

Materials for the 24th Ordinary General Meeting of Shareholders

(Matters not included in the document delivered upon request for delivery of written documents in accordance with laws and regulations and the Articles of Incorporation among the matters regarding electronic provision measures)

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24th term (from April 1, 2025 to March 31, 2026)

CHANGE Holdings, Inc.

The above matters are not included in the document to be delivered to shareholders who have requested delivery of written documents in accordance with laws and regulations and Article 14 of the Articles of Incorporation of the Company.

For this Ordinary General Meeting of Shareholders, irrespective of whether or not a request for the delivery of written documents has been made, written documents containing the above-mentioned items, which are excluded from the matters regarding electronic provision measures, will be sent to all shareholders.

■ Business Report

Principal place of business (as of March 31, 2026)

(1) The Company

Head office	Minato-ku, Tokyo
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(2) Subsidiaries

TRUSTBANK, Inc.	Head office (Shinagawa-ku, Tokyo)
beacapp Inc.	Head office (Minato-ku, Tokyo)
Govmates, Inc.	Head office (Matsuyama City, Ehime Prefecture)
DFA Robotics Inc.	Head office (Minato-ku, Tokyo)
Travel Zip Co., Ltd.	Head office (Shinjuku-ku, Tokyo)
CHANGE, Inc.	Head office (Minato-ku, Tokyo)
E-Guardian Inc.	Head office (Minato-ku, Tokyo)
UpClose, Inc.	Head office (Minato-ku, Tokyo)
CyLeague Holdings, Inc.	Head office (Minato-ku, Tokyo)
IdealRoute Consulting Inc.	Head office (Chiyoda-ku, Tokyo)
Toko Computer Service Co., Ltd.	Head office (Odate City, Akita Prefecture)
fundbook, Inc.	Head office (Minato-ku, Tokyo)
Thirdly Inc.	Head office (Minato-ku, Tokyo)
Grivity Inc.	Head office (Minato-ku, Tokyo)
G-Gravity Co., Ltd.	Head office (Minato-ku, Tokyo)
PERF, Inc.	Head office (Minato-ku, Tokyo)
Onwords, Inc.	Head office (Minato-ku, Tokyo)

Status of employees (as of March 31, 2026)

(1) Status of employees of the corporate group

Number of employees	Change from the end of the previous consolidated accounting year
1,439 (1,862)	Decrease of 9 people (Decrease of 218 people)

(Note) The number of employees refers to the number of people in employment (excluding people seconded from the Group to outside the Group and including people seconded to the Group from outside the Group). It does not include part-time employees and contract employees, who are separately indicated in numbers in parentheses as the annual average number.

(2) Status of employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of service
108 (12)	Increase of 41 person (Increase of - people)	41.6 years old	4.1 years

(Note) 1. The number of employees refers to the number of people in employment (excluding people seconded from the Company to outside the Company and including people seconded to the Company from outside the Company). It does not include part-time employees and contract employees, who are separately indicated in numbers in parentheses as the annual average number.

2. The main reason for the increase in the number of employees compared to the previous fiscal year is the increase in personnel due to business expansion.

Status of major lenders (as of March 31, 2026)

Lender	Amount of borrowings (million yen)
Sumitomo Mitsui Banking Corporation	17,611
Mizuho Bank, Ltd.	8,074

Status of stock acquisition rights, etc.

- (1) The status of stock acquisition rights delivered as consideration for the execution of duties and held by officers of the Company as at the final day of the current fiscal year
Not applicable.

- (2) The status of stock acquisition rights delivered to employees, etc. as consideration for execution of duties during the current fiscal year
Not applicable.

(3) Other important matters pertaining to stock acquisition rights, etc.

At the Board of Directors Meeting held on September 24, 2024, the Company resolved to issue stock acquisition rights with charge to the Company's directors and employees, as well as to the directors and employees of the Company's affiliates, in order to further enhance motivation and morale and boost its unity as the Company aims to expand its medium-to long-term business and corporate value. Details are as below.

		Round 4 stock acquisition rights	
Date of resolution for issuance		September 24, 2024	
Those eligible to allocation for stock acquisition rights		Directors and employees of the Company, as well as the directors and employees of the Company's affiliates	
Number of stock acquisition rights		29,050 units	
Class and number of shares for the purpose of stock acquisition rights		Common shares	2,905,000 shares (Per stock acquisition right 100 shares)
Amount to be paid upon exercise of stock acquisition rights		Per stock acquisition right 100 yen	
Value of property to be incorporated upon exercise of stock acquisition rights		Per stock acquisition right (1,291 yen per share)	129,100 yen
Period for exercising stock acquisition rights		From September 25, 2027 to September 24, 2034	
Conditions for exercising stock acquisition rights		(Note) 1	
Status of officers holding stock acquisition rights	Directors (excluding external directors) who do not belong to the Audit and Supervisory Committee	Number of stock acquisition rights	15,000 units
		Number of shares for this purpose	1,500,000 shares
		Number of holders	3
	External directors who do not belong to the Audit and Supervisory Committee	Number of stock acquisition rights	500 units
		Number of shares for this purpose	50,000 shares
		Number of holders	1
	Directors who belong to the Audit and Supervisory Committee	Number of stock acquisition rights	0 units
		Number of shares for this purpose	0 shares
		Number of holders	0 people

(Note) 1. Conditions for exercising stock acquisition rights

- (1) Holders of stock acquisition rights may exercise those options up to the limit of the exercisable ratio of stock acquisition rights allotted to the holder, up to the maximum percentage specified in (a) and (b) below (hereinafter referred to as the "exercisable ratio"), provided that the conditions specified in (a) and (b) below are satisfied. If there are any fractions less than one unit in the number of exercisable stock acquisition rights, the number shall be rounded down.
 - (a) If the Company's consolidated profit before taxes exceeds 18,000 million yen in any fiscal year from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2028: an exercisable ratio of 50%
 - (b) If the Company's consolidated profit before taxes exceeds 23,000 million yen in any fiscal year from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2028: an exercisable ratio of 100%

The determination of consolidated profit before taxes under (a) and (b) above shall refer to the figures stated in the consolidated income statement included in the securities report submitted by the Company. However, in cases where the Company's Board of Directors determines that it is inappropriate to base the determination on the actual figures stated in the consolidated income statement due to changes in the accounting period, changes in applicable accounting standards, or events such as corporate acquisitions that significantly affect the Company's performance, the Company may make appropriate adjustments within a reasonable scope to exclude such effects.
- (2) Holders of stock acquisition rights shall not be entitled to exercise such rights unless they continue to hold the position of director, executive officer, or employee of the Company or any of its affiliates from the date of allocation of such rights until March 31, 2026. However, this shall not apply to cases when the Board of Directors finds a justifiable reason, such as retirement from office due to expiry of tenure and retirement at the mandatory age limit.
- (3) The exercise of stock acquisition rights by the heirs of stock acquisition right holders shall not be permitted.
- (4) If exercising the stock acquisition rights would cause the total number of issued shares of the Company to exceed the total number of authorized shares at that point, the stock acquisition rights may not be executed.
- (5) A stock acquisition right constituting less than one unit may not be exercised.

Status of accounting auditors

(1) Name Ernst & Young ShinNihon LLC

(2) Fees and other amounts

	Amount of remuneration, etc.
Fees and other amounts for the auditing auditors relating to the current fiscal year	84 million yen
Sum of the monetary and other property gains that the Company and its subsidiaries owe to the accounting auditors	101 million yen

- (Note) 1. Because, in the audit agreement concluded between the Company and the accounting auditors, there is no clear classification of the fees, etc. for audits under the Companies Act and the fees, etc. for audits under the Financial Instruments and Exchange Act, and since it is impractical to distinguish between these two types of fees, the sum of these amounts is recorded in the fees and other amounts for the auditing auditors relating to the current fiscal year.
2. The Audit and Supervisory Committee performed necessary verification of the contents of the accounting auditors' audit plans, the status of execution of duties in accounting audits and appropriateness of the grounds for calculating the fees and others, then decided to consent to the fees and other amounts payable to the accounting auditors.
3. Among the Company's significant subsidiaries, E-Guardian Inc. is subject to audits by an audit firm other than the Company's accounting auditor.
4. Regarding "Fees and other amounts for the auditing auditors relating to the current fiscal year" there is an additional remuneration amount of 7 million yen for the previous fiscal year in addition to the above.
5. The sum of the monetary and other property gains that the Company and its subsidiaries owe to the accounting auditors is 7 million yen in addition to the above, which consists of 7 million yen in additional remuneration for the previous fiscal year.

(3) Details of non-audit services

This consists of investigation services regarding financial information, etc., which are services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Policy regarding determination of dismissal and non-reappointment of accounting auditors

The Audit and Supervisory Committee shall determine the contents of proposals concerning dismissal or non-reappointment of accounting auditors to be submitted to a general meeting of shareholders when the Audit and Supervisory Committee considers it necessary to submit such proposals, including in cases where execution of duties by accounting auditors is disrupted.

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Where accounting auditors are deemed to fall under any of the items set forth in Article 340, paragraph (1) of the Companies Act, the Audit and Supervisory Committee shall dismiss the accounting auditors based on the consent of all Audit and Supervisory Committee members. In such event, an Audit and Supervisory Committee member selected by the Audit and Supervisory Committee shall report on the fact of dismissing the accounting auditors and the reason for the dismissal at the first general meeting of shareholders to be convened after the dismissal.

Overview of the system to ensure the appropriateness of business operations and the status of the system's operation

(1) Overview of decision content concerning the system to ensure the appropriateness of business operations

The following is an overview of the decision content concerning the system to ensure that directors execute their duties in compliance with laws and regulations and the Articles of Incorporation, and the system to ensure the appropriateness of the Company's other business operations.

- (i) System to ensure that directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation.
 - A) CHANGE Holdings, Inc. has established the "CHANGE Group Code of Conduct," Group common regulations, and company-specific regulations in order to ensure conduct based on corporate ethics, and the Group as a whole (including CHANGE Holdings, Inc. and its Group companies) engages in business activities not only in compliance with laws and regulations but also with a high standard of ethics.
 - B) The Company has established the "Group Compliance & Risk Management Committee" under the Board of Directors, which formulates basic compliance policies, deliberates on plans relating to activities for promoting compliance awareness, and verifies the status of responses to compliance violation cases.
 - C) The Group provides compliance education to its officers and employees in order to cultivate the knowledge and ethical standards required as members of the Group, and has established a reporting system for acts suspected of constituting compliance violations. In addition, the Group has established a system that enables prompt reporting in accordance with the "Group Common Internal Whistleblowing Regulations," while ensuring the confidentiality of whistleblowers and preventing them from suffering any disadvantage. In addition, the Group Compliance & Risk Management Committee verifies the operational status of the internal whistleblowing hotline and deliberates on measures to prevent recurrence.
 - D) In the event of a compliance violation, the Group investigates the relevant facts in accordance with the "Group Common Compliance & Risk Management Regulations" and the "Group Common Internal Audit Regulations," and works in cooperation with relevant departments and external experts to take measures to minimize damage and prevent recurrence. In addition, strict disciplinary actions are taken against officers and employees who committed the violation.

- (ii) System to store and manage information related to the execution of duties by directors
 - CHANGE Holdings, Inc. appropriately stores and manages information related to the execution of duties by directors in the form of documents or electromagnetic records in accordance with internal rules, including the "Regulations on Document Storage and Management."
- (iii) Regulations and other systems for managing loss risk
 - A) With respect to risks of loss, the Group has established a system for appropriately identifying risks, formulating and implementing countermeasures according to their significance, and monitoring the results thereof in accordance with the "Group Common Compliance & Risk Management Regulations." The Group also takes necessary measures against risks arising in the course of business execution by each organization in an effort to prevent risks from occurring and crises from expanding.
 - B) The status of activities concerning compliance and risk management by each organization is reported to Board of Directors meetings by the manager responsible for compliance and risk management, and the internal audit unit audits the effectiveness of the risk management system.
 - C) The department responsible for compliance works closely with related departments and consolidates information concerning compliance and risk management.
- (iv) System to ensure the effective execution of duties by directors
 - A) To ensure that directors execute their duties efficiently, the Board of Directors holds monthly meetings, as well as extraordinary ones when required, thereby establishing an appropriate and efficient decision-making system.
 - B) In executing operations based on decision-making, executive officers appointed by the Board of Directors and the persons responsible for each organization make necessary decisions with respect to matters delegated for execution in accordance with the "Regulations on Authority and Responsibilities," in an effort to clarify and expedite decision-making.
- (v) System to ensure the appropriateness of business operations in the corporate group, comprising the Company and its subsidiaries
 - A) The chief administrator of affiliate companies supervises and manages the execution by directors of subsidiaries in accordance with internal regulations, including the "Regulations for administration of affiliate companies."

- B) The chief administrator of affiliate companies reports significant decisions on the corporate management of subsidiaries to the Company's Board of Directors and implements them after obtaining approval.
 - C) The Company holds regular meetings with subsidiaries to share information, promote communication among Group businesses, and unify Group management policy.
 - D) The Company's internal audit unit periodically audits the business operations, internal controls, etc. of subsidiaries and reports on the outcomes to the Representative Director and President as well as the directors serving as full-time Audit and Supervisory Committee members.
- (vi) System related to employees assigned to assist directors serving as Audit and Supervisory Committee members in their duties upon request by such directors, and matters related to the independence of such employees from directors
- A) If directors serving as Audit and Supervisory Committee members request the assignment of employees to assist with their duties in order to enhance the effectiveness of audits by directors serving as Audit and Supervisory Committee members and exercise their auditing function smoothly, assisting employees may be assigned. The Board of Directors consults with directors serving as Audit and Supervisory Committee members and selects suitable employees from among those with appropriate knowledge and capacity necessary for auditing.
 - B) These employees are not prevented from holding concurrent positions, but if the Company is requested by directors serving as Audit and Supervisory Committee members to dedicate such employees exclusively to assisting them, the Company complies with the request.
 - C) The transfer, performance assessment and disciplinary action of such employees are decided after obtaining consent from the directors serving as Audit and Supervisory Committee members.
- (vii) System for reporting by directors who do not belong to the Audit and Supervisory Committee and employees to directors who belong to the Audit and Supervisory Committee, and other systems related to reporting to directors who belong to the Audit and Supervisory Committee
- A) Directors who belong to the Audit and Supervisory Committee may attend corporate management meetings in addition to Board of Directors meetings in order to grasp the status of significant decision-making processes and the execution of duties.

- B) Directors who belong to the Audit and Supervisory Committee may access circular letters for approval (ringi-sho) and other important documents, and the Company promptly submits related documents, materials, etc. to auditors upon their request.
 - C) Directors who do not belong to the Audit and Supervisory Committee promptly report to directors who belong to the Audit and Supervisory Committee if directors who do not belong to the Audit and Supervisory Committee fear that considerable damage may be caused to the Group in the course of executing their own duties.
 - D) Directors who belong to the Audit and Supervisory Committee may directly ask directors and employees to report to them on significant matters that may affect operations and company performance.
- (viii) System to ensure that an individual who has filed a report to directors serving as Audit and Supervisory Committee members is not treated disadvantageously for having done so
- The Group prohibits disadvantageous treatment of an individual who has filed a report to directors serving as Audit and Supervisory Committee members on account of the person having done so, and strictly ensures that the person is not subjected to any detrimental treatment such as disciplinary action.
- (ix) Matters concerning policies on processing expenses or obligations to be incurred by directors serving as Audit and Supervisory Committee members due to execution of their duties, such as procedures for advance payment or reimbursement of expenses to be thus incurred
- If directors serving as Audit and Supervisory Committee members request an advance payment or reimbursement of expenses to be incurred due to execution of their duties, the Group will promptly process such expenses or obligations with the exception of cases where the expenses are reasonably deemed to be not required for executing such duties.
- (x) Other systems to ensure that audits by directors serving as Audit and Supervisory Committee members are conducted effectively
- A) If directors serving as Audit and Supervisory Committee members deem it necessary, they may request the internal audit unit to examine specific matters in consultation with the Representative Director and President. Directors serving as Audit and Supervisory Committee members may request the internal audit unit to cooperate with audits as required at any time.

B) Directors serving as Audit and Supervisory Committee members periodically exchange information with the internal audit unit and accounting auditors, and collaborate closely with them by exchanging information and opinions with regard to internal control system conditions identified by each of them, risk assessments and priority audit items, thereby conducting efficient audits.

(xi) System for excluding "Anti-social Forces"

The Group has no relationship with what are commonly referred to as "Anti-social Forces," namely organized crime groups that threaten public order and safety of citizens, and has organizational systems in place so as not to enter business transactions with them or respond to unreasonable demands from them. In addition, the Group has established the "Group Common Basic Policy Against Anti-social Forces" and endeavors to collect information from relevant administrative authorities. Furthermore, in the event that any issue arises, the Group has established a system that enables an organizational response in close coordination with relevant administrative authorities and legal counsel.

(2) Overview of the operational status of the system to ensure appropriate business activities

(i) Status of significant meetings

As the decision-making body for its management and business execution, the Group's Board of Directors holds a meeting once a month as well as an extraordinary Board of Directors meeting as required to make decisions on significant management matters, such as those related to the provisions of laws and regulations and the Articles of Incorporation as well as its business policy and budget formulation. The Board analyzes and assesses business results stated in monthly reports and holds deliberations from the aspect of conformity to laws and regulations and internal rules and on business adequacy. Furthermore, a corporate management meeting attended by executive directors, executive officers and directors serving as full-time Audit and Supervisory Committee members is held at least once a month as a rule to discuss significant matters.

(ii) Compliance system

The Group periodically organizes compliance education and training for its directors and employees to ensure thorough awareness of compliance with laws and regulations.

The internal audit unit conducts internal audits of individual units of the Group under an internal audit plan and reports the results to the Representative Director and President as well as directors serving as full-time Audit and Supervisory Committee members.

There is a whistleblowing system office (hotline) in place and rules for using the system are publicized, including on how to use the hotline and prohibition of disadvantageous treatment of whistleblowers.

(iii) Risk management

Individual departments at the Group manage risks under the "Group Common Compliance & Risk Management Regulations," continuously work to reduce risks and prevent them from occurring, and semiannually report the state of their progress to the Board of Directors.

(iv) Audit system for directors who belong to the Audit and Supervisory Committee

In addition to periodically exchanging opinions with the Representative Director and President, directors who belong to the Audit and Supervisory Committee collaborate with accounting auditors and internal audit officers and ensure the effectiveness of audits through attendance at Board of Directors meetings, attendance at important meetings by directors serving as full-time Audit and Supervisory Committee members, and hearings with directors and employees.

Policy for determining dividends of surplus

The Company treats goodwill and intangible assets as risk assets as part of its financial discipline and has a policy of keeping them within the scope of shareholders' equity. The Company intends to secure investment capacity for future M&A while expanding shareholders' equity through cash flows from operating activities, and will determine dividend levels based on such shareholders' equity in order to achieve dividends that balance investment and shareholder returns. Specifically, the Company has established a new dividend policy consisting of a DOE of 3.6% and a minimum dividend payout ratio of 15%.

Based on this basic policy, the year-end dividend for the current fiscal year (fiscal year ended March 2026) will be 23.0 yen per share as an ordinary dividend (DOE of 3.6%).

In addition, with respect to dividends for the next fiscal year (fiscal year ending March 2027), the Company plans, in accordance with the dividend policy, to pay a year-end dividend of 26.0 yen per share, corresponding to a DOE of 3.6%, on the assumption that the projected profit for the next fiscal year is achieved.

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Consolidated statements of changes in equity

(From April 1, 2025
to March 31, 2026)

(Unit: million yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Capital	Capital surplus	Retained earnings	Treasury shares	Other components of capital	Total		
Balance on April 1, 2025	1,042	22,081	24,054	△5,882	△104	41,191	8,419	49,611
Current profit			6,937		-	6,937	242	7,180
Comprehensive profit for the current term					254	254	1	255
Total comprehensive profit for the current term	-	-	6,937	-	254	7,191	243	7,435
Dividends			△1,454		-	△1,454	△192	△1,646
Changes in equity at continuously controlled subsidiaries		△174			0	△173	△438	△612
Changes due to acquisition of control over subsidiaries					-	-	47	47
Stock compensation transactions of consolidated subsidiaries					-	-	△54	△54
Total of transactions with owners	-	△174	△1,454	-	0	△1,627	△637	△2,265
Balance on March 31, 2026	1,042	21,906	29,538	△5,882	151	46,755	8,025	54,781

Note: Any fractional sum of less than one million yen was truncated for presentation.

■ Notes on consolidated financial statements

Notes on significant information that forms the basis for preparing the consolidated financial statements

1. Basis for preparing consolidated financial statements

Basis and standards for preparing consolidated financial statements

Consolidated financial statements for the Company and its subsidiaries (the "Group") have been prepared based on the International Financial Reporting Standards (IFRS Accounting Standards) in accordance with the provisions of Article 120, paragraph (1) of the Regulation on Corporate Accounting. In the consolidated financial statements, part of the disclosure items required by IFRS Accounting Standards is omitted in accordance with the provisions of the second half of the paragraph.

2. Scope of consolidation

Consolidated subsidiaries

Number of consolidated subsidiaries:	32 companies
Names of major consolidated subsidiaries:	TRUSTBANK, Inc. beacapp Inc. Govmates, Inc. DFA Robotics Inc. Travel Zip Co., Ltd. CHANGE, Inc. E-Guardian Inc. UpClose, Inc. CyLeague Holdings, Inc. IdealRoute Consulting Inc. Toko Computer Service Co., Ltd. fundbook, Inc. Thirdly Inc. Grivity Inc. G-Gravity Co., Ltd. PERF, Inc. Onwords, Inc.

Major changes in the scope of consolidation

- (New) • Establishment
Thirdly Inc., Grivity Inc., G-Gravity Co., Ltd.
- Share acquisition
PERF, Inc., Onwords, Inc.
- (Excluded) • Dissolution due to merger
Orb, Inc.

3. Application of the equity method

Number of companies included under the equity method: 5 companies

Names of major companies included under the equity method: Digital Growth Academia, INC.
HOPE, Inc.

4. Information on the fiscal years of consolidated subsidiaries

Travel Zip Co., Ltd., G-Gravity Co., Ltd., and E-Guardian Inc. are consolidated on the basis of financial statements prepared on a provisional basis as of the last day of March.

5. Information on significant accounting policies

(1) Financial instruments

(i) Financial assets

(i) Initial recognition and measurement

The Group classifies financial assets into two categories: financial assets measured based on fair value through net profit/loss or other comprehensive profits and those measured based on amortized cost. This classification is determined at the time of initial recognition.

The Group recognizes financial assets on the day of transaction when it becomes a party to the agreement on the assets.

All financial assets are initially measured based on the amount obtained by adding transaction cost to fair value except for cases in which they are classified into the category of those measured based on fair value through net profit/loss. However, trade receivables that do not have significant financial elements are measured based on transaction prices.

If they satisfy both requirements listed below, financial assets are classified into those measured based on amortized cost.

- If they are held based on the business model aimed at holding assets to collect cash flows under agreements
- If a cash flow arises on a particular day only as a payment of interest on a principal and its balance according to the conditions of agreement on financial assets

Financial assets other than those measured based on amortized cost are classified into those measured based on fair value.

For investments in capital financial instruments which are not held for selling purposes but are maintained to create business opportunities or sustain and strengthen business and collaborative relationships, capital financial assets measured based on fair value are individually subject to the irreversible choice of indicating subsequent changes in fair value at the time of initial recognition using other comprehensive profits and are classified into financial assets measured based on fair value through other comprehensive profits.

Financial assets other than financial assets measured based on amortized cost or capital financial assets measured based on fair value through other comprehensive profits are classified into financial assets measured based on fair value through net profit/loss.

(ii) Post-measurement

After initial recognition, financial assets are measured according to their categories as follows:

(a) Financial assets measured based on amortized cost

Financial assets measured based on amortized cost are measured using the effective interest rate method.

(b) Financial assets measured based on fair value

The amount of fluctuations in the fair value of financial assets measured based on fair value is recognized as net profit/loss.

However, with respect to those of capital financial assets which are designated as being measured based on fair value through other comprehensive profits, the amount of fluctuations in fair value is recognized as other comprehensive profits. Dividends from such financial assets are recognized as part of the financial revenue—net profit/loss for the current term.

(iii) Discontinuance of recognition of financial assets

The Group discontinues to recognize financial assets if the contractual right to cash flows from financial assets disappears or if it transfers almost all risks and economic value of holding financial assets. If it continues to control the financial assets transferred, the Group recognizes such assets and related liabilities with the range of continued involvement.

(iv) Impairment of financial assets

With respect to financial assets measured based on amortized cost, the Group recognizes bad debt allowances for expected credit loss.

The Group assesses financial assets to determine whether, on the final day of each term, credit risks involved therein have significantly grown since the time of initial recognition, and if such risks have not significantly grown since the time of initial recognition, it recognizes twelve-month expected credit loss as a bad debt allowance. On the other hand, if such risks have significantly grown since the time of initial recognition, it recognizes the amount equivalent to the entire period's expected credit loss as a bad debt allowance. However, with respect to trade receivables or similar which do not have significant financial elements, it always recognizes the amount equivalent to the entire period's expected credit loss as a bad debt allowance irrespective of whether credit risks have significantly grown since the time of initial recognition.

If it does not reasonably expect that it will recover all or part of certain financial assets, the Group directly reduces the total book value of such assets.

The Group recognizes the amount of provision for bad debt allowances related to financial assets through net profit/loss. If bad debt allowances are reduced, it recognizes the amount of reversal for bad debt allowances through net profit/loss.

(ii) Financial liabilities

(i) Initial recognition and measurement

The Group classifies financial liabilities into two categories: financial liabilities measured based on fair value through net profit/loss and those measured based on amortized cost. This classification is determined at the time of initial recognition.

Other financial liabilities are all initially recognized on the day of transaction when the Group becomes a party to the agreement on the financial instruments concerned.

All financial liabilities are initially measured based on fair value, but financial liabilities measured based on amortized cost are initially measured using the amount obtained by deducting transaction cost directly attributed thereto.

(ii) Post-measurement

After initial recognition, financial liabilities are measured according to their categories as follows:

(a) Financial liabilities measured based on fair value through net profit/loss

Financial liabilities measured based on fair value through net profit/loss, which include those held for selling purposes and those which are designated as being measured based on fair value through net profit/loss at the time of initial recognition, are measured based on fair value after initial recognition, and their fluctuations are recognized as net profit/loss for the current term.

(b) Financial liabilities measured based on amortized cost

Financial liabilities measured based on amortized cost are measured using the effective interest rate method after initial recognition.

Gains and losses when amortization and recognition using the effective interest rate method are discontinued are recognized as part of the financial cost—net profit/loss for the current term.

(iii) Discontinuance of recognition of financial liabilities

The Group discontinues to recognize financial liabilities if financial liabilities disappear, in other words, if obligations specified during the agreement are exempted, are cancelled, or become invalid.

(iii) Indication of financial assets and financial liabilities

The Group offsets financial assets and financial liabilities and indicate their net amounts in the statement of consolidated financial position only if it has the legal right to offset their balances and has the intention to settle them in their net amounts or simultaneously realize such assets and settle such liabilities.

(iv) Derivatives

In order to hedge against exchange risks, the Group uses the transaction of derivatives such as forward exchange contracts.

Derivatives are initially recognized at fair value on the day when such contracts are and subsequently remeasured at fair value. Gains and losses arising from fluctuations in the fair value of derivatives are recognized as profit/loss. Derivatives are reported as financial assets if their fair value is positive and as financial liabilities if it is negative.

Hedge accounting is not applied to any of the derivatives mentioned above.

(2) Inventories

Inventories are measured based on the acquisition cost or net realizable value, whichever is lower. The acquisition cost is calculated mainly based on the specific identification method, and the net realizable value is the amount obtained by deducting the estimated cost and estimated selling cost required during the period up to completion from the estimated selling price in the ordinary sales process.

(3) Property, plant and equipment

Property, plant and equipment are measured using the cost model and indicated as the value obtained by deducting accumulated depreciation and accumulated impairment loss from the acquisition cost.

The acquisition cost includes costs directly related to the acquisition of assets, costs for demolition, removal, and restoration of land to the original condition, and borrowing cost to be reported as assets.

The depreciation of assets other than land and construction in progress is calculated using the straight-line method over their estimated useful life. The estimated useful lives of major asset items are as follows.

- Buildings: 3 to 46 years
- Tools, furniture and fixtures: 1 to 15 years

The estimated useful life, residual value, and depreciation method are reviewed at the end of each year, and if any of these is changed, a new life, value, or method is applied for the future as a change to estimates in accounting.

(4) Goodwill

If the sum of equivalent value of assets transferred, amount of non-controlling equity at acquired firms, and fair value of equity at formerly acquired and owned firms on the day of acquisition exceeds the fair value of acquired identifiable net assets, the Group reports the excess as goodwill. If the sum of equivalent value of assets transferred, amount of non-controlling equity at acquired firms, and fair value of equity at formerly acquired and owned firms on the day of acquisition goes below the fair value of acquired identifiable net assets, the Group considers the balance as the result and directly recognizes it as net profit/loss.

Goodwill is not amortized, and in each term or every time there is a sign of impairment, an impairment test is conducted.

Goodwill impairment loss is recognized in the consolidated income statement, and there is no subsequent reversal for it.

In the statement of consolidated financial position, goodwill is indicated as the value obtained by deducting accumulated impairment loss from the acquisition cost.

(5) Intangible assets

Intangible assets are measured using the cost model and indicated as the price obtained by deducting accumulated depreciation and accumulated impairment loss from the acquisition price.

Individually acquired intangible assets are measured based on acquisition cost at the time of initial recognition, while intangible assets acquired through business combination are measured at fair value on the day of acquisition.

Intangible assets whose useful life can be confirmed are amortized using the straight-line method over their estimated useful life, and if there is a sign of impairment, an impairment test is conducted.

The estimated useful lives of major intangible assets are as follows.

- Software: 3 to 5 years
- Trademark rights: 10 years
- Customer-related assets 3 to 20 years

The estimated useful life, residual value, and amortization method are reviewed at the end of each year, and if any of these is changed, a new life, value, or method is applied for the future as a change to estimates in accounting.

(6) Lease

(Lease as a lessee)

The lease period is the period obtained by adding the period during which the option of cancelling or extending the lease agreement can be exercised to the non-cancellable lease period. The period covered by the option is added to the non-cancellable period only if it is reasonably certain that the Group exercises the option of extension or does not exercise the option of cancellation.

After initial recognition, right-of-use assets are amortized using the straight-line method over the useful life or lease period, whichever is shorter.

Lease fees are divided into financial cost and the amount of lease liabilities repaid using the interest method with the former recognized in the consolidated income statement.

However, with respect to leases whose period is short, at twelve months or less, and those for which the underlying asset is of low value, right-of-use assets and lease liabilities are not recognized, and lease fees are recognized as cost over the lease period using the straight-line method.

The present value is calculated using the calculated interest rate for lease, and if the interest rate cannot be calculated easily, the Group's additional borrowing interest rate is used for the discount rate.

(Lease as a lessor)

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases, while all other leases are classified as operating leases.

Lease receivables related to finance leases are recorded as receivables in an amount equal to the net investment in the lease.

(7) Impairment of non-financial assets

Except for inventories and deferred tax assets, the Group judges on the last day of each term as to whether there is a sign of impairment in the book value of its non-financial assets. If there is a sign of impairment, the Group estimates the recoverable value of the assets concerned. The recoverable value of goodwill and intangible assets whose useful life cannot be confirmed or which are still unusable is estimated at the same time of each year irrespective of whether there is a sign of impairment.

The recoverable value of assets or fund generation units is their value in use or the fair value obtained by deducting disposal cost, whichever is higher. When the value in use is calculated, estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects the time value of money and the inherent risks of the assets concerned. Assets that do not undergo impairment tests individually are integrated into minimum fund generation units in which largely independent cash inflows are generated from the cash inflows of other assets or asset groups through continuous use. Goodwill acquired through business combinations is distributed to the fund generation unit in which the synergy of the combinations is expected to be obtained.

None of the Group's company-wide assets generates independent cash inflows. If there is a sign of impairment in company-wide assets, the Group determines the recoverable value of fund generation units to which such assets belong.

If the recoverable amount of an asset or fund generation unit is less than its book value, the asset is written down to its recoverable amount, and the decrease in book value is recognized as an impairment loss. Impairment loss recognized in relation to fund generation units is first distributed in a way that reduces the book value of goodwill distributed to the units and then the book value of other assets in the units is reduced proportionally.

Goodwill-related impairment loss is not reversed. With respect to other assets, whether there is a sign of impairment loss recognized in the past being reduced or disappearing is measured on the last day of each term. If estimates used to determine the recoverable value change, impairment loss is reversed. When impairment loss is reversed, the upper limit is the book value obtained by deducting necessary amortization and amortized amounts from the book value when impairment loss is not recognized.

(8) Allowances

The Group recognizes allowances if, as the result of past events, it currently has legal or constructive obligations, it is highly likely that its economic resources flow out to settle such obligations, and the amount of such obligations can be estimated in a reliable way. If the time value of money is important, estimated future cash flows are discounted to their present value using the pre-tax interest rate that reflects the time value of money and the inherent risks of the debts concerned. The rebate of amounts discounted as the result of the passage of time is recognized as financial cost.

(9) Revenue

The Group recognizes revenue from contracts with customers by applying the steps specified below.

Step 1: Identify agreements with customers

Step 2: Identify duties to be performed under the agreements

Step 3: Calculate transaction prices

Step 4: Distribute the transaction prices to duties to be performed under the agreements

Step 5: Recognize revenue when such duties are fulfilled (or as such duties are fulfilled)

(New-IT Transformation Business)

(1) Private-sector digital transformation (DX) and M&A brokerage domain

The private-sector DX and M&A brokerage domain includes the provision of services to improve productivity and value added through new technologies and digital human resources development, as well as M&A brokerage services.

In the provision of solutions in each project and so forth, the Group considers the nature of services and other offerings provided to customers and as a result determines that costs incurred by the project indicate the degree of its progress, and therefore, it recognizes revenue by measuring the degree of progress in fulfilling duties to be performed according to the input method based on such costs and other factors.

In product sales and the provision of services related to digital human resources development support and other operations, the Group determines that duties to be performed are fulfilled when customers inspect and accept the goods or services provided and recognizes revenue at the time of such acceptance.

M&A brokerage services involve the provision of services to execute the transfer of customers' shares or business, with revenue primarily recognized upon completion of the transfer, at which point the Group determines that duties to be performed are fulfilled.

(2) Cybersecurity domain

In the provision of solutions in each project and so forth, the Group considers the nature of services and other offerings provided to customers and as a result determines that costs incurred by the project indicate the degree of its progress, and therefore, it recognizes revenue by measuring the degree of progress in fulfilling duties to be performed according to the input method based on such costs and other factors.

With regard to sales of security products, the Group determines that duties to be performed are fulfilled upon satisfying contractual delivery conditions, such as delivery of products to customers and completion of inspection, and recognizes revenue at such time.

Revenue is measured based on transaction prices under agreements with customers in all business domains. Compensation for transactions is received within one year of fulfilling duties to be performed and does not include significant financial elements.

(Publitech Business)

(1) Regional revitalization domain

In the regional revitalization domain, the Group operates platform services for Hometown Tax Payments.

The Group determines that duties to be performed in the Hometown Tax Payment platform business are fulfilled when the provision of platform services is completed and recognizes revenue mainly when donations are delivered to customers.

In the provision of solutions in each project and so forth, the Group considers the nature of services and other offerings provided to customers and as a result determines that costs incurred by the project indicate the degree of its progress, and therefore, it recognizes revenue by measuring the degree of progress in fulfilling duties to be performed according to the input method based on such costs and other factors.

(2) Public-sector DX domain

In the public-sector DX domain, the Group provides DX services for local municipalities.

The duties to be performed in the service platform for municipalities are deemed to be fulfilled over the period of use by the users and revenue is recognized over time.

In the provision of solutions in each project and so forth, the Group considers the nature of services and other offerings provided to customers and as a result determines that costs incurred by the project indicate the degree of its progress, and therefore, it recognizes revenue by measuring the degree of progress in fulfilling duties to be performed according to the input method based on such costs and other factors.

Revenue is measured based on transaction prices under agreements with customers in all business domains. Compensation for transactions is received within one year of fulfilling duties to be performed and does not include significant financial elements.

If the Group is engaged in transactions as a party to the program, it indicates revenue as the total amount of compensation received from customers. If the Group is engaged in transactions as an agency for third parties, it indicates revenue as the amount of commissions obtained by deducting amounts collected for third parties from the total amount of compensation received from customers.

In determining whether it is engaged in transactions as a party to the program or as an agency, the Group considers the following indicators:

- If it has principal responsibility for performing the promise of providing specified goods or services
- If it has inventory risks before specified goods or services are transferred to customers or after control is transferred to customers
- If it has discretion in the setting of prices for specified goods or services

(10) Financial revenue and financial cost

Financial revenue consists mainly of interest income, dividend income, foreign exchange gains, and fluctuations in financial assets measured based on fair value through net profit/loss. Interest income is recognized using the effective interest rate method when it accrues.

Financial cost consists mainly of interest cost calculated using the effective interest rate method, interest paid for borrowings, foreign exchange losses, and fluctuations in the fair value of financial assets measured based on fair value through net profit/loss. Interest paid is recognized using the effective interest rate method when it accrues.

(11) Conversion to foreign currency

Foreign currency transactions

Foreign currency transactions are converted to the functional currency of the Group company concerned at the exchange rate on the day of transaction.

Monetary assets and liabilities in foreign currency on the last day of the term are converted to functional currencies at the day's exchange rate.

Balances arising from conversion or settlement are recognized as net profit/loss.

Notes on accounting estimates

1. Measurement of financial instruments without market prices in active markets

(1) Amount reported in consolidated financial statements for the current consolidated fiscal year

Other financial assets (investment securities): 5,518 million yen

(2) Other information that contributes to the understanding of users of consolidated financial statements about the content of accounting estimates

If market prices at which the same issues are traded in active markets cannot be obtained, the fair value is assessed based on the most recent transaction prices if information on the most recent transactions between independent third parties and finance prices is available. It is assumed that the most recent transaction prices are effective for a certain period of time after transactions are conducted.

If information on these most recent transactions is not available, the corporate value is assessed using methods such as the market approach, cost approach, and income approach.

Although fair values are assessed based on the business plans, etc. developed by the entities targeted for investment, if events occur that lead to the deterioration of financial results at such entities or decrease in investment value such as the worsening of the fund procurement environment, they may have significant effects on consolidated financial statements in the following consolidated fiscal year and thereafter.

2. Valuation of goodwill

(1) Amount reported in consolidated financial statements for the current consolidated fiscal year

Goodwill: 29,267 million yen

(2) Other information that contributes to the understanding of users of consolidated financial statements about the content of accounting estimates

Goodwill is subject to an annual impairment test. In determining the recoverable amount, the higher of the fair value of each fund-generating unit and the fair value less costs to sell is adopted. If the recoverable amount is lower than the book value, an impairment loss is recognized.

Estimated future cash flows used in the valuation of value in use are based on a three- to five-year business plan, which has been prepared using historical experience and external inputs and approved by management, with a terminal value calculated assuming a 0 to 2% growth rate for subsequent periods.

In the fiscal year under review, the recoverable value exceeded the book value of the fund generation units or group of fund generation units; however, if there are material changes in major assumptions, such as discount rates, the sales revenue growth rate, or number of contracts, the recoverable value may be less than the book value.

Notes on the statements of consolidated financial position

1. Allowance for doubtful accounts deducted directly from assets

Current assets	45 million yen
Non-current assets	1,264 million yen

2. Accumulated depreciation and impairment losses on property, plant, and equipment 726 million yen

Notes on the consolidated statements of changes in equity

1. Classes and total outstanding number of shares as of the last day of the fiscal year under review

Common shares	73,852,362 shares
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2. Classes and the total outstanding number of treasury shares as of the last day of the fiscal year under review

Common shares	4,273,415 shares
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3. Dividend of surplus

(1) Dividend payout amounts

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 26, 2025 Ordinary General Meeting of Shareholders	Common shares	1,454	20.90	March 31, 2025	June 27, 2025

- (2) Payout amount of dividends with record date in the current fiscal year but effective date in the following fiscal year
The following resolutions were adopted.

Resolution	Class of shares	Source of dividend	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
May 14, 2026 Board of Directors	Common shares	Retained earnings	1,600	23.00	March 31, 2026	June 10, 2026

4. Classes and the total number of shares for which stock acquisition rights are intended (excluding those yet to reach the first day of the exercise period), as of the last day of the fiscal year under review

Common shares	— shares
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Notes on revenue recognition

1. Revenue recognized from contracts with customers and other sources

Revenue recognized from contracts with customers and other sources is as follows:

(Unit: million yen)

Revenue recognized from contracts with customers	51,427
Revenue recognized from other sources (Note)	1,399
Total	52,827

(Note) Revenue recognized from other sources includes lease revenue recognized under IFRS 16 "Leases" (hereinafter referred to as "IFRS 16").

2. Resolution of revenue

(Unit: million yen)

Reporting segments	Business domains	
New-IT Transformation Business	Private-sector DX and M&A brokerage	20,253
	Cybersecurity	3,587
Publitech Business	Regional revitalization	23,085
	Public-sector DX (Note) 2	6,505
Adjustment	Others	111
	Between reporting segments	△716
Total		52,827

(Notes) 1. Revenue in each business domain includes internal transactions with other segments.

2. Public-sector DX includes lease revenue based on IFRS 16 "Leases."

3. Outstanding agreements

The breakdown of claims arising from agreements with customers, contractual assets, and contractual liabilities is as follows:

(Unit: million yen)

	April 1, 2025	March 31, 2026
Claims arising from agreements with customers	10,798	11,249
Contractual assets	175	406
Contractual liabilities	543	441

Contractual assets relate to rights generated by recognizing revenues based on the progress of consulting and system implementation agreements, etc. in the NEW-IT Transformation Business and the Publitech Business, and they are changed to accounts receivable when the right to payment becomes unqualified.

Contractual liabilities mainly comprise advances from customers. The amount included in contractual liabilities at the beginning of the fiscal year under review for revenue recognized during the fiscal year under review is 235 million yen.

In the current consolidated fiscal year, the amount of revenue recognized from among the duties to be performed that were fulfilled (or partially fulfilled) in the past period is of no importance.

4. Transaction prices distributed to remaining duties to be performed

At the end of the consolidated fiscal year, the aggregate amount of transaction prices allocated to remaining duties to be performed was 2,928 million yen. Revenue is expected to be recognized for the balance of such remaining duties to be performed generally within four years.

As a practical expedient in preparing notes on transaction prices distributed to remaining duties to be performed, contracts with an original expected duration of one year or less are excluded from the scope of disclosure.

5. Assets recognized in terms of costs for winning or performing agreements with customers

There is no asset recognized by the Group based on costs for winning or performing agreements.

Notes on financial instruments

1. Information on the status of financial instruments

(1) Capital management

The Group manages its capital with the aim of maximizing corporate value through sustained growth.

The major indicators used by the Group in capital management are net interest-bearing liabilities (obtained by deducting cash and cash equivalents from interest-bearing liabilities), the ratio of equity attributable to owners of parent, and the ratio of equity attributable to owners of parent to net profit.

(2) Financial risk management

The Group is exposed to financial risks (credit risks, liquidity risks, exchange risks, interest rate risks, and market price fluctuation risks) in the course of management activities and manages such risks in accordance with certain policy in an effort to reduce them. It also uses derivatives to avoid exchange fluctuation risks and interest-rate fluctuation risks, and its policy is not to become engaged in speculative transactions.

(3) Credit risk management

A credit risk is a risk that in financial assets held by the Group, business partners become unable to perform contractual obligations, causing financial losses to the Group. If over 90 days pass after the contractual due date, the Group considers the business partner as failing to perform their obligations.

The Group regularly monitors the balance of trade receivables and manages due dates and balances for individual transaction partners, and is quick to identify and mitigate recovery concerns caused mainly by a deterioration in their financial positions.

In terms of derivatives, the Group deals only with highly creditworthy financial institutions or similar, and the effects of derivatives traded on the Group's credit risks are limited.

The Group does not have credit risks excessively concentrated on particular business partners or groups to which they belong.

(4) Liquidity risk management

A liquidity risk is a risk of the Group becoming unable to perform the duty of repaying financial liabilities on the due date.

The Group manages liquidity risks by preparing repayment funds appropriately and at the same time by maintaining at financial institutions credit lines that can be used when necessary and monitoring cash flow plans and results continuously.

(5) Exchange risk management

The Group is exposed to exchange fluctuation risks in the transaction of foreign currency claims and obligations, but at present, the effects of exchange fluctuations on the Group are minor, and it reduces exchange fluctuation risks by concluding forward exchange contracts.

(6) Interest rate risks

In advancing its business activities, the Group procures working capital and funds required for M&A and other undertakings. If it procures these funds at variable interest rates, the amount of interest is affected by fluctuations in market interest rates, and therefore, the Group is exposed to the interest rate risk of fluctuations in future cash flows from interest. The present status and future prospects of variable interest rates are being monitored constantly.

(7) Share price fluctuation risks

Those of equity instruments (shares) held by the Group which are marketable are exposed to share price fluctuation risks. With respect to equity instruments, the Group regularly analyzes market values, the financial position of issuers, and other factors and continuously reviews the status of equity instruments held taking into account market conditions and relationships with issuers (client firms).

2. Information on fair values of financial instruments

(1) Fair value of financial instruments

The fair value measurements of financial instruments measured at fair value are categorized into three levels based upon the observability and significance of inputs used to measure such financial instruments.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2: Fair value measured using observable prices other than Level 1 inputs, either directly or indirectly

Level 3: Fair value determined by using valuation techniques that incorporate unobservable inputs

(2) Financial instruments measured based on fair value

The fair value of financial instruments is calculated using the following method:

(Cash and cash equivalents, trade and other receivables, other financial assets, and trade and other payables)

Stated at book value, as their fair values approximate to their book values since they are settled in a short period of time.

(Other financial assets and other financial liabilities)

If market prices at which the same issues are traded in active markets can be obtained, the fair value is assessed using the market prices.

If market prices at which the same issues are traded in active markets cannot be obtained, the fair value is assessed based on the most recent transaction prices if information on the most recent transactions between independent third parties and finance prices is available. It is assumed that the most recent transaction prices are effective for a certain period of time after transactions are conducted.

If information on these most recent transactions is not available, the corporate value is assessed using methods such as the market approach, cost approach, and income approach.

Investments in investment limited partnerships and other partnerships are valued at the fair value of the partnership assets, which is the Company's equity in the fair value of the partnership assets.

Derivatives are calculated based on the prices presented by financial institutions with which the Group deals as financial assets or financial liabilities measured based on fair value through net profit/loss.

(Put option liability granted to non-controlling interests)

The fair value is estimated by discounting the future cash flows of the written put option on non-controlling interests. The fair value approximates the book value.

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The fair value hierarchy for financial instruments measured based on fair value is as follows:

(Unit: million yen)

	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured based on fair value through net profit/loss				
Other financial assets				
Shares	939	0	211	1,150
Investments in investment limited partnerships and other partnerships	-	447	1,589	2,037
Others	-	-	0	0
Derivatives	-	0	-	0
Financial assets measured based on fair value through other comprehensive profits				
Other financial assets				
Shares	-	-	3,269	3,269
Total	939	447	5,070	6,457
Liabilities:				
Financial liabilities measured based on fair value through net profit/loss				
Other financial liabilities				
Derivatives	-	0	-	0
Total	-	0	-	0

Reclassifications between levels of the fair value hierarchy are recognized on the day when the event or change in circumstances that caused the reclassification occurred. The Group did not recognize any material reclassification between Level 1 and Level 2 for the period presented.

Valuation processes

The fair value of financial instruments classified as Level 3 is measured using a valuation method selected for the financial instrument in question by the appraiser, in accordance with valuation policies and procedures established by the Group.

The results of fair value measurements are approved by the appropriate person in charge.

Changes in financial instruments classified as Level 3 from the beginning to the end of the period are as follows:

(Unit: million yen)

Opening balance	3,646
Total gains and losses	462
Net profit/loss (Note) 1	△156
Other comprehensive profit (Note) 2	618
Purchases	963
Others (Note) 3	△1
Closing balance	5,070
Changes in unrealized gains or losses recognized in net profit/loss on assets held at the end of the reporting period (Note)	△156

(Notes) 1. Net profit/loss on financial assets measured based on fair value through net profit/loss, and included in financial income (or financial costs for the loss) in the consolidated income statement.

2. Included in "Financial assets measured based on fair value through other comprehensive profits" in the consolidated statement of comprehensive profits.

3. "Others" consists of distributions from investment limited partnerships.

(3) Financial instruments measured based on amortized cost

The book value and fair value of financial instruments measured based on amortized cost are as follows.

Financial instruments measured based on fair value and financial instruments whose book value and fair value are approximate to each other are not included in the table below.

(Unit: million yen)

	Book value (*)	Fair value (*)
Long-term borrowings (including current portion of long-term borrowings)	(27,771)	(27,429)

(*) Those reported as part of the liabilities are indicated in parentheses.

(Note) 1. The fair value of financial instruments is calculated using the following method:

Long-term borrowings (including current portion of long-term borrowings)

Among long-term borrowings, those based on variable interest rates use their book value because they reflect market interest rates in a short period of time and their fair value is almost equivalent to their book value.

The fair value of long-term borrowings (including the current portion of long-term borrowings) with fixed interest rates is calculated based on the present value of future cash flows discounted at the interest rate expected if similar new borrowings are entered into.

2. The fair value of long-term borrowings is classified as Level 2.

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Notes on per-share information

1. Equity attributable to owners of parent per share	671.98 yen
2. Basic profit per share	99.71 yen

Notes on business combinations

(Acquisition of Onwords, Inc.)

(1) Outline of business combinations

(i) Name of the acquired company and its business

Name of the acquired company: Onwords, Inc.

Description of business: Regional tourism DX business and inbound marketing partner business

(ii) Major reason for the business combination

To create a new model for regional revitalization centered on inbound tourism through the combination of personnel with extensive expertise and operational capabilities in the inbound domain and the Group's regional resources and networks.

(iii) Acquisition date

August 1, 2025

(iv) Method for the acquirer to obtain control of the acquired

Acquisition of shares through cash payment for compensation

(v) Name after the combination

The name remains unchanged after the combination.

(vi) Ratio of voting rights acquired

Ratio of voting rights before the business combination	-%
Ratio of voting rights acquired on the date of business combination	90.0%
Ratio of voting rights after the acquisition	90.0%

(2) Compensation paid on the day of acquisition, assets acquired and liabilities undertaken, and fair value and non-controlling interests

(Unit: million yen)

	Amount
Fair value of compensation paid (cash)	990
Fair value of assets acquired and liabilities undertaken	
Cash and cash equivalents	-
Other current assets	21
Non-current assets	65
Current liabilities	△15
Non-current liabilities	-
Fair value of assets acquired and liabilities undertaken (net)	70
Non-controlling interests	40
Goodwill	960

The assets acquired and liabilities undertaken have been determined provisionally on the basis of the information currently available, as the allocation of the acquisition consideration has not been completed at the end of the current consolidated fiscal year.

Acquisition-related costs in this business combination are 9 million yen and are reported as part of the selling, general, and administrative expenses in the consolidated income statement.

The goodwill generated through the business combination is reported in the Publitech Business segment. It consists mainly of the excess profit-making ability expected chiefly in businesses that will be developed by Onwords, Inc. in the future.

The recognized goodwill is expected to be deductible for tax purposes.

Non-controlling equity is measured using the ratio of non-controlling shareholders' equity to the fair value of the acquired company's identifiable net assets.

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(3) Cash flows from the acquisition

(Unit: million yen)

	Amount
Cash and cash equivalents disbursed for acquisition	990
Cash and cash equivalents held by the acquired company at the time of acquisition	-
Expenditure due to the acquisition of the subsidiary	990

(4) Effects on financial results

The effects of Onwords' sales revenue and net profit during the period from the day of acquisition to the end of the current consolidated fiscal year on the Group's consolidated income statement are minor.

Finalization of provisional treatment related to business combinations

(Toko Computer Service Co., Ltd.)

With regard to Toko Computer Service Co., Ltd., which was acquired on September 20, 2024, the allocation of the acquisition cost to the related assets and liabilities had not been completed in the previous fiscal year, and the intangible assets and goodwill had been reported on a provisional basis. However, the allocation has been finalized in the fiscal year under review. There are no material changes between the initial provisional amounts and the final amounts for the respective totals of assets acquired and liabilities undertaken.

(fundbook, Inc.)

With regard to fundbook, Inc., which was acquired on December 23, 2024, the allocation of the acquisition cost to the related assets and liabilities had not been completed in the previous fiscal year, and the intangible assets and goodwill had been reported on a provisional basis. However, the allocation has been finalized in the fiscal year under review. As a result, intangible assets mainly increased by 856 million yen and goodwill decreased by 575 million yen. The acquisition consideration, assets acquired and liabilities assumed as of the acquisition date, non-controlling interests, as well as goodwill, are as follows.

(Unit: million yen)

	Amount
Fair value of compensation paid (cash)	15,500
Fair value of assets acquired and liabilities undertaken	
Cash and cash equivalents	2,418
Other current assets	296
Non-current assets	2,048
Current liabilities	△1,057
Non-current liabilities	△631
Fair value of assets acquired and liabilities undertaken (net)	3,075
Non-controlling interests	-
Goodwill	12,424

Notes on significant subsequent events

(Matters related to acquisition of treasury shares)

The Company resolved on the following matters concerning the acquisition of treasury shares at the Board of Directors meeting held on May 14, 2026, pursuant to the provisions of Article 156 of the Companies Act as applied with the rewording prescribed in Article 165, paragraph (3) of the Companies Act, as follows:

1. Reasons for acquisition of treasury shares

To enhance shareholder return and to implement future investment strategies and capital policies expeditiously through M&A, alliance, etc., using treasury shares.

2. Details of matters related to acquisition

- | | |
|--|---|
| (1) Class of shares to be acquired: | Common shares of the Company |
| (2) Total number of shares to be acquired: | 2,500,000 shares |
| (3) Total acquisition cost: | 2,000 million yen |
| (4) Acquisition period: | May 15, 2026 to November 30, 2026 |
| (5) Acquisition method: | Market purchase on the Tokyo Stock Exchange
(Market purchase based on a discretionary transaction contract for the acquisition of treasury shares) |

3. Treasury shares held as of March 31, 2026

Total outstanding number of shares excluding treasury shares:	69,578,947 shares
Number of treasury shares:	4,273,415 shares

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Financial Statements of Changes in Shareholders' Equity

(From April 1, 2025
to March 31, 2026)

(Unit: million yen)

	Shareholders' Equity							
	Capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Capital reserve	Other capital surplus	Capital Surplus Total	Other retained earnings Retained earnings carried forward	Retained Earnings Total		
Opening balance	1,042	1,042	36,576	37,618	3,169	3,169	△5,882	35,947
Change during current period								
Dividend of surplus				-	△1,454	△1,454		△1,454
Net income				-	5,592	5,592		5,592
Change during current period excluding shareholder equity (net amount)				-		-		-
Change during current period - Total	-	-	-	-	4,137	4,137	-	4,137
Closing balance	1,042	1,042	36,576	37,618	7,307	7,307	△5,882	40,085

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	Valuation and conversion differences, etc.		Stock option	Total net assets
	Other differences from valuation of securities	Valuation/ Translation Difference, etc. Total		
Opening balance	265	265	2	36,215
Change during current period				
Dividend of surplus		-		△1,454
Net income		-		5,592
Change during current period excluding shareholder equity (net amount)	170	170		170
Change during current period - Total	170	170	-	4,308
Closing balance	435	435	2	40,523

Note: Any fractional sum of less than one million yen was truncated for presentation.

4. Basis for recording significant revenues and expenses

The obligation to perform management guidance services includes providing comprehensive and continuous services necessary to promote autonomous and responsible management of subsidiaries. As this obligation is satisfied over time, revenue is recognized in proportion to the contract period.

In the provision of solutions in each project and so forth, the Group considers the nature of services and other offerings provided to customers and as a result determines that costs incurred by the project indicate the degree of its progress, and therefore, it recognizes revenue by measuring the degree of progress in fulfilling duties to be performed according to the input method based on such costs and other factors.

Notes on Changes in Presentation

(Consolidated Statement of Income)

Effective from the current fiscal year, the presentation of operating revenue has been changed. Business income, which was previously included in "Other revenue," is now presented as a separate line item due to its increased materiality.

Notes on accounting estimates

Valuation of investment securities without market prices

(1) Amount reported in consolidated financial statements for the current consolidated fiscal year

Investment securities: 3,791 million yen

(2) Other information that contributes to the understanding of users of consolidated financial statements about the content of accounting estimates

With respect to investment securities without market prices, if the real value of entities targeted for investment declines significantly, their value is reduced appropriately, and valuation differences are reported as a loss except for cases in which the recoverability of the real value is supported by sufficient evidence.

Specifically, if the real value of an entity targeted for investment falls by over 50%, the Group determines that the real value has declined significantly and considers whether the recoverability of the real value can be supported by sufficient evidence and decides whether it should be reduced appropriately. In judging recoverability, it evaluates it based on the business plan prepared by the firm targeted for investment and other materials.

These estimates are affected by future uncertain economic conditions and the management of entities targeted for investment, and if business plans do not make progress as planned, the estimates may have significant effects on amounts recognized in the financial statements for the following fiscal year and thereafter.

Valuation of shares in affiliates

(1) Amount reported in consolidated financial statements for the current consolidated fiscal year

Affiliates' shares in which the excess profit-making ability at the time of acquisition is reflected in the real value before valuation: 17,314 million yen

- (2) Other information that contributes to the understanding of users of consolidated financial statements about the content of accounting estimates

With respect to affiliates' shares without market prices but whose real value reflects the excess profit-making ability at the time of acquisition, the Group examines whether their real value has declined significantly due to the impairment of the excess profit-making ability and other factors. The presence or absence of impairment to excess profit-making capacity and other factors is affected by the likelihood of achieving the business plan. Major assumptions, such as the sales revenue growth rate and the number of contracts concluded, are used in the development of the business plan.

The amount recognized in the financial statements for the following fiscal year could be materially affected if there are material changes in major assumptions used in the business plan and if the real value of the asset declines significantly.

Notes to the balance sheet

1. Cumulative depreciation of property, plant and equipment 94 million yen

2. To efficiently procure working capital, the Company has concluded an overdraft agreement with two banks with which it deals. The remaining balance of the overdraft agreement as of the end of the current fiscal year based on this agreement is as follows.

Overdraft limit total	23,400 million yen
Borrowing balance	-
Difference	23,400

3. Guarantee obligations
The Company has taken on a guarantee of payment obligations related to transactions, etc. of its subsidiaries as follows:

G-Gravity Co., Ltd.	100 million yen
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4. Monetary claims and obligations to affiliates

Short-term monetary claims	485 million yen
Long-term monetary claims	11 million yen
Short-term monetary obligations	845 million yen

(Note) Amounts separately presented in the balance sheet are excluded.

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Notes to the statement of income

Amount of transactions with subsidiaries and affiliates

Amount of business transactions

Operating revenue	10,044 million yen
Operating expenses (including secondment charges)	958 million yen
Transactions other than operational transactions	82 million yen

Notes to the financial statements of changes in shareholders' equity

Type and total number of treasury shares at end of the fiscal year under review

Common shares	4,273,415 shares
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Notes on tax effect accounting

Breakdown of major components of deferred tax assets and deferred tax liabilities

Deferred tax assets

Asset retirement obligations	13 million yen
Loss on valuation of investment securities	427
Loss on valuation of shares of subsidiaries and associates	4,089
Provision of allowance for doubtful accounts	415
Loss carried forward	487
Others	28

Deferred tax assets - subtotal 5,461

Valuation allowance △5,461

Deferred tax assets - Total -

Deferred tax liabilities

Other differences from valuation of securities	231
Others	16

Deferred tax liabilities - Total 247

Deferred tax liabilities - Net 247

Notes on revenue recognition

Notes on information that provide the basis for understanding revenue arising from contracts with customers are omitted because "Note on revenue recognition" in the notes to consolidated financial statements includes such information.

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Notes on transactions with related parties

Type	Company name	Percentage of voting rights held	Relationship with related party	Transaction amount (million yen)	Subject	Closing balance (million yen)
Subsidiary	TRUSTBANK, Inc.	Direct 100%	Receipt of business guidance fee (Note 1)	1,752	Accounts receivable	160
			Borrowing of funds (Note 2)	85,714	Short-term affiliate borrowings	4,363
			Repayment of funds (Note 2)	84,428		
			Payment of interest (Note 2)	32		
			Guarantee for borrowings (Note 3)	6,430	-	-
Subsidiary	CHANGE, Inc.	Direct 100%	Receipt of business guidance fee (Note 1)	96	Accounts receivable	8
			Payment of consulting fees (Note 4)	264	Accounts payable - other and accrued expenses	29
			Loan of funds (Note 2)	2,629	Short-term loans	598
			Loan repayments (Note 2)	2,242	-	-
			Guarantee for borrowings (Note 3)	6,430	-	-
Subsidiary	Govmates, Inc.	Direct 100%	Loan of funds (Note 2)	1,600	Short-term loans	400
					Long-term loans	1,100
			Repayment of funds (Note 2)	1,366		
			Interest received (Note 2)	16	Other current assets	14

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Type	Company name	Percentage of voting rights held	Relationship with related party	Transaction amount (million yen)	Subject	Closing balance (million yen)
Subsidiary	CyLeague Holdings, Inc.	Direct 100%	Loan of funds (Note 2)	238	Short-term loans	127
			Repayment of funds (Note 2)	2,584		
			Interest received (Note 2)	18		
Subsidiary	G-Gravity Co., Ltd.	Direct 100%	Outsourcing (Note 5)	989	Advance payment	102
					Accounts payable	568
Officer of the subsidiaries	Yasuhisa Takatani	-	Acquisition of subsidiary shares (Note 6)	591	-	-

- (Note) 1. In terms of the business guidance fee, the amount is rationally determined with consideration to expenses incurred for services rendered.
2. In the case of loans and borrowings of funds, interest rates are reasonably determined taking into account market interest rates.
 3. The Company has received joint guarantees from TRUSTBANK, Inc. and CHANGE, Inc. for its borrowings from financial institutions. The transaction amount indicates the balance of borrowings remaining as of end of the fiscal year that is subject to the guarantee obligation. There is no payment of a warranty fee.
 4. Consulting fees are determined upon mutual consultation with consideration given to the details of the services provided.
 5. Outsourcing fees are determined upon mutual consultation with consideration given to the details of the services provided.
 6. Acquisition of subsidiary shares was conducted through the Tokyo Stock Exchange's ToSTNeT-1 off-auction trading system, and the transaction price was determined based on the average stock price over a certain period.

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Notes on per-share information

1. Net assets per share	582.37 yen
2. Net profit per share	80.37 yen

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Notes on significant subsequent events

Notes are omitted because the same information is included in "Notes on significant subsequent events" in the consolidated financial statements.