance System and Reasons for Its Adoption

a. Overview of the Corporate Governance System



a) Board of Directors

The Board of Directors consists of six members: Norihiko Ishihara, Representative Director, President, Executive Officer and CEO; Pablo Casado Blanco, Chairman of the Board; John Ellis Bush Jr., Director; Shigeyuki Tsuchida, Director and full-time Audit and Supervisory Committee Member; Tsuyoshi Hirayama, Outside Director and Audit and Supervisory Committee Member; and German Alcayde Fort, Outside Director and Audit and Supervisory Committee Member. Outside Directors have been appointed to facilitate prompt business execution and ensure effective oversight. Ordinary meetings of the Board of Directors are held once a month, with extraordinary meetings convened as necessary. The Board makes decisions on management policy, annual budgets and other significant matters, receives reports on monthly budget control and other important matters, and supervises business execution and the performance of duties by each Director.

b) Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three members: Shigeyuki Tsuchida, Director and full-time Audit and Supervisory Committee Member, who serves as chair; Tsuyoshi Hirayama, Outside Director and Audit and Supervisory Committee Member; and German Alcayde Fort, Outside Director and Audit and

Supervisory Committee Member. The Committee determines audit policies, methods and implementation plans.

Audit and Supervisory Committee Members attend meetings of the Board of Directors and other important meetings, express opinions as appropriate regarding the execution of duties by Directors, and conduct operational audits in accordance with the audit policies determined by the Committee.
As a general rule, the Audit and Supervisory Committee meets once every two months and also meets on an extraordinary basis as necessary. The Committee regularly exchanges information and coordinates with the internal auditor and the accounting auditor.

c) Internal Audit Office

The Company has established an Internal Audit Office under the direct authority of the Representative Director and President, staffed by one internal auditor. To ensure the effectiveness and efficiency of operations, the internal auditor conducts audits in accordance with an internal audit plan approved by the Representative Director, reports the results to the Representative Director, identifies matters requiring operational improvement to the audited departments, and subsequently confirms the status of corrective action. The internal auditor also holds regular meetings with the Audit and Supervisory Committee and the accounting auditor to share information required for audits and coordinate their activities.

b. Reasons for Adopting the Current Corporate Governance System

The Company is a company with an Audit and Supervisory Committee. Outside Directors with extensive corporate management experience and broad expertise regularly exchange opinions and information with other Directors and supervise business execution from a management perspective. The full-time Audit and Supervisory Committee Member receives reports from and exchanges opinions with the Internal Audit Office and the accounting auditor, and conducts audits in coordination with them. The Company has adopted this system because it believes that these arrangements ensure the appropriateness of its operations.

(iii) Other Matters Concerning Corporate Governance

a. Status of Development of the Internal Control System

The Company has established a Basic Policy on Internal Control Systems as a framework for ensuring the appropriateness of its operations. The systems and matters prescribed in that policy are set out below.

a) Systems to Ensure that Directors and Employees Perform Their Duties in Compliance with Laws, Regulations and the Articles of Incorporation

- The Board of Directors, comprising Directors including Outside Directors, makes decisions on important matters and supervises the execution of duties by Directors in accordance with laws and regulations, the Articles of Incorporation, the Regulations of the Board of Directors and other internal rules.
- The Audit and Supervisory Committee audits the execution of duties by Directors from an independent standpoint, including the development and operation of internal control systems.
- As the foundation of the compliance system, the Company has established and disseminated Compliance Management Regulations, which set out standards to be observed by Directors and employees, and fosters and maintains a corporate culture in which personnel act with high ethical standards.
- To establish and maintain the compliance system, the Representative Director and President appoints a person responsible for promoting compliance and advances related initiatives.
- The Company establishes and, as necessary, revises internal rules, including the Regulations of the Board of Directors, to standardise operations and maintain sound management order.
- To ensure the appropriateness of the execution of duties by Directors and employees, the Company has established an Internal Audit Office under the direct authority of the Representative Director and President and conducts internal audits in accordance with the Internal Audit Regulations. The person responsible for internal audit exchanges information with the Audit and Supervisory Committee and the accounting auditor as necessary to conduct efficient audits.

b) Systems for the Retention and Management of Information Relating to the Execution of Duties by Directors

- The department responsible for administration retains and manages information relating to general meetings of shareholders, meetings of the Board of Directors and other important decision-making matters for the

prescribed periods in accordance with laws, regulations and the Document Management Regulations.
- The department responsible for document management promptly responds to requests for inspection by Directors and the Audit and Supervisory Committee.

c) Regulations and Other Systems for Managing Risk of Loss
- Each department analyses and identifies foreseeable risks relating to the Company's business execution, and the Company comprehensively manages risks across the organisation.
- If a management crisis that may materially affect the Company occurs, the Representative Director and President or another Director assumes responsibility for the response, seeks to minimise losses and endeavours to restore normal operations at an early stage.

d) Systems to Ensure the Efficient Execution of Duties by Directors
- Ordinary meetings of the Board of Directors are held once a month, and extraordinary meetings are convened as necessary to facilitate agile decision-making and ensure the appropriate execution of duties.
- Authority and responsibility for the execution of duties are clearly prescribed in the Regulations on Division of Duties, the Organisation and Authority Regulations and other internal rules, which are reviewed appropriately as needed.
- For business management purposes, the Company establishes business plans, clarifies company-wide targets and assigns clear responsibility for performance to each department while seeking to improve operational efficiency.

e) Systems to Ensure the Appropriateness of Operations within the Corporate Group Comprising the Company and Its Subsidiaries
- While respecting the autonomy of its subsidiaries, the Company dispatches Directors or Audit & Supervisory Board Members to audit and supervise the execution of duties by subsidiary directors.

f) Systems to Ensure the Reliability of Financial Reporting
- Under the direction of the Representative Director and President, the Company establishes, develops and operates effective internal controls over financial reporting in accordance with the Financial Instruments and Exchange Act, continuously evaluates whether those systems function appropriately, and implements necessary corrective measures.

g) Matters Concerning Employees Assigned to Assist the Audit and Supervisory Committee, Their Independence from Directors and the Effectiveness of Instructions Issued to Them
- The Company assigns the personnel required by the Audit and Supervisory Committee to assist in the performance of its duties.
- Employees who receive instructions from the Audit and Supervisory Committee in connection with audit duties are not subject to the direction or orders of Directors with respect to those instructions.

h) Systems for Directors and Employees to Report to the Audit and Supervisory Committee and Other Reporting Systems
- Directors and employees promptly report to the Audit and Supervisory Committee when requested to provide a report on the Company's business.
- Directors and employees immediately report to the Audit and Supervisory Committee if a matter that has caused or may cause material loss to the Company arises, or if they discover illegal or improper conduct by a Director.
- Through discussions at meetings of the Board of Directors and other important meetings, and through regular interviews, the Representative Director and President seeks to deepen mutual understanding and trust with the Audit and Supervisory Committee and takes the measures necessary to establish an environment conducive to effective audits.
- The Company prohibits disadvantageous treatment of any Director or employee on the grounds that the person made a report to the Audit and Supervisory Committee, and ensures that this prohibition is fully communicated throughout the Company.

i) Policy on the Treatment of Expenses or Liabilities Arising from the Performance of Duties by the Audit and Supervisory Committee

- If an Audit and Supervisory Committee Member requests advance payment or reimbursement of expenses incurred in the performance of duties, the Company promptly processes the relevant expense or liability unless it is determined not to be necessary for the performance of those duties.

j) Other Systems to Ensure that Audits by the Audit and Supervisory Committee Are Conducted Effectively

- Directors establish an environment in which the Audit and Supervisory Committee may attend important meetings to understand the decision-making process and status of business execution, and may coordinate as necessary with the internal audit function, the accounting auditor and external specialists.

k) Basic Approach to Excluding Transactions with Anti-Social Forces and the Status of Related Systems

- The Company's Regulations for Responding to Anti-Social Forces provide for the severance of all relationships, including transactions, with anti-social forces. The Company has established day-to-day response procedures for Directors and employees and an organisational response system for incidents. It also maintains close cooperation with external specialist organisations, including relevant external specialist organisations, including organisations affiliated with the Tokyo Metropolitan Police Department for the prevention of organised violence, and legal counsel and legal counsel, and includes anti-social force exclusion clauses in contracts and other documents when entering into new transactions.

b. Status of Development of the Risk Management System

The Company continuously strengthens its risk management system to accurately identify and analyse the various risks that may arise in the course of business and respond appropriately. If an emergency occurs or is anticipated, the Representative Director or another Director assumes responsibility and responds promptly, seeking to minimise the spread of the emergency and resolve it at an early stage.

c. Maximum Number of Directors

The Articles of Incorporation provide that the Company shall have no more than seven Directors who are not Audit and Supervisory Committee Members and no more than five Directors who are Audit and Supervisory Committee Members.

d. Requirements for Resolutions to Elect Directors

The Articles of Incorporation provide that resolutions to elect Directors shall be adopted by a majority of the voting rights represented at a general meeting of shareholders attended by shareholders holding at least one-third of the voting rights entitled to be exercised, and that cumulative voting shall not be used.

e. Modification of Requirements for Special Resolutions of the General Meeting of Shareholders

To facilitate the smooth operation of general meetings of shareholders, the Articles of Incorporation provide that special resolutions under Article 309, Paragraph 2 of the Companies Act shall be adopted by at least two-thirds of the voting rights represented at a meeting attended by shareholders holding at least one-third of the voting rights entitled to be exercised.

f. Overview of Limited Liability Agreements

To enable Directors other than executive Directors, etc. to fully perform the roles expected of them, the Company has entered into agreements with such Directors pursuant to Article 427, Paragraph 1 of the Companies Act limiting their liability for damages under Article 423, Paragraph 1 of that Act. Under each agreement, the maximum liability is the higher of a predetermined amount of at least ¥1 million and the amount prescribed by laws and regulations.

g. Exemption from Liability of Directors and Former Audit & Supervisory Board Members

To establish an environment in which Directors can fully demonstrate their capabilities and fulfil the roles expected of them, the Articles of Incorporation provide that the Company may, by resolution of the Board of Directors pursuant to Article 426, Paragraph 1 of the Companies Act, exempt Directors, including former Directors, from liability for damages arising from acts under Article 423, Paragraph 1 of that Act, to the extent permitted by laws and regulations.

In connection with the transition to a company with an Audit and Supervisory Committee, the supplementary provisions of the Articles of Incorporation provide that, with respect to acts occurring before the conclusion of the Extraordinary General Meeting of Shareholders held on 19 December 2024, the Company may, by resolution of the Board of Directors, exempt Audit & Supervisory Board Members, including former members, from liability for damages arising from neglect of duties, to the extent permitted by laws and regulations.

The supplementary provisions also provide that limited liability agreements under Article 427, Paragraph 1 of the Companies Act concerning acts by Audit & Supervisory Board Members, including former members, before the conclusion of that Extraordinary General Meeting shall continue to be governed by the previous provisions.

These transitional provisions were established because the provisions concerning exemption from liability of Audit & Supervisory Board Members were deleted from the Articles of Incorporation upon the transition to a company with an Audit and Supervisory Committee.

h. Overview of the Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy as prescribed in Article 430-3, Paragraph 1 of the Companies Act. The policy covers damages and litigation expenses for which an insured person may become legally liable, including those arising from shareholder derivative actions, where a claim for damages is made against a Director or other officer as a result of an act performed in that capacity. To avoid impairing the appropriateness of the execution of duties by the insured persons, the policy does not cover losses arising where an insured person unlawfully obtained a benefit or advantage, or knowingly committed a criminal, dishonest or fraudulent act or violated laws, regulations or regulatory provisions.

The policy is scheduled to be renewed in August 2026.

i. Matters Subject to Resolution by the General Meeting of Shareholders That May Be Resolved by the Board of Directors

a) Interim Dividends

To enable flexible returns of profit to shareholders, the Articles of Incorporation provide that the Company may, by resolution of the Board of Directors pursuant to Article 454, Paragraph 5 of the Companies Act, pay an interim dividend with 30 September of each year as the record date.

b) Acquisition of Treasury Shares

To enable the flexible implementation of capital policies in response to changes in the business environment, the Articles of Incorporation provide that the Company may, by resolution of the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act, acquire its own shares through market transactions or otherwise.

j. Other Special Circumstances That May Materially Affect Corporate Governance

Norihiko Ishihara, the Company’s Representative Director, President, Executive Officer and CEO, concurrently serves as Representative Director and CEO of VLC Security Co., Ltd. (securities code: 2467; Nagoya Stock Exchange Next Market; “VLC”), with which the Company has a comprehensive business alliance. In matters relating to VLC, the Company pays due attention to potential conflicts of interest and, as in the past, conducts deliberations without Mr Ishihara participating.

If transactions arise between the Group and the VLC group, the Board of Directors will determine whether to proceed with such transactions following multifaceted deliberations. As part of this process, the Audit and Supervisory Committee, led by its full-time member, will request explanations regarding the appropriateness of the transaction terms, including comparisons with ordinary commercial terms. The Board of Directors will then make its decision with due consideration for the interests of the shareholders of both companies. The Company will thereby seek to maintain fair and appropriate business relationships between the two groups.

The Company will continue to pursue further enhancement of the Group’s corporate value while ensuring sound governance and the proper operation of the Board of Directors.

(iv) Activities of the Board of Directors

During the current fiscal year, the Company held 17 meetings of the Board of Directors. The attendance of each Director was as follows.

Position	Name	Number of Meetings Held	Number of Meetings Attended
Chairman of the Board	Pablo Casado Blanco	17	17
Representative Director, President, Executive Officer and CEO	Norihiko Ishihara	17	17
Director	John Ellis Bush Jr.	17	17
Director (Full-time Audit and Supervisory Committee Member)	Shigeyuki Tsuchida	17	17
Outside Director (Audit and Supervisory Committee Member)	Tsuyoshi Hirayama	17	17
Outside Director (Audit and Supervisory Committee Member)	German Alcayde Fort	17	17

The principal matters considered by the Board of Directors during the current fiscal year were as follows:

- Significant management issues
- Matters prescribed by laws and regulations
- Establishment and revision of internal rules
- Business reports and discussion of issues relating to each business
- Issues relating to sustainability initiatives

(2) [Directors and Officers]

(i) List of Directors

a. The Company’s Directors and Officers as of 29 June 2026, the filing date of this Annual Securities Report, were as follows.

Male: 6; Female: - (Percentage of female Directors and Officers: -%)

Position	Name	Date of Birth	Career History	Term of Office	Shares Held (shares)
Chairman of the Board	Pablo Casado Blanco	1 February 1981	2002 Jul International Private Banking, Banco Santander, Geneva, Switzerland 2004 Mar Adviser to the Vice President and Minister of Justice and Interior, Community of Madrid 2007 May Member of the Madrid Assembly; Spokesperson for Justice and Interior; Deputy Spokesperson for Budgets and Treasury 2009 Jun Chief of Staff to the former President of the Government of Spain; Visiting Professor, Global Leadership and Competitiveness Program, McDonough School of Business, Georgetown University 2012 Jan Member of Congress; Spokesperson on the European Union and Foreign Affairs Committees; Fellow, Center for Transatlantic Relations, Johns Hopkins University 2015 May President of the Education Commission and Sustainable Mobility Commission; Representative of Spain to the COSAC Security Commission and the Union for the Mediterranean 2016 Dec Vice President of the European Union Commission in Congress; Member, New Leaders for Europe, World Economic Forum 2018 Jul President of the People's Party; Leader of the Opposition; Candidate for Prime Minister of Spain; Vice President, International Democrat Union and Centrist Democrat International 2022 Jun Chairman, Atlantic Basin Initiative, Johns Hopkins SAIS; Distinguished Fellow, Transatlantic Leadership Network 2023 Jan Founder and Managing Partner, Hyperion Fund FCR; Chairman of the Board, Archery Capital SL (current) 2024 Jul Chairman, Datasection Inc. 2024 Dec Chairman of the Board, Datasection Inc. (current)	(Note 2)	-

Position	Name	Date of Birth	Career History	Term of Office	Shares Held (shares)
Representative Director, President, Executive Officer and CEO	Norihiko Ishihara	4 May 1977	2001 Apr Joined Goldman Sachs Asset Management Co., Ltd. 2004 Aug Joined Goldman Sachs Japan Co., Ltd. 2009 Feb Executive Vice President, Japan Core Partner Co., Ltd. 2011 Jan Director, Atomixmedia Inc. 2011 Mar Founded Sun Investment LLC; Representative Member (current) 2013 Sep Director, Miyako Capital Co., Ltd. 2014 Apr Founded Sun Investment Co., Ltd.; Representative Director (current) 2014 Jun Representative Director, Atomixmedia Inc. 2017 Mar Director, Atomixmedia Inc. 2017 Jun Director, Bulk Holdings Co., Ltd. (currently VLC Security Co., Ltd.) 2018 Jan Representative Director and President, Bulk Holdings Co., Ltd. 2020 Jun Representative Director, President and CEO, VLC Security Co., Ltd. (current) 2020 Jun Representative Director, President and CEO, Bulk Inc. (currently VLC Security Consulting Co., Ltd.) 2020 Aug Representative Director, President and CEO, CyberGym Japan Co., Ltd. (currently VLC Security Arena Co., Ltd.) 2021 Jun Director, Marketing System Service Co., Ltd. (currently MSS Inc.) 2023 Jun Representative Director and CEO, VLC Security Arena Co., Ltd. (current) 2024 Apr Chairman of the Board, Datasection Inc. 2024 Jun Representative Director, President and CEO, Datasection Inc. 2024 Dec Representative Director, President, Executive Officer and CEO, Datasection Inc. (current) 2024 Dec Director, d-ss. inc. (current) 2024 Dec Director, MSS Inc. (current) 2024 Dec Director, Jach Technology SpA (current) 2025 Feb Director, solid intelligence Inc. (current)	(Note 2)	-
Director	John Ellis Bush Jr.	13 December 1983	2006 Sep Fairchild Partners 2008 Dec Partner, Jeb Bush & Associates, LLC (current) 2014 Jan Managing Partner, Bush Ventures 2017 Jan Founding Partner, Finback Investment Partners (current) 2018 Jan Partner, Rio Grande E&P 2024 Dec Director, Datasection Inc. (current)	(Note 2)	-

Position	Name	Date of Birth	Career History	Term of Office	Shares Held (shares)
Director (Full-time Audit and Supervisory Committee Member)	Shigeyuki Tsuchida	3 September 1962	1986 Apr Joined The Long-Term Credit Bank of Japan, Ltd. (currently SBI Shinsei Bank, Limited) 2001 Nov Joined The Norinchukin Bank 2007 Apr Joined Aozora Bank, Ltd. 2008 Dec Executive Officer, Aozora Bank, Ltd. 2009 Oct Joined Innovation Network Corporation of Japan (currently INCJ, Ltd.) 2013 May Executive Officer, Innovation Network Corporation of Japan 2015 Dec Senior Managing Director, Japan Venture Capital Association 2018 Aug Senior Executive Officer, INCJ, Ltd. 2020 Jun Senior Managing Director, INCJ, Ltd. 2020 Dec Joined Japan Co-Creation Platform; Senior Managing Executive Officer 2024 Dec Director and Full-time Audit and Supervisory Committee Member, Datasection Inc. (current) 2025 Oct Chairman of the Board, Energy Flow Co., Ltd. (current)	(Note 3)	1,000
Director (Audit and Supervisory Committee Member)	Tsuyoshi Hirayama (Note 1)	1 August 1980	2004 Apr Joined Pyramid Film Inc. 2007 Jun Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) 2009 Dec Registered as a certified public accountant 2009 Dec Registered as an attorney-at-law 2009 Dec Established Tsuyoshi Hirayama Certified Public Accountant Office; Representative (current) 2010 Jan Joined Ito & Mitomi (currently Morrison & Foerster Law Offices) 2012 Oct Director, Omoroki Inc. (current) 2015 Mar Established Tairaka Law Office; Representative (current) 2015 Apr Part-time Lecturer, Faculty of Policy Management, Keio University 2017 Jun Outside Director, Bulk Holdings Co., Ltd. (currently VLC Security Co., Ltd.) 2018 Sep Outside Audit & Supervisory Board Member, freee K.K. 2019 Jun Audit & Supervisory Board Member, VLC Security Co., Ltd. (current) 2020 Jun Outside Audit & Supervisory Board Member, Socialwire Co., Ltd. (current) 2024 Dec Director and Audit and Supervisory Committee Member, Datasection Inc. (current)	(Note 3)	-

Position	Name	Date of Birth	Career History	Term of Office	Shares Held (shares)
Director (Audit and Supervisory Committee Member)	German Alcayde Fort (Note 1)	20 August 1980	2001 Nov AC Hotels / AC by Marriott 2003 Jan Arval (BNP Paribas) 2006 Jan Michael Page International Spain 2006 Nov Signium International 2011 May Member of the Madrid Parliament 2011 Jul General Manager of Education, Government of Madrid 2011 Oct Chief of Staff to former Prime Minister of Spain José María Aznar 2015 Dec Executive Chairman, Atlantic Business Consulting (current) 2019 Oct Adviser, Latham & Watkins (current) 2020 Nov CEO, HVR Energy (current) 2023 Jul Member of the Advisory Board, Zerintia Healthtech (current) 2023 Oct General Manager, Atlantic Institute of Government (current) 2024 Jan Executive Chairman, AbsorbeCO2 2024 Jan Executive Chairman, Atlantic Business Consulting (current) 2024 Dec Director and Audit and Supervisory Committee Member, Datasection Inc. (current)	(Note 3)	-
Total					1,000

(Notes) 1. Tsuyoshi Hirayama and German Alcayde Fort are Outside Directors. The Company has designated them as Independent Officers pursuant to the rules of the Tokyo Stock Exchange and has notified the Exchange accordingly.

2. The term of office of Directors who are not Audit and Supervisory Committee Members extends from the conclusion of the Annual General Meeting of Shareholders relating to the fiscal year ended 31 March 2026 until the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within one year after their election.

3. The term of office of Directors who are Audit and Supervisory Committee Members extends from the conclusion of the Annual General Meeting of Shareholders relating to the fiscal year ended 31 March 2026 until the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within two years after their election.

(ii) Outside Directors

As of the filing date of this Annual Securities Report, the Company had two Outside Directors, both of whom were Audit and Supervisory Committee Members. Based on their high level of specialist knowledge, the Outside Directors provide objective and neutral advice and supervise the execution of duties by internal Directors. The Company believes that they thereby fulfil functions and roles that contribute to strengthening and enhancing corporate governance.

The Company’s Outside Directors who are Audit and Supervisory Committee Members are Tsuyoshi Hirayama and German Alcayde Fort.

Tsuyoshi Hirayama has extensive experience and broad expertise in legal affairs and financial accounting gained through legal practice and audit work, together with substantial experience as an outside officer of other listed companies. He was appointed as an Outside Director with the expectation that he would apply this experience and expertise to the Company’s governance and risk management.

As of the filing date, Mr Hirayama served as an Audit & Supervisory Board Member of VLC Security Co., Ltd. VLC Security Co., Ltd. held 389,000 common shares of the Company, and the Company and VLC Security Co., Ltd. had a reciprocal business outsourcing relationship. However, there was no direct interest between the Company and Mr Hirayama personally. He also served as Representative of Tsuyoshi Hirayama Certified Public Accountant Office, Outside Audit & Supervisory Board Member of Socialwire Co., Ltd., Representative of Tairaka Law Office, and Director of Omoroki Inc. There were no special relationships between the Company and Mr Hirayama personally or any of these entities.

German Alcayde Fort has held executive positions at multinational companies and key posts at public institutions. He was appointed as an Outside Director with the expectation that his extensive global experience and broad expertise would contribute to the Group's international expansion.

Mr Alcayde Fort serves as a Partner at Latham & Watkins, CEO of HVR Energy, a Member of the Advisory Board of Zerintia Healthtech, General Manager of the Atlantic Institute of Government, and Executive Chairman of Atlantic Business Consulting. There were no special relationships between the Company and Mr Alcayde Fort personally or any of these organisations.

Other than the relationships described above, there are no personnel, capital, business or other interests between the Company and its Outside Directors.

The Company has not established specific standards or policies regarding the independence of Outside Directors. However, it refers to the independence criteria prescribed by the Tokyo Stock Exchange and appoints Outside Directors who are unlikely to have conflicts of interest with general shareholders. The Company therefore considers that management independence is appropriately maintained.

(iii) Coordination among Supervision or Audits by Outside Directors Who Are Audit and Supervisory Committee Members, Internal Audits, Audits by Directors Who Are Audit and Supervisory Committee Members and Accounting Audits, and Their Relationship with the Internal Control Function

The internal auditor conducts internal audits in accordance with an internal audit plan approved by the Representative Director, reports the results to the Representative Director, identifies matters requiring operational improvement to the audited departments, and subsequently confirms the status of corrective action.

Audit and Supervisory Committee Members conduct planned and comprehensive audits, led by the full-time member. They also attend meetings of the Board of Directors and other important meetings, express opinions, interview Directors and inspect important approval documents and other materials in carrying out their audits.

Audit and Supervisory Committee Members and the internal auditor regularly share information and coordinate with one another to conduct effective and efficient audits.

In addition, the Audit and Supervisory Committee Members and the internal auditor meet regularly with the accounting auditor, exchange opinions as necessary, and confirm the status of corrective action regarding identified matters.

b. The agenda of the Annual General Meeting of Shareholders scheduled for 30 June 2026 includes proposals to elect three Directors who are not Audit and Supervisory Committee Members and three Directors who are Audit and Supervisory Committee Members. If these proposals are approved, the Company's Directors and Officers will be as follows.

Male: 6; Female: 0 (Percentage of female Directors and Officers: 0%)

Position	Name	Date of Birth	Career History	Term of Office	Shares Held (shares)
Chairman of the Board	Pablo Casado Blanco	1 February 1981	2002 Jul International Private Banking, Banco Santander, Geneva, Switzerland 2004 Mar Adviser to the Vice President and Minister of Justice and Interior, Community of Madrid 2007 May Member of the Madrid Assembly; Spokesperson for Justice and Interior; Deputy Spokesperson for Budgets and Treasury 2009 Jun Chief of Staff to the former President of the Government of Spain; Visiting Professor, Global Leadership and Competitiveness Program, McDonough School of Business, Georgetown University 2012 Jan Member of Congress; Spokesperson on the European Union and Foreign Affairs Committees; Fellow, Center for Transatlantic Relations, Johns Hopkins University 2015 May President of the Education Commission and Sustainable Mobility Commission; Representative of Spain to the COSAC Security Commission and the Union for the Mediterranean 2016 Dec Vice President of the European Union Commission in Congress; Member, New Leaders for Europe, World Economic Forum 2018 Jul President of the People's Party; Leader of the Opposition; Candidate for Prime Minister of Spain; Vice President, International Democrat Union and Centrist Democrat International 2022 Jun Chairman, Atlantic Basin Initiative, Johns Hopkins SAIS; Distinguished Fellow, Transatlantic Leadership Network 2023 Jan Founder and Managing Partner, Hyperion Fund FCR; Chairman of the Board, Archery Capital SL (current) 2024 Apr Jul Chairman, Datasection Inc. 2024 Dec Chairman of the Board, Datasection Inc. (current)	(Note 2)	-

Position	Name	Date of Birth	Career History	Term of Office	Shares Held (shares)
Representative Director, President, Executive Officer and CEO	Norihiko Ishihara	4 May 1977	2001 Apr Joined Goldman Sachs Asset Management Co., Ltd. 2004 Aug Joined Goldman Sachs Japan Co., Ltd. 2009 Feb Executive Vice President, Japan Core Partner Co., Ltd. 2011 Jan Director, Atomixmedia Inc. 2011 Mar Founded Sun Investment LLC; Representative Member (current) 2013 Sep Director, Miyako Capital Co., Ltd. 2014 Apr Founded Sun Investment Co., Ltd.; Representative Director (current) 2014 Jun Representative Director, Atomixmedia Inc. 2017 Mar Director, Atomixmedia Inc. 2017 Jun Director, Bulk Holdings Co., Ltd. (currently VLC Security Co., Ltd.) 2018 Jan Representative Director and President, Bulk Holdings Co., Ltd. 2020 Jun Representative Director, President and CEO, VLC Security Co., Ltd. (current) 2020 Jun Representative Director, President and CEO, Bulk Inc. (currently VLC Security Consulting Co., Ltd.) 2020 Aug Representative Director, President and CEO, CyberGym Japan Co., Ltd. (currently VLC Security Arena Co., Ltd.) 2021 Jun Director, Marketing System Service Co., Ltd. (currently MSS Inc.) 2023 Jun Representative Director and CEO, VLC Security Arena Co., Ltd. (current) 2024 Apr Chairman of the Board, Datasection Inc. 2024 Jun Representative Director, President and CEO, Datasection Inc. 2024 Dec Representative Director, President, Executive Officer and CEO, Datasection Inc. (current) 2024 Dec Director, d-ss. inc. (current) 2024 Dec Director, MSS Inc. (current) 2024 Dec Director, Jach Technology SpA (current) 2025 Feb Director, solid intelligence Inc. (current)	(Note 2)	-
Director	John Ellis Bush Jr.	13 December 1983	2006 Sep Fairchild Partners 2008 Dec Partner, Jeb Bush & Associates, LLC (current) 2014 Jan Managing Partner, Bush Ventures 2017 Jan Founding Partner, Finback Investment Partners (current) 2018 Jan Partner, Rio Grande E&P 2024 Dec Director, Datasection Inc. (current)	(Note 2)	-

Position	Name	Date of Birth	Career History	Term of Office	Shares Held (shares)
Director (Full-time Audit and Supervisory Committee Member)	Shigeyuki Tsuchida	3 September 1962	1986 Apr Joined The Long-Term Credit Bank of Japan, Ltd. (currently SBI Shinsei Bank, Limited) 2001 Nov Joined The Norinchukin Bank 2007 Apr Joined Aozora Bank, Ltd. 2008 Dec Executive Officer, Aozora Bank, Ltd. 2009 Oct Joined Innovation Network Corporation of Japan (currently INCJ, Ltd.) 2013 May Executive Officer, Innovation Network Corporation of Japan 2015 Dec Senior Managing Director, Japan Venture Capital Association 2018 Aug Senior Executive Officer, INCJ, Ltd. 2020 Jun Senior Managing Director, INCJ, Ltd. 2020 Dec Joined Japan Co-Creation Platform; Senior Managing Executive Officer 2024 Dec Director and Full-time Audit and Supervisory Committee Member, Datasection Inc. (current) 2025 Oct Chairman of the Board, Energy Flow Co., Ltd. (current)	(Note 3)	1,000
Director (Audit and Supervisory Committee Member)	Tsuyoshi Hirayama (Note 1)	1 August 1980	2004 Apr Joined Pyramid Film Inc. 2007 Jun Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) 2009 Dec Registered as a certified public accountant 2009 Dec Registered as an attorney-at-law 2009 Dec Established Tsuyoshi Hirayama Certified Public Accountant Office; Representative (current) 2010 Jan Joined Ito & Mitomi (currently Morrison & Foerster Law Offices) 2012 Oct Director, Omoroki Inc. (current) 2015 Mar Established Tairaka Law Office; Representative (current) 2015 Apr Part-time Lecturer, Faculty of Policy Management, Keio University 2017 Jun Outside Director, Bulk Holdings Co., Ltd. (currently VLC Security Co., Ltd.) 2018 Sep Outside Audit & Supervisory Board Member, freee K.K. 2019 Jun Audit & Supervisory Board Member, VLC Security Co., Ltd. (current) 2020 Jun Outside Audit & Supervisory Board Member, Socialwire Co., Ltd. (current) 2024 Dec Director and Audit and Supervisory Committee Member, Datasection Inc. (current)	(Note 3)	-

Position	Name	Date of Birth	Career History	Term of Office	Shares Held (shares)
Director (Audit and Supervisory Committee Member)	German Alcayde Fort (Note 1)	20 August 1980	2001 Nov AC Hotels / AC by Marriott 2003 Jan Arval (BNP Paribas) 2006 Jan Michael Page International Spain 2006 Nov Signium International 2011 May Member of the Madrid Parliament 2011 Jul General Manager of Education, Government of Madrid 2011 Oct Chief of Staff to former Prime Minister of Spain José María Aznar 2015 Dec Executive Chairman, Atlantic Business Consulting (current) 2019 Oct Adviser, Latham & Watkins (current) 2020 Nov CEO, HVR Energy (current) 2023 Jul Member of the Advisory Board, Zerintia Healthtech (current) 2023 Oct General Manager, Atlantic Institute of Government (current) 2024 Jan Executive Chairman, AbsorbeCO2 2024 Jan Executive Chairman, Atlantic Business Consulting (current) 2024 Dec Director and Audit and Supervisory Committee Member, Datasection Inc. (current)	(Note 3)	-
Total					1,000

(Notes) 1. Tsuyoshi Hirayama and German Alcayde Fort are Outside Directors. The Company has designated them as Independent Officers pursuant to the rules of the Tokyo Stock Exchange and has notified the Exchange accordingly.

2. The term of office of Directors who are not Audit and Supervisory Committee Members extends from the conclusion of the Annual General Meeting of Shareholders relating to the fiscal year ended 31 March 2026 until the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within one year after their election.

3. The term of office of Directors who are Audit and Supervisory Committee Members extends from the conclusion of the Annual General Meeting of Shareholders relating to the fiscal year ended 31 March 2026 until the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within two years after their election.

(3) [Audit Status]

(i) Audits by the Audit and Supervisory Committee

a. Organisation, Personnel and Procedures of the Audit and Supervisory Committee

The Audit and Supervisory Committee consists of one full-time member and two Outside Directors who are Committee Members. Tsuyoshi Hirayama, an Outside Director and Audit and Supervisory Committee Member, has extensive experience and broad expertise in legal affairs and financial accounting gained through legal practice and audit work, as well as substantial experience as an outside officer of other listed companies. He therefore possesses considerable knowledge of legal, financial and accounting matters.

b. Activities of Audit and Supervisory Committee Members and the Audit and Supervisory Committee

During the current fiscal year, the Company held nine meetings of the Audit and Supervisory Committee. The attendance of each Committee Member was as follows.

Category	Name	Attendance at Audit and Supervisory Committee Meetings
Full-time Audit and Supervisory Committee Member	Shigeyuki Tsuchida	9 of 9 meetings
Outside Audit and Supervisory Committee Member	Tsuyoshi Hirayama	9 of 9 meetings
Outside Audit and Supervisory Committee Member	German Alcayde Fort	9 of 9 meetings

The principal matters considered by the Audit and Supervisory Committee included the audit policy and audit plan, the development and operation of internal control systems, and the appropriateness of the accounting auditor's audit methods and results. The full-time Committee Member attended meetings of the Board of Directors and other important meetings, expressed opinions, and audited the execution of duties by Directors through the inspection of important approval documents and other procedures. Each Committee Member conducted audits in accordance with the audit plan. As a general rule, the Committee met once every two months and also held extraordinary meetings as necessary. The Committee also held regular meetings with the internal auditor and accounting auditor to share information and coordinate their activities.

(ii) Internal Audit Status

The Company has established an Internal Audit Office under the direct authority of the Representative Director and President, staffed by one internal auditor. To ensure the effectiveness and efficiency of operations, the internal auditor conducts audits in accordance with an internal audit plan approved by the Representative Director, reports the results to the Representative Director, identifies matters requiring operational improvement to the audited departments, and subsequently confirms the status of corrective action. Following the report to the Representative Director, the internal auditor also promptly reports directly to the Audit and Supervisory Committee, enabling the Committee to understand the status of internal audits in a timely manner. The internal auditor also reports directly to the Board of Directors as necessary and holds regular meetings with the Audit and Supervisory Committee and the accounting auditor to share information and coordinate audit activities.

(iii) Accounting Audit Status

a. Name of the Audit Firm

Amaterasu Limited Liability Audit Corporation

b. Continuous Audit Period

Two years

c. Certified Public Accountants Who Performed the Audit
Designated Partner and Engagement Partner: Yukinori Takayama
Designated Partner and Engagement Partner: Satoshi Fukudome

d. Composition of Audit Assistants
The Company’s accounting audit was assisted by two certified public accountants.

e. Policy and Reasons for Selecting the Audit Firm
The Audit and Supervisory Committee selected Amaterasu Limited Liability Audit Corporation as the candidate for accounting auditor after comprehensively considering its independence and expertise as an accounting auditor, its understanding of the Company’s business fields, its remuneration and other relevant factors, and determining that it was suitable.
If the Audit and Supervisory Committee determines that dismissal or non-reappointment of the accounting auditor is necessary, including where there is an impediment to the performance of its duties, the Committee determines the proposal concerning dismissal or non-reappointment, and the Board of Directors submits that proposal to the General Meeting of Shareholders.
If the Audit and Supervisory Committee determines that the accounting auditor falls under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Committee dismisses the accounting auditor with the consent of all Committee Members. In such case, a Committee Member designated by the Committee reports the dismissal and the reasons for it at the first General Meeting of Shareholders convened after the dismissal.

f. Evaluation of the Audit Firm by the Audit and Supervisory Committee Members and the Committee
The Audit and Supervisory Committee Members and the Committee evaluate the accounting auditor. In conducting this evaluation, they monitor and verify whether the accounting auditor maintains independence and performs appropriate audits. They also receive reports on the performance of its duties and notification that it has established systems to ensure the proper performance of those duties, as prescribed in Article 131 of the Ordinance on Company Accounting, in accordance with the Standards for Quality Control of Audits and other applicable standards, and request explanations as necessary. As a result, they determined that there were no issues with the accounting auditor's performance and resolved to reappoint Amaterasu Limited Liability Audit Corporation.

g. Change of Audit Firm
Not applicable.

(iv) Audit Fees, etc.

a. Fees Paid to Certified Public Accountants and Others

Category	Previous Consolidated Fiscal Year		Current Consolidated Fiscal Year	
	Fees for Audit Certification Services (thousand yen)	Fees for Non-Audit Services (thousand yen)	Fees for Audit Certification Services (thousand yen)	Fees for Non-Audit Services (thousand yen)
Reporting Company	30,000	－	36,000	－
Consolidated Subsidiaries	－	－	－	－
Total	30,000	－	36,000	－

b. Fees Paid to Organisations Belonging to the Same Network as the Certified Public Accountants and Others (Excluding a. Above)

Category	Previous Consolidated Fiscal Year		Current Consolidated Fiscal Year	
	Fees for Audit Certification Services (thousand yen)	Fees for Non-Audit Services (thousand yen)	Fees for Audit Certification Services (thousand yen)	Fees for Non-Audit Services (thousand yen)
Reporting Company	—	—	—	—
Consolidated Subsidiaries	—	—	—	—
Total	—	—	—	—

c. Other Material Fees for Audit Certification Services

(Previous Consolidated Fiscal Year)

Not applicable.

(Current Consolidated Fiscal Year)

Not applicable.

d. Policy for Determining Audit Fees

The Company determines audit fees after reviewing the details of the audit fee estimate, including the number of personnel and days expected to be required for the audit.

e. Reasons for the Audit and Supervisory Committee's Consent to the Accounting Auditor's Remuneration

The Audit and Supervisory Committee gave its consent under Article 399, Paragraph 1 of the Companies Act after reviewing, with reference to the Practical Guidelines for Cooperation with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association, the actual audit hours by audit item and staff level under prior audit plans, trends in remuneration, and the accounting auditor's performance of duties, and determining that the audit plan and remuneration for the current fiscal year were reasonable.

(4) [Remuneration of Directors and Officers]

(i) Policy and Procedures for Determining the Amount or Calculation Method of Remuneration of Directors and Officers

The maximum annual monetary remuneration for Directors who are not Audit and Supervisory Committee Members (the "Eligible Directors") was approved at the Extraordinary General Meeting of Shareholders held on 19 December 2024 at ¥150,000 thousand, excluding employee salaries for Directors concurrently serving as employees. There were three Eligible Directors at the conclusion of that meeting. Separately from this annual remuneration, the same meeting approved an annual maximum of ¥80,000 thousand in monetary remuneration claims for the grant of restricted shares to Eligible Directors and an annual maximum of 120,000 common shares to be issued or disposed of under the scheme. There were three Eligible Directors at the conclusion of that meeting.

The maximum annual remuneration for Directors who are Audit and Supervisory Committee Members was approved at the Extraordinary General Meeting of Shareholders held on 19 December 2024 at ¥70,000 thousand. There were three such Directors at the conclusion of that meeting.

In response to the increasing sophistication of the roles expected of Directors as the Group expands and the business environment changes, and to secure and retain outstanding management personnel, the Company submitted proposals to the Annual General Meeting of Shareholders scheduled for 30 June 2026 to revise the remuneration limits for Directors. The proposals seek approval to increase the annual monetary remuneration limit for Eligible Directors to ¥2,000 million and the annual remuneration limit for Directors who are Audit and Supervisory Committee Members to ¥500 million.

To further enhance incentives to contribute to medium- to long-term earnings growth and corporate value and to promote greater value sharing with shareholders, the Company also submitted proposals to the Annual General Meeting of Shareholders scheduled for 30 June 2026 to revise the restricted share-based compensation scheme for Eligible Directors and introduce such a scheme for Directors who are Audit and Supervisory Committee Members. If approved, the schemes will be revised as follows:

- Directors who are Audit and Supervisory Committee Members will be newly added as eligible participants in the restricted share-based compensation scheme.
- The aggregate annual monetary remuneration claims granted to Eligible Directors will be increased to a maximum of ¥2,000 million, and the maximum annual number of common shares to be issued or disposed of upon contribution in kind of all such claims will be increased to 300,000 shares.
- The aggregate annual monetary remuneration claims granted to Directors who are Audit and Supervisory Committee Members will be a maximum of ¥500 million, and the maximum annual number of common shares to be issued or disposed of upon contribution in kind of all such claims will be 80,000 shares.

At its meeting held on 19 December 2024, the Board of Directors resolved on a policy for determining the individual remuneration of Directors who are not Audit and Supervisory Committee Members. The policy is as follows.

a. Basic Policy

The remuneration system for Directors who are not Audit and Supervisory Committee Members shall be linked to shareholder interests and designed to function effectively as an incentive for the sustainable enhancement of corporate value. Individual remuneration shall be set at an appropriate level in light of each Director's position and responsibilities.

Remuneration for Directors who are Audit and Supervisory Committee Members shall consist of fixed remuneration, reflecting their independent role in supervising and advising management.

b. Policy for Determining the Amount or Calculation Method of Individual Basic Remuneration and Other Monetary Remuneration, Including the Timing and Conditions of Payment

Basic remuneration for Directors shall be a fixed monthly amount. It shall be reviewed as appropriate after comprehensive consideration of position, responsibilities, market levels at comparable companies, the Company’s performance, individual contribution to performance, and employee salary levels.

c. Policy for Determining the Content and Amount or Number, or the Calculation Method, of Non-Monetary Remuneration, Including the Timing and Conditions of Grant

To provide incentives for the sustainable enhancement of corporate value and promote greater value sharing with shareholders, restricted shares may be granted annually as non-monetary remuneration to Directors who are not Audit and Supervisory Committee Members, taking into account performance and social conditions. The amount of remuneration equivalent to the subscription price of the restricted shares shall be determined comprehensively in light of position, responsibilities, market levels at comparable companies, the Company’s performance, individual contribution to performance, and employee salary levels.

d. Policy for Determining the Amount or Calculation Method and Payment Method of Retirement Benefits, Including the Timing and Conditions of Payment

Retirement benefits may be paid pursuant to a resolution of the General Meeting of Shareholders in recognition of a retiring Director's service. The amount, method and conditions shall be determined comprehensively in light of the Director's position and responsibilities during the term of office, market levels at comparable companies, the Company’s performance, individual contribution to performance, and employee salary levels.

e. Policy for Determining the Proportion of Basic Remuneration, Performance-Linked Remuneration and Non-Monetary Remuneration in Individual Director Remuneration

The proportions of each type of remuneration shall be determined comprehensively in light of position, responsibilities, market levels at comparable companies, the Company’s performance, individual contribution to performance, and employee salary levels.

f. Matters Concerning the Determination of Individual Director Remuneration

The Representative Director and President proposes the specific amount of individual remuneration for Directors who are not Audit and Supervisory Committee Members, subject to approval by the Board of Directors.

Remuneration for Directors who are Audit and Supervisory Committee Members shall be fixed to preserve their independence and shall be determined through consultation among those Directors, taking into account whether each member serves on a full-time or part-time basis, within the aggregate amount approved by the General Meeting of Shareholders.

The Board of Directors confirmed that the method used to determine individual Director remuneration for the current fiscal year and the remuneration determined were consistent with the policy resolved by the Board, and concluded that the remuneration was in accordance with that policy.

(ii) Total Remuneration by Director Category, Total by Type of Remuneration, and Number of Recipients

Director Category	Total Remuneration (thousand yen)	Total by Type of Remuneration (thousand yen)		Number of Recipients (persons)
		Fixed Remuneration	Non-Monetary Remuneration	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	132,802	132,802	—	3
Audit and Supervisory Committee Members (excluding Outside Directors)	24,937	24,937	—	1
Outside Directors	15,048	15,048	—	2

(iii) Total Remuneration of Persons Receiving ¥100 Million or More

Not applicable.

(iv) Material Employee Salaries Paid to Directors Concurrently Serving as Employees

Not applicable.

(5) [Shareholdings]

(i) Classification Standards and Approach for Investment Shares

The Company classifies shares held for the purpose of earning gains from fluctuations in share value or receiving dividends as investment shares held for pure investment purposes, and all other shares as investment shares held for purposes other than pure investment. The Company does not hold any investment shares for pure investment purposes.

(ii) Investment Shares Held for Purposes Other than Pure Investment

a. Holding Policy, Method for Assessing the Rationale for Holdings, and Board Review of the Appropriateness of Individual Holdings

The Company holds shares of companies where it considers such holdings necessary to maintain business relationships or facilitate business alliances. It evaluates the existence of trading relationships and the progress of business alliances when determining whether to continue each investment. If a trading relationship or business alliance is terminated, or if the Company determines that the holding is no longer effective, it will dispose of the relevant shares without delay.

b. Number of Issues and Aggregate Carrying Amount of Investment Shares Held for Purposes Other than Pure Investment

Category	Number of Issues	Aggregate Carrying Amount (thousand yen)
Unlisted shares	3	1,563
Shares other than unlisted shares	-	-

(Issues for Which the Number of Shares Increased during the Current Fiscal Year)

Category	Number of Issues	Aggregate Acquisition Cost of Increase (thousand yen)	Reason for Increase
Unlisted shares	-	-	-
Shares other than unlisted shares	-	-	-

(Issues for Which the Number of Shares Decreased during the Current Fiscal Year)

Category	Number of Issues	Aggregate Proceeds from Decrease (thousand yen)
Unlisted shares	-	-
Shares other than unlisted shares	-	-

(iii) Investment Shares Held for Pure Investment Purposes
Not applicable.

(iv) Investment Shares Reclassified from Pure Investment Purposes to Purposes Other than Pure Investment during the Current Fiscal Year
Not applicable.

(v) Investment Shares Reclassified from Purposes Other than Pure Investment to Pure Investment during the Current Fiscal Year or Any of the Four Preceding Fiscal Years
Not applicable.

5 [Employees]

(1) [Basic Policy on Human Capital Strategy, etc.]

The Company's basic policy on human capital strategy is described in "Section 2 Overview of Business, 2 Approach to Sustainability and Related Initiatives, (3) Human Capital Strategy and (4) Indicators and Targets". The amount and structure of employee salaries and other benefits are determined by considering market levels at peer companies, skills, experience, contribution and responsibilities. The Company also promotes the global recruitment of highly specialised professionals who can make an immediate contribution and focuses on designing a flexible and competitive remuneration system.

(2) [Employee Information]

(i) Consolidated Group

As of 31 March 2026

Segment	Number of Employees (persons)	
Domestic Business	119	(5)
Overseas Business	113	(0)
Reportable Segments Total	232	(5)
Corporate / Common	12	(1)
Total	244	(6)

(Notes) 1. The number of employees represents employees actually in service.

2. Employees shown under "Corporate / Common" are assigned to administrative departments.

(ii) Reporting Company

As of 31 March 2026

Number of Employees (persons)	Average Age (years)	Average Length of Service (years)	Average Annual Salary (thousand yen)	Year-on-Year Change in Average Annual Salary (%)
26 (1)	44.5	2.0	7,931	10.4

Segment	Number of Employees (persons)	
Domestic Business	14	(1)
Overseas Business	0	(0)
Reportable Segments Total	14	(1)
Corporate / Common	12	(0)
Total	26	(1)

(Notes) 1. The number of employees represents employees actually in service, excluding employees seconded from the Company to external organisations. The average annual number of temporary employees, including part-time employees, is shown separately in parentheses..

2. Average annual salary includes bonuses and non-standard wages.

3. Employees shown under "Corporate / Common" are assigned to administrative departments.

(iii) Labour Union

No labour union has been formed within the Group, but labour-management relations are stable.

(iv) Percentage of Female Employees in Management Positions, Percentage of Male Employees Taking Childcare

Leave, and Gender Pay Gap

Reporting Company

As of 31 March 2026

Current Fiscal Year				
Percentage of Female Employees in Management Positions (%) (Note 1)	Percentage of Male Employees Taking Childcare Leave (%) (Note 2)	Gender Pay Gap (%) (Note 1)		
		All Employees	Regular Employees	Part-Time and Fixed-Term Employees
12.5	-	57.1	61.7	—

(Notes) 1. Calculated pursuant to the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. The percentage of male employees taking childcare leave is calculated pursuant to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), using the ratio prescribed in Article 71-6, Item 1 of the Ordinance for Enforcement of that Act (Ministry of Labour Ordinance No. 25 of 1991).

3. Information for consolidated subsidiaries is omitted because they are not subject to the statutory disclosure requirements under the Act on the Promotion of Women's Active Engagement in Professional Life or the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.

4. A dash indicates that there were no applicable employees during the current consolidated fiscal year.

Section 5 [Financial Information]

1. Basis of Preparation of the Consolidated Financial Statements and Non-Consolidated Financial Statements

(1) The Company’s consolidated financial statements have been prepared in accordance with the Regulation on the Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28 of 1976).

(2) The Company’s non-consolidated financial statements have been prepared in accordance with the Regulation on the Terminology, Forms and Preparation Methods of Financial Statements, etc. (Ministry of Finance Ordinance No. 59 of 1963; hereinafter, the “Regulation on Financial Statements, etc.”).

As the Company qualifies as a company permitted to submit financial statements under special provisions, its non-consolidated financial statements have been prepared pursuant to Article 127 of the Regulation on Financial Statements, etc.

2. Independent Audit

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements for the fiscal year from 1 April 2025 to 31 March 2026 and its non-consolidated financial statements for the business year from 1 April 2025 to 31 March 2026 have been audited by Amaterasu Limited Liability Audit Corporation.

3. Special Initiatives to Ensure the Appropriateness of the Consolidated Financial Statements, etc.

The Company undertakes special initiatives to ensure the appropriateness of its consolidated financial statements and related financial information. Specifically, in order to properly understand and respond accurately to accounting standards and amendments thereto, the Company strives to establish an appropriate internal financial reporting framework and to actively accumulate specialist knowledge and gather relevant information, including through participation in seminars.

1. [Consolidated Financial Statements, etc.]

(1) [Consolidated Financial Statements]

① [Consolidated Balance Sheets]

(Unit: JPY thousands)

	Previous consolidated fiscal year (31 March 2025)	Current consolidated fiscal year (31 March 2026)
Assets		
Current assets		
Cash and deposits	526,039	417,807
Notes and accounts receivable - trade, and contract assets	※1 651,195	※1 11,183,453
Merchandise and finished goods	60,131	89,499
Work in process	2,912	2,779
Advance payments	2,117	381,428
Payments on behalf of others	2,163	2,378,710
Income taxes receivable	67,285	20,125
Other	80,838	770,745
Allowance for doubtful accounts	△880	△880
Total current assets	1,391,803	15,243,671
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,699	20,699
Accumulated depreciation	△19,536	△19,684
Buildings and structures, net	1,162	1,014
Tools, furniture and fixtures	504,355	575,042
Accumulated depreciation	△99,174	△63,199
Tools, furniture and fixtures, net	405,181	511,842
Vehicles	2,060	2,060
Accumulated depreciation	△1,449	△1,653
Vehicles, net	611	407
Construction in progress	-	4,497,482
Total property, plant and equipment	406,954	5,010,746
Intangible assets		
Goodwill	1,318,157	1,207,489
Software	1,290,739	1,640,263
Other	16,809	14,905
Total intangible assets	2,625,706	2,862,657
Investments and other assets		
Investment securities	※2 49,326	※2 66,602
Long-term loans receivable	8,671	13,438
Deferred tax assets	32,020	158,861
Insurance funds	13,409	-
Long-term prepaid expenses	32,776	1,974,143
Guarantee deposits paid	32,069	3,212,069
Other	1,231	35,389
Total investments and other assets	169,506	5,460,504
Total non-current assets	3,202,167	13,333,909
Total assets	4,593,971	28,577,580

(Unit: JPY thousands)

	Previous consolidated fiscal year (31 March 2025)	Current consolidated fiscal year (31 March 2026)
Liabilities		
Current liabilities		
Short-term borrowings	950,832	284,969
Current portion of long-term borrowings	192,540	98,412
Accounts payable - other	492,218	2,070,634
Accrued expenses	67,975	77,038
Income taxes payable	88,199	1,076,968
Consumption taxes payable	38,767	45,230
Provision for bonuses	22,663	46,881
Deposits received	13,286	5,229,196
Other	※3 10,957	※3 5,230
Total current liabilities	1,877,443	8,934,561
Non-current liabilities		
Long-term borrowings	226,745	162,000
Asset retirement obligations	9,000	9,000
Net defined benefit liability	19,787	23,100
Deferred tax liabilities	1,698	1,547
Other	59,141	43,390
Total non-current liabilities	316,373	239,038
Total liabilities	2,193,817	9,173,600
Net assets		
Shareholders' equity		
Share capital	1,912,113	8,486,036
Capital surplus	2,567,471	9,138,583
Retained earnings	△2,196,537	591,117
Treasury shares	△50	△187
Total shareholders' equity	2,282,996	18,215,550
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,690	5,203
Foreign currency translation adjustment	27,984	310,698
Total accumulated other comprehensive income	31,674	315,901
Share acquisition rights	69,556	836,243
Non-controlling interests	15,926	36,284
Total net assets	2,400,153	19,403,979
Total liabilities and net assets	4,593,971	28,577,580

② [Consolidated Statements of Income and Consolidated Statements of Comprehensive Income]

[Consolidated Statements of Income]

(Unit: JPY thousands)

	Previous consolidated fiscal year (From 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (From 1 April 2025 to 31 March 2026)
Net sales	2,942,635	33,605,038
Cost of sales	1,690,421	27,208,134
Gross profit	1,252,213	6,396,903
Selling, general and administrative expenses	※1 1,748,215	※1 2,852,220
Operating profit (loss)	△496,001	3,544,683
Non-operating income		
Interest income	2,245	4,221
Dividend income	1,160	-
Subsidy income	17,833	1,000
Foreign exchange gains	-	113,847
Other	5,114	1,204
Total non-operating income	26,354	120,273
Non-operating expenses		
Interest expenses	41,454	28,031
Share of loss of entities accounted for using equity method	4,050	-
Foreign exchange losses	88,297	-
Loss on cancellation of insurance policies	6,372	2,251
Other	3,403	7,607
Total non-operating expenses	143,577	37,891
Ordinary profit (loss)	△613,224	3,627,064
Extraordinary income		
Gain on sale of investment securities	5,658	-
Gain on reversal of share acquisition rights	5,021	8,483
Gain on adjustment of liabilities	6,024	-
Total extraordinary income	16,704	8,483
Extraordinary losses		
Impairment losses	※2 24,700	-
Loss on valuation of investment securities	-	1,981
Loss on sale of investment securities	-	2,152
Loss on retirement of non-current assets	※3 8,782	-
Total extraordinary losses	33,482	4,133
Profit (loss) before income taxes	△630,002	3,631,414
Income taxes - current	39,524	948,436
Income taxes - deferred	△14,192	△124,094
Total income taxes	25,332	824,341
Profit (loss)	△655,335	2,807,072
Profit (loss) attributable to non-controlling interests	△343	5,397
Profit (loss) attributable to owners of parent	△654,991	2,801,675

[Consolidated Statements of Comprehensive Income]

(Unit: JPY thousands)

	Previous consolidated fiscal year (From 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (From 1 April 2025 to 31 March 2026)
Profit (loss)	△655,335	2,807,072
Other comprehensive income		
Valuation difference on available-for-sale securities	△2,186	1,513
Foreign currency translation adjustment	25,585	282,226
Total other comprehensive income	※23,398	※283,740
Comprehensive income	△631,936	3,090,812
(Breakdown)		
Comprehensive income attributable to owners of parent	△632,598	3,085,903
Comprehensive income attributable to non-controlling interests	661	4,909

③ [Consolidated Statements of Changes in Equity]

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

(Unit: JPY thousands)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,868,479	1,577,970	△1,541,545	△3	1,904,900
Changes during the period					
Issuance of new shares	43,633	43,633			87,267
Restricted share-based remuneration		9,999			9,999
Profit (loss) attributable to owners of parent			△654,991		△654,991
Changes arising from business combinations		935,867			935,867
Purchase of treasury shares				△46	△46
Net changes in items other than shareholders' equity					
Total changes during the period	43,633	989,500	△654,991	△46	378,096
Balance at end of period	1,912,113	2,567,471	△2,196,537	△50	2,282,996

(Unit: JPY thousands)

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	5,876	3,404	9,281	39,237	29,206	1,982,624
Changes during the period						
Issuance of new shares						87,267
Restricted share-based remuneration						9,999
Profit (loss) attributable to owners of parent						△654,991
Changes arising from business combinations						935,867
Purchase of treasury shares						△46
Net changes in items other than shareholders' equity	△2,186	24,579	22,392	30,319	△13,279	39,432
Total changes during the period	△2,186	24,579	22,392	30,319	△13,279	417,528
Balance at end of period	3,690	27,984	31,674	69,556	15,926	2,400,153

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

(Unit: JPY thousands)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,912,113	2,567,471	△2,196,537	△50	2,282,996
Changes during the period					
Issuance of new shares	6,573,923	6,573,923			13,147,847
Profit (loss) attributable to owners of parent			2,801,675		2,801,675
Changes arising from business combinations		△2,810	△14,020		△16,831
Purchase of treasury shares				△137	△137
Net changes in items other than shareholders' equity					
Total changes during the period	6,573,923	6,571,112	2,787,654	△137	15,932,554
Balance at end of period	8,486,036	9,138,583	591,117	△187	18,215,550

(Unit: JPY thousands)

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	3,690	27,984	31,674	69,556	15,926	2,400,153
Changes during the period						
Issuance of new shares						13,147,847
Profit (loss) attributable to owners of parent						2,801,675
Changes arising from business combinations						△16,831
Purchase of treasury shares						△137
Net changes in items other than shareholders' equity	1,513	282,714	284,227	766,686	20,357	1,071,271
Total changes during the period	1,513	282,714	284,227	766,686	20,357	17,003,826
Balance at end of period	5,203	310,698	315,901	836,243	36,284	19,403,979

④ [Consolidated Statement of Cash Flows]

(Unit: JPY thousands)

	Previous consolidated fiscal year (From 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (From 1 April 2025 to 31 March 2026)
Cash flows from operating activities		
Profit (loss) before income taxes	△630,002	3,631,414
Depreciation and amortisation	176,506	454,821
Impairment losses	24,700	-
Gain on reversal of share acquisition rights	△5,021	△8,483
Gain on adjustment of liabilities	△6,024	-
Amortisation of goodwill	96,796	117,230
Interest and dividend income	△3,406	△4,221
Interest expenses	41,454	28,031
Share of profit (loss) of entities accounted for using the equity method (△ indicates profit)	4,050	-
Foreign exchange losses (gains)	88,297	△113,847
Loss on retirement of non-current assets	8,782	-
Loss (gain) on sale of investment securities	△5,658	2,152
Loss (gain) on valuation of investment securities	-	1,981
Decrease (increase) in trade receivables	66,530	△10,459,617
Decrease (increase) in inventories	7,440	△13,326
Increase (decrease) in accounts payable and accrued expenses	236,802	1,556,215
Decrease (increase) in payments on behalf of others	△1,528	△2,376,547
Increase (decrease) in deposits received	4,016	5,215,910
Decrease (increase) in long-term prepaid expenses	△19,208	△1,940,970
Other	△97,002	△920,880
Subtotal	△12,475	△4,830,136
Interest and dividends received	3,406	4,221
Interest paid	△40,899	△28,586
Income taxes paid	△33,440	△59,084
Cash flows from operating activities	△83,408	△4,913,586
Cash flows from investing activities		
Purchase of property, plant and equipment	△94,023	△4,628,615
Purchase of intangible assets	△927,555	△477,986
Proceeds from sale of investment securities	29,487	7
Purchase of shares of subsidiaries resulting in a change in scope of consolidation	※2 △248,283	-
Purchase of shares of affiliates	△1,934	△19,206
Payments for loans advanced	△13,032	△3,372
Payments into insurance funds	△27,331	△842
Proceeds from cancellation of insurance funds	72,854	11,157
Payments of guarantee deposits	-	△3,180,000
Other	17,082	△3,382
Cash flows from investing activities	△1,192,735	△8,302,240
Cash flows from financing activities		
Repayments of long-term borrowings	△251,548	△163,910
Net increase (decrease) in short-term borrowings	351,575	138,615
Proceeds from issuance of shares upon exercise of share acquisition rights	87,267	13,147,847
Purchase of shares of subsidiaries not resulting in a change in scope of consolidation	△23,697	△4,973
Purchase of treasury shares	△46	△137
Cash flows from financing activities	163,550	13,117,441
Effect of exchange rate changes on cash and cash equivalents	△41,798	△37,235
Net increase (decrease) in cash and cash equivalents	△1,154,391	△135,620

Cash and cash equivalents at beginning of period	1,659,429	505,038
Increase in cash and cash equivalents from newly consolidated subsidiaries	-	27,383
Cash and cash equivalents at end of period	※1 505,038	※1 396,801

[Notes]

(Significant Matters Forming the Basis for Preparation of the Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 10

Names of principal consolidated subsidiaries

Solid Intelligence Inc.
DSS Inc.
MSS Inc.
Jach Technology SpA
Alianza FollowUP S.A.S.
Inteligenxia S.A.
FollowUP Peru S.A.C
FollowUP Customer Experience S.L.
Alianza FollowUP Panamá S.A.
Fupbimx, S.A.P.I. de C.V.

During the current consolidated fiscal year, Fupbimx, S.A.P.I. de C.V., formerly an unconsolidated subsidiary in Mexico, was included in the scope of consolidation due to its increased materiality.

(2) Names of principal unconsolidated subsidiaries

Datasection (Thailand) Co., Ltd.
Datasection Australia Pty. Ltd.

(Reason for exclusion from the scope of consolidation)

The unconsolidated subsidiaries are small in scale, and their aggregate assets, net sales, profit or loss for the period (corresponding to the Company’s equity interest), retained earnings (corresponding to the Company’s equity interest), and other amounts have only an immaterial effect on the consolidated financial statements and are not material as a whole. Accordingly, they are excluded from the scope of consolidation.

2. Application of the Equity Method

(1) Number of companies accounted for using the equity method and names of principal companies

• Number of unconsolidated subsidiaries accounted for using the equity method: 0
• Number of associates accounted for using the equity method: 0
• During the current consolidated fiscal year, Japan Data Exchange Inc. was excluded from the scope of application of the equity method following the transfer of all shares held by the Company.

(2) Names of principal unconsolidated subsidiaries not accounted for using the equity method

Datasection (Thailand) Co., Ltd.
Datasection Australia Pty. Ltd.

(Reason for not applying the equity method)

The effect of each company’s profit or loss for the period (corresponding to the Company’s equity interest), retained earnings (corresponding to the Company’s equity interest), and other amounts on the consolidated financial statements is immaterial, even if such companies are excluded from the scope of application of the equity method, and they are not material. Accordingly, they are excluded from the scope of application of the equity method.

3. Fiscal Year-Ends of Consolidated Subsidiaries

The fiscal year-end of the consolidated subsidiaries Jach Technology SpA, Alianza FollowUP S.A.S., Inteligenxia S.A., FollowUP Peru S.A.C, FollowUP Customer Experience S.L., Alianza FollowUP Panamá S.A., and Fupbimx, S.A.P.I. de C.V. is 31 December.

Where the difference between the fiscal year-end of a consolidated subsidiary and the consolidated fiscal year-end does not exceed three months, the financial statements as of the subsidiary’s fiscal year-end are used, and necessary consolidation adjustments are made for material transactions occurring between that date and the consolidated fiscal year-end.

4. Accounting Policies

(1) Valuation Methods for Securities

Other securities

Shares and other securities without a quoted market price

Stated at cost using the moving-average method.

Investments in silent partnerships are accounted for by incorporating the Company’s share of the partnership’s net assets, based on the most recent financial statements available as of the reporting date stipulated in the partnership agreement.

(2) Valuation Methods for Inventories

Merchandise and finished goods, and work in process

Stated at cost using the first-in, first-out method (with the carrying amount on the consolidated balance sheet written down based on any decline in profitability).

(3) Depreciation and Amortisation of Non-current Assets

a. Property, plant and equipment

The Company and its domestic consolidated subsidiaries apply the declining-balance method. However, the straight-line method is applied to buildings acquired on or after 1 April 1998 (excluding facilities attached to buildings), and to facilities attached to buildings and structures acquired on or after 1 April 2016.

Overseas consolidated subsidiaries apply the straight-line method.

The principal useful lives are as follows:

Buildings and structures: 4 to 28 years

Tools, furniture and fixtures: 3 to 15 years

Vehicles: 6 years

b. Intangible assets

The straight-line method is applied.

Software for internal use is amortised over its estimated useful life within the Company (three to six years).

(4) Recognition of Allowances and Provisions

Allowance for doubtful accounts

To provide for losses on receivables such as notes and accounts receivable, an allowance is recognised based on the historical default rate for general receivables and, for specific receivables such as those from debtors with possible collection difficulties, on an individual assessment of recoverability and the estimated uncollectible amount.

Provision for bonuses

A provision is recognised based on the estimated amount payable in order to provide for employee bonuses.

(5) Recognition of Significant Revenue and Expenses

The principal performance obligations arising from contracts with customers in the Company’s and its consolidated subsidiaries’ principal businesses, and the usual timing at which those performance obligations are satisfied (the usual timing of revenue recognition), are as follows:

Revenue is measured at the transaction price under contracts with customers. There are no material amounts of variable consideration, and the promised consideration does not include a significant financing component.

a. Retail Marketing Business

In the Retail Marketing Business, the Group provides SaaS-based services using its proprietary analytical tools in the retail sector. The installation of AI cameras and similar equipment, and the subsequent provision of services, are identified as performance obligations under contracts with customers.

Revenue from installation services for AI cameras and similar equipment is recognised when installation is completed. For subsequent service provision, the Group determines that the performance obligation is satisfied over time as the services are provided to the customer under the contract, and recognises revenue on a straight-line basis over the contractual period during which the performance obligation is satisfied.

b. Data Analysis Solutions Business

In the Data Analysis Solutions Business, the Group principally provides contract system development and operational support for customers, services using social-listening analytical tools, and consulting services.

Revenue from contract system development and consulting services is recognised over time as the performance obligation is satisfied. Progress towards satisfaction of the performance obligation is measured principally using an input method based on costs incurred. For contracts where the period from the commencement date of the transaction to the expected completion of the performance obligation is very short, revenue is not recognised over time but instead when the performance obligation is fully satisfied.

For system operation support and services using social-listening analytical tools, the Group determines that the performance obligation is satisfied over time as the services are provided to the customer under the contract, and recognises revenue on a straight-line basis over the contractual period during which the performance obligation is satisfied.

c. AI Infrastructure Business

In the AI Infrastructure Business, the Group principally provides access to an AI data-centre platform using its AI cloud stack, “TAIZA”, and dedicated access to GPU servers secured by the Group. For these services, the Group determines that the performance obligation is satisfied over time as the services are provided to the customer under the contract, and recognises revenue over the contractual period during which the performance obligation is satisfied.

(6) Translation of Significant Foreign-currency-denominated Assets and Liabilities into Japanese Yen

Foreign-currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rate prevailing at the consolidated fiscal year-end, and translation differences are recognised in profit or loss. Assets and liabilities of overseas subsidiaries and other foreign operations are translated into Japanese yen at the spot exchange rate prevailing at the consolidated fiscal year-end, while revenue and expenses are translated at the average exchange rate for the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests within net assets.

(7) Amortisation Method and Period for Goodwill

Goodwill is amortised on a straight-line basis over a reasonably estimated period during which its benefits are expected to arise, ranging from 10 to 15 years.

(8) Accounting for Retirement Benefits

The simplified method is applied in calculating the liability for retirement benefits and retirement benefit expenses, whereby the amount that would be payable if all eligible employees voluntarily retired at the consolidated fiscal year-end is treated as the retirement benefit obligation.

(9) Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents comprise cash on hand, deposits withdrawable on demand, and short-term investments that are readily convertible into cash, subject to an insignificant risk of changes in value, and mature within three months from the date of acquisition.

(Significant Accounting Estimates)

Valuation of Goodwill

(1) Amounts recognised in the consolidated financial statements for the current consolidated fiscal year

(Unit: thousands of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Goodwill	1,318,157	1,207,489

(2) Information concerning the nature of significant accounting estimates relating to the identified items

Of the goodwill recognised as at the end of the current consolidated fiscal year, ¥1,097,253 thousand represents the unamortised balance of goodwill identified as the excess earning capacity of MSS Inc., which became a consolidated subsidiary in the previous consolidated fiscal year.

The Group identifies indications of impairment principally by monitoring the achievement of the company's business plan. Where an indication of impairment exists, the Group assesses whether an impairment loss should be recognised.

If this assessment determines that recognition of an impairment loss is required, the carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss. In the current consolidated fiscal year, the Group determined that there were no indications of impairment of goodwill.

Estimation of Impairment Losses on Non-current Assets

(1) Amounts recognised in the consolidated financial statements for the current consolidated fiscal year

(Unit: JPY thousands)

	Previous consolidated fiscal year	Current consolidated fiscal year
Property, plant and equipment	406,954	5,010,746
Intangible assets	2,625,706	2,862,657
Impairment loss	24,700	-

(2) Information concerning the nature of significant accounting estimates relating to the identified items

For business assets, the Group establishes asset groups based on management accounting classifications by service or similar unit, using the smallest units that generate largely independent cash flows. For an asset group determined to exhibit an indication of impairment, the Group assesses whether an impairment loss should be recognised when the total undiscounted future cash flows expected to be generated by that asset group are lower than its carrying amount. For an asset group for which an impairment loss is determined to be necessary, the carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss. Value in use is used as the recoverable amount.

Undiscounted future cash flows are calculated on the basis of business plans approved by the Board of Directors, taking into account the business environment and demand trends. These business plans include significant assumptions concerning future sales by business, expected cost of sales such as personnel and outsourcing expenses, and expected selling, general and administrative expenses. If changes in the business environment or demand trends require revision of the assumptions used in these estimates, an impairment loss may be recognised in the following consolidated fiscal year.

For impairment losses recognised in the previous and current consolidated fiscal years, please refer to "Notes to the Consolidated Statement of Income".

(Changes in Accounting Policies)
Not applicable.
(Accounting Standards and Other Pronouncements Not Yet Applied)
• "Accounting Standard for Leases" (Accounting Standards Board of Japan Statement No. 34, 13 September 2024)
• "Implementation Guidance on Accounting Standard for Leases" (Accounting Standards Board of Japan Guidance No. 33, 13 September 2024), and related pronouncements

(1) Overview
As part of the Accounting Standards Board of Japan's efforts to achieve international consistency in Japanese accounting standards, deliberations were conducted, with reference to international accounting standards, toward the development of an accounting standard for leases requiring recognition of assets and liabilities for all lessee leases. The resulting lease accounting standard and related guidance are based, as a fundamental policy, on the single accounting model under IFRS 16, while incorporating only its principal requirements rather than all of its provisions. The objective is to provide a simple and practical standard that would generally require no adjustment even where the requirements of IFRS 16 are applied in separate financial statements. For lessee accounting, a single accounting model is applied to all leases, regardless of whether a lease is classified as a finance lease or an operating lease, under which depreciation of the right-of-use asset and an amount equivalent to interest on the lease liability are recognised, as under IFRS 16.

(2) Scheduled date of application
The standards will be applied from the beginning of the fiscal year ending 31 March 2028.

(3) Impact of applying the accounting standards and related guidance
The impact of applying the "Accounting Standard for Leases" and related pronouncements on the consolidated financial statements is currently under assessment.

• "Accounting Standard for Subsequent Events" (Accounting Standards Board of Japan Statement No. 41, 9 January 2026)
• "Implementation Guidance on Accounting Standard for Subsequent Events" (Accounting Standards Board of Japan Guidance No. 35, 9 January 2026)

(1) Overview
The "Accounting Standard for Subsequent Events" and related guidance were issued with priority given to establishing comprehensive accounting standards addressing the definition, accounting treatment and disclosure of subsequent events. As a fundamental policy, the accounting-related content set out in Practical Guideline No. 1 to Auditing Standards Committee Statement No. 560, "Audit Treatment of Subsequent Events", issued by the Japanese Institute of Certified Public Accountants, was generally carried forward and transferred to the Accounting Standards Board of Japan. The standards revise certain terminology, clarify the period over which subsequent events are assessed, and prescribe accounting treatment and disclosures for subsequent events, including a new requirement to disclose the authorisation of the financial statements for issue.

(2) Scheduled date of application
The standards will be applied from the beginning of the fiscal year ending 31 March 2028.

(Changes in Presentation)

(Consolidated Balance Sheet)
"Payments on behalf of others", which was included in "Other" under current assets through the previous consolidated fiscal year, has been presented as a separate line item from the current consolidated fiscal year due to its increased materiality. As a result, ¥2,163 thousand previously included in "Other" under current assets in the consolidated balance sheet for the previous consolidated fiscal year has been reclassified as "Payments on behalf of others" of ¥2,163 thousand.

"Advance payments", which was included in "Other" under current assets through the previous consolidated fiscal year, has been presented as a separate line item from the current consolidated fiscal year due to its increased materiality. As a result, ¥2,117 thousand previously included in "Other" under current assets in the consolidated balance sheet for the previous consolidated fiscal year has been reclassified as "Advance payments" of ¥2,117 thousand.

"Long-term prepaid expenses", which was included in "Other" under investments and other assets through the previous consolidated fiscal year, has been presented as a separate line item from the current consolidated fiscal year due to its increased materiality.
As a result, ¥32,776 thousand previously included in "Other" under investments and other assets in the consolidated balance sheet for the previous consolidated fiscal year has been reclassified as "Long-term prepaid expenses" of ¥32,776 thousand.

"Guarantee deposits paid", which was included in "Other" under investments and other assets through the previous consolidated fiscal year, has been presented as a separate line item from the current consolidated fiscal year due to its increased materiality.
As a result, ¥32,069 thousand previously included in "Other" under investments and other assets in the consolidated balance sheet for the previous consolidated fiscal year has been reclassified as "Guarantee deposits paid" of ¥32,069 thousand.

"Deposits received", which was included in "Other" under current liabilities through the previous consolidated fiscal year, has been presented as a separate line item from the current consolidated fiscal year due to its increased materiality.
As a result, ¥13,286 thousand previously included in "Other" under current liabilities in the consolidated balance sheet for the previous consolidated fiscal year has been reclassified as "Deposits received" of ¥13,286 thousand.

(Notes to the Consolidated Balance Sheet)

*1 of notes and accounts receivable and contract assets, the amounts of receivables arising from contracts with customers and contract assets are as follows:

(Unit: JPY thousands)

	Previous consolidated fiscal year (31 March 2025)	Current consolidated fiscal year (31 March 2026)
Accounts receivable	646,913	11,182,144
Contract assets	4,281	1,309

*2 Amounts relating to unconsolidated subsidiaries and associates are as follows:

	Previous consolidated fiscal year (31 March 2025)	Current consolidated fiscal year (31 March 2026)
Investment securities	13,893	30,940

*3 Contract liabilities

Of “Other” under current liabilities, the amounts of contract liabilities are as follows:

	Previous consolidated fiscal year (31 March 2025)	Current consolidated fiscal year (31 March 2026)
Contract liabilities	3,613	1,889

4. Contingent Liabilities

(Filing of Lawsuit)

On 12 February 2026, NHP Solution Co., Ltd. filed a lawsuit against the Company as defendant, seeking payment of USD 1,406 thousand and JPY 91,518 thousand, together with default interest thereon, among other claims. The lawsuit is currently pending before the Tokyo District Court. The action relates to a construction contract for the AI Infrastructure Business that the Company terminated before completion. NHP Solution Co., Ltd., the contractor under that agreement, is seeking payment of the disputed portion of the contract price arising from differing views between the parties regarding the percentage of work completed up to the date of termination, as well as payment for additional work for which there was no written agreement, among other amounts. The Company will carefully examine NHP Solution Co., Ltd.’s claims and the grounds therefor, respond appropriately, and assert and substantiate the legitimacy of its position. At present, it is difficult to estimate the impact of this matter on the Group’s operating results.

(Notes to Consolidated Statements of Income)

*1 Major items and amounts of selling, general and administrative expenses are as follows:

(Unit: JPY thousands)

	Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
Executive remuneration	179,695	223,139
Salaries and allowances	619,017	641,112
Retirement benefit expenses	2,579	3,428
Amortisation of goodwill	96,796	117,230
Outsourcing expenses	243,579	765,914
Provision for allowance for doubtful accounts	7,279	16,810

*2 Impairment Losses

The Group recognised impairment losses on the following assets:

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

Location	Use	Type
Minato-ku, Tokyo	Software for internal use	Software

For the purpose of applying impairment accounting, the Group groups assets by service at the smallest identifiable unit that generates independent cash flows.

With respect to software for internal use in the previous consolidated fiscal year, the profitability of the relevant business declined and recovery of the investment was no longer expected. Accordingly, the carrying amount was reduced to the recoverable amount, and the resulting decrease of JPY 24,700 thousand was recorded as an impairment loss under extraordinary losses. The principal component was software relating to the SDGs consulting business of JPY 24,700 thousand.

The recoverable amount of the relevant asset group was measured based on value in use, calculated by discounting estimated future cash flows based on the business plan to their present value, with external specialists engaged where necessary.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

None.

*3 Loss on Retirement of Non-current Assets

	Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
Buildings and structures	4,654	-
Software	4,127	-
Total	8,782	-

(Notes to the Consolidated Statement of Comprehensive Income)

* Reclassification Adjustments Relating to Other Comprehensive Income

(Unit: JPY thousands)

	Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
Valuation difference on available-for-sale securities:		
Amount arising during the year	(1,105)	2,209
Reclassification adjustments	(2,087)	-
Before income taxes and tax effects	(3,192)	2,209
Income taxes and tax effects	1,006	(696)
Valuation difference on available-for-sale securities	(2,186)	1,513
Foreign currency translation adjustment:		
Amount arising during the year	25,585	282,226
Reclassification adjustments	-	-
Foreign currency translation adjustment	25,585	282,226
Total other comprehensive income	23,398	283,740

(Notes to the Consolidated Statements of Changes in Equity)

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

1. Matters Relating to Issued Shares

	Number of shares at beginning of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	Number of shares at end of current consolidated fiscal year
Ordinary shares (shares)	17,188,051	607,900	—	17,795,951

(Overview of Reasons for Changes)

The principal components of the increase were as follows:

Increase due to share exchange: 515,000 shares

Increase due to the exercise of the 20th Series Share Acquisition Rights with an exercise price adjustment clause through third-party allotment: 92,900 shares

2. Matters Relating to Treasury Shares

	Number of shares at beginning of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	Number of shares at end of current consolidated fiscal year
Ordinary shares (shares)	62,922	41,707	13,717	90,912

(Overview of Reasons for Changes)

The components were as follows:

Increase due to acquisition without consideration following the retirement of a participant in the restricted share-based compensation scheme: 41,664 shares

Increase due to the purchase of odd-lot shares: 43 shares

Disposal of treasury shares as restricted share-based compensation: 13,717 shares

3. Matters Relating to Share Acquisition Rights, etc.

Category	Details of share acquisition rights	Class of shares underlying share acquisition rights	Number of shares underlying share acquisition rights (shares)				Balance at end of current consolidated fiscal year (thousand yen)
			Beginning of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	End of current consolidated fiscal year	
Reporting company (parent company)	Share acquisition rights as stock options	—	—	—	—	—	48,146
	19th Series Share Acquisition Rights	Ordinary shares	1,488,000	—	—	1,488,000	6,249
	20th Series Share Acquisition Rights	Ordinary shares	—	4,400,000	92,900	4,307,100	15,160
Total		—	—	—	—	—	69,556

Notes: 1. The number of underlying shares represents the number of shares assuming that the share acquisition rights had been exercised.
2. The increase in the 20th Series Share Acquisition Rights during the current consolidated fiscal year was due to the issuance of share acquisition rights.
3. The decrease in the 20th Series Share Acquisition Rights during the current consolidated fiscal year was due to the exercise of share acquisition rights.

4. Matters Relating to Dividends
None.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
1. Matters Relating to Issued Shares

	Number of shares at beginning of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	Number of shares at end of current consolidated fiscal year
Ordinary shares (shares)	17,795,951	11,973,100	-	29,769,051

(Overview of Reasons for Changes)
The principal component of the increase was as follows:
Increase due to the exercise of share acquisition rights: 11,973,100 shares

2. Matters Relating to Treasury Shares

	Number of shares at beginning of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	Number of shares at end of current consolidated fiscal year
Ordinary shares (shares)	90,912	46,703	-	137,615

(Overview of Reasons for Changes)
The components were as follows:
Increase due to acquisition without consideration following the retirement of a participant in the restricted share remuneration scheme: 46,663 shares
Increase due to the purchase of odd-lot shares: 40 shares

3. Matters Relating to Share Acquisition Rights, etc.

Category	Details of share acquisition rights	Class of shares underlying share acquisition rights	Number of shares underlying share acquisition rights (shares)				Balance at end of current consolidated fiscal year (thousand yen)
			Beginning of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	End of current consolidated fiscal year	
Reporting company (parent company)	Share acquisition rights as stock options	—	-	-	-	-	138,331
	19th Series Share Acquisition Rights	Ordinary shares	1,488,000	-	1,488,000	-	-
	20th Series Share Acquisition Rights	Ordinary shares	4,307,100	-	4,307,100	-	-
	23rd Series Share Acquisition Rights	Ordinary shares	-	44,000,000	6,070,000	37,930,000	697,912
Total		—	-	-	-	-	836,243

Notes: 1. The number of underlying shares represents the number of shares assuming that the share acquisition rights had been exercised.
2. The decrease in the 19th Series Share Acquisition Rights during the current consolidated fiscal year was due to the exercise of share acquisition rights.
3. The decrease in the 20th Series Share Acquisition Rights during the current consolidated fiscal year was due to the exercise of share acquisition rights.
4. The increase in the 23rd Series Share Acquisition Rights during the current consolidated fiscal year was due to the issuance of share acquisition rights.
5. The decrease in the 23rd Series Share Acquisition Rights during the current consolidated fiscal year was due to the exercise of share acquisition rights.

4. Matters Relating to Dividends
None.

(Notes to the Consolidated Statement of Cash Flows)

*1 Reconciliation of Cash and Cash Equivalents at the End of the Fiscal Year to the Amounts Presented in the Consolidated Balance Sheet

	Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
Cash and deposits	526,039	417,807
Time deposits with an original maturity exceeding three months	(21,001)	(21,005)
Cash and cash equivalents	505,038	396,801

*2 Principal Components of Assets and Liabilities of a Company Newly Included in the Scope of Consolidation through the Acquisition of Shares

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

The principal components of assets and liabilities at the commencement of consolidation arising from the inclusion of MSS Inc. in the scope of consolidation through the acquisition of shares, and the reconciliation of the acquisition cost of its shares to the net cash outflow for the acquisition, were as follows:

(Unit: JPY thousands)

Current assets	153,870
Non-current assets	21,068
Goodwill	1,242,173
Current liabilities	(103,157)
Non-current liabilities	(55,540)
Acquisition cost of shares	1,258,415
Cash and cash equivalents	(51,717)
Value of the Company’s shares delivered through the share exchange	(958,415)
Net cash paid for the acquisition	248,283

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

None.

(Financial Instruments)

1. Matters Relating to the Status of Financial Instruments

(1) Policy on Financial Instruments

The Group finances its funding requirements principally through internally generated funds and borrowings. Surplus funds are principally invested in short-term deposits and highly liquid financial assets.

(2) Nature and Risks of Financial Instruments

Trade receivables, comprising accounts receivable, are exposed to customer credit risk.
Long-term loans receivable are exposed to borrowers' credit risk.
Investment securities principally comprise investments in unlisted companies and silent partnerships, and are exposed to issuer credit risk.
Trade payables, comprising accounts payable, are mostly due within one year.
Long-term borrowings are principally used to finance working capital and are exposed to liquidity risk, namely the risk that the Group may be unable to meet its payment obligations when due.
Monetary receivables and payables denominated in foreign currencies are exposed to foreign exchange fluctuation risk.

(3) Risk Management Framework for Financial Instruments

① Management of Credit Risk (Risk of Counterparty Default, etc.)

With respect to trade receivables, in accordance with internal rules and other procedures, sales personnel regularly monitor the status of major customers, manage due dates and outstanding balances by customer, and seek to identify and mitigate collection concerns at an early stage arising from deterioration in financial condition or other circumstances.
For Long-term loans receivable, the Group regularly monitors borrowers' financial condition in order to identify and mitigate collection concerns at an early stage arising from deterioration in financial condition or other circumstances.
For investment securities comprising shares and other instruments without quoted market prices, the Group periodically monitors the financial condition of the issuers.

② Management of Market Price Fluctuation Risk

For securities, the responsible personnel periodically ascertain fair values, compile valuation differences by issue, report them to the responsible manager, and regularly review the status of holdings.

③ Management of Foreign Exchange Risk

The Group monitors foreign exchange movements in respect of monetary receivables and payables denominated in foreign currencies.

④ Management of Liquidity Risk (Risk of Inability to Make Payments When Due)

The responsible department manages liquidity by preparing and updating cash flow plans on a timely basis and maintaining sufficient liquidity on hand.

2. Matters Relating to Fair Values of Financial Instruments

The carrying amounts in the consolidated balance sheet, fair values and the differences between them are as follows.

Previous consolidated fiscal year (as at 31 March 2025)

	Carrying amount in the consolidated balance sheet (Unit: JPY thousands)	Fair value (Unit: JPY thousands)	Difference (Unit: JPY thousands)
Long-term loans receivable	11,191	11,099	△91
Total assets	11,191	11,099	△91
Long-term borrowings	419,285	413,277	△6,007
Total liabilities	419,285	413,277	△6,007

Note 1: Cash and deposits, accounts receivable and contract assets, income taxes receivable, accounts payable, income taxes payable, consumption taxes payable and short-term borrowings are omitted because they are settled within a short period and their fair values approximate their carrying amounts.

Note 2: Shares and other instruments without quoted market prices and investments in silent partnerships, etc. are not included in the table above. Their carrying amounts in the consolidated balance sheet are as follows.

Category	Carrying amount in the consolidated balance sheet (Unit: JPY thousands)
Shares and other instruments without quoted market prices	17,437
Investments in silent partnerships, etc. (*)	31,888

(*) Investments in silent partnerships, etc. are excluded from fair value disclosures in accordance with paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, 17 June 2021).

Note 3: Long-term loans receivable include the current portion of long-term loans receivable.

Note 4: Long-term borrowings include the current portion of long-term borrowings.

Current consolidated fiscal year (as at 31 March 2026)

	Carrying amount in the consolidated balance sheet (Unit: JPY thousands)	Fair value (Unit: JPY thousands)	Difference (Unit: JPY thousands)
Long-term loans receivable	15,652	15,543	△109
Guarantee deposits paid	3,212,069	2,955,500	△256,569
Total assets	3,227,721	2,971,043	△256,678
Long-term borrowings	260,412	256,086	△4,326
Total liabilities	260,412	256,086	△4,326

Note 1: Cash and deposits, accounts receivable and contract assets, income taxes receivable, accounts payable, income taxes payable, consumption taxes payable and short-term borrowings are omitted because they are settled within a short period and their fair values approximate their carrying amounts.

Note 2: Shares and other instruments without quoted market prices and investments in silent partnerships, etc. are not included in the table above. Their carrying amounts in the consolidated balance sheet are as follows.

Category	Carrying amount in the consolidated balance sheet (Unit: JPY thousands)
Shares and other instruments without quoted market prices	32,503
Investments in silent partnerships, etc. (*)	34,098

(*) Investments in silent partnerships, etc. are excluded from fair value disclosures in accordance with paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, 17 June 2021).

Note 3: Long-term loans receivable include the current portion of long-term loans receivable.

Note 4: Long-term borrowings include the current portion of long-term borrowings.

3. Breakdown of Fair Values of Financial Instruments by Fair Value Hierarchy Level, etc.

The fair values of financial instruments are classified into the following three levels according to the observability and significance of the inputs used in fair value measurement.

Level 1 fair value: Fair value measured using quoted prices in active markets for the asset or liability subject to fair value measurement, among observable fair value measurement inputs.

Level 2 fair value: Fair value measured using observable fair value measurement inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable fair value measurement inputs.

Where multiple inputs that have a significant effect on fair value measurement are used, the fair value is classified at the lowest-priority level among the levels to which those inputs belong.

Financial instruments other than those carried at fair value in the consolidated balance sheet

Previous consolidated fiscal year (as at 31 March 2025)

(Unit: JPY thousands)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	—	11,099	—	11,099
Total assets	—	11,099	—	11,099
Long-term borrowings	—	413,277	—	413,277
Total liabilities	—	413,277	—	413,277

Current consolidated fiscal year (as at 31 March 2026)

(Unit: JPY thousands)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	—	15,543	—	15,543
Guarantee deposits paid	—	2,955,500	—	2,955,500
Total assets	—	2,971,043	—	2,971,043
Long-term borrowings	—	256,086	—	256,086
Total liabilities	—	256,086	—	256,086

Note: Valuation techniques and inputs used in fair value measurement

Long-term loans receivable

The fair values are measured using the discounted present value method based on the total principal and interest and a rate reflecting the remaining term and credit risk of the receivables, and are classified as Level 2 fair values.

Guarantee deposits paid

The fair values are measured using the discounted present value method based on the total principal and interest and a rate reflecting the remaining term and credit risk of the receivables, and are classified as Level 2 fair values.

Long-term borrowings

The fair values are measured using the discounted present value method based on the total principal and interest and a rate reflecting the remaining term and credit risk of the liabilities, and are classified as Level 2 fair values.

4. Scheduled Maturities of Monetary Receivables after the Consolidated Closing Date

Previous consolidated fiscal year (as at 31 March 2025)

(Unit: JPY thousands)

	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Accounts receivable and contract assets	651,195	—	—	—
Long-term loans receivable (*)	9,329	1,861	—	—
Total	660,524	1,861	—	—

(*) Includes the current portion of Long-term loans receivable.

Current consolidated fiscal year (as at 31 March 2026)

(Unit: JPY thousands)

	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Accounts receivable and contract assets	11,183,453	―	―	―
Long-term loans receivable (*)	1,361	―	―	―
Total	11,184,814	―	―	―

(*) Includes the current portion of Long-term loans receivable.

5. Scheduled Repayments of Long-term Borrowings after the Consolidated Closing Date

Previous consolidated fiscal year (as at 31 March 2025)

(Unit: JPY thousands)

	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Long-term borrowings (*)	192,540	114,258	68,589	19,370	15,504	9,024
Total	192,540	114,258	68,589	19,370	15,504	9,024

(*) Includes the current portion of long-term borrowings.

Current consolidated fiscal year (as at 31 March 2026)

(Unit: JPY thousands)

	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Long-term borrowings (*)	98,412	118,260	19,212	15,504	9,024	-
Total	98,412	118,260	19,212	15,504	9,024	-

(*) Includes the current portion of long-term borrowings.

(Retirement Benefits)

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

1. Overview of the retirement benefit plans adopted

Certain consolidated subsidiaries apply the simplified method under which the amount payable upon voluntary retirement at the end of the consolidated fiscal year is treated as the retirement benefit obligation in calculating the liability for retirement benefits and retirement benefit expenses.

2. Defined benefit plans applying the simplified method

(1) Reconciliation of the opening and closing balances of the liability for retirement benefits under plans applying the simplified method

(Unit: JPY thousand)

	Previous consolidated fiscal year (31 March 2024)	Current consolidated fiscal year (31 March 2025)
Opening balance of liability for retirement benefits	-	-
Retirement benefit expenses	-	2,850
Retirement benefit payments	-	△16,263
Increase (decrease) due to business combinations	-	33,540
Other	-	△340
Closing balance of liability for retirement benefits	-	19,787

(2) Retirement benefit expenses

Retirement benefit expenses calculated using the simplified method	Previous consolidated fiscal year	-	Current consolidated fiscal year	2,850

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

1. Overview of the retirement benefit plans adopted

Certain consolidated subsidiaries apply the simplified method under which the amount payable upon voluntary retirement at the end of the consolidated fiscal year is treated as the retirement benefit obligation in calculating the liability for retirement benefits and retirement benefit expenses.

2. Defined benefit plans applying the simplified method

(1) Reconciliation of the opening and closing balances of the liability for retirement benefits under plans applying the simplified method

(Unit: JPY thousands)

	Previous consolidated fiscal year (31 March 2025)	Current consolidated fiscal year (31 March 2026)
Opening balance of liability for retirement benefits	-	19,787
Retirement benefit expenses	2,850	3,514
Retirement benefit payments	△16,263	△201
Increase (decrease) due to business combinations	33,540	-
Other	△340	-
Closing balance of liability for retirement benefits	19,787	23,100

(2) Retirement benefit expenses

Retirement benefit expenses calculated using the simplified method	Previous consolidated fiscal year	2,850	Current consolidated fiscal year	3,514

(Stock Options, etc.)

1. Amount and Account Title of Expenses Related to Stock Options

(Unit: JPY thousands)

	Previous consolidated fiscal year	Current consolidated fiscal year
Selling, general and administrative expenses	14,041	82,621

2. Amount Recognised as Income Due to Forfeiture Resulting from Non-exercise of Rights

(Unit: JPY thousands)

	Previous consolidated fiscal year	Current consolidated fiscal year
Gain on reversal of share acquisition rights	5,021	8,483

3. Details, Scale and Changes in Stock Options

(1) Details of Stock Options

	15th Share Acquisition Rights	16th Share Acquisition Rights	18th Share Acquisition Rights
Category and number of grantees	Two directors of the Company	Three directors of the Company	Twelve employees of a subsidiary of the Company
Number of stock options by class of shares (Note)	216,000 ordinary shares	376,500 ordinary shares	132,800 ordinary shares
Grant date	2 February 2021	12 August 2022	21 December 2022
Vesting conditions	Revenue must exceed JPY 2,000 million in any fiscal year from the fiscal year ended 31 March 2022 through the fiscal year ended 31 March 2024. The ordinary closing price of the Company's ordinary shares on the Tokyo Stock Exchange must exceed 150% of the exercise price of these share acquisition rights on each of any 20 consecutive trading days during the period from the allotment date to 31 July 2025.	The grantee must be a Director, Audit & Supervisory Board Member or employee of the Group.	The grantee must be a Director, Audit & Supervisory Board Member or employee of the Group.
Required service period	From 2 February 2021 To 31 March 2021	From 12 August 2022 To 12 August 2027	From 21 December 2022 To 21 December 2027
Exercise period	From 3 February 2021 To 2 February 2029	From 13 August 2027 To 12 August 2032	From 22 December 2027 To 21 December 2032

	21st Share Acquisition Rights	22nd Share Acquisition Rights
Category and number of grantees	One director of the Company	Three directors of the Company Two executive officers of the Company
Number of stock options by class of shares (Note)	355,800 ordinary shares	631,200 ordinary shares
Grant date	10 April 2025	10 July 2025
Vesting conditions	Consolidated net sales must exceed JPY 5,000 million in either the fiscal year ending 31 March 2026 or the fiscal year ending 31 March 2027 The grantee must be an officer or employee of the Group.	Consolidated net sales must exceed JPY 5,000 million in either the fiscal year ending 31 March 2026 or the fiscal year ending 31 March 2027. The grantee must be an officer or employee of the Group.
Required service period	From 10 April 2025 To 31 March 2027	From 10 July 2025 To 31 March 2027
Exercise period	From 1 April 2027 To 31 March 2035	From 1 April 2027 To 31 March 2035

(Note) The figures are presented on a share-equivalent basis.

(2) Scale and Changes in Stock Options

The following information relates to stock options outstanding during the current consolidated fiscal year (the fiscal year ended 31 March 2026). The number of stock options is presented on a share-equivalent basis.

① Number of Stock Options

	15th Share Acquisition Rights	16th Share Acquisition Rights	18th Share Acquisition Rights	21st Share Acquisition Rights	22nd Share Acquisition Rights
Before vesting shares					
Balance at the end of the previous consolidated fiscal year	—	228,900	114,400	—	—
Granted	—	—	—	355,800	631,200
Forfeited	—	—	—	—	631,200
Vested	—	—	—	—	—
Unvested balance	—	228,900	114,400	355,800	—
After vesting (shares)					
Balance at the end of the previous consolidated fiscal year	216,000	—	—	—	—

	15th Share Acquisition Rights	16th Share Acquisition Rights	18th Share Acquisition Rights	21st Share Acquisition Rights	22nd Share Acquisition Rights
Vested	—	—	—	—	—
Exercised	108,000	—	—	—	—
Forfeited	—	—	—	—	—
Unexercised balance	108,000	—	—	—	—

② Unit Price Information

	15th Share Acquisition Rights	16th Share Acquisition Rights	18th Share Acquisition Rights	21st Share Acquisition Rights	22nd Share Acquisition Rights
Exercise price (Note) (JPY)	430	1	1	1,026	2,315
Average share price at exercise (JPY)	1,995	—	—	—	—
Fair value per unit at the grant date (JPY)	261	280	251	398	3,040

(Note) 1. Method Used to Estimate the Number of Stock Options Expected to Vest
As it is generally difficult to make a reasonable estimate of future forfeitures, the Company applies a method that reflects only actual forfeitures.

2. Where measurement is based on the intrinsic value per stock option, the aggregate intrinsic value at the end of the current consolidated fiscal year and the aggregate intrinsic value at the exercise dates of stock options exercised during the current consolidated fiscal year
① Aggregate intrinsic value at the end of the current consolidated fiscal year: JPY 613,182 thousand
② Aggregate intrinsic value at the exercise dates of stock options exercised during the current consolidated fiscal year: JPY 169,020 thousand

(Restricted Stock Compensation)
1. Details, Scale and Changes in Pre-delivery-type Transactions Involving the Free Allotment of Shares as Remuneration, etc. for Directors
(1) Details of Pre-delivery-type Awards

	2020 Pre-delivery-type Award	2021 Pre-delivery-type Award
Category and number of grantees	Three directors of the Company (excluding outside directors) One director of a subsidiary of the Company	Three directors of the Company (excluding outside directors) One director of a subsidiary of the Company
Number of shares granted by class of shares	6,516 ordinary shares	14,780 ordinary shares
Grant date	22 July 2020	10 August 2021
Vesting conditions	The grantee must continuously hold the position of director of the Company (or of the relevant subsidiary where the grantee is a director of a subsidiary) from the grant date until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended 31 March 2021.	The grantee must continuously hold the position of director of the Company (or of the relevant subsidiary where the grantee is a director of a subsidiary) from the grant date until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended 31 March 2022.

	2020 Pre-delivery-type Award	2021 Pre-delivery-type Award
Required service period	From 22 July 2020 To the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended 31 March 2021	From 10 August 2021 To the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended 31 March 2022
Fair value per unit at the grant date	JPY 753	JPY 397

	2022 Pre-delivery-type Award	2024 Pre-delivery-type Award
Category and number of grantees	Three directors of the Company (excluding outside directors) One director of a subsidiary of the Company	One director of the Company (excluding outside directors)
Number of shares granted by class of shares	96,184 ordinary shares	13,717 ordinary shares
Grant date	19 August 2022	16 April 2024
Vesting conditions	The grantee must continuously hold the position of director of the Company (or of the relevant subsidiary where the grantee is a director of a subsidiary) from the grant date until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended 31 March 2023. For a portion of the shares allotted to one eligible officer, the applicable period runs from the grant date until the conclusion of the Company’s Annual General Meeting of Shareholders for the fiscal year ending March 2027.	The grantee must continuously hold the position of director of the Company from the grant date until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended 31 March 2025.
Required service period	From 19 August 2022 To the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended 31 March 2023 (For a portion of the shares allotted to one eligible officer, the period runs from 19 August 2022 until the conclusion of the Company’s Annual General Meeting of Shareholders for the fiscal year ending March 2027.)	From 16 April 2024 To the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended 31 March 2025
Fair value per unit at the grant date	JPY 284	JPY 729

(2) Scale and Changes in Pre-delivery-type Awards
① Amount and Account Title of Expenses Recognised

	Previous consolidated fiscal year	Current consolidated fiscal year
Selling, general and administrative expenses	JPY 13,136 thousand	-

② Number of Shares

The following information relates to pre-delivery-type awards for which unvested shares remained outstanding during the current consolidated fiscal year (the fiscal year ended 31 March 2026).

		2022 Pre-delivery-type Award
Balance at the end of the previous consolidated fiscal year	(shares)	68,896
Granted		-
Forfeited		58,333
Vested		-
Unvested balance		10,563

(Tax Effect Accounting)

1. Major Components of Deferred Tax Assets and Deferred Tax Liabilities

(Unit: JPY thousands)

	Previous consolidated fiscal year (31 March 2025)	Current consolidated fiscal year (31 March 2026)
Deferred tax assets		
Accrued enterprise tax	9,722	81,693
Excess depreciation	44,528	68,076
Impairment losses	51,874	10,167
Accounts payable - other	1,181	663
Asset retirement obligations	2,755	3,629
Asset adjustment account	6,413	4,573
Valuation loss on investment securities	17,794	18,418
Provision for bonuses	7,839	16,610
Share-based compensation expenses	32,559	49,534
Provision for paid leave	5,407	6,440
Tax loss carryforwards (Note 2)	336,660	19,302
Liability for retirement benefits	7,009	8,184
Other	△2,043	2,111
Subtotal of deferred tax assets	521,703	289,406
Valuation allowance for tax loss carryforwards (Note 2)	△336,660	△6,849
Valuation allowance for total deductible temporary differences, etc.	△121,194	△91,672
Subtotal of valuation allowance (Note 1)	△457,854	△98,522
Total deferred tax assets	63,848	190,884
Deferred tax liabilities		
Valuation gains on investment securities	△1,698	△4,332
Other	△31,828	△29,237
Total deferred tax liabilities	△33,527	△33,570
Net deferred tax assets	30,321	157,314

(Note) 1. The valuation allowance decreased by JPY 359,332 thousand, mainly due to a decrease in the valuation allowance for tax loss carryforwards of the Company.

(Note) 2. Tax Loss Carryforwards and Related Deferred Tax Assets by Expiry Period

Previous consolidated fiscal year (as at 31 March 2025)

	Within one year (Unit: JPY thousands)	After one year but within two years (Unit: JPY thousands)	After two years but within three years (Unit: JPY thousands)	After three years but within four years (Unit: JPY thousands)	After four years but within five years (Unit: JPY thousands)	After five years (Unit: JPY thousands)	Total (Unit: JPY thousands)
Tax loss carryforwards (*)	-	-	-	-	-	336,660	336,660
Valuation allowance	-	-	-	-	-	△336,660	△336,660
Deferred tax assets	-	-	-	-	-	-	-

(*) Tax loss carryforwards are stated at the amount calculated by multiplying the relevant tax loss carryforwards by the statutory effective tax rate.

Current consolidated fiscal year (as at 31 March 2026)

	Within one year (Unit: JPY thousands)	After one year but within two years (Unit: JPY thousands)	After two years but within three years (Unit: JPY thousands)	After three years but within four years (Unit: JPY thousands)	After four years but within five years (Unit: JPY thousands)	After five years (Unit: JPY thousands)	Total (Unit: JPY thousands)
Tax loss carryforwards (*)	-	-	-	-	-	19,302	19,302
Valuation allowance	-	-	-	-	-	△6,849	△6,849
Deferred tax assets	-	-	-	-	-	12,453	12,453

(*) Tax loss carryforwards are stated at the amount calculated by multiplying the relevant tax loss carryforwards by the statutory effective tax rate.

2. Reconciliation of the Statutory Effective Tax Rate and the Effective Income Tax Rate after Application of Tax Effect Accounting

	Previous consolidated fiscal year (31 March 2025)	Current consolidated fiscal year (31 March 2026)
Statutory effective tax rate	Net loss before income taxes was recorded; accordingly, disclosure is omitted.	30.6 %
%(Adjustments)		
Tax credits		△0.2
Amortisation of goodwill		1.0
Differences in tax rates of consolidated subsidiaries		0.1
Elimination of unrealised gains		0.8
Non-deductible entertainment expenses, etc.		0.1
Non-deductible donations, etc.		4.6
Change in valuation allowance		△14.7
Other		0.3
Effective income tax rate after application of tax effect accounting		22.7

3. Accounting Treatment for Corporate Income Tax and Local Corporate Income Tax, and Related Tax Effect Accounting

The Company and certain domestic consolidated subsidiaries apply the group tax sharing system. Accounting treatment and disclosures for corporate income tax and local corporate income tax, and the related tax effect accounting, are made in accordance with the Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (PITF No. 42, 12 August 2021).

(Asset Retirement Obligations)

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

Disclosure is omitted because the total amount of asset retirement obligations is immaterial.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

Disclosure is omitted because the total amount of asset retirement obligations is immaterial.

(Revenue Recognition)

(1) Disaggregation of Revenue from Contracts with Customers
Information on the disaggregation of revenue from contracts with customers is presented in “Notes (Segment Information, etc.)”.

(2) Information Providing a Basis for Understanding Revenue
Information providing a basis for understanding revenue is presented in “Significant Matters Forming the Basis for the Preparation of the Consolidated Financial Statements, 4. Matters Concerning Accounting Policies, (5) Significant Accounting Policies for the Recognition of Revenue and Expenses”.

(3) Information for Understanding Revenue in the Current Consolidated Fiscal Year and Subsequent Consolidated Fiscal Years

① Contract Balances, etc.
The balances of receivables arising from contracts with customers, contract assets and contract liabilities are as follows:

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

(Unit: JPY thousands)

Receivables arising from contracts with customers (opening balance)	638,876
Receivables arising from contracts with customers (closing balance)	646,913
Contract assets (opening balance)	7,724
Contract assets (closing balance)	4,281
Contract liabilities (opening balance)	2,128
Contract liabilities (closing balance)	3,613

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

(Unit: JPY thousands)

Receivables arising from contracts with customers (opening balance)	646,913
Receivables arising from contracts with customers (closing balance)	11,182,144
Contract assets (opening balance)	4,281
Contract assets (closing balance)	1,309
Contract liabilities (opening balance)	3,613
Contract liabilities (closing balance)	1,889

② Transaction Price Allocated to Remaining Performance Obligations
Unsatisfied (or partially unsatisfied) performance obligations at the end of the previous and current consolidated fiscal years amounted to JPY 1,066,651 thousand and JPY 1,920,558 thousand, respectively. These performance obligations relate to the retail marketing business, and the periods in which revenue is expected to be recognised are as follows:

(Unit: JPY thousands)

	Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
Within one year	597,576	1,012,139
More than one year but within two years	298,745	811,362
More than two years	170,330	97,057

In disclosing the transaction price allocated to remaining performance obligations, the Group applies the practical expedient and excludes contracts with an original expected duration of one year or less from the scope of disclosure.
In addition, contracts with customers in the retail marketing business are automatically renewed for specified periods after the end of the initial contract term unless either party gives notice of termination. However, the amounts of unsatisfied performance obligations shown above include only those relating to the initial contract term.

(Segment Information, etc.)

[Segment Information]

1. Overview of Reportable Segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are regularly reviewed by the Board of Directors to determine the allocation of management resources and evaluate performance.

The Group has two reportable segments: the "Domestic Business", which primarily conducts business activities in Japan, and the "Overseas Business", which primarily conducts business activities outside Japan.

2. Methods of Calculating Net Sales, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segment

The accounting methods applied to the reported business segments are consistent with the accounting policies adopted in preparing the consolidated financial statements.

Profit for reportable segments is based on operating profit.

Intersegment revenue and transfers are based on prevailing market prices.

3. Information on Net Sales, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segment, and Disaggregation of Revenue

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

(Unit: JPY thousands)

	Reportable segments			Adjustments (Note 1)	Amounts reported in the consolidated financial statements (Note 2)
	Domestic Business	Overseas Business	Total		
Net sales Goods or services transferred at a point in time	1,320,882	50,816	1,371,699	-	1,371,699
Goods or services transferred over time	598,678	972,257	1,570,935	-	1,570,935
Revenue from contracts with customers	1,919,561	1,023,073	2,942,635	-	2,942,635
Other revenue	-	-	-	-	-
Net sales to external customers	1,919,561	1,023,073	2,942,635	-	2,942,635
Intersegment sales or transfers	12,588	-	12,588	△12,588	-
Total	1,932,149	1,023,073	2,955,223	△12,588	2,942,635
Segment profit or loss	92,972	163,793	256,765	△752,767	△496,001
Segment assets	4,371,969	1,507,262	5,879,232	△1,285,260	4,593,971
Other items Depreciation	9,681	166,476	176,158	348	176,506
Amortisation of goodwill	85,153	11,643	96,796	-	96,796

(Notes) 1. Adjustments are as follows:

(1) The adjustment of JPY (752,767) thousand to segment profit or loss represents corporate expenses not allocated to any reportable segment.

(2) The adjustment of JPY (1,285,260) thousand to segment assets represents corporate assets not allocated to any reportable segment and the elimination of intersegment transactions.

2. Segment profit or loss is reconciled to operating loss in the consolidated financial statements.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

(Unit: JPY thousands)

	Reportable segments			Adjustments (Note 1)	Amounts reported in the consolidated financial statements (Note 2)
	Domestic Business	Overseas Business	Total		
Net sales Goods or services transferred at a point in time	992,315	37,135	1,029,451	-	1,029,451
Goods or services transferred over time	31,476,299	1,099,288	32,575,587	-	32,575,587
Revenue from contracts with customers	32,468,614	1,136,424	33,605,038	-	33,605,038
Other revenue	-	-	-	-	-
Net sales to external customers	32,468,614	1,136,424	33,605,038	-	33,605,038
Intersegment sales or transfers	3,185	63,202	66,387	△66,387	-
Total	32,471,800	1,199,626	33,671,426	△66,387	33,605,038
Segment profit	5,057,992	149,473	5,207,466	△1,662,783	3,544,683
Segment assets	16,639,815	1,757,332	18,397,147	10,180,432	28,577,580
Other items Depreciation	268,208	185,005	453,213	1,607	454,821
Amortisation of goodwill	105,856	11,373	117,230	-	117,230

(Notes) 1. Adjustments are as follows:

(1) The adjustment of JPY (1,662,783) thousand to segment profit represents corporate expenses not allocated to any reportable segment.

(2) The adjustment of JPY 10,180,432 thousand to segment assets represents corporate assets not allocated to any reportable segment and the elimination of intersegment transactions.

2. Segment profit is reconciled to operating profit in the consolidated financial statements.

[Related Information]

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

1. Information by Product and Service

(Unit: JPY thousands)

Retail Marketing	Data Analysis Solutions	AI Infrastructure	Total
1,454,692	1,487,942	-	2,942,635

2. Information by Geographical Area

(1) Net Sales

(Unit: JPY thousands)

Japan	Asia	South America	Other	Total
1,919,561	-	875,564	147,509	2,942,635

(2) Property, Plant and Equipment

(Unit: JPY thousands)

Chile	Colombia	Panama	Peru	Other	Total
207,161	93,422	43,727	45,224	17,417	406,954

3. Information by Major Customer

This information is omitted because no customer accounted for 10% or more of net sales to external customers presented in the consolidated statement of income.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

1. Information by Product and Service

(Unit: JPY thousands)

Retail Marketing	Data Analysis Solutions	AI Infrastructure	Total
1,918,575	1,209,134	30,477,329	33,605,038

2. Information by Geographical Area

(1) Net Sales

(Unit: JPY thousands)

Japan	Asia	South America	Other	Total
1,991,285	30,477,329	982,824	153,599	33,605,038

(Changes in Presentation)

From the current consolidated fiscal year, the Group revised its geographical classifications. Sales in Chile, which had previously been presented separately, and sales in Colombia and Peru, which had previously been included in “Other”, are now reclassified and presented under “South America”. Accordingly, figures for the previous consolidated fiscal year have been reclassified to conform to the revised presentation.

(2) Property, Plant and Equipment

This information is omitted because property, plant and equipment located in Japan represents more than 90% of the total property, plant and equipment presented in the consolidated balance sheet.

3. Information by Major Customer

(Unit: JPY thousands)

Customer name	Net sales	Related segment
NOWNOW JAPAN CO., LTD.	30,477,329	AI Infrastructure

[Information on Impairment Losses on Non-current Assets by Reportable Segment]
Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

(Unit: JPY thousands)

	Domestic Business	Overseas Business	Corporate and eliminations	Total
Impairment losses	24,700	-	-	24,700

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

(Unit: JPY thousands)

	Domestic Business	Overseas Business	Corporate and eliminations	Total
Impairment losses	-	-	-	-

[Information on Amortisation and Unamortised Balance of Goodwill by Reportable Segment]
Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

(Unit: JPY thousands)

	Domestic Business	Overseas Business	Corporate and eliminations	Total
Amortisation for the fiscal year	85,153	11,643	-	96,796
Balance at the end of the fiscal year	1,243,693	74,464	-	1,318,157

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

(Unit: JPY thousands)

	Domestic Business	Overseas Business	Corporate and eliminations	Total
Amortisation for the fiscal year	105,856	11,373	-	117,230
Balance at the end of the fiscal year	1,137,836	69,652	-	1,207,489

[Information on Gain on Bargain Purchase by Reportable Segment]
Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)
None.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
None.

[Related Party Information]

1. Transactions with Related Parties

(1) Transactions between the Company Filing the Consolidated Financial Statements and Related Parties

Officers and Major Shareholders (Limited to Companies, etc.) of the Company Filing the Consolidated Financial Statements, etc.

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

None.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

Category	Name / Company	Location	Capital or investment	Nature of business	Ownership (or ownership by the related party) of voting rights, etc. (%)	Relationship with the related party	Nature of transaction	Transaction amount (Unit: JPY thousands)	Account	Balance at year-end (Unit: JPY thousands)
Major share holder	First Plus Financial Holdings Pte. Ltd.	Singapore	SGD 70 million	Investment business	Directly owned: 7.5 (Note 1)	Borrowing of funds	Borrowing of funds (Note 2)	1,763,512	Short-term borrowings	–
						Repayment of funds	Repayment of funds	1,763,512		
						Payment of interest	Payment of interest (Note 2)	4,545	Accrued expenses	4,545
						Funds received for planned exercise of share acquisition rights	Funds received for planned exercise of share acquisition rights	5,212,741	Deposits received	5,212,741
						Subscription for and exercise of share acquisition rights	Subscription for and exercise of share acquisition rights (Note 3)	1,730,760	–	–

(Notes) 1. As at 31 March 2026, First Plus Financial Holdings Pte. Ltd. had granted Earth Elements Capital Co., Ltd. a comprehensive proxy to exercise voting rights and other rights in respect of 7,558,000 of the 9,788,000 shares in the Company acquired through the exercise of the 19th and 23rd Share Acquisition Rights. Accordingly, the voting rights attached to those shares are excluded when calculating its voting rights ratio, and First Plus Financial Holdings Pte. Ltd. does not constitute a major shareholder. Nevertheless, taking into account its overall shareholding in the Company and other relevant circumstances, the Company has determined that it is a related party and has disclosed the transactions with it as related-party transactions.

2. Interest rates on borrowings are determined reasonably with reference to prevailing market rates.
3. The subscription for and exercise of share acquisition rights relate to the exercise by First Plus Financial Holdings Pte. Ltd. of the Company’s 19th Share Acquisition Rights and its subscription for and exercise of the Company’s 23rd Share Acquisition Rights.

Unconsolidated Subsidiaries and Associates, etc.

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

None.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

Category	Name / Company	Location	Capital or investment	Nature of business	Ownership (or ownership by the related party) of voting rights, etc. (%)	Relationship with the related party	Nature of transaction	Transaction amount (Unit: JPY thousands)	Account	Balance at year-end (Unit: JPY thousands)
Subsidiary	Datasection (Thailand) Co., Ltd.	Bangkok, Thailand	THB 3 million	AI infrastructure business	Direct: 100.0	Payment of funds on behalf of the subsidiary	Payment of funds on behalf of the subsidiary	1,192,231	Payments on behalf of others	1,192,231
Subsidiary	Datasection Australia Pty. Ltd.	Sydney, Australia	AUD 10 thousand	AI infrastructure business	Direct: 100.0	Payment of funds on behalf of the subsidiary	Payment of funds on behalf of the subsidiary	1,167,034	Payments on behalf of others	1,167,034

Officers and Major Shareholders (Limited to Individuals) of the Company Filing the Consolidated Financial Statements, etc.

Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

Category	Name / Company	Location	Capital or investment (Unit: JPY thousands)	Nature of business or occupation	Ownership (or ownership by the related party) of voting rights, etc. (%)	Relationship with the related party	Nature of transaction	Transaction amount (Unit: JPY thousands)	Account	Balance at year-end (Unit: JPY thousands)
Officer	Norihiko Ishihara VLC Security Co., Ltd. (Note 4)	Minato-ku, Tokyo	24,599	Representative Director of the Company VLC Security Co., Ltd. (Note 4)	—	Borrowing of funds	Borrowing of funds (Note 2)	260,000	Short-term borrowings	—
						Payment of interest	Payment of interest (Note 2)	561	Accrued expenses	—
						Acquisition of shares	Acquisition of shares (Note 3)	300,000	—	—
						Share exchange	Share exchange (Note 3)	938,330	—	—

(Notes) 1. Each transaction was conducted by Norihiko Ishihara, Representative Director of the Company, in his capacity as representative of a third party, VLC Holdings Co., Ltd. (currently VLC Security Co., Ltd.).

2. Interest rates on borrowings are determined reasonably with reference to prevailing market rates.

3. After the Company acquired a portion of the shares of MSS Inc. from VLC Holdings Co., Ltd. (currently VLC Security Co., Ltd.) for cash consideration, a share exchange was carried out under which the Company became the wholly owning parent company and MSS Inc. became the wholly owned subsidiary. The acquisition price and share exchange ratio were determined through discussions between the parties based on a valuation calculated by an independent third-party valuation institution. The consideration for the share exchange consisted of 515,000 shares of the Company, and its value was calculated based on the Company's closing share price of JPY 1,822 on the Tokyo Stock Exchange on 1 July 2024.

4. VLC Security Co., Ltd. changed its trade name from VLC Holdings Co., Ltd. on 6 October 2025.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)

Category	Name / Company	Location	Capital or investment (Unit: JPY thousands)	Nature of business or occupation	Ownership (or ownership by the related party) of voting rights, etc. (%)	Relationship with the related party	Nature of transaction	Transaction amount (Unit: JPY thousands)	Account	Balance at year-end (Unit: JPY thousands)
Officer	Norihiko Ishihara VLC Security Co., Ltd.	Minato-ku, Tokyo	128,390	Representative Director of the Company VLC Security Co., Ltd.	—	Borrowing of funds	Borrowing of funds (Note 2)	460,000	Short-term borrowings	40,000
						Repayment of funds	Repayment of funds	420,000		
						Payment of interest	Payment of interest (Note 2)	309	Accrued expenses	27

(Notes) 1. Each transaction was conducted by Norihiko Ishihara, Representative Director of the Company, in his capacity as representative of a third party, VLC Security Co., Ltd.

2. Interest rates on borrowings are determined reasonably with reference to prevailing market rates.

(2) Transactions between Consolidated Subsidiaries of the Company Filing the Consolidated Financial Statements and Related Parties

Officers and Major Shareholders (Limited to Individuals) of the Company Filing the Consolidated Financial Statements, etc.
Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)

Category	Company name	Location	Capital or investment	Nature of business	Ownership (or ownership by the related party) of voting rights, etc. (%)	Relationship with the related party	Nature of transaction	Transaction amount (Unit: JPY thousands)	Account	Balance at year-end (Unit: JPY thousands)
Company in which an officer and close relatives hold a majority of the voting rights	Inversiones Cuatro C SpA (Note 1)	Santiago, Chile	CLP 8 million	Investment and advisory services	—	Concurrent position held by an officer; lease of office space, etc.	Lease of office space, etc. (Note 3)	22,098 (Note 2)	Accounts payable - other	3,339 (Note 2)

(Notes) 1. Christian Pablo Cafatti Cuevas, a former Director of the Company, and his close relatives own 100% of the voting rights.
2. Christian Pablo Cafatti Cuevas retired as a Director of the Company upon the conclusion of the extraordinary general meeting of shareholders held on 19 December 2024 due to the expiry of his term of office. The transaction amount shown covers the period during which he was a related party, and the balance shown is the balance at the time he ceased to qualify as a related party.
3. Rental payments are determined based on prevailing market conditions in the surrounding area.

Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
None.

2. Notes on the Parent Company or Significant Associates
None.

(Special Purpose Entities Subject to Disclosure)
None.

[Per Share Information]

(Unit: JPY)

	Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
Net assets per share	130.74	625.40
Basic earnings (loss) per share	△37.40	115.47
Diluted earnings per share	―	90.40

(Notes) 1. Diluted earnings per share for the previous consolidated fiscal year are not presented because, although potential ordinary shares existed, a loss per share was recorded.

2. The basis for calculating Basic earnings (loss) per share and diluted earnings per share is as follows:

	Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
Basic earnings (loss) per share		
Profit (loss) attributable to owners of the parent (Unit: JPY thousands)	△654,991	2,801,675
Amount not attributable to ordinary shareholders (Unit: JPY thousands)	―	―
Profit (loss) attributable to owners of the parent attributable to ordinary shares (Unit: JPY thousands)	△654,991	2,801,675
Weighted-average number of ordinary shares during the fiscal year (shares)	17,515,436	24,263,333

	Previous consolidated fiscal year (from 1 April 2024 to 31 March 2025)	Current consolidated fiscal year (from 1 April 2025 to 31 March 2026)
Diluted earnings per share		
Adjustment to profit (Unit: JPY thousands)	―	―
Increase in ordinary shares (shares)	―	6,727,702
(of which, share acquisition rights (shares))	(-)	(6,727,702)

[Significant Subsequent Events]

[Exercise of the 23rd Series of Share Acquisition Rights]

On 20 April 2026, the 23rd Series of Share Acquisition Rights were exercised. Details of the shares issued upon exercise are as follows (amounts are presented in thousands of yen):

(1) Share acquisition rights exercised		21,400
(2) Shares issued upon exercise	Ordinary shares	2,140,000
(3) Increase in share capital		1,357,188
(4) Increase in capital surplus		1,357,188

[Transfer of Shares in a Subsidiary]

At the Board of Directors meeting held on 29 June 2026, the Company resolved to transfer all of the shares it holds in its consolidated subsidiary, Jach Technology SpA (hereinafter referred to as “Jach”), to a special-purpose acquisition company funded by Jach's officers and other parties. As a result of this share transfer, Jach and its six subsidiaries (collectively, the "Target Companies") are expected to be excluded from the scope of the Company's consolidation.

1. Reasons for the Share Transfer
The Group has designated the AI infrastructure business as its strategic core business and is concentrating management resources on that business and on businesses expected to generate significant synergies with it, while optimising its business portfolio.
Jach develops "FollowUP", a retail support tool using in-store camera devices, and provides the FollowUP solution primarily in South America. The Company received a proposal from Mr Christian Pablo Cafatti Cuevas ("Christian"), CEO of Jach and an Executive Officer of the Company, that, in order for Jach to achieve further business growth, swift management decision-making and agile business operations would be essential, and that a management structure led primarily by Jach's management team would be optimal. Following careful consideration of the proposal, the Company determined that the share transfer would contribute both to enhancing Jach's corporate value and to the optimal allocation of the Group's management resources. Accordingly, the Company decided to transfer the shares to a special-purpose acquisition company funded by Jach's officers and other parties, principally Christian. Christian is expected to resign from his position as an Executive Officer of the Company upon execution of the agreement relating to the share transfer.

2. Overview of the Subsidiaries to Be Transferred

(1)	Name	Jach Technology SpA
	Business activities	Development and sale of FollowUP
(2)	Name	Alianza FollowUP S.A.S.
	Business activities	Sale of FollowUP
(3)	Name	Inteligenxia S.A.
	Business activities	Sale of FollowUP
(4)	Name	FollowUP Peru S.A.C.
	Business activities	Sale of FollowUP
(5)	Name	Alianza FollowUP Panamá S.A.
	Business activities	Sale of FollowUP
(6)	Name	FollowUP Customer Experience S.L.
	Business activities	Sale of FollowUP
(7)	Name	Fupbimx, S.A.P.I. de C.V.
	Business activities	Sale of FollowUP

3. Overview of the Transferee

Name	Practicando SpA
Business activities	Special-purpose company for the MBO

4. Number of Shares to Be Transferred, Transfer Price and Ownership Before and After the Transfer

(1)	Number of shares held before the transfer	8,914,106,430 shares (percentage of voting rights held: 100%)
(2)	Number of shares to be transferred	8,914,106,430 shares
(3)	Transfer price	USD 6,737,111 (Note)
(4)	Number of shares held after the transfer	0 shares (percentage of voting rights held: 0%)

(Note) Converted into yen at the closing exchange rate of JPY 159.39 per USD as at the end of May 2026, the amount is JPY 1,073 million.

5. Schedule

(1)	Date of Board of Directors resolution	29 June 2026

(2)	Date of execution of the share transfer agreement	By 3 July 2026
(3)	Date of share transfer (scheduled)	Between July and August 2026

6. Outlook

As a result of the share transfer, the Target Companies will be excluded from the scope of the Company's consolidation from the second quarter of the fiscal year ending 31 March 2027. The impact of the share transfer on the Company's financial results is currently under review. The Company expects to record a gain on sale of shares of subsidiaries and associates as extraordinary income of between JPY 100 million and JPY 300 million in the consolidated financial statements and approximately JPY 1.0 billion in the non-consolidated financial statements.

⑤ Consolidated Supplementary Schedules

Schedule of Bonds

None.

Schedule of Borrowings and Other Interest-Bearing Debt

Category	Balance at beginning of current fiscal year (Unit: JPY thousands)	Balance at end of current fiscal year (Unit: JPY thousands)	Average interest rate (%)	Repayment period
Short-term borrowings	950,832	284,969	1.69	—
Current portion of long-term borrowings	192,540	98,412	0.81	—
Long-term borrowings (excluding current portion)	226,745	162,000	0.75	2026–2030
Total	1,370,118	545,381	—	—

(Notes) 1. The average interest rate represents the weighted-average interest rate based on the balance of borrowings at the end of the fiscal year.

2. The repayment schedule for long-term borrowings (excluding the current portion) for the five years following the consolidated fiscal year-end is as follows.

	Over 1 year and up to 2 years (Unit: JPY thousands)	Over 2 years and up to 3 years (Unit: JPY thousands)	Over 3 years and up to 4 years (Unit: JPY thousands)	Over 4 years and up to 5 years (Unit: JPY thousands)
Long-term borrowings	118,260	19,212	15,504	9,024

Schedule of Asset Retirement Obligations

As the amounts of asset retirement obligations at the beginning and end of the current consolidated fiscal year were each no more than 1% of the total liabilities and net assets at the respective dates, disclosure has been omitted pursuant to Article 92-2 of the Regulation on Consolidated Financial Statements.

(2) Other

Interim information for the current consolidated fiscal year

	Interim consolidated accounting period	Current consolidated fiscal year
Net sales (Unit: JPY thousands)	1,746,258	33,605,038
Profit (loss) before income taxes for the interim period / fiscal year (Unit: JPY thousands)	△1,434,233	3,631,414
Profit (loss) attributable to owners of parent for the interim period / fiscal year (Unit: JPY thousands)	△1,465,492	2,801,675
Earnings (loss) per share for the interim period / fiscal year (JPY)	△71.97	115.47

2. Financial Statements and Other Information

(1) Financial Statements

1. [Balance Sheet]

(Unit: JPY thousands)

	Previous fiscal year (31 March 2025)	Current fiscal year (31 March 2026)
Assets		
Current assets		
Cash and deposits	31,397	13,615
Accounts receivable - trade and contract assets	※269,579	※10,551,994
Merchandise	9,447	5,718
Prepaid expenses	11,438	29,783
Short-term loans receivable	※44,864	※90,198
Payments on behalf of others	2,278	2,379,960
Deposits paid	-	246,960
Consumption taxes receivable	-	448,206
Other	※59,188	※403,064
Allowance for doubtful accounts	△880	△880
Total current assets	427,314	14,168,621
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	9,882	15,378
Construction in progress	-	4,497,482
Total property, plant and equipment	9,882	4,512,860
Intangible assets		
Software	841,572	1,155,930
Total intangible assets	841,572	1,155,930
Investments and other assets		
Investment securities	35,433	35,661
Shares of subsidiaries and associates	1,610,476	1,688,041
Long-term loans receivable	※75,313	※37,957
Long-term prepaid expenses	330	1,973,421
Guarantee deposits paid	31,889	3,211,889
Deferred tax assets	-	83,445
Other	16,052	1,300
Total investments and other assets	1,769,494	7,031,717
Total non-current assets	2,620,948	12,700,508
Total assets	3,048,263	26,869,130

(Unit: JPY thousands)

	Previous fiscal year (31 March 2025)	Current fiscal year (31 March 2026)
Liabilities		
Current liabilities		
Short-term borrowings	※1,020,415	※640,000
Current portion of long-term borrowings	171,549	92,412
Other payables	※261,152	※1,822,160
Accrued expenses	※13,003	※12,407
Income taxes payable	16,787	979,582
Deposits received	8,093	※5,220,753
Other	※6,404	※3,007
Total current liabilities	1,497,405	8,770,323
Non-current liabilities		
Long-term borrowings	193,290	100,878
Asset retirement obligations	9,000	9,000
Deferred tax liabilities	1,698	-
Other	1,934	-
Total non-current liabilities	205,922	109,878
Total liabilities	1,703,327	8,880,201
Net assets		
Shareholders' equity		
Share capital	1,912,113	8,486,036
Capital surplus		
Legal capital surplus	1,683,896	8,257,819
Other capital surplus	968,414	968,414
Total capital surplus	2,652,310	9,226,234
Retained earnings		
Other retained earnings		
Retained earnings brought forward	△3,292,684	△564,600
Total retained earnings	△3,292,684	△564,600
Treasury shares	△50	△187
Total shareholders' equity	1,271,688	17,147,482
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,690	5,203
Total valuation and translation adjustments	3,690	5,203
Share acquisition rights	69,556	836,243
Total net assets	1,344,935	17,988,928
Total liabilities and net assets	3,048,263	26,869,130

2. [Statement of Income]

(Unit: JPY thousands)

	Previous fiscal year (from 1 April 2024 to 31 March 2025)	Current fiscal year (from 1 April 2025 to 31 March 2026)
Net sales	※1 628,325	※1 30,696,146
Cost of sales	※1 398,907	※1 25,495,806
Gross profit	229,417	5,200,340
Selling, general and administrative expenses	※1,※2 976,619	※1,※2 1,896,740
Operating profit (loss)	△747,201	3,303,599
Non-operating income		
Interest income	※1 12,144	※1 7,482
Foreign exchange gains	-	175,173
Dividend income	※1 26,160	-
Gain on recovery of written-off claims	※1 11,556	-
Total non-operating income	49,862	182,655
Non-operating expenses		
Interest expenses	※1 17,157	※1 25,980
Loss on cancellation of insurance policies	6,372	2,251
Other	9,644	40
Total non-operating expenses	33,173	28,272
Ordinary profit (loss)	△730,512	3,457,982
Extraordinary income		
Gain on sale of investment securities	5,658	-
Gain on reversal of share acquisition rights	5,021	8,483
Gain on adjustment of liabilities	※1 6,024	-
Total extraordinary income	16,704	8,483
Extraordinary losses		
Loss on sale of investment securities	-	2,087
Valuation loss on investment securities	-	1,981
Loss on retirement of non-current assets	4,127	-
Total extraordinary losses	4,127	4,068
Profit (loss) before income taxes	△717,936	3,462,396
Income taxes - current	△35,068	820,153
Income taxes - deferred	-	△85,840
Total income taxes	△35,068	734,312
Profit (loss)	△682,867	2,728,083

3. [Statement of Changes in Equity]

Previous fiscal year (from 1 April 2024 to 31 March 2025)

(Unit: JPY thousands)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of fiscal year	1,868,479	1,640,262	-	1,640,262	△2,609,817	△2,609,817	△3	898,920
Changes during the fiscal year								
Issuance of new shares	43,633	43,633		43,633				87,267
Restricted share-based compensation			9,999	9,999				9,999
Increase due to share exchange			958,415	958,415				958,415
Purchase of treasury shares							△46	△46
Profit (loss) for the fiscal year					△682,867	△682,867		△682,867
Net changes in items other than shareholders' equity								
Total changes during the fiscal year	43,633	43,633	968,414	1,012,048	△682,867	△682,867	△46	372,767
Balance at end of fiscal year	1,912,113	1,683,896	968,414	2,652,310	△3,292,684	△3,292,684	△50	1,271,688

	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 fiscal year	5,876	5,876	39,237	944,034
Changes during the fiscal year				
Issuance of new shares				87,267
Restricted share-based compensation				9,999
Increase due to share exchange				958,415
Purchase of treasury shares				△46
Profit (loss) for the fiscal year				△682,867
Net changes in items other than shareholders' equity	△2,186	△2,186	30,319	28,133
Total changes during the fiscal year	△2,186	△2,186	30,319	400,901
Balance at end of fiscal year	3,690	3,690	69,556	1,344,935

Current fiscal year (from 1 April 2025 to 31 March 2026)

(Unit: JPY thousands)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of fiscal year	1,912,113	1,683,896	968,414	2,652,310	△3,292,684	△3,292,684	△50	1,271,688
Changes during the fiscal year								
Issuance of new shares	6,573,923	6,573,923		6,573,923				13,147,847
Restricted share-based compensation								
Increase due to share exchange								
Purchase of treasury shares							△137	△137
Profit (loss) for the fiscal year					2,728,083	2,728,083		2,728,083
Net changes in items other than shareholders' equity								
Total changes during the fiscal year	6,573,923	6,573,923	-	6,573,923	2,728,083	2,728,083	△137	15,875,793
Balance at end of fiscal year	8,486,036	8,257,819	968,414	9,226,234	△564,600	△564,600	△187	17,147,482

	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 fiscal year	3,690	3,690	69,556	1,344,935
Changes during the fiscal year				
Issuance of new shares				13,147,847
Restricted share-based compensation				
Increase due to share exchange				
Purchase of treasury shares				△137
Profit (loss) for the fiscal year				2,728,083
Net changes in items other than shareholders' equity	1,513	1,513	766,686	768,199
Total changes during the fiscal year	1,513	1,513	766,686	16,643,993
Balance at end of fiscal year	5,203	5,203	836,243	17,988,928

[Notes]

[Significant Accounting Policies]

1. Going Concern Assumption

None.

2. Valuation Basis and Methods for Securities

(1) Shares of Subsidiaries and Associates

Stated at cost determined by the moving-average method.

(2) Investments in Affiliates

Stated at cost determined by the moving-average method.

(3) Available-for-sale Securities

Equity securities without market prices

Stated at cost determined by the moving-average method.

Investments in silent partnerships are accounted for by incorporating the Company’s proportionate share on a net basis, based on the most recent financial statements available in accordance with the reporting date stipulated in the partnership agreement.

3. Valuation Basis and Methods for Inventories

Merchandise and finished goods

Stated at cost using the first-in, first-out method (the carrying amount in the balance sheet is written down based on any decline in profitability).

4. Depreciation and Amortisation Methods for Non-current Assets

(1) Property, Plant and Equipment

The declining-balance method is applied.

However, the straight-line method is applied to buildings (excluding building fixtures) acquired on or after 1 April 1998 and to building fixtures and structures acquired on or after 1 April 2016.

The principal useful lives are as follows:

Buildings: 4–28 years

Tools, furniture and fixtures: 3–15 years

(2) Intangible Assets

The straight-line method is applied.

Software for internal use is amortised over its estimated useful life within the Company (three to five years).

5. Basis for Recognition of Allowances

Allowance for doubtful accounts

To provide for losses on receivables such as trade receivables, an allowance is recognised based on the historical default rate for ordinary receivables and on an individual assessment of recoverability for specific receivables, including doubtful receivables, in an amount estimated to be uncollectible.

6. Basis for Recognition of Revenue and Expenses

The principal performance obligations in the Company’s and its consolidated subsidiaries’ major businesses arising from contracts with customers, and the usual timing at which those obligations are satisfied (the usual timing of revenue recognition), are as follows.

Revenue is measured at the transaction price specified in the contract with the customer. There are no material amounts of variable consideration, and the promised consideration does not include a significant financing component.

(a) Retail Marketing Business

In the Retail Marketing Business, the Group provides SaaS-based services in the retail sector using its proprietary analytics tools. For these services, the installation of AI cameras and other equipment and the subsequent provision of services are identified as separate performance obligations under contracts with customers.

Revenue from installation services for AI cameras and other equipment is recognised upon completion of installation. For subsequent services, the performance obligation is considered to be satisfied over time as the services are provided to the customer under the contract, and revenue is recognised on a straight-line basis over the contractual period during which the obligation is satisfied.

(b) Data Analysis Solutions Business

In the Data Analysis Solutions Business, the Group mainly provides contract system development and operational support for customers, services using social-listening analytics tools, and consulting services.

Revenue from contract system development and consulting services is recognised over time as the performance obligations are satisfied. Progress towards complete satisfaction is measured principally using an input method based on costs incurred. For contracts where the period from the commencement of the transaction to the expected complete satisfaction of the performance obligation is very short, revenue is not recognised over time but is recognised when the performance obligation is fully satisfied.

For system operational support and services using social-listening analytics tools, the performance obligation is considered to be satisfied over time as the services are provided to the customer under the contract, and revenue is recognised on a straight-line basis over the contractual period during which the obligation is satisfied.

(c) AI Infrastructure Business

In the AI Infrastructure Business, the Group mainly provides access to an AI data-centre platform using the AI cloud stack “TAIZA” and dedicated access to GPU servers secured by the Group. The performance obligations for these services are considered to be satisfied over time as the services are provided to customers under the relevant contracts, and revenue is recognised over the contractual period during which the obligations are satisfied.

7. Translation of Foreign-currency-denominated Assets and Liabilities into Japanese Yen

Foreign-currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rate prevailing at the fiscal year-end, and resulting translation differences are recognised in profit or loss.

[Significant Accounting Estimates]

Valuation of Shares in MSS Inc., a Subsidiary

(1) Amount Recognised in the Financial Statements for the Current Fiscal Year

(Unit: JPY thousands)

	Previous fiscal year	Current fiscal year
Shares in MSS Inc.	1,264,615	1,264,615

(2) Information on the Nature of the Significant Accounting Estimate Relating to the Identified Item

Shares in affiliates are classified as equity securities without market prices and are measured at cost. Where impairment is required, they are stated at acquisition cost less the impairment loss. If the issuer’s financial position deteriorates and the effective value declines significantly with no prospect of recovery, the carrying amount is reduced accordingly and the difference is recognised as an impairment loss.

For the purpose of valuing these shares in affiliates, a decline of 50% or more in the effective value from acquisition cost is regarded as a significant decline. The effective value is calculated based on net assets per share, taking into account the value of excess earning capacity, management control and similar factors recognised at acquisition where, after reviewing progress against the business plan and other relevant matters, the original value is judged to have been maintained.

In accordance with the above policy, after reviewing progress against the business plan and other relevant matters in relation to the excess earning capacity, management control and similar factors recognised upon acquisition of the shares in affiliates, the Company determined that the original value had been maintained. As no significant decline in the effective value was identified, no impairment loss was recognised.

The business plan used to value the shares in affiliates includes significant assumptions, such as growth in projected future revenue and the resulting increases in personnel and equipment costs.

If the business plan used in the valuation requires substantial revision due to changes in the business environment or other factors, and the effective value is judged to have declined significantly with no prospect of recovery, an impairment loss may be recognised in the following fiscal year.

[Changes in Accounting Policies]

None.

(Changes in Presentation)

(Balance Sheet)

“Payments on behalf of others”, which had been included in “Other” under current assets through the previous fiscal year, is presented separately from the current fiscal year because its materiality has increased.
As a result, JPY 2,278 thousand included in “Other” under current assets in the balance sheet for the previous fiscal year has been reclassified as “Payments on behalf of others” of JPY 2,278 thousand.

“Long-term prepaid expenses”, which had been included in “Other” under investments and other assets through the previous fiscal year, is presented separately from the current fiscal year because its materiality has increased.
As a result, JPY 330 thousand included in “Other” under investments and other assets in the balance sheet for the previous fiscal year has been reclassified as “Long-term prepaid expenses” of JPY 330 thousand.

“Guarantee deposits paid”, which had been included in “Other” under investments and other assets through the previous fiscal year, is presented separately from the current fiscal year because its materiality has increased.
As a result, JPY 31,889 thousand previously included in “Other” under investments and other assets in the balance sheet for the previous fiscal year has been reclassified as “Guarantee deposits paid”.

“Advances received” of JPY 1,570 thousand, which was presented separately in the previous fiscal year, is included in “Other” under current liabilities in the current fiscal year because there is no balance.

“Accrued consumption taxes” of JPY 2,646 thousand, which was presented separately in the previous fiscal year, is included in “Other” under current liabilities in the current fiscal year because there is no balance.

[Notes to Balance Sheet]

*1 Monetary Receivables from and Payables to Affiliates (excluding those presented separately)

(Unit: JPY thousands)

	Previous fiscal year (31 March 2025)	Current fiscal year (31 March 2026)
Short-term monetary receivables	295,277	2,629,323
Long-term monetary receivables	68,945	26,835
Short-term monetary payables	154,678	424,848

2. Contingent Liabilities

(Filing of a Lawsuit)

Disclosure is omitted because the information is the same as that presented in “1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes (Notes to Consolidated Balance Sheet)”.

[Notes to Statement of Income]

*1 Transactions with Affiliates

	Previous fiscal year (1 April 2024 to 31 March 2025)	Current fiscal year (1 April 2025 to 31 March 2026)
Transactions from operating activities		
Net sales	63,333	3,185
Purchases	94,178	56,440
Selling, general and administrative expenses	50,250	37,577
Transactions other than operating activities		
Management advisory fees	41,744	24,814
Interest income	11,123	6,385
Dividend income	25,000	-
Gain on recovery of written-off receivables	11,033	-
Gain on adjustment of liabilities	6,024	-
Interest expense	1,506	5,370

*2 Selling expenses accounted for approximately 7% in the previous fiscal year and 8% in the current fiscal year, while general and administrative expenses accounted for approximately 93% and 92%, respectively. The principal items and amounts included in selling, general and administrative expenses were as follows:

	Previous fiscal year (1 April 2024 to 31 March 2025)	Current fiscal year (1 April 2025 to 31 March 2026)
Directors’ remuneration	133,331	172,789
Salaries and allowances	209,192	172,330
Outsourcing expenses	237,761	749,016
Professional fees	139,416	260,108
Taxes and dues	27,389	158,487

[Securities]

Previous fiscal year (31 March 2025)

Shares in subsidiaries and associates (carrying amount in the balance sheet: shares in affiliates of JPY 1,610,476 thousand) are not disclosed because they have no market price.

Current fiscal year (31 March 2026)

Shares in subsidiaries and associates (carrying amount in the balance sheet: shares in affiliates of JPY 1,688,041 thousand) are not disclosed because they have no market price.

(Tax Effect Accounting)

1. Major Components of Deferred Tax Assets and Deferred Tax Liabilities

(Unit: JPY thousands)

	Previous fiscal year (31 March 2025)	Current fiscal year (31 March 2026)
Deferred tax assets		
Accrued enterprise tax	5,783	74,812
Excess depreciation	-	18,215
Impairment losses	42,654	10,167
Loss on valuation of shares in affiliates	335,011	522,944
Asset retirement obligations	2,755	2,836
Asset adjustment account	5,710	4,073
Valuation loss on investment securities	17,794	-
Share-based compensation expenses	31,982	6,685
Tax loss carryforwards	315,387	-
Inventories	924	1,113
Share acquisition rights	-	42,848
Allowance for doubtful accounts	277	277
Bad debt losses	342,042	-
Subtotal of deferred tax assets	1,100,324	683,976
Valuation allowance for tax loss carryforwards	△315,387	-
Valuation allowance for total deductible temporary differences, etc.	△784,937	△596,198
Total valuation allowance	△1,100,324	△596,198
Total deferred tax assets	-	87,777
Deferred tax liabilities		
Investment securities	△1,698	△4,332
Total deferred tax liabilities	△1,698	△4,332
Net deferred tax assets or liabilities	△1,698	83,445

2. Reconciliation of Significant Differences between the Statutory Effective Tax Rate and the Effective Income Tax Rate after Application of Tax Effect Accounting

	Previous fiscal year (31 March 2025)	Current fiscal year (31 March 2026)
Statutory effective tax rate	Net loss before income taxes was recorded; accordingly, disclosure is omitted.	30.6 %
(Adjustments)		
Non-deductible entertainment expenses, etc.		0.1
Non-deductible donations, etc.		4.8
Change in valuation allowance		△14.3
Other		△0.1
Effective income tax rate after application of tax effect accounting		21.2

3. Accounting Treatment for Corporate Income Taxes and Local Corporate Income Taxes, and Related Tax Effect Accounting

The Company applies the group tax-sharing system and accounts for corporate income taxes and local corporate income taxes, related tax effects and disclosures in accordance with Practical Issues Task Force No. 42, “Accounting and Disclosure under the Group Tax Sharing System” (12 August 2021).

(Revenue Recognition)
Information forming the basis for understanding revenue is provided in “Significant Accounting Policies, 5. Basis for Recognition of Revenue and Expenses”.
[Significant Subsequent Events]
[Exercise of the 23rd Series of Share Acquisition Rights]
Disclosure is omitted because the information is the same as that presented in “1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes (Significant Subsequent Events)”.

[Transfer of Shares in a Subsidiary]
Disclosure is omitted because the information is the same as that presented in “1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes (Significant Subsequent Events)”.

4. [Supplementary Schedules]

[Schedule of Property, Plant and Equipment and Intangible Assets]

(Unit: JPY thousands)

Category	Type of assets	Balance at beginning of fiscal year	Increase during fiscal year	Decrease during fiscal year	Depreciation and amortisation during fiscal year	Balance at end of fiscal year	Accumulated depreciation and amortisation
Property, plant and equipment	Buildings	-	-	-	-	-	18,851
	Tools, furniture and fixtures	9,882	14,716	-	9,220	15,378	45,725
	Construction in progress	-	4,497,482	-	-	4,497,482	-
	Total	9,882	4,512,198	-	9,220	4,512,860	64,576
Intangible assets	Software	841,572	569,505	-	255,146	1,155,930	-
	Total	841,572	569,505	-	255,146	1,155,930	-

Note: 1. The principal additions during the current fiscal year were as follows:

Tools, furniture and fixtures	Business-use equipment and personal computers	14,716
Construction in progress	Data-centre equipment not yet in operation	4,497,482
Software	Software for internal use	569,505

[Schedule of Allowances]

Category	Balance at beginning of fiscal year (Unit: JPY thousands)	Increase during fiscal year (Unit: JPY thousands)	Decrease during fiscal year (used for intended purpose) (Unit: JPY thousands)	Decrease during fiscal year (other) (Unit: JPY thousands)	Balance at end of fiscal year (Unit: JPY thousands)
Allowance for doubtful accounts	880	-	-	-	880

(2) [Details of Principal Assets and Liabilities]

Disclosure is omitted because consolidated financial statements are prepared.

(3) [Other]

None

Section 6 [Overview of Share-related Administrative Matters of the Reporting Company]

Fiscal year	From 1 April to 31 March
Ordinary general meeting of shareholders	Within three months after the end of each fiscal year
Record date	31 March
Record dates for dividends of surplus	30 September 31 March
Number of shares per unit	100 shares
Purchase of Odd-lot Shares	
Handling office	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department
Shareholder register administrator	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Intermediary offices	Sumitomo Mitsui Trust Bank, Limited All branches nationwide
Purchase fee	An amount calculated by apportioning the brokerage commission equivalent for one trading unit, together with the applicable consumption tax, according to the number of odd-lot shares purchased.
Method of public notice	Public notices are given electronically. However, if an accident or other unavoidable circumstances prevent electronic publication, notices will be published in The Nihon Keizai Shimbun. Public notice URL https://www.datasection.co.jp/
Benefits for shareholders	None

Section 7 [Reference Information on the Reporting Company]

1. [Information on the Parent Company, etc. of the Reporting Company]

The Company has no parent company or other entity as defined in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. [Other Reference Information]

The following documents were filed during the period from the beginning of the current fiscal year to the filing date of this Annual Securities Report.

(1) Annual Securities Report, accompanying documents and confirmation letter

For the 25th fiscal year (from 1 April 2024 to 31 March 2025), filed with the Director-General of the Kanto Local Finance Bureau on 27 June 2025.

(2) Internal Control Report and accompanying documents

Filed with the Director-General of the Kanto Local Finance Bureau on 27 June 2025.

(3) Semi-annual Report and confirmation letter

For the first half of the 26th fiscal year (from 1 April 2025 to 30 September 2025), filed with the Director-General of the Kanto Local Finance Bureau on 14 November 2025.

(4) Extraordinary Reports

Filed with the Director-General of the Kanto Local Finance Bureau on 17 June 2025.
An Extraordinary Report filed pursuant to Article 19, paragraph (2), item (viii)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (decision to acquire a subsidiary).
Filed with the Director-General of the Kanto Local Finance Bureau on 23 June 2025.
An Extraordinary Report filed pursuant to Article 19, paragraph (2), item (ii)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (issuance of share acquisition rights).
Filed with the Director-General of the Kanto Local Finance Bureau on 26 June 2025.
An Extraordinary Report filed pursuant to Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (results of the exercise of voting rights at a general meeting of shareholders).
Filed with the Director-General of the Kanto Local Finance Bureau on 4 August 2025.
An Extraordinary Report filed pursuant to Article 19, paragraph (2), item (iv) of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (change in a major shareholder).
Filed with the Director-General of the Kanto Local Finance Bureau on 21 October 2025.
An Extraordinary Report filed pursuant to Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (results of the exercise of voting rights at a general meeting of shareholders).
Filed with the Director-General of the Kanto Local Finance Bureau on 4 November 2025.
An Extraordinary Report filed pursuant to Article 19, paragraph (2), item (iv) of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (change in a major shareholder).
Filed with the Director-General of the Kanto Local Finance Bureau on 17 November 2025.
An Extraordinary Report filed pursuant to Article 19, paragraph (2), item (iv) of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (change in a major shareholder).
Filed with the Director-General of the Kanto Local Finance Bureau on 3 March 2026.
An Extraordinary Report filed pursuant to Article 19, paragraph (2), item (vi) of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (filing of a lawsuit).

Part II. [Information on Guarantors, etc. of the Reporting Company]

None

Independent Auditor's Report and Internal Control Audit Report

29 June 2026

Datasection Inc.

To the Board of Directors

Amaterasu Limited Liability Audit Corporation

Shibuya-ku, Tokyo

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yukinori Takayama
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Satoshi Fukudome

<Audit of Consolidated Financial Statements>

Opinion

Pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Datasection Inc. for the consolidated fiscal year from 1 April 2025 to 31 March 2026, as set out in the "Financial Information" section, comprising the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, significant matters forming the basis for preparation of the consolidated financial statements, other notes and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Datasection Inc. and its consolidated subsidiaries as at 31 March 2026, and their financial performance and cash flows for the consolidated fiscal year then ended, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of this report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements applicable in Japan, including those applicable to audits of financial statements of public-interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements for the current consolidated fiscal year. The matter was addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Assessment of Goodwill Relating to MSS Inc.	
Description of the Key Audit Matter and Why It Was Determined to Be a Key Audit Matter	How the Matter Was Addressed in the Audit
As described in the note “Significant Accounting Estimates — Assessment of Goodwill” to the consolidated financial statements, goodwill of JPY 1,207,489 thousand recognised in the consolidated balance sheet of Datasection Inc. at the end of the current consolidated fiscal year includes goodwill of JPY 1,097,253 thousand recognised when the Company obtained control of MSS Inc. (“MSS”). Goodwill is amortised systematically. However, when indications of impairment are identified, such as continuing operating losses of the relevant business or a significant deterioration in the business environment, it is necessary to determine whether an impairment loss should be recognised. During the current consolidated fiscal year, MSS recorded an operating loss after goodwill amortisation for the second consecutive fiscal year. Although the current consolidated fiscal year was the second fiscal year since MSS became a subsidiary, uncertainty remains as to whether MSS will be able to generate operating profit after goodwill amortisation. In light of MSS’s business environment, management determined that careful consideration was required in identifying indications of impairment for the asset group including the goodwill of MSS and in determining whether impairment should be recognised. In identifying indications of impairment, management compared MSS’s operating results with the business plan prepared at the time MSS became a subsidiary. Management also estimated undiscounted future cash flows and compared their aggregate amount with the aggregate undiscounted future cash flows based on the original business plan in order to assess whether changes in the manner or scope of use had significantly reduced recoverability. The undiscounted cash flows used in this assessment were estimated based on MSS’s future business plan prepared by management. The plan includes forecasts of revenue and the related costs; these assumptions are inherently subject to a high degree of uncertainty and require significant management judgement. Accordingly, we determined that the assessment of goodwill relating to MSS was a key audit matter because the accounting estimate involves significant management assumptions and judgements and required a high degree of auditor judgement.	We performed the following principal audit procedures to assess the reasonableness of the valuation of the asset group including goodwill relating to MSS. (1) Understanding and evaluating internal control We obtained an understanding of the internal controls established by the Company over the assessment of goodwill and evaluated the design and operating effectiveness of those controls. (2) Examination of valuation materials • We examined whether the estimated undiscounted future cash flows were consistent with MSS’s business plan approved by management. • We assessed the accuracy of management’s forecasting process by comparing the business plan prepared when MSS became a subsidiary with actual results. • We evaluated the reasonableness of revenue forecasts and the related cost assumptions included in the business plan by making enquiries of MSS management and referring to historical revenue trends, supporting documentation for the business plan and other available external information.

Other Information

The other information comprises the information included in the Annual Securities Report, other than the consolidated financial statements, the non-consolidated financial statements and the related auditors' reports. Management is responsible for preparing and disclosing the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties in connection with the design and operation of the reporting process for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether there is a material inconsistency between the other information and the consolidated financial statements or the knowledge we obtained in the audit, or whether the other information otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for establishing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on a going concern basis and, where disclosure relating to going concern is required under accounting principles generally accepted in Japan, for making such disclosure.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties in connection with the design and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, based on the audit we have performed, and to express an independent opinion on the consolidated financial statements in our auditor's report. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In conducting an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The selection and application of audit procedures are based on the auditor's judgement.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit is not to express an opinion on the effectiveness of internal control.

• Evaluate the appropriateness of accounting policies used and their application, and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if those disclosures are inadequate, to express a modified opinion. 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 entity to cease to continue as a going concern.

• Evaluate whether the presentation and disclosures in the consolidated financial statements comply with accounting principles generally accepted in Japan, and evaluate the overall presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether they fairly present the underlying transactions and events.

• Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries as a basis for the opinion on the consolidated financial statements. We are responsible for directing, supervising and reviewing the group audit and remain solely responsible for our audit opinion.
We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control identified during the audit, and other matters required by auditing standards.
We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence applicable in Japan, and communicate all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the actions taken to eliminate threats or the safeguards applied to reduce such threats to an acceptable level.
From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current consolidated fiscal year and therefore constitute the key audit matter. We describe the matter in our auditor’s report unless laws or regulations preclude public disclosure or, in extremely rare circumstances, we determine that the adverse consequences of communicating the matter would reasonably be expected to outweigh the public-interest benefits of such communication.

<Audit of Internal Control>

Opinion

Pursuant to Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act, we have audited the Internal Control Report of Datasection Inc. as at 31 March 2026.
In our opinion, the accompanying Internal Control Report, in which Datasection Inc. states that its internal control over financial reporting as at 31 March 2026 was effective, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with the standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of internal control in accordance with the standards for audits of internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are described in the “Auditor’s Responsibilities for the Audit of Internal Control” section of this report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements applicable in Japan, including those applicable to audits of financial statements of public-interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report

Management is responsible for establishing and operating internal control over financial reporting and for preparing and fairly presenting the Internal Control Report in accordance with the standards for assessment of internal control over financial reporting generally accepted in Japan.
The Audit and Supervisory Committee is responsible for monitoring and reviewing the design and operating effectiveness of internal control over financial reporting.
Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor’s Responsibilities for the Audit of Internal Control

Our responsibility is to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement, based on the audit of internal control we have performed, and to express an independent opinion on the Internal Control Report in our internal control audit report.
In conducting an audit in accordance with the standards for audits of internal control over financial reporting generally accepted in Japan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
• Perform audit procedures to obtain audit evidence regarding the results of management’s assessment of internal control over financial reporting as presented in the Internal Control Report. The audit procedures are selected and applied, in the auditor’s judgement, based on the materiality of their potential effect on the reliability of financial reporting.
• Consider the presentation of the Internal Control Report as a whole, including management’s description of the scope, procedures and results of the assessment of internal control over financial reporting.
• Obtain sufficient and appropriate audit evidence regarding the results of the assessment of internal control over financial reporting presented in the Internal Control Report. We are responsible for directing, supervising and reviewing the audit of

the Internal Control Report and remain solely responsible for our audit opinion.
We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit of internal control, the results of the audit, any material weakness in internal control identified and required to be disclosed, the status of remediation, and other matters required by the standards for audits of internal control.
We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence applicable in Japan, and communicate all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the actions taken to eliminate threats or the safeguards applied to reduce such threats to an acceptable level.

<Fee-related Information>
The amounts of fees for audit and certification services and for non-audit services paid by the Company and its subsidiaries to the audit firm and persons belonging to the same network are disclosed in “Corporate Governance, etc. — (3) Audit” under “Information on the Reporting Company”.

Interests
There are no interests between the Company or its consolidated subsidiaries and the audit firm or its engagement partners that are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End

Notes:

1. The original auditor’s report is retained separately by the Company, as the filing company of this Annual Securities Report.
2. XBRL data is not included within the scope of the audit.

Independent Auditor’s Report

29 June 2026

Datasection Inc.

To the Board of Directors

Amaterasu Limited Liability Audit Corporation
Shibuya-ku, Tokyo

Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Yukinori Takayama
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Satoshi Fukudome

<Audit of Non-consolidated Financial Statements>

Opinion

Pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Datasection Inc. for the 26th fiscal year from 1 April 2025 to 31 March 2026, as set out in the “Financial Information” section, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, significant accounting policies, other notes and the supplementary schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of Datasection Inc. as at 31 March 2026, and its financial performance for the fiscal year then ended, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the “Auditor’s Responsibilities for the Audit of the Non-consolidated Financial Statements” section of this report. We are independent of the Company and have fulfilled our other ethical responsibilities as an auditor in accordance with the ethical requirements applicable in Japan, including those applicable to audits of the financial statements of public-interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the non-consolidated financial statements for the current fiscal year. The matter was addressed in the context of our audit of the non-consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of investment in MSS Inc.	
Description of the key audit matter and reasons for its determination	How the matter was addressed in the audit
As described in the note "Significant Accounting Estimates — Valuation of Shares in MSS Inc., a Subsidiary", the shares of subsidiaries and associates recognised in the non-consolidated balance sheet of Datasection Inc. include an investment of JPY 1,264,615 thousand in MSS Inc. ("MSS"). The investment is measured at an amount significantly exceeding MSS's net assets per share at the acquisition date. Shares of subsidiaries are carried at acquisition cost. However, where the acquisition cost reflects excess earning power or similar factors, an impairment assessment is required if such excess earning power has declined, the decline is expected to persist in future periods, and the excess earning power is no longer expected to be realised, irrespective of whether the subsidiary's financial position has deteriorated. After considering MSS's financial position and the aggregate amount of its undiscounted future cash flows, the Company concluded that there had been no decline in the substantive value of the investment arising from a reduction in MSS's excess earning power and that no impairment loss was required. The future cash flows used in this assessment are estimated on the basis of MSS's future business plan prepared by management. The business plan includes revenue forecasts and related cost estimates. Their achievability is inherently subject to a high degree of uncertainty and requires significant management judgement. Accordingly, we determined that the appropriateness of the valuation of the investment in MSS was a key audit matter.	We principally performed the following audit procedures to assess the appropriateness of the valuation of the investment in MSS. (1) Understanding and evaluating internal control We obtained an understanding of the internal control established by the Company over the valuation of shares of subsidiaries and evaluated the design and operating effectiveness of that control. (2) Examination of valuation assessment materials We obtained the Company's valuation assessment materials relating to the investment in MSS and examined whether its substantive value had been appropriately assessed on the basis of financial information reported by MSS. We also inspected the materials and assessed whether the Company had appropriately determined, through comparison of the substantive value with acquisition cost, whether a significant decline had occurred. (3) Assessment of MSS's excess earning power The excess earning power included in the acquisition cost of the investment in MSS is recognised as goodwill in the consolidated balance sheet. We therefore performed the audit procedures described under "How the matter was addressed in the audit" for the related key audit matter in the auditor's report on the consolidated financial statements.

Other Information

The other information comprises the information included in the Annual Securities Report, other than the consolidated financial statements, the non-consolidated financial statements and the related auditors' reports. Management is responsible for preparing and disclosing the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties in connection with the design and operation of the reporting process for the other information.

Our audit opinion on the non-consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether there is a material inconsistency between the other information and the non-consolidated financial statements or the knowledge we obtained in the audit, or otherwise whether the other information appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for establishing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements on a going concern basis and, where disclosure relating to going concern is required under accounting principles generally accepted in Japan, for disclosing such matters.
The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties in connection with the design and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements
Our responsibility is to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, based on the audit we have performed, and to express an independent opinion on the non-consolidated financial statements in our auditor's report. 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 decisions of users taken on the basis of the non-consolidated financial statements.
In conducting an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
• Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The selection and application of audit procedures are based on the auditor's judgement.
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit is not to express an opinion on the effectiveness of internal control.
• Evaluate the appropriateness of accounting policies used and their application, and the reasonableness of accounting estimates and related disclosures made by management.
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to express a modified opinion. 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 entity to cease to continue as a going concern.
• Evaluate whether the presentation and disclosures in the non-consolidated financial statements comply with accounting principles generally accepted in Japan, and evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the related disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control identified during the audit, and other matters required by auditing standards.
We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence applicable in Japan, and communicate all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied to reduce such threats to an acceptable level.
From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements for the current fiscal year and therefore constitute the key audit matter. We describe the matter in our auditor's report unless laws or regulations preclude public disclosure of the matter or, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-related Information>
Fee-related information is presented in the auditor's report on the consolidated financial statements.

Interests
There are no interests between the Company and the audit firm or its engagement partners that are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End

Notes: 1. The original auditor's report is retained separately by the Company (the entity filing this Annual Securities Report).
2. The XBRL data is not included in the scope of the audit.