

To whom it may concern,

July 29, 2026

Company name: ExaWizards Inc.
Name of representative: Makoto Haruta,
Representative Director and President, CEO
(TSE Code No.4259)
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Executive Officer, Corporate Management
Division Manager, CFO

Notice of Establishment of a New Company, ExaSecurity Inc.

ExaWizards Inc. (hereinafter, “the Company”) hereby announces that, at a meeting of its Board of Directors held on July 29, 2026, it resolved to establish ExaSecurity Inc. (hereinafter, the “Subsidiary”) as set forth below.

1. Reason for Establishing the Subsidiary

ExaWizards Group (hereinafter, the “Group”) provides AI products and services to more than 2,500 client companies and government agencies, helping them work more efficiently and address labor shortages. As more organizations use generative AI and AI agents in their daily operations, new security risks have emerged that conventional security services cannot fully address. These include prompt injection, manipulation of AI agents, leaks of sensitive data through AI models, and weaknesses in the AI supply chain. Security spending is growing along with AI adoption, but few security providers have deep expertise in AI systems. Keeping AI safe has therefore become a key management issue for companies that use it.

Policy and regulation around AI security are also moving forward. New legislation strengthening cyber defense obligations for critical infrastructure operators will take effect during 2026^{*1}; international rules such as the EU AI Act are taking shape; and guidelines such as the OWASP LLM Top 10 are increasingly used as reference standards. Japan’s cybersecurity market is estimated at approximately ¥2 trillion for 2025-26^{*2}. As AI agents are increasingly embedded in both hardware and software, and are also being built into operations, AI-driven automation in the security field is expected to advance.

Against this background, and as part of the “3P × Frontier” strategy announced on May 12, 2026, the Company has decided to establish the Subsidiary to provide security services for the AI era. The Subsidiary will draw on the hands-on knowledge our Group has gained from building and operating AI systems at scale. It will offer two service areas: “Securing AI,” which protects clients’ AI systems through red-teaming, security assessments, and support for AI governance and compliance; and “AI-powered security,” which uses AI to make conventional security services, such as penetration

testing, faster and broader in coverage. The Subsidiary will also help make our Group's own AI products more secure and build greater client trust across the Group. Going forward, the Company aims to develop the Subsidiary into the security backbone of the Group and, over the medium term, to serve clients outside Japan.

Source:

*1 National Cybersecurity Office, "Cyber Response Capability Strengthening Act and Necessary Arrangement of Relevant Acts" enacted in May 2025 (https://www.cas.go.jp/jp/seisaku/cyber_anzen_hosyo_torikumi/index.html)

*2 Yano Research Institute Ltd., press release dated June 3, 2026 (https://www.yano.co.jp/press-release/show/press_id/4130)

2. Description of Business

The Subsidiary will offer two service areas. The first, "Securing AI," protects clients' AI systems through consulting including red-teaming, security assessments, and support for AI governance and compliance. The second, "AI-powered security," uses AI to make conventional security services, such as penetration testing, faster and broader coverage, as well as sales and distribution of AI security-related products

The Subsidiary will develop its business centered on the following three strategies.

(1) Build a differentiated AI-security capability

The Subsidiary's competitive edge will rest on a senior team with hands-on experience in delivering AI-security work, a repeatable delivery method, and the AI brand the Group has built. In a services business, people are the core of the value delivered, and the Subsidiary will therefore place the highest strategic priority on recruiting and retaining senior specialists.

(2) Serve as the Group's security backbone

The Subsidiary will assure the security of the Group's own AI products and serve as a mark of trust when other Group companies do business with clients in government, financial services, and other highly regulated industries. It will also provide security services alongside the products of other Group companies and build a two-way flow of client referrals across the Group, contributing to the value of the Group as a whole.

(3) Develop individual engagements into continuous services and products

The Subsidiary will initially provide security services on an individual project basis. Because AI systems and the threats against them change continuously, it will progressively develop these into ongoing services that support clients on a continuous basis. Common challenges identified across engagements will be standardized and offered as products, allowing proven approaches to reach more clients at a greater efficiency.

3. The Subsidiary Overview

(1)	Name	ExaSecurity Inc.
(2)	Location	4-2-8 Shibaura, Minato-ku, Tokyo
(3)	Title and name of Representative	Representative Director, Lachlan Mitchell
(4)	Description of Business	• Securing AI: Providing services that ensure the security of customers' AI environments through consulting including AI red-teaming, AI system security assessments, and AI governance and compliance support • AI-powered security: Providing services that leverage AI to enhance security faster and at greater scale, applying AI to traditional security services such as penetration testing, as well as sales and distribution of AI security-related products
(5)	Capital	300 million yen (including capital reserve)
(6)	Shares Issued	100 Shares
(7)	Fiscal Year-End	March 31
(8)	Major Shareholder and shareholding ratio	ExaWizards Inc. 100%

4. Schedule

(1)	Board Meeting	July 29, 2026
(2)	Established Date	October 2026 (Schedule)
(3)	Business Starting Date	October 2026 (Schedule)

5. Impact on Consolidated Results

The Subsidiary will become a consolidated subsidiary of the Company upon its establishment and is expected to be included in the Company's consolidated financial results from the third quarter of the fiscal year ending March 2027, in which the date of establishment falls. The impact of this matter on the Company's consolidated financial results for the full fiscal year ending March 2027 is expected to be minor. While the impact on the following fiscal year and beyond is currently being examined, the Company will promptly make an announcement should any matters requiring disclosure arise.