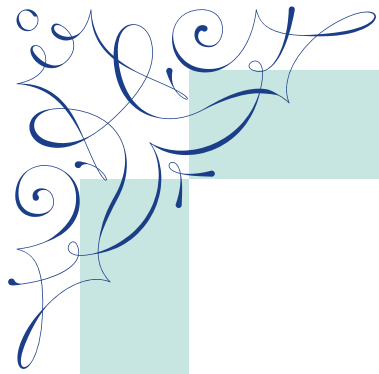


Audit Quality Report 2025-2026

Annual Report
on the Management of Audit Quality





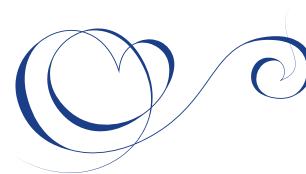
Audit Quality Report 2025-2026

Annual Report
on the Management of Audit Quality



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Introduction

“Ark” is a word mentioned in the book of Exodus in the Old Testament and is said to be the “Ark of the Covenant” that God instructed Moses to make for the people. We use this as the name of our firm.

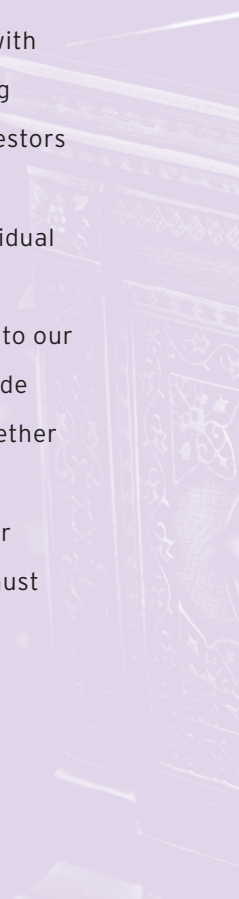

The “Ark” is said to contain a stone tablet containing the Ten Commandments given to Moses by God and written documents containing the Law, which is said to be the “Ark of the Covenant” with God. The “Ark” is also described as being decorated with cherubim, angels of knowledge.

We, as an audit firm, need to fulfill our obligations to society and to our clients by providing financial statements audit services that ensure we live up to our name. For this reason, our firm name is derived from our belief that ARK (the Ark of the Covenant) must be an organization that upholds its contracts with society and clients, to provide reliable accounting and non-financial information that will serve as an appropriate investment decision through financial statements audits.

We will ensure the fulfillment of agreements with stakeholders to ensure appropriate accounting information (agreements between several investors and us) and with clients to provide them with appropriate financial statements audits (individual agreements between the clients and us).

We would also like to provide the best service to our stakeholders and to our clients with a warm side within the strictness, so that we can grow together and benefit the Japanese economy.

To uphold these contracts with society and our clients, we believe that we, as an audit firm, must constantly respond to changes in the social environment.



We place great importance on thorough communication with our clients' management. This leads to a deeper understanding of the client's management and to a lean and efficient financial statements audit. We believe that it is important to narrow down the points where we should concentrate our audit time by communicating with our clients.

We believe this will result in a beneficial outcome for both our clients and us.

We believe that this will result in a beneficial outcome for both our clients and our constituents, as it will eliminate unnecessary costs and the spending of too much time on financial statements audits.

This annual report aims to serve as a basis for improving our audit quality through dialogue with stakeholders. For this reason, it is also available on our website and on the website of the Japan Institute of Certified Public Accountants (JICPA).



CEO Hirofumi Nikaido

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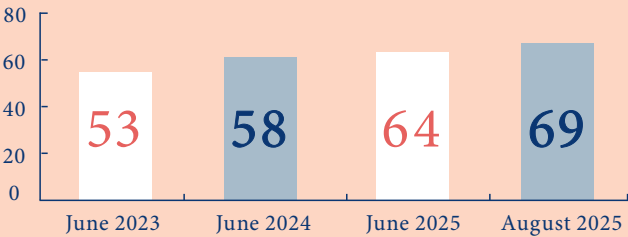
Our characteristics and management structure

Our characteristics

Our characteristics

The legal basis for financial statements audits varies, but the financial statements audits that we place particular emphasis on are audits under the Financial Instruments and Exchange Act (FIEA) for listed companies, which have a strong social impact. For this reason, we concentrate many of our management resources, including human resources, on financial statements audits of listed companies. For reference, the number of our listed clients is as follows.

Number of our listed clients



Since most of our clients, of which are engaged in audits under the Companies Act, are consolidated subsidiaries of listed companies, it is clear that financial statements audits focusing on listed companies are our main business. Furthermore, to the extent that our human resources permit, we are also focusing on IPO-related service. As a result, we hope that our clients can contribute to the development of the Japanese economy as future listed companies.

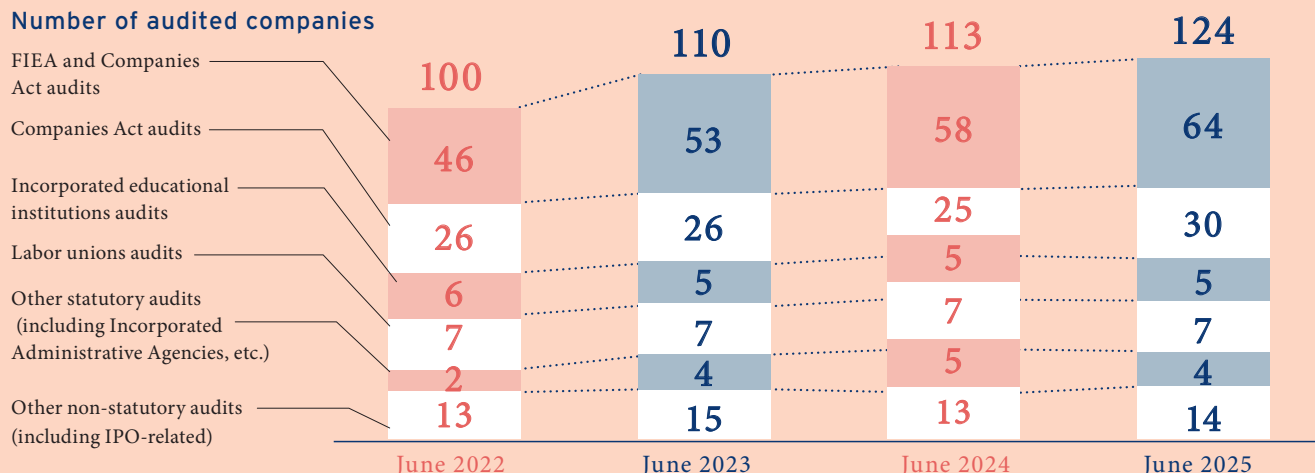
For reference, the following table shows the status of IPO-related services conducted by our firm. The number of IPO-related clients is also gradually increasing. Although the number of companies engaged with IPO-related service contracts is steadily increasing, some companies have decided to withdraw from the process.

Status of IPO-related service initiative

	Year ended June 2023	Year ended June 2024	Year ended June 2025
IPO Results	0	0	1
Number of IPO abandoned clients	1	0	3
Number of IPO-related clients	3	5	2

Although our variety in financial statements audits is unique, we do not solely specialize in financial statements audits of listed companies. We also conduct audits of schools, associations, and even public-service corporations and Incorporated Administrative Agencies, etc., aiming to contribute to society through financial statements audits in a comprehensive manner.

Number of audited companies



Although the laws that govern an audit can differ, there is an influence and an expectation in society, and meeting that expectation requires a strong commitment to improving audit quality to deliver appropriate audits. Therefore, our ongoing efforts to maintain quality management are essential.

Approach to improvement of audit quality

There are many large audit firms that perform not only financial statements audits but also advisory and other services, which account for a large portion of their total revenues. However, our firm's audit services account for an extremely high percentage of its total revenues, with the majority (97.0% in the most recent fiscal year) coming from audit services.

(Thousand yen)

	Year ended June 2023	Year ended June 2024	Year ended June 2025
Audit fees as a percentage of revenue	96.1%	97.6%	97.0%
Audit	1,988,155	2,287,867	2,496,590
Non-Audit	80,206	57,153	76,832
Total	2,068,361	2,345,020	2,573,422

Non-audit services include AUP (agreed-upon procedure services) and financial advisory agreements for clients aiming for an IPO.

Thus, while we recognize the importance of advisory services as part of non-audit services, we operate with

the philosophy of concentrating resources on audit services to enhance audit quality.

In order to continuously improve the quality of financial statements audit, the CEO communicates his management philosophy to all members within our firm, and the partners and staff proactively fulfill their respective roles as a result of this communication.

We also emphasize a culture in which Audit Partners are receptive to the opinions of other audit members and prohibit Audit Partners from meeting with clients alone to determine accounting treatments and other matters. In addition, we have created our own training program to continuously improve the quality of our financial statements audits.

Efforts to improve audit quality are disclosed on our website.

Although we are not a large audit firm, we recognize that any significant audit-related incident could jeopardize our sustainability as an organization. Therefore, we place the utmost importance on continuously improving audit quality. Furthermore, if any areas require improvements, the CEO and the Director in charge of the Quality Management Department will take the lead to determine the root causes and corrective actions.



Clients by industry and stock exchange

The following table shows the classification of our clients by industry and listed market. Clients listed on the Sapporo Securities Exchange are under the jurisdiction of the Sapporo Office, while those listed on the Nagoya Stock Exchange are under the jurisdiction of the Osaka Office.

Listed market Type of industry	Tokyo Stock Exchange only	Sapporo Securities Exchange only	Tokyo Stock Exchange & Sapporo Securities Exchange	Tokyo Stock Exchange & Nagoya Stock Exchange
Foods	3	—	1	—
Construction & Materials	4	—	—	—
Materials & Chemicals	5	—	—	—
Pharmaceutical	1	—	—	—
Automobiles & Transportation equipment	3	—	—	—
Steel & Nonferrous	1	—	—	—
Machinery	3	—	—	2
Electric & Precision	7	—	—	—
Transportation & Logistics	—	1	—	—
Trading & Wholesale	5	—	1	—
Retail	6	—	—	—
Information and Communication, Services & Others	19	—	—	2
Total	57	1	2	4

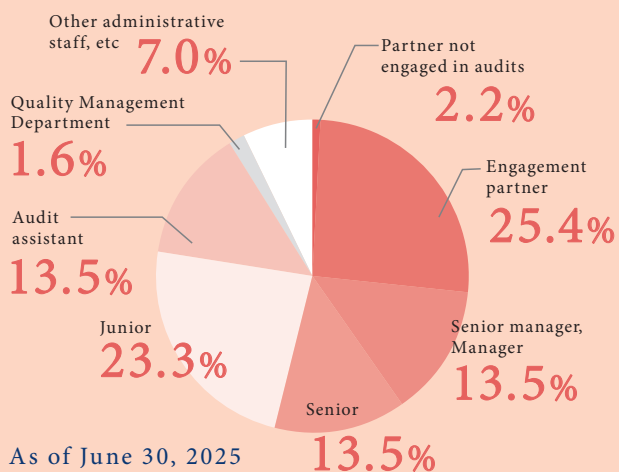
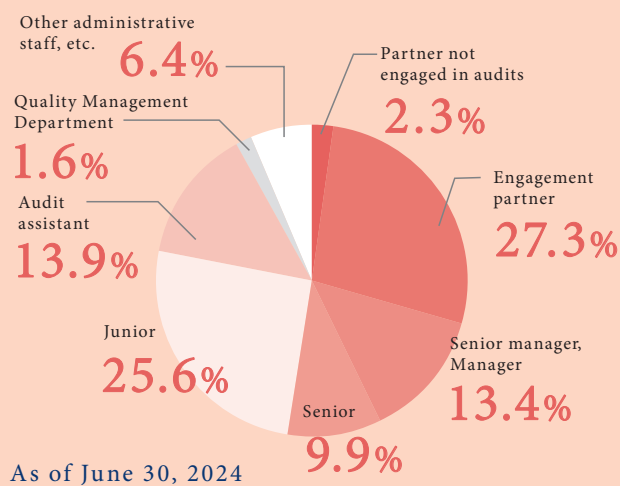
Positioning of non-audit services

Our primary source of revenue is accounting audit services; however, considering future changes in working styles, we believe it is important for certified public accountants to leverage their specialized expertise in other fields, and there has been an increase in the number of employees expressing interest in such opportunities. Therefore, we will continue to prioritize accepting non-audit services such as due diligence services, AUP (agreed-upon procedures), and financial advisory contracts for clients aiming for an IPO, with the Business Development Committee taking the lead. However, we do not actively pursue consulting services. Nevertheless, in response to requests to enhance the consulting capabilities of our constituents, we will carefully assess the nature of any consulting opportunities that we deem beneficial to our members. Potential conflicts of interest and independence will be evaluated, and we will engage in services within the scope that does not impair our audit services.

Composition of members by position and percentage and an open work culture

Our firm is characterized by many partners. The number and composition of our firm's members by position are as follows.

Personnel and composition by period



*In 2024, a portion of the Audit Support Department was reorganized into the IT Audit Group within the Audit Service Department. Therefore, figures from previous years have been restated to be comparable with the current organizational chart.

The composition of the audit team is not a one-size-fits-all approach, since the composition of the audit team is based on each client's situation. The approximate composition of an audit team consists of an engagement partner, manager or senior, junior, and an audit assistant, with a ratio of 1:1:1:0.5, respectively.

In our firm, audit team members perform tasks according to their level of experiences. The CEO has instructed Partners to create an environment where accounting and audit issues can be freely discussed through business reports and has emphasized that senior members of the audit team must never impose their judgments on others.

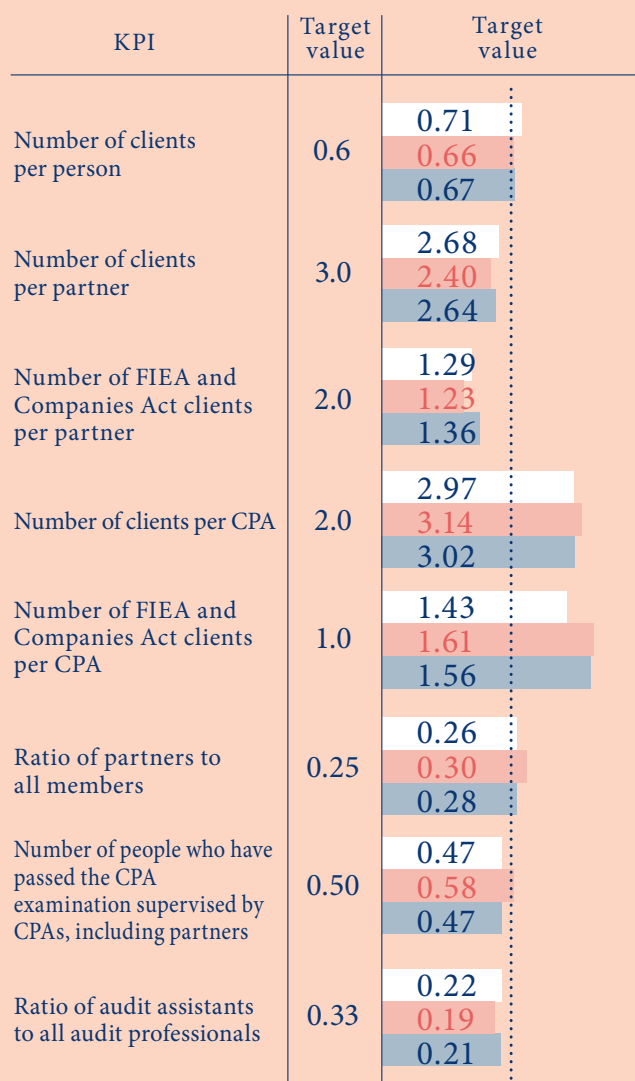
We recognize that a balanced staffing structure is necessary to provide appropriate audit services to our clients. To perform an appropriate audit, we must aim for an appropriate staffing structure, and once achieved, we must maintain it.

Thus, we have established our own targets for several indicators, and we operate our business in such a way that we are close to those targets. We believe that this will help our stakeholders understand one factor of our audit implementation system and improve our audit quality.



KPI status

■ Year ended June 2023
 ■ Year ended June 2024
 ■ Year ended June 2025



Although these indicators will not be close to the target values in the short term, we are making management efforts to bring them closer to the target values. Our firm is not reaching its target values due to a lack of Senior class employees, but it can be concluded that if we develop Junior class employees, the number of people promoted to Senior class will increase in the future, so we believe that we will be able to achieve the target values in the long term.





Management structure

History

Our firm is named ARK LLC, and our website address is <https://www.ark-audit.com/>.

Our firm has transitioned to a limited liability auditing firm effective July 1, 2019. As a consequence of the amendment of the Certified Public Accountants Act in December 2023, we were registered in the Register of Auditors of Listed Companies, as required by Article 34-34-2 of the Certified Public Accountants Act.

Our history

April 1, 1975	Kinki Daiichi Audit Corporation was established in Osaka-shi, Osaka Hijiribashi Audit Corporation was established in Hongo, Bunkyo-ku, Tokyo
August 17, 1982	Meiji Audit Corporation was established in Yaesu, Chuo-ku, Tokyo
March 3, 2004	ARK & Co. was established in Nishishinjuku, Shinjuku-ku, Tokyo
January 4, 2016	The Merger of Meiji Audit Corporation and ARK & Co. forming ARK MEIJI AUDIT & Co.
July 1, 2016	The merger of Hijiribashi Audit Corporation and ARK MEIJI AUDIT & Co.
July 1, 2019	Reorganization as “ARK LLC”
July 1, 2020	The merger of Kinki Daiichi Audit Corporation and ARK LLC

Locations

Our firm has seven offices, with the Shinjuku head office in Tokyo serving as the center, and regional offices in Sapporo, Hamamatsu, Shizuoka, Toyama, Kanazawa, and Osaka. The establishment of regional offices outside of the Shinjuku headquarters is based on the idea of providing frequent and localized client support. Therefore, the members of the regional offices are all from the same region, which is based on the idea of providing frequent and localized client support.

Shinjuku Head Office and Tokyo Office

KOWA BUILDING 1-23-3 Nishishinjuku,
Shinjuku-ku, Tokyo 160-0023
Phone: 03-3342-5967(main)
Fax: 03-3342-5972

Sapporo Office

ICHIGO SAPPORO SOSEI No.1 BUILDING 2-5-2
Kita 1-jo Higashi, Chuo-ku, Sapporo-shi,
Hokkaido 060-0031
Phone: 011-212-1834
Fax: 011-212-1835

Hamamatsu Office

HAMAMATSU C-BUILDING 140 Kajimachi,
Chuo-ku, Hamamatsu-shi, Shizuoka 430-0933
Phone: 053-456-0070
Fax: 053-456-0071

Shizuoka Office

ASAHISEIMEI SHIZUOKA BUILDING 3-9 Sakaecho,
Aoi-ku, Shizuoka-shi, Shizuoka 420-0859
Phone: 054-291-6195
Fax: 054-291-6196

Toyama Office

DAIDOUSEIMEI TOYAMA BUILDING 9-10 Honmachi,
Toyama-shi, Toyama 930-0029
Phone: 076-464-6472
Fax: 076-464-6473

Kanazawa Office

YOSHIMURA BUILDING, 2-82-1 Irie,
Kanazawa-shi, Ishikawa 921-8011
Phone/Fax: 076-225-6521

Osaka Office

KEIHAN TANIMACHI BUILDING 1-2-6 Tanimachi,
Chuo-ku, Osaka-shi, Osaka 540-0012
Phone: 06-6232-8572



Basic management policy and essential roles

Our firm is committed to conducting thorough audits to ensure the disclosure of appropriate corporate financial information, thereby fulfilling our societal duty to protect investors. We aim to be recognized as an audit firm that exercises strict audit judgments, not only by the audited companies but also by all stakeholders. To achieve this, we conduct our operations based on the following policies.

- Audit teams must consistently practice audits while maintaining a mindset that prioritizes audit quality, in which any audit errors are prevented.
- As the environment changes, audit perspectives and methods must also evolve, so we strive to conduct audits that adapt to these changes.
- With the expected decline of audit professionals due to population decline, audit efficiency will be necessary. While we consider the effects of AI on efficiency, we place importance on the auditor's understanding of the audited company's business environment through dialogue with management.

Our purpose is to support the long-term growth and development of companies by providing fair and rigorous audits at a reasonable cost, thereby giving confidence in company's financial information and creating a secure society.

We believe that our role is to contribute to the revitalization of the Japanese economy through audits. All members of our firm must follow this set of values, which are outlined in the Staff Manual, as well as the conduct guidelines that ensure these values are put into practice.

Management organization

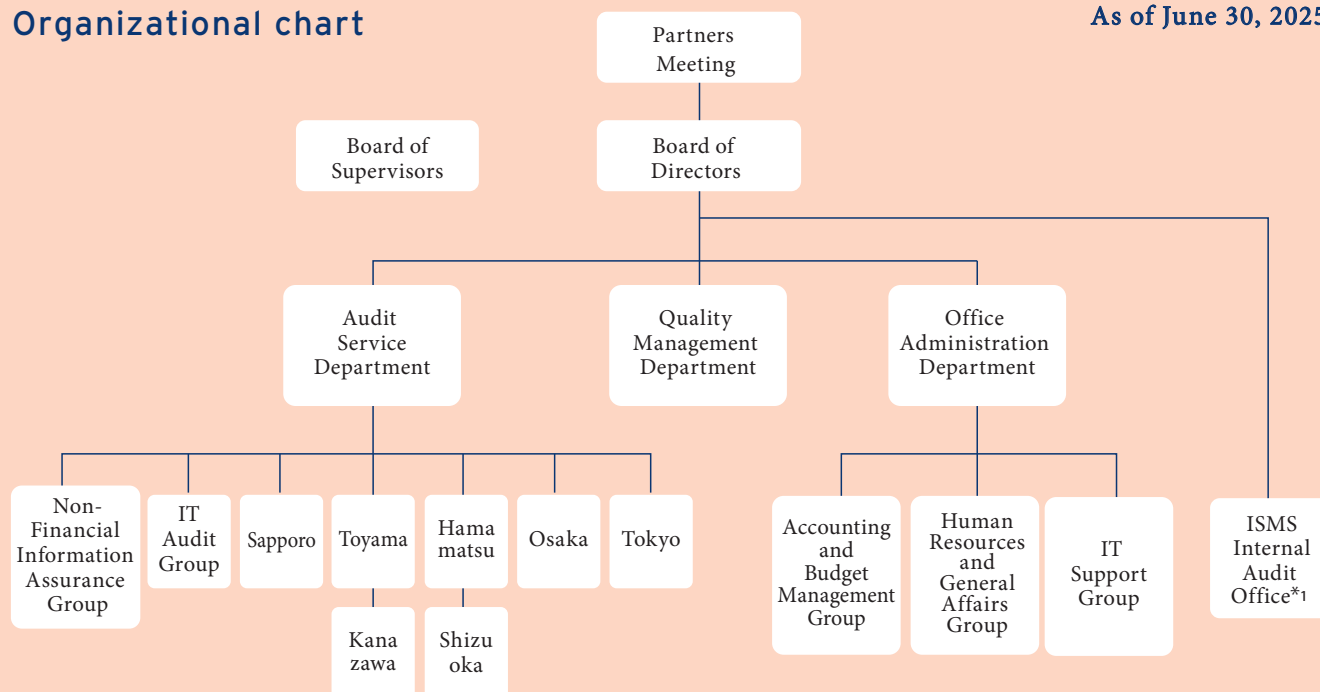
Management of operations is conducted under the leadership of the Board of Directors. Members of the Board of Directors are responsible for their respective areas of oversight, and decisions on important management matters are made under the resolution of the Board of Directors. The CEO oversees the entire Board of Directors, and the CEO bears full responsibility for the company's business operations and management.

The members of the Board of Directors are elected by the Partners every three years. The most recent election was held in June 2025, and the new Board of Directors took office in September 2025. The next election will be held in June 2028.

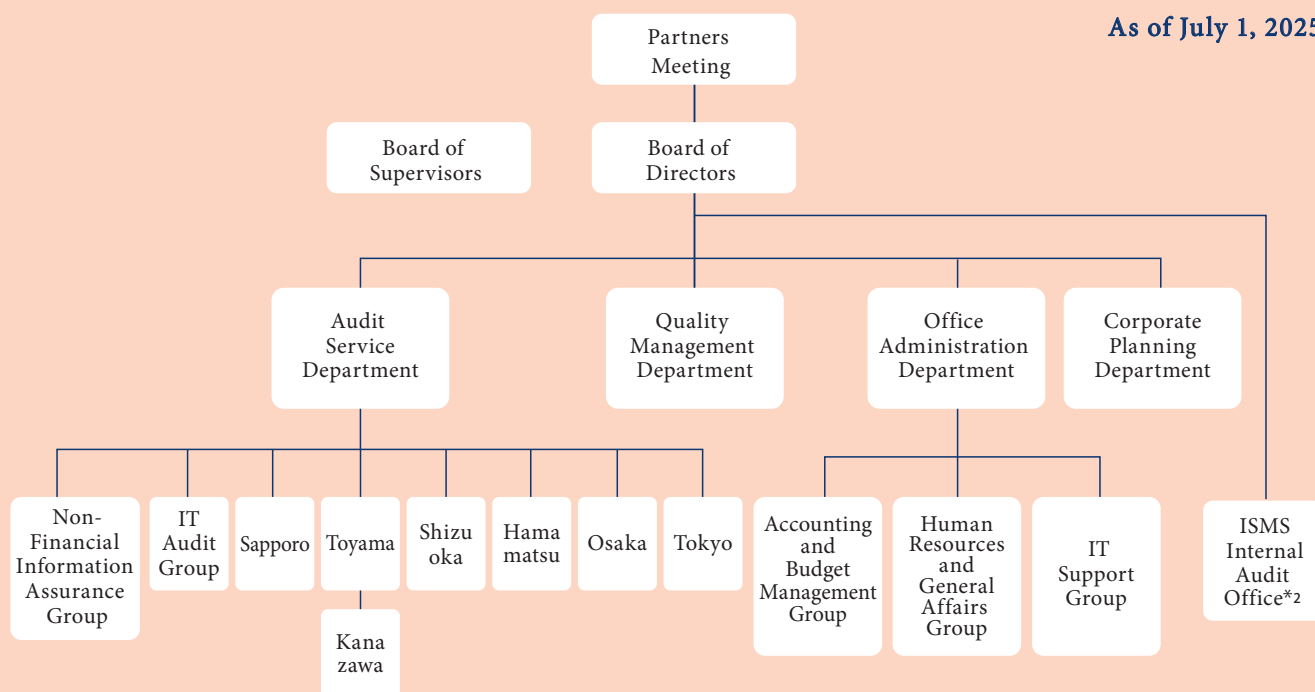
The highest decision-making body of the company is the Partners Meeting, which determines important matters. The Partners Meeting is also positioned to monitor the operations of the Board of Directors. Additionally, our firm has established the Board of Supervisors, consisting of three members, with a majority of the auditors being external experts with expertise in auditing and securities markets. The Board of Supervisors prepares an annual audit plan after the start of the fiscal year and conducts an audit. The Supervisors also attend the Board of Directors meetings, monitor whether the business operations by the Directors are appropriate, and provide objective opinions on the status of operations. Furthermore, we have established a system that allows for reporting to the legal counsel in cases where inappropriate conduct is observed in the company's operations or where it is determined that the compliance monitoring system is not being appropriately implemented.

Organizational chart

As of June 30, 2025



As of July 1, 2025



*1 As of July 1, the organizational chart has been revised due to the establishment of the Shizuoka Office and the Corporate Planning Department.

*2 This is an audit office for ISMS (Information Security Management System) certification, which objectively evaluates our firm's information security measures, and is not an ordinary internal audit office



Partners Meeting

The Partners Meeting of our firm consists of partners who are investors in our firm and is the decision-making body for important matters for our firm. The Partners Meeting corresponds to a Shareholder Meeting in general business companies.

The major difference with the Shareholder Meeting in general business companies is that the members are not only investors but also executors of the audit service.

While the rules of the Partners Meeting stipulate important matters are to be decided by the Partners Meeting, the Partners Meeting is also positioned as the organization monitoring the operation of the Board of Directors.

Therefore, the Board of Directors needs to communicate the status of business operations of our firm to the partners. Even when there is no agenda to be resolved, the Partners Meeting is held six times a year in even-numbered months, with budget approval in June and finalization of accounts in August being added to the regular agenda. At the Partners Meeting, we actively encourage input from all partners to ensure it is a two-way discussion rather than a one-sided presentation by the board.

In addition, important audit issues are reported by the Director in charge of the Quality Management Department to the Board of Directors, and the conclusions discussed at the Board of Directors are communicated to all partners to ensure a common understanding.

Board of Directors (management)

The body that runs our firm is the Board of Directors.

The Partners Meeting is the highest authority above the Board of Directors and, together with the Board of Supervisors, forms the governance framework that oversees the Board of Directors and the CEO's adherence to the Code of Conduct.

The CEO and the Director in charge of the Quality Management Department do not serve as an Audit Partner in order to ensure that the management and control functions can be fully performed.

As a general rule, our firm's Board of Directors meets on the second Monday of each month, but due to monthly financial reporting, meetings may be held on any day after the seventh business day of the month.

The CEO is fully responsible for the management of our firm's operations.

Currently, the Board of Directors comprises 10 Directors from the fiscal year ending June 30, 2026. 9 Directors are elected by an election by the Partners, which is held every three years, and these Directors participate in the management of the audit firm. Furthermore, one Director is designated based on a recommendation by the CEO for a limited period of one year to carry out the operations the CEO deems to be necessary. In this way the system enables flexible operation depending on the circumstances.

The Board of Directors is overseen by the CEO, and each Director serves as the head of the Audit Service Department, the Quality Management Department, and the Office Administration Department, as shown in the organization chart. In addition to the mentioned departments, there are 12 committees:

the Organizational Management Committee, the Audit Tools Committee, the Sustainability Committee, the IFRS Committee, the Training Committee, the Recruitment Committee, the Business Development Committee, the Acceptance Deliberation Committee, the Benefits and Welfare Committee, the Health Committee, the Disciplinary Committee (temporary), and the Kreston 2025 Special Committee. Each committee is led by a Director in charge of committee operations.

The Board of Directors receives reports from each Director on the status of these committee activities, makes decisions on important matters related to management execution through discussions, and executes management operations by transmitting decisions from the Director in charge of each committee to the entire firm.

The Board of Directors receives reports from the Director in charge of the Quality Management Department on important audit issues. The results of the Board's deliberations are communicated to all engagement partners through the Partners Meeting, so that they can be shared as a common understanding.

The Board of Directors meeting communicates the CEO's policies to all Directors to ensure that they can implement measures for the sustained improvement of audit quality within their respective areas of responsibility.



Communication with stakeholders

a. Communication with external stakeholders

To meet societal expectations for our primary business of audit services, we believe it is necessary not only to communicate our management philosophy but also to enhance our understanding of societal expectations through communication with various capital market stakeholders and reflect this understanding in our operational policies.

As a proactive initiative, the Business Development Committee takes the lead in soliciting opinions from external market participants, such as securities companies. The Board of Directors uses the results of these discussions as a basis for management decisions. In addition, we also seek feedback on the application of the Governance Code for Audit Firms, which is published on our website.

Furthermore, as part of our efforts to improve audit quality, we have published videos and corporate information on the "Top Messages from Small and Medium-sized Audit Firms Responsible for Auditing Listed Companies" page of the Japanese Institute of Certified Public Accountants' website, and we have also published videos on our own website.

Through the publication of these videos, we aim to enhance communication with various stakeholders in the capital market by receiving inquiries and active feedback.

Opinions received through our website and other channels are discussed at the Board of Directors, and improvement plans are formulated for matters deemed necessary, with changes made to our initiatives accordingly.

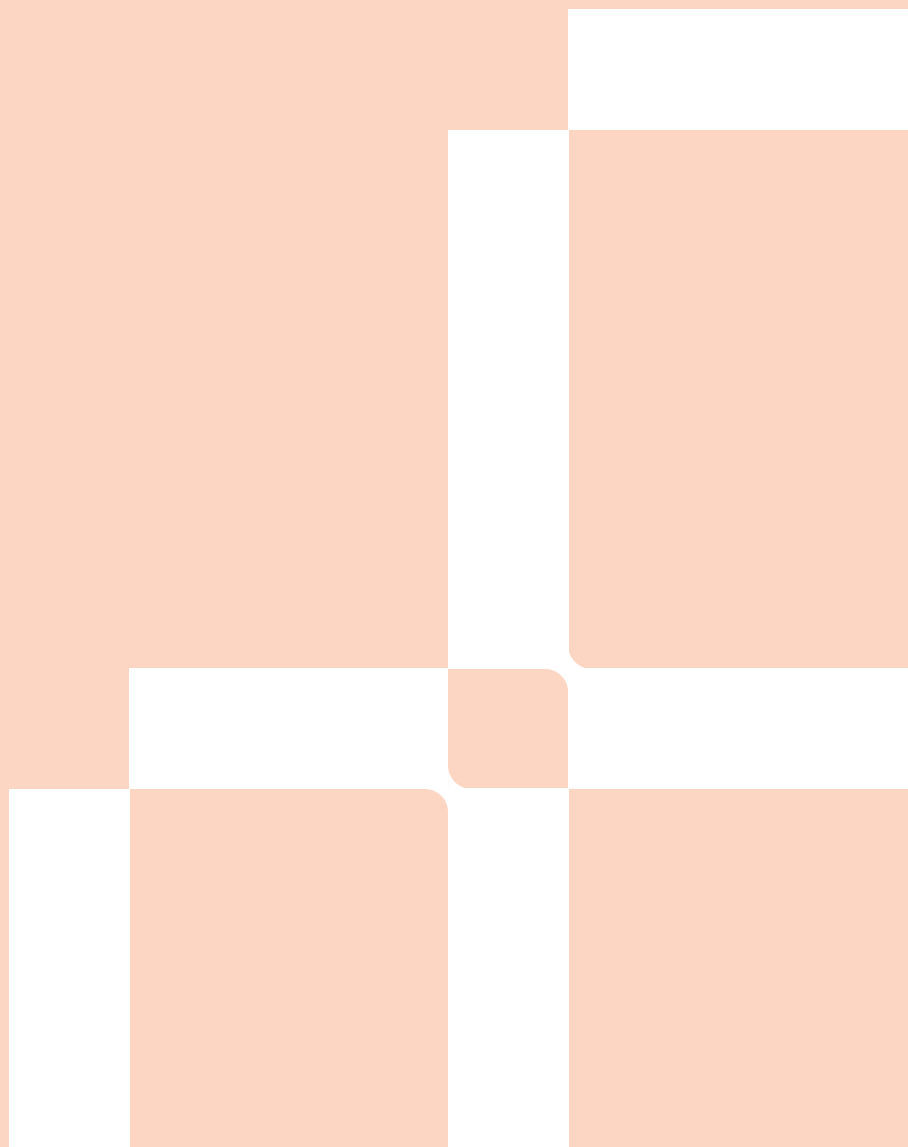
It is also our management policy to invest aggressively in human resources, which are our most

important assets. Additionally, in our interactions with clients, we actively engage in discussions and exchanges of opinions aimed at improving service quality through management interviews and meetings conducted by our audit teams.

b. Communication with internal members

We consider all members of our organization to be important stakeholders. Therefore, we announce our common values and guidelines to all members in the CEO's New Year's greeting. They are also stated in the "Staff Manual," which all members are required to follow.

In addition to soliciting feedback through self-assessment forms during performance evaluations, we interview each member to hear their opinions. The results of these interviews are then communicated to all members in the form of a report from the Organizational Management Committee. In our communication with internal members, the CEO conveys that continuous improvement in audit quality is important, along with the expectation that each individual will fully exercise professional skepticism. As a result, all members fulfill their respective roles while being mindful of these values. Members in regional offices conduct performance evaluations via Teams at the time of evaluation, rather than in-person meetings. However, the CEO and the Director in charge of the Organizational Management Committee occasionally visit the regional offices to conduct interviews with all employees and maintain communication.





Biographies of Board Members and their messages

The following are brief biographies of the board members and others who make up the Board of Directors and the Board of Supervisors, which are important as our firm's management foundation, as of September 1, 2025.



Hirofumi Nikaido

CEO (in charge of Health Committee)

At ARK LLC, we are committed to consistently practicing audits that prioritize audit quality, adapting to changes in the social environment, and emphasizing an understanding of our clients' business environments while maintaining an open dialogue with management.

In recent years, the global economy and society have become increasingly uncertain and complex due to the increase in geopolitical risks, rapid evolution of technology, including the emergence of generative AI, and issues such as climate change.

While we continue to adapt to the rapid changes in the environment, we will adhere to our management principles and provide high-quality audit and assurance services through careful and ongoing dialogue with stakeholders. This will enhance the reliability of financial information and contribute to the further development of the socio-economic environment.

Profile

March 1986 Graduated from Keio University, Faculty of Commerce

October 1988 Joined Asahi Shinwa Accounting Corporation (currently KPMG AZSA LLC)

August 1992 Registered as a Certified Public Accountant

March 1996 Joined Meiji Audit Corporation (currently ARK LLC)

July 2004 Appointed Representative Partner of Meiji Audit Corporation (currently ARK LLC)



Reiji Yonekura

Executive Director

(in charge of Audit Service Department
and Audit Tools Committee)

Our firm is actively introducing digital technologies, including AI, to standardize and automate audit processes, enhancing operational efficiency. The time saved through these initiatives is utilized to conduct more in-depth audits. Moving forward, we aim to expand the application of AI to improve audit efficiency and quality.

Profile

March 1994 Graduated from Waseda University, School of Commerce

March 1995 Joined Asahi & Co. (currently KPMG AZSA LLC)

April 1998 Registered as a Certified Public Accountant

September 2009 Joined ARK & Co. (currently ARK LLC)

January 2016 Appointed Representative Partner of ARK MEIJI Audit & Co. (currently ARK LLC)



Toshio Akiyama
Managing Director
 (in charge of Quality Management
 Department and Training Committee)

To meet societal expectations for audit services, we implement various initiatives through our Quality Management Department and conduct reviews of audit engagements to maintain and enhance audit quality. Additionally, we strive to provide high-quality audits by enhancing our training programs and investing in human resource development.

Profile

March 1992 Graduated from Keio University, Faculty of Economics
 October 1992 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)
 April 1996 Registered as a Certified Public Accountant
 July 2017 Joined the Financial Services Agency
 (Certified Public Accountants and Auditing Oversight Board)
 July 2020 Joined ARK LLC and appointed as partner
 July 2022 Appointed Representative Partner



Tokuro Mishima
Director
 (in charge of Sustainability Committee)

We are developing our human resources and infrastructure to provide assurance services for the partial implementation of sustainability disclosures in the fiscal year ending March 2027.

Additionally, Kreston Global, our firm's international network, will hold a global conference in Tokyo in 2025. As a host firm, we will take advantage of this opportunity to strengthen collaboration with accounting firms worldwide and strive to enhance the audit quality for our clients expanding overseas.

Profile

March 1996 Graduated from Hosei University, College of Business Administration
 November 1998 Joined Asahi Arthur Andersen K.K. (currently PwC Consulting LLC)
 September 1999 Transferred to Asahi & Co. (currently KPMG AZSA LLC)
 April 2004 Registered as a Certified Public Accountant
 October 2009 Joined ARK & Co. (currently ARK LLC)
 July 2019 Appointed Representative Partner of ARK LLC



Yukihiro Fujimoto
Director
 (in charge of Corporate Planning
 Department and Organizational
 Management Committee)

The strength of an organization lies in its people, so we strive to create a bright and open-minded organization where diverse talents can fully utilize their professional abilities. Additionally, the auditing field is undergoing rapid changes every day, so we actively embrace such changes and strive to maintain a flexible and agile organizational structure.

Profile

March 1993 Graduated from Keio University, Faculty of Commerce
 October 1995 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
 August 1998 Registered as a Certified Public Accountant
 October 2010 Joined ARK & Co. (currently ARK LLC)
 July 2022 Appointed Representative Partner of ARK LLC



Yoshiyasu Futakuchi

Director

(Head of the Tokyo Office, in charge of
Benefits and Welfare Committee)

Audit work is one of the most labor-intensive jobs. Therefore, to efficiently perform high-quality audit work, it is essential to strengthen the human resources of the audit firm. The Benefits and Welfare Committee aims to enhance the sense of unity and workplace satisfaction among all employees through various initiatives, thereby reducing and maintaining turnover rates to strengthen our human resources.

Profile

March 1994 Graduated from Hosei University, College of Business Administration
October 2000 Joined Asahi & Co. (currently KPMG AZSA LLC)
July 2005 Registered as a Certified Public Accountant
September 2014 Joined ARK & Co. (currently ARK LLC)
July 2022 Appointed Representative Partner of ARK LLC



Yurika Kimura

Director

(In charge of Recruitment Committee
and general liaison with the JICPA)

One of the most important assets of an audit firm is its human resources. At our firm, we aim to create an environment where we can maintain the quality of our audits while promoting work-life balance, thereby fostering a firm where employees can work with peace of mind for the long term. We are committed to securing outstanding talent and will continue to strengthen our collaboration with the Japan Institute of Certified Public Accountants to respond appropriately and promptly to changes in the industry.

Profile

March 1993 Graduated from Rikkyo University, Department of Letters, Course of French Literature
April 1994 Joined Tokio Marine & Fire Insurance Co., Ltd.
(currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)
December 2003 Joined Meiji Audit Corporation (currently ARK LLC)
July 2007 Registered as a Certified Public Accountant
July 2008 Appointed Partner of Meiji Audit Corporation (currently ARK LLC)
June 2024 Appointed Representative Partner of ARK LLC



Hayato Matsumoto

Director

(In charge of Business Development
Committee)

We will enhance our focus on non-audit services by leveraging our audit experience, which is a core responsibility of audit firms, and the diverse skills of our members. Non-audit services can include due diligence and IPO-related services, while also addressing IFRS-related services and assurance services for sustainability information. We will provide a wide range of services of high quality and at appropriate costs.

Profile

March 2001 Graduated from Senshu University, College of Business Administration
March 1995 Joined Asahi & Co. (currently Ernst & Young ShinNihon LLC)
April 2006 Registered as a Certified Public Accountant
February 2011 Joined Hijiribashi Audit Corporation (currently ARK LLC)
May 2018 Appointed Partner of ARK MEIJI Audit & Co. (currently ARK LLC)
September 2025 Appointed Representative Partner of ARK LLC



Takero Miura

Director

(in charge of Office Administration
Department and Acceptance
Deliberation Committee)

As head of the Office Administration Department, I am committed to continuously improving our working environment to ensure it is "just the right balance for all members", enabling them to focus on audit and related tasks.

Additionally, as the head of the Acceptance Deliberation Committee, I evaluate new client candidates appropriately based on their specific characteristics to ensure that the outcomes benefit both our clients and our firm's members, as well as our stakeholders.

Profile

March 2009 Graduated from Rikkyo University, College of Business Administration

April 2009 Joined Saitama Resona Bank, Limited

December 2015 Joined ARK & Co. (currently ARK LLC)

June 2017 Registered as a Certified Public Accountant

July 2023 Appointed Partner ARK LLC

September 2025 Appointed Representative Partner of ARK LLC



Takashi Kuwata

Director

(in charge of IFRS Committee)

In today's rapidly evolving global business environment, the reliability and comparability of financial reporting are more critical than ever. With our team of IFRS experts, we are committed to supporting our clients in building trust and achieving sustainable growth in the global market. Even as regulations and standards evolve at an accelerated pace, we will remain dedicated to providing practical, client-focused solutions and fostering open communication to serve as a trusted partner for our clients.

Profile

March 1998 Graduated from Himeji Institute of Technology

(currently University of Hyogo)

October 2000 Joined Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC)

April 2003 Joined AZSA & Co. (currently KPMG AZSA LLC)

June 2004 Registered as a Certified Public Accountant

July 2023 Joined ARK LLC

June 2024 Appointed Partner ARK LLC

September 2025 Appointed Representative Partner of ARK LLC



Board of Supervisors

a. Overview and implementation status of the Board of Supervisors

The Board of Supervisors consists of three members, one from among our firm's partners and two from outside our firm (Mr. Tomonori Akisaka, Professor of the Graduate School of Professional Studies, Meiji University, and Mr. Keiji Umemoto, Director at the Securities Analysts Association of Japan). The Board of Supervisors prepares an annual audit plan after the start of the fiscal year and conducts an audit. The Supervisors also attend the Board of Directors meetings, monitor whether the business operations by the Directors and others are

appropriate, and provide objective opinions on the status of operations. To allow for sufficient consideration of the agenda items prior to the Board of Directors meeting, we provide each Supervisor with the meeting materials at least one week in advance of the meeting.

The number of the Board of Directors meetings, the attendance of each Supervisor at the Board of Director meetings, and the number of the Board of Supervisors meetings are as follows.

The number of Board of Supervisors meetings have decreased due to the change from irregular meetings in the past to regular meetings once every 3 months from the year ended June 30, 2023.

	Year ended June 2023	Year ended June 2024	Year ended June 2025
Number of Board of Directors Meetings (times)	14 <small>*including 2 extraordinary meetings of the Board of Directors</small>	17 <small>*including 4 extraordinary meetings of the Board of Directors</small>	13 <small>*including 1 extraordinary meetings of the Board of Directors</small>
Number of Internal Supervisor Participations(times)	13	13	13
Number of External Supervisor Participations (times)	13	13	12
Number of Board of Supervisors Meetings(times)	4	4	4

Once a year, the CEO receives a hearing from the Board of Supervisors regarding daily operations. The Board of Supervisors is responsible for the following roles.

- Assessment of the effectiveness of board operations
- Process for evaluation of Partners and determination of compensation by the CEO
- Opinions on the composition of the Board of Directors appropriate to the size of the organization and the process for the election and dismissal of the Supervisors as independent third persons
- Opinions on policies and other matters related to human resource development, personnel management and evaluation, and compensation
- Evaluate the status of policies and procedures regarding internal and external reporting, as well as the investigation and correction of information reported
- Opinions on the method of exchanging opinions with clients, shareholders, and other capital market participants

b. The initiatives and recommendations of Independent Supervisors

Independent Supervisors supervise and evaluate the effectiveness of the Company's management functions based on their expertise to ensure the quality of audits, promote continuous improvement, and fulfill their public interest role. They provide advice and recommendations on the enhancement of the Company's organizational operations, management execution systems, and supervisory functions. Additionally, they advise from an independent perspective whether the audit firm's business management systems are appropriately established and operated.

C.Introduction of Independent Supervisors



Tomonori Akisaka
Supervisor

Mr. Tomonori Akisaka is a certified public accountant and has been engaged in research specializing in corporate law at a university, possessing specialized knowledge in accounting and corporate law. Based on his expertise and experience, he provides objective recommendations primarily regarding the strengthening of governance functions required of audit firms.

Profile

March 1987 Completed Master's program of Graduate School of Law, Nihon University
August 1987 Registered as a Certified Public Accountant
March 1990 Completed Doctoral program of Graduate School of Law, Nihon University
April 2000 Assistant Professor, College of Commerce, Nihon University
April 2009 Professor, Graduate School of Accountancy, Meiji University
July 2019 Appointed Supervisor (part-time), ARK & Co. (currently ARK LLC)



Keiji Umemoto
Supervisor

Keiji Umemoto has extensive experience as the Head of the Monitoring and Inspection Office at the Certified Public Accountants and Auditing Oversight Board (CPAFOB) Executive Bureau of the Financial Services Agency. He is well-versed in the operational challenges faced by audit firms. Based on his expertise and experience, he provides objective recommendations from a neutral perspective on the societal role and reliability required of certified public accountant audits. Additionally, he offers advice on the expectations of audit firms from the perspective of users of financial information.

Profile

March 1982 Graduated from Nihon University, College of Law, Department of Law
April 1982 Joined the Ministry of Finance, Budget Bureau
July 1999 Senior Securities Inspector of the Financial Department,
Kanto Local Finance Bureau, Ministry of Finance
July 2015 Head of the Monitoring and Inspection Office, Certified Public Accountants
and Auditing Oversight Board Executive Bureau, Financial Services Agency
August 2023 Appointed Director, Securities Analysts Association of Japan
(August 2025 Retirement)
April 2024 Appointed Supervisor (part-time), ARK LLC

d. Introduction of Other Supervisor (Effective September 1, 2025)



Akihiko Miura
Supervisor

Effective September 1, 2025, I have assumed the position of Supervisor, succeeding Mr. Masaki Ueda, who is serving as a Partner of our firm and was previously responsible for coordinating with external auditors and overseeing the Board of Supervisors until August 31, 2025. Drawing on my experience as the head of operations at our firm, I will work in collaboration with external auditors to monitor and provide advice on the company's governance and audit quality improvement initiatives.

Profile

March 1979 Graduated from Yokohama National University, Faculty of Business Administration,
Department of Management Science
April 1979 Joined Asahi Accounting Corporation (currently KPMG AZSA LLC)
March 1982 Registered as a Certified Public Accountant
March 2004 Established ARK & Co. (currently ARK LLC), appointed Representative Partner
August 2025 Retirement ARK LLC
September 2025 Appointed Supervisor of ARK LLC



e. Key issues for our firm that require an Independent Supervisor

● Establishment of a sound governance framework and an improvement of audit quality

As the audit industry undergoes significant changes such as the adoption of group audit standards and sustainability disclosure requirements, we recognize that adhering to audit quality frameworks and continuously striving to improve audit quality in response to societal expectations is a crucial challenge. As a medium-sized audit firm, we believe that maintaining and continuously enhancing audit quality, while preventing major issues in audit execution, is essential to our long-term sustainability. Furthermore, we believe that to ensure improvement in audit quality, it is necessary for all our members to work toward a common vision and goal under a sound governance framework.

● Human Resource development and retention and sound organizational management

To achieve sustainable improvements in audit quality, it is essential to develop and retain human resources engaged, both directly and indirectly, in audit operations. Furthermore, in developing and securing human resources, it is necessary to maintain organizational operations that consider the future of the organization. In terms of human resources, we consider it essential that each specialist continually develop the capabilities needed for their specialized duties, while upholding the societal roles and responsibilities associated with audit work. Organizational operations and culture are critical elements in human resource development. Therefore, we believe it is necessary to maintain an open organizational structure while also fostering a healthy sense of tension within the organization.

● Response to sustainability information

In recent years, sustainability information has gained prominence for its influence on investors' decision-making, and its importance continues to grow. To be effectively used in investment decisions, sustainability information must be of high quality and reliability. Ensuring such reliability requires independent third-party assurance. In Japan, the mandatory requirement for sustainability information assurance is expected to take effect within the next few years. We consider it essential to act promptly, including establishing a framework for delivering these assurance services.

● Utilization of digital technology

As demonstrated by the rise of generative AI, digital technology is advancing rapidly, and its applications are expanding quickly. The evolution of digital technology is becoming an important factor influencing the audit industry. The effective utilization of IT can improve the quality and depth of audits by advancing and streamlining audit operations. We believe it is necessary to actively introduce and utilize IT.

f. Evaluation of responses to key issues for the year ending June 2025

● Organizational structure and Human

Resource development supporting audit quality

The members of the Quality Management Department, which is responsible for audit quality management, do not hold concurrent roles in the Audit Service Department, ensuring independence. Additionally, except for staff engaged in clerical work, members of the Quality Management Department are composed of former inspectors from the CPAAOB, thereby establishing a structure that prioritizes audit quality. We believe this structure motivates specialized personnel to recognize the importance of quality management. We will continue to maintain such a structure and strive to establish an effective quality management system. Regarding human resource development, we conduct training programs by job level and require the acquisition of at least 40 units of CPD (Continuing Professional Development) annually, demonstrating our commitment to the importance of training. To strengthen our human resources, we closely monitor employee turnover trends. Over the past year, the turnover rate has decreased, indicating that the effects of our initiatives are beginning to materialize.

● Response to sustainability information

In June 2024, we joined the Japanese Association of Assurance Organizations for Sustainability Information (hereinafter referred to as "J-SUS"). In preparation of providing assurance services, certified public accountants in our firm, who serve as members of the Japan Institute of Certified Public Accountants' Sustainability Assurance Services Practical Guidelines Drafting Committee, began their activities in October 2024. Regarding assurance services for sustainability information, the Sustainability

Committee is taking the lead in preparing for the practical capabilities of relevant specialists through information sharing and related training programs.

● Utilization of digital technology

We continuously utilize digital technology in audit services using an electronic audit documentation system, fraud risk detection programs, data analysis software, and sampling software. Additionally, we have developed an in-house electronic audit documentation system and released it in June 2025. The system was launched according to schedule, and by developing it in-house, we have incorporated feedback from the audit field in a more concrete manner. We believe the effective operation of this new system will help raise audit quality standards while promoting greater sophistication and efficiency in audit operations.



Dedicated department for quality management of audit

a. Status of dedicated department or personnel

We have established a Quality Management Department as a dedicated body responsible for quality management of audit operations. The Quality Management Department functions independently from the Audit Service Department, as shown in "P.15 Our Organizational Chart."

b. Ensuring independence between the dedicated department and personnel from those responsible for audits of financial statements of listed companies, etc.

All members of our Quality Management Department are dedicated personnel, and we maintain independence by ensuring that no members of the Quality Management Department concurrently serve in the Audit Service Department, which conducts audits of financial statements of listed companies, etc. Currently, the department consists of six members: one full-time representative partner CPA, two partner CPAs, two senior CPA (one senior manager and one senior) and one assistant.

It is also our firm's policy that all members of the Quality Management Department, with the exception of those who perform clerical work, will be composed of former CPAAOB inspectors or experienced JICPA quality control reviewers.

Responsibility for quality management

Our firm places high importance on audit quality in light of the social impact of its engagements, and the CEO has ultimate responsibility for our firm's quality management system with respect to policies and procedures related to quality management.

The responsibility for the development and operation of the quality management system is assumed by the Head of the Quality Management Department (Director in charge of Quality Management).

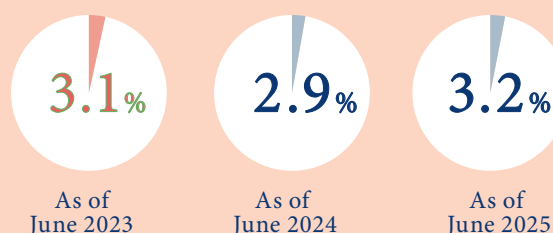
All members of the Quality Management Department are designated staff members and do not engage in audit activities.

Our firm has established and is operating rules and regulations governing quality management policies and procedures, from the acceptance and continuance of audit engagements to the formulation of audit plans, implementation of audits, and issuance of audit reports. The following shows the number of personnel in the Quality Management Department (formerly the Quality Management Group of the Audit Support Department as of June 2024):

Number of personnel



Percentage of Quality Management Department Headcount



Efforts to disclose sustainability information and our efforts to reduce greenhouse gas emissions

Recently, investors have become very interested in sustainability information. We have an interest in assurance engagement for sustainability information, so we have established a Sustainability Committee comprised of eleven members. Furthermore, we have made changes to our organization to establish a system that enables assurance engagements for sustainability information.

As part of this process, we joined the Japanese Association of Assurance Organizations for Sustainability Information on June 6, 2024, and seven of our members have registered to be Sustainability Information Reviewers (J-SUS Reviewers). Going forward, we aim to have all senior managers and managers register as J-SUS Reviewers. Moreover, one senior manager in our firm has been serving commence activities to draft sustainability assurance standards as a member of the Sustainability Assurance Standards Drafting Committee of the JICPA from October 2024.

In addition, since FY2024, in-house training on non-financial and sustainability information has been made mandatory for audit staff, and we plan to continue to increase training hours in this area in the future and to fully prepare our systems for assurance engagement for sustainability information.

Meanwhile, we believe that, given our business type, a feasible response to climate change is to make efforts to reduce greenhouse gas emissions by conserving electricity. To this end, we are continuing to instruct all members of our firm to work until 10:00 p.m. at night and to turn off unnecessary lights in concentrated office locations within our firm.

The other initiatives involve minimizing the movement of audit team members as much as possible and taking actions that do not result in the greenhouse gas

emissions associated with travel. As a result, we have enhanced communication between audit teams and began forming audit teams that span multiple offices for onsite visits to audit sites near each office.

Roles of each department

a. Audit Service Department

The Audit Service Department is responsible for conducting the company's audit operations. Offices are categorized by the name of the office based on the location where audit operations are conducted, and each office manager oversees the operations of their respective office. The Director in charge of the Audit Service Department oversees all offices.

b. Office Administration Department

The Office Administration Department is composed of the Human Resources and General Affairs Group, which handles recruitment activities, human resources management, travel arrangements, and serves as a harassment consultation window; the Accounting and Budget Management Group, which handles accounting tasks and budget management; and the IT Support Group, which manages the company's internal information systems.

c. Quality Management Department

The Quality Management Department is responsible for enhancing audit quality through the establishment and management of quality management systems, stakeholder investigations, the development and monitoring of quality-related regulations, and serving as a point of contact for inquiries regarding specialized opinions and the utilization of external experts.

d. Corporate Planning Department

The Corporate Planning Department was established in July 2025 to consider the direction of audit transformation, propose reforms to the Board of Directors, and conduct public relations activities as an audit firm.



Committee system

As of June 30, 2025, we have twelve cross-organizational committee activities. Each committee is governed by a director, and the director in charge appoints a chairperson from among the partners

These committees serve as advisory bodies established in response to changes in the organization.

Therefore, committees may be established or dissolved as needed, and not all committees are permanent.

Committee name	Activities
Organizational Management Committee	Collect information from each committee, coordinate the overall operation of the firm, and coordinate the itinerary
Audit Tools Committee	Development of tools for use in audits
Sustainability Committee	Implement measures that contribute to the dissemination of sustainability information practices within our firm, such as collecting information on sustainability information disclosure and planning and implementing training
Kreston 2025 Special Committee	Preparation and participation in the Kreston World & APAC Conference to be held in Tokyo in November 2025
IFRS Committee	Implement measures that contribute to the penetration of IFRS practices within our firm, such as planning and implementing training on IFRS and responding to questions regarding the application of IFRS
Training Committee	Planning and implementation of training plans, implementation of training for mid-career, new employees, returning employees, etc., preparation of training materials, etc. for each rank of the employee
Recruitment Committee	Regular and mid-career recruitment activities
Business Development Committee	Business development in line with our policies
Acceptance Deliberation Committee	Risk management for acceptance of assurance engagements
Benefits and Welfare Committee	Planning and implementation of measures to improve the satisfaction level of employees with regard to benefits and welfare, etc., including the revitalization of internal communication
Health Committee	In accordance with the Industrial Safety and Health Act, our firm works with health managers and industrial physicians to manage the working environment and provide mental health support to its members
Disciplinary Committee	Report on decisions on punishment for violations of laws and regulations, violations of firm rules, harassment cases, etc.

Measures for compliance with laws and regulations, etc.

a. Legal compliance measures

We have established various regulations and disseminate them through training to ensure that members' work complies with laws, regulations, and the articles of incorporation. Additionally, we have established internal and external reporting systems for violations or potential violations of laws and regulations by members, and anonymous reports can be submitted to the law firm listed on our website.

The law firm protects whistleblowers from any adverse treatment, thereby ensuring effective compliance with laws and regulations.

If, while performing the audit, we discover a violation of laws or regulations by the client, we shall notify the client in writing without delay of the nature of the violation and that appropriate action should be taken to correct the violation or other appropriate action related to the violation. If, after a certain period of time has elapsed from the date of notification, the correction has not been made and our firm finds that there is a risk of a significant impact on the appropriateness of the financial documents and that it is necessary to prevent that significant impact, our firm shall submit its opinion regarding the matter to the regulator.

In addition, the Director in charge of the Quality Management Department will review the facts of violations of laws and regulations in advance and report them to the Partners Meeting and the Board of Directors.

If any of the following complaints or allegations arise, the CEO shall appoint the general counsel and partners (excluding specified partners) who are not involved in the assurance service or other engagement that is the

subject of the report. The results of the factual investigation shall be kept in writing under their control.

- Complaints and allegations of violations of professional standards and applicable laws and regulations, such as improper conduct, judgments, and statements of opinion by the practitioner and violations of relevant laws and regulations, etc.
- Any allegation of non-compliance with our firm's quality management system for audits.

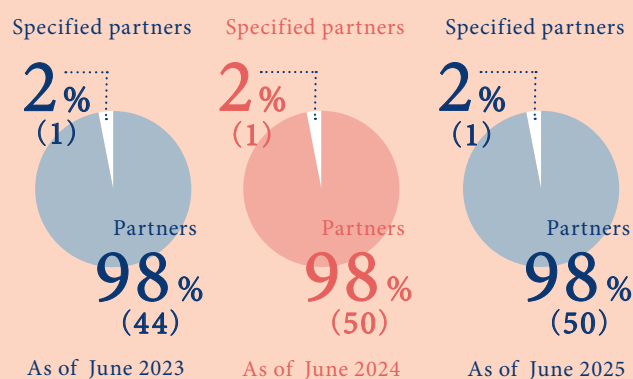
b. Measures to exclude any person other than a partner who is a CPA from exerting undue influence on the performance of audit by a partner who is a CPA

Our firm has adopted a specified partner system, which stipulates that specified partners shall not perform audit services. In addition, the percentage of specified partners among the members of the Partners Meeting and the Board of Directors is limited to 25% or less. In the future, the number of specified partners may increase along with the computerization of audits.

To address the growing complexity of audits, we require that specified partners perform audit services only when assisting in specific specialized areas.

Furthermore, we prohibit individuals who are not certified public accountants from serving as chairperson or CEO of the Board of Directors.

The status of partners and specified partners is as follows.



3

Status of quality management, etc.



1. Foundation for quality management and implementation of audit quality management

Quality management objectives

We have established and managed a quality management system regarding our services to provide the following reasonable assurances:

a. Our firm and personnel fulfill their responsibilities in compliance with professional standards and applicable laws and regulations and conduct audit activities accordingly.

b. The company and those responsible for the audit issue audit reports that are appropriate.

As a result, our quality management system can achieve our quality management objectives in accordance with the environment.

The evaluation date for our quality management system is set to June 30 of each year.

The audit quality management system consists of the following nine components.

- Risk assessment process
- Governance and leadership
- Professional ethics and independence
- Acceptance and continuance of audit engagements
- Engagement performance
- Resources related to business operations (resources)
- Information and communication
- Monitoring and remediation process of quality management system
- Transition between audit firms

Our risk assessment process

Our firm shall set audit quality objectives in accordance with the Audit Quality Management Manual formulated in line with Statement on Quality Management Standards No.1, identify and assess quality risks that could hinder the achievement of our quality objectives, and consider measures to address quality risks each fiscal year. To implement these measures, we will establish a risk assessment process. Our firm consider the risk of not issuing appropriate audit reports according to the assessment sheet stipulated in the Audit Quality Management Manual and have implemented measures to address this risk. Our firm's monitoring using an assessment sheet is carried out by the Director in charge of the Audit Service Department and reported to the CEO and Director in charge of the Quality Management Department, who then implement improvements. Risk assessment is an iterative process, and our risk assessment will be updated as new risks are identified, or existing risks are deemed no longer relevant. Furthermore, the assessment sheets will address matters identified as part of the monitoring activities and will be reviewed on an annual basis. For example, we will identify any changes to events, situations, actions, etc. that may adversely affect the achievement of quality objectives and assess their impact on risks to quality objectives. The business environment, accounting standards, IT systems, and the impact of generative AI are constantly evolving, and so are the risks identified in audits. As these risks change, management's responses must also adapt. Furthermore, as long as there are human or organizational changes such as personnel transfers, new hires, or changes in audit methodologies due to generative AI, the continuous improvement process will proceed through the PDCA cycle (plan → do → check → act). Thus, quality management improvement is a continuous, never ending process.

Implementation status and evaluation results of the quality management system

Our firm places high importance on audit quality in light of the social impact of its engagements, and the CEO has ultimate responsibility for our firm's quality management system with respect to policies and procedures related to quality management.

The responsibility for the development and operation of the quality management system is assumed by the Director in charge of the Quality Management Department. In addition, the Director is responsible for quality management in each business process.

The Director in charge of the Audit Service Department monitors the system throughout the year using a self-assessment sheet. If any deficiencies are identified, corrective measures are taken based on their significance and scope, addressing the underlying root causes.

Based on the results of these processes, the CEO conducted an evaluation as of June 30, 2025 and concluded that the Company's quality management system provides reasonable assurance that its objectives are being achieved.

The review based on the self-assessment sheet and identification process is conducted throughout the fiscal year. If any deficiencies are identified, they are promptly reported to the CEO and the Director in charge of the Quality Management Department, and improvements are made through the Board of Directors.

While the quality management system reduces audit quality risks to an acceptable low level, it has inherent limitations. Therefore, reasonable assurance can never be absolute.

Based on the above, we have confirmed that the measures taken for the formulation and implementation



of the quality management policy for the 44th fiscal year (July 1, 2024 to June 30, 2025) are appropriate. Going forward, we will continue to strive for continuous improvement in audit quality through this self-assessment.

Governance and leadership

Demonstrating leadership means demonstrating a commitment to audit quality at all times through one's actions and behavior.

a. Our firm will build a corporate culture of recognizing and reinforcing the audit quality throughout our firm and will implement its commitment to audit quality. To this end, the CEO will make continuous announcements within our firm to maintain awareness of the following items.

- Our mission for public interest by constant high-level audit
- Importance of management principles, professional ethics, values, and human dignity
- Audit quality responsibilities and expected behaviors of all members engaged in the audit and assurance engagements under the quality management system
- The importance of audit quality in our strategic decisions and actions, including our financial and operational priorities

We also make it clear in our induction training program that we play a public interest role in our audit and assurance services.

We make it known in our Staff Manual that we provide audit and assurance services not only to our clients' management, but also to their shareholders and investors, and we also make known in our Staff Manual the importance of external stakeholders to whom we have no other legal duty of care.

We ensure that all members receive annual training on professional ethics requirements and the values and behaviors we expect of them.

The Quality Management Department is a body that supports the assurance services related to financial and non-financial information, which are the core business of our firm.

The Director of the Quality Management Department is responsible for all aspects of quality management in assurance engagements. The Quality Management Department focuses on reviewing audit engagements, overseeing daily monitoring and periodic inspection, responding to consultations, and handling high-risk professional considerations.

All members engaged in audit and assurance services receive training on quality management systems. If the matters required by the quality management system are not implemented during internal monitoring through periodic inspection by the Quality Management Department, etc., improvements are implemented under the direction of the CEO, who is ultimately responsible for quality management.

Our firm has established a reporting line for quality management. Since this line contains personal information that can lead to personnel evaluations, only a limited number of three people can be involved: the CEO, who is ultimately responsible for quality, the Director in charge of the Quality Management Department, who is responsible for the operation of the quality management system, and the Director in charge of the Organizational Management Committee.

The CEO, who has ultimate responsibility for our quality, reviews financial and operational priorities monthly. The potential impact of these decisions on quality objectives is incorporated into this review through an assessment of available resources (human, financial, and IT-related tool development) needed to deliver quality work.

Our firm determines and manages its financial and operational priorities, including the measures below, to adhere to its quality objectives:

- Measures to augment resources for specific sector advancement
- Consideration of measures to increase resources
- Timing instructions for dates to ensure resources are available
- Consideration of termination of audit and assurance engagement if resources are not available

Regarding quality objectives for the collection and communication of information related to operations, we recognize the following items as important.

- Information systems identify, supplement, process, and maintain relevant and reliable information that supports the quality management system, whether from internal or external sources. Our organizational culture reinforces the importance of communication to all professionals.
- Our organizational culture should recognize and reinforce the importance of communication.
- We recognize the importance of relevant and reliable information being exchanged throughout our firm and with the audit team.
- We recognize the importance of relevant and reliable information being communicated to external parties.

In recognition of this, we maintain access to the policies, procedures, and guidance that support our quality management system for all members of our audit workforce.

Our all professionals are expected to foster an open and collaborative corporate culture. The CEO has instructed members to establish an environment where issues related to accounting matters can be freely discussed through business reports and has

provided guidance to ensure that decisions are never imposed by senior members of the audit team.

In addition, all professionals are required to exchange information related to the management of the quality management system with members of other audit teams.

Information regarding the operation of our quality management system is disseminated and communicated as appropriate by the Quality Management Department. When external service providers are used, the relevant elements of the quality management system are communicated, and their compliance is verified.

b. Leadership is required to assume responsibility and accountability for quality.

At least once a year, the Director in charge of Quality Management must report to the Board of Directors on the evaluation of our firm's quality management system.

C. Management ensures that the organizational structure and allocation of roles, responsibilities and authority are appropriate to enable the establishment, implementation and operation of a quality management system.

The following are the implementation items for this purpose:

- Appoint individuals with the appropriate knowledge, skills, and experience to fulfill their responsibilities and constitute the audit team.
- There is a direct reporting line to the Director in charge of Quality Management who has overall responsibility for quality.
- Each individual is given appropriate authority and responsibility to fulfill his or her role on the audit team.
- In responding to risks to quality objectives, the items that need to be discussed are clearly defined.



d. Resource needs are planned for, and resources are obtained and allocated in a manner consistent with our commitment to quality. The Engagement Partner is also responsible for ensuring that sufficient and adequate resources are allocated to the audit services.

To ensure that sufficient and adequate resources are available to meet quality objectives, the

Organizational Management Committee monitors resource allocation and performance for each operation on a monthly and quarterly basis.

We monitor the working hours of all partners and staff, which allows us to consider the possibility of providing additional resources and to recognize risks to our quality objectives.

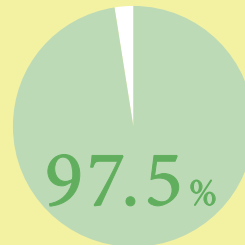
Safeguards, such as stress checks, have been introduced to ensure that excessive working hours do not adversely affect the exercise of professional judgment or the proper completion of tasks.

e. Our firm has established policies and procedures to foster a quality-oriented organizational culture, which are outlined in our Quality Management Regulations and Staff Manual.

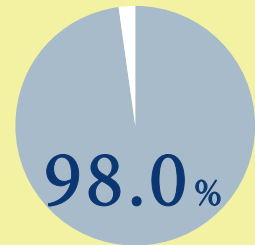
It is confirmed in interviews with the CEO during annual personnel evaluations as to whether an audit quality-oriented organizational culture has been fostered. Additionally, as a procedure to check whether the concept has permeated throughout the entire organization, the CEO conducts an anonymous awareness survey of all members, including part-time employees, regarding the fostering of a corporate culture that emphasizes audit quality.

The results are as follows.

Percentage of those who think that the audit team focuses on the audit quality

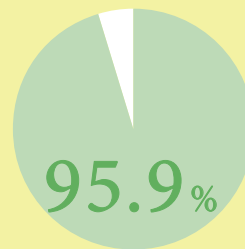


Year ended June 2024

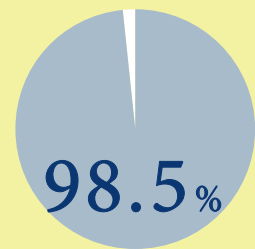


Year ended June 2025

Percentage of those who think that top management cares about the audit quality



Year ended June 2024



Year ended June 2025

Professional ethics and independence

a. Professional ethics

In order to fulfill the public interest roles of an audit firm, we must act in accordance with the requirements of relevant professional ethics, including independence. With respect to our firm and our members, we require the following.

- Understand the requirements of professional ethics applicable to our firm and its operations
- Fulfilling our responsibilities with respect to the requirements of professional ethics to which we and our operations are subject
- All Partners are required to be alert to any evidence of non-compliance with our firm's professional ethics policies and procedures by their audit personnel, and to routinely ask professional personnel questions regarding professional ethics as necessary. To this end, all members receive training on relevant professional ethics requirements at the time of hire and once a year thereafter.

- In addition, the Director in charge of Quality Management confirms annually that all members, including partners, are fulfilling their responsibilities regarding the requirements of professional ethics.

With respect to other persons subject to the requirements of professional ethics applicable to our firm and our audit engagements, such as networks, network firms, individuals within a network firm, or service providers, we require the following.

- An understanding of the requirements of applicable professional ethics.
- Fulfilling responsibilities with respect to applicable and relevant professional ethics requirements.

The code of ethics also requires us to be inquisitive. To be inquisitive means the following.

- Consider the source, relevance and sufficiency of the information obtained, taking into account the nature, scope and results of the specialized work to be performed.
- Look out for and note the need for further investigation or other action.

Throughout all aspects of each audit engagement, the Quality Management Department takes care to ensure that each audit team member adheres to the policies and procedures regarding adherence to professional ethics established by our firm.

b. Independence

Our firm conducts an annual interest survey of all partners and staff (including part-time employees) in July of each year with respect to independence. In addition, all new partners and staff are asked to complete an interest survey when they join our firm, and whenever new clients are added, all members are required to confirm whether any conflicts of interest exist.

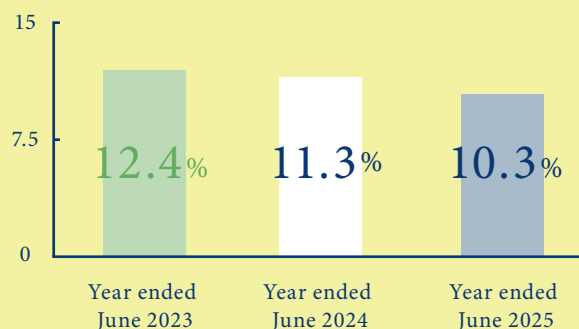
Furthermore, the audit team is to investigate the interests of the members of the audit team throughout the period covered by the client's audit. The specific criterion for determining whether a client's audit service is dependent on a specific client for a certain percentage of fees is 15%. If the dependence on a specific client exceeds 15% for 2 consecutive fiscal years, our firm evaluates the materiality of the disincentive and, if necessary, either removes that or reduces it to an acceptable level. However, currently there is no need for these kinds of measures.

In the event that our firm's dependence on a specific client exceeds or is likely to exceed 15% for 2 consecutive years, our firm shall apply the safeguard of undergoing a review similar to the Engagement Quality Review (EQR)

for audit engagements by CPAs who are not members of our firm (review prior to the issuance of the audit opinion) prior to the issuance of the audit opinion for the second year.



Fee dependence on a specific client



If the Quality Management Department identifies a situation that violates independence with respect to audit work, the Director in charge of Quality Management, through the Board of Directors, must communicate the situation to the person responsible for the audit and the members of the relevant audit team that is violating independence.

The audit team shall document in the audit working paper any problems identified with respect to compliance with the code of professional conduct and the resolution of such problems.

Our firm has obtained written oaths from all partners and staff (including part-time employees) confirming that there is no insider trading and that they are prohibited from owning or trading in the client's shares or other listed shares other than those related to the client. Exceptionally, if there is a balance in securities other than client-related securities, an application for permission to hold such securities must be submitted to the Quality Management Department, together with a detailed description of the transaction and the balance. Our firm has established the following policies and procedures regarding the long-term involvement of key personnel in audit engagements.

- As a rule, the period during which audit services can be performed continuously is five accounting periods for the senior designated limited liability partners, after which they may not become a designated limited liability partner or Engagement Quality Reviewer (EQRr) for a period of five accounting periods.

In the case where there are two or more designated limited partners, the designated limited partner other than the senior designated limited partner may continue to perform audit services for a period of seven accounting periods and may not become a designated limited partner or an EQRr for two accounting periods thereafter.

- An EQRr for audit engagements shall be allowed to continue to perform such EQR services for a period of five accounting periods, and may not become a designated limited liability partner or EQRr for the same audit engagement for five accounting periods thereafter.

Independence compliance is checked annually by the Quality Management Department. There were no violations, and results are as follows.

Confirmation of independence compliance

	Response rate for annual independence confirmation procedures (%)	Number of violations recognized (cases)
Year ended June 2023	100%	0
Year ended June 2024	100%	0
Year ended June 2025	100%	0

Rotation of partner and other assistants

As a rule, the period during which audit services can be performed continuously is five accounting periods for the senior designated limited liability partners, after which they may not become a designated limited liability partner or EQRr for a period of five accounting periods. In the case where there are two or more designated limited partners, the designated limited partner other than the senior designated limited partner may continue to perform audit services for a period of seven accounting periods and may not become a designated limited partner or an EQRr for two accounting periods thereafter.

Key personnel in charge of audit work may continuously perform the same audit work for nine accounting periods, after which they are ineligible to perform in the same audit work. The same nine accounting periods are applicable to IT specialists, although a two-year grace period is allowed in unavoidable circumstances.

An EQRr for audit engagements shall be allowed to continue to perform such EQR services for a period of five accounting periods and may not become a designated limited liability partner or EQRr for the same audit engagement for five accounting periods thereafter.

Prevention of insider trading

We do not permit investments other than the general NISA, savings NISA, and iDeCo. However, as an exception, if new member holds other investments prior to joining us and is unable to dispose of them by the time of joining due to unavoidable circumstances, we may permit the disposal of such investments after joining. However, new investments are not permitted.

Although we have imposed these investment restrictions, we have established an "Insider Trading Prevention Policy" to prevent insider trading. We obtain an "Insider Trading Prevention Declaration" from all members, including part-time staff, annually and conduct training based on this policy. Additionally, for all partners and staff (including part-time employees) who are permitted to make investments under exceptional circumstances, the Quality Management Department monitors their annual transactions and account balances.

Information security

Information security policies are stipulated in the "Information System Management Rule", and individual management measures for information security, such as the department in charge of information security, responsible persons, and procedures for handling incidents, are stipulated in the "Information System Management Manual". In addition, we obtain a "written oath" from all partners and staff (including part-time employees) on compliance with the information security policy on an annual basis to confirm the status of compliance with the policy. In addition, the IT Support Group conducts annual security checks of physical and virtual PCs of partners and staff (including part-time employees) by sampling to confirm compliance with the information security policy and conducts annual information security education to raise the security awareness of all partners and staff (including part-time employees). In addition, training is conducted twice a year to raise security awareness by sending e-mails to all members that simulate a targeted attack and providing training to those who open them.



Acceptance and continuance of audit engagements

Prior to entering any business-related contracts, we assess potential conflicts of interest and business risks. The Acceptance Deliberation Committee must approve each contract, and any contract renewals also require reviewer approval.

We confirm that our services meet the required level of expertise and comply with legal and regulatory requirements, and we enter into or renew contracts when we determine that the services can be performed appropriately.

The quality objectives for the acceptance and continuance of engagements are intended to ensure that we only award contracts to clients that are appropriate for our firm. This is because we believe it is important to ensure that we are able to perform our service in accordance with professional, legal and regulatory requirements and that we do not enter into contracts with firms that do not fit with our financial and operational priorities.

a. The decision to enter into new and continuing contracts must be appropriate based on the following points.

- Information about the nature and status of the engagement and the integrity and ethical values of the client (including management and, where appropriate, those charged with governance(TCWG) sufficient to support such judgment
- Ability to perform work in accordance with professional standards and applicable laws and regulations

b. Our quality management system is designed to ensure that our financial and operational priorities do not lead to inappropriate decisions regarding the acceptance and continuance of engagements.

Our Contract Risk Determination Sheet includes the following collection of information.

- Nature and status of operations
- The integrity and ethical values of the client (including management and TCWG, etc.)
- Technical knowledge and experience necessary to perform the service in accordance with professional standards and applicable laws and regulations
- The permissibility of contractual arrangements as they relate to our financial and managerial priorities

In the case of a new appointment, the decision of the Acceptance Deliberation Committee is required. In the case of a renewal, the decision of the EQRr is required. If the Audit Partner does not request a continuation, the final decision of the Board of Directors is required to make the decision to terminate the contract.

It is our firm's policy not to accept any firm that has the following characteristics.

- Finance businesses, such as banks, securities companies, insurance companies, etc.
- IT companies with complex revenue recognition
- Extreme global operations
- Anticipated audit fee is greater than 300 million yen
- Anticipated audit fee is less than 10 million yen
- Significant corrections have been made to financial statements prior to the previous period
- There are risks in the reasons for the resignation of the previous auditor

In addition, if any problems such as operational risk (including fraud risk) are identified in a new contract, the decision is made through evaluation and judgment in the Acceptance Deliberation Committee, but as a general rule, the contract must not be awarded.

In agreeing on the terms and conditions of the engagement, we comply with the Auditing Standards Statement No. 210, "Agreeing the Terms of Audit Engagements". In accordance with the "Regulations Concerning the Conclusion, Renewal, and Termination of New Assurance Engagements" and the "Manual for Acceptance, Renewal and Termination of New Assurance Services and Auditor Transition", new contracts are subject to the approval of the Acceptance Deliberation Committee, based on the premise that management's attitude and policies, the nature of our firm's business, contract terms, and audit risks (including fraud risks), etc. are examined, along with an investigation of whether any conflicts of interest exist.

With respect to new audit engagements, we believe it is of utmost importance to make decisions while also giving due consideration to the availability of human resources.

If problems are identified, as a general rule, the firm shall not accept the commission.

Engagement performance

The goal of comprehensive audit quality is to ensure that we fulfill our responsibilities in accordance with professional standards and applicable laws and regulations, perform our audit work in accordance with such standards and laws and regulations, and issue an audit report that is appropriate with the circumstances.

a. Policies and procedures to reasonably ensure the organization of the audit team and the performance of audit engagement and the issuance of an appropriate audit report

In order to reasonably ensure the quality of audit engagements, we have established quality management policies and procedures regarding the implementation of audit services in our Quality Management Regulations and Quality Management Manual.

In addition, we have developed and maintained an audit manual, guidance for conducting audits, and various audit tools, and have trained specialized personnel in their use.

We conduct interviews to understand the clients' socio-economic and business environments, identify risks based on a shared understanding, and adopt audit methods that address those audit risks.

These manuals set forth standards for conducting audits, reviews, and other activities. Therein, the following quality objectives are set to address the execution of quality work.

- The Audit Partner understands and fulfills the audit team's own responsibilities for managing and achieving the quality of the audit engagement, including the overall responsibility to be fully and appropriately involved throughout the entire audit engagement process.
- The nature, timing, and extent of direction and supervision of the audit team and review of the work are appropriate based on the nature and circumstances of the work and the resources assigned to the audit team. Work performed by inexperienced members of the audit team should be directed, supervised, and reviewed by a more experienced member of the audit team.
- The audit team shall exercise appropriate professional judgment and maintain and demonstrate professional skepticism.
- Consultation on matters that are highly specialized, difficult to determine, or for which there is no agreed-upon view, and deal with them according to the consultation.



- If the conclusion of the Engagement Partner (EP) and Key Audit Partner (KAP) differs from the conclusion of the consultation or if an event occurs which has a significant impact on the audit opinion, this shall be resolved by the Escalated EQR.
- The audit working paper shall be prepared in a timely manner by the date of the audit report and shall be properly maintained and preserved to meet our firm's quality management policy and to comply with laws and regulations, rules of professional ethics, and professional standards.

To meet these requirements, EP and KAP are responsible for complying with our firm's quality management system policies or procedures for all audit engagements for which they are responsible. This includes ensuring that EP and KAP have sufficient time to engage in sufficient audit engagements under our established audit methodology.

Furthermore, our firm's audit policy includes communication with the CEO, CFO, and other senior management of all audited companies, as well as TCWG, regarding audit risks and other issues, identification of appropriate audit risks, and the exchange of views.

During team meetings, we use dialogue to prevent a decline in morale regarding audit work. We also ensure that we, as professional experts, always maintain and demonstrate professional skepticism and a commitment to audit work.

Each audit engagement will be reviewed by the EQRr, who will discuss the EP's and KAP's direction and supervision in the audit engagement in question and the process by which conclusions are reached.

The EQRr also considers the appropriateness of key judgments made by the audit team and, to the extent necessary, the exercise of professional skepticism. Fraud risk response procedures are established in the audit manual and audit tools to enable our firm to respond to fraud risks.

We will conduct special reviews in the following cases:

- Possible modifications to the audit report
- Changes in the scope of work requested after the contract is signed
- Applying accounting policies that are not common in the industry
- Possible correction of prior periods
- Changes in accounting policies by the client, except as required by the application of new accounting standards

All partners and managers must confer and attempt to resolve disagreements as appropriate through our firm's established quality management system.

b. Appointment of partners and other assistants in charge of the work

Our firm has established a reporting line for quality management. Since this line contains personal information that can lead to personnel evaluations, only a limited number of three people can be involved: the CEO, who is ultimately responsible for quality, the Director in charge of the Quality Management Department, who is responsible for the operation of the quality management system, and the Director in charge of the Organizational Management Committee.

When a new audit contract is approved by the Acceptance Deliberation Committee, the Organizational Management Committee appoints the audit team and EQRr, and which is reported to the Board of Directors. The Organization Management Committee appoints the audit team and EQRr based on human resource

evaluations through the reporting line, ensuring that the audit team is appropriate for the client's difficulty level. However, the CEO and members of the Quality Management Department are not included in the audit team as Audit Partners.

Furthermore, recognizing the essential role of IT in audits, we include IT experts in the audit team, and they actively participate in team meetings.

C. Policies and procedures for consultations

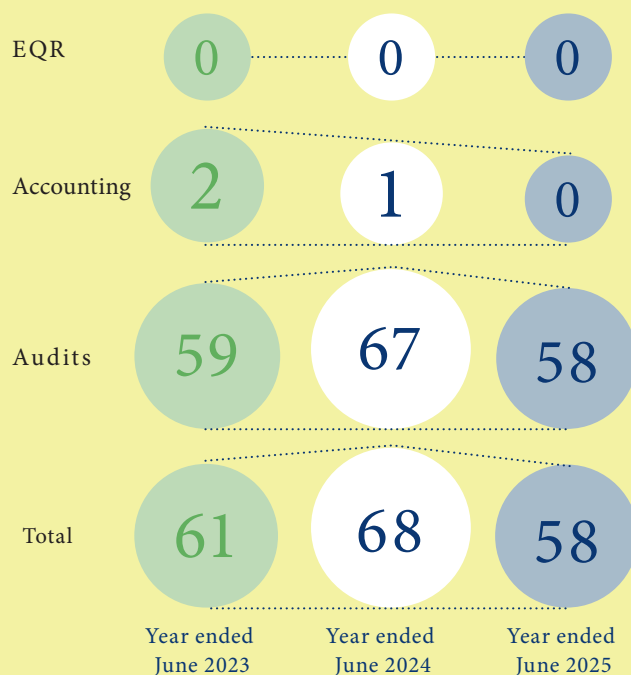
Our firm has a policy for consultations when it is deemed necessary to resolve audit issues. In such cases, the audit team, after review by an EQRr, will hold a consultation. The policy and procedures for holding a consultation are set forth in the "Consultation Manual".

The audit team will consult with the Quality Management Department to discuss any questions regarding specific audit procedures, ensuring that the audit opinion is not changed at the time of EQR. If we identify any circumstances suggesting material misstatement due to fraud or any suspicion of material misstatement due to fraud with respect to audit engagements to which the "Fraud Risk Auditing Standard" applies, we will respond by holding a consultation in accordance with the "Fraud Risk Auditing Standard".

The Quality Management Department maintains a list of experts in the following specialized areas, which auditors may consult as needed. For such matters in audit engagements, the Quality Management Department acts as the primary point of contact.

- Tax
- Legal (Domestic and International)
- Business combinations (due diligence, valuation, and purchase price allocation reviews)
- Financial instrument valuation
- Stock-based compensation valuation
- Pension liabilities
- Real Estate Appraisal
- U.S. Accounting Standards and U.S. Auditing Standards

Number of consultations



*In the fiscal year ended June 2024, there was a high number of inquiries concerning professional judgments related to emphasis-of-matter paragraphs and responses to corrections.



d. EQR policies and procedures

As a rule, all audit engagements of our firm shall be subject to EQR to objectively evaluate the audit procedures, audit judgments, and the formation of audit opinions made by the audit team, and an audit report shall not be issued until the EQR of the audit work is complete.

Our firm has stipulated the qualifications of the person in charge of the EQR, the matters to be implemented during the EQR, and the documentation concerning the EQR in the "EQR Rules" and "EQR Manual" as policies and procedures for review related to audit engagement.

In addition, we have established EQR time guidelines, which provide guidance for EQR time for each stage from the time of audit planning to the expression of opinion, depending on the size of the company, type of audit, and other categories, and we request that sufficient EQR time be secured.

Number of EQRr



*The number of EQRr increases proportionally with the growth in the number of partners.

When the possibility of material misstatement risk due to fraud is recognized, the Director in charge of Quality Management strengthens the EQR system by holding a consultation, and monitoring is conducted by the Quality Management Department.

e. Policies and procedures for resolving differences in audit judgment

In the event of a conflict in judgements arise within the audit team, or between the audit team and consultation, the EP and KAP must act in accordance with the methods and procedures described in the "EQR Rules", "Consultation Manual", and "Escalated EQR Manual". If they undergo an Escalated EQR, the EP and KAP shall respect the resolution of the Escalated EQR and express their audit opinion accordingly.

f. Policies and procedures for the assembly of the final audit File and the management and preservation of audit working papers (electronic filing of the audit working paper and other systems to prevent inappropriate changes to audit working papers)

Since 2020, we have been using the electronic audit working papers system "Caseware Working Papers" (Caseware International Inc.) for all audit work.

However, beginning in June 2025, we have implemented the in-house developed electronic audit working papers system, ADAMS (Audit Documentation Archive and Management System, Trademark Registration No. [6953779]), for use in our audits. This will enable us to manage audit working papers more efficiently.

Additionally, any revisions to audit working papers after the audit report date are limited to administrative tasks, and the Quality Management Department monitors to ensure no inappropriate revisions are made.

The final deadline for organizing audit documentation is set at 30 days after the audit report date. In ADAMS, once audit files are archived,

no modifications or other changes can be made. If changes are required after archiving, a written statement outlining the reasons for the changes and the modification history must be submitted to the Quality Management Department.

Audit files are systematically and physically access controlled and are retained for 10 years before being destroyed under the supervision of the Quality Management Department.

Even paper-based audit working papers will be converted to PDF and then to electronic audit working papers or placed under the control of the Quality Management Department at the time of archiving.

g. Understanding risk information

The Quality Management Department obtains contract risk assessment sheets from the audit team at the beginning of the period and confirms that the assessments have been conducted appropriately.

If the audit team identifies significant risk information during the audit process, or through fraud risk assessments using internally developed fraud risk scoring tools, they must report this to the Quality Management Department, which will then collect and record the risk information.

h. Monitoring of the quality management system

We appoint people with sufficient and appropriate experience to monitor our quality management system. The monitoring of the quality management system is conducted with respect to both the adequacy of the design, implementation and operational effectiveness.

In addition, monitoring of the quality management system usually consists of ongoing monitoring and

periodic inspection.

Periodic monitoring inspection cycles are normally for a period not to exceed 3 years. During an inspection cycle, at least one audit or other work is selected for inspection for all partners for each partner's personnel evaluation.

i. Timely Review

The Quality Management Department takes the lead in a "Timely Review," which is the inspection of in-process audits to confirm whether the risks identified are appropriate and whether the measures taken and audit procedures are suitable, since audit risks change depending on the environment in which the audit client is placed.

The Timely Review is intended to make it possible to maintain audit quality without having to wait for an opinion EQR or periodic inspection.

Timely Review implementation status

	Year ended June 2023	Year ended June 2024	Year ended June 2025
Number of Timely reviews conducted (cases)	9	8	10
Number of persons in charge of Timely review (persons)	5	6	7
Timely review time (hours)	177.5	211.0	271.5

*The increase in cases for the fiscal year ending June 2025 is attributable to a rise in the number of companies with audit-related issues.



Resources Related to Our Business Operations

The realization of comprehensive quality objectives depends on the availability of appropriate human, technological, and intellectual resources and on the timely allocation of these resources. To this end, we manage our operations while considering the appropriate allocation of all management resources. In addition, service providers may be used to provide or assist in the provision of resources to be used in the implementation of the quality management system or audit engagement. The quality objectives for each of the resources are as follows:

a. Human resources

- Once hired, personnel will be continuously trained, developed, and employed on an ongoing basis. They will be coached to possess the following competencies:
 - Consistently perform high quality work, including having knowledge or experience relevant to the work to be performed by our firm.
 - Perform activities or fulfill responsibilities related to the operation of our quality management system.
- Audit professional personnel shall demonstrate a commitment to quality through their actions and attitudes, develop and maintain appropriate competencies to fulfill their roles, be evaluated annually, have their compensation or salary determined based on their evaluation, be promoted, and be held accountable and valued through other incentives, etc.
- Each member of the audit team, including the EP, shall be given sufficient time to perform high quality work at all times and shall be appointed with aptitude and appropriate competence.
- Personnel with the aptitude and competence, including sufficient time, shall be appointed to carry out the activities in the quality management system.

Our staffing structure is constantly under review to ensure that we have sufficient human resources to perform consistent quality work.

Our firm develops a personnel recruitment plan at the time of budgeting and is employing it to ensure that our firm's needs regarding the capabilities of its personnel are addressed, but we are also carrying out flexible management if there is a change in the circumstances of our business operations.

We have established systematic training and level-based training plans for new staff and mid-career staff and others to ensure that they understand and implement our quality management system.

Audit professionals are encouraged to study and take responsibility for their own training as audit professionals and are requested to acquire appropriate knowledge and guidance when necessary to tackle new tasks.

Audit professionals who will be responsible for activities and responsibilities related to the operation of the quality management system will be assigned after an assessment of their suitability for the role.

Audit professionals will be evaluated on a regular basis, which will also consider the following.

- Demonstration of commitment to quality through actions
- Maintenance and development of competencies (training attendance and self-development)

The EP and KAP are responsible for ensuring that sufficient resources are available for their respective work. If necessary, they must offer the Organizational Management Committee additional resources, such as professional personnel. If our internal human resources are not sufficient, we may assign a registered part-time CPA to the engagement.

Based on the proposed schedule requested by the audit team, we will assign audit team members to the level necessary to perform the audit properly and ensure that the required time is available. The time required to perform quality work is considered without regard to the profitability of the work.

b. Policies or procedures regarding the acquisition, development, maintenance, and use of technology and intellectual resources

We acquire or develop appropriate technology resources and use them to support the operation of our quality management system and the conduct of audit services.

We recognize the importance of acquiring or developing, applying, maintaining, and utilizing appropriate technology resources to enable the operation of the quality management system and the implementation and performance of engagement.

For that reason, we have the necessary resources in each of the following areas of technology required to operate our quality management system.

- Electronic audit working paper system
- Fraud risk detection program
- Data analysis software
- Sampling software
- Schedule management system for human resource allocation

C. Audit Tool Development

We are promoting the standardization and automation of audit operations to improve the efficiency of tasks such as data collection, processing, and analysis.

In risk assessment procedures, we utilize our in-house fraud risk scoring tool along with other tools such as Modern Excel. We leverage our in-house sampling tool and property information batch retrieval tool, among others, to conduct audits that utilize DX.

d. Intellectual Resources

Appropriate intellectual resources must be acquired or developed, applied, maintained, and utilized for the operation of the quality management system and the consistent performance of higher quality audits, and such intellectual resources must be consistent with professional standards and applicable laws and regulations.

Our audit methodology is defined by appropriate manuals, internally developed audit tools and other guidance, and is available to all audit team members. If the audit team needs further assistance in resolving an issue, guidance is available from our firm's internal experts, such as the Quality Management Department and the Audit Tools Committee.

e. Resources on service providers

The service provider's human, technological and intellectual resources must be used to implement our quality management system and engagements, taking into account our quality objectives. To this end, we retain information on service providers necessary for audits.



Information and communication

IT technology is advancing remarkably, and the environment surrounding companies is changing day by day and moment by moment. We are seeing the spread of Web 3.0, a new economic concept based on blockchain technology; changes in lifestyles and working styles, such as consumers and workers engaging in activities as avatars in a metaverse space; and accelerated moves to tighten regulations on such new economic activities and changes in the economic order.

In the future, we may see an era in which avatars using AI on PCs will answer questions about professional opinions.

Thus, we believe that it is important for financial statements audits to be sensitive to changes in the environment and to respond appropriately to those changes. We believe that this attitude will lead to financial statements audits that maintain a high level of quality.

The CEO is ultimately responsible for information management. However, the implementation and management of information management is carried out mainly by the IT Support Group.

We plan to continue to increase the headcount of members of this IT Support Group as necessary to accommodate the size of our firm.

Furthermore, we recognize that internal and external communication and dissemination of information is an important factor in the design, implementation, and operation of our quality management system.

We recognize that the following items are necessary as quality objectives related to information and communication.

a. Information systems identify, supplement, process, and maintain relevant and reliable information that supports the quality management system, whether from internal or external sources.

b. Our organizational culture should recognize and reinforce the importance of communication.

c. We recognize the importance of relevant and reliable information being exchanged throughout our firm and with the audit team as follows:

- Information is communicated to technical personnel and the audit team, and the content, timing, and scope of the information is sufficient for them to understand and carry out their responsibilities regarding the activities of the quality management system or the performance of audit engagement.
- Specialized personnel and audit teams shall communicate necessary information to our firm when performing quality management system activities or audit work.

d. We recognize the importance of relevant and reliable information being communicated to external parties as follows.

- Our firm is communicating information to the network or service provider for them to fulfill their responsibilities with respect to the network requirements or network services or resources it provides.
- We communicate information to external parties as required by law or professional standards, or to assist external parties in understanding the quality management system.

In recognition of this, we maintain access to the policies, procedures, and guidance that support our quality management system for all members of our audit workforce.

All audit professionals at our firm are required to foster a culture of openness and consultation. All members of the audit engagement are expected to exchange information relevant to the operation of the quality management system with other members of the audit team.

Information regarding the operation of our quality management system is disseminated and communicated as appropriate by the Quality Management Department. When external service providers are used, the relevant elements of the quality management system are communicated, and their compliance is verified.

Monitoring and remediation process of quality management system

The quality management system monitoring and remediation process is intended to provide adequate and reliable information on the design, implementation, and operation of the quality management system in a timely manner and, as a result, to take appropriate corrective action, when necessary, to remedy identified deficiencies. These corrective actions may include modifications to the quality management system and specific actions in specific operations.

External review, such as the JICPA's quality control review, does not replace our own monitoring activities, but we recognize it as an opportunity to gain insights for continuous improvement and potentially to improve our quality management system.

a. Monitoring activity plan

Monitoring activities are considered to identify deficiencies that may cause quality objectives not to be met. Deficiencies are considered as follows.

- Quality targets necessary to achieve the objectives of the quality management system have not been established.
- Quality risks or combinations of quality risks are not identified or properly assessed.
- The response or combination of responses is not adequately developed or effectively operated so that the likelihood of the associated quality risk occurring is not reduced to an acceptable level.



We recognize that the following items should be considered when planning monitoring activities.

- Basis for assessment of quality risk

This will indicate the focus of the monitoring.

- Designing responses to mitigate quality risks

We will consider whether the design, if implemented, is likely to be effective in maintaining audit quality.

- Design of our risk assessment process and monitoring and remediation process

We will consider whether the appropriate individuals within our firm are involved in the risk assessment process and whether the monitoring and remediation process is adequate and well resourced.

- Change in quality management system

Changes to the quality management system represent a risk to quality objectives if the changes are not properly designed or implemented. Therefore, the impact of changes to the quality management system is reflected in the planning of monitoring activities.

- The results of past monitoring activities, whether past monitoring activities remain fit for purpose in the evaluation of our quality management system, and whether corrective actions for previously identified deficiencies have been effective

Monitoring activities should be responsive to the risks faced by our firm and the results of past monitoring activities. Our firm shall consider whether corrective actions taken in the past to address identified deficiencies have been effective.

- Other relevant information, including complaints and allegations, information from external verification, and information from service providers, regarding the performance of audit work in accordance with professional standards and applicable laws and regulations, or noncompliance with our policies or procedures

The results of the external review or other relevant information, both internal and external, may indicate that our monitoring activities conducted in the past have failed to identify deficiencies in our quality management system. For this reason, we consider a variety of information sources when planning our monitoring activities.

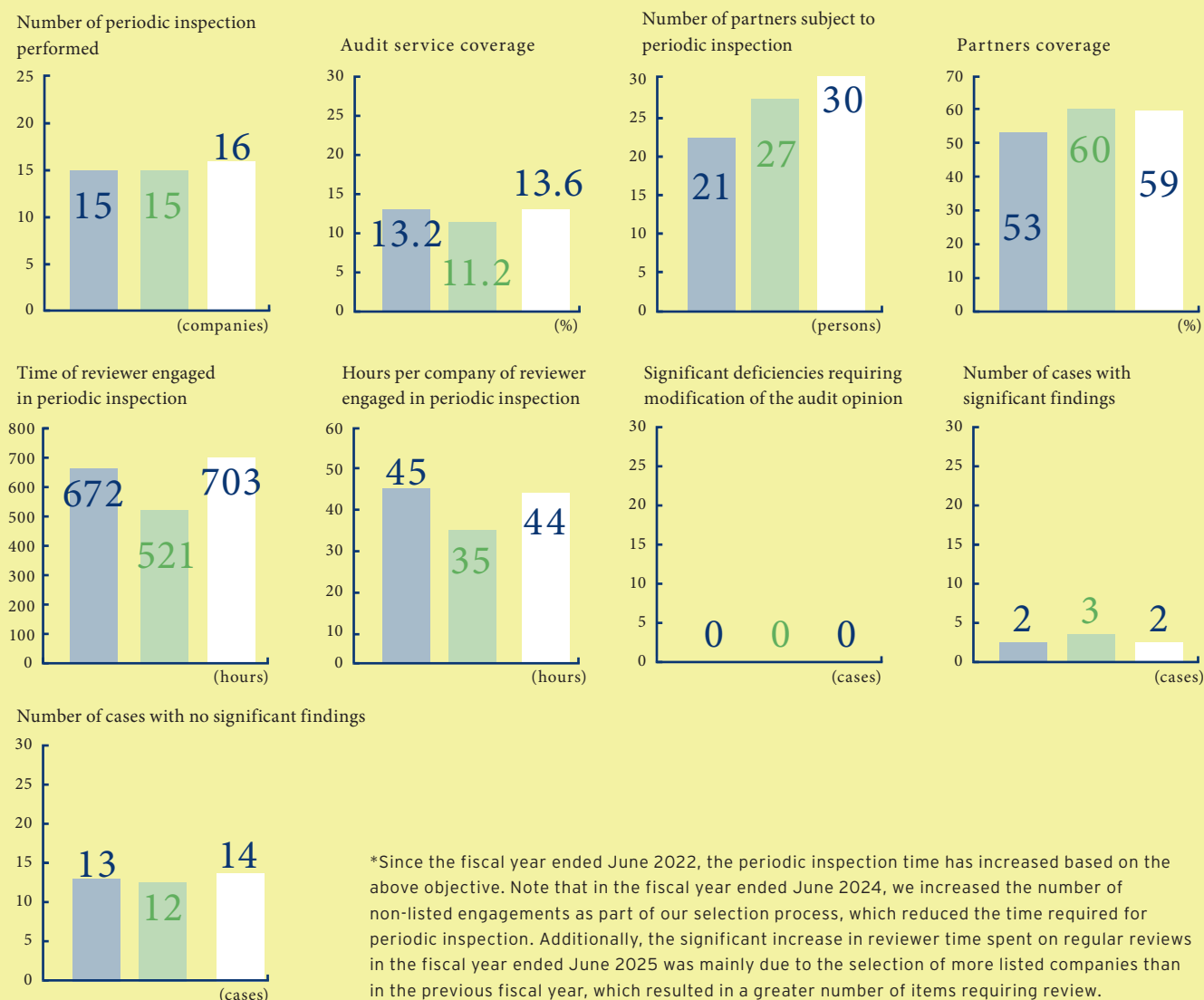
b. Periodic inspection

We perform periodic inspection of our audit work so that approximately half of our partners are covered after the audit work is completed. The periodic inspections are conducted mainly by former inspectors of the Certified Public Accountants and Auditing Oversight Board (CPAAOB) and experienced quality control reviewers of the JICPA, who can conduct effective reviews after confirming that the objectivity of the reviews is not compromised.

We spend as much time as possible improving the level of our partners by providing them with feedback on the results of the periodic inspection. We do not increase the number of engagements covered but rather allow reviewers to spend more time on each inspection, as we believe that spending more time on this periodic inspection and coaching partners will improve the audit quality of the members engaged in the audit engagement.

Status of periodic inspection

■ Year ended June 2023 ■ Year ended June 2024 ■ Year ended June 2025



*Since the fiscal year ended June 2022, the periodic inspection time has increased based on the above objective. Note that in the fiscal year ended June 2024, we increased the number of non-listed engagements as part of our selection process, which reduced the time required for periodic inspection. Additionally, the significant increase in reviewer time spent on regular reviews in the fiscal year ended June 2025 was mainly due to the selection of more listed companies than in the previous fiscal year, which resulted in a greater number of items requiring review.



C. Evaluate findings and identify deficiencies through periodic inspection

For any findings resulting from periodic inspection, a root cause analysis will be performed to examine the impact of the findings in terms of severity and pervasiveness on audit quality. Remedial measures will be considered and implemented based on the root causes of deficiencies identified as a result of the analysis.

Examples of remedial actions to be implemented include the following:

- Implementation of specific training
- Changes in audit procedures
- Review of the scope of work performed by audit professionals
- Additional items to be checked during the EQR
- Add or modify audit tools
- Identify experts who can support the audit team
- Review resource allocation for audit team members
- Adding technology resources

d. External inspections

External inspection is not a substitute for our firm's monitoring activities, but our firm currently receives the following inspections.

● Quality review by Kreston Global

As a member firm of Kreston Global (headquartered in London, England), we hosted a partner in charge of quality management from Kreston Global to carry out a quality review in September 2024. The scope of this quality review

● Quality control review by JICPA

JICPA conducts a quality control review once every 3 years.

The status of past implementation of quality control reviews by JICPA and their conclusions are as follows:

November 2017	Regular review	Conclusion with no limitations
December 2018	Follow-up review	Confirmation results with no inadequate improvements
December 2020	Regular and special reviews	Implementation results with no significant deficiencies
December 2023	Regular review	Implementation results with no significant deficiencies

● Inspection by CPAAOB

CPAAOB, an independent administrative agency established by the Financial Services Agency (FSA), conducts examinations and inspections of JICPA's quality control review in accordance with the Certified Public Accountants Act.

The CPAAOB not only receives reports on quality control review from the JICPA and examines their contents but also conducts on-site inspections of audit firms that conduct financial statements audits, such as ours.

If, as a result of the on-site inspection, deficiencies are found in the quality management system or individual audit engagements, improvements will be prompted by a written notice of the inspection results.

On-site inspections by the CPAAOB ensure the effectiveness of the JICPA's quality control reviews and encourage the implementation of appropriate audits from a public standpoint. If, as a result of the on-site inspection, it becomes clear that audit quality management is grossly inadequate or that the audit work is not in compliance with laws and regulations, etc., the CPAAOB will make recommendations to the Commissioner of the Financial Services Agency to encourage necessary administrative measures to ensure proper business operations.

Based on its recommendations, the FSA will take administrative actions such as a warning, business improvement order, full or partial suspension of business, dissolution order, and surcharge payment order, etc. However, we have never received any administrative action based on the results of an on-site inspection by the CPAAOB.

Transition between audit firms

In cases where our firm becomes the predecessor or successor auditor, we ensure appropriate handover of audit work is in accordance with our "Manual for the Acceptance, Renewal, and Termination of Assurance Services and Auditor Transition".

When our firm is appointed as the successor auditor, upon receiving notice from the client regarding the designation of the prospective auditor, we request the predecessor auditor to transfer the audit duties. We then conduct the handover by inquiring with the predecessor auditor and reviewing their audit documentation and proceed to implement the handover process.

The details of the audit handover are documented, confirmed with the predecessor auditor, and then approved by the Acceptance Deliberation Committee based on that content. The Quality Management Department retains all records related to the handover.

If our firm, as the predecessor auditor, receives notice from a client regarding the designation of a prospective auditor, or if we decline to enter into or terminate an audit contract, we will provide the prospective auditor promptly, honestly, and clearly with all information necessary to assess the feasibility of accepting the audit engagement and to perform the audit. Furthermore, we will provide the prospective auditor with all facts and information about any illegal acts, or suspected illegal acts, that we believe are necessary for them to know before deciding whether to accept the audit engagement. Additionally, we will communicate to the prospective auditor any significant matters identified during the audit process.

The Director in charge of Quality Management verifies that the handover of audit services has been conducted appropriately through the review of the aforementioned documents.



2. Human Resources

Basic approach to human resource infrastructure enhancement

Since our firm's main purpose is to perform financial statements audits, the professional personnel of our firm are mainly CPAs and those who have passed the CPA examination. CPA qualification itself is an industry with a higher turnover rate than that of general companies, as it is possible to start one's own business, and people sometimes change jobs to consulting companies for the purpose of reskilling themselves. Therefore, from the perspective of ensuring the sustainability of audit services as an audit firm, securing a human resource base is an important issue. Although it is the same for general companies, it is necessary to maintain a well-balanced organizational structure across all ranks, and any imbalance in the personnel composition by rank should be corrected. According to the FSA's CPAAOB Monitoring Report, the number of registered CPAs as of the end of March 2025 was 36,669, of which 14,625 were affiliated with audit firms and engaged in audit services. This represents a relatively low percentage of 39.9%, which is even lower than the figure for the previous year. In this environment, our firm, whose main business is audit service, not only communicates to all members the pride in our profession and sense of fulfillment gained from contributing to the Japanese economy through audit services, but we also formulate and implement measures to maintain a good work-life balance for all members. Such measures include improving audit efficiency through the use of IT, while coping with the increase in audit hours year by year.

We strive to balance our audit teams by including members with varying levels of experience, and we focus on developing members who can exercise the necessary skepticism through on-the-job training.

We strive to provide our staff with experience in tasks that differ from routine audit work, such as AUP and assignments from overseas network firms. However, we do not currently consider assignments from non-audit-related business companies.

The past experiences of members are utilized in a planned manner by the Organizational Operations Committee, taking into account the individual's preferences.

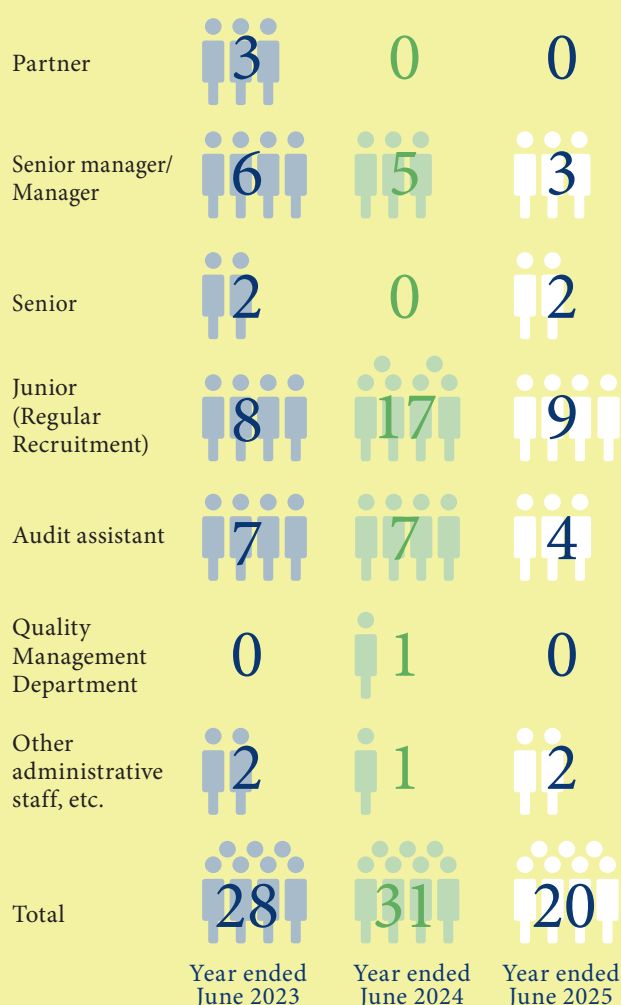
In addition, we are creating an environment that enables members to develop their abilities beyond auditing by utilizing remote and flexible work, Microsoft 365 for smooth communication and information sharing, and web conferencing to efficiently carry out their work. We have also contracted with external training institutions to enable members to participate in training in various fields. The recruitment plan is in accordance with the staffing plan for the first year of the mid-term plan. It covers mid-career hiring for positions in short supply (including not only CPAs but also IT specialists and audit assistants in the Audit Service Department) and regular recruitment of people who have passed the CPA examination. Note that the type of employee we are looking for is a person with a strong sense of justice who will not overlook fraud or error, someone who can adapt to changes in the environment and find new value, and someone who can communicate smoothly with clients and audit teams.

Recruitment and evaluation of employees

We have established a Professional Staff Recruitment Manual and an Administrative Staff Recruitment Manual, and we recruit staff in accordance with specific recruitment criteria. Furthermore, the annual recruitment process is determined in accordance with the personnel plan established based on the business plan.

Employee performance evaluations are conducted annually. We explain our performance evaluation methods to all employees and have established a system that emphasizes audit quality to help enhance employee morale. To ensure fairness, each evaluation is conducted by multiple evaluators.

Number of new hires by position

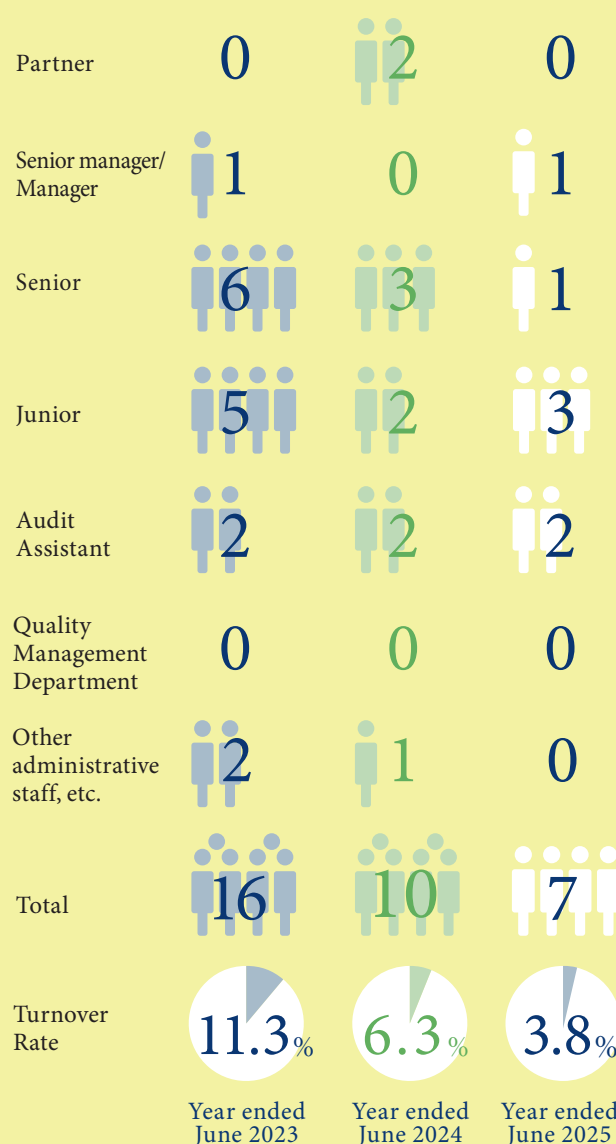


*In the 2024 fiscal year, part of the former Audit Support Department was reorganized into the IT Audit Group within the Audit Services Department. Accordingly, figures for periods prior to the previous fiscal year have been restated to reflect the current organizational structure for comparability.

One of the characteristics of the audit industry is the high turnover rate across the industry. However, our turnover rate is not significantly different from the industry average of 10%. Recognizing the importance of reducing turnover,

we implemented various measures, led by the Benefits and Welfare Committee, beginning in the year ended June 2024. As a result, the turnover rate has declined significantly, and we believe our talent retention efforts have been reasonably successful. Note that the resignations by partners shown below are due to them reaching retirement age.

Number of departures by position



*In the 2024 fiscal year, part of the former Audit Support Department was reorganized into the IT Audit Group within the Audit Services Department. Accordingly, figures for periods prior to the previous fiscal year have been restated to reflect the current organizational structure for comparability.



Training status and performance appraisals for audit staff

Our firm maintains and improves the competence of its professional personnel through appropriate ongoing professional development. Training plans related to education and training developed by the Training Committee are submitted to the Board of Directors by the Director in charge of the Training Committee for deliberation and approval.

One of the key points when formulating our training policy is “enhancement of training to improve audit quality”. JICPA's quality control review pointed out deficiencies, we reaffirmed that maintaining and improving audit quality is an issue for us, so we decided to enhance training directly related to audit quality, including training to deepen understanding of the Auditing Standards Statement.

Starting this year, we have also enhanced our training programs regarding sustainability information and implemented general training for all of our audit professionals. Moreover, concerning assurance engagements for companies applying IFRS, we have established an internal qualification system and have adopted a mechanism under which only those who have received sufficient training are allowed to engage in such engagements.

To maintain and improve audit quality, it is necessary to understand the standards required by the current audit standards. Therefore, we intend to assign one person as a JICPA quality control reviewer continuously. This will enable us to gain a reviewer's perspective, so when the assigned person returns to the Audit Service Department, they can use this experience in their audit work.

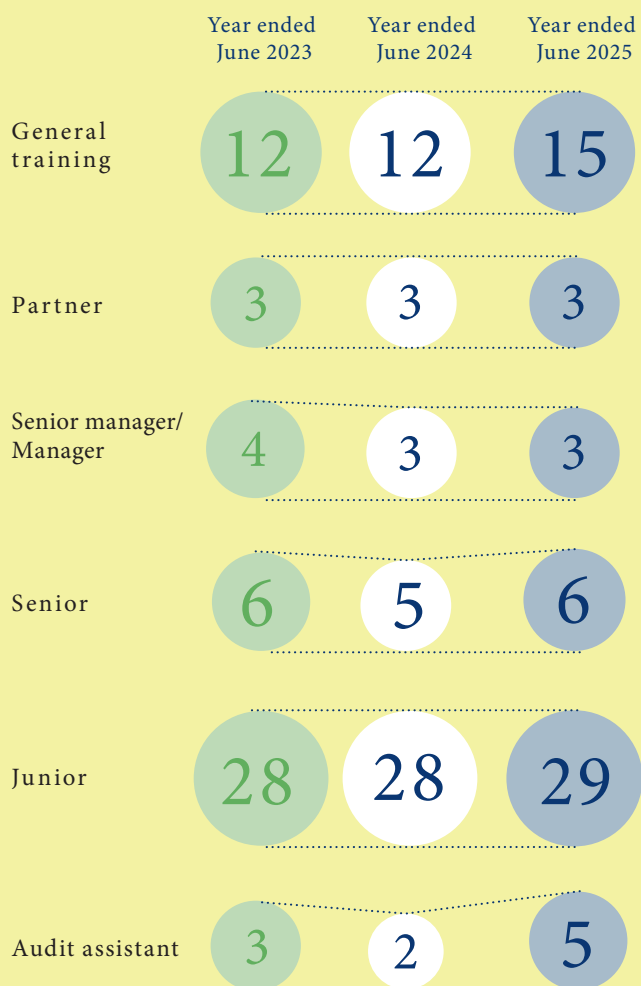
Status of seconding to the JICPA

Number of members assigned to the JICPA



Another area of emphasis is the “Enhancement of Training by Rank”. Our training policy is to maintain and improve the field skills of each audit team to a high level by enhancing the practical audit skills of professional personnel according to their positions as much as possible through in-house training throughout the year. CPAs are required to maintain the completion status of CPD conducted by the JICPA. Those who have not completed 40 credits per year, which includes their status of acquisition of required subject credits, will not be allowed to engage in auditing.

Number of training sessions for specialized personnel



Theme-based training hours

	Year ended June 2023	Year ended June 2024	Year ended June 2025
Fraud cases	21hours	15hours	23hours
Tax	7hours	4hours	4hours
Accounting standards	31.5hours	45.5hours	33hours
Audit tools	2hours	19hours	7hours
Audit quality (audit services)	150hours	141hours	110hours
Professional ethics	5hours	6hours	7hours
Others	26hours	38.5hours	44hours

In preparation for audit engagements under the “Fraud Risk Auditing Standard”, our firm provides appropriate opportunities for fraud-related education and training through in-house training to ensure that the audit team is knowledgeable and competent in fraud cases necessary to perform their audit.

Going forward, we plan to develop audit methodologies that leverage various generative AI tools, including our in-house ARK Chat, to enable flexible and effective use of generative AI. We also intend to expand education and training programs for all audit personnel.

In addition to general training and other training programs conducted in-house, we participate in training by outside vendors and training sessions organized by JICPA and other organizations. The following is the number of hours of training planned and conducted by the Training Committee, and the number of hours of training sponsored and recommended by the Training Committee for each position from new employee training to partners. The recommended hours does not specifically comply only with CPD.

Note that training for audit assistants is also included in the in-house training.

In-house and external training (hours)	Year ended June 2023	Year ended June 2024	Year ended June 2025
In-house training	210	216	169
External training	6	12	12
Training organized by JICPA and other organizations	46	67	81



We also conduct a questionnaire survey after each training session, confirm the level of understanding of the training based on the results of the survey, and use ways to improve understanding in our next training sessions.

Item (average score)		Year ended June 2023	Year ended June 2024	Year ended June 2025
Comprehension (before the course)	0-3, with 3 being the highest	1.5	1.5	1.5
Comprehension (after the course)	0-3, with 3 being the highest	2.7	2.7	2.7
Can it be used for audit work	0-4, with 4 being the highest	3.6	3.6	3.6
Are lectures devised	0-4, with 4 being the highest	3.5	3.5	3.6

The training of audit personnel is not limited to simply earning CPD credits but is conducted to maintain and improve their abilities on an ongoing basis including the use of IT-based auditing tools.

Training hours per person



To secure sufficient professional personnel with the aptitude, ability, experience, and required professional ethics necessary to reasonably ensure the audit quality, our firm has established policies and procedures for personnel matters, including recruitment, education and training, evaluation, and appointment of professional personnel.

In addition, with respect to the appointment of partners, letters of recommendation from at least two or more partners and an office manager are required in accordance with the rules for the appointment of partners. The letters of recommendation shall state the number of years of experience as a CPA and the reasons for the recommendation, and the appointment shall be approved by the Board of Directors and the Partners Meeting.

In addition, as part of our efforts to provide well-balanced human resources education, we send one trainee each year to the Forum '80, an education and training seminar organized by the General Research Forum. Forum '80 is designed to help young people acquire a broad range of knowledge from an international perspective and to solidify the foundation for lifelong friendships among trainees. We have dispatched a cumulative total of 14 people since the establishment of ARK Audit Corporation, a predecessor of our firm. We are currently sending the 94th group.

Matters related to the determination of Partner compensation

Partner compensation is based on performance evaluations. Each year, the CEO issues a notice titled “Regarding the Partner Performance Evaluation System” to all Partners, and evaluations are carried out in accordance with the company’s established evaluation methods.

Partner performance evaluations are conducted based on the quality of audit work, leadership, and other performance evaluation factors, and Partner compensation is determined based on the results of these evaluations. We place significance on the appropriateness of the quality of audit work in the performance evaluation process.

The appropriateness of this Partner evaluation method is reviewed by an independent Supervisor.

Practice of diverse work styles and work-life balance

In today's social climate, an increasing number of companies are allowing secondary or concurrent jobs. In the past, our firm's policy was not to allow such arrangements. On the other hand, the “Guidelines for Promotion of Side Work” published by the Ministry of Health, Labor and Welfare also state that, as we enter an era of 100 years of life, it is necessary to create an environment in which people can choose the way they want to work from a young age, and that secondary and concurrent jobs can serve as effective means of open innovation and entrepreneurship, and also contribute to regional development from the perspective of utilizing human resources in urban areas in the rural areas. For this reason, we believe that it is important to create an environment that allows partners and staff who wish to have secondary or concurrent jobs to do so in a wide range of ways according to their preferences. Accordingly, we have revised our policy to recognize

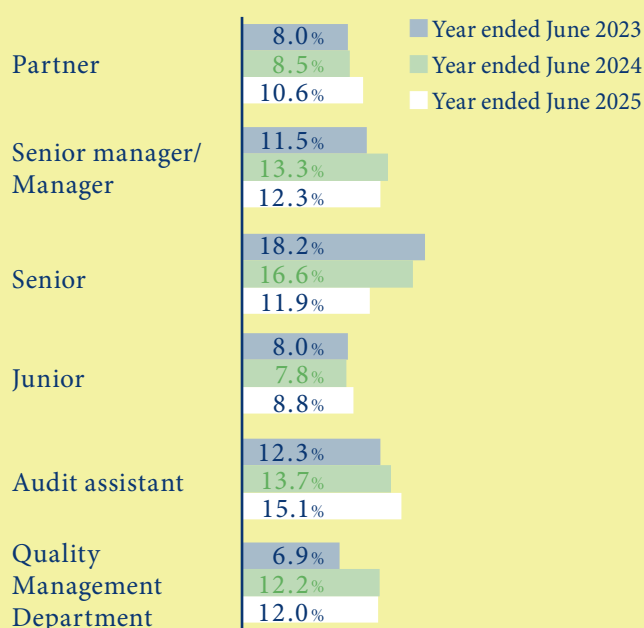
the importance of expanding the range of options for various ways of working to recognize secondary and concurrent jobs.

Additionally, our firm will only approve side jobs and part-time work on a case-by-case basis after the Quality Management Department confirms that they do not conflict with independence or pose a conflict of interest, provided that certain conditions are met, such as not affecting audit operations.

In addition, as part of the diversity of work styles we aim to achieve, we consider working styles that are not restricted by time or location, and we continue to implement remote work. However, from the viewpoint of information security, we do not permit remote work in inappropriate locations.

The status of remote work implementation by position is as follows.

Remote work implementation status



*In the 2024 fiscal year, part of the former Audit Support Department was reorganized into the IT Audit Group within the Audit Services Department. Accordingly, figures for periods prior to the previous fiscal year have been restated to reflect the current organizational structure for comparability.



In addition, our firm has also adopted a flexible work schedule as one that allows for staggered work hours, etc. In the year ended June 2025, 1.2% of our staff had a flexible work schedule, but only staff who need the schedule to drop off and pick up their children are using it.

Flexible work implementation status

Flexible work ratio

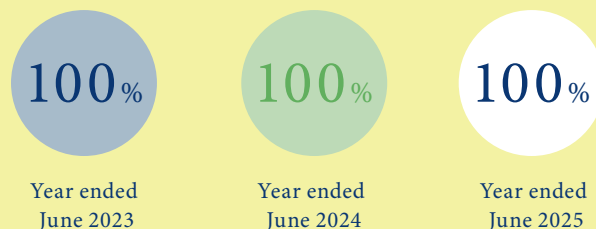


Thus, we continue to implement diversity in the way we work to the extent that it does not affect client communication or audit quality.

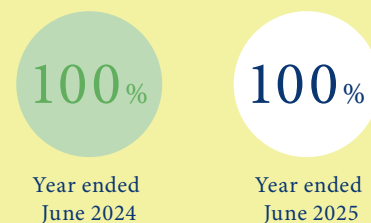
Additionally, we are fostering an environment that enables members to pursue self-development beyond audit work by utilizing remote and flexible work arrangements, along with tools such as Microsoft Teams for seamless communication and information sharing, and by holding web conferences. We have also contracted with external training institutions to provide access to training programs across various fields.

In our firm, 100% of women return to work after taking childcare leave, and 100% of men take childcare leave.

Percentage of members returning to work after childcare leave



Percentage of men taking childcare leave



As mentioned earlier, our firm has a policy of minimizing unnecessary work and emphasizing work-life balance to allow for the pursuit of diversity in life planning. As a result, the average annual office hours of our audit professionals by position are as follows.

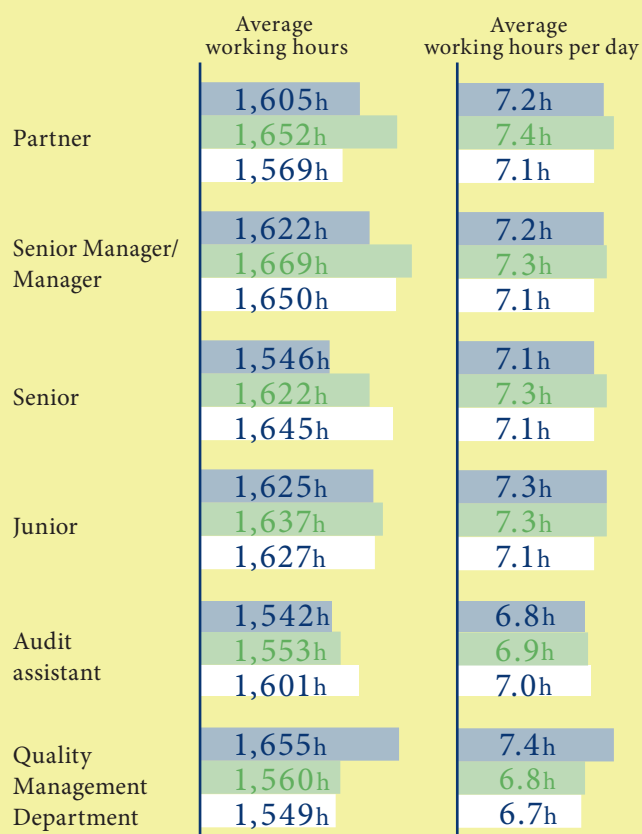
According to the CPAAOB Monitoring Report, last year the annual office hours for large-sized audit firms were 2,038 hours and for mid-tier audit firms were 1,682 hours, so we can conclude that the average annual office hours of our firm are close to those of the mid-tier audit firms. We believe that the multiple audit services which took time to consider audit issues were partly responsible for the increase in the fiscal year ended June 2025, but these are temporary.

Our firm has been monitored by external organizations in various areas, but there were no significant findings, and our firm believes that the efficiency of audit work through our firm's use of IT and development of audit tools has contributed to these results.

Our policy is to further proceed with the creation of a work environment in which members can lead healthy lives, both physically and mentally, without having to work a great deal of overtime, and consequently, without mental pressure, in an audit industry where overtime work is common.

Average annual office hours (including overtime) of our firm's audit professionals by position

■ Year ended June 2023 ■ Year ended June 2024
 ■ Year ended June 2025



*1. Office hours include administrative and training time and do not include time without specific work assignments or breaks.

*2. Audit assistants are assigned to the Audit Service Department and provide support for the Company's audit operations under certain training programs. By performing tasks that do not require judgment, they contribute to the efficiency of judgment-based tasks performed by experts. Furthermore, audit assistants with a lot of experience may also perform in-charge work.

*3. In the 2024 fiscal year, part of the former Audit Support Department was reorganized into the IT Audit Group within the Audit Services Department. Accordingly, figures for periods prior to the previous fiscal year have been restated to reflect the current organizational structure for comparability.

We believe that the use of paid leave is important to make life even more fulfilling. Since some staff do not apply for paid leave on their own, we encourage them to take paid leave. As a result, we have achieved an acquisition rate of about 80%.

Number of days of paid leave taken per staff and rate of paid leave taken per staff

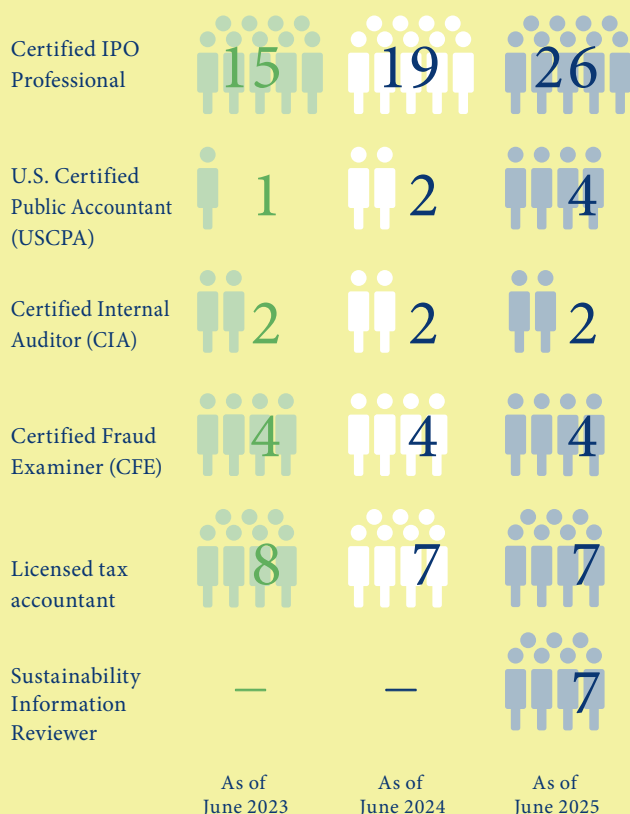
	Year ended June 2023	Year ended June 2024	Year ended June 2025
Acquired days	17	18	17
Acquisition rate	79.0	77.8	76.6

As an audit firm, we believe that to cope with further changes in the social environment, it is necessary to have diversity in the types of qualified personnel. From the viewpoint of diversity as qualifications, the number of qualified persons other than Japanese CPAs in our firm is as follows, and they contribute to our audit work through multifaceted exchange of opinions and our committee activities.

In addition, to be able to respond to the increasing demand for IPO-related audits, especially in recent years, we also recommend taking the Certified IPO Professional certification exam, and the number of people who have obtained this certification is increasing. We make passing the IPO Professional certification exam a condition for involvement in IPO work.



Number of qualified persons other than Japanese CPAs



We emphasize dialogue with our constituents, the CEO and other Directors and send messages to the members engaged in the audit of our firm on a regular basis or whenever they deem necessary about the importance of audit quality.

We also emphasize communication within the audit team from the perspective of preventing the exodus of CPAs from the audit industry. We believe that if you work silently in front of a computer all day long, you will never realize how interesting audit is. Therefore, we would like them to realize the satisfaction of audits, which only CPAs can do, by executing the work while practicing deep communication within the team and holding discussions on the difficulty of audit work, the events which should be considered, and other matters. To this end, we recognize that it is important for

human resource development to have a culture of lively discussion within the audit team until all audit team members reach a consensus, rather than having the engagement partners impose their audit judgment on the team, and this is repeatedly conveyed by the CEO at the Partners Meeting. Since an audit team is also a group of people, there is a certain chemistry among them, and it may not be possible to establish a corporate culture of human resource development through communication. For this reason, the Organizational Management Committee has been devising ways to form audit teams with an overall view of human compatibility, and the mentoring system for junior staff by members of the Recruitment Committee provides individual mentoring to eliminate the “As is-To be Gap (the gap between the current situation and the ideal)”. In these ways we are striving to create a comfortable working environment. In addition, since it is important to maintain good health, our staff receive regular medical examinations once a year at a medical institution affiliated with our firm. In recent years, society has been paying particular attention to the high number of people suffering from mental health problems, and stress checks are conducted in August to September each year. As a result, those who wish to do so are given the opportunity to meet an industrial physician, and the health of the constituent members is given due consideration.

Health checkup status

	Year ended June 2023	Year ended June 2024	Year ended June 2025
Target group (person)	83	91	111
Health checkup recipients(person)	78	88	107
Percentage of receipt	94.0%	96.7%	96.4%

Approach to part-time employees

In the audit industry, 59% of listed companies close their books in March, and since it is difficult to build up a sufficient human resource base to enable audit work to be performed by full-time employees alone, part-time employees are also being utilized. However, at our firm, the overall reliance on part-time staff in audit teams has declined each year and now stands at approximately 10%. Our basic approach toward part-time employees is as follows.

a. Not assigning tasks such as overseeing audit sites like an in-charge auditor

b. Not assigning tasks related to important audit topics such as accounting estimates

c. Limiting work to tasks that can be completed within the scheduled timeframe

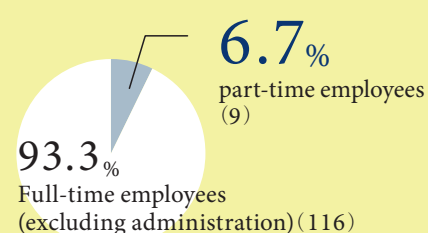
d. The proportion of total audit team hours allocated to part-time staff is kept at 30% or below

These basic principles are intended to maintain audit quality.

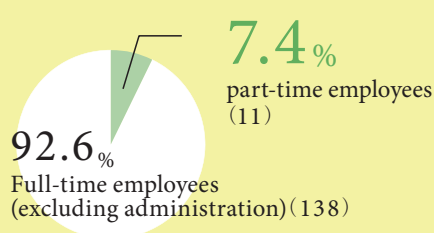
However, the proportion of part-time staff outside of Tokyo is very high. This is due to the limited number of certified public accountants residing in regional areas. According to the FSA's CPAAOB Monitoring Report, 21,700 CPAs work in Tokyo (Total of 36,669, March 2025). The number of CPAs in the regions other than Kinki, Tokai, and Kanagawa is only 6,710. Therefore, while the ideal vision is for operations outside of Tokyo to be completed solely by regional offices, we believe that for a considerable period of time until then, the weight of part-time workers will continue to be high in the regional offices.

Percentage of part-time employees(%)

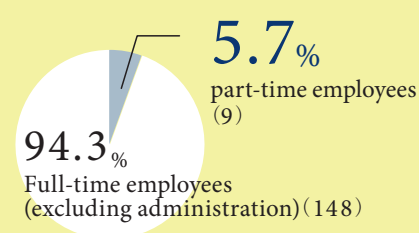
Tokyo (Unit: people)



Year ended June 2023

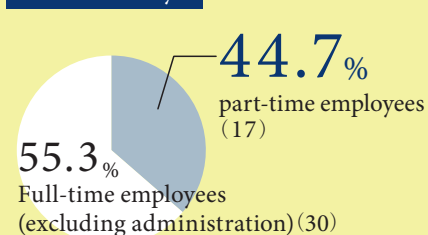


Year ended June 2024

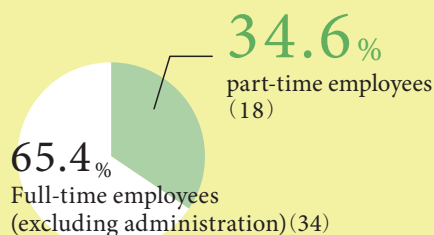


Year ended June 2025

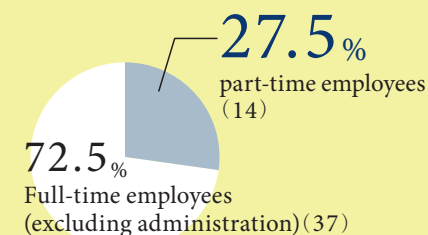
Outside Tokyo



Year ended June 2023



Year ended June 2024



Year ended June 2025



Part-time employees are required to attend company-sponsored training sessions on topics specific to our firm (such as the results of regular reviews).

From an information security perspective, part-time employees are provided with computers specifically configured for their use by the company, and information security measures are the same as those for full-time members.

We have established performance evaluation criteria for part-time employees, and performance evaluations are conducted by the Audit Partner. The results are reflected in compensation at the time of contract renewal on the start date of our fiscal year. We may hire part-time employees outside of Tokyo, Osaka, and Sapporo because there is a shortage of people engaged in audit services, but in Tokyo, our approach is to hire as many people as possible to support the diverse work styles of our peers who are CPAs.

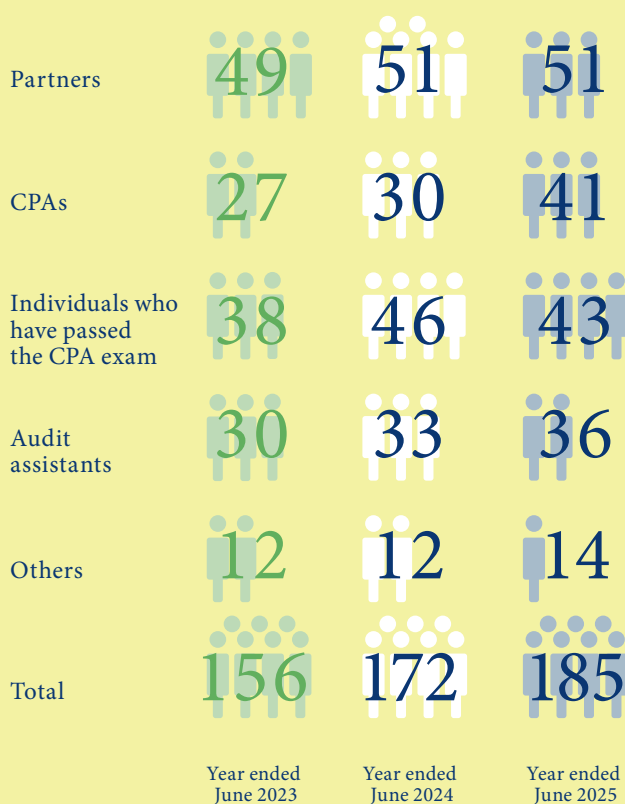
Deployment of human resources based on the size and characteristics of the client for audit work

We contrast our monthly headcount with the hours required to perform our work, and we closely monitor our work-life balance to ensure that staffing shortages do not interfere with our audit work or disrupt the work-life balance.

To secure sufficient professional personnel with the aptitude, ability, experience, and required professional ethics necessary to reasonably ensure the audit quality, our firm has established policies and procedures for personnel matters, including recruitment, education and training, evaluation, and appointment of professional personnel. As a result, we are now able to centrally manage assignments and are working to equalize the overall workload.

The deployment of the necessary specialized personnel is essential to conducting a proper audit. These necessary specialized personnel include IT specialists. We are continuously recruiting human resources and have secured personnel commensurate with the size of our firm.

Changes in professional personnel



Diversity

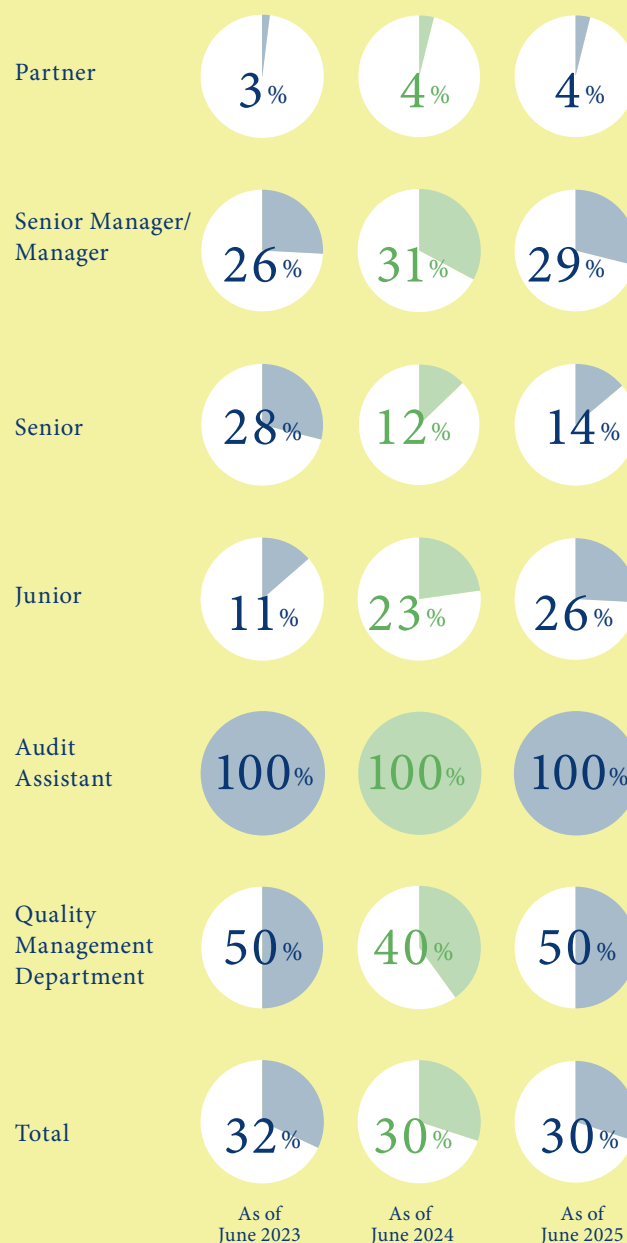
Promotion of women's activities is essential for the sustainable growth of our firm. The Cabinet Office has published a leaflet entitled "Women's Advancement and the SDGs: Toward Sustainability" and we are conscious of diversity in our management.

We believe that we are a more female-friendly workplace compared to other general business companies, due to our policy that we want those who join our firm to thrive as EPs or KAPs as Audit Partners to the extent possible, and we have an environment that facilitates shorter working hours, as well as maternity and paternity leave.

The proportion of female CPAs in the total number of registered CPAs is increasing every year and was 15.7% as of December 31, 2024. The proportion of female CPAs at our firm, from partners to seniors, is 16.9%, which is slightly higher than the level for Japan nationwide.

We recognize the importance of gender equality as well and will continuously strive to increase the ratio of female partners. The number of female partners at our firm is increasing, and we have also appointed female directors, but because there were few women hired in the junior class in the past, the ratio of women in the senior class is low.

Percentage of women in each position



*1. In the 2024 fiscal year, part of the former Audit Support Department was reorganized into the IT Audit Group within the Audit Services Department. Accordingly, figures for periods prior to the previous fiscal year have been restated to reflect the current organizational structure for comparability.

*2. The percentage of women in junior declined until 2023 due to the unintentional low number of female hires.



3. IT infrastructure

Status of IT infrastructure development

The IT Support Group of the Office Administration Department is in charge of the maintenance and operation of IT infrastructure based on the "Information System Management Rules" and the "Information System Management Manual". Since 2020, we have been using the electronic audit working papers system "Caseware Working Papers" (Caseware International Inc.) for all audit work. However, beginning in June 2025, we have implemented the in-house developed electronic audit working papers system, ADAMS (Audit Documentation Archive and Management System, Trademark Registration No. [6953779]), for all audit tasks commenced in the fiscal year beginning on April 1, 2025.

To prevent information leakage from the loss of physical PCs (laptops) provided to all members, including part-time employees, and to enhance the remote work environment, we currently use virtual PCs in a cloud environment. However, to improve operational efficiency with the introduction of the electronic audit documentation system ADAMS, we are switching from virtual PCs to physical PCs. To ensure information security equivalent to that of virtual PCs, we have implemented measures to prevent information leaks by using external applications to encrypt the hard disks of physical PCs. We have also introduced real-time monitoring to detect suspicious activity on physical PCs as a defense against malware and cyberattacks, and we use VPN software with enhanced security features. We also operate file servers, audit report data servers, directory servers, and other servers in a cloud environment and back them up to a domestic site on a daily basis to reduce the risk of deletion of audit and management

data and service outages due to hardware failure, natural disasters, etc., and to maintain business continuity.

In addition, since March 2020, we have been actively using communication tools (groupware, online meetings, chat, and data sharing websites) to flexibly respond to changes in the social environment and work styles, and to pursue more efficient use of work time. For that reason, we have been increasing our IT-related investment amount year by year.

IT-related investment amount

	Year ended June 2023	Year ended June 2024	Year ended June 2025
IT-related expenditure investment amount (thousand yen)	44,063	52,384	70,488

(Thousand yen)

In addition, we are attempting to reduce audit time by utilizing the Audit Confirmation Center for balance confirmation, which is a time-consuming part of audit practice, because of the trend toward the use of electronic data. Specifically, for the year ending June 2025, we have increased the utilization of Audit Confirmation Center, particularly bank balance confirmations, as part of our efforts to reduce audit time.

Number of uses of the Audit Confirmation Center (Balance Gateway*)

	Year ended June 2023	Year ended June 2024	Year ended June 2025
Number of companies	1	5	46
Number of confirmations	12	81	204

*This is an online balance confirmation service provided by the Audit Confirmation Center GK, a joint venture established in 2018 by the Big4 audit firms.

The benefits of financial statements audit using digital transformation (DX) may include increased efficiency, improved accuracy, real-time data availability, and early detection of risks.

However, security and privacy risks must be addressed when utilizing digital technology, and this is a future challenge.

To keep up with these recent trends, it is important to secure human resources to enhance our IT infrastructure. Our firm's professional personnel, primarily the members of our IT Support Group, hold the following qualifications.

IT-related certifications held

Certified Information Systems Auditor (CISA)



Certified Information Security Manager (CISM)



Information Security Auditor Assistant (CAIS-Assistant)



Assistant reviewer
for Information Security Management System (ISMS)



ISMS Cloud Security (ISMS-CLS) Auditor



International Certified CAATs Technician (ICCP)



Digital response to changes in the social environment

We are committed to providing financial statements audits that can respond to changes in the social environment and achieve a high level of quality and efficiency. The Audit Tools Committee plays a central role in this effort and promotes the digitalization of auditing practices through data analytics.

We are moving away from the traditional sampling-based hypothesis testing method for accounting transaction populations to a data analytics-based verification method. This is an opportunity for us to promote the digitization of our audit practices. The Audit Tools Committee is taking the lead in this study.

Certified public accountants on the Audit Tools Committee are leading ongoing discussions to advance digitally enabled audits through the use of data analytics.

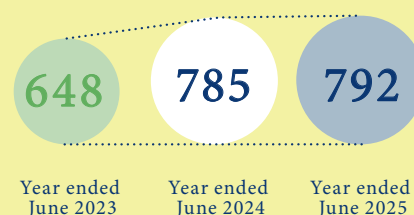
Specifically, we are working to improve the efficiency of work time by automating data acquisition and advanced statistical analysis and systematizing the narrowing of anomalies.

Status of review meetings held to address changes in the social environment

Number of members
of the Audit Tool
Committee members
(person)



Review time
(hours)





As a result, our firm has decided to apply accounting audits utilizing data analysis techniques to listed companies and other entities, and we are currently implementing this approach for all listed companies. Based on the belief that in order to use data analysis techniques, CPAs and others actually working in the audit field must be able to perform them. We provide training in data analysis techniques to our audit professionals. As a result, the number of hours of training in data analysis techniques had increased significantly. However, starting in the fiscal year ending June 2024, training hours decreased as these techniques became well established in practice, reducing the number of members requiring such training. As of the year ending June 2025, nearly all specialized personnel are expected to have reached a level where they can effectively use applications such as Modern Excel.

Data analysis technology training hours

Modern Excel Training, etc.



We recognize the importance of IT-related training for professional personnel of the Audit Service Department as a whole, since IT-related audit work is not only performed by those who belong to the IT Audit Group. Therefore, we also provide IT-related training to CPAs to support DX.

IT-related training hours

IT-related training status (hours)



Standardization and automation of operations for greater efficiency

We are promoting the standardization and automation of work in audit to improve the efficiency of work hours for data acquisition, processing, analysis, and other tasks. We have standardized data analysis using SPEEDA (User Base Co., Ltd.), which uses financial figures of each listed company disclosed in securities reports and other documents. Furthermore, we have centralized a series of tasks from data acquisition to the provision of analysis results to each audit team as an audit assistant service, thereby efficiently providing output for all listed company audit work and reducing work hours.

Additionally, we handle tasks such as locating and collecting external data, including statistical information, in response to requests from audit teams.

Financial statements audits using DX

DX-based financial statements audit is a process that uses digital technology and data analysis to efficiently and accurately evaluate accounting information and ensure the reliability of a company's financial reporting and accounting processes.

We are utilizing advances in digital technology, including data analytics, in our audit work to ensure efficient and in-depth audit procedures.

Digital tools used in audit procedures

Risk assessment procedures	<ul style="list-style-type: none"> · Fraud risk scoring tool · SPEEDA · Data analysis tools (PowerBI, Modern Excel)
Risk response procedures	<ul style="list-style-type: none"> · CAAT tool (ACL) · Sampling tool · Property information batch acquisition tool · Assisting tool for preparing audit working papers
Other	<ul style="list-style-type: none"> · Chatbot

a. Fraud Risk Scoring Tool (in-house development)

We have developed a fraud risk scoring tool as an initiative using AI technology.

By studying securities reports and fraud cases of all listed companies over the past 10 years and modeling the likelihood that a company will commit fraud based on the similarity of financial figures with the fraud cases, we quantify fraud risk and utilize it in risk assessments for accepting new audit engagements. In addition, we provide the scores to the Quality Management Department, where they are also used in quality management activities. Currently, we are improving the fraud risk scoring tool so that the factors that increase the score can be brought down to the level of each account. Going forward, this is expected to make fraud risk assessment more effective and efficient at the audit site.

b. BI tools and other analytics tools

We use Power BI (Microsoft Corporation), a BI tool for visualizing data. By automatically capturing and visualizing financial figures, we can assess our clients' status in a timely and efficient manner. Additionally, we have created case studies on the use of Modern Excel (Power Query, Power Pivot) to enable more in-depth data analysis.

C. CAATs Tools

(Computer-Assisted Audit Techniques)

We have introduced ACL Analytics (Diligent Corporation) as tools to detect potentially fraudulent journal entries. CAATs tools can automate data processing and extraction through scripts, enabling us to efficiently extract abnormal items from our clients' vast journal data.

d. Sampling Tools (In-House Development)

We use an audit sampling tool developed in-house. By incorporating our originally devised sampling method for each monetary unit, we can instantly extract the required number of cases according to the results of risk assessment and the monetary scale of the subject data, even for huge amounts of transaction data. Reproducibility is also ensured by using seed values to prevent arbitrary extraction.

e. Property information batch acquisition tool (developed in-house)

We have developed a tool which extracts property information from multiple PDF files at once. It is used to verify the reliability of audit evidence, including addressing the risk of tampering with vouchers, for example by identifying files with property information that is not expected in the normal workflow.

f. Assisting tool for preparing audit working papers (developed in-house)

It is necessary to accurately record documentation in the audit working papers, such as evidence of voucher matching and references between values. Our firm has developed an in-house Excel add-in to support this process and efficiently prepare audit working papers.



g. Generative AI Chatbot (In-House Development)

We have developed ARK Chat, a generative AI chatbot specialized in the audit and accounting fields. ARK Chat is a business support tool that combines state-of-the-art large language models (LLMs) and RAG (Retrieval-Augmented Generation) technology to enhance expertise and reliability. It also features web search for real-time information access, formula and equation calculation for instant complex computations, and agent technology for autonomous task execution.

Information Security

We regard information security as essential especially with the increase in diversity and sophistication of cyber threats. We emphasize the need to maintain social trust in audit operations and the importance of complying with laws and regulations on personal information protection and cybersecurity. We have therefore implemented the following measures:

a. Information Security Policy and Structure

Our information security policy is published on our website and stipulated in the "Information System Management Regulations." Individual management measures related to information security, such as the departments and staff responsible for information security, and procedures for responding to incidents are stipulated in the "Information System Management Manual" and the "Information Security Management Manual." These manuals are regularly updated to reflect changes in the information security environment.

We collect information security policy compliance checklists from all members (including part-time employees) on an annual basis to confirm compliance with the above information security policy and individual management measures. We also conduct visual security checks through sampling.

We conduct annual information security training for all members (including part-time employees) to raise awareness of information security throughout the company, including awareness of recent cyberattacks. Furthermore, we conduct security training twice a year by sending emails simulating targeted attacks to all members (including part-time employees) and providing individual training to those who opened the emails.

Members of our IT Support Group participate annually in the "Cyber Defense Exercise with Recurrence (CYDER)" hosted by the National Institute of Information and Communications Technology (NICT), where they receive training in the full range of incident response procedures required in the event of a cyberattack. In addition, in October 2021, we participated in the "FY2021 Financial Industry-Wide Cyber Security Exercise (Delta Wall VI)" hosted by the FSA.

b. Countermeasures against unauthorized access from external and internal sources (cybersecurity countermeasures utilizing digital technology)

For internal and cloud environment connections to external networks, Unified Threat Management appliances (UTM) are installed, and connections to the cloud environment (including virtual PCs), including regional offices, are encrypted using dedicated lines via the Tokyo Office. Similarly, the connection from physical PCs to the cloud environment via communication terminals is encrypted using dedicated software. In addition, the wireless LAN in each office is encrypted by restricting the number of users with passwords and network addresses (MAC addresses) of physical PCs. These measures effectively and comprehensively protect the internal network from unauthorized access from outside.

When using internal applications such as groupware, we utilize a single sign-on application for cloud services to prevent the reuse of easily guessable login passwords. Additionally, by requiring system login through the application, we reduce the risk of login passwords being leaked externally.

To prevent information leaks due to targeted e-mail attacks, malware infections, etc., anti-malware software, asset management and log collection

software are installed on physical and virtual PCs and servers to detect unauthorized access from outside, isolate malware, and monitor operation history. In addition, we enable automatic updates of operating systems for physical and virtual PCs, as well as for all software applications in use to keep them up-to-date and reduce the risk of malware infection. We have also established a system to ensure timely firmware updates for network devices. For smartphones provided as communication tools, we have implemented measures to prevent information leakage, including restrictions on camera and other data storage functions, as well as remote data deletion in the event of loss.

In our e-mail service, in addition to spam and junk mail filtering, we have introduced a system to detect, quarantine, and eliminate unknown malware such as business scam e-mails and ransomware. We also filter e-mails sent and received and constantly monitor the presence of suspicious programs. Furthermore, we actively utilize cloud-based data sharing sites for data exchange with clients and other parties to reduce the risk of audit data leakage and external data extraction. When exchanging data via email, we prevent erroneous delivery and information leakage by requiring recipients to download attached files as URLs and send decryption passwords separately and by using email response applications to force recipients to reconfirm the email recipients.

To prevent unauthorized acquisition, falsification, and spoofing of information from within our firm, a checklist is prepared for partners and staff (including part-time employees) when they enter and leave our firm. A system is in place to ensure that login accounts are registered and deleted without



omission. Moreover, we have established biometric identification or passwords and screensaver locks with guaranteed complexity for when physical PCs are booted up. In addition, access privileges are periodically reviewed to ensure that all partners and staff (including part-time employees) can view only the data of the client for which they are responsible.

C. Acquisition of ISMS (Information Security Management System) certification

As part of our strengthening of information security, we acquired the ISMS (Information Security Management System) International Standard (ISO/IEC 27001: 2022) certification on December 29, 2023 (certification number: GIJP-1194-IC).

Using the ISMS, we formulate an operational plan every year, review our information security policy and information assets, conduct risk assessments, and implement risk countermeasures based on the results of the risk assessment.

The operational status of the risk countermeasures is internally audited by internal auditors (three people), and the results are reported to the CEO.

In addition, we undergo an inspection by an independent ISMS certification body every year.

Through these risk assessments and risk response measures, we protect internal information assets including client audit data, confirm compliance with laws and regulations, and maintain and strengthen our information security framework.

d. Efforts in Information Security Assurance Services

In light of the recent increase in cyberattacks and ransomware threats, the strengthening of laws and regulations regarding the protection of personal information, and the need for risk management across the entire supply chain, we have started providing

information security audit services that include cloud environments from the year ending 2024.

Our firm's information security audit services are registered in the "Information Security Service Register" under the "Information Security Service Standards Examination and Registration System," a system for registering and disclosing information security services that meet certain technical requirements and quality management requirements based on the Ministry of Economy, Trade and Industry's Information Security Service Standards (service registration number: 020-0030-10).

Our information security audit services evaluate compliance and adherence to external standards such as the Information Security Management Standards (METI), Cloud Information Security Management Standards (Japan Information Security Audit Association), and JIS Q 27001 (ISO/IEC 27001), as well as internal standards such as our firm's security regulations and policies. We address a wide range of audit needs, including external assurance audits and internal advisory audits, covering entire organizations or specific departments and locations. Our services are available regardless of system environment (cloud, on-premises, etc.), organization type (corporate, public institution, etc.), or scale.

In addition to information security audit services, we also provide internal control assurance reporting services for outsourced IT operations. With the growth in the provision of services in cloud formats in recent years, there has been an increasing need for service providers to issue internal control assurance reports at a service organization.

Accordingly, our firm has established a system that enables us to issue assurance reports based on ISAE (International Standards of Assurance Engagements)

3402: "Assurance Reports on Controls at a Service Organization" (JICPA).

We are also focusing on talent development to address the above assurance services, including participation in external cybersecurity risk training programs and actively supporting the acquisition of qualifications such as the Information Security Auditor Certification from the Japan Information Security Audit Association (JASA).

Future initiatives

Our firm is actively working on investigations into next-generation technologies such as sales data anomaly detection tools and voucher document tampering detection tools that utilize AI technology and chatbots in the auditing and accounting areas which use generative AI. In June 2025, we introduced a generative AI chatbot. Going forward, we aim to further expand the scope of generative AI and integrate it more deeply into our audit processes to improve audit quality and streamline audit procedures. Additionally, we are actively promoting DX-driven efficiency improvements across our entire audit operations to enhance the overall quality of our audit services. We also recognize the efficiency of related operations as an important issue, and as a first step, we developed and introduced an electronic audit report system in the year ended June 2025. As the next step, we plan to digitize the communication infrastructure with our clients and develop tools that enable the exchange of audit materials more quickly and securely. This will enhance the transparency and speed of the audit process and contribute to the realization of audit services that provide added value to both parties.

In response to information security issues, we will move from a traditional firewall-based perimeter defense to a network structure based on the zero trust framework, which does not distinguish between internal and external networks. The change will address the increasing use of remote work and cloud computing, as well as the sophistication of cyberattacks such as malware and ransomware.

Regarding information security assurance services, we will continue to focus on information security audits, including cloud environments, and the issuance of internal control assurance reports for IT outsourcing services. Going forward, we will register as an audit organization under the Information System Security Management and Assessment Program (ISMAP) and expand our service offerings in cloud service evaluation.



4. Financial Base

Sustainability regarding the degree of dependence on a particular client

If the firm is highly dependent on a particular client due to independence issues, we will have to decline audit services in the future. As stated in "p.40 Quality management status, etc. Quality management infrastructure and implementation of audit quality management Professional ethics and independence," our firm has not infringed the 15% rule, and we have no concerns in sustainability regarding the degree of dependence on audit fee of our audit services. In the preceding fiscal year ending June 30, 2026, we expect the ratio to be about 10%.

Distinction between Limited Liability Audit Firms and Unlimited Liability Audit Firms

We believe that it is important for the engagement partners to take responsibility for the financial statements audit. In order to continuously improve audit quality, we recognize that it is important for our engagement partners to be prepared to take responsibility if they fail to perform their duties with a sense of urgency and issue an appropriate audit report. Therefore, in order to have them execute audit work with a sense of urgency, our firm adopts the limited liability audit corporation system.

Balance sheet

(Unit: thousand yen)

Account	Amount of money		Account	Amount of money	
	Year ended June 2024	Year ended June 2025		Year ended June 2024	Year ended June 2025
Current assets	558,769	609,464	Current liabilities	315,210	304,462
Cash and deposits	462,284	508,768	Current portion of loans payable	35,692	21,660
Accounts receivable and contract assets	79,888	77,531	Accounts payable-trade	95,405	76,871
Costs on uncompleted contracts	901	1,357	Income taxes payable	35,737	37,611
Other current assets	16,195	22,306	Consumption taxes payable	54,899	50,383
Allowance for doubtful accounts	(500)	(500)	Contract liabilities	53,876	61,935
Non-current assets	209,167	244,276	Deposits (received)	28,849	43,999
Property, plant and equipment	52,069	65,409	Allowance for bonuses	10,750	12,000
Buildings and accompanying facilities	39,322	54,510	Non-current liabilities	226,132	241,676
Furniture and fixtures	12,747	10,899	Long-term loans	54,900	33,240
Intangible fixed assets	11,486	22,849	Allowance for retirement benefits	152,972	190,176
Software	1,847	22,607	Other non-current liabilities	18,260	18,260
Others	9,638	241	Total liabilities	541,342	546,138
Investments and other assets	145,611	156,017	Capital stock	80,000	80,000
Long-term deposits	100,000	110,000	Capital surplus	53,883	53,883
Deferred tax assets	16,974	21,578	Retained earnings	92,710	173,718
Other	28,636	24,438	Total net assets	226,594	307,602
Total assets	767,936	853,740	Total liabilities and net assets	767,936	853,740

Status of Participation in Professional Liability Insurance for Certified Public Accountants

Our firm is covered by CPA professional liability insurance with a limit of guarantee of 3 billion yen per claim and a limit of guarantee of 4 billion yen during the insurance period, and by cyber risk insurance with a guarantee of 100 million yen for compensation.

Financial Data

Our firm's balance sheet and income statement are as follows. The financial statements, including notes, are disclosed in the "Explanatory Documents on the Status of Business and Property" (disclosure documents based on Article 93 of the Regulations for Enforcement of the Certified Public Accountants Act) with an audit report, which can be viewed on our firm's and JICPA's website.

Income statement

(Unit: thousand yen)

Account	By period				
	Year ended June 2021	Year ended June 2022	Year ended June 2023	Year ended June 2024	Year ended June 2025
Operating revenue	1,666,837	1,892,824	2,068,361	2,345,020	2,573,422
Operating expenses					
Personnel expenses	1,368,298	1,591,570	1,659,284	1,877,113	2,011,508
Expenses related to leased facilities	78,857	81,091	116,663	117,519	122,566
Training-related expenses	12,699	11,499	9,915	13,633	12,563
IT and telecommunication expenses	62,320	72,433	91,674	98,045	121,173
Other operating expenses	104,107	132,420	160,087	166,953	165,258
Total operating expenses	1,626,283	1,889,015	2,037,626	2,273,265	2,433,070
Costs on uncompleted contracts at beginning of period	64,383	—	4,810	1,933	901
Costs on uncompleted contracts at end of period	(55,546)	(4,810)	(1,933)	(901)	(1,357)
Total operating expenses	1,635,119	1,884,205	2,040,503	2,274,298	2,432,614
Operating profit	31,717	8,618	27,858	70,722	140,807
Non-operating profit	118	268	318	301	1,443
Non-operating expenses	1,918	3,908	2,613	1,530	1,293
Ordinary profit	29,918	4,978	25,564	69,493	140,958
Extraordinary loss	105	—	12,795	—	8,924
Profit income before taxes	29,813	4,978	12,769	69,493	132,033
Income taxes-current	767	40,760	2,108	35,738	55,628
Income taxes-deferred	7,989	△22,926	3,462	△3,379	△4,603
Net profit (loss)	21,056	△12,855	7,197	37,133	81,008

*Most of the non-operating expenses for the fiscal years ended June 2022 and June 2023 were donations to member firms located in Ukraine.



5. International response infrastructure

Our membership status in international groups

On October, 2015, we joined Kreston Global, the 14th largest international accounting firm network in the world (as of November 2024), as a member.

Kreston Global is a global network of 160 firms with more than 27,000 professionals in 114 countries, providing audit, tax, advisory (corporate finance), and risk consulting services.

The main purpose of our membership at Kreston Global is to gather information on changes in the international audit environment appropriate to our firm, which will contribute to our continuous improvement. Membership in a global network generally carries the risk of mandatory use of audit methodologies and the risk of intervention in management policy, but with Kreston Global, there are no risks of that nature. However, there is a possible risk of miscommunication from Kreston Global.

In terms of ensuring the quality of financial statements audit and its continuous improvement, we believe that the current membership in Kreston Global is a sufficient measure to mitigate the risk that changes in the audit environment may not be fully recognized, as we are paying close attention to the dissemination of information by the JICPA.

Additionally, there are no contracts with Kreston Global that could significantly impact the quality of audits or the sustained improvement of audit quality. Kreston Global is a trusted advisor to small and mid-sized operating companies and the middle market, helping them achieve their business goals and desires through an international network of independent accounting professionals. In addition,

our accounting professionals build client relationships based on reliability, continuity, and innovation. By collaborating with each other and with other Kreston Global member firms in different countries, we can meet the various needs of our clients, including their overseas expansion, and provide high-quality audit services with a global perspective.

Kreston Global runs the World Conference yearly along with the Asia Pacific Conference. Our firm regularly participates in the Asia Pacific Conference. Additionally, we attended the World Conference held in Berlin in November 2024.

Furthermore, Kreston Global also provides numerous training courses, manuals and tools for member firms throughout the year on international standards for auditing and quality management, updates on IFRS, and guidance on ethics, tax and other regulations. They offer business development and client management training, and they also hold Connected Leadership Programs since 2023. Since we belong to a global network, we utilize Kreston Global mainly for information gathering, but we are not obligated to use any manuals or tools for our audits. We do not use them due to the unique nature of our firm. Thus, our contract with Kreston Global is not a major constraint on us, but we have an obligation to attend either the World Conference or the Asia Pacific Conference.

Japan Desk

Regarding the Japan Desk, the International Affairs Committee accepts inquiries from Kreston members overseas, but we do not focus on referral work (work requested by the group) from overseas.

Status of response to group audits

Auditing standards now require compliance with group audits. In other words, it has become essential not only to send audit instructions but also to hold meetings with overseas auditors and to review audit working papers, etc.

Meetings with overseas auditors are held at each stage of the audit process, including the audit planning stage, the audit implementation stage, and the summary of audit results, through onsite visits, video conferencing via Zoom, or e-mail.

We must comply with Japan's Auditing Standards Report No. 600, Special Considerations–Audits of Group Financial Statements, and coordinate work with clients in a timely manner. Thus, communication with overseas components will be especially important. We have personnel who can speak Chinese as well as English, and we have a system in place to facilitate communication with overseas auditors.

In addition, we use the trend analysis and anomaly analysis tools originally developed by the Audit Tools Committee based on the financial figures of our overseas offices over the past several periods to help us assess fraud risks. This is basically done not only for significant components.

Overseas auditors are not necessarily limited to those who are members of Kreston Global but may also use the Big4 network.

While we have several people within our firm who have worked overseas, they have had the experience prior to joining our firm and have not been assigned to any of the member firms of Kreston Global. We take this as a challenge to be addressed in the future.

Number of partners, senior managers, and managers with overseas posting experience

By period	Year ended June 2023	Year ended June 2024	Year ended June 2025
Number of people	4	6	6

Since we do not have any member firms overseas, we are not in a position to provide Japanese-language support at overseas localities. However, we are trying to increase the number of personnel who can handle business conversations in foreign languages, as close communication with major overseas offices of clients and local auditors has become necessary.

As a result, the number of people who can handle business conversation in foreign languages is as follows.

Language	Year ended June 2023	Year ended June 2024	Year ended June 2025
English	31	37	41
Chinese	2	7	7
Korean	1	1	1

*English is tabulated for those at a certain conversational level as a result of Versant and those with a TOEIC score of 800 points or higher. Versant uses an advanced language recognition and automated scoring system, and allows users to take the test anytime, anywhere, as long as they have a smartphone or computer. In addition to being used by global companies in Japan and abroad, the system is also used by government agencies such as the U.S. Department of Defense, making it a highly reliable test.



Participation in the Kreston Asia-Pacific Conference and World Conference

In July 2024, two of our partners attended the Asia-Pacific Conference held in Hanoi, Vietnam.

Participants exchanged information on the latest topics in accounting, auditing, ESG, etc.

In November 2023, one partner was sent to Kreston Global's Connected Leadership Program 2023 for the purpose of developing future internationally connectable leaders. This is a 6-8 month program for new partners or director-level professionals who are looking to take on a larger assignment, client or team leadership role.

The program, which takes place in London, aims to develop leaders who understand the need to develop sustainable thinking, share Kreston Global's objectives, which are shared throughout the network, and work in an international environment. In November 2024, two Partners attended the World Conference held in Berlin, Germany, and a report on global trends was presented to our Board of Directors.

Additionally, in November 2025, the World & APAC Conference will be held simultaneously in Tokyo, with 15 members expected to attend.

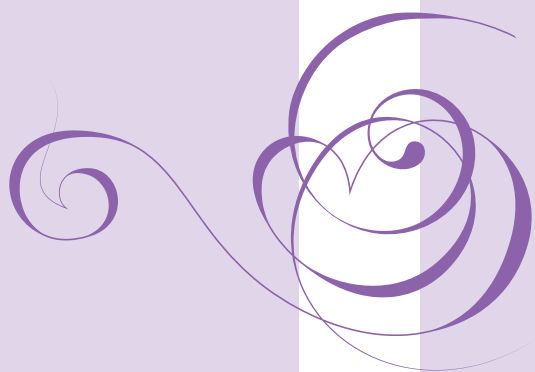
No group-level decision-making takes place at the World Conference, and resolutions regarding financial statements and budgets are conducted online.





4

Application of the Governance Code by the Audit Firm



5 principles and 24 guidance of the Governance Code	Status of our response	Disclosure in the Audit Quality Report
<p>Principle 1</p> <p>An audit firm has the public interest role to ensure the credibility of corporate financial information through the audits, seek to protect stakeholders such as participants in the capital market and thereby contribute to the sound development of the national economy. In order to accomplish this role, the audit firm should encourage its personnel to have frank and open-minded dialogue, enhance mutual development, promote their full competence, and continuously enhance the audit quality on a firm-wide basis.</p>	<p>Principle 1: Role of audit firm</p> <p>Our purpose is to support the long-term growth and development of companies by providing fair and rigorous audits at a reasonable cost, thereby giving confidence in company's financial information and creating a secure society.</p> <p>We believe that our social role is to contribute to the revitalization of the Japanese economy through audits.</p> <p>We also emphasize a culture in which Audit Partners are receptive to the opinions of other audit members, and prohibit Audit Partners from meeting with clients alone to determine accounting treatments and other matters.</p> <p>In addition, we have created our own training program to continuously improve the quality of our financial statements audits.</p>	<p>p.6 Our characteristics</p> <p>p.7 Approach to improvement of audit quality</p> <p>p.12 Management Structure</p> <p>p.14 Basic management policy and essential roles</p>
<p>1-1. An audit firm should recognize its public interest role and clearly express the tone at the top so that the top management and the firm personnel will proactively accomplish their respective roles, as well as so that all partners of the firm duly undertake their responsibilities to develop the operational structure of the firm.</p>	<p>Tone of the top management</p> <p>In order to continuously improve the quality of financial statements audit, the CEO communicates his management philosophy to all members within our firm, and the partners and staff proactively fulfill their respective roles as a result of this communication.</p>	<p>p.6 Our characteristics</p> <p>p.7 Approach to improvement of audit quality</p>
<p>1-2. An audit firm should define the values to be commonly maintained by its personnel and also develop the code of conduct to put these values into practice.</p>	<p>Common Values and Code of conduct</p> <p>Common Values and Code of conduct</p> <p>We consider all members of our organization to be important stakeholders. Therefore, we announce our common values and guidelines to all members in the CEO's New Year's greeting. They are also stated in the "Staff Manual," which all members are required to follow.</p>	<p>p.12 Management Structure</p> <p>p.18 Communication with stakeholders</p> <p>p.18 Communication with internal members</p>
<p>1-3. An audit firm should appropriately motivate its personnel in order to raise their morale and help them to fully maintain and demonstrate their professional competence and skepticism.</p>	<p>Motivating professional personnel</p> <p>In addition to soliciting feedback through self-assessment forms during performance evaluations, we interview each member to hear their opinions. The results of these interviews are then communicated to all members in the form of a report from the Organizational Management Committee.</p> <p>In our communication with internal members,</p>	<p>p.12 Management Structure</p> <p>p.18 Communication with Stakeholders</p> <p>p.18 Communication with Internal Members</p>

5 principles and 24 guidance of the Governance Code	Status of our response	Disclosure in the Audit Quality Report
	<p>the CEO conveys that continuous improvement in audit quality is important, along with the expectation that each individual will fully exercise professional skepticism. As a result, all members fulfill their respective roles while being mindful of these values. Members in regional offices conduct performance evaluations via Teams at the time of evaluation, rather than in-person meetings. However, the CEO and the Organizational Management Committee director occasionally visit the regional offices to conduct interviews with all members and maintain communication.</p>	
<p>1-4. An audit firm should develop an organizational culture of openness which encourages its personnel to share issues, knowledge and experiences related to audits and proactively participate in a dialogue and discussion.</p>	<p>Open Organizational Culture and Work Environment</p> <p>In our firm, audit team members perform tasks according to their level of experiences. The CEO has instructed members to create an environment where accounting and audit issues can be freely discussed through business reports and has emphasized that senior members of the audit team must never impose their judgments on others.</p>	<p>p.6 Our characteristics</p> <p>p.9 Composition of member employees by position and percentage and an open work culture</p>
<p>1-5. An audit firm should clarify not only its stance toward non-audit services (provided by the firm and its group organizations), but also what specific measures are being taken, based on the size and characteristics etc. of the firm, to address concerns related to conflicts of interest or independence. Furthermore, if employees of the audit firm are allowed to hold concurrent or secondary jobs, the firm should clarify what specific measures are being taken to address concerns related to conflicts of interest or independence, including the firm's approach to the people retention and development.</p>	<p>Positioning of non-audit services (including member firms)</p> <p>Our primary source of revenue is audit services; however, considering future changes in working styles, we believe it is important for certified public accountants to leverage their specialized expertise in other fields, and there has been an increase in the number of members expressing interest in such opportunities. Therefore, we will continue to prioritize accepting non-audit services such as due diligence services, AUP (agreed-upon procedures), and financial advisory contracts for clients aiming for an IPO, with the Business Development Committee taking the lead.</p>	<p>p.8 Positioning of non-audit services</p>

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	<p>Additionally, our firm will only approve side jobs and part-time work on a case-by-case basis after the Quality Management Department confirms that they do not conflict with independence or pose a conflict of interest, provided that certain conditions are met, such as not affecting audit operations.</p>	<p>p.32 Status of Quality Management, etc.</p> <p>p.59 Practice of diverse work styles and work-life balance</p>
<p>1-6. In the event that an audit firm participates in a global network or conducts group management through comprehensive business alliances with other firms etc., such an audit firm should clarify how it seeks to manage its business with regard to its relationship to and positioning within the global network or its group.</p>	<p>Relationship with the Global Network and Member Firms</p> <p>The main purpose of our membership in Kreston Global is to gather information on changes in the international audit environment appropriate to our firm, which will contribute to our continuous improvement. Membership in a global network generally carries the risk of mandatory use of audit methodologies and the risk of intervention in management policy but with Kreston Global there are no risks of that nature. However, there is a possible risk that there is no guarantee that Kreston Global is communicating appropriately; In terms of ensuring the quality of financial statements audit and its continuous improvement, we believe that the current membership in Kreston Global is a sufficient measure to mitigate the risk that changes in the audit environment may not be fully recognized, as we are paying close attention to the dissemination of information by the JICPA.</p> <p>Additionally, there are no contracts with Kreston Global that could significantly impact the quality of audits or the sustained improvement of audit quality.</p>	<p>p.76 International response Infrastructure</p> <p>p.76 Our membership status in international groups</p>
<p>Principle 2</p> <p>An audit firm should have effective management in order to develop its organizational operations as a whole for the continuous enhancement of the audit quality.</p>	<p>Principle 2: Strengthen Organizational Structure</p> <p>Operations management is conducted under the leadership of the Board of Directors. Members of the Board of Directors are responsible for their respective areas of oversight, and decisions on important management matters are made under the resolution of the Board of Directors. The Chairman of the Board oversees the entire Board of Directors, and the Chairman bears</p>	<p>p.6 Our characteristics and management structure</p> <p>p.12 Management Structure</p> <p>p.14 Management Organization</p>

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	<p>full responsibility for the company's business operations and management.</p> <p>The highest decision-making body of the company is the Partners Meeting, who determine important matters. The Partners Meeting is also positioned to monitor the operations of the Board of Directors.</p>	
<p>2-1. An audit firm should establish an effective management structure to ensure its effective management and operations. Furthermore, in the event that an audit firm decides not to establish a management structure in view of its size and characteristics etc., the firm should ensure it has effective management functions.</p>	<p>Effective operation</p> <p>The organization that runs our firm is the Board of Directors. The Partners Meeting is the higher level of the Board of Directors, and together with the Board of Supervisors, it is the governance structure that monitors the Board of Directors and the Chairman's Code of Conduct.</p> <p>The CEO and the Director in charge of Quality Management do not serve as Audit Partners in order to ensure that the management and control functions can be fully performed.</p> <p>As a general rule, our firm's Board of Directors meets on the second Monday of each month, but due to monthly financial reporting, meetings may be held on any day after the seventh business day of the month. The CEO is fully responsible for the management of our firm's operations.</p>	<p>p.12 Management structure</p> <p>p.16 Board of Directors (management)</p>
<p>2-2. An audit firm should clarify the role of the management in important operations, including the following matters, in order to meet the public's expectations of audits and ensure its effective management and operations:</p>	<p>In important business operations</p> <p>The role of management bodies</p> <p>The Board of Directors is chaired by the CEO, and each Director serves as the head of the Audit Service Department, the Audit Support Department, and the Office Administration Department as shown in the organization chart. In addition to the organization chart, there are 12 committees: the Organizational Management Committee, the Audit Tools Committee, the Sustainability Committee, the IFRS Committee, the Training Committee, the Recruitment Committee, the Business Development Committee, the Acceptance Deliberation Committee, the Benefits and Welfare Committee, the Health Committee, and the Disciplinary Committee (temporary), the Kreston Special Committee 2025 , each with a director in charge of committee operations.</p>	<p>p.12 Management structure</p> <p>p.16 Board of Directors (management)</p>

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<ul style="list-style-type: none"> ● Development of organizational structure to ensure appropriate judgments of the audit firm on important issues that potentially have a significant influence on the reliability of audit quality from the capital market, and proactive involvement in those significant issues by utilizing the structure mentioned above; ● The development of an environment that allows audit teams to conduct a macroscopic analysis based on an understanding of the economic environment and frank and in-depth dialogue with audited companies in order to identify the risks of material misstatements and to respond to the assessed risks appropriately; ● Setting an appropriate environment for people development, human resources management and performance evaluation in order to raise the morale of the firm personnel and help them to maintain and demonstrate their professional competence; and 	<ul style="list-style-type: none"> ● All members of our Quality Management Department are dedicated personnel, and we maintain independence by ensuring that no members of the Quality Management Department concurrently serve in the Audit Service Department, which conducts audits of financial statements of listed companies, etc. It is also our firm's policy that all members of the Quality Management Department, with the exception of those who perform clerical work, will be composed of former CPAAOB inspectors or experienced JICPA quality control reviewers. ● In order to reasonably ensure the quality of audit engagements, we have established quality management policies and procedures regarding the implementation of audit services in our Quality Management Regulations and Quality Management Manual. In addition, we have developed and maintained an audit manual, guidance for conducting audits, and various audit tools, and have trained specialized personnel in their use. We conduct interviews to understand their socio-economic and business environments, identify risks based on a shared understanding, and adopt audit methods that address those audit risks. ● Once hired, personnel will be continuously trained, developed, and employed on an ongoing basis, and will be coached to possess the following competencies: <ul style="list-style-type: none"> •Consistently perform high quality work, including having knowledge or experience relevant to the work to be performed by our firm. •Perform activities or fulfill responsibilities related to the operation of our quality management system. Audit professional personnel shall demonstrate a commitment to quality through their actions and attitudes, develop and maintain appropriate competencies to fulfill their roles, be evaluated annually, have their compensation or salary determined based on their evaluation, be promoted, and be held accountable and valued through other incentives, etc. 	<p>p.12 Management structure</p> <p>p.28 Dedicated department for quality management of audit</p> <p>p.28 Ensuring independence between the dedicated department and personnel from those responsible for audits of financial statements of listed companies, etc.</p> <p>p.32 Status of quality management, etc.</p> <p>p.32 Foundation for quality management and implementation of audit quality management</p> <p>p.41 Engagement performance</p> <p>p.32 Foundation for quality management and implementation of audit quality management</p> <p>p.46 Resources Related to our Business Operations</p> <p>p.54 Human Resources</p>

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<ul style="list-style-type: none"> ● Consideration and development related to the implementation of IT infrastructure (including the proactive and effective utilization of technology) in order to enhance the efficiency and effectiveness of audits, in consideration of the improvement of the efficiency of audit-related operations and the advancement of technologies, including digitalization, at audited companies. 	<ul style="list-style-type: none"> ● We acquire or develop appropriate technology resources and use them to support the operation of our quality management system and the conduct of audit services. <p>We recognize the importance of acquiring or developing, applying, maintaining, and utilizing appropriate technology resources to enable the operation of the quality management system and the implementation and performance of engagement.</p>	<p>p.47 Policies or procedures regarding the acquisition, development, maintenance, and use of technology and intellectual resources</p>
<p>2-3. An audit firm should appoint people who can perform the management functions not only by taking into account their thorough knowledge and experience of audit practice but also by ensuring the effectiveness of the management functions for its organizational operations of the firm.</p>	<p>Appointment of members of the management body</p> <p>The CEO and the Director in charge of Quality Management do not serve as engagement partners of the audit team in order to ensure that the management and control functions can be fully performed.</p> <p>The CEO is fully responsible for the management of our firm's operations.</p> <p>Currently, the Board of Directors comprises 10 members, of which 9 directors are elected by an election by the partners, which is held every 3 years, and these directors participate in the operation of the audit firm. Furthermore, one member is designated based on a recommendation by the CEO for a limited period of 1 year to carry out the operations the CEO deems to be necessary.</p>	<p>p.12 Management structure</p> <p>p.16 Board of Directors (management)</p>
<p>Principle 3</p> <p>An audit firm should have a function to supervise and evaluate the effectiveness of its management from the independent viewpoint and thereby support to enhance the effectiveness of the management.</p>	<p>Principle 3: Supervision and Evaluation of Management Functions</p> <p>Our firm has established the Board of Supervisors, consisting of three members, with a majority of the auditors being external experts with expertise in auditing and securities markets. The Board of Supervisors prepares an annual audit plan after the start of the fiscal year and conducts an audit.</p>	<p>p.12 Management structure</p> <p>p.14 Management Organization</p> <p>p.24 Board of Supervisors</p>

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<p>3-1. An audit firm should establish a structure to supervise and evaluate the effectiveness of its management etc. and thereby support to enhance its effectiveness, and clarify the role of the structure.</p> <p>In the event that an audit firm decides not to establish a structure responsible for supervision and evaluation in view of its size and characteristics etc., the firm should ensure the function of supervising and evaluating the effectiveness of its management functions and thereby supporting the enhancement of its effectiveness.</p>	<p>Supervisory and evaluation structure</p> <p>The Supervisors also attend the Board of Directors meetings, monitor whether the business operations by the Directors are appropriate, and provide objective opinions on the status of operations.</p>	<p>p.12 Management structure p.14 Management organization p.24 Board of Supervisors</p>
<p>3-2. An audit firm should effectively utilize the knowledge and experience of independent third persons to deal with the issues recognized by the firm from the perspective of ensuring effective management and organizational operations and accomplishing its public interest role.</p> <p>At the same time, the firm should clarify the role expected for the third person to play and its approach to independence.</p>	<p>Independent third parties</p> <p>The Board of Supervisors consists of three members, one from among our firm's partners and two from outside our firm. Independent Supervisors supervise and evaluate the effectiveness of the Company's management functions based on their expertise to ensure the quality of audits, promote continuous improvement, and fulfill their public interest role. They provide advice and recommendations on the enhancement of the Company's organizational operations, management execution systems, and supervisory functions. Additionally, they advise from an independent perspective whether the audit firm's business management systems are appropriately established and operated.</p>	<p>p.12 Management structure p.14 Management organization p.24 Board of Supervisors</p>
<p>3-3. An audit firm should clarify the role of the members of the supervision and evaluation structure or independent third persons considering that those persons are expected to be involved in the following matters, for example:</p> <ul style="list-style-type: none"> ● Advice and recommendations that contribute to improving the effectiveness of its management functions; ● Oversight of the evaluation of the effectiveness of the management; ● Oversight of the process of the election or appointment, retirement, 	<p>Role of independent third persons</p> <p>Once a year, the CEO receives a hearing from the Board of Supervisors regarding daily operations. The Board of Supervisors is responsible for the following roles.</p> <ul style="list-style-type: none"> ● Assessment of the effectiveness of board operations ● Process for evaluation of Partners and determination of compensation by the CEO ● Opinions on the composition of the Board of Directors appropriate to the size of the organization and the process for the election and dismissal of the Supervisors as independent third persons 	<p>p.12 Management structure p.24 Board of Supervisors</p>

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<p>evaluation and remuneration of the people who can perform the management functions or independent third persons;</p> <ul style="list-style-type: none"> ● Oversight of developing the policies for people development, human resources management, performance evaluation and remuneration; ● Oversight of the evaluation of the status of development of policies and procedures regarding whistleblowing from within the audit firm and external sources, and the status of verification and utilization of provided information; and ● In fulfilling their oversight role, independent third persons should also be involved in dialogue with audited companies, shareholders and other participants in the capital market. 	<ul style="list-style-type: none"> ● Opinions on policies and other matters related to human resource development, personnel management and evaluation, and compensation ● Evaluate the status of policies and procedures regarding internal and external reporting, as well as the investigation and correction of information reported ● Opinions on the method of exchanging opinions with clients, shareholders, and other capital market participants 	<p>p.12 Management Structure</p> <p>p.24 Board of Supervisors</p>
<p>3-4 An audit firm should develop an environment in which necessary information is provided to the members of the structure responsible for supervision and evaluation or independent third persons in a timely and appropriate manner, and in which assistance is provided in the execution of their operations so that the supervision and evaluation structure etc. can effectively fulfill their responsibilities.</p>	<p>Provision of information to the Board of Supervisors</p> <p>The Supervisors also attend the Board of Directors meetings, monitor whether the business operations by the Directors and others are appropriate, and provide objective opinions on the status of operations. To allow for sufficient consideration of the agenda items prior to the Board of Directors meeting, we provide each Supervisor with the meeting materials at least one week in advance of the meeting.</p>	<p>p.12 Management Structure</p> <p>p.24 Board of Supervisors</p>
<p>Principle 4</p> <p>An audit firm, based on the size and characteristics etc., should develop an operational structure to effectively manage its organizational operations. The audit firm should also strengthen its people retention and development and proactively engage, in dialogue and discussion within the firm and with audited companies about the possible enhancement of audit quality.</p>	<p>Principle 4: Establishment of operational structure</p> <p>The Board of Directors needs to communicate the status of business operations of our firm to the partners. Even when there is no agenda to be resolved, the Partners Meeting is held six times a year in even-numbered months, with budget approval in June and finalization of accounts in August being added to the regular agenda. At the Partners Meeting, we actively encourage input from all partners to ensure it is a two-way discussion rather than a one-sided presentation by the board. In addition, important audit issues are reported by the Director in charge of the</p>	<p>p12 Management Structure</p> <p>p16 Partners Meeting</p> <p>p18 Communication with Stakeholder</p>

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	<p>Quality Management Department to the Board of Directors, and the conclusions discussed at the Board of Directors are communicated to all partners to ensure a common understanding.</p> <p>It is also our management policy to invest aggressively in human resources, which are our most important assets. Additionally, in our interactions with clients, we actively engage in discussions and exchanges of opinions aimed at improving service quality through management interviews and meetings conducted by our audit teams.</p>	
<p>4-1. An audit firm should develop a structure that allows its management etc. to share necessary information from each audit team in a timely manner and also pervade their philosophy and defined values throughout the organization. The management should effectively utilize such a structure in the operations of the firm. In addition, a proactive dialogue and discussion for improvement of the audit quality should be encouraged within the firm.</p>	<p>Proactive dialogue for improvement of the audit quality</p> <p>Important audit issues are reported by the Director in charge of the Quality Management Department to the Board of Directors, and the conclusions discussed at the Board of Directors are communicated to all partners to ensure a common understanding. The audit team will consult with the Quality Management Department to discuss any questions regarding specific audit procedures, ensuring that the audit opinion is not changed at the time of EQR.</p>	<p>p.12 Management Structure</p> <p>p.16 Partners Meeting</p> <p>p.32 Quality Management Foundation and Implementation of Audit Quality Management</p> <p>p.43 Policies and procedures for Consultation</p>
<p>4-2 An audit firm should develop and operate policies for managing people development, human resources management and performance evaluation in order to raise the motivation of the firm personnel and help them to maintain and demonstrate their professional competence. In doing so, whether the firm personnel sufficiently exercised their professional skepticism should be fully taken into consideration.</p>	<p>Proactive dialogue for improvement of the audit quality</p> <p>Our firm has established a reporting line for quality management. Since this line contains personal information that can lead to personnel evaluations, only a limited number of three people can be involved: the CEO, who is ultimately responsible for quality, the Director in charge of the Quality Management Department, who is responsible for the operation of the quality management system, and the Director in charge of the Organizational Management Committee. Employee performance evaluations are conducted annually. We explain our performance evaluation methods to all employees and have established a system that emphasizes audit quality to help enhance employee morale. To ensure fairness, each evaluation is conducted by multiple evaluators.</p>	<p>p.32 Foundation for quality management and implementation of audit quality management</p> <p>p.41 Engagement Performance</p> <p>p.42 Appointment of partners and other assistants in charge of the work</p> <p>p.54 Human Resources Basic approach to human resource infrastructure enhancement</p>

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<p>4-3. An audit firm should pay particular attention to the following points:</p> <ul style="list-style-type: none"> ● Well-balanced assignment of the firm personnel to respective teams in terms of the extensive knowledge and experience to allow the teams to exercise their professional skepticism; ● Providing the firm personnel with opportunities to gain extensive knowledge and experience relevant to audit, such as experience in non-audit service and/or temporary transfer to companies outside the audit industry; ● Appropriate evaluation and well-planned utilization of the firm personnel with extensive knowledge and experience; and ● Developing an environment in which the firm personnel can fully engage in capacity building alongside their work. 	<p>Policy of human resource development</p> <p>We strive to balance our audit teams by including members with varying levels of experience, and we focus on developing members who can exercise the necessary skepticism through on-the-job training. We strive to provide our staff with experience in tasks that differ from routine audit work, such as AUP and assignments from overseas network firms. However, we do not currently consider assignments to non-audit-related business companies.</p> <p>The past experiences of members are utilized in a planned manner by the Organizational Operations Committee, taking into account the individual's preferences.</p> <p>In addition, we are creating an environment that enables members to develop their abilities beyond auditing by utilizing telework and slide work, as well as Microsoft 365 for smooth communication and information sharing, and web conferencing to efficiently carry out their work. We have also contracted with external training institutions to enable members to participate in training in various fields.</p>	<p>p.54 Human Resources</p> <p>Basic approach to human resource infrastructure enhancement</p>
<p>4-4. An audit firm should make efforts for audit teams to have candid and in-depth dialogue about audit risks with the top management of audited companies, such as the CEO and CFO, and those charged with governance (TCWG) including the members of the audit and supervisory board as well. It should also ensure to have sufficient dialogue and discussion with audited companies at each audit team level.</p>	<p>Sufficient dialogue and discussion with audited companies</p> <p>Our firm's audit policy includes communication with the CEO, CFO, and other senior management of all audited companies, as well as TCWG, regarding audit risks and other issues, identification of appropriate audit risks, and the exchange of views. During team meetings, we use dialogue to prevent a decline in morale regarding audit work. We also ensure that we, as professional experts, always maintain and demonstrate professional skepticism and a commitment to audit work.</p>	<p>p.32 Quality Management Foundation and Implementation of Audit Quality Management Engagement</p> <p>p.41 Engagement performance</p>
<p>4-5. An audit firm should develop and disclose policies and procedures regarding whistleblowing from within the firm and external sources, and appropriately make use of the provided information. In doing so, the audit firm should pay particular attention to</p>	<p>Whistleblowing from within the firm and external sources</p> <p>We have established various regulations and disseminate them through training to ensure that members' work complies with laws, regulations, and the articles of incorporation. Additionally, we have established internal and</p>	<p>p.12 Management structure</p> <p>p.31 Measures for compliance with laws and regulations, etc</p>

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<p>ensure that a whistleblower does not have to be concerned about the risk of disadvantage.</p>	<p>external reporting systems for violations or potential violations of laws and regulations by members, and anonymous reports can be submitted to the law firm listed on our website. The law firm protects whistleblowers from any adverse treatment, thereby ensuring effective compliance with laws and regulations.</p>	
<p>Principle 5</p> <p>An audit firm should ensure such transparency as to allow stakeholders in the capital market to appropriately assess its audit quality, by explaining the status of the Code's implementation. The audit firm should also effectively utilize the internal and external assessment of its initiatives for improvement in its management and operations.</p>	<p>Principle 5: Ensure transparency</p> <p>To meet societal expectations for our primary business of audit services, we believe it is necessary not only to communicate our management philosophy but also to enhance our understanding of societal expectations through communication with various capital market stakeholders and reflect this understanding in our operational policies. As a proactive initiative, the Business Development Committee takes the lead in soliciting opinions from external market participants, such as securities companies. The Board of Directors uses the results of these discussions as a basis for management decisions. In addition, we also seek feedback on the application of the Governance Code for Audit Firms, which is published on our website.</p>	<p>p.12 Management structure p.18 Communication with stakeholders</p>
<p>5-1. An audit firm should explain the status of the Code's implementation and its initiatives for the enhancement of audit quality in plain language, in publicly available documents, etc., to allow audited companies, shareholders and other stakeholders in the capital market to appropriately assess its audit quality.</p>	<p>Explanation on initiatives for the enhancement of audit quality</p> <p>As part of our efforts to enhance audit quality, we have published videos and firm information on the "Top Messages Site for Small and Medium-sized Audit Firms Conducting Audits of Listed Companies" on the website of the Japan Institute of Certified Public Accountants (JICPA), and we have also published videos on our own website. Through the publication of such videos, we aim to enhance communication with various stakeholders in the capital markets through inquiries and active feedback. Opinions obtained through our website and other channels will be discussed at the Board of Directors meeting, and if improvements are deemed necessary, we will develop an improvement plan and revise our initiatives accordingly.</p>	<p>p.12 Management structure p.18 Communication with stakeholders</p>

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<p>5-2. An audit firm should explain the following matters in terms of quality management, governance, IT and digitalization, human resources, finances, and international response, based on the firm's size and characteristics etc.:</p> <ul style="list-style-type: none"> ● The tone at the top toward the continuous enhancement of the audit quality in order for the management and the firm personnel of the firm proactively fulfill their respective roles; ● The defined values to be commonly maintained by the firm personnel, and way of thinking and code of conduct to put these values into practice; ● Information that contributes to assessments by the capital market participants, including the audit firm's medium to long-term goals, audit quality indicators (AQI) that specify the firm's direction toward those goals, or its initiatives for the improvement of audit quality; ● The status of quality management systems at the audit firm; 	<p>Operating policy</p> <p>Our operational policies, taking into account the scale and characteristics of our firm, include the following:</p> <ul style="list-style-type: none"> ● To continuously improve the quality of our audits, the CEO communicates the company's management philosophy to both all members and external stakeholders. ● All members of our firm must follow this set of values, which are outlined in the Staff Manual, as well as the conduct guidelines that ensure these values are put into practice. ● We recognize that a balanced staffing structure is necessary to provide appropriate audit services to our clients. To perform an appropriate audit, we must aim for an appropriate staffing structure, and once achieved, we must maintain it. Thus, we have established our own targets for several indicators, and we operate our business in such a way that we are close to those targets. We believe that this will help our stakeholders understand one factor of our audit implementation system and improve our audit quality. In this "Annual Report on Audit Quality Management," our firm has outlined eight AQI metrics as KPI. ● The CEO has ultimate responsibility for our firm's quality management system with respect to policies and procedures related to quality management. The responsibility for the development and operation of the quality management system is assumed by the Director in charge of the Quality Management Department. In addition, the Director is responsible for quality management in each business process. The Director in charge of the Audit Service Department monitors the system throughout the year using a self-assessment sheet. If any deficiencies are identified, corrective 	<ul style="list-style-type: none"> p.6 Our Characteristics p.7 Approach to Improvement of audit quality p.12 Management structure p.14 Basic management policy and essential roles p.9 Composition of members by position and percentage and an open work culture p.32 Foundation for quality management and implementation of audit quality management p.33 Implementation status and evaluation results of the quality management system

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<p>● The composition and role of the management etc.;</p> <p>● The composition and role of the structure etc. to supervise and evaluate the effectiveness of the management and organizational operations, as well as the reasons for the appointment, the role, contribution and the approach to independence of independent third persons;</p> <p>● The stance toward non-audit services (provided by the firm and its group organizations), and the response to concerns related to conflicts of interest or independence;</p>	<p>measures are taken based on their significance and scope, addressing the underlying root causes.</p> <p>● Management of operations is conducted under the leadership of the Board of Directors. Members of the Board of Directors are responsible for their respective areas of oversight, and decisions on important management matters are made under the resolution of the Board of Directors. The CEO oversees the entire Board of Directors, and the CEO bears full responsibility for the company's business operations and management. The highest decision-making body of the company is the Partners Meeting, which determines important matters. The Partners Meeting is also positioned to monitor the operations of the Board of Directors. Additionally, our firm has established the Board of Supervisors, consisting of three members, with a majority of the auditors being external experts with expertise in auditing and securities markets. The Board of Supervisors prepares an annual audit plan after the start of the fiscal year and conducts an audit.</p> <p>Independent Supervisors supervise and evaluate the effectiveness of the Company's management functions based on their expertise to ensure the quality of audits, promote continuous improvement, and fulfill their public interest role. They provide advice and recommendations on the enhancement of the Company's organizational operations, management execution systems, and supervisory functions. Additionally, they advise from an independent perspective whether the audit firm's business management systems are appropriately established and operated.</p> <p>Due diligence services, AUP, and financial advisory agreements for clients aiming for an IPO, etc., which are mainly accepted through the Business Development Committee. However, we do not actively pursue consulting services. Nevertheless, in response to requests to enhance the</p>	<p>p.12 Management structure p.14 Management organization</p> <p>p.12 Management structure p.24 Board of Supervisors</p> <p>p.6 Our characteristics p.8 Positioning of non-audit services</p>

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<p>● The status of efforts to implement IT infrastructure (including the proactive and effective utilization of technology, fraud detection, and cybersecurity countermeasures) in order to enhance the efficiency and effectiveness of audits, in consideration of the improvement of the efficiency of audit-related operations and the advancement of technologies at audited companies;</p>	<p>consulting capabilities of our constituents, we will carefully assess the nature of any consulting opportunities that we deem beneficial to our members. Potential conflicts of interest and independence will be evaluated, and we will engage in services within the scope that does not impair our audit services.</p> <p>● The IT Support Group of the Office Administration Department is in charge of the maintenance and operation of IT infrastructure based on the “Information System Management Rules” and the “Information System Management Manual”. Our firm has been using the electronic audit working papers system for all audit work. To prevent information leakage from the loss of physical PCs (laptops) provided to all members, including part-time employees, and to enhance the remote work environment, we currently use virtual PCs in a cloud environment. However, to improve operational efficiency with the introduction of the electronic audit documentation system ADAMS, we are switching from virtual PCs to physical PCs. To ensure information security equivalent to that of virtual PCs, we have implemented measures to prevent information leaks by using external applications to encrypt the hard disks of physical PCs. We have also introduced real-time monitoring to detect suspicious activity on physical PCs as a defense against malware and cyberattacks, and we use VPN software with enhanced security features. We also operate file servers, audit report data servers, directory servers, and other servers in a cloud environment and back them up to a domestic site on a daily basis to reduce the risk of deletion of audit and management data and service outages due to hardware failure, natural disasters, etc., and to maintain business continuity. In addition, we have been actively using communication tools to flexibly respond to changes in the social environment and work styles, and to pursue more efficient use of work time. For that reason, we have been increasing our IT-related investment amount year by year.</p>	<p>p.66 IT infrastructure</p> <p>p.66 Status of IT infrastructure development</p>

5 principles and 24 guidance of the Governance Code	Status of our response	Disclosure in the Audit Quality Report
<ul style="list-style-type: none"> ● Status of securing diverse and necessary personnel at the firm in view of its size and characteristics etc., and people development policies, including training and education; ● Status of securing a financial base that is not dependent on compensation from any particular audited companies; ● The status of response to audits of companies with overseas subsidiaries etc.; and 	<ul style="list-style-type: none"> ● Our firm is characterized by many partners. The composition of the audit team is not a one-size-fits-all approach, since the composition of the audit team is based on each client's situation. The approximate composition of an audit team consists of an engagement partner, manager or senior, junior, and an audit assistant, with a ratio of 1:1:1:0.5, respectively. One of the key points when formulating our training policy is "enhancement of training to improve audit quality". Another area of emphasis is the "Enhancement of Training by Rank". To maintain and improve audit quality, it is necessary to understand the standards required by the current audit standards. Therefore, we intend to assign one person as a JICPA quality control reviewer continuously. This will enable us to gain a reviewer's perspective, so when the assigned person returns to the Audit Service Department, they can use this experience in their audit work. ● If the firm is highly dependent on a particular client due to independence issues, we will have to decline audit services in the future. As stated in "3. Quality management status, etc. (1) Quality management infrastructure and implementation of audit quality management ⑤ Professional ethics and independence," our firm has not infringed the 15% rule, and we have no concerns in sustainability regarding the degree of dependence on audit fee of our audit services. ● It has become essential not only to send audit instructions but also to hold meetings with overseas auditors and to review audit working papers, etc. Meetings with overseas auditors are held at each stage of the audit process, including the audit planning stage, the audit implementation stage, and the summary of audit results, through onsite visits, video conferencing via Zoom, or e-mail. We must comply with Japan's Auditing 	<p>p.6 Our characteristics</p> <p>p.9 Composition of members by position and percentage and an open work culture</p> <p>p.59 Matters related to the determination of Partner compensation</p> <p>p.32 Foundation for quality management and implementation of audit quality management</p> <p>p.36 Professional ethics and independence</p> <p>p.74 Financial Base Sustainability regarding the degree of dependence on a particular client</p> <p>p.76 International response infrastructure</p> <p>p.77 Status of response to group audits</p>

5 principles and 24 guidance of the Governance Code	Status of our response	Disclosure in the Audit Quality Report
<p>● The assessment with respect to the effectiveness of the initiatives for the enhancement of the audit quality, which is carried out by the firm, including the members of the structure etc. responsible for the supervision and evaluation.</p>	<p>Standards Report No. 600, Special Considerations—Audits of Group Financial Statements, and coordinate work with clients in a timely manner. Thus, communication with overseas components will be especially important. We have personnel who can speak Chinese as well as English, and we have a system in place to facilitate communication with overseas auditors.</p> <p>● The Director in charge of the Audit Service Department monitors the system throughout the year using a self-assessment sheet. If any deficiencies are identified, corrective measures are taken based on their significance and scope, addressing the underlying root causes. Based on the results of these processes, the CEO conducted an evaluation as of June 30, 2025 and concluded that the Company's quality management system provides reasonable assurance that its objectives are being achieved.</p>	<p>p.32 Foundation for quality management and implementation of audit quality management</p> <p>p.33 Implementation status and evaluation results of the quality management system</p>
<p>5-3. An audit firm that participates in a global network or conducts its management on a group basis through comprehensive business alliances with other firms should explain the following matters.</p> <p>● A broad outline of the global network or group and its organizational structure, and the status of the audit firm's participation in the global network or group's decision-making;</p> <p>● The significance and purpose of participation in the global network or of conducting management on a group basis (including an overview of benefits and risks that affect ensuring and continuously enhancing the audit quality);</p>	<p>Global network and group management</p> <p>On October, 2015, we joined Kreston Global, the 14th largest international accounting firm network in the world (as of November 2024), as a member.</p> <p>● Kreston Global is a global network of 160 firms with more than 27,000 professionals in 114 countries, providing audit, tax, advisory (corporate finance), and risk consulting services. Our contract with Kreston Global is not a major constraint on us, but we have an obligation to attend either the World Conference or the Asia Pacific Conference.</p> <p>● The main purpose of our membership at Kreston Global is to gather information on changes in the international audit environment appropriate to our firm, which will contribute to our continuous improvement. Membership in a global</p>	<p>p.76 International response infrastructure</p> <p>p.76 Our membership status in international groups</p> <p>p.76 International response infrastructure</p> <p>p.76 Our membership status in international groups</p> <p>p.76 International response infrastructure</p> <p>p.76 Our membership status in international groups</p>

5 principles and 24 guidance of the Governance Code	Status of our response	Disclosure in the Audit Quality Report
<ul style="list-style-type: none"> ● Measures taken to mitigate risks posed by the relationship with the global network or group with regard to ensuring and continuously improving audit quality, and their evaluation; and ● An overview of contracts and others with the global network or group that has a significant impact on ensuring and continuously improving the audit quality. 	<p>network generally carries the risk of mandatory use of audit methodologies and the risk of intervention in management policy, but with Kreston Global, there are no risks of that nature. However, there is a possible risk of miscommunication from Kreston Global.</p> <ul style="list-style-type: none"> ● We believe that the current membership in Kreston Global is a sufficient measure to mitigate the risk that changes in the audit environment may not be fully recognized, as we are paying close attention to the dissemination of information by the JICPA. ● There are no contracts with Kreston Global that could significantly impact the quality of audits or the sustained improvement of audit quality. 	<p>p.76 International response infrastructure</p> <p>p.76 Our membership status in international groups</p> <p>p.76 International response infrastructure</p> <p>p.76 Our membership status in international groups</p>
<p>5-4. An audit firm should strive for proactive dialogue about its initiatives for the enhancement of the audit quality with audited companies, shareholders, and other stakeholders in the capital market. In doing so, the audit firm should effectively utilize the knowledge and experience of the members of the structure responsible for supervision and evaluation, or of independent third persons.</p>	<p>Proactive dialogue</p> <p>The Business Development Committee takes the lead in soliciting opinions from external market participants, such as securities companies. The Board of Directors uses the results of these discussions as a basis for management decisions. In addition, we also seek feedback on the application of the Governance Code for Audit Firms, which is published on our website. Furthermore, as part of our efforts to improve audit quality, we have published videos and corporate information on the "Top Messages from Small and Medium-sized Audit Firms Responsible for Auditing Listed Companies" page of the Japanese Institute of Certified Public Accountants' website, and we have also published videos on our own website.</p> <p>Through the publication of these videos, we aim to enhance communication with various stakeholders in the capital market by receiving inquiries and active feedback.</p>	<p>p.12 Management structure</p> <p>p.18 Communication with stakeholders</p>

5 principles and 24 guidance of the Governance Code	Status of our response	Disclosure in the Audit Quality Report
<p>5-5. An audit firm should periodically assess the Code's implementation and the effectiveness of its initiatives for enhancement of the audit quality.</p>	<p>Effectiveness of initiatives for enhancement of the audit quality</p> <p>Our firm consider the risk of not issuing appropriate audit reports according to the assessment sheet stipulated in the Audit Quality Management Manual and have implemented measures to address this risk.</p> <p>Our firm's monitoring using an assessment sheet is carried out by the Director in charge of the Audit Service Department and reported to the CEO and Director in charge of the Quality Management Department, who then implement improvements.</p> <p>Risk assessment is an iterative process, and our risk assessment will be updated as new risks are identified, or existing risks are deemed no longer relevant.</p>	<p>p.32 Foundation for quality management and implementation of audit quality management</p> <p>p.33 Our risk assessment process</p>
<p>5-6. An audit firm should effectively utilize the useful information obtained through the dialogue with stakeholders such as participants in the capital market and the results of the assessment of the Code's implementation for improving its effective management and organizational operations.</p>	<p>Improving effective management and organizational operations</p> <p>The Business Development Committee takes the lead in soliciting opinions from external market participants, such as securities companies. The Board of Directors uses the results of these discussions as a basis for management decisions. In addition, we also seek feedback on the application of the Governance Code for Audit Firms, which is published on our website.</p> <p>Furthermore, as part of our efforts to improve audit quality, we have published videos and corporate information on the "Top Messages from Small and Medium-sized Audit Firms Responsible for Auditing Listed Companies" page of the Japanese Institute of Certified Public Accountants' website, and we have also published videos on our own website.</p> <p>Through the publication of these videos, we aim to enhance communication with various stakeholders in the capital market by receiving inquiries and active feedback.</p>	<p>p.12 Management structure</p> <p>p.18 Communication with stakeholders</p>

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Names of listed and other principal audit clients

The following is a list of our listed and other principal audit clients as of August 31, 2025,

Financial Instruments and Exchange Act and Companies Act audits

Dai Nippon Printing Co., Ltd.	TSE Prime Market
TAKARA STANDARD CO., LTD.	TSE Prime Market
KAKEN PHARMACEUTICAL CO., LTD.	TSE Prime Market
KOITO MANUFACTURING CO., LTD.	TSE Prime Market
RHYTHM CO., LTD.	TSE Prime Market
T.RAD Co., Ltd.	TSE Prime Market
TAKAOKA TOKO CO., LTD.	TSE Prime Market
KAWAI MUSICAL INSTRUMENTS MANUFACTURING. CO., LTD.	TSE Prime Market
Okabe Co., Ltd.	TSE Prime Market
NICHIMO CO., LTD.	TSE Prime Market
SANKO GOSEI LTD.	TSE Prime Market
Eco's Co., Ltd.	TSE Prime Market
PILOT CORPORATION	TSE Prime Market
Takamiya Co., Ltd.	TSE Prime Market
Kitazato Corporation	TSE Prime Market
NISSAN TOKYO SALES HOLDINGS CO., LTD.	TSE Standard Market
SAXA, Inc.	TSE Standard Market
SEIKOH GIKEN Co., Ltd.	TSE Standard Market
LONSEAL CORPORATION	TSE Standard Market
TOYO DENKI SEIZO K.K.	TSE Standard Market
Nippi, Incorporated	TSE Standard Market
NIRECO CORPORATION	TSE Standard Market
Maruzen CHI Holdings Co., Ltd.	TSE Standard Market
HOKKAIDO COCA-COLA BOTTLING CO.,LTD.	TSE Standard Market, Sapporo Securities Exchange
OHKI HEALTHCARE HOLDINGS CO., LTD.	TSE Standard Market
NARASAKI SANGYO CO., LTD.	TSE Standard Market, Sapporo Securities Exchange
DAIREI CO., LTD.	TSE Standard Market
TAKEDA MACHINERY CO., LTD.	TSE Standard Market
TAKASAGO TEKKO K.K.,	TSE Standard Market
IWABUCHI CORPORATION	TSE Standard Market
Nippon Pigment Company Limited	TSE Standard Market

TAKAKITA CO., LTD.	TSE Standard Market, Nagoya Stock Exchange	KOYOSHA INC.	TSE Standard Market, Nagoya Stock Exchange
UNIRITA Inc.	TSE Standard Market	RAKUMACHI, INC.	TSE Standard Market
MAKIYA CO., LTD.	TSE Standard Market	CI MEDICAL CO.,LTD.	TSE Standard Market
Shirohato Co., Ltd.	TSE Standard Market	GLTECHNO HOLDINGS, INC.	TSE Standard Market
TOSO CO.,LTD.	TSE Standard Market	JENOBA CO., LTD	TSE Growth Market
DMS Inc.	TSE Standard Market	Collabos Corporation	TSE Growth Market
TAKIZAWA HAM CO., LTD.	TSE Standard Market	internet infinity INC.	TSE Growth Market
TIEMCO LTD.	TSE Standard Market	pluszero, Inc.	TSE Growth Market
Hokuryo Co., Ltd.	TSE Standard Market	LOGINET JAPAN CO., LTD.	Sapporo Securities Exchange
Freund Corporation	TSE Standard Market		
NIHON KAGAKU SANGYO CO., LTD.	TSE Standard Market		
ABIST Co., Ltd.	TSE Standard Market		
YAMAZAKI CO., LTD.	TSE Standard Market, Fukuoka Stock Exchange		
AZEARTH Corporation	TSE Standard Market		
Unozawa-gumi Iron Works, Limited	TSE Standard Market, Nagoya Stock Exchange		
Escrow Agent Japan, Inc.	TSE Standard Market		
SHIGEMATSU WORKS CO., LTD.	TSE Standard Market		
Encourage Technologies Co., Ltd.	TSE Standard Market		
TANAKA SEIMITSU KOGYO CO.,LTD.	TSE Standard Market		
ARBEIT-TIMES CO.,LTD.	TSE Standard Market		
PAPYLESS CO., LTD.	TSE Standard Market		
NIPPON PRIMEX INC.	TSE Standard Market		
HIP CORPORATION	TSE Standard Market		
GEOCODE CO., Ltd.	TSE Standard Market		
JASON CO., LTD.	TSE Standard Market		
ATOM LIVIN TECH Co., Ltd.	TSE Standard Market		
SCAT Inc.	TSE Standard Market, Nagoya Stock Exchange		
ALMADO, INC.	TSE Standard Market		
SAKURAI LTD.	TSE Standard Market		



Companies Act audits

NAKAYAMA STEEL PRODUCTS CO., LTD.
 SANSHIN CORPORATION
 NIKKAN CO., LTD
 TAMAGO&COMPANY INC
 KOITO KYUSHU LIMITED
 Fuji Electronics Industries Co., Ltd.
 NAKAYO, INC.
 HOLON CO., LTD.
 Mitsui Seiki Kogyo Co., Ltd.
 IWASAKI ELECTRIC CO., LTD.
 DNP Technopack Co., Ltd.
 DNP Fine Chemicals Co., Ltd.
 DNP Logistics Co., Ltd.
 DAIICHI CHUO KISEN KAISHA
 Hamanako Institute Corporation
 The Mainichi Newspapers Group Holdings Co., Ltd.
 The Mainichi Newspapers Co., Ltd.
 Gennolab, Inc.
 DNP Trading Co., Ltd.
 LITE-ON JAPAN LTD.
 MaruzenJunkudo Bookstores Co., Ltd.
 Nissan Tokyo Sales Holdings Co., Ltd.
 Nissen Holdings Co., Ltd.
 Zenkankyo Reiwa Insurance Company, Limited
 KONAN YONCHOME KAIHATSU K.K.
 Japan Trust Servicing Co., Ltd.
 DNP Professional Accounting Co., Ltd.
 KINKI SHINKIN CARD Co., Ltd
 Towa Engineering Corporation

Public-service corporations

Kawai Foundation for Sound Technology & Music
 Mitsukoshi Health And Welfare Foundation
 Japan Foundation for Accounting Education & Learning
 The Foundation for the Promotion of Industrial Science
 The Japan Titanium Society
 BREATH HAMAMATSU, General Incorporated Association

Incorporated educational institutions

C2C Global Education Japan
 AIKOKU JUNIOR & SENIOR HIGH SCHOOL
 Kyoto Bunkyo Gakuen
 Hikarinoko Gakuen
 Shin'ai Gakuen

National university corporations, Local Incorporated Administrative Agencies, and Special corporations

Asahikawa Medical University (National University Corporation)
 Hokkaido Public University Corporation Sapporo Medical University

