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April 10, 2025

Company name: WingArc1st Inc.
Name of representative: Jun Tanaka
President, Executive Officer and CEO
(Securities Code: 4432; Prime Market of TSE)
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Notice Concerning Acquisition of All Shares of WingArcNex Inc. (to Make It a Wholly Owned Subsidiary)

WingArc1st Inc. (the “Company”) hereby announces that it resolved at the Board of Directors meeting held on April 10, 2025 to acquire all shares of WingArcNex Inc. (“WingArcNex”) from Smartvalue Co., Ltd. (“Smartvalue”) and make it a wholly owned subsidiary of the Company.

1. Reasons for acquisition of shares

Under the leadership of the Ministry of Internal Affairs and Communications and the Digital Agency, efforts are currently being made to promote the Standardization of Local Government Information Systems (Note 1) by the end of fiscal year 2025. This initiative aims to promote the use of cloud-based services, improve operational efficiency, reduce financial burdens, etc. Furthermore, as the declining birthrate and aging of the population are expected to progress further, DX (digital transformation) of local government is anticipated to be a growing field. This aims to enhance resident services while reducing the human resource burden on local governments.

Under these circumstances, the Group has positioned the public and local government-related market as an important market, actively advancing investments and strengthening our framework. In February 2023, we acquired shares of Smartvalue to promote DX in the public sector. In May 2024, we made TRYSERVE Co., Ltd. a wholly owned subsidiary to strengthen the system implementation framework for local governments. In October 2024, we released Govlong, a business support solution for local governments that supports the standardization of local government systems.

The digital government business of WingArcNex, which is going to be made a subsidiary, provides competitive resident services to a wide range of local governments in the local government CMS (Note 2) market. We consider this an important element in the expansion of the Group’s local government DX domain. With WingArcNex joining the Group, we aim to achieve further growth in the public and local government sectors by not only expanding the Company’s solutions to the existing customers of WingArcNex, but also through high levels of collaboration in activities such as developing new solutions jointly and acquiring more local governments.

After acquiring these shares, we will continue to be a shareholder of Smartvalue and maintain a good relationship by cooperating in initiatives such as the smart city business that Smartvalue is promoting.

(Note 1) Ministry of Internal Affairs and Communications, “standardization and commonization of local government Information systems”
https://www.soumu.go.jp/menu_seisaku/chiho/jichitaijoho_system/index.html (in Japanese)

(Note 2) An abbreviation for “Contents Management System.” A system for centrally managing website content such as text and images

WingArcNex is scheduled to be established as a newly incorporated company through a company split (incorporation-type company split) performed by Smartvalue on June 30, 2025, with the purpose of succeeding a part of Smartvalue's digital government business. The Company plans to acquire all of WingArcNex's shares on the same date.

2. Overview of the subsidiary subject to change

| | | | | |
|-----|------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------|
| (1) | Name: | WingArcNex Inc. | | |
| (2) | Address | 3-6-1 Doshomachi, Chuo-ku, Osaka-shi, Osaka | | |
| (3) | Name and position of representative | Jun Shibuya, Representative Director | | |
| (4) | Businesses | Digital government business | | |
| (5) | Capital | ¥100,000,000 | | |
| (6) | Date of establishment | June 30, 2025 | | |
| (7) | Main shareholders and shareholding percentages | Smartvalue Co., Ltd. 100.0% | | |
| (8) | Relationships between WingArcNex Inc. and the Company | Capital relationship | The Company is a shareholder holding 7.99% of the shares of Smartvalue, the parent company of WingArcNex. | |
| | | Personnel relationship | None | |
| | | Business relationship | None | |
| (9) | WingArcNex Inc.'s consolidated operating results and financial position for the past three fiscal years (Note 3) | | | |
| | Fiscal period | FY2/23 | | FY2/24 |
| | Consolidated net assets | - | | - |
| | Consolidated total assets | - | | - |
| | Consolidated net assets per share | - | | - |
| | Consolidated net sales | - | | - |
| | Consolidated operating profit (loss) | - | | - |
| | Consolidated ordinary profit (loss) | - | | - |
| | Profit (loss) attributable to owners of parent | - | | - |
| | Consolidated net income (loss) per share | - | | - |
| | Dividend per share | - | | - |

(Note 3) As the incorporation of WingArcNex is scheduled for June 30, 2025, there is no information either for or preceding the fiscal year ended February 28, 2025.

3. Summary of the counterparty to the acquisition of shares

| | | |
|--------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | Name: | Smartvalue Co., Ltd. |
| (2) | Address | 3-6-1 Doshomachi, Chuo-ku, Osaka-shi, Osaka |
| (3) | Name and position of representative | Jun Shibuya Director, President and CEO |
| (4) | Businesses | Cloud solutions business |
| (5) | Capital | ¥1,044,000,000 (as of December 31, 2024) |
| (6) | Date of establishment | June 1947 |
| (7) | Net assets | ¥2,158,000,000 (FY6/24) |
| (8) | Total assets | ¥4,037,000,000 (FY6/24) |
| (9) | Main shareholders and shareholding percentages | Kazumasa Shibuya 20.57% |
| | | Jun Shibuya 11.63% |
| | | WingArc1st Inc. 7.99% |
| | | Commons & Sense Inc. 5.54% |
| | | Nozomi Works., Ltd. 4.97% |
| | | Mutsumi Shimada 4.35% |
| | | Tomio Sugimura 2.69% |
| | | LifeStyle co.,ltd. 1.40% |
| | | BAYAREA Co., Ltd. 1.37% |
| | | Akihisa Shimada 1.28% |
| *Correct as of December 31, 2024 (excluding treasury shares) | | |
| (10) | Relationships between Smartvalue and the Company | Capital relationship The Company is a shareholder holding 7.99% of the shares of Smartvalue. |
| | | Personnel relationship Three employees of the Company have been seconded to Smartvalue and its subsidiaries for business collaboration. |
| | | Business relationship The relationship with Smartvalue and its subsidiaries includes sales related to the use of the Company's cloud-based services and outsourced development of the Company's software. |
| | | Related party None |

4. Number of shares to be acquired, acquisition cost, and status of shares owned before and after acquisition

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|-----|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | Number of shares owned before change | Number of shares owned: 0 shares (Number of voting rights: 0) (Ratio of voting rights owned: 0.0%) |
| (2) | Number of shares to be acquired | Number of shares owned: 500 shares (Number of voting rights: 500) |
| (3) | Acquisition cost | Ordinary shares of WingArcNex Inc.: ¥2,300,000,000 Advisory costs, etc. (estimate): not more than approx. ¥60,000,000 Total (estimate): ¥2,360,000,000 |
| (4) | Number of shares owned after change | Number of shares owned: 500 shares (Number of voting rights: 500) (Ratio of voting rights owned: 100.0%) |

5. Schedule

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|-----|---------------------------------------|---------------------------|
| (1) | Date of Board of Directors resolution | April 10, 2025 |
| (2) | Agreement date | April 10, 2025 |
| (3) | Share transfer date | June 30, 2025 (scheduled) |

6. Outlook

The impact of this matter on the Company's consolidated earnings for the current fiscal year is currently being reviewed; however, if something that should be disclosed arises, it will be disclosed promptly.