Translation
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Annual Securities Report

(Report based on Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan)

Fiscal Year (32nd Business Term) From January 1, 2025 to December 31, 2025

ELAN Corporation

15-12 Idegawa-machi, Matsumoto-shi, Nagano. 390-0826 Japan

(E30929)

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Part I [Company Information]

I. [Company Overview]

1. [Trends in principal management indicators]

(1) Consolidated management indicators, etc.

Fiscal Period		28th	29th	30th	31st	32nd
Fiscal Year-end		December 2021	December 2022	December 2023	December 2024	December 2025
Net sales	(Thousands of yen)	31,635,891	36,264,883	41,425,501	47,513,703	55,448,687
Ordinary profit	(Thousands of yen)	2,818,548	3,411,896	3,681,575	3,542,588	4,184,902
Profit attributable to owners of parent	(Thousands of yen)	1,905,925	2,082,698	2,518,738	2,354,670	2,767,760
Comprehensive income	(Thousands of yen)	1,920,582	2,048,283	2,491,272	2,472,627	2,759,192
Net assets	(Thousands of yen)	7,483,722	8,989,708	10,814,362	12,501,850	14,681,563
Total assets	(Thousands of yen)	13,947,800	16,072,150	18,993,237	21,702,645	26,295,448
Net assets per share	(Yen)	123.78	148.69	178.86	206.77	238.80
Basic earnings per share	(Yen)	31.49	34.45	41.66	38.94	45.77
Diluted earnings per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	53.7	55.9	56.9	57.6	54.9
Return on equity	(%)	27.9	25.3	25.4	20.2	20.5
Price-to-earnings ratio	(times)	35.24	27.23	26.79	18.95	15.80
Cash flows from operating activities	(Thousands of yen)	2,106,198	1,581,443	1,780,782	4,500,060	4,304,338
Cash flows from investing activities	(Thousands of yen)	(357,677)	(624,513)	(1,661,156)	(2,233,510)	(3,465,405)
Cash flows from financing activities	(Thousands of yen)	(614,149)	(552,958)	(667,086)	(849,533)	(845,548)
Cash and cash equivalents at end of period	(Thousands of yen)	5,607,760	6,011,732	5,464,270	6,825,105	6,821,116
Number of employees	(Persons)	320	349	378	676	974
(Excluding average number of temporary employees)		(188)	(217)	(319)	(474)	(525)

(Note 1) Diluted earnings per share is not presented because there are no potential shares.

(Note 2) In the calculation of net assets per share, the Company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in the treasury shares deducted from the total number of issued shares at the end of the period. Furthermore, in the calculation of basic earnings per share, these shares are included in the treasury shares deducted in the calculation of the average number of shares during the period.

(Note 3) The provisional accounting treatment for business combinations was finalized during the current consolidated fiscal year. Accordingly, relevant major management indicators for the previous consolidated fiscal year reflect the amounts after a significant revision of the initial allocation of the acquisition cost resulting from the finalization of the provisional accounting treatment.

(2) Management indicators, etc. of the reporting company

Fiscal Period		28th	29th	30th	31st	32nd
Fiscal Year-end		December 2021	December 2022	December 2023	December 2024	December 2025
Net sales	(Thousands of yen)	31,608,553	36,203,339	41,341,828	47,112,144	52,984,906
Ordinary profit	(Thousands of yen)	2,588,817	3,229,845	3,409,475	3,279,097	3,363,591
Profit	(Thousands of yen)	1,767,100	2,001,352	2,361,998	2,354,518	2,354,061
Share capital	(Thousands of yen)	573,496	573,496	573,496	573,496	573,496
Total number of issued shares	(Shares)	60,600,000	60,600,000	60,600,000	60,600,000	60,600,000
Net assets	(Thousands of yen)	7,218,318	8,642,958	10,310,873	11,952,476	13,539,766
Total assets	(Thousands of yen)	13,618,027	15,716,340	18,477,837	20,650,268	23,532,923
Net assets per share	(Yen)	119.39	142.95	170.54	197.68	223.86
Dividend per share	(Yen)	9.00	11.00	13.00	13.00	15.00
(Interim dividend per share)		(－)	(－)	(－)	(－)	(－)
Basic earnings per share	(Yen)	29.20	33.10	39.07	38.94	38.93
Diluted earnings per share	(Yen)	―	―	―	―	―
Equity ratio	(%)	53.0	55.0	55.8	57.9	57.5
Return on equity (ROE)	(%)	26.6	25.2	24.9	21.2	18.5
Price-earnings ratio (PER)	(Times)	38.01	28.34	28.56	18.95	18.57
Dividend payout ratio	(%)	30.8	33.2	33.3	33.4	38.5
Number of employees	(Persons)	262	280	291	303	310
(Excluding average number of temporary employees)		(65)	(78)	(96)	(84)	(109)
Total shareholder return	(%)	74.7	63.9	76.7	52.3	52.3
(Comparative indicator: TOPIX (including dividends))	(%)	(112.7)	(110.0)	(141.1)	(169.9)	(213.2)
Highest share price	(Yen)	1,736	1,180	1,127	1,118	876
Lowest share price	(Yen)	1,028	887	721	666	596

(Note 1) Diluted earnings per share is not presented because there are no potential shares.

(Note 2) In the calculation of net assets per share, the Company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in the treasury shares deducted from the total number of issued shares at the end of the period. Furthermore, in the calculation of basic earnings per share, these shares are included in the treasury shares deducted in the calculation of the average number of shares during the period.

(Note 3) Highest and lowest stock prices are those on the Prime Market of the Tokyo Stock Exchange from April 4, 2022, and on the First Section of the Tokyo Stock Exchange prior to that.

2. [Company History]

Month/Year	Events
February 1995	Established ELAN Corporation (Yugen Kaisha) in Sagamihara City, Kanagawa Prefecture, for the purpose of bedding sales.
September 1997	Head Office relocated to Zama City, Kanagawa Prefecture, for business expansion
October 1997	Reorganized as ELAN Corporation
November 1998	Matsumoto Branch opened in Matsumoto City, Nagano Prefecture (Minamihara)
	Launched bedding renewal business
June 2001	Head Office relocated to Matsumoto City, Nagano Prefecture (Minamihara), to expand the bedding renewal business
August 2001	Nagano Branch opened in Nagano City, Nagano Prefecture, to expand the bedding renewal business
May 2003	Sagamihara Branch opened in Chuo Ward, Sagamihara City, Kanagawa Prefecture
	Commenced nursing care and medical-related business
	Launched CS Set services at the Sagamihara Branch
January 2006	Launched CS Set services at the Matsumoto Head Office
December 2006	Nagano Branch closed (integrated into Matsumoto Head Office)
	Reduced the scales of the bedding sales and bedding renewal businesses to concentrate management resources on the nursing care and medical-related business
September 2008	Head Office relocated to Matsumoto City, Nagano Prefecture (Takamiya-higashi)
October 2008	Established the Kanazawa Branch in Kanazawa City, Ishikawa Prefecture.
April 2009	Established the Nagoya Branch in Naka-ku, Nagoya City, Aichi Prefecture.
February 2010	Established the Hiroshima Branch in Naka-ku, Hiroshima City, Hiroshima Prefecture.
March 2011	Established the Osaka Branch in Suita City, Osaka Prefecture.
March 2012	Established the Shikoku Branch (now the Takamatsu Branch) in Takamatsu City, Kagawa Prefecture.
September 2012	Relocated head office to Matsumoto City (Idegawa-machi), Nagano Prefecture.
January 2013	Launched "Education and Entertainment Set" service at the Sagamihara Branch.
March 2013	Established the Fukuoka Branch in Hakata-ku, Fukuoka City, Fukuoka Prefecture.
April 2014	Established the Sapporo Branch in Shiroishi-ku, Sapporo City, Hokkaido.
November 2014	Listed on the Mothers section of the Tokyo Stock Exchange.
March 2015	Established the Saitama Branch in Omiya-ku, Saitama City, Saitama Prefecture.
November 2015	Listing moved to the First Section of the Tokyo Stock Exchange.
July 2016	Opened Tokyo Office in Minato-ku, Tokyo.
February 2017	Acquired LTASK Co., Ltd. as a subsidiary.
July 2017	Established the Niigata Branch in Chuo-ku, Niigata City, Niigata Prefecture.
November 2017	Established the Okayama Branch in Kita-ku, Okayama City, Okayama Prefecture.

Month/Year	Events
July 2018	Established the Tokyo Branch in Minato-ku, Tokyo.
September 2018	Established ELAN SERVICE Corporation as a wholly-owned subsidiary to spin off the individual billing and customer support division.
November 2018	Established the Minami-Kyushu Sales Office (now the Minami-Kyushu Branch) of the Fukuoka Branch in Chuo-ku, Kumamoto City, Kumamoto Prefecture.
July 2019	LTASK Corporation established the Hakodate Sales Office of the Hirosaki Branch in Hakodate City, Hokkaido.
August 2019	Established the Shizuoka Branch in Suruga-ku, Shizuoka City, Shizuoka Prefecture.
January 2020	Conducted an absorption-type merger of LTASK Corporation.
June 2020	Established a Logistics Center in Yokohama City, Kanagawa Prefecture.
November 2020	Established the Okinawa Branch in Naha City, Okinawa Prefecture.
April 2021	Established Ryukyu Elan Corporation as a wholly-owned subsidiary.
November 2021	Established the Chiba Branch in Chuo-ku, Chiba City, Chiba Prefecture.
April 2022	Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market due to the restructuring of market segments.
September 2022	Relocated the Logistics Center to Sagamihara City, Kanagawa Prefecture.
October 2022	Established the Matsumoto Branch in Matsumoto City, Nagano Prefecture.
November 2022	Established the Matsuyama Branch in Matsuyama City, Ehime Prefecture.
December 2022	Relocated Tokyo Office to Chuo-ku, Tokyo.
January 2023	Established ELAN COULEUR Corporation as a wholly-owned subsidiary.
October 2023	Established ELAN LOGISTICS Corporation as a wholly-owned subsidiary.
November 2023	Established the Kushiro Sales Office in Kushiro City, Hokkaido.
August 2024	Acquired GREEN LAUNDRY JOINT STOCK COMPANY as a subsidiary.
October 2024	M3, Inc. became the parent company of the Company following a tender offer for the Company's common shares by M3, Inc.
November 2024	Established the Koriyama Branch in Koriyama City, Fukushima Prefecture.
January 2025	Acquired TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY as a subsidiary.
October 2025	Acquired Classico Inc. as an equity-method affiliate.
December 2025	Established the Kobe Branch in Chuo-ku, Kobe City, Hyogo Prefecture.

3. [Description of Business]

The following describes the main business activities conducted by the Group as of the end of the current consolidated fiscal year.

The Group primarily develops the “CS (Care Support) Set” (hereinafter referred to as the “CS Set”), a service that combines rental clothes and towels with laundry services and the provision of daily necessities for patients admitted to hospitals and residents entering care facilities such as Long-Term Care Health Facilities, Special Elderly Nursing Homes, Residential Care Homes, Group Homes, and Care Houses, etc. (hereinafter referred to as “Long-Term Care Health Facilities, etc.”).

Specifically, the CS Set is a service where the Group provides a combination of clothing and towel rentals and the sale of daily necessities under the CS Set brand name, in place of the individuals who actually use the services while hospitalized or in a facility (hereinafter referred to as “Users”). This eliminates the burden and worry for Users or their families regarding the laundering and replacement of necessary clothes and towels, as well as the replenishment of daily necessities, enabling Users to “undergo hospitalization and discharge empty-handed.” A major feature of the service is that the usage fee is calculated based on the number of days of stay rather than on what or how much was used. By adopting this Daily Rate System, Users can spend their time in the hospital or facility with peace of mind, without worrying about the frequency of laundering or the amount of daily necessities used. Furthermore, we believe that the ease of calculating expenses related to hospital or facility life is another significant benefit for Users.

Users enter into a contract with the Group upon admission. Part of the CS Set operations is carried out by hospitals, Long-Term Care Health Facilities, etc., as well as Linen Supply Companies (businesses that supply linen products such as clothes, towels, sheets, and pillowcases) and Daily Necessity Vendors, etc. (hereinafter referred to as “Linen Supply Companies, etc.”).

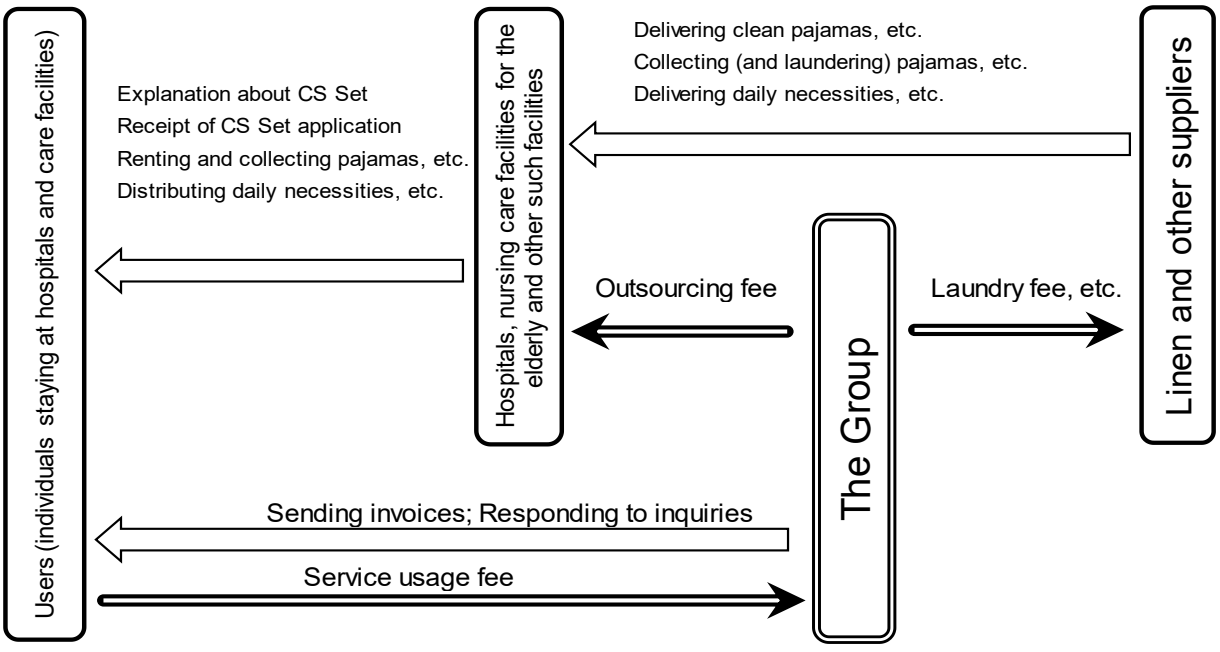
Upon the introduction of the CS Set, the Group designs plans including component items, provides operational support to hospitals and Long-Term Care Health Facilities, etc., and arranges for the delivery of sleepwear, etc., to Linen Supply Companies, etc. After introduction, the Group handles the collection of usage fees from Users and responds to inquiries, etc.

Hospitals and Long-Term Care Health Facilities, etc. provide storage space for the items included in the CS Set, explain the service to Users, accept applications, lend and collect sleepwear, etc., and distribute daily necessities, etc. In exchange for these operations, the Group pays Commission Fees to the hospitals and Long-Term Care Health Facilities, etc.

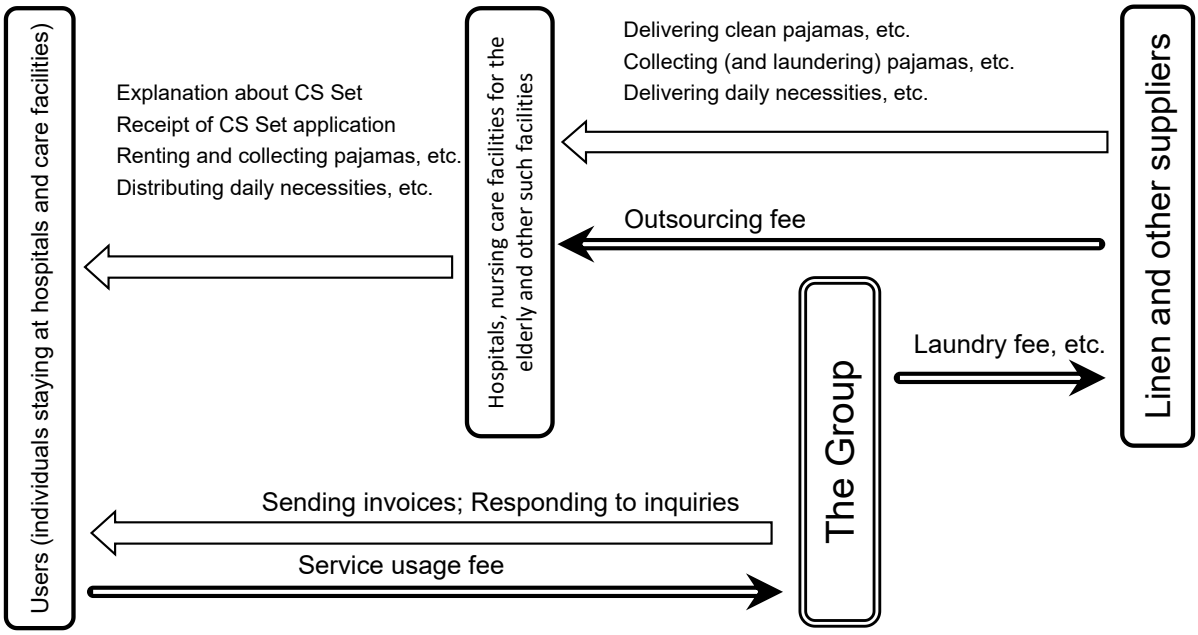
Linen Supply Companies, etc. deliver laundered sleepwear and daily necessities, etc., to designated locations within the hospitals and Long-Term Care Health Facilities, etc., and collect used sleepwear for laundering. In exchange for these operations, the Group pays Laundry Fees, etc. to the Linen Supply Companies, etc.

The Business Flow Chart is as follows:

(In the case of ELAN as the contractor)



(In the case of supplier as the contractor)



(Regarding Direct and Indirect Contracting Models)

The commercial flow of the CS Set is broadly classified into two transaction types based on the contractual relationship with hospitals, Long-Term Care Health Facilities, etc., and linen supply companies.

i. Direct Contracting Model (Company as Prime Contractor) A model in which the Group enters into a direct contract with hospitals and Long-Term Care Health Facilities, etc..

ii. Indirect Contracting Model (Linen Supplier as Prime Contractor) A model in which the hospitals and Long-Term Care Health Facilities, etc. enter into contracts with linen supply companies. In this case, the Group does not have a direct contractual relationship with the facilities.

These differences in transaction types are primarily due to the history of how contact was established with the facilities; there is no difference in the respective roles of each party involved in the actual operation of the CS Set.

We believe this business provides benefits not only to CS Set Users and their families, but also to Hospitals, Long-Term Care Health Facilities, etc., and Linen Supply Companies, etc. A key characteristic is the Group's ability to build a Win-Win Relationship at the center of these stakeholders.

(1) Benefits for Hospitals and Long-Term Care Health Facilities, etc.

When Hospitals and Long-Term Care Health Facilities, etc. personally charge patients or residents for services not covered by insurance, strict adherence to Administrative Guidance from the Ministry of Health, Labour and Welfare (MHLW) is required. The Group provides this service in a format compliant with the aforementioned Administrative Guidance. By adopting this service, the workload for Nurses, Caregivers, etc. regarding on-site laundry and the replenishment of daily necessities is reduced. Additionally, the Group outsources the explanation of the service to patients and residents, application acceptance, and item storage to the Hospitals and Long-Term Care Health Facilities, etc. and pays Commission Fees in exchange, thereby contributing to their revenue.

(2) Benefits for Linen Supply Companies, etc.

Linen Supply Companies, etc. contract with Hospitals and Long-Term Care Health Facilities, etc. to provide supply and laundry services for Bedding (futons, covers, sheets, pillows, and pillowcases) covered by medical and nursing insurance. Through the Group’s provision of this service, Linen Supply Companies, etc. gain New Revenue Opportunities by engaging in the leasing and laundering of towels and clothing included in the CS Set—services they previously did not provide—as well as the sale of daily necessities.

4. [Status of Subsidiaries and Affiliates]

As of December 31, 2025

Name	Address	Share capital	Main Business	Ownership of Voting rights	Relationship
(Parent Company) M3,Inc. (Note) 2	Minato-ku, Tokyo	29,351 Millions of yen	Delivering medical services conducting online operations	(Owned by) 55.02%	-
(Consolidated subsidiaries) ELAN Service Corporation	Matsumoto-shi, Nagano	10 Millions of yen	Nursing Care and Medical-Related Business	100.00%	Concurrent directors
(Consolidated subsidiaries) Ryukyu ELAN Corporation	Naha-shi, Okinawa	45 Millions of yen	Same as above	100.00%	Concurrent directors
(Consolidated subsidiaries) ELAN COULEUR Corporation	Matsumoto-shi, Nagano	30 Millions of yen	Same as above	100.00%	Concurrent directors
(Consolidated subsidiaries) ELAN LOGISTICS Corporation	Chuo-ku, Sagamihara-shi, Kanagawa	30 Millions of yen	Same as above	100.00%	Concurrent directors
(Consolidated subsidiaries) GREEN LAUNDRY JOINT STOCK COMPANY	Socialist Republic of Vietnam	8,000 (Millions of Vietnamese dong)	Laundry service for hospitals	100.00%	Concurrent directors
(Consolidated subsidiaries) TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY (Note 3)	Socialist Republic of Vietnam	50,000 (Millions of Vietnamese dong)	Same as above	51.00%	–
(Equity-method Affiliates) Classico, Inc. (Note 2)	Minato-ku, Tokyo	1,042 Millions of yen	Planning, Development, and Sale of Medical Apparel	28.15%	Concurrent directors

(Note 1) The "Major business activities" column describes the segment name and an overview of the business.

(Note 2) The company is the filing company of the Annual Securities Report.

(Note 3) Falls under the category of a specified subsidiary.

5. [Status of Employees]

(1) Consolidated Companies

As of December 31, 2025

Name of Business Segment	Number of Employees
Nursing Care and Medical-related Business	974 (525)

(Note 1) The Number of Employees indicates the number of Full-time Employees, and the number of Temporary Employees (including part-time workers and dispatch employees from staffing agencies) is stated as the average number of persons for the year in Parentheses separately.

(Note 2) The Group has only one Reporting Segment, which is the “Nursing Care and Medical Related Business,” and because other business segments lack materiality, descriptions by segment are omitted.

(Note 3) The primary reasons for the increase in the Number of Employees and the number of Temporary Employees compared to the end of the previous consolidated fiscal year are the consolidation of TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY as a subsidiary and the increase in personnel through the hiring of new graduates and Temporary Employees due to business expansion.

(2) Non-Consolidated (Reporting Company)

As of December 31, 2025

Number of Employees	Average Age	Average Length of Service (Year)	Average Annual Pay (Thousands of Yen)
310 (109)	35.0	4.8	5,317

Since segment information is not presented, the following table shows employees by Division.

Division Name	Number of Employees
Sales Division	213 (85)
Management Division	97 (24)
Total	310 (109)

(Note 1) "Number of employees" represents full-time employees only. An additional figure for the average number of temporary employees (including part-time employees and those dispatched from personnel dispatch companies) employed during the fiscal year is provided in parentheses.

(Note 2) The Group has only one Reporting Segment, which is the "Nursing Care and Medical Related Business," and because other business segments lack materiality, descriptions by segment are omitted.

(Note 3) "Average Annual Pay" includes bonuses and non-regular wages.

(Note 4) The primary reason for the increase in the number of employees and temporary employees (including part-time and contract employees) compared with the end of the previous fiscal year was an increase in personnel resulting from the recruitment of new graduates and temporary employees due to the expansion of business operations.

(3) Labor Unions

Labor relations are stable, though a labor union has not been formed.

(4) Percentage of Female Employees in Management Positions, Percentage of Male Employees Who Took Childcare Leave, and Wage Differences between Male and Female Employees

[1] Filing Company

The current fiscal year				
Percentage of Female Employees in Management Positions (%) (Note 1).	Percentage of Male Employees Who Took Childcare Leave (%) (Note 2).	Wage Differences Between Male and Female Employees (%) (Note) 1 .		
		All Employees	Full-time Employees	Part-time and Fixed-term Employees
8.8	63.6	59.0	74.8	47.6

(Note 1) The figures are calculated pursuant to the provisions of the Act on the Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015).

(Note 2) The child care leave take-up rate was calculated in accordance with the provisions of Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Who Care for Children or Other Family Members (Ministry of Labour Order No. 25 of 1991), based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Who Care for Children or Other Family Members (Act No. 76 of 1991).

[2] Consolidated Subsidiaries

Descriptions of Consolidated Subsidiaries are omitted because they are not subject to the disclosure obligations under the provisions of the Act on the Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015) and the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Who Care for Children or Other Family Members (Act No. 76 of 1991).

II. [Business Overview]

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

Forward-looking statements in this document reflect the judgment of the Group as of the date of this document's filing.

(1) Management Policy

The Group's Management Philosophy is: "We pursue the highest products and services that satisfy our customers and contribute to the realization of a spiritually rich living environment through passionate actions." Under this philosophy, the Group is engaged in business activities centered on the provision of "CS Set," our mainstay product. Our Basic Policy is to further strengthen our competitiveness by providing products and services that meet the needs of our customers, and to maximize Corporate Value by meeting the expectations of all Stakeholders, including shareholders and employees.

(2) Management Strategy, etc.

Under the Management Philosophy of "Realizing an Enriched Living Environment," the Group primarily operates the Medical and Nursing Care-Related Business (CS Set). However, we believe it is essential to respond appropriately and timely to various business risks, such as future changes in Administrative Policies and Legal Amendments, or the emergence of new competitors.

As for our Medium-to-Long-Term Management Strategy, we will focus on expanding our Nationwide Market Share of the CS Set for the time being. We will continue to improve the service to meet the needs of Users, hospitals, and other stakeholders, and expand our sales activities so that as many people as possible can use the CS Set. Furthermore, developing New Added Value is a critical issue. We will promote entry into new businesses—including through Business Alliances and M&A—by utilizing the personal information of CS Set Users and our strong relationships with hospitals and other stakeholders. Additionally, while expenses such as personnel costs are increasing alongside the expansion of business scale and net sales, we will also work to improve Productivity through Systematization, etc.

Furthermore, we will actively consider business expansion into emerging countries experiencing remarkable economic growth, such as India and Southeast Asian Countries, etc.

(3) Business Environment

Regarding the Japanese Economy during the Current Consolidated Fiscal Year, a Moderate Recovery has continued due to improvements in the Employment and Income Environment, etc. On the other hand, Downside Risks persist, such as US Trade Policies, Exchange Rate Fluctuations, and continuous price increases, and the future outlook for the economy remains uncertain.

In the Medical and Nursing Care Industry to which the Group belongs, the Aging of Society is progressing steadily. As of January 1, 2026, the population aged 65 and over reached 36.18 million, accounting for 29.4% of the total population (Ministry of Internal Affairs and Communications, Population Estimates – January 2026 Report), and the Market Size for the Group's services is expected to expand further.

(4) Business and Financial Issues to be Addressed with Priority

The Group's core business, the CS Set, is a service that combines the Rental of Clothes and Towels with Laundry Services and the Provision of Daily Necessities. It is a service designed to solve customers' "troubles" and deliver "smiles."

Regarding the future management environment surrounding the Group, the growth rate of the overall Market Size of the Medical and Nursing Care Industry is expected to expand continuously along with the increase in the Elderly Population. However, competition is intensifying due to the emergence of new entrants with business models similar to those of the Group. Furthermore, future changes in Administrative Policies or Legal Amendments may significantly impact the Group's business. In response to these changes in the external environment, the Group became a member of the M3, Inc. Group in October 2024.

The Group will focus on the following points to promote further expansion of its business scale through Synergies with the M3 Group and to enhance Corporate Value over the medium to long term.

1). Development of a Nationwide Sales Network and Business Continuity Management

The Group opened the Kobe Branch in Hyogo Prefecture in December 2025. With the opening of the Kobe Branch, we are now able to provide more detailed and rapid community-based services in the western part of the Kinki region.

As a result of the planned establishment of bases from previous years, the Group has a network of 30 head offices, branches, and sales offices nationwide as of the end of December 2025. We are conducting sales activities for the CS Set to hospitals and Long-Term Care Health Facilities, etc., nationwide through these locations. Through the alliance with the M3 Group, we have become able to propose even more detailed services to hospitals and Long-Term Care Health Facilities across Japan. We will continue to develop our system to provide prompt and detailed services.

Furthermore, it is expected that disasters caused by typhoons, heavy rain, and heavy snow will increase due to the effects of global climate change. In Japan, there are also concerns regarding the risk of large-scale earthquake disasters unique to volcanic archipelagos. Additionally, it is necessary to prepare for the spread of new infectious diseases. These disaster risks and the risk of business stagnation in socio-economic activities due to pandemics are significant business risks for the Group. During normal times, the Group has been promoting the strengthening of Information Systems, the regional diversification of back-office operations, and the construction of early recovery systems, etc. ELAN Logistics Corporation, the Group's logistics subsidiary, established the Kansai Logistics Hanshin TC in Hyogo Prefecture in October 2025 as a logistics base.

To ensure stable Business Continuity even if business risks materialize, we will continue to develop our systems as a group.

2). Improving Profitability through Price Pass-through amid Rising Prices and Promotion of Systematization

The CS Set is a Tailor-made Service where various specifications are determined for each facility. With the diversification of needs for the CS Set, we are increasingly required to station full-time reception staff at facilities or to outsource the delivery of daily necessities, etc. The increase in costs associated with this diversification, along with rising labor costs and higher purchase prices due to inflation, is tending to push up the Cost of Sales Ratio. Furthermore, the increase in back-office workload due to the growing number of CS Set Users and recent rises in personnel costs are tending to push up the SG&A Ratio.

In this environment, to enhance Corporate Value over the medium to long term, we recognize that it is essential to promote appropriate Price Pass-through to User Prices while increasing the added value of our services, and to improve Productivity through the promotion of Systematization. To implement appropriate price pass-through, we will continue to provide thorough explanations to Users, contractors, and facility stakeholders to foster understanding regarding the increase in User Prices.

Additionally, regarding Systematization, we will advance IT and DX by leveraging the knowledge of the M3 Group to improve the Productivity of various operations.

3). Enhancing Customer Satisfaction

The Group's customers are individuals who are patients in hospitals or residents of Long-Term Care Health Facilities, etc. Therefore, the Group recognizes that enhancing Customer Satisfaction (CS) for these individuals is a crucial issue.

For example, the Group regularly conducts Customer Satisfaction Surveys to research satisfaction levels. To further enhance satisfaction, ELAN Service Corporation, which handles customer support operations, has implemented various measures such as the Diversification of Payment Methods, including credit card payments, and Multilingual Support for telephone inquiries from foreign nationals, etc. We also actively work to improve Customer Satisfaction by ensuring sufficient operating hours for our Contact Center.

The Group will continue to promote initiatives aimed at enhancing Customer Satisfaction for CS Set Users, who are our valued customers.

4). New Business Development

The CS Set, the Group's Mainstay Business, is a service that solves customers' "troubles" and delivers "smiles," and we have continuously strived to improve its quality.

Moving forward, to deliver even more "smiles" to customers, we will aim to further increase Added Value through measures such as expanding the promotion of our original patient clothing, "lifte," etc. Furthermore, while leveraging the M3 Group's strengths in the IT Field, we will focus on creating New Business Areas, such as developing a Platform that provides necessary services throughout a customer's lifetime, etc.

5). Overseas Expansion

The Group has explored the possibility of Overseas Expansion through investments in laundry service companies in

India, etc.

As our second overseas investment following India, we acquired GREEN LAUNDRY JOINT STOCK COMPANY, which provides laundry services for major hospitals in Vietnam, in January 2024, and completed its subsidiarization in August 2024. In January 2025, we also completed the subsidiarization of TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY, which provides similar laundry services in Vietnam.

In Vietnam, continued population and economic growth are expected, and in the future, an Aging Population is anticipated along with an increase in average life expectancy and average age. Furthermore, in Vietnam, in addition to an increase in the number of medical institutions and hospital beds, demand for Medical-Related Services is expected to rise further.

The Group will strengthen its efforts toward Global Expansion through these overseas investments while leveraging the expertise of the M3 Group in its overseas business, aiming to promote and expand the CS Set, our Mainstay Service, overseas as well.

6). Human Resource Development

The Group recognizes that there is no corporate growth without Employee Growth. We believe that the growth of employees through education and training is an essential and crucial issue for the Group's perpetual growth, and we disclose information regarding our initiatives for Human Capital Management.

For younger employees, in addition to practical On-the-Job Training (OJT) involving direct guidance from senior employees, we foster development by establishing a Mentor System as an educational program for new graduates to develop high-caliber talent more quickly.

For mid-career and management-level employees, we actively encourage growth by incorporating External Training, etc., to develop them into Next-Generation Leaders.

Furthermore, we continue to actively recruit Global Talent through both new graduate and mid-career recruitment and systematically develop Global Talent to appoint and foster individuals who will lead our future Overseas Expansion.

In addition, we are creating an environment where women can continue to work by introducing and establishing flexible work systems, such as the Flextime System, Telework System, Shortened Working Hours, and encouraging the taking of Childcare Leave, etc.

Moving forward, we will continue to focus on building an organization where Diverse Human Resources can thrive.

7). Response to SDGs and ESG

The Group promotes Sustainability Management under the Sustainability Committee. From the perspective of "Contributing to the Realization of an Enriched Living Environment," we identify Material Sustainability Items and work toward achieving our goals.

Regarding the Environment, the Climate Change Subcommittee established under the Sustainability Committee has assessed the Financial Impact of climate change on the Group based on two scenarios: a 4°C Scenario (assuming a temperature increase of approximately 4°C) and a Below 2°C Scenario (assuming the increase is kept below 2°C). Moving forward, we will formulate specific Action Plans based on this assessment.

On the Social front, we are expanding the CS Set, which contributes to social issues such as the declining birthrate, aging population, and the increase in single-person households. We are also committed to expanding employment and promoting employee growth, contributing to medical and welfare sectors through donations to public organizations, actively recruiting and maintaining the employment of Employees with Disabilities, and contributing to local communities through the promotion of sports and culture, etc. Through our subsidiary, ELAN COULEUR Corporation, which is certified as a Special Subsidiary Company under the Act on Promotion of Employment of Persons with Disabilities, we provide employment opportunities that allow individuals with disabilities to fully demonstrate their abilities across a wide variety of tasks.

In terms of Governance, we will enhance the effectiveness of the Board of Directors and the Management Meeting. We will promote Sustainability Management that contributes to solving social issues through our business activities and realizes Sustainable Development alongside local communities from environmental, social, and economic perspectives.

(5) Objective Indicators, etc., to Judge the Achievement of Management Targets

The Group emphasizes the Operating Profit Margin and Cash Flows from Operating Activities. For the Current Consolidated Fiscal Year, the Operating Profit Margin was 7.7%, and Cash Flows from Operating Activities amounted to 4,304,338 thousand yen.

Going forward, while aiming to increase Net Sales, we will exercise thorough Cost Management and provide high-value-added products and services. Simultaneously, we will build and maintain a system to ensure the steady collection of Trade Receivables, striving to improve the Operating Profit Margin and secure Cash Flows from Operating Activities.

2. [Sustainability approach and initiatives]

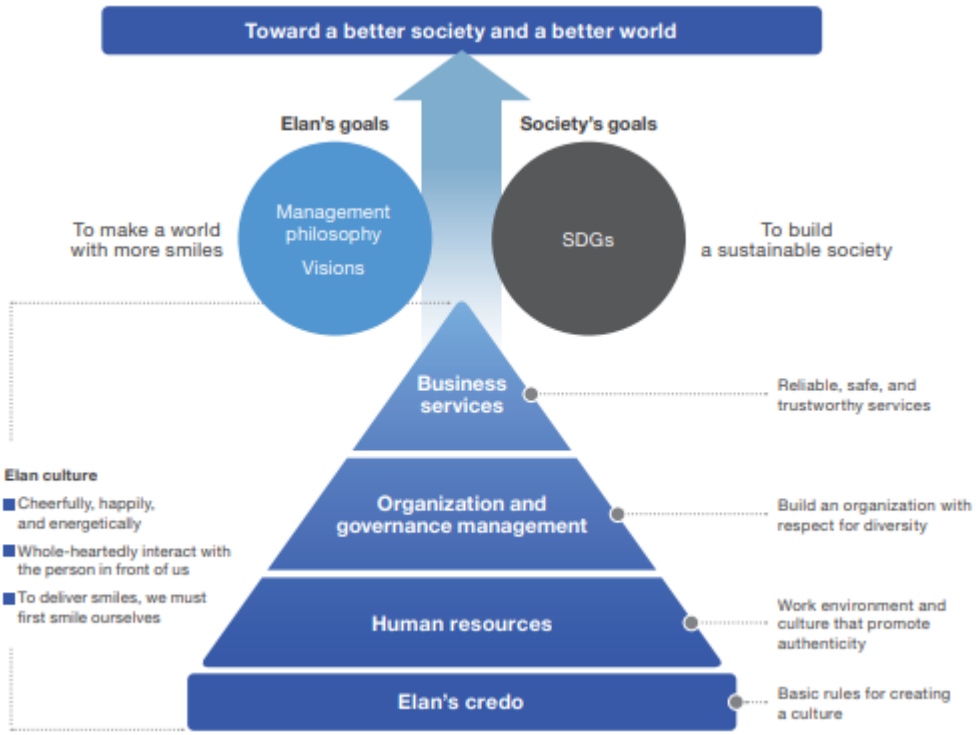
The Group's approach and initiatives regarding sustainability are as follows.

Note that forward-looking statements in the text are based on the Group's judgments as of the filing date.

(1) Governance and Risk Management Regarding General Sustainability

The Group's Vision is to strive for a state where more people, and society as a whole, are filled with smiles by promoting our business activities. We believe that actions supported by the culture expressed in the ELAN Credo will provide the driving force to realize this Vision. To achieve this Vision, we have positioned solving social issues in the medical and healthcare fields as our Mission. Based on our Management Philosophy of "We pursue the highest-quality products and services that satisfy our customers and contribute to the realization of an enriched living environment through passionate actions," we aim to contribute to society through our business activities. Furthermore, by simultaneously pursuing the Group's goals of realizing our Purpose and Vision and society's goals of achieving sustainability, we will promote Sustainability Management, which pursues the growth and expansion of the Group's business while considering the sustainability of the environment and society that form the foundation of our business activities.





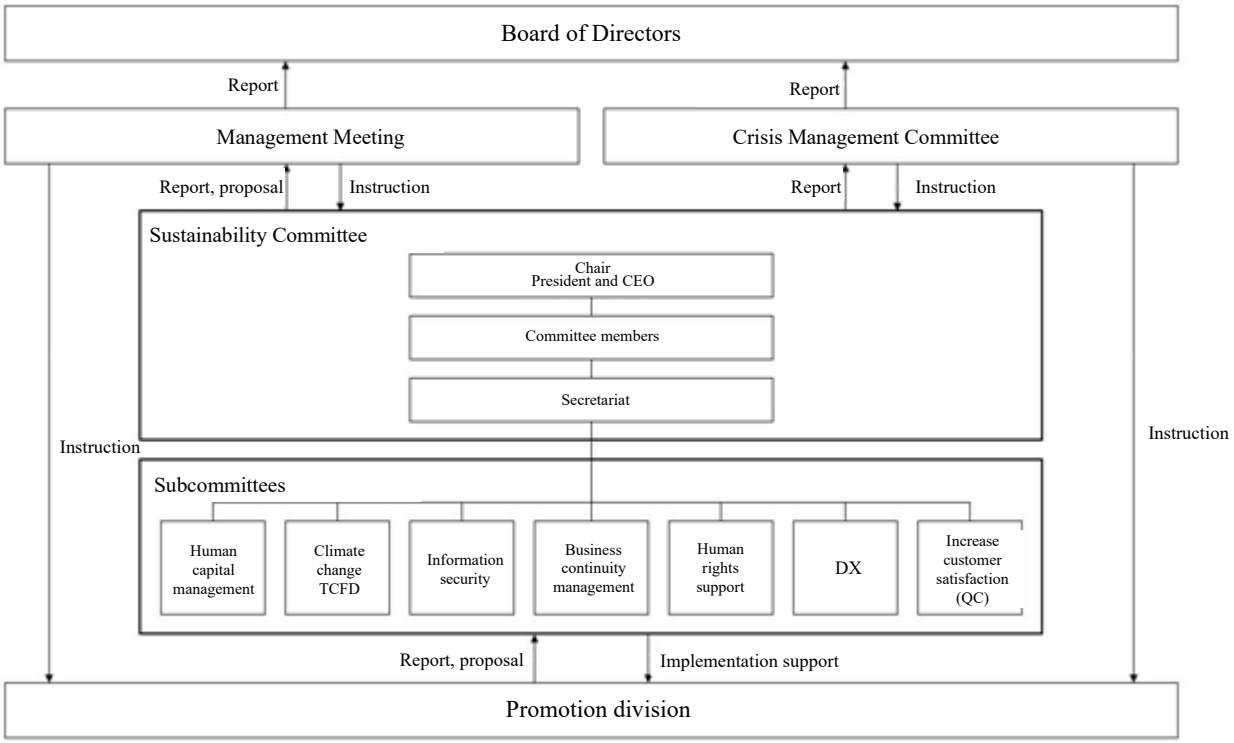
Based on these circumstances, the Group established the Sustainability Committee in March 2023.

The Sustainability Committee is chaired by the Representative Director, President and CEO, and its members and subcommittee members include Executive Officers, Next-generation Management-level Employees, and Younger Employees.

The Sustainability Committee holds Regular Meetings approximately eight times a year to formulate the Basic Policy on Sustainability Management, discuss Material Sustainability Items (Materiality), set goals and activity plans for each subcommittee, report on and manage their progress, and deliberate on and issue operational instructions regarding Information Disclosure. Furthermore, it provides reports and proposals to the Management Meeting, etc. as necessary to contribute to decision-making for business execution. Additionally, once a quarter, a meeting involving all members of all subcommittees constituting the committee is held to promote the internal penetration of sustainability initiatives. In this way, the Sustainability Committee operates in coordination with each subcommittee established for each important theme and Decision-making Bodies such as the Management Meeting.

Regarding Risk Management, the Sustainability Committee manages risks that significantly impact the Group's management and business activities through the activities of each subcommittee and Promotion Division. Sustainability-related Risks and Opportunities identified by subcommittees and Promotion Division are Escalated to the Sustainability Committee. The Sustainability Committee deliberates on their evaluation and prioritization, then communicates the information to the Management Meeting and the Crisis Management Committee for decision-making on business execution. Subsequently, the content of such decisions is communicated to the subcommittees and Promotion Division, which take the lead in implementing specific responses, while the Sustainability Committee monitors the status of each response.

The Promotion Structure of the Sustainability Committee is as follows:



To promote Sustainability Management and fulfill the purpose of "Contributing to the Realization of an Enriched Living Environment," the Group has identified Material Sustainability Items (Materiality) to be addressed with priority. In identifying Materiality, we first extracted issues that are expected to require solutions from society in the future. Next, we evaluated the degree of importance from the perspective of how much the Group can contribute to solving the extracted issues. Following discussions at the Management Meeting and validation through the insights of External Experts, we finalized the identification of Materiality.

(2) Important Sustainability Items (Materiality)

Important sustainability items (Materiality) in the Group are as follows.

[1] Supporting the Promotion of Health and Well-being for All People

Since the Admission Set itself supports the promotion of health and well-being, increasing the number of facilities adopting the CS Set is directly linked to Social Contribution. Additionally, as the National Policy promotes a Shift from Hospital Care to Home Care, the development of services to support those receiving nursing or care at home is an initiative that only the Group can achieve, as we hold the Largest Customer Base for Admission Sets in Japan.

[2] Stable Service Provision and Reduction of Environmental Impact

To practice Materiality (1), it is essential to have a system that can stably continue providing services even in an increasingly uncertain world characterized by Severe Disasters and Pandemics.

Furthermore, we intend to build cooperative structures with Important Business Partners, such as Medical Institutions, Nursing Care Facilities, and Suppliers, to implement measures leading to the Reduction of Environmental Impact and contribute to the reduction of Climate Change Risks, etc.

[3] Bringing Smiles to Ourselves and Everyone Involved

In accordance with our Vision, to sustain a Valuable Business over the long term, smiles from not only ourselves but all Stakeholders involved are essential.

[4] Building and Maintaining a Sound and Sustainable Business Foundation

In Japan as well, there have been cases where Corporate Scandals have called into question the Purpose of a company's existence and made Business Continuity difficult. To realize Materiality (1), (2), and (3), the Group must eliminate risks leading to Corporate Scandals and establish a Sound and Sustainable Business Foundation. We believe it is essential to clearly define the rules and standards that must be strictly observed for this purpose.

Regarding the Indicators and Targets for managing the progress of these initiatives, they are published on pages 37–38 of the Group's Integrated Report, "ELAN REPORT 2023."

(3) Initiatives Related to Human Capital Management

For the Group, Human Resources are more important and essential than anything else in creating Business Value. Just as we continuously invest in improving the quality of services centered on the CS Set Business, we believe that high Work Engagement among employees is necessary, as this business is one that will perpetually remain involved in solving challenges in the Medical and Healthcare Fields, both domestically and internationally.

Regarding the Sales Force, we have promoted business progress by increasing staff, primarily through New Graduate Recruitment. We position the Mindset of a salesperson as more important than the "Method" of sales. By deeply understanding the Group's culture, philosophy, and "ism," employees strive for personal growth while following the example of senior colleagues, aiming for the growth of the entire business. We evaluate this aspect as a Competitive Advantage over other companies and consider it a theme to be further accelerated. Furthermore, from the perspective of becoming rooted in the community during the recruitment process for new graduates, we are increasing the proportion of Local Recruitment. On the other hand, Mid-career Recruitment of personnel with expertise in departments such as Legal and System Development, etc., which becomes necessary as the company grows, remains a challenge.

For positions other than the Sales Force, we will actively promote the appointment of Employees with Disabilities and Foreign Nationals, while developing an environment where each individual can maximize their abilities. The Group has many passionate young talents with diversifying perceptions of value. Among them, how we approach the Sense of Growth and the Removal of Barriers to Work will be the key to the success or failure of improving Work Engagement.

i. Governance Regarding Human Capital Management

Under the Management Philosophy of "We pursue the highest-quality products and services that satisfy our customers and contribute to the realization of an enriched living environment through passionate actions," the Group aims for Sustainable Growth and the long-term enhancement of Corporate Value. To this end, we have been promoting the "Growth of Employees and the Organization," primarily through the Human Capital Management Subcommittee, which is a subordinate body of the Sustainability Committee.

At the same time, as initiatives to enhance Corporate Value, we are advancing measures by establishing key themes in Human Capital Management, such as "Maximizing the Value of Human Resources," "Enhancing Diversity," "Work-style Reform and Promotion of Women's Advancement," "Promotion of Health and Productivity Management," "Compliance and Ethics," and "Reflection in Management Strategy, etc."

ii. Initiatives to Enhance Corporate Value

a. Maximizing the Value of Human Resources

1) Human Resource Education and Personnel Systems

To maximize the value of human resources, in addition to practical On-the-Job Training (OJT) involving direct guidance from senior employees, we have established a Mentor System as an educational program for new graduates to develop high-caliber talent in a shorter period, and we conduct various training programs for mid-career and management-level employees. Furthermore, aiming for the Sustainable Growth of Employees and the Sustainable Growth of the Organization, we carried out a fundamental reform of the personnel system in 2017 and introduced a new personnel system in the following year, 2018. We conduct appropriate evaluations of employee abilities and the degree of goal achievement based on the axes of "Behavior" and "Performance." By providing feedback on Issues, etc., based on these evaluations, we link this process to employee growth. In this way, clearly presenting the required behaviors and numerical targets to employees leads to improvements in Skills and Productivity.

2) Internal Award System: "ELAN Award"

The Group holds the "ELAN Award" annually to honor employees who excelled during the year. We have established various awards, etc., including the "Best Challenge Award," which honors the employee who best embodies the Group's valued "stance of taking on challenges without fear of failure," and the "Best Credo Award," presented to an employee who embodies the ELAN Credo based on nominations and voting by all employees. Other categories include the "Best Team Award," "Rookie of the Year Award," "Best Management Award," "President's Award," and "MVP Award." Recognizing and praising the hard work of employees leads to further improvements in Motivation.

3) Employee Engagement

The Company conducts an Employee Engagement Survey to gauge employee sentiment and understand the current status of the Organizational Culture. We analyze Strengths and Challenges, and engage in improvement activities toward realizing a better Workplace Environment so that each and every employee can work more vibrantly with a greater Sense of Purpose and Initiative than ever before.

b. Enhancing Diversity

1) Promotion of Recruitment of Foreign Nationals

In the past, as the Group promoted its business solely through domestic operations, there was insufficient awareness regarding the appointment of Foreign Talent. However, as markets expand along with Globalization, we recognize the challenges of actively recruiting human resources with Diverse Thinking and Abilities and creating a culture that welcomes them. Recently, we have been recruiting Foreign Nationals, regardless of whether they are New Graduates or Mid-career Hires. We are realizing an environment where individuals from different cultures and with Diverse Values respect each other and grow together.

(Status of Domestic Consolidated Companies)

Year of Employment	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Number of non-Japanese employees	3	4	5	10	9

2) Establishment of a Special Subsidiary Company

The Employment of Persons with Disabilities is positioned as one of the Group's Priority Initiatives, as it is a significant Social Responsibility. The Statutory Employment Rate is scheduled to be raised in stages to 2.5% by June 2026 and to 2.7% starting in July. Beyond merely complying with the Statutory Employment Rate, the Group, as a company operating in the Healthcare Industry, actively creates opportunities for persons with disabilities to participate in society in a better environment.

As part of these efforts, ELAN COULEUR Corporation, a subsidiary of the Company, was certified as a Special Subsidiary Company on August 18, 2023. As of December 31, 2025, 27 Employees with Disabilities at the company are engaged in a wide range of tasks, including On-site Hospital Staff Operations for the CS Set, Inventory Management within logistics warehouses, and Administrative Tasks in the customer support department, etc.

Furthermore, leveraging our track record of creating employment opportunities for persons with disabilities by undertaking part of In-hospital Operations from hospitals, we will also work to support the promotion of Disability Employment on the hospital side, striving to create further employment opportunities in the future.

c. Work-style Reform and Promotion of Women's Advancement

1) Work-style Reform

The Group has been working to improve the Workplace Environment and design new systems in collaboration with the Human Resources Department. These efforts began with the launch of the "ELAN Kagayaki (Radiance) Project" in 2017, aimed at ensuring that all employees—not just women—can work vibrantly.

[Overtime Hours]

In Fiscal Year 2025, the Average Monthly Overtime Hours of Domestic Consolidated Subsidiaries was 20 hours and 22 minutes, a result that exceeded the national average of approximately 13.5 hours. We analyze that this is primarily due to the Increase in Workload associated with Business Expansion. We will further strengthen our efforts to create an environment where employees can work in good Physical and Mental Health, including conducting reviews of Business Processes at each company.

[Paid Leave Acquisition Rate]

The Group positions the improvement of Work-life Balance as a Key Issue and promotes the active acquisition of Annual Paid Leave. Measures include the "Anniversary Leave System" and the establishment of "Paid Leave Promotion Periods" during Golden Week and the Year-end and New Year holidays, etc.

In Fiscal Year 2025, the Paid Leave Acquisition Rate for the Filing Company was 69.8%. Although this represents a 3.1% decrease compared to the previous fiscal year (72.9%), it remains at a level exceeding the National Average of

66.9% (Source: Ministry of Health, Labour and Welfare (MHLW) “Overview of the 2025 General Survey on Working Conditions”). We are taking multi-faceted approaches to promote employee Work-life Balance, such as the introduction of a “Stock Leave System” that allows employees to accumulate the remaining days of Annual Paid Leave that would otherwise expire due to the statute of limitations.

(Status of the Filing Company)

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Paid Leave Acquisition Rate	74.9%	78.1%	71.6%	72.9%	69.8%

[Childcare Leave Acquisition Rate]

The Group is striving to create an environment where men can easily take Childcare Leave through project-led initiatives. These efforts include disseminating Management Messages that encourage male participation in childcare, ensuring company-wide awareness of materials explaining the key points of the Childcare and Family Care Leave Act during its amendment, and publishing Childcare Reports from male employees on the internal portal, etc.

(Status of the Filing Company)

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Childcare Leave Acquisition Rate	68.8%	60.0%	75.0%	81.3%	73.3%
Ratio of Male Employees Taking Childcare Leave	44.4%	41.2%	50.0%	62.5%	63.6%

2) Promotion of Women's Advancement

The Company is implementing an Action Plan based on the Act on the Promotion of Women's Active Engagement in Professional Life.

[Action Plan]

"Planning Period" January 1, 2024 to December 31, 2026

(Status of the Filing Company)

Purpose: To realize an Employment Environment where employees can respond flexibly to their Life Stages, grow together with the Company, and continue to work Vibrantly.			
	Action Plan	Results	
1	Achieve a Monthly Average of 20 Overtime Hours or Less.	24 hours 3 minutes	In Fiscal Year 2025, the First Year of joining the M3 Group, the workload increased temporarily due to Joint Projects and the promotion of Sales Collaboration aimed at the Sophistication of the Management Systems and the Early Creation of Business Synergies. As a result, the outcome exceeded the Target Value by 4 hours and 3 minutes. This was a result of prioritizing initiatives to Solidify the Medium- to Long-term Growth Foundation. From the next fiscal year onward, we will strive to normalize Working Hours by ensuring the Operational Settlement of the established foundation and promoting Business Efficiency.
2	Continue to Maintain the Ratio of Female Employees in Management Positions at 10.0% or more.	8.8% (excluding directors)	This resulted in an increase of 1.8 percentage points compared to the Previous Fiscal Year. Although the ratio did not reach the Target Value of 10.0% set in the Action Plan, the Ratio of Female Leaders is improving steadily. In addition to Internal Development, we will build an environment where Diverse Human Resources can Maximize their Potential and pursue Sustainable Career Development through measures such as appointing experienced female talent from outside the company, etc.
3	Achieve a Ratio of Male Employees Taking Childcare Leave, etc. and a Usage Rate of the Company's Own Leave System for Childcare Purposes of 50.0% or More.	63.6%	We continue to maintain a high level exceeding the National Average of 40.5% (Fiscal Year 2024 Basic Survey of Gender Equality in Employment). The rate has been progressing steadily, with an increase of 1.1 percentage points from 62.5% in the Previous Fiscal Year to 63.6% in the Current Fiscal Year, indicating that Substantial Participation in Childcare is progressing.

[Implementation Measures]

Career Development Support	・Area System for Choosing Career Paths Considering Work Location Regardless of Gender
Eliminating Gender Disparities	・Awareness-Raising Activities for Childcare Leave Acquisition by Male Employees (Dissemination of messages from Top Management, holding “Papa-kai” networking events, and publishing “Suku-suku Childcare Reports,” etc.)
Continued work style reforms	・Flexible work systems such as flextime and telework ・Business casual work system
Prevention of employee departures	・Shortened working hours system to support childcare *1 ・Child-care support allowance ・Shortened working hours system to provide living support *2

*1 Childcare Short-time Working System and Childcare Support Allowance

To ensure that employees who have given birth or are raising children can return to work and excel, the Childcare Short-time Working System is available until the child begins elementary school. Additionally, we provide a “Childcare Support Allowance” to compensate for salary reductions. As a result, the Return-to-work Rate of Female Employees after Childcare Leave remains at 100%, a level exceeding the National Average of 93.2% (Source: Ministry of Health, Labour and Welfare (MHLW) “FY2023 Basic Survey of Gender Equality in Employment”).

*2 Life Support Short-time Working System

This is a system that enables the application of the Childcare Short-time Working System until the child begins junior high school.

[Percentage of Female Managers and Gender Wage Gap]

There is no gender difference in the duration from joining the Company as a New Graduate to being promoted to Management Positions. While the appointment of women is increasing, we recognize the Urgent Need to establish systems that prevent general Life Events—such as Marriage, Childbirth, and Childcare—from becoming barriers to career progression. Regarding the Gender Wage Gap, while there are no Institutional Differences within the formal wage system, our current level falls below the 75.2 figure (the wage level for female General Workers when the level for male General Workers is set at 100) announced by the Cabinet Office for 2021. We recognize that it is necessary to conduct reviews and considerations regarding this issue in parallel with our other initiatives.

(Status of Domestic Consolidated Subsidiaries)

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Percentage of female employees in management positions	9.9%	10.5%	13.0%

(Status of Domestic Consolidated Subsidiaries)

Wage differences between male and female workers (the ratio of wages of female workers to those of male workers)	Fiscal Year 2025	Supplementary information
All employees	47.1%	The reason why the wage differences between male and female workers for all workers is low at 41.7% is that the number of part-time and fixed-term employees (479), whose total wages are lower, exceeds the number of regular employees (425), and most of the part-time and fixed-term employees are women.
Regular employees	73.6%	Wage differences for regular employees are due to the gender ratio of workers in management positions, and there are no wage differences between workers in the same salary grade and position.
Part-time and fixed-term employees	84.5%	Wage differences for part-time and fixed-term employees are due to differences in total working hours resulting from different types of work.

d. Promotion of health and productivity management

The Group believes that for a company to be sound, it is essential for each and every employee to be healthy both mentally and physically. We actively promote employee health management and were recognized as a 2024 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) in March 2024. As part of our health management efforts, we conduct regular stress checks to monitor health conditions. Additionally, we participate in events such as the “Shinshu Walking Grand Prize 2025,” a walking event organized by the Japan Health Insurance Association (Kyokai Kenpo), to promote health while also revitalizing communication within the company, etc.

We will continue to position “health and productivity management” as a key management priority and actively engage in these efforts.

[Periodic health checkup participation rate]

(Status of the filing company)

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Periodic health examination participation rate	91.0%	100.0%	100.0%	100.0%	100.0%

* The data collection period was from April 1 of each fiscal year to March 31 of the following fiscal year.

e. Compliance and ethics

The Company does not view compliance simply as "adherence to laws and regulations," but recognizes it as comprehensive compliance with laws, social norms, and corporate ethics, and defines it as taking the correct actions as a member of society.

The Group's philosophy on compliance and specific items to be observed are set forth in the "Elan Group Compliance Manual," which is revised as appropriate.

Prior to 2022, priority was given to establishing a company-wide foundation, and monthly education with simple content was conducted. However, due to awareness of issues such as the existence of employees who did not receive the education (a total of 12 non-attendees in 2022) and educational content that did not reach a practical level, the compliance education system was completely revamped in April 2023.

Details of the current compliance education are as follows.

1) Content

- Taking e-learning (approximately one hour)
- Taking a completion test

  Achieving a passing score is required

2) Implementation frequency

Conducted every three months (March, June, September, and December)

3) Measures to increase effectiveness

The content of e-learning is modified according to compliance violations that employees are prone to commit depending on their positions.

Implementation of appropriate reminders to take the course, taking business schedules into account

The Company provides long enrollment periods and issues regular reminders to those who have not yet completed the course.

March session: January 1 – March 31
June session: April 1 – June 30
September session: July 1 – September 30
December session: October 1 – December 31

The Company recognizes compliance violations as a state in which adherence to laws, social norms, and corporate ethics is not fully ensured, and it continuously educates its employees. There have been no incidents resulting in major compliance violations in the past.

f. Reflection in management strategies

For the expansion of overseas business and the enhancement of domestic business, human resource development has become more necessary than ever before. Therefore, we are proceeding with the development of abilities necessary for management, such as English and MBA, as well as the active recruitment of highly professional human resources. We have begun creating mechanisms that motivate employees to recognize the necessary skills and learn proactively, and have started incorporating these into the evaluation system. We are aiming to maximize the potential of individual human resources through a new personnel system and training system. Furthermore, to encourage the acquisition of certifications, we provide skill allowances. Since these certifications are required as eligibility to take internal promotion exams, we have a system in place where skill improvement directly leads to evaluation. For employees who will lead our future, we are increasing opportunities to instill strategic thinking and awareness of behavioral change by promoting attendance at management schools led by external instructors and MBA courses to develop next-generation leaders.

1)[Content and frequency of human resource development training]

<Training content> (refer to the diagram below)

・Internal training

Annual training for new graduates: Upon joining the company, 6 months after joining, 2nd year of service, 3rd year of service

Mid-career employee training: Upon joining the company, after joining the company

Training of mentors: Before appointment, six months after appointment

Training of manager evaluators: When necessary, after appointment

・External training

Selective training: At any time

<Training participation rate>

48.8%

* 207 participants out of 424 regular employees in the Group

* Period covered: January 1, 2025 – December 31, 2025

<Average training hours per employee>

50.7 hours/year

* Total of 10,497 training hours for 207 participants

<Human resource training and development expenses>

135,774 thousand yen (Fiscal year ended December 31, 2025)

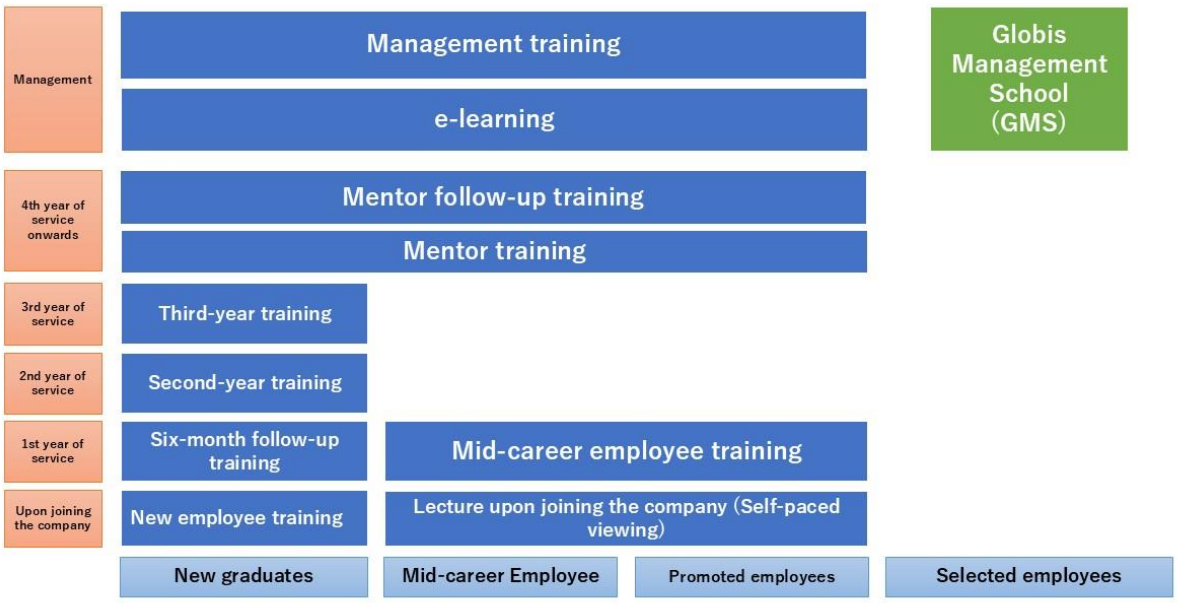
<Human resource development measures other than training>

・e-learning

・Mentor system

・Promotion exams (Nikkei Test, short essay, certification exams, e-learning)

2026 training system diagram



2) [Customer call training]

Since 2022, the Group has conducted "Customer call training" for those in managerial positions. By having executives and other supervisors—who do not typically interact with customers directly—listen to the raw voices of customers, we foster an awareness that "customers are always at the heart of our daily operations." Through this training, managers share their own insights with their team members, and we strive to further improve our services by refining and adjusting daily operations to enhance customer satisfaction.

3) [Participation of young talent in management]

To leverage diverse values in management, we actively appoint young executive employees to officer positions.

(Status of domestic consolidated subsidiaries)

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Number of officers in their 20s and 30s (at time of participation; including group companies and executive officers) (Persons)	4	4	6	6	7

4) [ELAN Credo]

The Group has established the "ELAN Credo" as the foundation for all our activities and distributes it to employees in booklet form upon joining the company. By clearly presenting our core values and expected behaviors, we empower each employee to act with a sense of ownership, which we believe will lead to the achievement of our Mission and Vision.

(4) Initiatives related to climate change

In the international community, climate change is recognized as a critical social issue requiring urgent resolution, and global efforts toward decarbonization are gaining momentum. Japan is also experiencing concrete impacts of climate change, such as an increase in extremely hot days and frequent heavy rain damage. With discussions underway regarding the acceleration of ESG investment and the full-scale introduction of carbon taxes, the impact of climate change and related countermeasures on corporate management is expected to grow further.

Given this business environment, the Group views addressing environmental issues such as climate change as a priority, beyond simple compliance with environmental regulations and related laws. We are committed to promoting initiatives in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and will strive for proactive information disclosure.

[1] Governance

The Group has established the Climate Change (TCFD) Subcommittee as a subordinate organization under the Sustainability Committee, which is chaired by the Representative Director, President and CEO. In 2025, the progress of the Climate Change (TCFD) Subcommittee was reported during the seven regular meetings of the Sustainability Committee held throughout the year. Significant matters are reported by the Representative Director, President and CEO, in his capacity as the chairman of the Sustainability Committee, to the Board of Directors and the Management Committee for deliberation and resolution.

[2] Strategy

The Group recognizes that maintaining the entire supply chain—from product procurement and logistics to service delivery—is a significant management issue. Based on this, we have established "stable service provision and reduction of environmental impact" as a materiality. Within each process of the supply chain, we classify the impacts associated with climate change into transition risks and physical risks, evaluating the importance and financial impact of these respective risks and opportunities.

Based on the SSP scenarios from the IPCC (Intergovernmental Panel on Climate Change) Sixth Assessment Report, the Group analyzed and examined the projected impacts as of 2030 for items deemed highly important. This was conducted using scientific evidence from the IEA (International Energy Agency) and other sources based on the following two climate-related scenarios:

- 4°C scenario (SSP5-8.5): A maximum emission scenario under fossil fuel-dependent development without the introduction of climate policies

- Below 2°C scenario (SSP1-2.6): A scenario that limits the temperature rise to below 2°C under sustainable development

The results of the scenario analysis indicate that while physical risks are not expected to manifest significantly by 2030, factors such as carbon pricing, national carbon emission targets and policies, and the adoption of low-carbon technologies will affect suppliers, including linen companies and disposable diaper manufacturers. This is expected to have a certain impact on the Group's procurement costs. Although the assessment of financial impacts has been completed, an action plan has not yet been formulated. We will disclose the action plan as appropriate in accordance with future progress.

Category		Business impact		Financial impact	
		Risk	Opportunity	4ºC	2ºC
Transition risk	Carbon pricing	The adoption of carbon pricing will increase the cost of purchasing products included in CS Sets (such as clothing, towels, disposable diapers, and daily necessities), as well as the cost of fuel used for deliveries.	Purchasing from suppliers who prioritize investments in improved environmental performance, and investing in improved ELAN environmental performance will lower costs.	–	Medium
	National carbon emission targets and policies	Regulations on products and packaging made with plastic and other materials will be introduced in many countries, generating costs associated with the handling of items such as plastic products and disposable diapers (30% of disposable diapers are plastic) included in CS Sets, leading to higher expenses.	The use of low-carbon, non-plastic products will enable medical facilities, nursing care facilities, and other healthcare-related facilities to offer ethical products, which may contribute to increased corporate value and earnings.	Low	Medium
		Government and logging taxes and other factors related to forest sink measures will increase lumber procurement costs, and the cost of procuring disposable diapers and other wood-based products included in CS Sets will increase.	Not applicable	Low	Medium
		Stricter greenhouse gas (GHG) reduction requirements will increase costs associated with improving the environmental performance of partner linen supply factories and delivery vehicles, delivery subcontractors, and ELAN distribution facilities and delivery vehicles.	If suppliers that achieve significant reductions in carbon emissions can sell emission credits when emissions trading and other mechanisms are introduced, purchasing costs may decrease.	Low	Medium
		Paperless processing in line with the impact of decarbonization will lead to costs to handle the elimination of paper applications, invoices, and other documents related to CS Set operations, resulting in higher expenses.	Further promoting the digitalization of applications and billing will lower costs associated with printing paper documents, as well as labor expenses related to individual billing operations.	–	Low
	Energy price trends	Soaring fossil fuel and electricity prices will increase costs for partner linen supply factories and delivery vehicles, delivery subcontractors, and ELAN distribution facilities and delivery vehicles.	Not applicable	Low	–

Category		Business impact		Financial impact	
		Risk	Opportunity	4ºC	2ºC
	Spread of low-carbon technologies	Costs will increase if low-carbon technologies, machinery, and environmentally friendly vehicles are incorporated into partner linen supply factories and delivery vehicles, delivery subcontractors, and ELAN distribution facilities and delivery vehicles.	Energy costs will decrease in line with the introduction of energy-saving equipment and improved logistics efficiency. In addition, fuel costs for deliveries will decrease due to the improved fuel efficiency of environmentally friendly vehicles.	Low	Medium
	Changes in reputation among customers	In the event the company fails to respond appropriately to the growing public awareness of climate change, reputational risks will increase.	Adequate responses to the growing public awareness of climate change will result in a positive reputation and an increase in the number of facilities and customers using ELAN's services.	–	–
	Changes in reputation among investors	In the event the company is perceived by investors as being reluctant to implement environmental measures, it will be difficult to raise capital, and associated costs will increase.	In the event the company transitions to low-carbon and environmentally friendly businesses, communicates these efforts to the full extent, and investors perceive it as proactive in environmental measures, ESG investments and other capital procurement will become easier, lowering costs associated with raising capital.	–	–
Physical risks	Rising sea levels, increasing severity of extreme climate events	The increasing risk of flooding due to high tides, turbulent seas, and heavy rains may result in lost sales opportunities due to supply disruptions caused by the suspension of operations at partner linen supply factories, and the suspension of services provided to medical institutions, nursing care facilities, and other healthcare-related facilities due to flooding	Not applicable	Low	Low
	Increase in average temperatures, changes in precipitation and weather patterns	Forest damage, outbreaks of tree pests and diseases, changes in vegetation and lumber procurement areas, and other factors will increase lumber procurement costs, as well as procurement costs associated with wood-based products, including the disposable diapers included in CS Sets.	Not applicable	Low	Low
	Increase in average temperatures	Energy costs required for air conditioning will increase for partner linen supply factories and delivery vehicles, delivery subcontractors, and ELAN distribution facilities and delivery vehicles.	Not applicable	Low	Low
		The spread of zoonotic infectious diseases will lead to a decrease in supplier operating rates, resulting in procurement risks.	An increase in hospitalized patients resulting from the spread of zoonotic infectious diseases will lead to a rise in the number of CS Set users and an increase in revenue.	Low	Low

Category		Business impact		Financial impact	
		Risk	Opportunity	4ºC	2ºC
	Changes in precipitation and weather patterns / Increasing severity of extreme weather events	Delivery delays and accidents will increase due to heavy rain, flooding, strong winds, and other weather events, leading to higher costs such as delivery expenses, labor costs, compensation costs, and insurance premiums.	Not applicable	Low	Low
	Changes in precipitation and weather patterns	Droughts will cause partner linen supply factories to suspend operations, leading to supply disruptions and lost sales opportunities.	Not applicable	Low	Low
	Increasing severity of extreme weather events	Capital investment costs to enhance resilience against the impact of extreme weather events will increase.	Supply chain continuity can be maintained by responding to the impact of the increasing severity of extreme weather events at delivery and logistics centers.	Low	Low
		Outsource contractors responsible for individual billing data entry and invoice issuance will cease to function.	Costs associated with invoice issuance and mailing will decrease due to the introduction of online payment systems and other measures.	Low	Low

Degree of impact on operating profit [Low: less than 1 billion yen; Medium: 1 billion to 3 billion yen; High: 3 billion yen or more]

[3] Risk Management

The Group recognizes climate-related issues as risks that have a material impact on management and performs risk management accordingly.

Investigation	Identification and assessment	Management
・Aggregating damages caused by heavy rain each fiscal year (primarily lost sales opportunities due to the suspension of facilities, linen factories, and logistics) ・Conducting other surveys, such as social trends	・Identifying risks and opportunities based on the "6th Medium-term Management Vision" and measures to achieve the long-term vision ・Evaluating materiality at the TCFD Subcommittee	・Reporting the evaluation of risk materiality from the TCFD Subcommittee to the Sustainability Committee, chaired by the Representative Director, President and CEO, and integrating these results into company-wide comprehensive risk management.

[4] Metrics and targets

■Targets

Regarding GHG emissions by the company, defined in accordance with the GHG Protocol as the sum of direct greenhouse gas emissions (Scope 1) and indirect emissions associated with the use of electricity and other energy supplied by other companies (Scope 2), the company aims to achieve net zero Scope 1 and Scope 2 emissions by 2050. As a milestone target toward that goal, the company has set a 50% reduction target for 2030.

The entire company will work together on activities to reduce GHG emissions, including the introduction of environmentally friendly infrastructure and renewable energy, as well as offsets through the purchase of non-fossil certificates and J-credits.

Regarding Scope 3 emissions, which account for approximately 92% of the company's total GHG emissions, the company will strive to reduce emissions through continuous engagement with suppliers.

Starting from the fiscal year ended December 2025, full-year GHG emissions from GREEN LAUNDRY JOINT STOCK

COMPANY (GREEN) and TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY (TMC) in the Socialist Republic of Vietnam have been consolidated. Due to this impact, Scope 1 and Scope 2 emissions in particular have increased compared to the previous fiscal year.

(Unit: t-CO_2)

	Fiscal Year 2022 (Base Year)	Fiscal Year 2030 (Target)	Fiscal Year 2050 (Target)
Scope 1	609	461	0
Scope 2	314	0	0
Total	923	461	0

■Performance results

(Unit: t-CO_2)

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Scope 1	609	651	662	5,699
Scope 2	314	346	467	6,635
Scope 3	90,039	105,645	125,974	134,434

3. [Business and other risks]

Among the matters related to the status of business and accounting described in this securities report, the following are the primary risks recognized by management as having a potential material impact on the financial position, operating results, and cash flow status of the consolidated companies.

Forward-looking statements contained herein are based on the judgment of the Group as of the filing date of this report.

Please also note that the following descriptions are not intended to be an exhaustive list of all risks that may affect investment decisions.

(1) Competition with other companies

Regarding the Nursing Care and Medical-related Business, the Group's primary business, we recognize that the market is becoming increasingly active. Awareness of our services has grown following the Group's public listing and business expansion, and alongside the rising demand for Inpatient Sets, other specialized providers and hospital/nursing-related businesses are now offering services similar to ours.

The Group will continue to strive for higher service quality for CS Set users and maintain and improve favorable relationships with linen supply companies and daily necessity vendors. However, should competition intensify—for instance, through the entry of new competitors with superior capital strength, brand recognition, or customer bases—this could lead to the loss of existing customers or a decline in profitability, which may affect the Group's financial position and operating results.

(2) Safety of products

The Group provides rentals of sleepwear and towels, as well as sales of disposable diapers and personal items, to CS Set users. Regarding linen supply vendors, we exercise sufficient care for safety, such as by verifying hygiene in the laundry process and confirming whether they have obtained the Medical Related Service Mark (*). However, if a major problem were to occur with these provided items for any reason, it could lead to claims for damages against the Group or a loss of credibility. This may affect the Group’s financial position and operating results.

(*) A certification granted by the Medical Related Service Promotion Association for high-quality medical-related services.

(3) Transactions with specific business partners

Regarding materials provided through the CS Set service, such as towels, clothing, and other consumables, the Group receives laundry services and product supplies from linen supply vendors. Since the expansion of the CS Set service is fundamentally based on partnering with existing linen supply vendors that already provide bedding leasing and laundry services to hospitals and nursing care facilities, there is a tendency for a high concentration of transactions with linen supply vendors that hold significant market shares. While the Group maintains mutually cooperative relationships and strives to sustain favorable ties with these vendors, changes in their business policies or their relationship with the Group could affect the Group’s financial position and operating results.

Furthermore, the Group outsources a portion of its logistics operations—including delivery, onsite delivery work, and inventory management for consumables (daily necessities) provided via the CS Set service—to specific contractors utilizing the Group’s operational expertise. Should changes occur in the business policies of these outsource contractors or their relationship with the Group, it could affect the Group’s financial position and operating results.

(4) Risks of deployment to new facilities not progressing as planned

Since the launch of the service in May 2003, the Group has been providing the CS Set service to hospitals, nursing care facilities, and other institutions. To develop sales areas, the Group establishes new sales bases and proposes and introduces services to new facilities centered around these bases.

We will continue to strive to acquire new contracts through our own sales activities as well as collaboration with partner linen supply vendors and other parties. However, if issues arise within the Group regarding human resources or logistics, if relationships with business partners change, or if we are forced to refrain from sales activities at hospitals and nursing care facilities due to a prolonged outbreak of infectious diseases, the deployment plan for new facilities may not progress as expected. This could affect the Group’s financial position and operating results.

(5) Risk concerning bad debt of trade receivables

Users of the CS Set provided by the Group are individuals hospitalized in or admitted to hospitals, nursing care facilities, and other institutions. While the usage fees for the CS Set are, in principle, paid in arrears, it is not always possible to collect all of them, and a portion of the usage fees may become delinquent or result in bad debt. Applications for use are made at the service counters of hospitals and nursing care facilities, but it is not practical to conduct credit checks on individual users at the time of application or to refuse applications from individuals with limited financial means, and therefore we do not do so. Furthermore, a user's financial condition may deteriorate during use or after discharge or departure from a facility, or the user may pass away.

The Group strives to build a debt collection system capable of handling future increases in the number of billings and to improve its collection capabilities, while also recording an allowance for doubtful accounts to prepare for losses due to bad debt. However, if a large amount of non-performing receivables were to occur due to changes in the economic status of users or delays in the establishment of the Group's debt collection system, it could affect the Group’s financial position and operating results.

(6) Various regulations

The Group provides the CS Set as an independent service that is not subject to medical insurance or nursing care insurance systems for inpatients in hospitals and residents in nursing care facilities. Although there are no specific permits, licenses, registrations, or administrative guidance required to conduct this business, the Group pays close attention to various regulations because the hospitals and nursing care facilities where the services are provided operate under laws such as the Medical Care Act, Health Insurance Act, and Nursing Care Insurance Act, along with guidance and regulations from administrative and governing bodies such as the Ministry of Health, Labour and Welfare.

However, if amendments are made to laws such as the Medical Care Act, Health Insurance Act, or Nursing Care Insurance Act, or if the application of administrative guidance is revised, and the Group is forced to take certain measures or is unable to respond to these changes, this could affect the Group’s financial position and operating results.

(7) Management of personal information

In its Nursing Care and Medical-related Business, the Group obtains the personal information of users and is subject to the obligations of a business operator handling personal information as stipulated by the Act on the Protection of Personal Information. The Group pays close attention to the handling and management of personal information and strives to establish internal rules and to clarify and ensure the thoroughness of procedures. Additionally, in March 2009, the Group received PrivacyMark certification from the Japan Institute for Promotion of Digital Economy and Community (renewed in March 2025).

However, it is difficult to completely eliminate all risks related to personal information management, and the possibility of troubles such as the leakage of personal information cannot be denied. In such an event, the Group’s financial position and operating results may be affected due to claims for damages or a loss of credibility.

(8) Future business development

To expand its business base, stabilize earnings, and accelerate growth, the Group plans to promote active expansion into related and peripheral businesses where it can leverage the know-how cultivated in the Nursing Care and Medical-related Business. While we will proceed with new business development after careful consideration, if the results do not meet initial plans due to changes in the environment surrounding the business, it may affect the Group’s financial position and operating results.

(9) Securing and developing human resources

In order for the Group to further expand its business and continue to grow, securing excellent human resources is a key challenge. If the securing of such talent does not progress as planned, or if human resource development does not proceed as expected and key personnel leave the company, it could lead to a decline in competitiveness or act as a constraint on business expansion, which may affect the Group’s financial position and operating results.

(10) Risks related to climate change

In the international community, climate change is recognized as a major social issue requiring urgent resolution, and efforts toward decarbonization are progressing worldwide. In Japan as well, specific impacts of climate change are occurring, such as an increase in extremely hot days and frequent heavy rain damage. Furthermore, discussions on the acceleration of ESG investment and the full-scale introduction of a carbon tax are underway, and the impact of climate change and its countermeasures on corporate management is expected to increase further.

Based on this management environment, the Group considers responding to environmental issues such as climate change as a priority task, in addition to naturally complying with environmental regulations and related laws. We have begun initiatives to reduce risks, such as information disclosure in line with the Task Force on Climate-related Financial Disclosures (TCFD), environmental conservation, and activities to reduce environmental impact. However, climate change is becoming more serious every year, and if unforeseen circumstances primarily caused by climate change or events that make adaptation to environmental regulations extremely difficult occur in the future, it could affect the Group's financial position and operating results.

(11) Risks due to natural disasters

To prepare for the occurrence of major disasters such as earthquakes, wind, and water damage, the Group is working during normal times to strengthen logistics functions, stockpile inventory, enhance information systems, decentralize back-office operations across regions, and establish early recovery systems. Specific initiatives regarding the establishment of early recovery systems include defining rules for initial response policies, action flows, and decision-making and command systems in the event of a disaster, as well as establishing information communication methods necessary for actual response through the introduction of a safety confirmation system.

However, in the event of a large-scale disaster such as a Tokyo Metropolitan Inland Earthquake or a Nankai Trough Earthquake, the provision of the CS Set service may be suspended over a long period and a wide area due to damage to facilities where the service is introduced, damage to partner linen supply vendors, or disruption of social infrastructure in the affected areas. This could have a material impact on the Group's financial position and operating results.

4. [Analysis of financial position, operating results, and cash flows by management]

(1) Overview of operating results, etc.

An overview of the financial position, operating results, and cash flows (hereinafter referred to as "operating results, etc.") of the Group (the Company and its consolidated subsidiaries) for the current consolidated fiscal year is as follows.

1). Status of financial position and operating results

a. Operating results

During the current consolidated fiscal year, the Japanese economy continued to recover moderately due to improvements in the employment and income environment. On the other hand, downside risks such as U.S. trade policies, fluctuations in foreign exchange rates, and continuous price increases persist, and the future outlook for the economy remains uncertain.

Regarding the medical and nursing care industry to which the Group belongs, as of January 1, 2026, the population aged 65 and over reached 36.18 million, accounting for 29.4% of the total population (Statistics Bureau, Ministry of Internal Affairs and Communications, Population Estimates – January 2026 Report), indicating that the aging of society is steadily progressing. Consequently, the market size for the Group's services is expected to expand further.

Under these circumstances, to further promote and expand the use of "CS (Care Support) Set," the primary service of the Nursing Care and Medical-related Business, the Group has carried out sales activities targeting facilities (hospitals, nursing care facilities, etc.) through 30 head and branch offices and sales offices nationwide, including the Kobe Branch (Kobe City, Hyogo Prefecture), which commenced operations during the current consolidated fiscal year.

As a result, the number of newly contracted facilities in the Group during the current consolidated fiscal year was 359, while the number of cancelled facilities was 99. The number of facilities that have introduced the CS Set at the end of the current consolidated fiscal year increased by 260 from the end of the previous consolidated fiscal year, reaching 2,830.

Consequently, for the current consolidated fiscal year, net sales were 55,448,687 thousand yen (up 16.7% year-on-year), operating profit was 4,272,707 thousand yen (up 19.5% year-on-year), ordinary profit was 4,184,902 thousand yen (up 18.1% year-on-year), and profit attributable to owners of parent was 2,767,760 thousand yen (up 17.5% year-on-year).

b. Financial position

(Assets)

Total assets at the end of the current consolidated fiscal year were 26,295,448 thousand yen, an increase of 4,592,802 thousand yen compared to the end of the previous consolidated fiscal year. Of this amount, current assets were 18,535,104 thousand yen, an increase of 1,662,306 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 1,242,756 thousand yen in notes and accounts receivable - trade, and contract assets, 311,340 thousand yen in merchandise, and 362,171 thousand yen in supplies, despite a decrease of 101,302 thousand yen in accounts receivable - other.

On the other hand, non-current assets were 7,760,344 thousand yen, an increase of 2,930,496 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to increases of 822,589 thousand yen in property, plant and equipment, 838,945 thousand yen in goodwill, and 950,880 thousand yen in long-term loans receivable.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year were 11,613,885 thousand yen, an increase of 2,413,090 thousand yen compared to the end of the previous consolidated fiscal year. Of this amount, current liabilities were 11,054,363 thousand yen, an increase of 2,135,762 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to increases of 1,161,583 thousand yen in accounts payable - trade, 365,474 thousand yen in short-term borrowings, 262,979 thousand yen in income taxes payable, and 179,325 thousand yen in accounts payable - other. Non-current liabilities were 559,521 thousand yen, an increase of 277,328 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of 289,209 thousand yen in long-term borrowings.

(Net assets)

Total net assets at the end of the current consolidated fiscal year were 14,681,563 thousand yen, an increase of 2,179,712 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings; while there were dividend payments of 787,787 thousand yen to shareholders, retained earnings increased by 1,979,973 thousand yen due to the recording of profit attributable to owners of parent of 2,767,760 thousand yen.

2). Cash Flow Position

The balance of cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review was 6,821,116 thousand yen, a decrease of 3,988 thousand yen compared with the end of the previous consolidated fiscal year.

The status of each cash flow and their factors for the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review was 4,304,338 thousand yen (a decrease in cash inflow of 195,722 thousand yen compared with the previous fiscal year). While there was a decrease in funds of 1,215,994 thousand yen due to income taxes paid, funds increased by 5,569,563 thousand yen through operating activities throughout the year.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review was 3,465,405 thousand yen (an increase in cash outflow of 1,231,895 thousand yen compared with the previous fiscal year). This was primarily due to 1,125,995 thousand yen for the purchase of property, plant and equipment, and 1,082,019 thousand yen for the purchase of shares of subsidiaries resulting in a change in the scope of consolidation.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review was 845,548 thousand yen (a decrease in cash outflow of 3,984 thousand yen compared with the previous fiscal year). This was primarily due to 787,753 thousand yen for dividends paid to shareholders.

3). Results of production, orders received, and sales

Since the Group's reportable segment consists only of the "Nursing Care and Medical-related Business" and other business segments are immaterial, description by segment has been omitted.

(1) Production results

As the Group does not engage in production activities, there are no applicable matters.

(2) Order results

As the period from order receipt to the start of service provision is short, the description has been omitted.

(3) Sales results

Sales results for the current consolidated fiscal year are as follows.

Segment name	Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)	
	Net sales (Thousand yen)	Year-on-year change (%)
Nursing care and medical-related business	55,448,687	116.7
Total	55,448,687	116.7

(2) Analysis and discussion of the status of operating results, etc. from management's perspective

The following is a summary of the Group's awareness, analysis, and discussion on its operating results, etc. from the management's perspective.

Forward-looking statements contained herein are based on judgments made as of the end of the current consolidated fiscal year.

1). Understanding, analysis, and discussion of the status of financial position and operating results

The financial position and operating results of the Group for the current consolidated fiscal year are as follows.

a. Financial position

(Assets and liabilities)

The annual trends in the balances of cash and deposits, accounts receivable - trade, accounts receivable - other, allowance for doubtful accounts, and accounts payable - trade, which account for the majority of the Company's assets and liabilities, are as follows.

(Thousands of yen)

Fiscal year	28th	29th	30th	31st	32nd
Fiscal year ended	December 2021	December 2022	December 2023	December 2024	December 2025
Accounts receivable - trade	3,891,204	4,246,702	4,947,868	5,783,858	7,026,614
Accounts receivable - other	1,957,416	2,858,068	3,673,883	2,394,780	2,293,478
Allowance for doubtful accounts	(486,903)	(478,813)	(593,924)	(670,269)	(882,418)
Subtotal	5,361,717	6,625,957	8,027,827	7,508,369	8,437,674
Accounts payable - trade	4,868,493	5,567,979	6,427,437	7,222,724	8,384,308
Net	493,223	1,057,978	1,600,390	285,644	53,366
Cash and deposits	5,632,051	6,036,023	5,488,563	6,849,398	6,845,410
Total	6,125,275	7,094,002	7,088,953	7,135,042	6,898,776

With the steady increase in the number of facilities introducing the CS Set, our mainstay service, and against the backdrop of a growing number of users, the fiscal year-end balances of accounts receivable - trade and accounts payable - trade are also on an upward trend. Additionally, as accounts receivable - trade has been increasing, the balance of allowance for doubtful accounts has also increased.

In the current consolidated fiscal year, while there were acquisition-related costs arising from business combinations, cash and deposits remained solid with only a slight decrease, supported by continuous operational improvements in billing and collection processes.

(Net assets)

Total net assets at the end of the current consolidated fiscal year were 14,681,563 thousand yen, an increase of 2,179,712 thousand yen compared to the end of the previous consolidated fiscal year. The equity ratio decreased by 2.7% from the end of the previous consolidated fiscal year to 54.9%. Furthermore, the return on equity (ROE) increased by 0.3% compared to the previous consolidated fiscal year to 20.5%.

b. Operating results

(Net sales)

Net sales in the current consolidated fiscal year were 55,448,687 thousand yen, an increase of 16.7% compared to the previous consolidated fiscal year. This was due to the steady increase in the number of facilities introducing the service from 2,570 to 2,830, as a result of expanding sales activities to facilities (hospitals, nursing care facilities, etc.) through 30 head and branch offices and sales offices nationwide, including the Kobe Branch (Kobe City, Hyogo Prefecture) which commenced operations in the current consolidated fiscal year, in order to promote and expand the use of the CS Set, the Group's mainstay service, nationwide.

(Cost of sales and gross profit)

The cost of sales in the current consolidated fiscal year was 43,574,467 thousand yen, an increase of 18.4% compared to the previous consolidated fiscal year. The gross profit margin for the current consolidated fiscal year decreased by 1.2% from the previous consolidated fiscal year to 21.4%. As a result, gross profit for the current consolidated fiscal year was 11,874,219 thousand yen, an increase of 10.8% compared to the previous consolidated fiscal year.

(Selling, general and administrative expenses and operating profit)

Selling, general and administrative (SG&A) expenses in the current consolidated fiscal year were 7,601,512 thousand yen, an increase of 6.4% compared to the previous consolidated fiscal year. While there were factors leading to increases such as higher salaries and allowances and legal welfare expenses due to an increase in the number of employees, communication expenses associated with an increase in the number of billings, and an increase in goodwill amortization due to the acquisition of subsidiary shares, the SG&A expense ratio decreased by 1.3% compared to the previous consolidated fiscal year to 13.7% due to internal cost-reduction efforts. As a result, the operating profit margin for the current consolidated fiscal year increased by 0.2% from the previous consolidated fiscal year to 7.7%, and operating profit for the current consolidated fiscal year was 4,272,707 thousand yen, an increase of 19.5% compared to the previous consolidated fiscal year.

(Non-operating income and expenses and ordinary profit)

Non-operating income and expenses for the current consolidated fiscal year resulted in non-operating income of 117,935 thousand yen and non-operating expenses of 205,739 thousand yen. As a result, ordinary profit for the current consolidated fiscal year was 4,184,902 thousand yen, an increase of 18.1% compared to the previous consolidated fiscal year.

(Extraordinary income and losses and profit attributable to owners of parent)

No extraordinary income or losses occurred in the current consolidated fiscal year. Total income taxes for the current consolidated fiscal year were 1,355,120 thousand yen. As a result, profit attributable to owners of parent for the current consolidated fiscal year was 2,767,760 thousand yen, an increase of 17.5% compared to the previous consolidated fiscal year.

c. Current status and outlook of business strategy

The current consolidated fiscal year is the final year of the 6th Medium-Term Management Plan period. In our domestic business, we have further promoted various initiatives started during the previous medium-term management plan period, aimed at increasing the added value and strengthening the competitiveness of the CS Set business, and sought to further expand the scale of the business. Regarding overseas business, we are striving to further strengthen relationships with investee companies and are considering aggressive growth investments. Moving forward, toward further business expansion of the Group, we will continue to evolve various initiatives and continuously consider new pillars of revenue.

2). Analysis and discussion of the status of cash flows and information on sources of capital and liquidity of funds

a. Analysis of the status of cash flows

The status of cash flows for the current consolidated fiscal year is as described in "(1) Overview of operating results, etc. 2. Cash flow status."

b. Information on sources of capital and liquidity of funds

The Group's primary capital requirements include investments in human resources, systems, and new businesses. Regarding investment in human resources, we plan to continue hiring employees in anticipation of future increases in the number of contracted facilities, and expect an increase in personnel expenses as a result. Regarding system investment, as the scale expands, we will promote systemization to transition toward efficient business operations. Regarding new business investment, we will actively proceed with considerations for new businesses to establish new pillars of revenue. We intend to use internal funds based on operating cash flow as the source of funds for the aforementioned capital requirements for the time being.

iii. Significant accounting estimates and assumptions used in such estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. Significant accounting policies adopted in the preparation of these consolidated financial statements are described in "5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes (Basis of preparation of consolidated financial statements)," which should be referred to accordingly. In preparing the Group's consolidated financial statements, it is necessary for management to make selections and applications of accounting policies and estimates that affect the reporting and disclosure of assets, liabilities, revenues, and expenses. These estimates are made considering various factors deemed reasonable based on historical results and information available at that time; however, actual results may differ from these estimates due to the uncertainty inherent in such estimates.

5. [Material contracts, etc.]

Not applicable.

6. [Research and development activities]

Not applicable.

III. [Status of facilities]

1. [Overview of capital expenditures, etc.]

The total amount of capital expenditures made by the Group during the current consolidated fiscal year was 108,049 thousand yen.

The main items consisted of 20,400 thousand yen for the acquisition of leased assets associated with the CS Set business, 20,040 thousand yen for system development investments, 18,267 thousand yen for the acquisition of machinery and equipment, 14,326 thousand yen for interior construction costs, etc., associated with the relocation of bases, and 9,872 thousand yen for interior construction costs, etc., associated with the opening of bases.

Furthermore, there were no significant disposals or sales of facilities during the current consolidated fiscal year.

2. [Status of major facilities]

The status of facilities and employee allocation by business office in the Group is as follows.

Note that since the Group's reportable segment is primarily the Nursing Care and Medical-related Business, and the importance of other segments is minimal, descriptions by segment have not been provided.

(1) Non-consolidated (Reporting company)

As of December 31, 2025

Name of business office (Location)	Details of facilities	Book value (Thousands yen)							Number of employees (Persons)
		Buildings and structures	Vehicles	Tools, furniture and fixtures	Leased assets	Land (Area, m^2)	Others	Total	
Head Office (Matsumoto-shi, Nagano)	Head Office	61,949	14,322	736	31,806	269,200 (4,657.68)	71,676	449,690	50(12)
Sagamihara Branch (Chuo-ku, Sagamihara-shi, Kanagawa)	Sales Office	1,093	0	637	–	–	–	1,730	12(–)
Kanazawa Branch (Kanazawa-shi, Ishikawa)	Sales Office	148	–	0	–	–	–	148	13(8)
Nagoya Branch (Naka-ku, Nagoya-shi, Aichi)	Sales Office	2,478	–	324	–	–	–	2,802	23(2)
Hiroshima Branch (Naka-ku, Hiroshima-shi, Hiroshima)	Sales Office	444	–	29	–	–	–	474	11(1)
Osaka Branch (Suita-shi, Osaka)	Sales Office	333	–	621	–	–	–	955	17(2)
Takamatsu Branch (Takamatsu-shi, Kagawa)	Sales Office	2,834	–	109	–	–	–	2,944	6(1)
Fukuoka Branch (Hakata-ku, Fukuoka-shi, Fukuoka)	Sales Office	4,530	–	1,307	–	–	–	5,838	14(1)
Sapporo Branch (Kita-ku, Sapporo-shi, Hokkaido)	Sales Office	10,666	280	1,565	–	–	–	12,512	11(1)
Saitama Branch (Omiya-ku, Saitama-shi, Saitama)	Sales Office	271	–	0	–	–	–	271	11(–)
Tokyo Office (Chuo-ku, Tokyo)	Business office	7,222	–	3,544	–	–	–	10,766	20(–)
Niigata Branch (Chuo-ku, Niigata-shi, Niigata)	Sales Office	4,642	–	294	–	–	–	4,937	6(1)

Name of business office (Location)	Details of facilities	Book value (Thousands yen)							Number of employees (Persons)
		Buildings and structures	Vehicles	Tools, furniture and fixtures	Leased assets	Land (Area, m^2)	Others	Total	
Okayama Branch (Kita-ku, Okayama-shi, Okayama)	Sales Office	2,084	–	0	–	–	–	2,084	8(1)
Minami-Kyushu Branch (Chuo-ku, Kumamoto-shi, Kumamoto)	Sales Office	4,511	–	877	–	–	–	5,388	8(1)
Shizuoka Branch (Aoi-ku, Shizuoka-shi, Shizuoka)	Sales Office	2,310	–	455	–	–	–	2,765	6(1)
Morioka Branch (Morioka-shi, Iwate)	Sales Office	3,620	–	1,402	–	–	–	5,022	7(1)
Aomori Branch (Aomori-shi, Aomori)	Sales Office	2,540	–	145	–	–	–	2,686	5(1)
Akita Branch (Akita-shi, Akita)	Sales Office	1,709	–	320	–	–	–	2,030	5(42)
Sendai Branch (Aoba-ku, Sendai-shi, Miyagi)	Sales Office	3,929	–	623	–	–	–	4,553	10(11)
Hakodate Sales Office (Hakodate-shi, Hokkaido)	Sales Office	3,042	–	146	–	–	–	3,188	4(2)
Okinawa Branch (Naha-shi, Okinawa)	Sales Office	3,002	330	257	–	–	–	3,590	– (–)
Chiba Branch (Chuo-ku, Chiba-shi, Chiba)	Sales Office	4,903	–	729	–	–	–	5,633	9(–)
Matsuyama Branch (Matsuyama-shi, Ehime)	Sales Office	4,423	–	562	–	–	–	4,985	6(1)
Matsumoto Branch (Matsumoto-shi, Nagano)	Sales Office	29,205	–	7,239	–	–	–	36,445	37(13)
Kushiro Sales Office (Kushiro-shi, Hokkaido)	Sales Office	2,290	–	784	–	–	–	3,075	4(1)
Koriyama Branch (Koriyama-shi, Fukushima)	Sales Office	4,214	–	1,474	–	–	–	5,689	4(4)
Kobe Branch (Kobe-shi, Hyogo)	Sales Office	7,696	–	2,025	–	–	–	9,722	3(1)

(Note 1) There are no major facilities currently out of operation.

(Note 2) "Other" in book value consists of intangible assets such as software.

(Note 3) The number of employees indicates the number of persons in employment. The annual average number of temporary employees (including part-time workers and temporary staff from staffing agencies) is shown in parentheses as an extra-number.

(Note 4) In addition to the book value mentioned above, sales offices and business offices, excluding the Head Office, lease buildings, and the annual lease rent is 205,341 thousand yen.

(2) Domestic subsidiaries

As of December 31, 2025

Name of subsidiary	Name of business office (Location)	Details of facilities	Book value (Thousands yen)							Number of employees (Persons)
			Buildings and structures	Vehicles	Tools, furniture and fixtures	Lease assets	Land (Area, m^2)	Others	Total	
ELAN Service Corporation	Head Office (Matsumoto-shi, Nagano)	Head Office	–	–	–	–	–	–	–	– (–)
	Matsumoto Murai Office (Matsumoto-shi, Nagano)	Business office	6,287	–	–	2,835	–	–	9,122	42(60)
	Sagamihara Branch (Chuo-ku, Sagamihara-shi, Kanagawa)	Business office	365	–	–	–	–	–	365	17(29)
	Hiroshima Branch (Naka-ku, Hiroshima-shi, Hiroshima)	Business office	6,993	–	597	–	–	–	7,590	7(11)
	Morioka Branch (Morioka-shi, Iwate)	Business office	7,451	–	4,951	–	–	–	12,402	15(30)

(Note 1) There are no major facilities currently out of operation.

(Note 2) The number of employees indicates the number of persons in employment. The annual average number of temporary employees (including part-time workers and contract employees) is shown in parentheses as an extra-number.

(Note 3) In addition to the book value mentioned above, the Head Office and business offices lease buildings, and the annual lease rent is 27,332 thousand yen.

As of December 31, 2025

Name of subsidiary	Name of business office (Location)	Details of facilities	Book value (Thousands yen)						Number of employees (Persons)
			Buildings and structures	Vehicles	Tools, furniture and fixtures	Land (Area, m^2)	Others	Total	
Ryukyu ELAN Corporation	Head Office (Naha-shi, Okinawa)	Head Office	–	–	–	–	–	–	5(23)

(Note) The number of employees indicates the number of persons in employment. The annual average number of temporary employees (including part-time workers and contract employees) is shown in parentheses as an extra-number.

As of December 31, 2025

Name of subsidiary	Name of business office (Location)	Details of facilities	Book Value (Thousands yen)						Number of employees (Persons)
			Buildings and structures	Vehicles	Tools, furniture and fixtures	Land (Area, m^2)	Others	Total	
ELAN COULEUR Corporation	Head Office (Matsumoto-shi, Nagano)	Head Office	–	–	–	–	–	–	– (–)
	Nagoya Office (Naka-ku, Nagoya-shi, Aichi)	Business Office	3,253	285	1,003	–	–	4,542	22 (238)

(Note 1) There are no major facilities currently out of operation.

(Note 2) The number of employees indicates the number of persons in employment. The annual average number of temporary employees (including part-time workers and contract employees) is shown in parentheses as an extra-number.

(Note 3) In addition to the book value mentioned above, the Head Office and business offices lease buildings, and the annual lease rent is 4,921 thousand yen.

As of December 31, 2025

Name of subsidiary	Name of business office (Location)	Details of facilities	Book value (Thousands yen)						Number of employees (Persons)
			Buildings and structures	Vehicles	Tools, furniture and fixtures	Land (Area, m^2)	Others	Total	
ELAN LOGISTICS Corporation	Head Office (Midori-ku, Sagamihara-shi, Kanagawa)	Head Office	1,106	1,151	155	–	–	2,412	7(14)
	Matsumoto Distribution Centre (Matsumoto-shi, Nagano)	Distribution facilities	–	–	–	–	–	–	6(7)
	Kansai Distribution Centre (Hirakata-shi, Osaka)	Distribution facilities	238	–	187	–	–	425	3(4)
	Kansai Logistics Center Hanshin TC (Amagasaki-shi, Hyogo)	Distribution facilities	–	–	–	–	–	–	1(–)

(Note 1) There are no major facilities currently out of operation.

(Note 2) The number of employees indicates the number of persons in employment. The annual average number of temporary employees (including part-time workers and contract employees) is shown in parentheses as an extra-number.

(Note 3) In addition to the book value mentioned above, the Head Office and logistics facilities lease buildings, and the annual lease rent is 25,261 thousand yen.

(3) Overseas subsidiaries

As of December 31, 2025

Name of subsidiary	Name of business office (Location)	Details of facilities	Book value (Thousands yen)							Number of employees (Persons)
			Buildings and structures	Vehicles	Machinery and equipment	Tools, furniture and fixtures	Land (Area, m^2)	Others	Total	
GREEN LAUNDRY JOINT STOCK COMPANY	Head Office (Ho Chi Minh City, Vietnam)	Head Office	861	9,444	13,623	–	–	–	23,928	254(–)

(Note 1) There are no major facilities currently out of operation.

(Note 2) The number of employees indicates the number of persons in employment. The annual average number of temporary employees (including part-time workers and contract employees) is shown in parentheses as an extra-number.

(Note 3) In addition to the book value mentioned above, the Head Office leases buildings, and the annual lease rent is 20,408 thousand yen.

As of December 31, 2025

Name of subsidiary	Name of business office (Location)	Details of facilities	Book value (Thousands yen)							Number of employees (Persons)
			Buildings and structures	Vehicles	Machinery and equipment	Tools, furniture and fixtures	Land (Area, m^2)	Others	Total	
TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY	Head Office (Hanoi City, Vietnam)	Head Office	415,859	10,852	389,170	3,455	–	–	819,336	285(–)

(Note 1) There are no major facilities currently out of operation.

(Note 2) The number of employees indicates the number of persons in employment. The annual average number of temporary employees (including part-time workers and contract employees) is shown in parentheses as an extra-number.

3. [Plans for New Construction and Retirement of Facilities]

As of the end of the current consolidated fiscal year, the status of significant new construction of facilities, etc. is as follows.

(1) Significant new construction of facilities, etc.

Name of business office (Location)	Details of facilities	Planned investment amount		Source of funds	Scheduled start	Scheduled completion	Increased capacity after completion
		Total amount (Thousand yen)	Amount already paid (Thousand yen)				
Tokyo Office (Chuo-ku, Tokyo)	Application development (Business development)	33,000	22,000	Internal funds	July 2025	March 2026	–

(Note) Information on increased capacity after completion is omitted as it is difficult to measure.

(2) Significant retirement of facilities, etc.

Not applicable.

IV. [Information on the Reporting Company]

1. [Information on the Company's Stock, etc.]

(1) [Total number of shares, etc.]

i. [Total number of shares]

Type	Total number of shares authorized to be issued (Shares)
Common stock	192,000,000
Total	192,000,000

ii. [Issued shares]

Type	Number of issued shares as of the end of the fiscal year (Shares) (December 31, 2025)	Number of issued shares as of the filing date (Shares) (March 26, 2026)	Name of listed financial instruments exchange or registered authorized financial instruments firms association	Details
Common stock	60,600,000	60,600,000	Tokyo Stock Exchange Prime Market	These are common shares with full voting rights and are the standard shares of the Company with no limitations on their rights. The number of shares per unit is 100 shares.
Total	60,600,000	60,600,000	–	–

(2) [Information on share acquisition rights, etc.]

i. [Details of stock option system]

Not applicable.

ii. [Details of rights plan]

Not applicable.

iii. [Status of other share acquisition rights, etc.]

Not applicable.

(3) [Status of exercise of moving strike convertible bonds, etc.]

Not applicable.

(4) [Changes in the total number of issued shares, capital stock, etc.]

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in capital stock (Thousand yen)	Balance of capital stock (Thousand yen)	Change in legal capital surplus (Thousand yen)	Balance of legal capital surplus (Thousand yen)
January 1, 2021 (Note)	30,300,000	60,600,000	–	573,496	–	543,496

(Note) Due to a 2-for-1 stock split.

(5) [Status of shareholding by type of shareholder]

As of December 31, 2025

Category	Status of shares (Number of shares per unit: 100 shares)								Status of shares less than one unit (Shares)
	Government and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	–	12	26	60	74	19	7,226	7,417	–
Number of shares held (Units)	–	45,090	4,415	376,544	39,122	114	140,448	605,733	26,700
Percentage of shares held (%)	–	7.44	0.73	62.16	6.46	0.02	23.19	100.00	–

(Note 1) Treasury shares of 1,003 shares are included as 10 units in "Individuals and others" and 3 shares in "Status of shares less than one unit."

(Note 2) The 115,728 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the "Board Benefit Trust (BBT)" and "Employee Stock Ownership Plan (J-ESOP)" are included as 1,157 units in "Financial institutions" and 28 shares in "Status of shares less than one unit."

(6) [Major Shareholders]

As of December 31, 2025

Name	Address	Number of shares held (Shares)	Percentage of shares held to the total number of issued shares (excluding treasury shares) (%)
M3, Inc.	1-11-44 Akasaka, Minato-ku, Tokyo	33,329,490	55,00
Hideharu Sakurai	Yamagata-mura, Higashichikuma-gun, Nagano	2,721,100	4,49
Nobuhiro Nakajima	Matsumoto-shi, Nagano	2,422,600	4.00
Master Trust Bank of Japan (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	2,276,100	3.76
SAKURA Corporation	2558-3 Yamagata-mura, Higashichikuma-gun, Nagano	1,841,000	3.04
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,517,300	2.50
UH 5 Inc.	1-4-10 Nishi-Ikebukuro, Toshima-ku, Tokyo	932,500	1.54
HIKARI TSUSHIN KK Investment Limited Partnership	1-4-10 Nishi-Ikebukuro, Toshima-ku, Tokyo	913,200	1,51
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	25 CABOT SQUARE,CANARY WHARF,LONDON E14 4QA,U.K. (1-9-7 Otemachi, Chiyoda-ku, Tokyo)	881,800	1.46
N-Style Co., Ltd.	1-5-6 Kudan-minami, Chiyoda-ku, Tokyo	827,400	1.37
Total	–	47,662,490	78.65

(Note) Of the number of shares held by The Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) listed above, the number of shares related to trust business is 2,276,100 shares and 1,517,300 shares, respectively.

(7) [Status of voting rights]

i. [Issued Shares]

As of December 31, 2025

Category	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Others)	–	–	–
Common stock with full voting rights (Treasury shares, etc.)	Common stock 1,000	–	–
Common stock with full voting rights (Others)	Common stock 60,572,300	605,723	–
Shares less than one unit	Common stock 26,700	–	–
Total number of issued shares	60,600,000	–	–
Total number of voting rights of all shareholders	–	605,723	–

(Note 1) The "Common stock with full voting rights (Treasury shares, etc.)" column consists entirely of treasury shares held by the Company.

(Note 2) The number of shares of common stock in the "Common stock with full voting rights (Others)" column includes 115,700 shares (1,157 voting rights) of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the "Board Benefit Trust (BBT)" and the "Employee Stock Ownership Plan (J-ESOP)."

(Note 3) The common stock in the "Shares less than one unit" column includes 28 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the "Board Benefit Trust (BBT)" and the "Employee Stock Ownership Plan (J-ESOP)."

ii. [Treasury shares, etc.]

As of December 31, 2025

Name of owner	Address of owner	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of shares held to the total number of issued shares (%)
ELAN Corporation	15-12 Idegawa, Matsumoto-shi, Nagano, Japan	1,000	–	1,000	0.00
Total	–	1,000	–	1,000	0.00

(Note 1) The 115,700 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the "Board Benefit Trust (BBT)" and "Employee Stock Ownership Plan (J-ESOP)" are not included in the above.

(Note 2) The Company holds 3 treasury shares less than one unit.

(8) [Details of share ownership plans for officers and employees]

i. Performance-linked stock remuneration system for officers

At the meeting of the Board of Directors held on February 19, 2021, the Company resolved to introduce a new performance-linked stock remuneration system, the "Board Benefit Trust (BBT)" (the "System"), for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and Executive Officers (the "Officers, etc."). The objective of the System is to further clarify the link between the remuneration of Officers, etc. and the Company's performance and stock value. By having Officers, etc. share with shareholders not only the benefits of stock price increases but also the risks of stock price decreases, the System aims to raise their awareness of contributing to the improvement of business performance and the increase of corporate value over the medium to long term. The proposal related to the System was approved at the 27th Ordinary General Meeting of Shareholders held on March 23, 2021.

(1) Overview of the System

The System is a performance-linked stock remuneration system under which the Company's shares are acquired through a trust using cash contributed by the Company as the source of funds. In accordance with the "Officer Stock Benefit Rules" established by the Company, the Company's shares and cash equivalent to the market value of the Company's shares (the "Company's Shares, etc.") are provided to Officers, etc. through the trust. As a general rule, the timing for Officers, etc. to receive the Company's Shares, etc. is upon their retirement.

(2) Total number of shares planned to be acquired by officers

As of the end of the current fiscal year, the number of the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the System is 78,428 shares.

(3) Scope of persons entitled to receive beneficial interests and other rights under the share ownership plan

Persons who have retired from their positions as Officers, etc. and meet the beneficiary requirements set forth in the Officer Stock Benefit Rules.

ii. Stock benefit trust system for employees

At the meeting of the Board of Directors held on February 19, 2021, the Company resolved to introduce the "Board Benefit Trust (J-ESOP)" (the "System"), an incentive plan for employees of the Company Group (the "Employees"). The objective of the System is to enhance the welfare benefits for Employees and to improve their awareness of participating in management.

(1) Overview of the System

The System is a mechanism to provide the Company's shares to Employees who have acquired the right to receive benefits based on the "Stock Benefit Rules" established in advance by the Company.

The Company grants points to Employees according to their level of contribution, such as years of service. For Employees who have qualified for benefits, the Company provides shares equivalent to the granted points. The shares to be provided to Employees are acquired by the trust bank using cash previously contributed to the trust by the Company, including shares for future benefits, and are managed separately as trust assets.

(2) Total number of shares planned to be acquired by employees

As of the end of the current fiscal year, the number of the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the System is 37,300 shares.

(3) Scope of persons entitled to receive beneficial interests and other rights under the employee share ownership plan

Employees who meet the beneficiary requirements set forth in the Stock Benefit Rules.

2. [Status of Acquisition of Treasury Shares, etc.]

[Class of shares, etc.] Acquisition of common stock falling under Article 155, Item 7 of the Companies Act

(1) [Status of acquisition by resolution of the general meeting of shareholders]

Not applicable.

(2) [Status of acquisition by resolution of the board of directors]

Not applicable.

(3) [Details of acquisition not based on resolutions of the general meeting of shareholders or the board of directors]

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the current fiscal year	8	6,300
Treasury shares acquired during the current period	3	2,121

(Note) Treasury shares acquired during the current period do not include shares resulting from the purchase of shares less than one unit during the period from March 1, 2026, to the filing date of this Annual Securities Report.

(4) [Status of disposal and holding of acquired treasury shares]

Category	Current fiscal year		Current Period	
	Number of shares (Shares)	Total disposal price (Yen)	Number of shares (Shares)	Total disposal price (Yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were retired	–	–	–	–
Acquired treasury shares transferred for merger, share exchange, share issuance, or corporate division	–	–	–	–
Others	–	–	–	–
Number of treasury shares held	1,003	–	1,006	–

(Note 1) The number of treasury shares held during the current fiscal year and the current period does not include 115,728 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the "Board Benefit Trust (BBT)" and "Employee Stock Ownership Plan (J-ESOP)."

(Note 2) The number of treasury shares disposed of during the current period does not include shares resulting from the sale of shares less than one unit during the period from March 1, 2026, to the filing date of this Annual Securities Report.

(Note 3) The number of treasury shares held during the current period does not include shares resulting from the purchase and sale of shares less than one unit during the period from March 1, 2026, to the filing date of this Annual Securities Report.

3. [Dividend Policy]

The Company recognizes the appropriate return of profits to shareholders as a key management priority. Its policy is to implement profit distribution to shareholders after comprehensively considering factors such as the status of internal reserves, profit levels in each fiscal year, and forecasts for business performance and funding needs from the next fiscal year onward.

The Company's basic policy is to pay dividends of surplus once a year as a year-end dividend.

Regarding the use of internal reserves, the Company will allocate these funds to capital investment for the expansion of its sales office network, investment in the systemization of billing, purchasing, and logistics operations, and funds for new business development, among others. Through these efforts, the Company will strive to stabilize its business foundation and increase corporate value.

The Company stipulates in its Articles of Incorporation that it may pay dividends of surplus, etc. by resolution of the Board of Directors pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act.

Regarding the distribution of surplus for the current fiscal year, based on the above policy and after comprehensively considering business performance and financial condition, the Company has set the year-end dividend at 15 yen per share.

Dividends of surplus pertaining to the current fiscal year are as follows:

Date of resolution	Total amount of dividends (Thousand yen)	Dividend per share (Yen)
March 25, 2026 Resolution of the Ordinary General Meeting of Shareholders	908,984	15

4. [Status of Corporate Governance, etc.]

(1) [Overview of corporate governance]

1). Basic views on corporate governance

Based on our management philosophy, "We pursue the best products and services that satisfy our customers, and through passionate action, contribute to the realization of a rich living environment," the Company recognizes that establishing corporate governance is a vital management priority. We aim to respect the interests of all stakeholders, including users of the "CS Set" provided by the Company, and to enhance corporate value over the long term and on a continuous basis.

Under this recognition, the Company's Directors, Executive Officers, and employees understand their respective roles and strive to continuously raise awareness of laws, regulations, social norms, and ethics, while maintaining and operating an appropriate management organizational structure. Furthermore, we will continue to conduct timely reviews in accordance with changes in our growth stage.

2). Overview of the corporate governance system and reasons for adoption

a. Overview of the corporate governance system

Most of the significant decision-making matters regarding business execution at the Company are determined through the Board of Directors and the Management Committee.

The Company's Board of Directors serves as the decision-making body for management policies, management strategies, business plans, the acquisition and disposal of significant assets, and important organizational and personnel matters. It consists of five Directors (excluding Directors who are Audit and Supervisory Committee Members; including one Outside Director) and five Directors who are Audit and Supervisory Committee Members (including three Outside Directors). In addition to holding regular Board of Directors meetings once a month, extraordinary meetings are held as needed when important matters arise.

The Board of Directors determines the duties of Executive Directors, nominates Executive Officers, and defines their roles. When necessary, Executive Officers are invited to attend Board meetings to ensure that management decisions are accurately communicated, leading to swift business execution by Executive Directors and Executive Officers.

The Management Committee is an advisory body to the President and Representative Director, composed of Executive Directors, Executive Officers, other persons designated by the President, and Full-time Audit and Supervisory Committee Members. It meets twice a month. Its purpose is to deliberate on significant matters related to business execution and matters to be submitted to the Board of Directors that require prior consultation, as well as to receive business reports regarding the duties of each Executive Director and Executive Officer. For matters where the authority to decide on significant business execution has been delegated by a resolution of the Board of Directors, the President and Representative Director makes the decision after deliberation by the Management Committee.

The Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee Members (including one Full-time member and three Outside Directors). It meets once a month to monitor the status of Directors' compliance with laws, regulations, and the Articles of Incorporation, and strives to ensure that operational and accounting audits are conducted effectively.

Furthermore, to enhance the independence, objectivity, transparency, and accountability of the Board of Directors' functions and to further strengthen the corporate governance system, the Company has established a Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors, primarily composed of Independent Outside Directors. The Nomination and Remuneration Committee deliberates on matters related to the nomination of candidates for Directors and Executive Officers, as well as remuneration for Directors and Executive Officers, and reports the results to the Board of Directors. Members of this committee are selected by resolution of the Board of Directors, with a majority being Independent Outside Directors.

In addition, following the emergence of a controlling shareholder, the Company has established a Special Committee as an advisory body to the Board of Directors to protect the interests of minority shareholders regarding significant transactions with the parent company group. All members of the Special Committee are selected from Independent Outside Directors, except that outside experts may be appointed as necessary.

The Board of Directors, Management Committee, Audit and Supervisory Committee, Nomination and Remuneration Committee, and Special Committee of the Company are composed of the following members (the symbol ◎ indicates the chairperson).

Role	Position	Name	Board of Directors (Note 2)	Management Committee (Note 3)	Audit and Supervisory Committee	Nomination and Remuneration Committee	Special Committee
Executive Officer	President and Representative Director, President, Executive Officer and CEO	Tomohiro Minezaki	◎	◎	–	○	–
	Executive Officer, CSO and General Manager of Corporate Strategy Division	Akira Ishizuka	○	○	–	–	–
	Director, Executive Officer, CFO and General Manager of Administrative Division	Yoichi Kamijo	○	○	–	○	–
	Executive Officer and General Manager of Global Business Promotion Division	Hideya Tetsumura	–	○	–	–	–
	Executive Officer and General Manager of Operations Management Division	Ryo Wakizaka	–	○	–	–	–
	Executive Officer and General Manager of Logistics Division	Takanori Shimizu	–	○	–	–	–
	Executive Officer and General Manager of Operations Division	Hirotoshi Suzuki	–	○	–	–	–
	Executive Officer, CMO and General Manager of Sales Division	Yu Iizuka	–	○	–	–	–
	Executive Officer and General Manager of Business Development Division	Shunji Sato	–	○	–	–	–

Role	Position	Name	Board of Directors (Note 2)	Management Meeting (Note 3)	Audit and Supervisory Committee	Nomination and Remuneration Committee	Special Committee
Non-Executive Officer	Director	Yukiko Matsumoto	○	–	–	–	–
	Director (Note 1)	Naomi Emori	○	–	–	○	○
	Director, Full-time Audit and Supervisory Committee Member	Yusuke Kano	○	○	○	–	–
	Director, Audit and Supervisory Committee Member	Hirofumi Oba	○	–	○	–	–
	Director, Audit and Supervisory Committee Member (Note 1)	Naohide Aikawa	○	–	◎	◎	◎
	Director, Audit and Supervisory Committee Member (Note 1)	Miho Saito	○	–	○	○	○
	Director, Audit and Supervisory Committee Member (Note 1)	Masaru Miura	○	–	○	–	○

(Note 1) This person is an Outside Director.

(Note 2) Since the Articles of Incorporation provide that "Unless otherwise provided by laws and regulations, the Board of Directors shall be convened and chaired by the Representative Director," the Company manages the meetings by determining the order of priority for the chairperson through a resolution of the Board of Directors.

(Note3) In addition to the members listed in the table above, the members of the Management Committee include employees (department heads) designated by the President and Representative Director.

(Activities of the Board of Directors during the current fiscal year)

The Company holds meetings of the Board of Directors once a month in principle, and the attendance status of individual Directors is as follows.

Position	Name	Attendance Status
President and Representative Director, President, Executive Officer and CEO	Tomohiro Minezaki	17 / 17 (100%)
Executive Officer, CSO and General Manager of Corporate Strategy Division	Akira Ishizuka	17 / 17 (100%)
Director, Executive Officer, CFO and General Manager of Administration Division	Yoichi Kamijo	14 / 14 (100%)
Director	Yukiko Matsumoto	14 / 14 (100%)
Director (Note 1)	Naomi Emori	17 / 17 (100%)
Director, Full-time Audit and Supervisory Committee Member (Note 2)	Hiroshi Eyama	17 / 17 (100%)
Director, Audit and Supervisory Committee Member	Hirofumi Oba	14 / 14 (100%)
Director and Audit & Supervisory Committee Member (Note 1), (Note 2)	Nobuyuki Takagi	17 / 17 (100%)
Director and Audit & Supervisory Committee Member (Note 1)	Naohide Aikawa	17 / 17 (100%)
Director and Audit & Supervisory Committee Member (Note 1)	Miho Saito	14 / 14 (100%)

(Note 1) This person is an Outside Director.

(Note 2) Retired from the position of Director, Audit and Supervisory Committee Member due to the expiration of the term of office at the conclusion of the Annual General Meeting of Shareholders held on March 25, 2026.

Specific matters considered by the Board of Directors held during the current fiscal year were as follows:

・Matters concerning financial results (monthly, quarterly, and annual)

・Matters concerning General Meetings of Shareholders (convening of meetings and proposals to be submitted)

・Matters concerning disclosure documents (Annual Securities Report, Corporate Governance Report, Semi-annual Report, etc.)

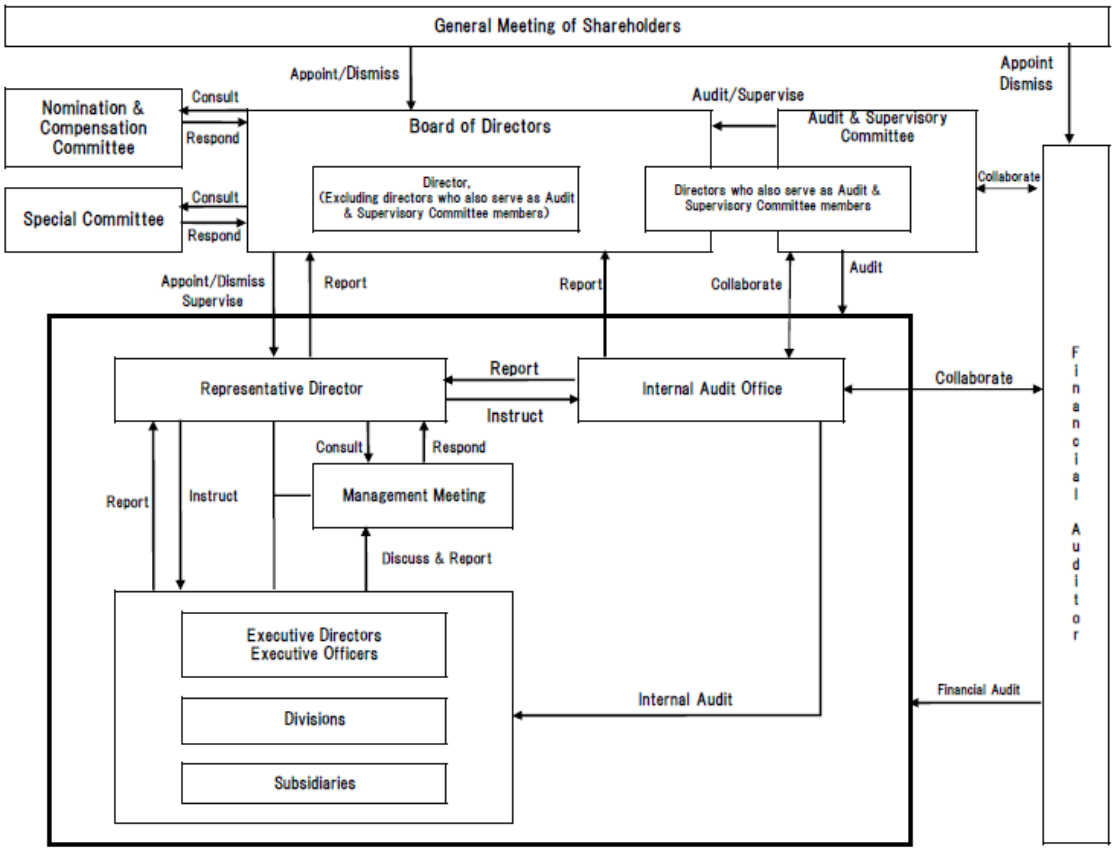
・Matters concerning the establishment and revision of internal rules and regulations

・Matters concerning the formulation of budgets and business plans

・Matters concerning significant personnel and organizational changes

・Matters concerning new investment projects

In addition, the status of the Company's corporate governance is illustrated as follows.



b. Reasons for adoption of the current corporate governance system

The Company has adopted the organizational structure of a Company with an Audit and Supervisory Committee. The objective of this structure is to further strengthen corporate governance by establishing an Audit and Supervisory Committee, of which a majority of the members are Outside Directors, and by granting voting rights on the Board of Directors to Directors who are Audit and Supervisory Committee Members, thereby enhancing the Board's supervisory function. Furthermore, by enabling the Board of Directors to broadly delegate decision-making authority for business execution to Directors, the Company aims to accelerate management decision-making regarding business execution. Simultaneously, this allows the Board of Directors to engage in broader and more strategic discussions to further enhance corporate value.

The Management Committee is established as an advisory body to the President and Representative Director, who has been delegated the authority to make decisions on important business execution by the Board of Directors. The committee shares information and deliberates on matters related to significant business execution to ensure appropriate and swift decision-making by the President and Representative Director.

The Management Committee is established as an advisory body to the President and Representative Director, who has been delegated the authority to make decisions on important business execution by the Board of Directors. The committee shares information and deliberates on matters related to significant business execution to ensure appropriate and swift decision-making by the President and Representative Director.

The Company believes that by adopting these systems, it can strengthen the supervisory function over business execution and accelerate management decision-making, while facilitating strategic discussions at the Board of Directors, thereby strengthening corporate governance and enhancing corporate value.

3). Other matters concerning corporate governance

a. Status of internal control systems

As for the Company's internal control system, the Board of Directors has established the "Basic Policy on the Establishment of Internal Control Systems." We strive to build a system to ensure that duties are performed efficiently and in compliance with laws, regulations, and the Articles of Incorporation through the Board of Directors and other major committees. In addition, Audit and Supervisory Committee Members and the Internal Audit Office monitor the execution of duties by officers and employees and perform necessary audit procedures as appropriate.

Furthermore, regarding the compliance system for Directors, Executive Officers, and employees, the "M3 Group Code of Conduct" has been established to ensure that corporate activities are conducted while contributing to social interests and complying with laws and regulations.

b. Status of risk management system

The Administration Division acts as the division in charge and strives for early detection and prevention of risks by sharing information with each division. In addition, the "Group Internal Whistleblowing Rules" provide that if any officer or employee becomes aware of a violation of laws, internal rules, or any fraudulent act by other officers or employees, they shall report it to a contact point composed of persons designated by the President, Full-time Audit and Supervisory Committee Members, and attorneys who have no risk of conflict of interest with the Company. By establishing a mechanism for appropriate processing, we aim to prevent and early detect scandals caused by fraudulent acts.

Furthermore, the "Crisis Management Rules" have been established to prescribe responses when the Company faces a management crisis.

Regarding the progress of daily sales and operations, Directors and Executive Officers in charge of each divisions (Sales, Operations Management, Logistics, Operations, Corporate Strategy, Business Development, Global Business Promotion, Information Systems, and Administration) share information as needed with General Managers, Deputy General Managers, and Managers of each department (sales area/department/section). Reporting to the Chairman and the President is also promptly carried out through each Director and Executive Officer. We share information across the organization and take appropriate measures for risk management, including reporting to the Management Committee and the Board of Directors as necessary.

c. Status of system to ensure the appropriateness of operations of subsidiaries

To ensure the appropriateness of operations of the Company's subsidiaries, we ensure the management function of important operations of subsidiaries based on the "Affiliate Management Rules." We also appoint multiple officers of subsidiaries from the Company and, while respecting the autonomy of subsidiaries, conduct management and guidance of their operations centered on these officers. In addition, we aim to ensure the appropriateness of subsidiaries' operations by holding regular monthly board meetings of subsidiaries and timely reporting their status to the Company's Management Committee and Board of Directors.

4). Overview of limited liability contracts

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and its Directors (excluding those who are Executive Directors, etc.) have entered into contracts to limit their liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages under such contracts is the amount stipulated by laws and regulations. This limitation of liability is restricted to cases where the Director (excluding those who are Executive Directors, etc.) acted in good faith and without gross negligence in performing the duties that caused the liability.

5). Overview of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. Under this policy, the insurance company will cover damages, including compensation for damages and litigation expenses, incurred by the insured as a result of claims for damages filed by shareholders, investors, employees, or other third parties during the insurance period arising from acts performed by the insured in their capacity as an officer. The insured persons under this policy are all Directors (including Directors who are Audit and Supervisory Committee Members) and Audit & Supervisory Board Members of the Company and its domestic subsidiaries, as well as Executive Officers, and the Company bears all insurance premiums. However, to ensure that the appropriateness of the execution of duties by the insured is not impaired, damages incurred by the insured themselves based on acts such as breach of trust, criminal acts, fraudulent acts, or acts performed while cognizant of violating laws and regulations are not covered.

6). Number of directors

The Company's Articles of Incorporation provide that the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be no more than eight, and the number of Directors who are Audit and Supervisory Committee Members shall be no more than six.

7). Resolution requirements for election of directors

The Company's Articles of Incorporation provide that resolutions for the election of Directors shall be adopted by a majority of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present, and that cumulative voting shall not be used.

8). Extraordinary resolution requirements for general meetings of shareholders

Regarding extraordinary resolutions of the general meeting of shareholders as stipulated in Article 309, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation provide that such resolutions shall be adopted by two-thirds or more of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present. The purpose of this is to ensure the smooth operation of the general meeting of shareholders by relaxing the quorum for extraordinary resolutions.

9). Matters that can be decided by the Board of Directors among matters for resolution by the general meeting of shareholders

a. Dividends of surplus, etc.

To enable flexible profit returns to shareholders, the Company's Articles of Incorporation provide that matters set forth in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, may be determined by a resolution of the Board of Directors, unless otherwise provided by laws and regulations.

b. Acquisition of treasury shares

Pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation provide that it may acquire its own shares through a resolution of the Board of Directors. The purpose of this is to enable the execution of flexible capital policies in response to changes in the management environment by acquiring treasury shares through market transactions, etc.

c. Exemption from liability of directors

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation provide that it may, by a resolution of the Board of Directors, exempt Directors (including former Directors) from liability for acts under Article 423, Paragraph 1 of the same Act within the limits of laws and regulations. The purpose of this is to create an environment where Directors can fully demonstrate their abilities and fulfill their expected roles in performing their duties.

(2) [Status of officers]

1). List of officers

7 males, 3 females (Percentage of female officers: 30%)

Position	Name	Date of Birth	Career Summary	Term of Office	Shares Held (Shares)
President and Representative Director, President, Executive Officer and CEO	Tomohiro Minezaki	September 7, 1972	Apr. 1997 Joined Nakajima Yuzo Zeirishi Jimusho Dec. 1999 Joined Y.K. ISO Aug. 2003 Joined ELAN Corporation Jan. 2009 Head of Sales Division, ELAN Corporation July 2011 Director, Head of Sales Division, ELAN Corporation Oct. 2012 Director and Head of East Japan Area Sales Division, ELAN Corporation Mar. 2014 Director (in charge of sales), ELAN Corporation Feb. 2016 Director and Head of Sales Division, ELAN Corporation Oct. 2016 Director and Assistant General Manager of Sales Department, ELAN Corporation Feb. 2017 Director, LTASK Corporation Jan. 2018 Director and General Manager of Operations Department, ELAN Corporation Sep. 2018 Director, ELAN Service Corporation Jan. 2019 Director and Assistant General Manager of Sales Department, ELAN Corporation Jan. 2020 Director and General Manager of Sales Department, ELAN Corporation Mar. 2020 Executive Officer, ELAN Corporation Jan. 2021 Director in Charge of Sales, ELAN Corporation Mar. 2021 Managing Director, General Manager of Operational Management Department, and Managing Executive Officer, ELAN Corporation Mar. 2022 Representative Director, President & COO, General Manager of Operational Management Department, ELAN Corporation Apr. 2022 Representative Director and President, Executive Officer & COO, ELAN Corporation Mar. 2025 President and Representative Director, President, Executive Officer and CEO (present)	(Note 2)	400,000
Executive Officer, CSO and General Manager of Corporate Strategy Division	Akira Ishizuka	August 8, 1970	Aug. 2005 Director, Medical Care Service Co., Inc. Mar. 2010 Managing Director, Medical Care Service Co., Inc. Mar. 2016 Managing Director, Sanko Soflan Co., Ltd. Oct. 2016 Executive Officer, REALWORLD, Inc. (now, DIGITAL PLUS, Inc.) Apr. 2017 Executive Officer and CFO, REALWORLD, Inc. Dec. 2017 Director and CFO, REALWORLD, Inc. Apr. 2019 Joined ELAN Corporation July 2019 General Manager of General Affairs & Human Resources Department and Head of Human Resources Division, ELAN Corporation Jan. 2020 General Manager of Corporate Strategy Department and Head of Corporate Planning Division, ELAN Corporation Mar. 2020 Executive Officer, ELAN Corporation Dec. 2021 Outside Director, Classico Inc. (present) Mar. 2022 Executive Officer, CSO and General Manager of Corporate Strategy Division (present) Jan. 2023 Representative Director, President, ELAN COULEUR Corporation (present)	(Note 2)	1,873
Director, Executive Officer, CFO and General Manager of Administration Division	Yoichi Kamijo	March 30, 1973	Apr. 1995 Joined Dai-Ichi Kangin Information Systems K.K. . (now Mizuho Research & Technologies K.K.) Oct. 1999 Joined Tohmatsu Audit Corporation (now Tohmatsu Limited Liability Audit Corporation) Apr. 2003 Registered as a certified public accountant Oct. 2015 Joined ELAN Corporation Nov. 2015 Manager of Business Affairs Division Aug. 2016 Joined PwC Arata LLC (now PwC Japan LLC) Aug. 2017 Joined Tohmatsu Limited Liability Audit Corporation July 2019 Joined ABLE Corporation (now BEABLE Corporation) Dec. 2019 Re-joined ELAN Corporation Jan. 2020 Manager of Finance & Accounting Division (present) Apr. 2021 Director, Ryukyu ELAN Corporation (present) Jan. 2024 Executive Officer, Deputy General Manager of Administration Department, ELAN Corporation May. 2024 Executive Officer, CFO, General Manager of Administration Department (present) Mar. 2025 Assumed Director of Elan Corporation (present) Sep. 2025 Director of Elan Couleur Corporation (present)	(Note 2)	1,783

Position	Name	Date of Birth	Career Summary		Term of Office	Shares Held (Shares)
				Director of Elan Logistics Corporation (present) Director of GREEN LAUNDRY JOINT STOCK COMPANY (present) Director of TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY (present)		
Director	Yukiko Matsumoto	November 20, 1980	Apr. 2004 Apr. 2007 Feb. 2011 Nov. 2016 Jun. 2018 May. 2021 May. 2022 Aug. 2022 Apr. 2023 Mar. 2025	Joined Cyber Agent Inc. Joined Mitsue-Links Co., Ltd. Joined M3, Inc. Group Leader of New Business Platform, M3, Inc. Director, M3 Career, Inc. (present) Group Leader of Career Solution and Group Leader of Clinic Establishment & Succession Platform, M3, Inc. (present) Executive Officer, M3, Inc. (present) Group Leader of Promotion of Ecosystem, M3, Inc. (present) Group Leader of White Jack Project M3, Inc. (present) Assumed Director of Elan Corporation (present)	(Note 2)	–
Director	Naomi Emori	February 21, 1959	Apr. 1980 Apr. 1983 Apr. 1989 Apr. 1991 Apr. 2013 Apr. 2015 June 2019 Mar. 2020	Joined Japanese Red Cross Kyoto Daiichi Hospital Joined Fukui Medical School Hospital Seconded to Toyama Medical and Pharmaceutical University Hospital Deputy Nursing Officer, Fukui Medical School Hospital Chief Nursing Officer, Fukui Medical School Hospital Deputy Director of Nursing Department, University of Fukui Hospital Director of Nursing Department and Deputy Hospital Director, University of Fukui Hospital Regional Director, Japanese Nursing Association (present) President, Fukui Nursing Association (present) Outside Director, ELAN Corporation (present)	(Note 2)	–
Director, Full-time Audit and Supervisory Committee Member	Yusuke Kano	September 23, 1972	Apr. 1996 July 2001 Sep. 2003 Nov. 2016 Apr. 2017 Jan. 2018 Jan. 2020 Jan. 2021 Apr. 2022 July 2022 July 2024 Sep. 2025 Jan. 2026 Mar. 2026	Joined Ono Sokki Co., Ltd. Joined ISO Co., Ltd. Joined Elan Corporation General Manager of Corporate Planning Department General Manager of Operations Management Department General Manager of Business Development Department General Manager of Operations Management Department Executive Officer and Deputy General Manager of Sales Division Executive Officer and Deputy General Manager of Business Development Division Executive Officer and General Manager of Business Development Division Director of Ryukyu Elan Corporation Executive Officer and General Manager of Operations Management Division Audit & Supervisory Board Member of GREEN LAUNDRY JOINT STOCK COMPANY (present) Audit & Supervisory Board Member of TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY (present) Executive Officer and Head of Internal Audit Office Director, Full-time Audit and Supervisory Committee Member (present)	(Note 3)	33,024
Director Audit & Supervisory Committee member	Hirofumi Oba	July 27, 1980	Apr. 2005 May 2010 Oct. 2011 Apr. 2012 Apr. 2013 Apr. 2019 Jun. 2019 Oct. 2019 June 2020 Mar. 2025 Apr. 2025 June 2026	Joined Mizuho Securities Co., Ltd. Joined Fashion Walker Co., Ltd. Operating officer of Fashion-CoLab. Co., Ltd. Assumed Representative Director of Zenryoku Co., Ltd. Joined M3, Inc. Assumed Executive Officer of M3, Inc. (present) Assumed Auditor of M3 Career, Inc. (present) Assumed Auditor of CUC, Inc. Assumed Director and Audit & Supervisory Committee Member of CUC, Inc. (present) Assumed Director (Audit & Supervisory Committee member), ELAN Corporation (present) Audit & Supervisory Board Member of E-WELL Co., Ltd. (present) Director of CUC Inc. (present)	(Note 4)	–

Position	Name	Date of Birth	Career Summary	Term of Office	Shares Held (Shares)
Director Audit & Supervisory Committee member	Naohide Aikawa	September 17, 1977	Oct. 2004 Joined Miura Law Office Sep. 2007 Opened Aikawa Law Office Director, Aikawa Law Office (present) Oct. 2007 Part-Time Lecturer, Faculty of Education, Shinshu University Apr. 2011 Specially Appointed Associate Professor, School of Law, Shinshu University Mar. 2014 Outside Auditor, ELAN Corporation Mar. 2020 Outside Director (Audit & Supervisory Committee member), ELAN Corporation (present) Apr. 2024 Vice President of Nagano Bar Association	(Note 3)	–
Director Audit & Supervisory Committee member	Miho Saito	April 8, 1963	Apr. 1986 Joined Nomura Securities Co., Ltd. Mar. 1988 Joined Credit Suisse Trust (Japan) Limited Nov. 1989 Joined SPARX Asset Management Co., Ltd. (now SPARX Group Co., Ltd.) June 1993 Obtained Master of Business Administration (MBA) from J.L. Kellogg Graduate School of Management at Northwestern University Sep. 1993 Joined SPARX Asset Management Co., Ltd. (now SPARX Group Co., Ltd.) Sep. 1997 Joined Government of Singapore Investment Corporation (GIC) Jan. 2006 Joined Clay Finlay Inc Nov. 2009 Joined United Nations Joint Staff Pension Fund (UNJSPF) June 2024 Joined Strategy Advisors Co., Ltd., Executive Officer of Capital Markets Division Mar. 2025 Outside Director of the Company (Audit and Supervisory Committee Member) (present) June 2025 Outside Director of Yamaguchi Financial Group, Inc. (present) Outside Director of TOHO HOLDINGS CO., LTD. (present)	(Note 4)	–
Director, Audit and Supervisory Committee Member (Note 1)	Masaru Miura	August 7, 1961	Oct. 1986 Joined Chuo Audit Corporation Aug. 1991 Registered as a Certified Public Accountant Aug. 2007 Representative Partner of ShinNihon & Co. (currently Ernst & Young ShinNihon LLC) Aug. 2010 Senior Partner of the said firm July 2011 Director of Japan Society for Venture Business Studies Mar. 2014 Representative Executive of Listing Companies Officers Governance Forum (present) Feb. 2024 Representative of M'sGA Partners Office (present) May 2024 Outside Director of UOKIN Co., Ltd. (present) June 2024 Outside Director of MetaMoJi Corporation (present) Sep. 2024 Outside Corporate Auditor of LIPPS Co., Ltd. (present) Jan. 2025 Senior Fellow of Japan Foundation for Accounting Education and Learning (JFAEL) (present) Apr. 2025 Member of the Expert Committee for Monitoring the Operation of the National Stadium (present) June 2025 Vice President of Tokyo Chapter, The Japanese Institute of Certified Public Accountants (JICPA) (present) July 2025 Executive Board Member of The Japanese Institute of Certified Public Accountants (JICPA) (present) Nov. 2025 Outside Director of SERAKU Co., Ltd. (present) Dec. 2025 Outside Director of Business Coach Inc. (present) Mar. 2026 Outside Director, Audit and Supervisory Committee Member of the Company (present)	(Note 3)	–
Total					436,680

(Note 1) Directors Naomi Emori, and Directors who are Audit and Supervisory Committee Members Naohide Aikawa, Miho Saito, and Masaru Miura are Outside Directors.

(Note 2) The term of office for Directors (excluding those who are Audit and Supervisory Committee Members) is from the conclusion of the Ordinary General Meeting of Shareholders held on March 25, 2026, until the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2026.

(Note 3) Among the Directors who are Audit and Supervisory Committee Members, the terms of office for Yusuke Kano, Naohide Aikawa, and Masaru Miura are from the conclusion of the Ordinary General Meeting of Shareholders held on March 25, 2026, until the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2027.

(Note 4) Among the Directors who are Audit and Supervisory Committee Members, the terms of office for Hirofumi Oba and Miho Saito are from the conclusion of the Ordinary General Meeting of Shareholders held on March 21, 2025, until the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2026.

(Note 5) The Company has introduced an executive officer system for the following purposes:

1). To accelerate management decision-making and realize agile business execution by separating management oversight functions from business execution.

2). To strengthen the supervisory function of the Board of Directors and the Company's governance structure by reducing the number of Directors in charge of business execution and increasing the ratio of Outside Directors on the Board of Directors.

3). Expanding opportunities for talent appointment and developing the next generation of management.

There are six Executive Officers who do not concurrently serve as Executive Directors. They consist of Hideya Tetsumura, Executive Officer and General Manager of Global Business Promotion Division; Ryo Wakisaka, Executive Officer and General Manager of Operations Management Division; Takanori Shimizu, Executive Officer and General Manager of Logistics Division; Hirotoshi Suzuki, Executive Officer and General Manager of Business Administration Division; Yu Iizuka, Executive Officer, CMO and General Manager of Sales Division; and Shunji Sato, Executive Officer and General Manager of Business Development Division.

2). Status of Outside Officers

The Company has four Outside Directors. There are no personal, capital, or business relationships, or any other interests between any of the Outside Directors and the Company. As it has been determined that there is no risk of conflict of interest with general shareholders, the Company has designated all of them as Independent Officers to the Tokyo Stock Exchange, Inc.

Naomi Emori, an Outside Director, although not having direct experience in corporate management, has been engaged in nursing duties at large acute care hospitals for many years and has been active across a wide range of areas including nursing practice, management, education, research, and academic and social activities. She possesses broad insight and experience in nursing and medical care. Leveraging this background, she provides advice and guidance from the perspectives of nursing and medical care.

Naohide Aikawa, an Outside Director who is an Audit and Supervisory Committee Member, possesses extensive experience and specialized knowledge as an attorney. He is a person who can provide appropriate guidance and audits by leveraging his career and experience, and he appropriately performs his duties of supervising the Company's business execution from an outside perspective.

Miho Saito, an Outside Director who is an Audit and Supervisory Committee Member, possesses insight into international capital markets. She is a person who can provide appropriate guidance and audits by leveraging her career and experience, and she appropriately performs her duties of supervising the Company's business execution from an outside perspective.

Masaru Miura, an Outside Director who is an Audit and Supervisory Committee Member, possesses extensive experience and specialized knowledge as a Certified Public Accountant. He is a person who can provide appropriate guidance and audits by leveraging his career and experience, and he appropriately performs his duties of supervising the Company's business execution from an outside perspective.

In principle, Outside Directors attend the regular meetings of the Board of Directors held every month, participate in decision-making, and provide advice and recommendations to ensure the validity and legality of the decision-making process. Outside Directors who are Audit and Supervisory Committee Members attend the monthly meetings of the Audit and Supervisory Committee as well as the meetings of the Board of Directors, where they audit and supervise the Company's management status and management judgments.

Although the Company has not established clear standards or policies regarding independence for electing Outside Directors, when electing Outside Directors, the Company selects individuals considered suitable for the Company's management by taking into account their experience, knowledge, and abilities.

3). Mutual Cooperation between Supervision or Audit by Outside Directors and Internal Audit, Audit and Supervisory Committee Audit, and Accounting Audit, and Relationship with Internal Control Department

Outside Directors attend meetings of the Board of Directors, and Outside Directors who are Audit and Supervisory Committee Members also attend meetings of the Audit and Supervisory Committee. They receive reports from the internal control department regarding the status of the establishment and operation of the Company's internal control system, as well as reports on the internal audit plan and its implementation status, and reports on the results of internal control evaluations related to financial statements and financial reporting.

Through these deliberations, Outside Directors appropriately exercise their supervision and audit functions by providing points and suggestions based on their respective expertise.

In addition, they hold regular exchanges of opinions with the Accounting Auditor and receive reports on the status of the performance of its duties.

(3) [Status of audits]

1). Status of Audit and Supervisory Committee audits

Based on the resolution of the 26th Ordinary General Meeting of Shareholders held on March 25, 2020, the Company transitioned from a Company with an Audit & Supervisory Board to a Company with an Audit and Supervisory Committee.

The Company's Audit and Supervisory Committee is composed of five Directors who are Audit and Supervisory Committee Members, including three Outside Directors. One Full-time Audit and Supervisory Committee Member has been appointed. The Full-time Audit and Supervisory Committee Member actively attends important meetings such as the Board of Directors and the Management Committee to enhance the quality of audits, creating a structure that allows for sufficient monitoring of the business execution by Directors.

The Company holds a meeting of the Audit and Supervisory Committee once a month to understand the status of compliance with laws, regulations, and the Articles of Incorporation by Directors (excluding those who are Audit and Supervisory Committee Members), and strives to ensure that operational audits and accounting audits are conducted effectively.

During the current fiscal year, the Audit and Supervisory Committee held 12 meetings, and the attendance status of individual Audit and Supervisory Committee Members is as follows.

Category	Name	Attendance Status
Director, Full-time Audit and Supervisory Committee Member (Note 1)	Hiroshi Eyama	12 / 12 (100%)
Director, Audit and Supervisory Committee Member	Hirofumi Oba	10 / 10 (100%)
Director Audit & Supervisory Committee member (Note 1)	Nobuyuki Takagi	12 / 12 (100%)
Director Audit & Supervisory Committee member	Naohide Aikawa	12 / 12 (100%)
Director Audit & Supervisory Committee member	Miho Saito	10 / 10 (100%)

(Note 1) This person retired from the office of Director who is an Audit and Supervisory Committee Member due to the expiration of the term of office at the conclusion of the Ordinary General Meeting of Shareholders held on March 25, 2026.

Specific matters considered by the Audit and Supervisory Committee include the formulation of audit plans, preparation of audit reports, evaluation regarding the reappointment of the Accounting Auditor, consent to the remuneration, etc. of the Accounting Auditor, and evaluation of the internal control system. In addition, the committee confirmed the business results and financial position of the Group and exchanged opinions with the Accounting Auditor.

Furthermore, the Full-time Audit and Supervisory Committee Member primarily engages in activities to collect information on the status of business execution of the Group, such as attending important meetings like the Board of Directors and Management Committee, reviewing important internal documents, and conducting on-site audits of each branch and subsidiary.

2). Status of Internal Audit

Internal audits are conducted by the Internal Audit Office (composed of three members), which reports directly to the President and Representative Director. For the purpose of ensuring the effectiveness and efficiency of operations in each department, the Internal Audit Office conducts internal audits based on the internal audit plan approved by the President. Audit results are reported to the President in writing, and direct reports are also made to the Board of Directors, Audit and Supervisory Committee Members, and the Audit and Supervisory Committee.

The Internal Audit Office strives to maintain and improve internal controls by instructing the departments subject to audit to make improvements and requiring them to report on the results. The Internal Audit Office, the Audit and Supervisory

Committee, and the Audit Firm consult regularly, exchange necessary information, and strive to ensure mutual cooperation.

3). Status of Accounting Audit

The Company has entered into an audit contract with Deloitte Touche Tohmatsu LLC to receive audits of its financial statements and internal control over financial reporting. In this process, the internal control department provides the necessary information to the Accounting Auditor.

a. Name of audit firm

Deloitte Touche Tohmatsu LLC

b. Continuous audit period

14 years

c. Certified Public Accountants who executed the audit

Designated Limited Liability Partner, Engagement Partner: Akio Kimura

Designated Limited Liability Partner, Engagement Partner: Hajime Yoshizaki

There are no special interests between the Company and Deloitte Touche Tohmatsu LLC, or the engagement partners engaged in the Company's audit.

d. Composition of assistants for audit work

The assistants for the Company's accounting audit work consist of 11 certified public accountants and 17 other individuals.

e. Policy and reasons for selection of audit firm

The selection of the audit firm is determined by taking into consideration the status and results of audit execution, the structure and capability for audit implementation, audit remuneration, and independence. In addition, the Audit and Supervisory Committee will determine the content of proposals regarding the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders if there is an obstacle to the performance of the Accounting Auditor's duties, or if it is deemed necessary, such as when the audit firm falls under any of the items of Article 340, Paragraph 1 of the Companies Act.

Deloitte Touche Tohmatsu LLC, the current Accounting Auditor, was selected based on a comprehensive judgment from the perspectives of past audit performance, audit quality control, independence, and communication with management.

f. Evaluation of the audit firm by Audit and Supervisory Committee Members and the Audit and Supervisory Committee

The committee monitored and verified whether the Accounting Auditor maintained an independent position and implemented appropriate audits, received reports from the Accounting Auditor on the status of the execution of its duties, and requested explanations as necessary.

4). Contents of audit remuneration, etc.

a. Remuneration to Audit Certified Public Accountants, etc.

Category	Previous consolidated fiscal year		Current consolidated fiscal year	
	Remuneration based on audit certification services (Thousands of yen)	Remuneration based on non-audit services (Thousands of yen)	Remuneration based on audit certification services (Thousands of yen)	Remuneration based on non-audit services (Thousands of yen)
Filing company	30,000	–	47,800	–
Consolidated subsidiaries	–	–	–	–
Total	30,000	–	47,800	–

There are no non-audit services for which the Company pays remuneration to the audit certified public accountants, etc. In addition, there is no remuneration paid by consolidated subsidiaries to the audit certified public accountants, etc.

b. Remuneration to the same network as the audit certified public accountants, etc. (Deloitte Touche Tohmatsu Limited) (excluding a.)

Category	Previous consolidated fiscal year		Current consolidated fiscal year	
	Remuneration based on audit certification services (Thousands of yen)	Remuneration based on non-audit services (Thousands of yen)	Remuneration based on audit certification services (Thousands of yen)	Remuneration based on non-audit services (Thousands of yen)
Filing company	–	1,856	–	1,800
Consolidated subsidiaries	1,295	2,471	2,697	2,509
Total	1,295	4,327	2,697	4,309

The contents of non-audit services for the previous consolidated fiscal year and the current consolidated fiscal year are tax return review services, etc., provided by Deloitte Tohmatsu Tax Co.

c. Contents of remuneration based on other significant audit certification services
Not applicable.

d. Policy for determining audit remuneration
Audit remuneration for the Company's audit certified public accountants, etc. is determined by the Board of Directors with the consent of the Audit and Supervisory Committee, after discussions among the Company's relevant departments based on estimates submitted by the audit certified public accountants, etc., taking into consideration the number of personnel and the number of days required for the audit certification services.

e. Reasons for the Audit and Supervisory Committee's consent to the remuneration, etc. of the Accounting Auditor
The reason why the Company's Audit and Supervisory Committee gave its consent, as provided for in Article 399, Paragraph 1 of the Companies Act, to the remuneration, etc. of the Accounting Auditor proposed by the Board of Directors is that, as a result of conducting the necessary verification of the contents of the Accounting Auditor's audit plan, the status of the performance of accounting audit duties, and the basis for calculating the remuneration estimates, the Committee determined that these were appropriate.

(4) [Status of remuneration for officers]

1). Matters concerning the policy for determining the amount of remuneration, etc. for officers or the method for calculating such amount

At the 26th Ordinary General Meeting of Shareholders held on March 25, 2020, it was resolved that the maximum amount of remuneration for Directors (excluding Audit and Supervisory Committee Members) shall be within 460 million yen per year (of which 20 million yen or less shall be for Outside Directors; however, this does not include employee salaries). As of the date of submission, the number of eligible Directors (excluding Directors who are Audit and Supervisory Committee Members) is four. At the same meeting, it was also resolved that the maximum amount of remuneration for Directors who are Audit and Supervisory Committee Members shall be within 40 million yen per year. As of the date of submission, the number of eligible Directors who are Audit and Supervisory Committee Members is four.

The stock-based portion of performance-linked remuneration (officer bonuses) was resolved at the 27th Ordinary General Meeting of Shareholders held on March 23, 2021. Under the "Board Benefit Trust (BBT)," a performance-linked stock compensation system for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) and Executive Officers, the amount is appropriately determined within the upper limit of 120,000 points per fiscal year to be granted to Directors. As of the date of submission, the number of eligible Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) is three.

Policy for determining the contents of officer remuneration, etc.

The Company has resolved a policy for determining the contents of individual remuneration, etc. for Directors at its Board of Directors meetings. Regarding the individual remuneration, etc. for Directors for the current fiscal year, the Board of Directors has confirmed that the method for determining the contents and the determined contents are consistent with the determination policy and that the report from the Nomination and Remuneration Committee has been respected, and has determined that it is in line with the said determination policy.

The details of the policy for determining individual remuneration, etc. for Directors are as follows:

a. Types of officer remuneration and basic policy

Officer remuneration for the Company's Executive Directors (referring to Directors other than Outside Directors and Directors who are Audit and Supervisory Committee Members) consists of fixed remuneration (monthly remuneration) set according to their position and performance-linked remuneration (officer bonuses) that varies according to performance. Performance-linked remuneration (officer bonuses) is paid in the form of cash compensation and stock compensation. On the other hand, Outside Directors and Directors who are Audit and Supervisory Committee Members, who perform supervisory functions, are paid only fixed remuneration (monthly remuneration) in cash from the perspectives of their roles and independence.

b. Policy for determining the amount of individual fixed remuneration (monthly remuneration) (including policy on timing or conditions for granting remuneration, etc.)

When determining the fixed remuneration (monthly remuneration) for Directors, a table is established for each position that serves as the basis. The amount level is determined based on the opinions of Outside Directors at the Nomination and Remuneration Committee, which is established as a voluntary advisory body to the Board of Directors and primarily composed of Independent Outside Directors, while referring to survey data from external third-party organizations.

c. Policy for determining the amount of individual performance-linked remuneration (officer bonuses) (including policy on timing or conditions for granting remuneration, etc.)

The total amount of individual performance-linked remuneration (officer bonuses) for Executive Directors is determined by taking into consideration the achievement rate of consolidated operating profit, as well as their roles and degree of contribution to the Company. Consolidated operating profit was adopted as an indicator because it more accurately reflects the contribution to the improvement of corporate value for the Company, which is in a growth stage, and is an objectively clear indicator, allowing for increased objectivity and transparency of performance-linked remuneration. Performance-linked remuneration (officer bonuses) consists of cash compensation and stock compensation. Regarding stock compensation, points are granted to each officer in each fiscal year, the number of which is determined by taking into account their rank, degree of contribution, degree of performance achievement, etc., and the amount corresponding to the points granted becomes the stock compensation amount. Cash compensation is paid as the remaining amount after deducting the said stock compensation amount from the total amount of individual performance-linked remuneration (officer bonuses). Points granted for stock compensation are determined based on the degree of achievement of the medium-term management plan. In principle, eligible officers receive benefits of shares after retirement according to the confirmed points.

d. Policy for determining the ratio of the amount of individual performance-linked remuneration (officer bonuses)

The ratio of fixed remuneration (monthly remuneration) to performance-linked remuneration (officer bonuses) is determined by the President and Representative Director, who has been delegated the authority by the Board of Directors, based on the report of the Nomination and Remuneration Committee to ensure an appropriate ratio.

e. Matters concerning the determination of the contents of individual remuneration, etc. for Directors

The officer remuneration for Executive Directors is determined by the President and Representative Director, who has been delegated the authority by the Board of Directors, taking into consideration their roles and degree of contribution to the Company, after a report from the Nomination and Remuneration Committee. The President and Representative Director shall respect the original proposal determined by the Nomination and Remuneration Committee when determining the amount of individual remuneration for Executive Directors.

f. Activities of the Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee has the role of deliberating on matters concerning the nomination of Directors and Executive Officers and their remuneration, etc., and reporting the results to the Board of Directors. As an advisory body under the Board of Directors, independent Outside Directors constitute a majority of the committee members.

2). Total amount of remuneration, etc. by officer category, total amount by type of remuneration, etc., and the number of eligible officers

Officer category	Total amount of remuneration, etc. (Thousands of yen)	Total amount by type of remuneration, etc. (Thousands of yen)			Number of eligible officers (Persons)
		Base remuneration (Fixed remuneration)	Performance-linked remuneration (Monetary)	Of which, non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	92,100	92,100	–	–	5
Audit and Supervisory Committee Members (excluding Outside Directors)	15,600	15,600	–	–	1
Outside officers	23,700	23,700	–	–	4

(Note) The remuneration of Directors is determined by Tomohiro Minezaki, Representative Director and President, who was delegated the authority at the Board of Directors meeting held on March 21, 2025, after deliberations by the Nomination and Remuneration Committee and taking into consideration the roles of each Director and their degree of contribution to the Company. The reason why the Board of Directors delegated the authority to the Representative Director and President is that he is deemed the most suitable person for evaluating the duties assigned to each Director, as he is in a position to grasp the overall status of the Company and the business execution status of each Director.

3). Total amount of consolidated remuneration, etc., for each officer
Information is not provided as there is no individual whose total amount of consolidated remuneration, etc., is 100 million yen or more.

4). Significant employee salaries for officers concurrently serving as employees
Not applicable.

(5) [Status of shareholdings]

1) Standards and views on classification of investment stocks
The Company classifies and manages investment stocks held for pure investment purposes and investment stocks held for purposes other than pure investment as follows:

a. Stocks held for pure investment purposes
The purpose is to receive profits from changes in the value of shares or dividends related to the shares.

b. Stocks held for purposes other than pure investment
The purpose is to strengthen business relationships, etc., between the Group and the investee companies and to enhance the corporate value of the Group.

2) Investment stocks held for purposes other than pure investment

a. Policy for holding, method for verifying the rationality of holding, and details of verification by the Board of Directors, etc., regarding the appropriateness of holding individual issues

The Company's policy is to hold policy-holding stocks if they are determined to contribute to the medium- to long-term enhancement of the Group's corporate value, taking into overall consideration their importance in business strategy. In addition, the Director in charge reviews once a year whether the purpose of holding is appropriate. At that time, for stocks for which the effects are not recognized, the Company's policy is to consult with the Board of Directors and dispose of them while considering the impact on the business.

b. Number of issues and amount recorded on the balance sheet

	Number of issues	Total amount recorded on the balance sheet (Thousands of yen)
Unlisted stocks	3	483,005
Stocks other than unlisted stocks	–	–

(Issues whose number of shares increased during the current fiscal year)

	Number of Issues	Total acquisition cost associated with the increase in the number of shares (Thousands of yen)	Reason for the Increase in the Number of Shares
Unlisted stocks	–	–	–
Stocks other than unlisted stocks	–	–	–

(Issues whose number of shares decreased during the current fiscal year)

	Number of Issues	Total acquisition cost associated with the increase in the number of shares (Thousands of yen)
Unlisted stocks	–	–
Stocks other than unlisted stocks	–	–

(Note) Decreases due to reclassification to stocks of subsidiaries and affiliates and new listings, etc. are not included.

c. Information on the number of shares, amount recorded on the balance sheet, etc., for each issue of specified investment shares and deemed-held shares

Not applicable.

3). Investment shares held for pure investment purposes

Not applicable.

V. [Financial Information]

1. Basis of preparation of consolidated financial statements and non-consolidated financial statements

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

(2) The non-consolidated financial statements of the Company are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, etc." (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the "Regulation on Financial Statements, etc."). Furthermore, the Company falls under the category of a company that prepares special financial statements and prepares its financial statements pursuant to the provisions of Article 127 of the Regulation on Financial Statements, etc.

2. Audit certification

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's consolidated financial statements for the consolidated fiscal year (from January 1, 2025 to December 31, 2025) and its non-consolidated financial statements for the fiscal year (from January 1, 2025 to December 31, 2025) have been audited by Deloitte Touche Tohmatsu LLC.

3. Special measures to ensure the appropriateness of consolidated financial statements, etc.

The Company takes special measures to ensure the appropriateness of its consolidated financial statements, etc. Specifically, to appropriately grasp the contents of accounting standards, etc. and to develop a system that can accurately respond to changes in accounting standards, etc., the Company has joined the Financial Accounting Standards Foundation (FASF) to obtain information and participates in training sessions and seminars organized by the audit firm and various organizations that possess specialized information, thereby striving to ensure the appropriateness of its consolidated financial statements.

1. [Consolidated Financial Statements, etc.]

(1) [Consolidated Financial Statements]

1). [Consolidated Balance Sheet]

(Unit: Thousands of yen)

	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Assets		
Current assets		
Cash and deposits	6,849,398	6,845,410
Accounts receivable – trade, and contract assets	5,783,858	7,026,614
Merchandise	1,551,013	1,862,354
Supplies	741,594	1,103,765
Accounts receivable - other	2,394,780	2,293,478
Other	222,423	285,899
Allowance for doubtful accounts	(670,269)	(882,418)
Total current assets	16,872,798	18,535,104
Non-current assets		
Property, plant and equipment		
Buildings and structures	345,379	783,057
Accumulated depreciation	(137,950)	(164,539)
Buildings and Structures, net	207,428	618,518
Machinery, equipment and vehicles	206,358	775,038
Accumulated depreciation	(159,705)	(335,577)
Machinery, equipment and vehicle, net	46,653	439,461
Land	269,200	269,200
Other	168,969	184,328
Accumulated depreciation	(116,454)	(113,120)
Other, net	52,515	71,207
Total property, plant and equipment	575,797	1,398,387
Intangible assets		
Software	71,294	71,676
Goodwill	427,223	1,266,168
Other	514,158	559,868
Total intangible assets	1,012,676	1,897,714
Investments and other assets		
Investment securities	1,803,774	1,160,538
Long-term loans receivable	–	950,880
Deferred tax assets	522,713	620,662
Shares of subsidiaries and associates	754,974	1,521,574
Other	194,225	292,549
Allowance for doubtful accounts	(34,313)	(81,961)
Total investments and other assets	3,241,373	4,464,243
Total non-current assets	4,829,847	7,760,344
Total assets	21,702,645	26,295,448

(Unit: Thousands of yen)

	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Liabilities		
Current liabilities		
Accounts Payable – trade	7,222,724	8,384,308
Accounts Payable – other	704,238	883,563
Short-term borrowings	–	365,474
Current portion of long term borrowings	–	97,325
Accrued expenses	79,076	87,853
Income taxes payable	630,093	893,073
Accrued consumption taxes	167,168	203,120
Other	115,298	139,644
Total current liabilities	8,918,601	11,054,363
Non-current liabilities		
Long-term borrowings	76,617	365,827
Provision for share awards	38,830	44,585
Provision for share awards for directors	60,116	27,443
Other	106,628	121,665
Total non-current liabilities	282,193	559,521
Total liabilities	9,200,795	11,613,885
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	11,530,900	13,510,874
Treasury shares	(191,477)	(163,100)
Total shareholders' equity	12,456,415	14,464,766
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(297)	(7,659)
Foreign currency translation adjustment	45,732	(13,829)
Total accumulated other comprehensive income	45,435	(21,488)
Non-controlling interests	–	238,285
Total net assets	12,501,850	14,681,563
Total liabilities and net assets	21,702,645	26,295,448

2). [Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]

[Consolidated Statement of Income]

(Unit: Thousands of yen)

	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Net sales	*1 47,513,703	*1 55,448,687
Cost of sales	36,796,725	43,574,467
Gross profit	10,716,978	11,874,219
Selling, general and administrative expenses	*2 7,141,639	*2 7,601,512
Operating profit	3,575,338	4,272,707
Non-operating income		
Interest income	950	30,510
Gain on sale of non-current assets	3,281	6,589
Subsidy income	5,895	8,595
Late payment charges received	10,811	13,294
Management guidance fees	4,200	4,200
Gain on exemption of consumption taxes	15,103	–
Foreign exchange gains	–	19,510
Other	11,582	35,234
Total non-operating income	51,824	117,935
Non-operating expenses		
Interest expenses	1,654	59,011
Loss on retirement of non-current assets	3,467	3,462
Provision of allowance for doubtful accounts	–	49,112
Loss on investments in investment partnerships	18,455	45,325
Foreign exchange losses	60,996	–
Share of loss of entities accounted for using equity method	–	48,826
Total non-operating expenses	84,574	205,739
Ordinary income	3,542,588	4,184,902
Income before income taxes	3,542,588	4,184,902
Income taxes - current	1,192,945	1,458,907
Income taxes - deferred	(5,027)	(103,787)
Total income taxes	1,187,917	1,355,120
Net income	2,354,670	2,829,782
Net income attributable to non-controlling interests	–	62,021
Net income attributable to owners of parent	2,354,670	2,767,760

[Consolidated Statement of Comprehensive Income]

(Unit: Thousands of yen)

	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Net income	2,354,670	2,829,782
Other comprehensive income		
Valuation difference on available-for-sale securities	72,224	(7,361)
Foreign currency translation adjustment	45,732	(63,227)
Total other comprehensive income	*117,956	*(70,589)
Comprehensive income	2,472,627	2,759,192
(Breakdown)		
Comprehensive income attributable to owners of parent	2,472,627	2,700,836
Comprehensive income attributable to non-controlling interests	–	58,356

3). [Consolidated Statement of Changes in Equity]

Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	573,496	543,496	9,964,017	(194,125)	10,886,884
Changes during period					
Dividends of surplus			(787,787)		(787,787)
Net income attributable to owners of parent			2,354,670		2,354,670
Purchase of treasury shares					
Disposal of treasury shares				2,647	2,647
Change in non-controlling interests due to increase in consolidated subsidiaries					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,566,883	2,647	1,569,531
Balance at end of period	573,496	543,496	11,530,900	(191,477)	12,456,415

(Unit: Thousands of yen)

	Accumulated other comprehensive income and Total net assets			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(72,521)	–	(72,521)	10,814,362
Changes during period				
Dividends of surplus				(787,787)
Net income attributable to owners of parent				2,354,670
Purchase of treasury shares				
Disposal of treasury shares				2,647
Change in non-controlling interests due to increase in consolidated subsidiaries				
Net changes in items other than shareholders' equity	72,224	45,732	117,956	117,956
Total changes during period	72,224	45,732	117,956	1,687,488
Balance at end of period	(297)	45,732	45,435	12,501,850

Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	573,496	543,496	11,530,900	(191,477)	12,456,415
Changes during period					
Dividends of surplus			(787,787)		(787,787)
Net income attributable to owners of parent			2,767,760		2,767,760
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares				28,383	28,383
Change in non-controlling interests due to increase in consolidated subsidiaries					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,979,973	28,377	2,008,350
Balance at end of period	573,496	543,496	13,510,874	(163,100)	14,464,766

(Unit: Thousands of yen)

	Accumulated other comprehensive income and Total net assets			Non-controlling Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Income		
Balance at beginning of period	(297)	45,732	45,435	–	12,501,850
Changes during period					
Dividends of surplus					(787,787)
Net income attributable to owners of parent					2,767,760
Purchase of treasury shares					(6)
Disposal of treasury shares					28,383
Change in non-controlling interests due to increase in consolidated subsidiaries				238,285	238,285
Net changes in items other than shareholders' equity	(7,361)	(59,562)	(66,924)		(66,924)
Total changes during period	(7,361)	(59,562)	(66,924)	238,285	2,179,712
Balance at end of period	(7,659)	(13,829)	(21,488)	238,285	14,681,563

4). [Consolidated Statements of Cash Flows]

(Unit: Thousands of yen)

	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Cash flows from operating activities		
Income before income taxes	3,542,588	4,184,902
Depreciation	908,764	1,217,956
Amortization of goodwill	10,601	131,506
Increase (decrease) in allowance for doubtful accounts	70,094	242,949
Increase (decrease) in provision for share-based remuneration	11,242	6,316
Increase (decrease) in provision for share-based remuneration for directors	(2,506)	–
Interest and dividend income	(951)	(30,511)
Foreign exchange losses (gains)	60,996	(19,510)
Interest expenses	1,654	59,011
Share of loss (profit) of entities accounted for using equity method	–	48,826
Loss (gain) on investments in investment partnerships	18,455	45,325
Loss (gain) on sale of fixed assets	(3,281)	(6,589)
Loss on retirement of fixed assets	3,467	3,462
Decrease (increase) in trade receivables	727,607	(881,869)
Decrease (increase) in inventories	(363,364)	(514,150)
Decrease (increase) in other current assets	(56,394)	15,098
Increase (decrease) in trade payables	786,719	879,281
Increase (decrease) in accounts payable - other	63,239	177,031
Increase (decrease) in other current liabilities	5,706	65,138
Other, net	(878)	(54,614)
Subtotal	5,783,759	5,569,563
Interest and dividends received	520	9,781
Interest paid	(1,654)	(59,011)
Income taxes paid	(1,282,565)	(1,215,994)
Net cash provided by (used in) operating activities	4,500,060	4,304,338
Cash flows from investing activities		
Payments into time deposits	(24,292)	(24,293)
Proceeds from withdrawal of time deposits	24,292	24,292
Purchase of property, plant and equipment	(876,286)	(1,125,995)
Proceeds from sale of property, plant and equipment	336	11,775
Purchase of investment securities	(353,680)	(212,858)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(867,236)	*1 (1,082,019)
Purchase of intangible assets	(19,815)	(30,395)
Payments of leasehold deposits	(18,853)	(57,728)
Proceeds from refund of leasehold deposits	5,813	227
Net decrease (increase) in short-term loans receivable	(99,000)	(42,312)
Payments for long-term loans receivable	–	(865,280)
Other, net	(4,788)	(60,816)
Net cash provided by (used in) investing activities	(2,233,510)	(3,465,405)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(60,961)	143,158
Repayments of long-term borrowings	–	(108,982)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(91,011)
Dividends paid	(788,137)	(787,753)
Repayments of lease obligations	(434)	(959)
Net cash provided by (used in) financing activities	(849,533)	(845,548)
Effect of exchange rate change on cash and cash equivalents	(56,181)	2,627
Net increase (decrease) in cash and cash equivalents	1,360,834	(3,988)
Cash and cash equivalents at beginning of period	5,464,270	6,825,105
Cash and cash equivalents at end of period	*2 6,825,105	*2 6,821,116

[Notes to Consolidated Financial Statements]

(Basis of Preparation of Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

Number of consolidated subsidiaries: 6

Names of consolidated subsidiaries:

ELAN Service Corporation
Ryukyu ELAN Corporation
ELAN COULEUR Corporation
ELAN LOGISTICS Corporation
GREEN LAUNDRY JOINT STOCK COMPANY
TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY

TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY has been included in the scope of consolidation from the current consolidated fiscal year due to the acquisition of its shares during the period.

2. Matters concerning application of the equity method

(1) Status of unconsolidated subsidiaries and affiliates accounted for using the equity method

Number of affiliates accounted for using the equity method: 1

Names of major companies, etc.

The name of the affiliate accounted for using the equity method is Classico Inc. Classico Inc. has been included in the scope of affiliates accounted for using the equity method from the fiscal year under review, following the acquisition of its shares.

(2) The equity method is not applied to an associate (QUICK SMART WASH PRIVATE LIMITED) because its impact on the consolidated financial statements is immaterial in terms of net income or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity), and it lacks overall significance.

(3) Matters recognized as requiring special mention regarding the procedures for applying the equity method

As the fiscal year-end of the associate accounted for using the equity method differs from the consolidated fiscal year-end, the Company uses financial statements based on provisional settlement of accounts conducted as of the consolidated fiscal year-end.

3. Matters concerning the fiscal year, etc. of consolidated subsidiaries

The fiscal year-end of the consolidated subsidiaries coincides with the consolidated fiscal year-end.

4. Matters concerning accounting policies

(1) Valuation standards and methods for significant assets

1). Securities

Shares of subsidiaries and associates (associates to which the equity method is not applied):

Stated at cost using the moving-average method.

Other securities:

Shares, etc. without a market price:

Stated at cost using the moving-average method.

Investments in investment limited partnerships and similar partnerships (deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act): Stated at the net amount of equity interest based on the latest available financial statements according to the reporting dates stipulated in the partnership agreements.

2). Inventories

Merchandise

Stated primarily at cost using the gross average method (the book value on the balance sheet is written down based on decreased profitability).

Supplies

Stated primarily at cost using the gross average method (the book value on the balance sheet is written down based on decreased profitability).

(2) Depreciation and amortization methods for significant depreciable assets

1). Property, plant and equipment (excluding leased assets)

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

Major useful lives are as follows:

Buildings	8 to 38 years
Structures	10 to 45 years
Vehicles	2 to 6 years
Tools, furniture and fixtures	2 to 15 years

2). Intangible assets (excluding leased assets)

The straight-line method is applied.

Software for internal use: Amortized using the straight-line method over the estimated internal useful life (5 years).

Customer-related assets: Amortized using the straight-line method over the period of expected effect (10 years).

3). Leased assets

Leased assets under finance lease transactions that do not transfer ownership:

Amortized using the straight-line method with the lease term as the useful life and a residual value of zero.

(3) Basis for recording significant provisions

1). Allowance for doubtful accounts

To prepare for losses on bad debts, the Company records an estimated uncollectible amount based on the historical bad debt ratio for general receivables, and by individually considering the collectibility of specific receivables such as doubtful receivables.

2). Provision for share awards

To prepare for the distribution of the Company's shares to employees of the Company and its domestic subsidiaries based on the Share Delivery Rules, the Company records an amount based on the estimated share delivery obligations at the end of the current consolidated fiscal year.

3). Provision for share awards for directors

To prepare for the distribution of the Company's shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and Executive Officers based on the Officer Share Delivery Rules, the Company records an amount based on the estimated share delivery obligations at the end of the current consolidated fiscal year.

(4) Basis for recording significant revenue and expenses

The Group's main business is the nursing care and medical-related business, primarily developing the "CS Set." Under the CS Set, the main performance obligation is to provide a service that combines laundry service-attached rentals for clothing, towels, etc., and the provision of daily necessities for those hospitalized in hospitals or admitted to nursing care facilities, etc. The Group recognizes revenue when the control over the goods or services is transferred to the customer and the performance obligation is satisfied. The transaction price is due within a short period after the satisfaction of the performance obligation, and the contract does not include any significant financing components.

(5) Method and period of amortization of goodwill

Goodwill is amortized using the straight-line method over a period of 10 years.

(6) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily

convertible to cash and are subject to an insignificant risk of changes in value, with maturities of three months or less from the date of acquisition.

(7) Standards for translation of significant assets or liabilities denominated in foreign currencies into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the consolidated fiscal year-end, and translation differences are treated as profit or loss. Assets and liabilities of overseas subsidiaries, etc. are translated into Japanese yen at the spot exchange rate on the consolidated fiscal year-end, while income and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment under net assets.

(Significant Accounting Estimates)

(Evaluation of Goodwill)

(1) Amount recorded in the consolidated financial statements

	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Goodwill	427,223 thousand yen	1,266,168 thousand yen

(2) Information on the nature of significant accounting estimates related to identified items

i. Calculation method

With regard to goodwill, the Group considers whether there are any indications of impairment. If such indications are identified, assets including goodwill are grouped by the acquired company unit. Subsequently, the undiscounted future cash flows of the acquired company over the period corresponding to the remaining amortization period of goodwill are calculated based on the business plan, and the necessity of recognizing an impairment loss is determined by comparing these cash flows with the carrying amount. If it is determined that the recognition of an impairment loss is necessary, the carrying amount of the goodwill is reduced to the recoverable amount, and the amount of the reduction is recognized as an impairment loss.

No impairment loss on goodwill was recognized for the current consolidated fiscal year.

ii. Key assumptions

The calculation of undiscounted future cash flows is based on future business plans.

iii. Impact on the consolidated financial statements for the following consolidated fiscal year

The future business plans set certain assumptions for net sales, gross profit margin, and other factors. While these assumptions are determined based on best estimates and judgments, they may be affected by changes in uncertain future economic conditions. Should a revision become necessary, it may have a significant impact on the consolidated financial statements for the following consolidated fiscal year and thereafter.

(Changes in Presentation)

(Consolidated Balance Sheet)

"Long-term loans receivable," which was included in "Other" under "Investments and other assets" in the previous fiscal year, is presented as a separate line item from the fiscal year under review due to its increased materiality. To reflect this change in the method of presentation, the financial statements for the previous fiscal year have been reclassified.

As a result, 91,102 thousand yen, which was presented as "Other" under "Investments and other assets" in the balance sheet for the previous fiscal year, has been reclassified as "Long-term loans receivable" of 40,000 thousand yen and "Other" of 51,102 thousand yen.

(Consolidated Statement of Income)

"Interest income," which was included in "Other" under "Non-operating income" in the previous consolidated fiscal year, is presented as a separate item from the current consolidated fiscal year due to its increased monetary materiality. To reflect this change in presentation, reclassifications have been made to the consolidated financial statements for the previous consolidated fiscal year.

As a result, 12,533 thousand yen presented in "Other" under "Non-operating income" in the consolidated statement of

income for the previous consolidated fiscal year has been reclassified as "Interest income" of 950 thousand yen and "Other" of 11,582 thousand yen.

(Accounting Standards, etc. Not Yet Applied)

- "Accounting Standard for Lease Transactions" (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

As part of the project to align Japanese GAAP with international standards, the Accounting Standards Board of Japan (ASBJ) conducted deliberations based on international accounting standards to develop an accounting standard for leases that requires lessees to recognize assets and liabilities for all leases. As a basic policy, the ASBJ issued the new lease accounting standard which is based on the single accounting model of IFRS 16, but aims to be simple and convenient by adopting only major provisions of IFRS 16 rather than all of them, so that basically no adjustments would be required even if the provisions of IFRS 16 are used in individual financial statements. Regarding the accounting treatment for lessees, a single accounting model will be applied to all leases, regardless of whether they are finance leases or operating leases, in which depreciation for right-of-use assets and interest equivalent for lease obligations are recorded, similar to IFRS 16.

(2) Scheduled date of application

The Company will apply these standards from the beginning of the fiscal year ending December 31, 2028.

(3) Impact of the application of the accounting standard, etc.

The impact of the application of the "Accounting Standard for Lease Transactions," etc. on the consolidated financial statements is currently being evaluated.

(Additional Information)

(Board Benefit Trust (BBT)

(1) Overview of the transaction

The Company has introduced a performance-linked share remuneration plan called "Board Benefit Trust (BBT)" (the "BBT") for the Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and Executive Officers (the "Directors, etc."). The purpose of the BBT is to further clarify the linkage between the remuneration of Directors, etc. and the Company's performance and share value, and to have the Directors, etc. share with shareholders not only the benefits of rising share prices but also the risks of falling share prices, thereby enhancing their motivation to contribute to the improvement of performance and the increase in corporate value over the medium to long term.

Under the BBT, the Company's shares are acquired through a trust using money contributed by the Company as the source of funds. The Company's shares and an amount of money equivalent to the market value of the Company's shares (the "Company's Shares, etc.") are delivered to the Directors, etc. through the trust in accordance with the Officer Share Delivery Rules established by the Company. In principle, the Directors, etc. receive the delivery of the Company's Shares, etc. upon their retirement.

(2) Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets at their carrying amount in the trust (excluding incidental expenses). The carrying amount and number of these treasury shares were 138,084 thousand yen and 98,217 shares at the end of the previous consolidated fiscal year, and 110,262 thousand yen and 78,428 shares at the end of the current consolidated fiscal year.

(3) Method of accounting

The Company applies the gross method in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, March 26, 2015). Expenses and the corresponding provisions are recorded based on the number of points granted to the officers in accordance with the rules.

(Employee Stock Ownership Plan (J-ESOP)

(1) Overview of the transaction

The Company has introduced an incentive plan for employees of the Company and its domestic subsidiaries (the "Employees") called "Employee Stock Ownership Plan (J-ESOP)" (the "J-ESOP") for the purpose of enhancing welfare benefits for the Employees and raising their awareness of participation in management.

The J-ESOP is a plan under which the Company's shares are delivered to the Employees who have acquired the right to receive them based on the Share Delivery Rules established by the Company in advance.

The Company grants points to the Employees according to their degree of contribution, such as years of service, and delivers the Company's shares equivalent to the points granted to those who have acquired the right to receive them. The shares to be delivered to the Employees are acquired by a trust bank, including those for future delivery, using money previously entrusted by the Company, and are managed separately as trust assets.

(2) Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets at their carrying amount in the trust (excluding incidental expenses). The carrying amount and number of these treasury shares were 53,006 thousand yen and 37,700 shares at the end of the previous consolidated fiscal year, and 52,443 thousand yen and 37,300 shares at the end of the current consolidated fiscal year.

(3) Method of accounting

The Company applies the gross method in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, March 26, 2015). Expenses and the corresponding provisions are recorded based on the number of points granted to the employees in accordance with the rules.

(Notes to Consolidated Balance Sheet)

Not applicable.

(Notes to Consolidated Statement of Income)

*1 Revenue from contracts with customers

Net sales consist entirely of revenue from contracts with customers, and no revenue from sources other than contracts with customers is included.

*2 The major items and amounts of selling, general and administrative expenses are as follows:

	Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)	Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)
Salaries and allowances	2,548,719 thousand yen	2,826,126 thousand yen
Communication expenses	659,952	823,235
Remuneration	814,545	340,774
Provision of allowance for doubtful accounts	375,326	547,378
Provision for share awards	11,383	6,316

(Notes to Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects relating to other comprehensive income

	Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)	Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)
Valuation difference on available-for-sale securities:		
Amount arising during the period	72,521 thousand yen	(10,725) thousand yen
Reclassification adjustments	–	–
Before tax effect	72,521	(10,725)
Tax effect	(297)	3,363
Valuation difference on available-for-sale securities	72,224	(7,361)
Foreign currency translation adjustments:		
Amount arising during the period	45,732	(63,227)
Total other comprehensive income	117,956	(70,589)

(Notes to Consolidated Statement of Changes in Equity)

Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

	Number of shares at beginning of period (shares)	Increase during the period (shares)	Decrease during the period (shares)	Number of shares at end of period (shares)
Issued Shares				
Common Shares	60,600,000	–	–	60,600,000
Total	60,600,000	–	–	60,600,000
Treasury Shares				
Common Shares (Note 1) (Note 2)	138,795	–	1,883	136,912
Total	138,795	–	1,883	136,912

(Note 1) The decrease in treasury shares of common shares of 1,883 shares is due to the delivery of shares by the Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP).

(Note 2) The number of treasury shares at the end of the current consolidated fiscal year includes 135,917 shares of the Company held by the Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP).

2. Matters concerning dividends

(1) Amount of dividends paid

(Resolution)	Class of shares	Total dividends (Thousands of yen)	Total dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 22, 2024	Common shares	787,787	13	December 31, 2023	March 25, 2024

(Note) The total amount of dividends includes dividends of 1,791 thousand yen on the Company's shares held by the Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP).

(2) Dividends with a record date in the current consolidated fiscal year and an effective date in the following consolidated fiscal year

(Resolution)	Class of shares	Total dividends (Thousands of yen)	Source of dividends	Total dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 22, 2025	Common shares	787,787	Retained earnings	13	December 31, 2024	March 24, 2025

(Note) The total amount of dividends includes dividends of 1,766 thousand yen on the Company’s shares held by the Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP).

Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

	Number of shares at beginning of period (shares)	Increase during the period (shares)	Decrease during the period (shares)	Number of shares at end of period (shares)
Issued Shares				
Common Shares	60,600,000	–	–	60,600,000
Total	60,600,000	–	–	60,600,000
Treasury Shares				
Common Shares (Note 1) (Note 2)	136,912	8	20,189	116,731
Total	136,912	8	20,189	116,731

(Note1) The increase in treasury shares of common shares of 8 shares is due to the purchase of shares less than one unit.

(Note2) The decrease in treasury shares of common shares of 20,189 shares is due to the delivery of shares by the Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP).

(Note3) The number of treasury shares at the end of the current consolidated fiscal year includes 115,728 shares of the Company held by the Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP).

2. Matters concerning dividends

(1) Amount of dividends paid

(Resolution)	Class of shares	Total dividends (Thousands of yen)	Total dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 21, 2025	Common shares	787,787	13	December 31, 2024	March 24, 2025

(Note) Total dividends include 1,766 thousand yen of dividends on the Company's shares held by the Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP).

(2) Dividends with a record date in the current consolidated fiscal year and an effective date in the following consolidated fiscal year

(Resolution)	Class of shares	Total dividends (Thousands of yen)	Source of dividends	Total dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 25, 2026	Common shares	908,984	Retained Earnings	15	December 31, 2025	March 26, 2026

(Note) Total dividends include 1,735 thousand yen of dividends on the Company's shares held by the Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP).

(Notes to Consolidated Statement of Cash Flows)

*1 Major breakdown of assets and liabilities of companies that newly became consolidated subsidiaries through the acquisition of shares during the current consolidated fiscal year

The breakdown of assets and liabilities at the time of commencement of consolidation resulting from the consolidation of TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY (hereinafter referred to as "TMC") through the acquisition of shares, and the relationship between the acquisition price of TMC shares and the payment for the acquisition of TMC (net) are as follows:

Current assets	554,342Thousands of yen
Non-current assets	878,322
Goodwill	926,795
Current liabilities	(549,546)
Non-current liabilities	(515,917)
Non-controlling interests	(178,484)
Acquisition price of TMC shares	1,115,512
Cash and cash equivalents of TMC	(33,493)
Net：Payment for acquisition of TMC	1,082,019

*2 Relationship between cash and cash equivalents at end of period and the amounts of the items listed in the consolidated balance sheet

	Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)	Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)
Cash and deposits	6,849,398 thousand yen	6,845,410 thousand yen
Time deposits with maturities of more than three months	(24,292)	(24,293)
Cash and cash equivalents	6,825,105	6,821,116

(Lease Transactions)

(Lessees)

Operating lease transactions

Future minimum lease payments under non-cancelable operating leases

(Unit: Thousands of yen)

	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Due within one year	36,182	52,268
Due after one year	–	39,201
Total	36,182	91,469

(Financial Instruments)

1. Matters concerning the status of financial instruments

(1) Policy for financial instruments

The Group limits the management of temporary surplus funds to short-term deposits and has a policy of not engaging in speculative transactions.

(2) Nature and extent of risks arising from financial instruments

Accounts receivable - trade, other receivables, short-term loans receivable, and long-term loans receivable are exposed to the credit risk of customers and borrowers.

Most accounts payable - trade and other payables have payment due dates within one year.

Loans payable are for the purpose of financing operating funds and capital expenditures, and are exposed to liquidity risk.

(3) Risk management system for financial instruments

1). Management of credit risk (risk of default by counterparties)

For operating receivables, the Administration Department of the Company periodically monitors the balance of receivables for each customer (CS set users) and manages the due dates and balances for each customer. At the same time, the Company endeavors to early identify and mitigate concerns about collection due to deterioration of financial conditions, etc. Consolidated subsidiaries also perform management at an equivalent level.

2). Management of liquidity risk related to fund procurement (risk of being unable to execute payment on the payment due date)

The Administration Department of the Company manages liquidity risk by periodically preparing and updating cash flow plans based on reports from each department. Consolidated subsidiaries also perform management at an equivalent level.

(4) Supplemental explanation on matters concerning fair value, etc. of financial instruments

Because variable factors are incorporated into the calculation of the fair value of financial instruments, the fair value may change if different assumptions, etc. are adopted.

2. Matters concerning fair value, etc. of financial instruments

Consolidated balance sheet amounts, fair values, and the differences between them are as follows. Note that items for which materiality is low are omitted.

Previous consolidated fiscal year (December 31, 2024)

	Consolidated balance sheet amount (Thousands of yen)	Fair value (Thousands of yen)	Difference (Thousands of yen)
(1) Investment securities（*2）	159,333	159,333	–
Total assets	159,333	159,333	–
(4) Long-term Loans Receivable (Including current portion)	76,617	80,811	4,193
Total liabilities	76,617	80,811	4,193

Current consolidated fiscal year (December 31, 2025)

	Consolidated balance sheet amount (Thousands of yen)	Fair value (Thousands of yen)	Difference (Thousands of yen)
(1) Investment securities（*2）	–	–	–
(2) Stocks of subsidiaries and affiliates	766,600	1,244,786	478,186
(3) Long-term Loans Receivable (Including current portion)	970,880	–	–
Allowance for Doubtful Accounts	(40,000)	–	–
	930,880	885,273	(45,606)
Total assets	1,697,480	2,130,059	432,579
(4) Long-term Borrowings (Including current portion)	463,152	469,514	6,361
Total liabilities	463,152	469,514	6,361

(*1) "Cash and deposits," "Accounts receivable - trade and contract assets," "Other receivables," "Short-term loans receivable," "Accounts payable - trade," "Short-term loans payable," "Other payables," "Accrued expenses," "Income taxes payable," and "Accrued consumption taxes" are omitted because these are either cash or settled in a short period, and their fair values approximate their book values.

(*2) Stocks and other securities without market prices are not included in "(1) Investment securities" and "(2) Stocks of subsidiaries and affiliates." The consolidated balance sheet amounts of these financial instruments are as follows. Investments in partnerships for which the equity interest is recorded at a net amount on the balance sheet are not subject to fair value disclosure, in accordance with the treatment prescribed in Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31,

June 17, 2021).

(Unit: Thousands of yen)

Category	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Stocks of subsidiaries and affiliates (Unlisted stocks)	754,974	754,974
Investment securities (Unlisted stocks)	1,102,437	483,005
Investments in investment partnerships	541,996	710,840

(*3) Long-term loans receivable are presented net of the allowance for doubtful accounts recorded individually.

(Note 1). Scheduled redemption amounts of monetary claims and securities with maturities after the consolidated balance sheet date

Previous consolidated fiscal year (December 31, 2024)

	Within one year (Thousands of yen)	Over one year and within five years (Thousands of yen)	Over five years and within ten years (Thousands of yen)	Over ten years (Thousands of yen)
Cash and deposits	6,849,398	–	–	–
Accounts receivable - trade	5,783,858	–	–	–
Investment securities				
Other securities with maturities				
Bonds and others	–	–	–	–
Long-term loans receivable	–	–	–	–
Total	12,633,256	165,000	—	—

Current consolidated fiscal year (December 31, 2025)

	Within one year (Thousands of yen)	Over one year and within five years (Thousands of yen)	Over five years and within ten years (Thousands of yen)	Over ten years (Thousands of yen)
Cash and deposits	6,845,410	–	–	–
Accounts receivable - trade	7,026,614	–	–	–
Investment securities				
Other securities with maturities				
Bonds and others	–	–	–	–
Long-term loans receivable	20,000	950,880	–	–
Total	13,892,025	950,880	–	–

(Note 2). Scheduled repayment amounts of bonds, long-term loans payable, lease obligations, and other interest-bearing liabilities after the consolidated balance sheet date

Previous consolidated fiscal year (December 31, 2024)

	Within one year (Thousands of yen)	Over one year and within five years (Thousands of yen)	Over five years and within ten years (Thousands of yen)	Over ten years (Thousands of yen)
Long-term loans payable	–	76,617	–	–
Lease obligations	2,653	9,949	–	–
Total	2,653	86,567	–	–

Current consolidated fiscal year (December 31, 2025)

	Within one year (Thousands of yen)	Over one year and within five years (Thousands of yen)	Over five years and within ten years (Thousands of yen)	Over ten years (Thousands of yen)
Long-term loans payable	97,325	356,803	9,024	–
Lease obligations	6,462	21,976	9,791	–
Total	103,787	378,779	18,815	–

3. Matters concerning the breakdown by level of the fair value of financial instruments

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1 Fair Value: Fair value measured using quoted prices in active markets for identical assets or liabilities that are among the observable inputs for measuring fair value.

Level 2 Fair Value: Fair value measured using inputs for measuring fair value other than Level 1 inputs among the observable inputs.

Level 3 Fair Value: Fair value measured using unobservable inputs for measuring fair value.

If multiple inputs that have a significant impact on the measurement of fair value are used, the fair value is classified into the level with the lowest priority in the fair value measurement among the levels to which each of those inputs belongs.

Financial instruments recorded on the consolidated balance sheet at fair value

Previous consolidated fiscal year (December 31, 2024)

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Bonds and others	–	–	159,339	159,339

Current consolidated fiscal year (December 31, 2025)

Not applicable

(Note 1) Explanation of valuation techniques and inputs used for fair value measurement

Investment Securities

Convertible bonds with share acquisition rights are classified as Level 3 fair value because they are bonds for which market prices are generally not observable. Their fair value is measured using a valuation technique based on a binomial model with significant unobservable inputs such as discount rates.

(Note 2) Information on Level 3 fair value of financial assets recorded on the consolidated balance sheet at fair value

(1) Quantitative information on significant unobservable inputs

Previous consolidated fiscal year (December 31, 2024)

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted average of inputs
Investment securities				
Available-for-sale securities				
Bonds and others	Binomial model	Discount rate	0.97%	0.97%
		Volatility	17.37%	17.37%

Current consolidated fiscal year (December 31, 2025)

Not applicable.

(2) Reconciliation from the beginning balance to the ending balance, and valuation gains or losses recognized in profit or loss for the period

Previous consolidated fiscal year (December 31, 2024)

(Unit: Thousands of yen)

	Investment securities
	Available-for-sale securities
	Bonds and others
Balance at beginning of period	109,841
Profit/loss or other comprehensive income	
Recorded in profit or loss	–
Recorded in other comprehensive income (*)	49,498
Net of purchase, sale, issuance, and settlement	–
Transfer to Level 3 fair value	–
Transfer from Level 3 fair value	–
Balance at end of period	159,339
Valuation gains (losses) on financial instruments held at the consolidated balance sheet date included in profit or loss for the period	–

(*) Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

Current consolidated fiscal year (December 31, 2025)

(Unit: Thousands of yen)

	Investment securities
	Available-for-sale securities
	Bonds and others
Balance at beginning of period	159,339
Profit/loss or other comprehensive income	
Recorded in profit or loss	–
Recorded in other comprehensive income (*)	–
Net of purchase, sale, issuance, and settlement	(159,339)
Transfer to Level 3 fair value	–
Transfer from Level 3 fair value	–
Balance at end of period	–
Valuation gains (losses) on financial instruments held at the consolidated balance sheet date included in profit or loss for the period	–

(*) Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

(3) Explanation of the valuation process for fair value measurement

The Administration Department establishes procedures for measuring fair value and performs the measurement. In addition, an appropriate approver verifies the valuation techniques, the validity of inputs used, and the measurement results. In measuring fair value, valuation techniques and inputs that most appropriately reflect the nature, characteristics, and risks of the target financial instruments are used.

(4) Explanation of the impact on fair value when significant unobservable inputs are changed

The significant unobservable inputs are the discount rate and volatility. A significant increase (decrease) in the discount rate would result in a significant decrease (increase) in fair value.

Volatility is a numerical value indicating the degree of price fluctuation. A significant increase (decrease) in volatility would result in a significant increase (decrease) in fair value.

Financial instruments other than those recorded on the consolidated balance sheet at fair value

Previous consolidated fiscal year (As of December 31, 2024)

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including current portion)	–	80,811	–	80,811

Current consolidated fiscal year (As of December 31, 2025)

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Stocks of subsidiaries and affiliates	1,244,786	–	–	1,244,786
Long-term loans receivable (including current portion)	–	845,962	39,310	885,273
Long-term borrowings (including current portion)	–	469,514	–	469,514

(Note 1). Description of valuation techniques and inputs used for fair value measurement

Stocks of subsidiaries and affiliates

Stocks of subsidiaries and affiliates, other than those without market prices, consist of listed companies and are valued using market prices. Since listed stocks are traded in active markets, their fair value is categorized as Level 1 fair value.

Long-term loans receivable

The fair value of long-term loans receivable is calculated by the discounted present value method based on future cash flows grouped by certain periods and appropriate indicators such as government bond yields. If the effect of unobservable inputs on the fair value is significant, it is categorized as Level 3; otherwise, it is categorized as Level 2.

Long-term borrowings

The fair value of long-term borrowings is calculated by the discounted present value method based on the total amount of principal and interest, the remaining term of the debt, and an interest rate that takes into account credit risk. It is categorized as Level 2.

(Securities)

1. Available-for-sale securities

Previous consolidated fiscal year (As of December 31, 2024)

	Class	Consolidated balance sheet amount (Thousands of yen)	Acquisition cost (Thousands of yen)	Difference (Thousands of yen)
Securities for which the consolidated balance sheet amount exceeds the acquisition cost	(1) Shares	299,912	289,139	10,773
	(2) Bonds			
	i. Government bonds, municipal bonds, etc.	–	–	–
	ii. Corporate bonds	–	–	–
	iii. Others	–	–	–
	(3) Others	–	–	–
	Subtotal	299,912	289,139	10,773
Securities for which the consolidated balance sheet amount does not exceed the acquisition cost	(1) Shares	802,525	802,525	–
	(2) Bonds			
	i. Government bonds, municipal bonds, etc.	–	–	–
	ii. Corporate bonds	–	–	–
	iii. Others	159,339	165,000	(5,660)
	(3) Others	541,996	701,507	(159,511)
	Subtotal	1,503,861	1,669,032	(165,171)
Total		1,803,774	1,958,172	(154,398)

Current consolidated fiscal year (December 31, 2025)

	Class	Consolidated balance sheet amount (Thousands of yen)	Acquisition cost (Thousands of yen)	Difference (Thousands of yen)
Securities for which the consolidated balance sheet amount exceeds the acquisition cost	(1) Shares	139,402	138,262	1,140
	(2) Bonds			
	i. Government bonds, municipal bonds, etc.	–	–	–
	ii. Corporate bonds	–	–	–
	iii. Other	–	–	–
	(3) Other	–	–	–
	Subtotal	139,402	138,262	1,140
Securities for which the consolidated balance sheet amount does not exceed the acquisition cost	(1) Shares	343,602	351,802	(8,199)
	(2) Bonds			
	i. Government bonds, municipal bonds, etc.	–	–	–
	ii. Corporate bonds	–	–	–
	iii. Other	–	–	–
	(3) Other	710,840	917,540	(206,700)
	Subtotal	1,054,443	1,269,343	(214,900)
Total		1,193,845	1,407,605	(213,759)

2. Securities for which impairment losses were recognized

There were no impairment losses recognized on securities for the previous consolidated fiscal year and the current consolidated fiscal year.

(Derivative Transactions)

Not applicable.

(Retirement Benefits)

Not applicable as the Group does not have any retirement benefit plans.

(Tax Effect Accounting)

1. Significant components of deferred tax assets and deferred tax liabilities

	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Deferred tax assets		
Accrued enterprise taxes	34,564 thousand yen	49,551 thousand yen
Allowance for doubtful accounts	214,911	291,783
Accrued bonuses	24,101	31,715
Accounts payable – other	10,813	–
Accounts receivable – trade	24,870	36,987
Loss on valuation of inventories	829	327
Excess of amortization of deferred assets	12,128	8,266
Lump-sum depreciable assets	7,121	5,947
Depreciation	29,230	36,102
Provision for share-based remuneration	30,622	23,244
Tax loss carryforwards	2,923	–
Loss on valuation of investment securities	117,271	120,735
Other	13,325	16,000
Total deferred tax assets	522,713	620,662

2. Significant components of the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

	Previous consolidated fiscal year (As of December 31, 2024)	Current consolidated fiscal year (As of December 31, 2025)
Statutory tax rate	30.5%	30.5%
(Adjustments)		
Non-deductible expenses for tax purposes, such as entertainment expenses	0.1	0.1
Inhabitant taxes per capita basis	0.8	0.7
Non-deductible stock acquisition-related expenses	1.3	–
Amortization of goodwill	0.2	1.0
Special tax credits	(0.3)	(0.3)
Tax rate difference of foreign subsidiaries	0.7	0.6
Other	0.3	(0.2)
Effective tax rate after adoption of tax effect accounting	33.6	32.4

3. Adjustment of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, and the "Special Corporate Tax for Defense" will be imposed from the consolidated fiscal year beginning on or after April 1, 2026.

As a result, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities for temporary differences, etc., expected to be settled in or after the consolidated fiscal year beginning January 1, 2027, has been changed from 30.5% to 31.4%. The impact of this tax rate change on the consolidated financial statements is immaterial.

(Business Combinations)

【Business combination through acquisition of shares】

Based on a resolution of the Board of Directors held on March 22, 2024, the Company entered into a share transfer agreement on April 1, 2024, to acquire TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY ("TMC"), based in the Socialist Republic of Vietnam ("Vietnam"), and make it a subsidiary. Following the completion of various procedures, the Company executed the payment for the shares and completed the acquisition of TMC on January 21, 2025.

1. Overview of the business combination

(1) Name and business description of the acquired company:

Name: TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY

Business: Laundry services for hospitals, and sales of medical equipment, chemicals, and consumables.

(2) Main reasons for the business combination:

In our three-year "New Medium-Term Management Vision" (2023–2025), the Group has identified "overseas expansion" as one of the key initiatives for our further growth. The acquisition of TMC as a subsidiary is a significant step toward the Group’s full-scale global expansion.

Vietnam has seen continuous population growth over the past few decades, with its total population surpassing 100 million in 2023. Furthermore, Vietnam’s real GDP growth rate for fiscal 2025 reached 8.02%, reflecting its sustained economic progress. In addition to this steady growth in economy and population, Vietnam is expected to face an aging society in the future as average life expectancy and the median age rise. Consequently, we anticipate an increase in the number of medical institutions and hospital beds, which will further drive demand for healthcare-related services.

TMC, which has become a subsidiary through this share acquisition, is a leading company headquartered in Hanoi—the city with the largest population in northern Vietnam. TMC’s primary business is providing laundry services for major hospitals. By making TMC a subsidiary, the Company will secure an overwhelming market share in the laundry business for major hospitals throughout Vietnam.

Viewing this as a stepping stone for future growth, we intend to further expand our laundry services for major hospitals nationwide. Additionally, we aim to promote the wider adoption of linen rental services and our mainstay "CS Set" service in the Vietnamese market.

(3) Date of business combination:

January 21, 2025 (Date of share acquisition)

January 31, 2025 (Deemed acquisition date)

(4) Legal form of the business combination:

Acquisition of shares for cash consideration.

(5) Name of the company after the combination:

No change.

(6) Percentage of voting rights acquired:

51%

2. Period of the acquired business's operating results included in the consolidated statement of income

From February 1, 2025 to December 31, 2025

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash and deposits	180,000 million Vietnamese Dong (1,114,068 thousand yen)
Acquisition cost		180,000 million Vietnamese Dong (1,114,068 thousand yen)

The consideration for acquisition does not include contingent consideration. The contingent consideration is based on an agreement to make payments depending on the future performance of the acquired company over a specific period, and has not been determined at this time.

In the event that additional payments for the acquisition occur, the acquisition cost will be adjusted as if the payments had been made at the time of acquisition, and the amount of goodwill and its amortization will be revised accordingly.

4. Description and amount of major acquisition-related costs

Advisory fees and commissions, etc.: 77,710 thousand yen

5. Amount of goodwill recognized, reason for recognition, and method and period of amortization

(1) Amount of goodwill recognized: 926,795 thousand yen

The amount of goodwill is based on a provisional accounting treatment using reasonable information available as of the end of the current consolidated fiscal year, as the identification of identifiable assets and liabilities and the fair value measurement as of the date of the business combination have not been completed, and the allocation of the acquisition cost is not yet finalized.

(2) Reason for recognition

It arose from the future excess earning power expected from future business development.

(3) Amortization method and period

Straight-line method over 10 years

6. Assets acquired and liabilities assumed on the date of the business combination and their main breakdown

Current Assets	554,342 thousand yen
Non-current Assets	878,322 thousand yen
Total Assets	1,432,665 thousand yen
Current Liabilities	549,546 thousand yen
Non-current Liabilities	515,917 thousand yen
Total Liabilities	1,065,463 thousand yen

7. Allocation of acquisition cost

At the end of the current consolidated fiscal year, the identification of identifiable assets and liabilities and the fair value measurement on the date of the business combination have not been completed, and the allocation of the acquisition cost is not finalized. Therefore, provisional accounting treatment has been performed based on reasonable information available at that time.

8. Estimated impact on the consolidated statement of income for the current fiscal year assuming the business combination was completed on the first day of the fiscal year, and its calculation method

The estimated amount is not stated because it is difficult to reasonably calculate it for the current consolidated fiscal year.

(Finalization of provisional accounting treatment for business combinations)

Regarding the business combination with GREEN LAUNDRY JOINT STOCK COMPANY on August 20, 2024, provisional accounting treatment was applied in the previous consolidated fiscal year, but it has been finalized in the current consolidated fiscal year. Reflecting the finalization of this provisional accounting treatment, significant revisions to the allocation of the acquisition cost have been reflected in the comparative information included in the consolidated financial statements for the current consolidated fiscal year.

As a result, the provisionally calculated goodwill of 794,415 thousand yen decreased by 377,439 thousand yen to 416,975 thousand yen following the finalization of the accounting treatment. In the consolidated balance sheet as of the end of the previous consolidated fiscal year, goodwill decreased by 386,715 thousand yen to 427,223 thousand yen, and deferred tax liabilities increased by 96,678 thousand yen to 96,678 thousand yen.

(Revenue Recognition)

1. Information disaggregating revenue from contracts with customers

The Group’s primary business is nursing and medical care-related services. Since the categories of revenue from contracts with customers are generally singular, information disaggregating revenue is omitted due to its low materiality.

2. Basic information for understanding revenue from contracts with customers

Basic information for understanding revenue is as described in "4. Significant accounting policies, (4) Criteria for recognition of significant revenue and expenses."

3. Relationship between the fulfillment of performance obligations based on contracts with customers and cash flows arising from such contracts, and information on the amount and timing of revenue expected to be recognized in the following consolidated fiscal year or later from contracts with customers existing at the end of the current consolidated fiscal year

(1) Receivables arising from contracts with customers

	Previous consolidated fiscal year	Current consolidated fiscal year
Receivables arising from contracts with customers (beginning balance)	4,947,868 thousand yen	5,783,858 thousand yen
Receivables arising from contracts with customers (ending balance)	5,783,858	7,026,614

(2) Transaction price allocated to the remaining performance obligations

The Company and its consolidated subsidiaries enter into contracts with customers to provide services and invoice consideration based on the services provided. As the Company and its consolidated subsidiaries have a right to consideration from customers in an amount that corresponds directly with the value to the customer of the performance completed to date, the Company and its consolidated subsidiaries recognize revenue in the amount to which they have a right to invoice in accordance with Paragraph 19 of the "Implementation Guidance on Accounting Standard for Revenue Recognition." Accordingly, these are not included in the scope of this note.

(Segment Information, etc.)

[Segment Information]

Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)

The Group's primary business is nursing and medical care-related services. Segment information is omitted as other segments are immaterial.

Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)

The Group's primary business is nursing and medical care-related services. Segment information is omitted as other segments are immaterial.

[Related Information]

Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)

1. Information by product and service

Information is omitted as net sales to external customers for a single product and service category exceed 90% of net sales on the consolidated statement of income.

2. Geographical information

(1) Net Sales

Information is omitted as net sales to external customers in Japan exceed 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

Information is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customers

Information is omitted as there is no single external customer that accounts for 10% or more of net sales on the consolidated statement of income.

Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)

1. Information by product and service

Information is omitted as net sales to external customers for a single product and service category exceed 90% of net sales on the consolidated statement of income.

2. Geographical information

(1) Net sales

Information is omitted as net sales to external customers in Japan exceed 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

(Unit：Thousands of yen)

Japan	Vietnam	Total
555,120	843,266	1,398,387

3. Information by major customers

Information is omitted as there is no single external customer that accounts for 10% or more of net sales on the consolidated statement of income.

[Information on impairment losses on non-current assets by reportable segment]

Not applicable.

[Information on amortization and unamortized balance of goodwill by reportable segment]

Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)

(Unit: Thousands of yen)

	Nursing and medical care-related services	Total	Corporate and eliminations	Amount recorded on the consolidated financial statements
Amortization for the period	10,601	10,601	–	10,601
Balance at the end of the period	427,223	427,223	–	427,223

Current consolidated fiscal year (From January 1, 2024 to December 31, 2024)

(Unit: Thousands of yen)

	Nursing and medical care-related services	Total	Corporate and eliminations	Amount recorded on the consolidated financial statements
Amortization for the period	131,506	131,506	–	131,506
Balance at the end of the period	1,266,168	1,266,168	–	1,266,168

[Information on gain on bargain purchase by reportable segment]

Not applicable.

[Related Party Information]

1. Transactions with related parties

(1) Transactions between the company filing the consolidated financial statements and related parties

Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)

Not applicable.

Current consolidated fiscal year (From January 1, 2024 to December 31, 2024)

Type	Name of company, etc.	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held (held by the related party) (%)	Relationship with the related party	Nature of transactions	Transaction amount (Thousands of yen)	Account item	Balance at the end of the period (Thousands of yen)
Affiliate	QUICK SMART WASH PRIVATE LIMITED	Jaipur, Rajasthan, India	Investments in capital 754,974	Linen management and cleaning business	Directly held 42.18	Lending of funds	Lending of funds	890,880	Long-term loans receivable	890,880
							Receipt of interest	18,971	Other current assets	18,971

(Note) The terms and conditions for the lending of funds, etc., are determined through mutual consultation, taking into consideration general transaction terms.

(2) Transactions between the consolidated subsidiaries of the company filing the consolidated financial statements and related parties

Not applicable.

2. Notes on parent company or significant affiliates

(1) Information on parent company

M3, Inc. (Listed on the Tokyo Stock Exchange)

(2) Information on significant affiliates

Not applicable

(Per Share Information)

	Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)	Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)
Net assets per share	206.77 yen	238.80 yen
Basic earnings per share	38.94 yen	45.77 yen

(Note 1) Diluted earnings per share is not stated as there are no dilutive shares.

(Note 2) Company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares to be deducted in the calculation of the average number of shares during the period for the purpose of calculating basic earnings per share.

The number of treasury shares held in the trust included in the number of treasury shares to be deducted in the calculation of basic earnings per share was 137,152 shares for the previous consolidated fiscal year and 124,655 shares for the current consolidated fiscal year.

Furthermore, company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares to be deducted from the total number of issued shares at the end of the period for the purpose of calculating net assets per share.

The number of treasury shares held in the trust included in the number of treasury shares to be deducted in the calculation of net assets per share was 135,917 shares for the previous consolidated fiscal year and 115,728 shares for the current consolidated fiscal year.

(Note 3) Provisional accounting treatment for business combinations was applied in the previous consolidated fiscal year and finalized in the current consolidated fiscal year. Accordingly, the per share information for the previous consolidated fiscal year is based on the amounts after the revision reflecting the finalization of the provisional accounting treatment.

(Note 4) The basis for calculating net assets per share is as follows.

	Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)	Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)
Total net assets (Thousands of yen)	12,501,850	14,681,563
Amount to be deducted from total net assets (Thousands of yen)	–	238,285
(Of which, non-controlling interests (Thousands of yen))	–	238,285
Net assets at the end of the period attributable to common shares (Thousands of yen)	12,501,850	14,443,277
Number of common shares at the end of the period used in the calculation of net assets per share (Shares)	60,463,088	60,483,269

5. The basis for calculating basic earnings per share is as follows.

	Previous consolidated fiscal year (From January 1, 2024 to December 31, 2024)	Current consolidated fiscal year (From January 1, 2025 to December 31, 2025)
Basic earnings per share		
Net income attributable to owners of parent (Thousands of yen)	2,354,670	2,767,760
Amount not attributable to common shareholders (Thousands of yen)	–	–
Net income attributable to common shareholders of parent (Thousands of yen)	2,354,670	2,767,760
Average number of common shares during the period (Shares)	60,461,853	60,474,349

(Significant Subsequent Events)

Not applicable.

(5) [Supplemental Schedules]

Schedule of bonds payable

Not applicable.

[Schedule of borrowings]

Classification	Balance at the beginning of the period (Thousands of yen)	Balance at the end of the period (Thousands of yen)	Average interest rate (%)	Repayment term
Short-term borrowings	–	365,474	5.5	–
Current portion of long-term borrowings	–	97,325	6.3	–
Current portion of lease obligations	2,653	6,462	–	–
Long-term borrowings (excluding current portion)	76,617	365,827	6.2	From 2027 to 2031
Lease obligations (excluding current portion)	9,949	31,767	–	From 2027 to 2035
Other interest-bearing liabilities	–	–	–	–
Total	89,220	866,857	–	–

(Note 1) The "average interest rate" represents the weighted average interest rate applicable to the balance of borrowings at the end of the period.

(Note 2) The average interest rate for lease obligations is not stated because lease obligations are recorded on the consolidated balance sheet at the amount before deducting the amount equivalent to interest included in the total lease payments.

(Note 3) The scheduled repayment amounts of long-term borrowings and lease obligations (excluding current portion) within five years after the consolidated closing date are as follows.

	Due after 1 year through 2 years (Thousands of yen)	Due after 2 years through 3 years (Thousands of yen)	Due after 3 years through 4 years (Thousands of yen)	Due after 4 years through 5 years (Thousands of yen)
Long-term borrowings	169,218	95,071	66,694	25,818
Lease obligations	6,395	6,395	5,732	3,453

[Schedule of asset retirement obligations]

Information is omitted pursuant to the provisions of Article 92-2 of the Regulation on Consolidated Financial Statements, as the amounts of asset retirement obligations at the beginning and end of the current consolidated fiscal year are 1% or less of the total of liabilities and net assets at the beginning and end of the current consolidated fiscal year.

(2) [Others]

Semi-annual information, etc. for the current consolidated fiscal year

(Cumulative period)	Interim consolidated accounting period	Current consolidated fiscal year
Net sales (Thousands of yen)	26,840,429	55,448,687
Interim (Current) income before income taxes (Thousands of yen)	2,048,539	4,184,902
Interim (Current) net income attributable to owners of parent (Thousands of yen)	1,367,203	2,767,760
Interim (Current) basic earnings per share (Yen)	22.61	45.77

2. [Financial Statements, etc.]

(1) [Financial Statements]

1). [Balance Sheet]

(Unit: Thousands of yen)

	Previous fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Assets		
Current assets		
Cash and deposits	5,740,501	5,060,136
Accounts receivable – trade	*5,760,126	*6,597,977
Merchandise	1,475,386	1,632,749
Supplies	740,130	1,116,335
Accounts receivable – other	* 2,352,808	* 2,170,703
Prepaid expenses	85,011	77,612
Other	* 210,671	* 356,022
Allowance for doubtful accounts	(658,270)	(837,960)
Total current assets	15,706,366	16,173,576
Non-current assets		
Property, plant and equipment		
Buildings	315,372	308,406
Accumulated depreciation	(134,352)	(134,456)
Buildings, net	181,019	173,949
Structures	2,507	3,000
Accumulated depreciation	(1,093)	(848)
Structures, net	1,413	2,152
Vehicles	64,738	45,581
Accumulated depreciation	(38,778)	(30,648)
Vehicles, net	25,959	14,933
Tools, furniture and fixtures	145,104	123,160
Accumulated depreciation	(113,387)	(96,944)
Tools, furniture and fixtures, net	31,717	26,216
Land	269,200	269,200
Leased assets	12,060	36,852
Accumulated depreciation	(603)	(5,046)
Leased assets, net	11,457	31,806
Total property, plant and equipment	520,767	518,258
Intangible assets		
Software	71,294	71,676
Other	30,763	22,989
Total intangible assets	102,058	94,666
Investments and other assets		
Investment securities	1,803,774	1,193,845
Shares of subsidiaries and associates	1,874,071	3,919,796
Long-term loans receivable	* 40,000	* 985,880
Leasehold deposits	105,787	105,572
Deferred tax assets	480,654	572,218
Other	51,102	51,071
Allowance for doubtful accounts	(34,313)	(81,961)
Total investments and other assets	4,321,076	6,746,422
Total non-current assets	4,943,901	7,359,347
Total assets	20,650,268	23,532,923

(Unit: Thousands of yen)

	Previous fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Liabilities		
Current liabilities		
Accounts payable – trade	* 7,181,024	* 8,137,814
Accounts payable – other	* 794,823	* 829,428
Accrued expenses	52,371	51,612
Income taxes payable	400,977	676,039
Accrued consumption taxes	76,839	104,440
Lease obligations	2,653	5,769
Deposits received from employees	35,160	32,965
Other	58,720	72,246
Total current liabilities	8,602,571	9,910,316
Non-current liabilities		
Lease obligations	9,949	29,284
Provision for share-based remuneration	25,154	26,113
Provision for share-based for directors	60,116	27,443
Total non-current liabilities	95,220	82,840
Total liabilities	8,697,792	9,993,157
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus		
Legal capital surplus	543,496	543,496
Total capital surplus	543,496	543,496
Retained earnings		
Legal retained earnings	7,500	7,500
Other retained earnings		
General reserve	12,500	12,500
Retained earnings brought forward	11,007,258	12,573,533
Total retained earnings	11,027,258	12,593,533
Treasury shares	(191,477)	(163,100)
Total shareholders' equity	11,952,773	13,547,425
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(297)	(7,659)
Total valuation and translation adjustments	(297)	(7,659)
Total net assets	11,952,476	13,539,766
Total liabilities and net assets	20,650,268	23,532,923

2). [Income Statement]

(Unit: Thousands of yen)

	Previous fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Net sales	47,112,144	52,984,906
Cost of sales		
Beginning merchandise inventory	1,379,085	1,475,386
Cost of Purchased Goods	*1 32,647,718	*1 37,300,400
Total	34,026,803	38,775,786
Ending merchandise inventory	1,475,386	1,632,749
Cost of goods sold	32,551,417	37,143,037
Outsourcing fees	4,352,313	5,005,091
Total cost of sales	36,903,730	42,148,128
Gross profit	10,208,413	10,836,778
Selling, general and administrative expenses	*1,*2 7,788,293	*1,*2 7,832,339
Operating income	2,420,119	3,004,439
Non-operating income		
Interest income	*1 1,765	*1 31,728
Dividend income	*1 300,001	*1 87,001
Rent income	2,809	4,936
Subsidy income	2,067	2,063
Gain on sales of non-current assets	3,281	6,589
Management fees	*1 52,032	*1 57,693
Income from seconded employees	*1 391,886	*1 88,238
Service fees income	*1 115,968	*1 87,528
Foreign exchange gains	–	19,510
Other	*1 72,085	*1 72,546
Total non-operating income	941,897	457,836
Non-operating expenses		
Loss on retirement of non-current assets	3,467	3,127
Provision of allowance for doubtful accounts	–	50,231
Loss on investments in investment partnerships	18,455	45,325
Foreign exchange losses	60,996	–
Total non-operating expenses	82,919	98,684
Ordinary income	3,279,097	3,363,591
Profit before income taxes	3,279,097	3,363,591
Income taxes - current	917,167	1,097,595
Income taxes - deferred	7,412	(88,064)
Total income taxes	924,579	1,009,530
Net income	2,354,518	2,354,061

3). [Statement of Changes in Equity]

Previous fiscal year (From January 1, 2024 to December 31, 2024)

(Unit: Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	573,496	543,496	543,496	7,500	12,500	9,440,527	9,460,527
Changes during period							
Dividends of surplus						(787,787)	(787,787)
Net income						2,354,518	2,354,518
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity during the period							
Total changes during period	–	–	–	–	–	1,566,731	1,566,731
Balance at end of period	573,496	543,496	543,496	7,500	12,500	11,007,258	11,027,258

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(194,125)	10,383,394	(72,521)	(72,521)	10,310,873
Changes during period					
Dividends of surplus		(787,787)			(787,787)
Net income		2,354,518			2,354,518
Purchase of treasury shares					
Disposal of treasury shares	2,647	2,647			2,647
Net changes in items other than shareholders' equity during the period			72,224	72,224	72,224
Total changes during period	2,647	1,569,378	72,224	72,224	1,641,603
Balance at end of period	(191,477)	11,952,773	(297)	(297)	11,952,476

Current fiscal year (From January 1, 2025 to December 31, 2025)

(Unit: Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	573,496	543,496	543,496	7,500	12,500	11,007,258	11,027,258
Changes during period							
Dividends of surplus						(787,787)	(787,787)
Net income						2,354,061	2,354,061
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity during the period							
Total changes during period	–	–	–	–	–	1,566,274	1,566,274
Balance at end of period	573,496	543,496	543,496	7,500	12,500	12,573,533	12,593,533

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(191,477)	11,952,773	(297)	(297)	11,952,476
Changes during period					
Dividends of surplus		(787,787)			(787,787)
Net income		2,354,061			2,354,061
Purchase of treasury shares	(6)	(6)			(6)
Disposal of treasury shares	28,383	28,383			28,383
Net changes in items other than shareholders' equity during the period			(7,361)	(7,361)	(7,361)
Total changes during period	28,377	1,594,651	(7,361)	(7,361)	1,587,289
Balance at end of period	(163,100)	13,547,425	(7,659)	(7,659)	13,539,766

[Notes to Financial Statements]

(Significant accounting policies)

1. Valuation basis and methods for assets

(1) Valuation basis and methods for securities

1). Shares of subsidiaries and associates:

Stated at cost using the moving-average method.

2). Other securities:

Stocks, etc. without market value:

Stated at cost using the moving-average method.

For investments in investment limited partnerships and similar partnerships (deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the company uses a method of incorporating the net amount of its share of the partnership's assets based on the most recent available financial statements as of the settlement dates specified in the partnership agreement.

(2) Valuation basis and methods for inventories

Merchandise

Stated at cost using the total average method (the balance sheet value is calculated by the inventory write-down method based on a decrease in profitability).

Supplies

Primarily stated at cost using the total average method (the balance sheet value is calculated by the inventory write-down method based on a decrease in profitability).

2. Method of depreciation for non-current assets

(1) Property, plant and equipment (excluding lease assets)

The declining-balance method is used. However, the straight-line method is used for buildings (excluding building improvements) acquired on or after April 1, 1998, and for building improvements and structures acquired on or after April 1, 2016.

Major useful lives are as follows:

Buildings	8-38 years
Structures	10-45 years
Vehicles	4-6 years
Tools, furniture and fixtures	2-15 years

(2) Intangible assets (excluding lease assets)

The straight-line method is used.

Software for internal use is amortized using the straight-line method over its internal useful life (5 years).

(3) Lease assets

Lease assets related to finance lease transactions that do not transfer ownership:

The straight-line method is used, with the lease term as the useful life and a residual value of zero.

3. Standards for recording provisions

(1). Allowance for doubtful accounts

To prepare for losses on bad debts, the company records an estimated uncollectible amount based on the historical loss rate for general receivables, and by individually considering the recoverability of specific receivables such as doubtful receivables.

(2). Provision for share-based remuneration

To prepare for the delivery of the Company's shares to employees of the Company and its subsidiaries based on the share delivery rules, the company records an amount based on the estimated share delivery obligations at the end of the current fiscal year.

(3). Provision for share-based remuneration for directors

To prepare for the delivery of the Company's shares to Directors (excluding Directors who are Audit and Supervisory Committee members and outside Directors) and Executive Officers based on the officer share delivery rules, the company records an amount based on the estimated share delivery obligations at the end of the current fiscal year.

4. Standards for recording revenues and expenses

The Company operates in a single segment, the Care & Medical Related Business, and develops the "CS Set" (Care Support Set).

In the CS Set business, the main performance obligation is to provide services that combine rental services for clothing, towels, etc. with laundry services, along with daily necessities for patients admitted to hospitals or residents of Long-Term Care Health Facilities, etc.

The Company recognizes revenue at the point in time when control of the goods or services is transferred to the customer and the performance obligation is satisfied.

The transaction price is due within a short period after the performance obligation is satisfied, and the contract does not contain a significant financing component.

(Significant accounting estimates)

(Valuation of shares of subsidiaries and associates)

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

	Previous fiscal year	Current fiscal year
Shares of subsidiaries and associates	1,874,071 thousand yen	3,919,796 thousand yen

(2) Information on the details of significant accounting estimates for identified items

1) Calculation method

Shares of subsidiaries and associates are recorded at acquisition cost on the balance sheet. If the actual value decreases significantly due to deterioration in the financial condition of the subsidiary or associate, the Company recognizes an impairment loss to the extent of the actual value, unless the recoverability is supported by sufficient evidence.

In cases where shares of subsidiaries and associates were acquired reflecting excess earning power, the Company considers the achievement of net sales, operating income, and operating cash flows based on the business plans at the time of acquisition, as well as future business plans. If the actual value drops significantly compared to the balance sheet value due to the loss of such excess earning power, an impairment loss is recognized.

For the current fiscal year, no impairment loss was recognized for shares of subsidiaries and associates.

2) Key assumptions

The estimate of the recoverability of the actual value is based on future business plans.

3) Impact on the financial statements for the next fiscal year

Future business plans include certain assumptions regarding **net sales**, gross profit margin, etc. Since these assumptions include forecasts of the future business environment, any discrepancy between business plans and actual results may have a significant impact on the financial statements for the next fiscal year and thereafter.

(Change in presentation)

(Balance Sheet)

"Long-term loans receivable," which was included in "Other" under "Investments and other assets" in the previous fiscal year, is separately presented from the current fiscal year due to increased quantitative materiality.

As a result, 91,102 thousand yen, which was presented as “Other” under “Investments and other assets” in the balance sheet for the previous fiscal year, has been reclassified as “Long-term loans receivable” of 40,000 thousand yen and “Other” of 51,102 thousand yen.

(Additional information)

(Stock benefit trust (BBT and J-ESOP))

This information is omitted as the same content is described in "Notes to Consolidated Financial Statements (Additional information)."

(Notes to Balance Sheet)

* Monetary claims and monetary liabilities to subsidiaries and associates

	Previous fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Short-term monetary claims	296,902 thousand yen	497,623 thousand yen
Long-term monetary claims	40,000	926,228
Short-term monetary liabilities	697,135	904,600

(Notes to Income Statement)

*1 The following items include transactions with subsidiaries and associates.

	Previous fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Operating transactions		
Purchases	1,656,664 thousand yen	2,210,532 thousand yen
Selling, general and administrative expenses from transactions with subsidiaries and associates	3,152,852 thousand yen	3,675,105 thousand yen
Non-operating transactions		
Management fees from transactions with subsidiaries and associates	47,832 thousand yen	57,693 thousand yen
Dividend income from transactions with subsidiaries and associates	300,000 thousand yen	87,000 thousand yen
Income from seconded employees from transactions with subsidiaries and associates	391,886 thousand yen	88,238 thousand yen
Rent income from transactions with subsidiaries and associates	52,963 thousand yen	42,640 thousand yen
Service fees income from transactions with subsidiaries and associates	115,968 thousand yen	87,528 thousand yen
Interest income from transactions with subsidiaries and associates	866 thousand yen	21,433 thousand yen

*2 Approximate percentages of selling expenses were 62.10% for the previous fiscal year and 66.75% for the current fiscal year, and approximate percentages of general and administrative expenses were 37.90% for the previous fiscal year and 33.25% for the current fiscal year.

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

	Previous fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Directors' compensations	166,500 thousand yen	131,400 thousand yen
Salaries and allowances	1,904,028	1,693,524
Legal welfare expenses	313,493	278,805
Outsourcing expenses	3,152,852	3,632,979
Depreciation	84,753	80,026
Provision of allowance for doubtful accounts	367,380	522,206
Subcontract costs	127,358	101,776
Provision for share-based remuneration	(2,221)	1,240

(Notes on securities)

Shares of subsidiaries and associates

Previous fiscal year (As of December 31, 2024)

Category	Balance sheet amount (Thousands of yen)	Market value (Thousands of yen)	Difference (Thousands of yen)
Shares of subsidiaries	–	–	–
Shares of associates	–	–	–

(Balance sheet amount of stocks, etc. without market value not included above)

Category	Previous fiscal year (Thousands of yen)
Shares of subsidiaries	1,119,097
Shares of associates	754,974

Current fiscal year (As of December 31, 2025)

Category	Balance sheet amount (Thousands of yen)	Market value (Thousands of yen)	Difference (Thousands of yen)
Shares of subsidiaries	–	–	–
Shares of associates	766,600	1,244,786	478,186

Note: Balance sheet amount of stocks, etc. without market value not included above

Category	Current fiscal year (Thousands of yen)
Shares of subsidiaries	2,398,222
Shares of associates	754,974

(Notes on tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Deferred tax assets		
Accrued enterprise taxes	20,980 thousand yen	33,966 thousand yen
Allowance for doubtful accounts	210,961	284,746
Accrued bonuses	16,404	22,006
Accounts payable – other	10,813	–
Accounts receivable – trade	24,870	36,987
Loss on valuation of merchandise	689	239
Excess amortization of deferred assets	9,058	5,616
Lump-sum depreciable assets	6,888	5,571
Depreciation	28,049	29,552
Provision for share-based remuneration	25,973	16,795
Loss on valuation of investment securities	117,271	120,736
Other	8,693	16,000
Total deferred tax assets	480,654	572,218

2. Significant components of the difference between the statutory tax rate and the actual effective tax rate after applying tax effect accounting

	Previous fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Statutory tax rate	30.5%	Notes are omitted
(Adjustments)		because the difference
Items not permanently deductible for tax purposes, such as entertainment expenses	0.1	between the statutory tax rate and the actual
Per capita inhabitant taxes	0.8	effective tax rate after
Tax credits	(0.3)	applying tax effect
Dividend income not taxable for tax purposes	(2.8)	accounting is 5% or less
Other	(0.1)	of the statutory tax rate.
Actual effective tax rate after applying tax effect accounting	28.2	

3. Adjustment of deferred tax assets and deferred tax liabilities due to changes in the statutory tax rate

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, and the "Special Corporate Tax for Defense" will be imposed from fiscal years beginning on or after April 1, 2026.

Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for temporary differences, etc. expected to be reversed in or after the fiscal year beginning January 1, 2027, has been changed from 30.5% to 31.4%.

The impact of this tax rate change on the financial statements is immaterial.

(Business combinations, etc.)

(Business combinations through acquisition)

This information is omitted because the same content is described in "Notes to Consolidated Financial Statements (Business combinations, etc.)."

(Revenue recognition)

Information that provides a basis for understanding revenue arising from contracts with customers is omitted because the same content is described in "Notes to Consolidated Financial Statements (Revenue recognition)."

(Significant subsequent events)

Not applicable.

(4) Annexed schedules

【Schedule of property, plant and equipment, etc.】

Type of assets	Balance at beginning of current period (Thousands of yen)	Increase during current period (Thousands of yen)	Decrease during current period (Thousands of yen)	Balance at end of current period (Thousands of yen)	Accumulated depreciation or amortization at end of current period (Thousands of yen)	Depreciation or amortization during current period (Thousands of yen)	Balance at end of current period (Net) (Thousands of yen)
Property, plant and equipment							
Buildings	315,372	19,599	26,565	308,406	134,456	16,200	173,949
Structures	2,507	988	494	3,000	848	118	2,152
Vehicles	64,738	–	19,156	45,581	30,648	10,236	14,933
Tools, furniture and fixtures	145,104	5,331	27,275	123,160	96,944	10,750	26,216
Land	269,200	–	–	269,200	–	–	269,200
Lease assets	12,060	24,792	–	36,852	5,046	4,443	31,806
Total property, plant and equipment	808,982	50,712	73,492	786,202	267,944	41,749	518,258
Intangible assets							
Software	327,936	30,498	4,799	353,636	281,959	30,049	71,676
Other	30,992	24,474	32,192	23,275	286	57	22,989
Total intangible assets	358,929	54,973	36,991	376,911	282,245	30,106	94,666

(Note 1) Balances at the beginning and end of the current period are stated at acquisition cost.

(Note 2) Major components of the increase and decrease in property, plant and equipment during the current period are as follows:

The increase in buildings was due to interior finishing work related to the relocation of the Sapporo Branch and the opening of the Kobe Branch.

The decrease in buildings was due to the transfer of assets related to the Murai Office and the Sagamihara Branch to a subsidiary.

The decrease in vehicles was due to the sale of four company cars.

The increase in lease assets was due to the acquisition of lease assets related to the CS Set business.

(Note 3) Major components of the increase and decrease in intangible assets during the current period are as follows:

The increase in software was mainly due to software related to system development.

The increase in "Other" was due to an increase in software in progress related to system development investment.

The decrease in "Other" was due to the transfer from software in progress to software related to system development.

[Schedule of provisions]

(Unit: Thousands of yen)

Item	Balance at beginning of current period	Increase during current period	Decrease during current period	Balance at end of current period
Allowance for doubtful accounts	692,583	572,438	345,100	919,922
Provision for share-based remuneration	25,154	1,240	281	26,113
Provision for share-based remuneration for directors	60,116	–	32,673	27,443

(2) Details of major assets and liabilities

Since consolidated financial statements are prepared, this information is omitted.

(3) Other

Not applicable.

VI. [Overview of Share-Related Administration of the Reporting Company]

Fiscal year	From January 1 to December 31
Annual General Meeting of Shareholders	Within three months after the end of each fiscal year
Record date	December 31
Record date for dividends of surplus	June 30 and December 31
Number of shares per unit	100 shares
Buyback of shares less than one unit	
Place of business	1-3-3 Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
Shareholder register administrator	1-3-3 Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Brokerage office	–
Buyback fee	An amount separately determined as an amount equivalent to the brokerage commission for the sale and purchase of shares
Method of public notice	Electronic public notice. However, in the event that electronic public notice is unavailable due to an accident or other unavoidable reasons, public notices shall be published in the Nihon Keizai Shimbun. The Company's URL for public notice is as follows: https://www.kkelan.com/
Shareholder benefits	Not applicable.

(Note) The Company's Articles of Incorporation provide that shareholders holding shares less than one unit may not exercise any rights other than the following:

(1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act

(2) Right to make a request under the provisions of Article 166, Paragraph 1 of the Companies Act

(3) Right to receive an allotment of shares for subscription and an allotment of share acquisition rights for subscription in proportion to the number of shares held by the shareholder

VII. [Reference Information of the Reporting Company]

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

The Company has no parent company, etc. as provided in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. [Other Reference Information]

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

(1) Annual Securities Report and its attachments, and Confirmation Letter

Fiscal year (31st Term) (From January 1, 2024 to December 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on March 24, 2025.

(2) Internal Control Report and its attachments

Filed with the Director-General of the Kanto Local Finance Bureau on March 24, 2025.

(3) Semi-annual Securities Report and Confirmation Letter

(32nd Interim Term) (From January 1, 2025 to June 30, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on August 7, 2025.

(4) Extraordinary Report

Filed with the Director-General of the Kanto Local Finance Bureau on March 25, 2025.

An extraordinary report based on Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Results of the exercise of voting rights at the General Meeting of Shareholders).

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

Not applicable.

Independent Auditor's Report and Internal Control Audit Report

March 24, 2026

To the Board of Directors of ELAN Corporation

Deloitte Touche Tohmatsu LLC

Nagano Office

Designated Limited Liability Partner and Engagement Partner	Certified Public Accountant	Akio Kimura
Designated Limited Liability Partner and Engagement Partner	Certified Public Accountant	Hajime Yoshizaki

[Audit of Consolidated Financial Statements]

Audit Opinion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of ELAN Corporation included in the "Financial Information" section for the consolidated fiscal year from January 1, 2025 to December 31, 2025, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, significant matters that serve as the basis for preparation of consolidated financial statements, other notes, and consolidated annexed schedules.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ELAN Corporation and its consolidated subsidiaries as of December 31, 2025, and their consolidated results of operations and cash flows for the consolidated fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the professional ethics regulations in Japan (including the regulations applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from CS Set Services ([Notes] (Segment Information, etc.) to the Consolidated Financial Statements)	
Contents and Reason for Decision of the Key Audit Matter	Auditor's Response
As described in the [Notes] (Segment Information, etc.) to the Consolidated Financial Statements, the Group's main business is the nursing care and medical-related business, and net sales for this segment in the consolidated statement of income amounted to 53,214,228 thousand yen. The CS Set Service, which the Group develops as the core service of the nursing care and medical-related business, is a service where the Group provides a combination of rental clothing/towels and sales of daily necessities to users of hospitals and Long-Term Care Health Facilities, etc., in place of them preparing these items themselves. Revenue from CS Set Services is recorded as the amount obtained by multiplying the set plan unit price by the service usage period, and consists of a large number of small-value transactions. The main business processes and related internal controls for the recording of revenue from CS Set Services are as follows: • The person in charge registers the set plan unit price and service usage period for CS Set Services into the billing management system. In addition, the registration results are verified against the source documents by another person in charge other than the person who entered the data. • Based on the set plan unit price and service usage period entered into the billing management system, revenue is automatically calculated by a predetermined logic on the system. • Based on the revenue data in the billing management system, revenue from CS Set Services is registered in the accounting system. The balance of accounts receivable in the billing management system and the balance of accounts receivable in the accounting system are reconciled monthly by the person in charge to examine the rationality of any differences. As revenue is automatically calculated based on the set plan unit price and service usage period information, errors in registration in the billing management system or errors in the logic for calculating billing amounts could have a material impact on financial reporting. Furthermore, net sales are considered a particularly important indicator in measuring the degree of achievement of the Group's performance for management and investors, as well as indicating the scale of the company's business activities. Based on the above, we have determined that revenue from CS Set Services in the nursing care and medical-related business segment constitutes a key audit matter.	In response to the key audit matter described on the left, we mainly performed the following audit procedures: (Evaluation of Internal Controls) • We evaluated the design and operating effectiveness of internal controls to ensure the accuracy of the registration of set plan unit prices and service usage periods in the billing management system. • We evaluated the design and operating effectiveness of internal controls related to the reconciliation of accounts receivable balances between the billing management system and the accounting system. • In collaboration with IT specialists within our audit firm, we evaluated the design and operating effectiveness of IT application controls related to the automatic calculation of revenue. Specifically, we conducted interviews with the persons in charge regarding the logic for the automatic calculation of revenue data in the billing management system, inspected system manuals, and verified the specifications of the relevant programs to evaluate their design. Furthermore, we evaluated the operating effectiveness by performing recalculations for each major calculation pattern of revenue, such as pro-rata daily calculation and monthly calculation. In evaluating the IT application controls, we evaluated the effectiveness of IT general controls, such as access security, program changes, and data center and network operations related to the billing management system, through observation and inspection of documents. (Risk Assessment Procedures and Substantive Procedures) • As risk assessment procedures, we conducted trend analyses of net sales by branch and net sales per facility, as well as analyses of the average monthly billing amount per user at each facility, to examine whether there were any branches or facilities that exceeded normal expectations. If any exceeded normal expectations, we examined the validity of such transactions through inquiries and inspection of vouchers. • We examined the consistency of revenue amounts between the billing management system and the accounting system. • For revenue data in the billing management system, we performed voucher matching and recalculations on a sample basis and examined the accuracy of net sales and the appropriateness of period attribution.

Valuation of acquisition cost of shares and goodwill for TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY ([Notes] (Business Combinations, etc.) to the Consolidated Financial Statements)	
Contents and Reason for Decision of the Key Audit Matter	Auditor's Response
As described in the [Notes] (Business Combinations, etc.) to the Consolidated Financial Statements, on January 21, 2025, the Group acquired shares of TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY (hereinafter "TMC"), which provides laundry services for hospitals and sells medical equipment, chemicals, and consumables, for 1,114,068 thousand yen, and has included it as a consolidated subsidiary in the current consolidated fiscal year. For the acquisition cost of TMC's shares, the Group referred to the equity value calculated using the Discounted Cash Flow (DCF) method under the income approach based on TMC's business plan, and utilized external experts for the valuation of the equity value. Furthermore, as the allocation of the acquisition cost (purchase price allocation) was not completed by the end of the current consolidated fiscal year, provisional accounting treatment was performed based on reasonable information available at that time. As a result, goodwill of 816,380 thousand yen was recorded at the end of the current consolidated fiscal year. Business combination transactions are not recurring, and their processing requires specialized knowledge. Additionally, the goodwill recognized through this business combination is of high quantitative significance. Furthermore, the future cash flows based on the business plan, which serve as the foundation for the valuation of goodwill, include significant assumptions such as future net sales, operating income (loss), and sales growth rates. These significant assumptions involve uncertainties due to changes in the external environment and include subjective judgments by management. Based on the above, we have determined that the appropriateness of the accounting treatment for the business combination of TMC and the valuation of goodwill constitute a key audit matter.	In response to the key audit matter described on the left, we mainly performed the following audit procedures: • We evaluated the design and operating effectiveness of internal controls related to the calculation of the acquisition cost of shares and the valuation of goodwill. • To understand the purpose of the acquisition of TMC shares, its business content, and business environment, and to understand the rationality of the transaction and the determination process of the acquisition cost, we inspected the minutes of the Board of Directors' meetings and share valuation reports, and conducted inquiries with management. • Regarding the significant assumptions in future cash flows, such as future net sales, operating income (loss), and sales growth rates, we conducted trend analyses, including inquiries with management and comparisons with available external data and past performance, to examine the reasonableness of such assumptions. We also examined the accuracy of future plans by performing back-testing on past plans. • We involved internal valuation specialists from the network firm to which we belong to evaluate the selection and application of equity valuation techniques, as well as the reasonableness of the calculation of the discount rate, which is a major assumption in the equity value calculation. • To ascertain whether there were any indications of impairment of goodwill at the end of the consolidated fiscal year, we conducted inquiries with management and inspected the minutes of the Board of Directors' meetings to examine whether there were any significant changes in the management environment. We also conducted a comparative analysis between the initial business plan and actual performance after the acquisition at the end of the consolidated fiscal year. • To verify that the goodwill resulting from the provisional accounting treatment was appropriately calculated, we examined whether the difference between the acquisition cost and the assets accepted and liabilities assumed on the date of the business combination matched the recorded amount of goodwill.

Other Information

Other information consists of the information included in the Annual Securities Report other than the consolidated financial statements, the non-consolidated financial statements, and our audit reports thereon. Management is responsible for preparing and disclosing the other information. The Audit & Supervisory Committee is responsible for monitoring the execution of duties by Directors in the design and operating effectiveness of the reporting process for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion on the other information.

Our responsibility in the audit of the consolidated financial statements is to read the other information and, in doing so, consider whether there are material inconsistencies between the other information and the consolidated financial statements or our knowledge obtained in the course of the audit, and to pay attention to whether there are any signs of material misstatement in the other information beyond such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the design and operating effectiveness of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the basis of the going concern assumption and for disclosing matters related to going concern in accordance with accounting principles generally accepted in Japan, if it is necessary to do so.

The Audit & Supervisory Committee is responsible for monitoring the execution of duties by Directors in the design and operating effectiveness of the financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report based on our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. We also design and perform audit procedures responsive to those risks. The selection and application of audit procedures are based on the auditor's judgment. Furthermore, we obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- The purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control, but we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances when performing risk assessments.
- Evaluate the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Conclude on the appropriateness of management’s use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related notes in the consolidated financial statements or, if such notes are inadequate, to express a modified opinion on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate whether the presentation and notes of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the presentation, structure, and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

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

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

[Audit of Internal Control]

Audit Opinion

Pursuant to Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited the internal control report of ELAN Corporation as of December 31, 2025.

In our opinion, the internal control report referred to above, which represents that the internal control over financial reporting as of December 31, 2025 is effective, presents fairly, in all material respects, the results of the evaluation of internal control over financial reporting in accordance with standards for evaluation of internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Internal Control Audit" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the professional ethics regulations in Japan (including the regulations applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit & Supervisory Committee for the Internal Control Report

Management is responsible for the design and operating effectiveness of internal control over financial reporting and for the preparation and fair presentation of the internal control report in accordance with standards for evaluation of internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring and verifying the design and operating effectiveness of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our responsibility is to obtain reasonable assurance about whether the internal control report is free from material misstatement and to express an opinion on the internal control report from an independent standpoint in an internal control audit report based on our internal control audit.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the evaluation of internal control over financial reporting in the internal control report. Audit procedures for the internal control audit are selected and applied based on the auditor's judgment, depending on the significance of the impact on the reliability of financial reporting.
- Consider the overall presentation of the internal control report, including the descriptions made by management regarding the scope of evaluation, evaluation procedures, and evaluation results of internal control over financial reporting.
- Obtain sufficient and appropriate audit evidence regarding the results of the evaluation of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision, and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the internal

control audit, the results of the internal control audit, any identified material weaknesses in internal control that should be disclosed, their remediation results, and other matters required by auditing standards for internal control.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Fee-related Information

Fees paid to the Audit Firm and members of the same network as the Audit Firm by the Company and its subsidiaries for audit certification services and non-audit services are described in (3) [Status of Audit] under "Status of Corporate Governance, etc." in the "Status of Reporting Company" section.

Conflicts of Interest

There are no interests between the Company and its consolidated subsidiaries and the Audit Firm or the engagement partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

END

(Note 1) The original copy of the above audit report is kept separately by the Company (the company filing the Annual Securities Report).

(Note 2) XBRL data is not subject to the audit.

Independent Auditor's Report

March 24, 2026

To the Board of Directors of ELAN Corporation

Deloitte Touche Tohmatsu LLC

Nagano Office

Designated Limited Liability Partner and Engagement Partner	Certified Public Accountant	Akio Kimura
Designated Limited Liability Partner and Engagement Partner	Certified Public Accountant	Hajime Yoshizaki

[Audit of Financial Statements]

Audit Opinion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the financial statements of ELAN Corporation included in the "Financial Information" section for the 32nd fiscal year from January 1, 2025 to December 31, 2025, which comprise the balance sheet, the statement of income, the statement of changes in equity, significant accounting policies, other notes, and annexed schedules.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ELAN Corporation as of December 31, 2025, and its results of operations for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the professional ethics regulations in Japan (including the regulations applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from CS Set Services
Net sales of ELAN Corporation recorded in the statement of income, amounting to 52,984,906 thousand yen, primarily consist of revenue from CS Set Services. The description of the contents, reason for decision, and auditor's response for the key audit matter is omitted because it is identical to the key audit matter (Revenue from CS Set Services) described in the audit report of the consolidated financial statements.

Valuation of shares in TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY	
Contents and Reason for Decision of the Key Audit Matter	Auditor's Response
Of the 3,919,796 thousand yen in shares of subsidiaries and affiliates recorded on the balance sheet, 1,192,879 thousand yen represents shares in TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY (hereinafter "TMC"), which were acquired reflecting its excess earning power. In assessing the necessity of impairment for the shares of the subsidiary and affiliate, the Company compares the acquisition cost with the actual value reflecting the excess earning power. Similar to the valuation of goodwill recorded on the consolidated balance sheet, the evaluation of the excess earning power included in the actual value involves subjective judgments and decisions by management. Based on the above, we have determined that the valuation of TMC shares acquired reflecting excess earning power constitutes a key audit matter.	The excess earning power included in the TMC shares is recorded as "goodwill," etc., on the consolidated balance sheet. We mainly performed the audit procedures described in the auditor's response for the key audit matter "Valuation of acquisition cost of shares and goodwill for TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY" in the audit report of the consolidated financial statements.

Other Information

Other information consists of the information included in the Annual Securities Report other than the consolidated financial statements, the non-consolidated financial statements, and our audit reports thereon. Management is responsible for preparing and disclosing the other information. The Audit & Supervisory Committee is responsible for monitoring the execution of duties by Directors in the design and operating effectiveness of the reporting process for the other information.

Our audit opinion on the financial statements does not cover the other information, and we do not express an opinion on the other information.

Our responsibility in the audit of the financial statements is to read the other information and, in doing so, consider whether there are material inconsistencies between the other information and the financial statements or our knowledge obtained in the course of the audit, and to pay attention to whether there are any signs of material misstatement in the other information beyond such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan. This includes the design and operating effectiveness of such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements on the basis of the going concern assumption and for disclosing matters related to going concern in accordance with accounting principles generally accepted in Japan, if it is necessary to do so.

The Audit & Supervisory Committee is responsible for monitoring the execution of duties by Directors in the design and operating effectiveness of the financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements from an independent standpoint in an audit report based on our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. We also design and perform audit procedures responsive to those risks. The selection and application of audit procedures are based on the auditor's judgment. Furthermore, we

obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

- The purpose of the audit of the financial statements is not to express an opinion on the effectiveness of internal control, but we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances when performing risk assessments.
- Evaluate the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related notes in the financial statements or, if such notes are inadequate, to express a modified opinion on the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate whether the presentation and notes of the financial statements are in accordance with accounting principles generally accepted in Japan, as well as the presentation, structure, and content of the financial statements, including the related notes, and whether the financial statements fairly represent the underlying transactions and accounting events.

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

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fee-related information is described in the audit report of the consolidated financial statements.

Conflicts of Interest

There are no interests between the Company and the Audit Firm or the engagement partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

END

(Note 1) The original copy of the above audit report is kept separately by the Company (the company filing the Annual Securities Report).

(Note 2) XBRL data is not subject to the audit.

[Cover Page]

[Document Filed]	Internal Control Report
[Governing Law and Regulation]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of Filing]	Director-General of the Kanto Local Finance Bureau
[Date of Filing]	March 26, 2026
[Company Name]	Kabushiki Kaisha ELAN
[English Name]	ELAN Corporation
[Title and Name of Representative]	Tomohiro Minezaki, Representative Director, President, Executive Officer and CEO
[Title and Name of CFO]	Yoichi Kamijo, Director, Executive Officer, CFO and General Manager of Administrative Division
[Address of Registered Head Office]	15-12 Idegawa-machi, Matsumoto-shi, Nagano. 390-0826 Japan
[Place Where a Copy of the Document is Made Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo. 103-8220 Japan)

1. [Matters Relating to the Basic Framework for Internal Control Over Financial Reporting]

Tomohiro Minezaki, Representative Director, President, Executive Officer and CEO, and Yoichi Kamijo, Director, Executive Officer, CFO and General Manager of Administrative Division, are responsible for designing and operating internal control over financial reporting of the Company. They have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control aims to achieve its objectives to a reasonable extent through the organic linkage and integrated functioning of its basic elements. Therefore, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

2. [Matters Relating to the Scope of Evaluation, Record Date, and Evaluation Procedures]

The evaluation of internal control over financial reporting was conducted as of December 31, 2025, which is the last day of the current fiscal year, in accordance with evaluation standards for internal control over financial reporting generally accepted in Japan.

In this evaluation, the Company first evaluated internal controls that have a material impact on overall consolidated financial reporting (entity-level controls). Based on these results, the Company selected the business processes to be evaluated. In evaluating these business processes, the Company analyzed the selected business processes, identified key control points that have a significant impact on the reliability of financial reporting, and evaluated the design and operating effectiveness of these key control points.

The scope of the evaluation of internal control over financial reporting was determined to the extent necessary from the perspective of its impact on the reliability of financial reporting for the Company, its consolidated subsidiaries, and equity-method affiliates. The importance of the impact on the reliability of financial reporting was determined by considering quantitative and qualitative significance and the likelihood of occurrence. Based on the results of the evaluation of entity-level controls, the Company reasonably determined the scope of evaluation for internal controls over business processes. One equity-method affiliate was excluded from the scope of evaluation for entity-level controls, as it was determined to be insignificant from both quantitative and qualitative perspectives.

Regarding the scope of the evaluation of internal control over business processes, since the Group's main business is healthcare-related rental services and net sales at each business location are emphasized as the most important indicator of business growth, the Company determined that net sales is an appropriate indicator for judging the importance of each business location. Based on the favorable results of the evaluation of entity-level controls, business locations handling the CS Set business were designated as "significant locations" by aggregating net sales (after elimination of intercompany transactions) for each location for the current consolidated fiscal year in descending order of amount until the aggregate reached approximately two-thirds of consolidated net sales. At these selected significant locations, based on the Company's healthcare-related rental service business model, business processes for net sales, accounts receivable, inventory, and other receivables (uncollected funds)—which are considered significant accounts closely related to the Company’s business objectives—were included in the scope of evaluation. Furthermore, regardless of the selected significant locations, business processes for significant accounts involving estimates or judgments (such as allowance for doubtful accounts, impairment of fixed assets, and tax effect accounting) and business processes for businesses or operations involving high-risk transactions (such as securities, investment securities, and goodwill) were added to the scope of evaluation for all business locations as business processes with high significance, taking into account their impact on financial reporting and the likelihood of material misstatements.

3. [Matters Relating to the Results of Evaluation]

As a result of the evaluation described above, the Company concluded that internal control over financial reporting was effective as of the end of the current fiscal year.

4. [Additional Notes]

Not applicable.

5. [Special Notes]

Not applicable.

[Cover Page]

[Document Filed]	Confirmation Letter
[Governing Law and Regulation]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of Filing]	Director-General of the Kanto Local Finance Bureau
[Date of Filing]	March 26, 2026
[Company Name]	Kabushiki Kaisha ELAN
[English Name]	ELAN Corporation
[Title and Name of Representative]	Tomohiro Minezaki, Representative Director, President, Executive Officer and CEO
[Title and Name of CFO]	Yoichi Kamijo, Director, Executive Officer, CFO and General Manager of Administrative Division
[Address of Registered Head Office]	15-12 Idegawa-machi, Matsumoto-shi, Nagano. 390-0826 Japan
[Place Where a Copy of the Document is Made Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo. 103-8220 Japan)

1. [Matters Relating to the Adequacy of Description in the Annual Securities Report]

Tomohiro Minezaki, Representative Director, President, Executive Officer and CEO, and Yoichi Kamijo, Director, Executive Officer, CFO and General Manager of Administrative Division, have confirmed that the contents of the Annual Securities Report of the Company for the 32nd fiscal year (from January 1, 2025 to December 31, 2025) are appropriately stated in accordance with the Financial Instruments and Exchange Act and related laws and regulations.

2. [Special Notes]

Not applicable.