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Notice Concerning the Company's Views on the Advancement of AI

With the rapid advancement of AI, interest in the structural changes within the IT and consulting industries has been increasing. In light of this market environment, Northsand, Inc. (the "Company") has compiled its views on inquiries received from shareholders and investors, as well as anticipated questions, as outlined below.

1. Impact of the Advancement of AI on the Consulting Business

The Company believes that the advancement of AI will not lead to a decline in demand for consulting services.

(1) Consulting lies in a "high trust, high context, high accountability" domain that is difficult for AI to address.

Consulting is a non-routine function that involves strong trust with clients, tacit knowledge within organizations, and critical decision-making. It is a profession that relies heavily on the individual—where clients often feel "this is someone I can entrust." In fact, overseas sources have also noted that "large-scale projects require advanced interpersonal skills, insight, and delicate judgment" suggesting that this is a domain that is structurally difficult for AI alone to replace.

(2) Japan's employment practices and unique organizational structure tend to drive higher demand for consulting.

In Japan, membership-based employment and a high-context communication culture structurally increase coordination costs across departments. As a result, rapid in-house development—common in Western markets—is less likely to progress. In addition, the shortage of IT talent is expected to persist. Therefore, the Company believes that demand will continue for consulting services such as those provided by the Company, in which consultants function as bridges and lubricants within organizations.

2. Recruitment and Talent Development Policy in the AI Era

The Company does not intend to reduce its hiring of inexperienced and junior-level talent in the AI era.

(1) Inexperienced talent contributes to long-term organizational growth, as they are coachable and receptive, free from preconceptions, and bring an open mindset.

Individuals without prior experience are said to actively seek feedback, accept guidance, and promptly act on it. In addition, as they have fewer cognitive biases and are not constrained by existing notions, they are less prone to making hasty judgment. Their openness is said to enable bold proposals and fresh perspectives. The Company believes these characteristics are essential for building trust with clients and will therefore continue to actively recruit such talent.

(2) Junior-level talent plays a key role in preventing organizational hollowing-out, external dependency, and rigidity, while sustaining organizational culture.

A reduction in junior hiring may weaken the talent pipeline, leading to future shortages of mid-level talent, and a loss of diversity and new perspectives. This may increase the risk of organizational "hollowing-out," where companies lack the

next generation of leaders. It may also lead to “external dependency” or increased reliance on external resources, as well as “rigidity” characterized by standardization and risk aversion. The Company believes that junior-level talent plays a critical role in mitigating these risks, sustaining organizational culture, and enhancing long-term competitive advantage. Accordingly, the Company will continue to recruit junior-level talent.

Based on the above, the Company believes that the advancement of AI will not have a negative impact on its business. Rather, with increased opportunities for AI-related project acquisitions and improved operational efficiency, the Company expects AI to have a positive impact on its business performance.

※1 Source on roles requiring human qualities in the AI era

Ezaki, Takahiro. 『生成AIが変える世界を紐解く INFRA MECHANISM —時代を生き残るための7つの戦略— (Understanding the World Transformed by Generative AI: INFRA MECHANISM — Seven Strategies for Surviving the Era) 』 (2026), Socym.

「『生成AIではなく人間でないと任せられない仕事』には、どういう要素があるでしょうか？それは、以下の3つです。1.高信頼（信頼関係が成果そのものになる領域）2.高文脈（暗黙知や例外が多い・データ化されない情報が重要な領域）3.高責任（生命・金銭・権利・信用に直結する領域）」 p.311

「まず1つ目が、高信頼な仕事です。これは『この人なら任せられる』『この人なら話せる』といった信頼関係を前提としないと成立しない仕事です。」 p.312

「高文脈の仕事は、同じルールの当てはめでは対応できない、『この現場では』『この相手では』『今のタイミングでは』という条件によって正解が変わるようなものを指します。」 p.314

「最後に、『高責任』な仕事です。AIがどれほど高度な提案を行ったとしても、その判断を『確定』させ、結果に対して社会的な責任を負うのは常に人間です。」 p.318

「以上の『高信頼』『高文脈』『高責任』な要素を持つ仕事は、今後もそう簡単には代替されず、むしろその価値を相対的に上げていくことになるでしょう。」 p.321

※2 Source on the importance of interpersonal skills in project execution

Lynn Crawford, and Hassner, Nahmias, A. "Competencies for Managing Change" (2010), International Journal of Project Management.

https://pure.bond.edu.au/ws/files/29059103/Competencies_for_managing_change.pdf (Accessed March 31, 2026)

"others (Partington et al. 2005) consider that projects or programs that require significant amounts of behavioural and organisational change [...] demand high levels of interpersonal skill, astuteness and sensitivity and a fundamentally different approach to the candid, direct, and rational style valued in competent project managers."

※3 Source on characteristics of Japanese organizational structures

Kobayashi, Yuji. 『罰ゲーム化する管理職 バグだらけの職場の修正法 (Managers as Punishment Games: Fixing Dysfunctional Workplaces) 』 (2024), Shueisha International.

「組織と組織をつないでいる指揮・指示のコミュニケーションが『入れ子』構造になっているという特徴が見られます。」 p. 119

「役員レベルから主任レベルまで、このような『入れ子』構造が折り重なり、意思決定プロセスが重複することが、日本の組織の実態です。」 p. 121

Aoki, Masahiko. Horizontal vs. Vertical Information Structure of the Firm (1988), American Economic Association.

https://www.wiwi.uni-bonn.de/kraehmer/Lehre/SeminarSS09/Papiere/Aoki_Horizontal_vs_Vertical_info_structure.pdf (Accessed March 31, 2026)

"In contrast, in the J firm (Japanese firm), workers' jobs are not specified in detail and workers rotate among various jobs with some frequency within, as well as beyond, workshops. Through this practice, workers are gradually made familiar with the whole work process and become capable of coping with unexpected emergencies."

※4 Source on the shortage of IT talent in Japan

Ministry of Economy, Trade and Industry, Commerce and Information Policy Bureau, Information Technology Promotion Division, 「IT分野について (IT Sector Overview)」 (2017).

https://www.meti.go.jp/shingikai/economy/daiyoji_sangyo_skill/pdf/001_06_00.pdf (Accessed March 31, 2026)

「IT人材の不足は、現状約17万人から2020年には約37万人、2030年には約79万人に拡大すると予測され、今後ますます深刻化すると考えられている。」

※5 Definition of “inexperienced talent” and “junior-level talent”

"Inexperienced talent" refers to individuals without practical experience in the consulting industry. "Junior-level talent" generally refers to employees in their 20s.

※6 Source on the negative relationship between tenure and FSB (Feedback-Seeking Behavior)

Anseel, Frederik, Beatty, Adam S., Shen, Winny, Lievens, Filip, and Sackett, Paul R. How Are We Doing After 30 Years? A Meta-Analytic Review of the Antecedents and Outcomes of Feedback-Seeking Behavior (2013), Journal of Management. <https://doi.org/10.1177/0149206313484521> (Accessed March 31, 2026)

"Organizational tenure, job tenure, and age were negatively related to FSB [Feedback-Seeking Behavior]."

※7 Source on the negative relationship between confidence/experience and advice utilization

Slade, Benjamin. Who is Worth What? Judge and Advisor Characteristics in a Paid-Advice Judgment Scenario (2010), All Theses. 966. https://tigerprints.clemson.edu/all_theses/966 (Accessed March 31, 2026)

"When making a decision, people often receive advice before settling on a particular course of action. Decision makers exhibit a spectrum of responses to advice, ranging from total rejection to complete acceptance."

"Results indicated that judge accuracy, confidence, and prior task knowledge were all negatively related to advice utilization."

※8 Source on how experienced individuals may be prone to hasty judgments, while less experienced individuals are more open to behavioral change

Eva, Kevin W., Link, Carol L., Lutfey, Karen E., and McKinlay, John B. Swapping Horses Midstream: Factors Related to Physicians' Changing Their Minds About a Diagnosis (2010), Academic Medicine. <https://pmc.ncbi.nlm.nih.gov/articles/PMC3701113/> (Accessed March 31, 2026)

"Experience level of the physician: less experienced physicians were more likely to change their minds relative to more experienced physicians."

Eva, Kevin W., and Cunningham, John P. W. The Difficulty with Experience: Does Practice Increase Susceptibility to Premature Closure? (2006), Journal of Continuing Education in the Health Professions. <https://www.researchgate.net/publication/6808596> (Accessed March 31, 2026)

"A recent review of the physician performance literature concluded that the risk of prematurely closing one's diagnostic search increases with years of experience."

※9 Source on the importance of beginners in business transformation

O'Toole, Mike. The Beginner's Mind: How Naivete Can Become a Critical Business Asset (2014), Forbes.

<https://www.forbes.com/sites/mikeotoole/2014/09/16/the-beginners-mind-how-naivete-can-become-a-critical-business-asset/> (Accessed March 31, 2026)

"In the beginner's mind there are many possibilities, in the expert's mind there are few."

"Disrupting a market demands exploration of new possibilities."

※10 Source on how reduced entry-level hiring may result in future talent shortages and less diverse thinking

Baklaj, Nela. Junior Developer Crisis 2026: Why Companies Stopped Hiring Entry-Level and What It Means (2025), ARDURA Consulting

<https://ardura.consulting/blog/junior-developer-crisis-2026-why-companies-stopped-hiring-entry-level/> (Accessed March 31, 2026)

"If companies don't hire juniors for 3-5 years, a hole forms in the talent pipeline. In 5 years, these "unhired juniors" won't become mids. In 10 years, there won't be seniors who would have grown from this cohort under normal circumstances. The industry may face an even more serious talent shortage than currently."

"Homogenization of perspectives. Juniors bring fresh perspectives, question assumptions, propose unconventional solutions. Teams composed exclusively of experienced engineers may fall into groupthink and lose innovativeness."

■ Notes Regarding Forward-Looking Statements

This document contains forward-looking statements, including the Company's views, policies, and expectations, other than statements of historical fact. These statements are based on the Company's judgments and assumptions as of the date of this document and do not guarantee future performance. Actual results may differ materially from these forward-looking statements due to changes in economic conditions, technological developments, competitive environments, regulatory revisions, and other factors.



NORTHSAND

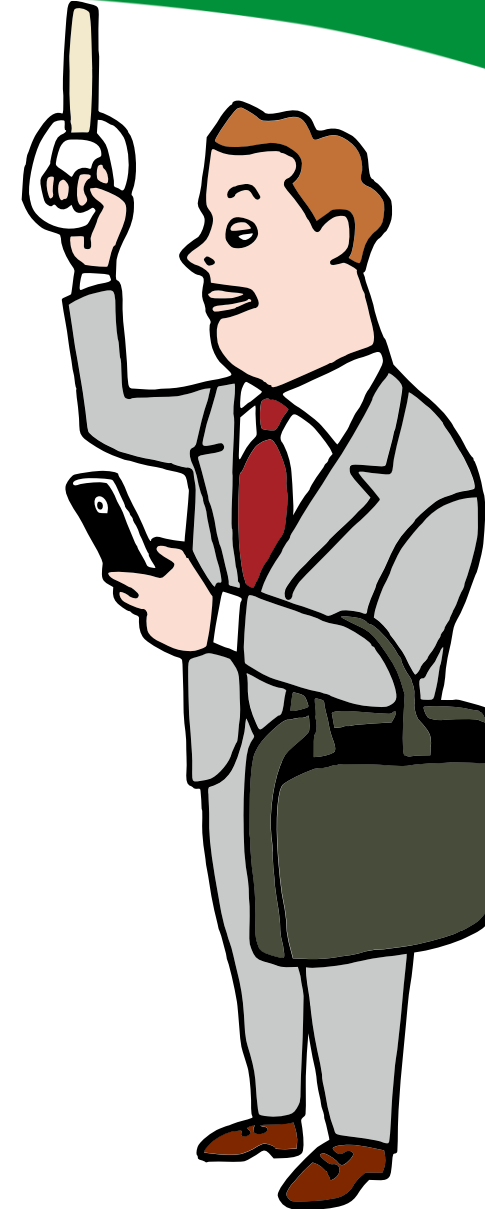
Our Views on the Advancement of AI

Northsand, Inc.

April 13, 2026

Securities Code 446A (TSE Growth Market)

Will AI replace consulting?

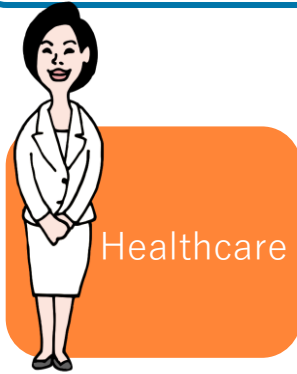


Trust & context-driven work can only be performed by humans

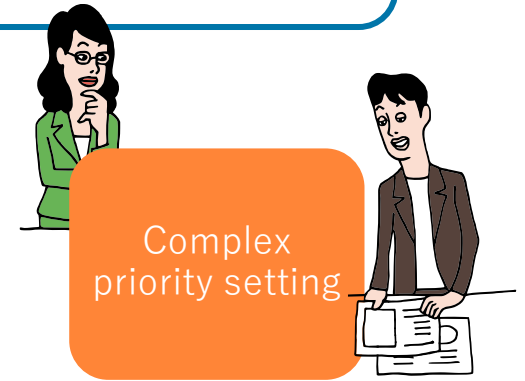
General Types of Work

Human-led work

Work that requires trust-based relationships and understanding of individual context



Consulting Work

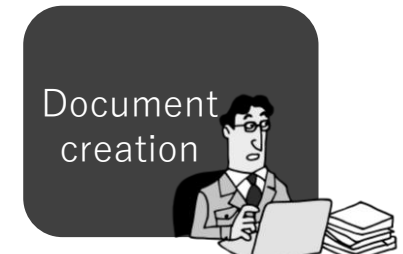


Aligning differing positions toward consensus

Organizing conflicting needs, supporting decision-making

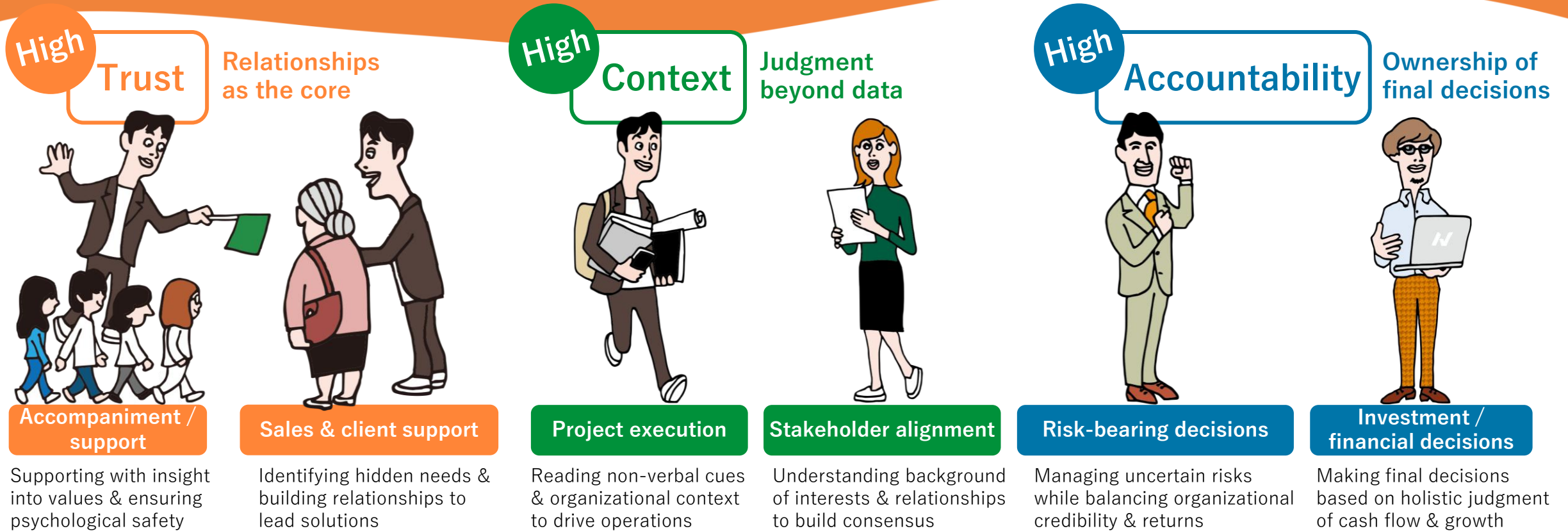
AI-optimized work

Work centered on information processing, analyzing large data sets and generating outputs



These tasks will be streamlined with AI

High-trust, context & accountability work remain “human”-led



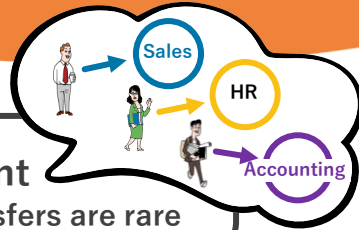
* Prepared by the company based on Takahiro Ezaki, “INFRA MECHANISM: How Generative AI Is Changing the World — Seven Strategies to Survive the Era”, Sanshodo Co., Ltd., 2026

Context & coordination are essential, driving consulting demand

West

Job-based employment

Hired based on clearly defined roles; transfers are rare



Japan

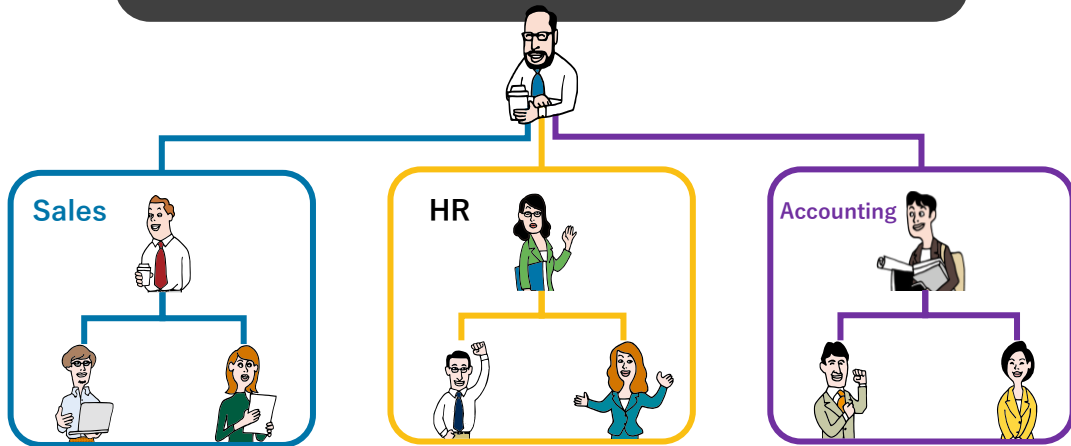
Membership-based employment

Hired based on potential with flexible roles; transfers are common



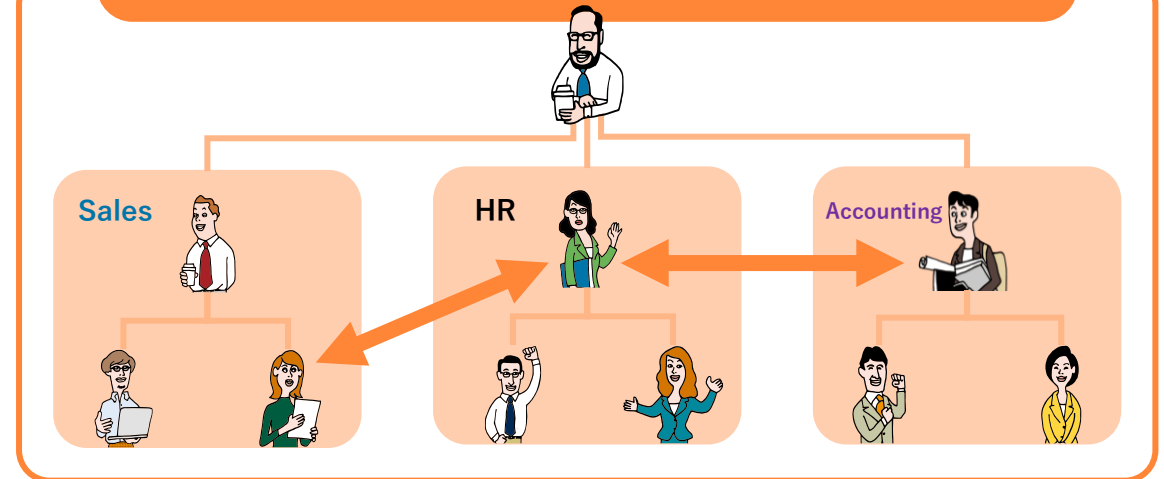
Vertical Organization

Clear boundaries; limited cross-functional involvement



Horizontal / Diagonal Organization

Unclear boundaries; cross-functional coordination required



Is continued hiring of
inexperienced &
junior-level talent a risk?



Coachable, open & sincere nature fuel long-term company growth

Coachable & receptive
Actively seek feedback
Accept guidance & act on it

Open /preconception-free
Unconstrained by existing notions
Do not make hasty judgments

Sincere
Bold proposals
Fresh perspectives

Inexperienced talent

**High growth potential
New perspectives**


Juniors boost momentum, culture and competitive advantage

X
3 risks
of reducing
junior hiring

1

Hollowing-out

Lack of future-leaders cause organizational gaps

2

External dependency

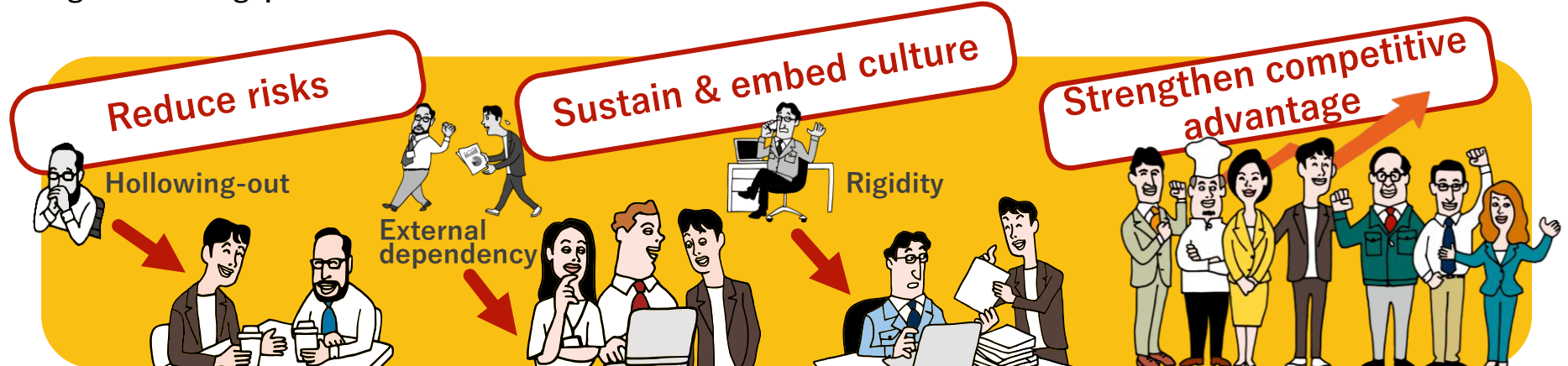
Weak internal talent development raises reliance on external resources

3

Rigidity

Loss of diversity drives standardization & risk aversion

✓
NORTHSAND
Continue hiring
junior-level talent





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