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Report on Implementation of Recurrence Prevention Measures within HIS Group

In response to fraudulent or improper receipt of employment adjustment subsidies by our group, we are working to prevent recurrence of this problem, as described in the "Notice of Measures to Prevent Recurrence" dated March 31, 2025. We would like to report on the implementation of measures to prevent recurrence as follows.

1. Fostering compliance awareness

The Company president and the presidents of its subsidiaries have communicated to the entire group a message concerning strengthened governance and compliance, including thorough enforcement of rules related to public subsidies. In order to unify compliance awareness across the entire group, risk compliance training by external expert has been conducted for directors, training on labor laws and regulations and labor management has been conducted for attendance managers, and compliance training related to this incident has been conducted for employees. And we checked the level of understanding by completing a questionnaire after each training.

We distribute an email magazine twice a month with different themes using teaching materials and content to make compliance familiar and promote compliance awareness throughout the entire our group. The compliance awareness survey conducted in September confirmed a high degree of penetration of compliance awareness. We will continue our compliance education activities.

2. Strengthening group governance

The Subsidiary Governance Review Committee, chaired by an Independent Outside Director and Audit and Supervisory Committee Member, was established as an advisory committee to the Board of Directors. Charged with examining group governance issues and incorporating advice from third-party experts, the Committee has implemented the following improvements: Extensive discussions were held regarding appointment and term criteria, evaluation systems, and misconduct disciplinary policies for officers of group companies and incorporated these rules into relevant regulations in order to prevent management entrenchment and to reduce misconduct. We established new training programs for officers dispatched from the parent company that current group officers have also attended. In addition, we added items related to public grants and other matters to reports from subsidiaries to the Company and clearly defined reporting lines. This reduces risks of fraud and misrepresentation. By reinforcing the subsidiary management departments, we have enhanced communication with subsidiaries and increased other information sharing and guidance opportunities. This leads to quicker recognition and tackling of issues. The final date for the Subsidiary Governance Review Committee, which was a temporary organization, was set to November 28, 2025 and the items studied and improved by this committee were passed on to the Risk Management and Compliance Committee, which verify and review their implementation. In coordination with the Governance Headquarters established on December 1, 2025, the Committee will strive to achieve greater sophistication in Group governance.

The Risk Management and Compliance Committee has been repositioned as an advisory committee to the Board of Directors and its functions have been strengthened. The committee has reviewed risk assessment by reassessing major risks related to important issues raised in the Group and discussion from a company-wide perspective has been strengthened. Furthermore, to enhance group-wide risk management capabilities, the

committee conducts continuous monitoring, leading to early detection of risks and countermeasures.

3. Review of internal controls for public subsidy applications

We have revised the Affiliated Companies Management Regulations and Overseas Affiliated Companies Management Regulations to clarify the rules for reporting applications for subsidies to the parent company and have disseminated those rules throughout the Group and put them into operation. For the subsidies applied for by the parent company, we have built and started using operation flows that include controls on management. In this way, we have separated the departments that make such applications and the departments that verify and manage them, have created restraint functions, and prevent fraudulent and inappropriate applications.

4. Thorough labor management

In order to correct the lack of understanding of labor laws, we have conducted training for second-line attendance managers on labor laws and labor management and have checked their level of understanding. In addition, as a new method of attendance management, we have introduced a system to monitor for any discrepancy between attendance records and actual attendance. This has proven effects such as correcting attendance records to match actual work attendance. We have introduced the same system to the subsidiaries where fraudulent reception of subsidies was recognized. We will continue to correct labor management by promoting first-line self management and monitoring at each company. For the foreign subsidiaries, we have built and started the operation of a monitoring mechanism that requires the presentation of a labor management self checklist each quarter.

5. Promoting awareness and utilization of the whistleblowing system

In order to promote use of the whistleblowing system, the President issued a message to the entire Group sharing the contact details for the whistleblowing hotline and emphasizing the reliability of the system. That is being followed up by the Company's Risk Management Office's ongoing educational activities, such as distribution of information on the whistleblowing system to the entire Group monthly. The improved reliability of this system was verified in the compliance awareness survey conducted in September.

In addition, in order to detect potential risks associated with the contents of whistleblowing reports, the staff member in charge of handling such reports examines them with reference to the opinion of external contact and reports the results to the Risk Management and Compliance Committee.

Furthermore, in order to support whistleblowing concerning Company directors, we have started new operations in which directors who are an Audit and Supervisory Committee Member provide support within the Company. We will continue to promote the utilization of the whistleblowing system and strive for the prevention, early detection, and early response to issues.

6. Review of internal audit system

We have strengthened the authority of the Internal Audit Department by revising the Internal Audit Regulations, thereby ensuring independence from management and enhancing audit capabilities for preventive and detective controls. Also, personnel is being increased in stages and expertise is being enhanced through continuing external training and study sessions within the department.

We are upgrading our risk approach to ensure efficient and effective audits by reviewing our auditing methods and policies, including interviews with non-managerial employees and audits of second-line departments, and by strengthening the IT Audit Promotion Group. In addition, we are raising the effectiveness of our internal audits by using data analysis to review fraud audits.

As stated above, the Group deeply regrets the occurrence of this incident and has been working to enhance the level of Group governance and rebuild internal controls by implementing measures to prevent recurrence.

We will strive to restore the trust of our stakeholders by continuously verifying measures to prevent recurrence and by fostering a corporate culture that prioritizes compliance. Under this structure, we aim to become a corporate group that contributes to society by realizing the enhancement of corporate value and sustainable growth through sound business activities.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.