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To whom it may concern,

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Progress Status (Entering the Improvement Period) and Change in the Plan Period Based on the Plan to Meet the Continued Listing Criteria

OPEN Group, Inc. (the "Company") submitted a plan to meet the continued listing criteria for the Prime Market on May 31, 2023, and disclosed the progress status based on the plan on May 30, 2025. The Company hereby announces that it has summarized the progress status and related matters of the plan as of the end of February 2026 below.

1. Trends in the Company's status of compliance to the continued listing criteria, change in the plan period, and improvement period

The table below shows the Company's status of compliance to the continued listing criteria for the Prime Market as of the end of February 2026, as well as trends in the status. Please note that the tradable share market capitalization and the tradable share ratio still do not meet the criteria. In order to meet the continued listing criteria for the tradable share market capitalization and tradable share ratio by the end of February 2027, the Company has changed the plan period from "until the end of February 2026" to "until the end of February 2027" and will continue to implement various initiatives. However, please note that the Tokyo Stock Exchange will designate the Company's shares as Securities Under Supervision (Confirmation) unless the Company's compliance to the tradable share market capitalization and tradable share ratio criteria are confirmed by the end of February 2027, the expiry date of the improvement period. Thereafter, the Company's shares may be designated as Securities to Be Delisted and subsequently delisted from the market effective on September 1, 2027 unless the Company's compliance to the tradable share market capitalization and tradable share ratio criteria is confirmed as a result of examination by the Tokyo Stock Exchange based on the "Table of Distribution of Share Certificates, etc." as of the end of February 2027 submitted by the Company.

The Company regards maintaining listing on the Prime Market as the top priority and will continue to implement various initiatives. However, it will consider changing its market segment to the Standard Market as the second best measure in case it fails to meet the continued listing criteria for the Prime Market within the improvement period due to external environment changes, market trends, etc.

		Number of shareholders	Number of tradable shares (Units)	Tradable share market capitalization	Tradable share ratio
The Company's compliance status and its transition	As of the end of February 2023	10,660	226,963	¥6.7 billion	36.6%
	As of the end of February 2024	10,644	221,132	¥5.9 billion	35.5%
	As of the end of February 2025	9,619	211,608	¥4.8 billion	33.8%
	As of the end of February 2026	8,640	159,929	¥4.5 billion	25.3%
Continued listing criteria for Prime Market		800	20,000	¥10.0 billion	35%
Plan period		—	—	End of February 2027	End of February 2027
Improvement period		—	—	End of February 2027	End of February 2027

* The compliance status of the Company is calculated based on the "Table of Distribution of Share Certificates, etc." of the Company and other factors known by the Tokyo Stock Exchange as of the record date.

2. Implementation status and evaluation for initiatives towards compliance with the continued listing criteria (March 2025 to February 2026)

The Company took seriously the situation where the tradable share market capitalization fell short of the criterion. In response, management and other responsible personnel repeated discussions on corporate value enhancement and achievement of an appropriate valuation from the capital market, and as a result, formulated a new capital policy in October 2024. The policy is to raise ROE (return on equity ratio) based on profit on core business* to a double-digit percentage over the medium to long term by promoting the following strategies.

(a) Maximizing profit on core business by continuing to invest in existing businesses to achieve further growth and proactively utilizing M&As to achieve early profitability in new businesses in parallel.

(b) Controlling shareholders' equity at an appropriate level through shareholder returns and other measures as there is limited need to increase shareholders' equity at present, taking into consideration the business scale and financial soundness indicators.

* Refers to profit based on after-tax operating profit with adjustments made to eliminate gains and losses from new business development, where business performance is highly volatile. Currently, the Company excludes gains and losses on payroll automation, medical automation, and RoboRobo-related new businesses (such as credit and RPO (recruitment process outsourcing)).

In order to realize this capital policy, the Company established a capital allocation policy to boldly and distinctly allocate cash and deposits on hand and stably-generated operating cash flows to investments in existing businesses, new business areas and M&As, and shareholder returns. Additionally, in the fiscal year ended February 28, 2026, the Company made continuous efforts to (1) drive business growth and improve profitability and (2) strengthen shareholder return measures. As a result, ROE based on profit on core business (a management accounting figure) for the fiscal year ended February 28, 2026 increased to 6.0% from 3.8% for the fiscal year ended February 28, 2025. Furthermore, the Company has been working to (3) enhance IR activities, because the multiples for stock prices (EV/EBITDA and PER) cannot improve unless the Company appropriately communicates the details and results of these efforts to the capital market. The progress on these measures (1) to (3) is as follows:

(1) Driving business growth and improving profitability

In the intelligent automation business, the respective numbers of companies adopting BizRobo!, AUTORO, and RoboRobo all increased, and recurring license revenue grew. For RoboRobo, upfront investments mainly in product development are still continuing, but its mainstay RoboRobo Compliance Service has grown to account for approximately 10% of consolidated net sales in the fiscal year ended February 28, 2026, making a significant contribution to profit. The Company believes that such results were driven by active investment in existing products centered on the installation of new AI-related functions, as well as strengthened cooperation with external partners centered on sales.

In the advertising automation business, transaction volumes grew in the human resources category and the newly entered fields. In addition, profit margins have been improving for programs with increased transaction shares due to partial improvement in commission rate and enhanced cost control.

In addition to these existing businesses, the Company actively engaged in the development of new businesses. In the area of payroll automation, where it aims to redefine the labor-intensive payroll industry, it acquired payroll outsourcing service providers Payroll Pro Co., Ltd. and SME Support Center Co., Ltd. and has been expanding its digital BPO services through the introduction of RoboRobo Payroll, which achieves overwhelming automation and efficiency. In the field of medical automation, where it aims to redefine the medical industry suffering from a serious labor shortage, it acquired OASIS INNOVATION, Inc., which provides BPO services for medical billing, and began full-scale development of a hybrid human-AI BPO service.

As a result of these efforts, consolidated net sales and operating profit for the fiscal year ended February 28, 2026 were ¥8.1 billion and ¥1.0 billion, respectively, representing significant increases in both sales and profit from the fiscal year ended February 28, 2025.

(2) Strengthening shareholder return measures

Regarding shareholder returns, the Company revised its shareholder return policy in October 2024. The specific objectives of the policy are to continuously pay dividends with a target dividend payout ratio of 40% based on profit on core business generated from the Company group's major businesses, and to realize more stable and substantial dividends through the adoption of approximately 3% DOE (dividend on equity ratio) as a target, which is scheduled around the fiscal year ending February 29, 2028. Based on this policy, the Company paid an initial dividend of ¥5.5 per share, including an ordinary dividend of ¥3 per share plus a commemorative dividend of ¥2.5 for the 25th anniversary of its founding, as the year-end dividend for the fiscal year ended February 28, 2025, and plans to pay an ordinary dividend of ¥4.9 per share as the year-end dividend for the fiscal year ended February 28, 2026. Thus, the amount of the ordinary dividend is growing steadily.

In addition, the Company decided in January 2025 to purchase treasury shares in an aggregate amount of up to ¥2.0 billion, then continued the purchase in the market until December 2025, and completed the purchase up to the upper limit.

(3) Enhancing IR activities

Aiming to improve the valuation from the stock market (the multiples), the Company continuously took the following measures toward qualitative and quantitative IR enhancement to reduce the cost of capital by reducing the asymmetry of information between the Company and investors as much as possible.

- Disclosing the transcripts of online briefings
- Timely disclosure in English
- Expanding slots for institutional investor interviews
- Holding briefings for individual investors

3. Details of issues and initiatives for the future based on the past status of the items that do not meet the continued listing criteria

(1) Tradable share market capitalization

Regarding the tradable share market capitalization, the Company plans to improve profits (EBITDA and net income) and valuation ratios (EV/EBITDA and PER) at the same time by implementing measures to realize the capital policy, shareholder return policy, and business strategies described in 2.

In the fiscal year ending February 28, 2027, management resources will be focused on the following business areas.

(a) AI-based hyper-automation

AI-based hyper-automation is a tool aimed at optimizing the entirety of a process, rather than individual tasks that are parts of the process, by utilizing optimal advanced technologies such as AI. The Company intends to promote up-selling and cross-selling of its hyper-automation tool

named Tungsten TotalAgility to a total of 3,000 customers, including 800 enterprise companies.

(b) Payroll automation

The Company will move forward with the automation and streamlining of complicated payroll processes, utilizing its RoboRobo Payroll as a key tool. It intends to aggressively pursue acquisitions of payroll service providers and implement DX to expand profits vertically.

(c) RoboRobo Credit and RPO

The Company intends to use RoboRobo Credit and RPO (recruitment process outsourcing) to expand the RoboRobo series, which is increasingly widely used in areas such as compliance and payrolls, into areas such as credit and recruitment, where needs are confirmed.

Specifically, in the fiscal year ending February 28, 2027 alone, the Company will invest approximately ¥1.0 billion in these business areas. It will allocate funds mainly for the recruitment of direct and indirect human resources responsible for new business development, delivery, and sales expansion, as well as service development and marketing investments aimed at customer acquisition and cost reduction. Additionally, it will reserve funds for investment and establish a new specialized division to strengthen competitiveness in the AI field.

For the fiscal year ending February 28, 2027, the Company forecasts net sales of ¥9.8 billion (up 20.3% year on year) and operating profit of ¥11 million (up 9.5% year on year) in consolidated financial results. The lower rate of increase in operating profit compared to net sales is mainly attributable to the active investment described above, which is believed to serve as the foundation for accelerated profit growth in the future.

Based on these financial results forecasts, the Company forecasts an ordinary dividend of ¥6.5 per share for the fiscal year ending February 28, 2027. Achieving this means that it will have accomplished the objective of adopting approximately 3% DOE (dividend on equity ratio) target one year ahead of schedule. The Company will continue to strengthen shareholder returns by setting the lower limit of DOE (dividend on equity ratio) at 3%.

(2) Tradable share ratio

Alongside the implementation of measures to increase its market capitalization, the Company intends to approach its major shareholders as appropriate to sell shares. It also intends to continuously consider possible uses of treasury shares held, including using them for M&A transactions that would not dilute EPS and would leave the ROE level unchanged or improved.