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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

August 12, 2025

Company name: ExaWizards Inc.

Listing: Tokyo

Securities code: 4259

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

Representative Director & President, CEO

Executive Officer Corporate Management Head of Function, CFO

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2025	2,446	15.9	144	-	139	-	66	-
June 30, 2024	2,110	62.0	(289)	-	(295)	-	(303)	-

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ 72 million [-%]
Three months ended June 30, 2024: ¥ (297) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	0.80	0.78
June 30, 2024	(3.69)	-

(Note) Diluted earnings per share for the first quarter of FY2025 is not disclosed as a net loss per share was recorded despite the existence of potential shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	7,462	3,109	39.8
March 31, 2025	7,024	2,539	34.3

(Reference) Equity: As of June 30, 2025: ¥ 2,971 million
As of March 31, 2025: ¥ 2,409 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		0.00	-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026(April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit	
	Millions of yen	%	Millions of yen	%
Full year	11,800	20.3	1,000	-

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2025: 86,413,200 shares

March 31, 2025: 85,804,200 shares

2) Number of treasury shares at the end of the period:

June 30, 2025: 1,837,075 shares

March 31, 2025: 3,070,163 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2025: 83,553,733 shares

Three months ended June 30, 2024: 82,147,479 shares

(Note) The number of treasury shares at the end of the period includes the shares of the Company held by the stock-granting ESOP trust (645,263 shares for the fiscal year ended March 31, 2025: 626,575 shares for the three months ended June 30, 2025). Also, when calculating the average number of shares during the period, the average number of shares of the Company held by the stock-granting ESOP trust during the period is included in the number of treasuries shares to be deducted. (528,421 shares for the fiscal year ended March 31, 2025: 639,033 shares for the three months ended June 30, 2025)

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Disclaimer)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. In addition, actual results may differ significantly due to various factors. For the assumptions underlying the earnings forecasts and notes on the use of earnings forecasts, please refer to “1. Overview of Operating Results for the first quarter of the fiscal year ending March 31, 2026 (3) Overview of Consolidated Earnings Forecast” on page 6 of the attached document.

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(Reference)

As used in this document, "FY2026" and "current fiscal year" refer to our consolidated accounting period which is from April 1, 2025 to March 31, 2026.

1. Overview of Operating Results for the first quarter of the fiscal year ending March 31, 2026

Forecasts in this document are based on judgments made as of the end of the current consolidated fiscal year.

(1) Overview of Operating Result

Overall

With the mission of “Solving social issues through Artificial Intelligence for future generations” the Group is engaged in the following three businesses.

AI Products Business	Providing a wide range of customers with AI software that can be used immediately in their business operations with minimal additional adjustments, with the aim of solving social issues
AI Solution Services Business	Discovering industrial and social issues in various industries and realizing innovations through solving management issues of clients, mainly large corporations.

Consolidated Results of Operations

Net sales

Net sales for the first quarter of FY2026 were 2,446 million yen (+15.9% YoY). Main reason for this was an increase in the number of users of our services in the AI Products Business.

Cost of sales, gross profit

Cost of sales for the first quarter of FY2026 was 773 million yen (-24.1% YoY). This was mainly due to decreases in personnel expenses, system usage fees, and depreciation expenses, included in the cost of sales. As a result, the gross profit for this period was 1,672 million yen (+53.3% YoY), and the gross profit margin was 68.4%.

Selling, general and administrative expenses, operating profit (loss)

Selling, general and administrative expenses for the first quarter of FY2026 were 1,528 million yen (+10.7% YoY). This was due to increases in personnel expenses and system usage fees. As a result, the operating profit for this period was 144 million yen (compared to an operating loss of 289 million yen in the same period of the previous year).

Non-operating income and expenses, ordinary profit (loss)

Non-operating income for the first quarter of FY2026 was two million yen, and non-operating expenses were seven million yen. As a result, the ordinary profit for this period was 139 million yen (ordinary loss of 295 million yen in the same period of the previous year).

Extraordinary income (loss), net income (loss) attributable to owners of the parent company

Net income before taxes for the first quarter of FY2026 was 140 million yen (net loss before income taxes of 296 million yen in the same period of the previous year). As a result, the net income attributable to the parent company for this period was 66 million yen (compared to a net loss attributable to the parent company of 303 million yen for the same period of the previous year).

Segment Results

To more appropriately evaluate the performance of reportable segments, the Company has changed the classification method of reportable segments from the first quarter of the current fiscal year. The previous three reportable segments of “AI Products Business,” “AI Platform Business,” and “Other Service Business” have been reorganized into two segments: “AI Products Business” and “AI Solution Services Business.”

For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes for the Quarterly Consolidated Financial Statements (Segment Information).” The segment information for the first quarter of the previous fiscal year has been prepared based on the revised reportable segment classification.

Performance by segment is as follows. The segment profit is based on operating profit and is reconciled with operating profit in the quarterly consolidated statement of income.

AI Products Business

During the first quarter of FY2026, in addition to expanding sales of existing products, the Company has been actively engaged in developing generative AI and AI agents amid the rapid market expansion driven by companies’ full-scale AI investments.

The DX human resource development program for companies and local government, “exaBase DX Assessment & Learning,” has shown smooth growth, with the number of companies that have introduced the program reaching 2,108 and over 330 thousand users as of June 2025. “exaBase Generative AI” was also performing well, with 909 companies having adopted and reaching about 100,000 users by the same month.

To meet such robust demand, personnel expenses and other costs associated with investments in new product development and sales activities increased, while depreciation expenses decreased due to the impairment loss on software assets recorded at the end of the previous fiscal year. As a result, net sales were 1,053 million yen (+99.1% YoY), gross profit was 938 million yen (+182.7% YoY), gross profit margin was 89.1%, and operating profit was 474 million yen (compared to an operating loss of 51 million yen in the same period of the previous year).

AI Solution Services Business

During the first quarter of FY2026, the Company continued to work with numerous major corporations on innovation creation through AI projects. While there was strong corporate demand for AI and DX support, and STADIUM Co., Ltd, the subsidiary’s sales support business performed steadily, net sales decreased due to strategic personnel reallocation to the AI Product Business as a growth area and the screening of AI development projects. Meanwhile, personnel expenses and outsourcing costs decreased due to improved sales productivity resulting from project screening. Also, depreciation expenses of the current period decreased due to the impairment loss on software and other assets recorded at the end of the previous fiscal year.

As a result, net sales were 1,456 million yen (-12.2% YoY), gross profit was 801 million yen (-4.6% YoY), gross profit margin was 55.0%, and operating profit was 311 million yen (+25.2% YoY).

(2) Overview of Financial Position

Assets

Total assets for the first quarter of FY2026 were 7,462 million yen, an increase of 438 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of 843 million yen in cash and deposits, while accounts receivable and contract assets decreased by 467 million yen.

Liabilities

Total liabilities for the first quarter of FY2026 were 4,353 million yen, a decrease of 131 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to decreases of 108 million yen in income taxes payable following corporate tax payments and 75 million yen in long-term borrowings following loan repayments.

Net assets

Total net assets for the first quarter of FY2026 were 3,109 million yen, an increase of 570 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of 468 million yen from the disposal of treasury shares through third-party allotment and the recording of 66 million yen in profit attributable to owners of parent.

(3) Overview of Consolidated Earnings Forecast

There are no changes to the earnings forecast for the current fiscal year from the consolidated earnings forecast disclosed on May 14, 2025.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	3,008	3,852
Accounts receivable - trade and contract assets	1,870	1,403
Other	349	263
Total current assets	5,229	5,519
Non-current assets		
Property, plant and equipment	10	24
Intangible assets		
Goodwill	56	43
Customer-related intangible assets	1,030	1,007
Software	319	487
Other	0	0
Total intangible assets	1,406	1,539
Investments and other assets		
Investment securities	40	40
Other	336	338
Total investments and other assets	377	378
Total non-current assets	1,795	1,943
Total assets	7,024	7,462
Liabilities		
Current liabilities		
Current portion of long-term borrowings	600	600
Accounts payable - other	350	334
Accrued expenses	432	469
Income taxes payable	223	115
Contract liabilities	141	190
Provision for bonuses	30	58
Other	288	253
Total current liabilities	2,065	2,021
Non-current liabilities		
Long-term borrowings	1,950	1,875
Retirement benefit liability	93	88
Asset retirement obligations	76	76
Deferred tax liabilities	298	291
Total non-current liabilities	2,419	2,331
Total liabilities	4,484	4,353

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Net assets		
Shareholders' equity		
Share capital	2,440	2,448
Capital surplus	4,588	4,599
Retained earnings	(3,437)	(3,370)
Treasury shares	(1,182)	(706)
Total shareholders' equity	2,409	2,971
Share acquisition rights	51	53
Non-controlling interests	78	84
Total net assets	2,539	3,109
Total liabilities and net assets	7,024	7,462

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the three months ended June 30, 2025)

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	2,110	2,446
Cost of sales	1,019	773
Gross profit	1,091	1,672
Selling, general and administrative expenses	1,380	1,528
Operating profit (loss)	(289)	144
Non-operating income		
Interest and dividend income	0	0
Foreign exchange gains	-	0
Subsidy income	1	-
Surrender value of insurance policies	-	2
Other	0	0
Total non-operating income	1	2
Non-operating expenses		
Interest expenses	7	6
Foreign exchange losses	0	-
Miscellaneous losses	0	1
Total non-operating expenses	7	7
Ordinary profit (loss)	(295)	139
Extraordinary income		
Gain on sale of non-current assets	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on retirement of non-current assets	1	-
Total extraordinary losses	1	-
Profit (loss) before income taxes	(296)	140
Income taxes - current	13	75
Income taxes - deferred	(12)	(7)
Total income taxes	0	68
Profit (loss)	(297)	72
Profit attributable to non-controlling interests	5	6
Profit (loss) attributable to owners of parent	(303)	66

(Quarterly Consolidated Statement of Comprehensive Income)

(For the three months ended June 30, 2025)

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit (loss)	(297)	72
Comprehensive income	(297)	72
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(303)	66
Comprehensive income attributable to non-controlling interests	5	6

(3) Notes for the Quarterly Consolidated Financial Statements*Notes on going concern assumption*

Not applicable.

Notes in the event of a significant change in the amount of shareholders' equity

I. Previous the first quarter consolidated accounting period (from April 1, 2024 to June 30, 2024)

(Significant change in the amount of shareholders' equity)

Not applicable

II. The first quarter consolidated accounting period (from April 1, 2025 to June 30, 2025)

(Significant changes in the amount of shareholders' equity)

Based on a resolution of the Board of Directors held on May 28, 2025, the Company disposed of 1,214,400 shares of treasury stock through third-party allotment to NTT Communications Corporation (currently NTT DOCOMO BUSINESS). As a result, treasury shares decreased by 468 million yen in the first quarter of the current fiscal year.

Consequently, treasury shares amounted to 706 million yen as of this period.

Segment Information

[Segment Information]

I. Previous the first quarter consolidated accounting year (from April 1, 2024 to June 30, 2024)

1. Information on sales and profit (loss) amounts by reportable segment, and breakdown of revenue

(Unit: millions of yen)

	Reporting Business Segments			Adjustment* ¹	Amounts in the consolidated financial statement* ²
	AI Products	AI Solution Services	Total		
Net Sales					
Revenue from contracts with customers	528	1,659	2,188	(78)	2,110
Net sales to external customers	519	1,590	2,110	—	2,110
Intersegment revenues or transfer	9	69	78	(78)	—
Total	528	1,659	2,188	(78)	2,110
Segment Profit (Loss)	(51)	248	197	(486)	(289)

Notes: 1. The adjustment amount for segment profit (loss) is a common cost for segments.
2. Segment profit (loss) is consistent with the operating loss in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets, goodwill, etc. by reportable segment

Significant impairment loss on non-current assets
Not applicable

Significant changes in the amount of goodwill
Not applicable

Significant gain on negative goodwill
Not applicable

II. The current first quarter consolidated accounting year (from April 1, 2025 to June 30, 2025)

1. Information on sales and profit (loss) amounts by reportable segment, and breakdown of revenue

(Unit: millions of yen)

	Reporting Business Segments			Adjustment ^{*1}	Amounts in the consolidated financial statement ^{*2}
	AI Products	AI Solution Services	Total		
Net Sales					
Revenue from contracts with customers	1,053	1,456	2,509	(63)	2,446
Net sales to external customers	1,052	1,393	2,446	—	2,446
Intersegment revenues or transfer	0	63	63	(63)	—
Total	1,053	1,456	2,509	(63)	2,446
Segment Profit (Loss)	474	311	786	(641)	144

Notes: 1. The adjustment amount for segment profit (loss) is a common cost for segments.
2. Segment profit (loss) is consistent with the operating loss in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets, goodwill, etc. by reportable segment

Significant impairment loss on non-current assets

Not applicable

Significant changes in the amount of goodwill

Not applicable

Significant gain on negative goodwill

Not applicable

3. Information on change in reportable segments etc.

(Change in Reportable Segments)

The Company has changed its reportable segments from the previous three categories of “AI Products Business,” “AI Platform Business,” and “Other Service Business” to two categories of “AI Products Business” and “AI Solution Services Business” from the first quarter of the current fiscal year, following a review of the Group’s business development, management resource allocation and management structure.

Certain divisions previously included in the “AI Platform Business” and “Other Service Business” have been transferred to the “AI Products Business” under the new segmentation to promote business development as AI products. In addition, the sales support and growth support business of STADIUM CO. Ltd., which was previously included in the “Other Service Business,” has been transferred to the “AI Solution Services Business” under the new segmentation.

The segment information for the first quarter of the previous consolidated fiscal year has been prepared based on the revised reportable segment classification.

Notes on Cash Flows

No quarterly consolidated cash flow statement was prepared for the first quarter of FY2026. However, for this period, depreciation (including amortization of intangible fixed assets but excluding goodwill and customer-related assets) and amortization of goodwill and customer-related assets for the first quarter of the current consolidated fiscal year are as follows.

	The first quarter of FY2025 (from April 1, 2024 to June 30, 2024)	The first quarter of FY2026 (from April 1, 2025 to June 30, 2025)
Depreciation	121 Million yen	53 Million yen
Amortization of Goodwill	36	12
Amortization of Customer-related assets	35	22

Significant Subsequent Events

(Issuance of Stock Acquisition Rights as Stock Options)

At the Board of Directors meeting held on July 24, 2025, the Company resolved to issue stock acquisition rights as stock options to the Company's directors and employees as described below, in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

These stock acquisition rights will be issued for consideration at a fair price to the allottees, and as the terms are not particularly favorable, the issuance will be implemented without obtaining approval at a general meeting of shareholders.

1. Purpose for issuing stock acquisition rights as stock options

The Company is issuing these stock acquisition rights for the purpose of further enhancing the motivation and morale of its directors and employees, and further strengthening its unity, as it aims for medium- to long-term business expansion and enhancement of corporate value.

2. Details of issuance of stock acquisition rights

(1) Name of stock acquisition rights

The 25th Stock Acquisition Rights

(2) Allottees and Number of Stock Acquisition Rights to be Allotted

Directors of the Company 3 persons 6,200 Stocks

Employees of the Company 3 persons 3,400 Stocks

The above numbers of persons and stock acquisition rights represent the maximum limits, and the actual number of allottees and the number of stock acquisition rights to be allotted may decrease depending on the status of applications for these stock acquisition rights.

(3) Class and Number of Shares to be Issued upon Exercise of Stock Acquisition Rights

The number of shares underlying each stock acquisition right (hereinafter, “Number of Shares Granted”) shall be 100 shares of common stock of the Company.

(4) Monetary Payment in Exchange for Stock Acquisition Rights

The issue price per stock acquisition right shall be 350 yen.

(5) Value of Assets to be Contributed upon Exercise of Stock Acquisition Rights and Exercise Price per Share

The value of assets to be contributed upon exercise of these stock acquisition rights shall be the amount obtained by multiplying the payment amount per share (hereinafter referred to as the “Exercise Price”) by the Number of Shares Granted.

The Exercise Price shall be 449 yen.

(6) Exercise period of the Stock Acquisition Rights

From July 1, 2027 to August 7, 2035

(7) The amount of capital and capital reserve to be increased due to the issuance of shares upon exercise of the Stock Acquisition Rights

- (i) The amount of capital to be increased in the case of issuance of shares upon exercise of these stock acquisition rights shall be one-half of the maximum amount of increase in capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting. Any fractions of less than one yen resulting from the calculation shall be rounded up.
- (ii) The amount of capital reserve to be increased in the case of issuance of shares upon exercise of these stock acquisition rights shall be the amount obtained by deducting the amount of capital to be increased as set forth in (i) above from the maximum amount of increase in capital, etc. described in (i) above.

(8) Exercise Conditions

- (i) Persons who have been allotted stock acquisition rights (hereinafter referred to as “Holders”) may exercise the respective percentages of stock acquisition rights allotted to each Holder only when the Company’s consolidated net sales exceed the levels set forth in (a) through (b) below in any fiscal year from the fiscal year ending March 2027 to the fiscal year ending March 2029.

(a) If exceeding 17,500 million yen: Exercisable ratio 50%

(b) If exceeding 20,000 million yen: Exercisable ratio 100%

For the determination of consolidated net sales above, the figures stated in the Company’s securities report shall be referenced. In cases where events that significantly impact the Company’s performance occur, such as changes in the fiscal year-end, changes in applicable accounting standards, adoption of International Financial Reporting Standards, or corporate acquisitions, and when the Board of Directors determines that it is not appropriate to make determinations based on the figures stated in the Company’s consolidated statement of income (or statement of income if no consolidated statement of income is prepared), the Company may make appropriate adjustments within a reasonable range to exclude such impacts.

- (ii) Holders must be directors, auditors, or employees of the Company, its subsidiaries, or its affiliates at the time of exercising the stock acquisition rights. However, this shall not apply in cases of resignation due to expiration of term, mandatory retirement, or other justifiable reasons as approved by the Board of Directors.
- (iii) Exercise of these stock acquisition rights by heirs of the Holders shall not be permitted.
- (iv) These stock acquisition rights may not be exercised if such exercise would cause the total number of issued shares of the Company to exceed the total number of authorized shares at the relevant time.
- (v) Fractions of less than one unit of these stock acquisition rights may not be exercised.

(9) Date of allotment of Stock Acquisition Rights

August 8, 2025

(Continuation of ESOP trust)

At the Board of Directors held on August 12, 2025, the Company resolved to continue the employee stock ownership plan (ESOP) trust (hereinafter, the “Plan”), which was introduced in September 2023, as an incentive plan for employees. In addition, the Company will utilize the residual assets within the already established ESOP trust for the acquisition of shares, therefore, no additional trust will be established for this purpose.

1. Purpose to continue the Plan

The Company believes that the Plan is intended to enhance the motivation and the morale of the employees of the Company and its subsidiaries (hereinafter, the “Eligible Employees”) towards long-term performance improvement and stock price appreciation, as well as to enhance its corporate value.

2. Overview of continuation of the Plan

Type of trust	Monetary trust other than a special single-beneficiary monetary trust (third-party trust)
Purpose of the trust	Granting of incentives to Eligible Employees
Trust agreement date	September 1, 2023
Trust period	September 1, 2023 to August 31, 2027 (The trust agreement will be renewed on August 12, 2025, to extend the trust period to August 31, 2027 from September 30, 2025)