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November 11, 2026

Consolidated Financial Results for the Six Months Ended September 30, 2026 (Under Japanese GAAP)

Company name: ExaWizards Inc.
Listing: Tokyo Stock Exchange
Securities code: 4259
URL: https://exawizards.com/
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Scheduled date to file semi-annual securities report: November 11, 2026
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

1. Consolidated financial results for the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	7,259	38.6	527	(3.5)	511	(4.9)	296	(23.1)
September 30, 2025	5,238	14.0	546	-	537	-	385	-

Note: Comprehensive income For the six months ended September 30, 2026: ¥ 299 million [(26.4) %]
For the six months ended September 30, 2025: ¥ 406 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	3.11	3.05
September 30, 2025	4.59	4.48

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2026	14,953	10,380	68.6
March 31, 2026	9,436	4,750	48.1

Reference: Equity
As of September 30, 2026: ¥ 10,251 million
As of March 31, 2026: ¥ 4,540 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2027	-	0.00			
Fiscal year ending March 31, 2027 (Forecast)			-	5.00	5.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit	
	Million yen	%	Million yen	%
Full year	15,600	30.0	2,300	44.3

Note: Revisions to the financial result forecast most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 4 companies(Exa Interaction Design Lab Inc., ExaForward Kyushu Inc., ExaSecurity Inc., and ele&company Inc.)

Excluded: - companies( )

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

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

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

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2026	97,085,500 shares
As of March 31, 2026	87,156,500 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2026	1,640,707 shares
As of March 31, 2026	1,774,813 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2026	95,284,031 shares
Six months ended September 30, 2025	84,101,215 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 (564,283 shares for the fiscal year ended March 31, 2026: 479,658 shares for the sixth months ended September 30, 2026). Also, when calculating the average number of shares during the period, the average numbers of shares of the Company held by the stock-granting ESOP trust during the period is included in the number of treasury shares to be deducted (617,418 shares for the six months ended September 30, 2025: 500,346 shares for the six months ended September 30, 2026).

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 half of FY2027 (4) Overview of Consolidated Earnings Forecast” on page 7 of the attached document.

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(Reference)
As used in this document, "FY2027"and "current fiscal year" refer to our consolidated accounting period which is from April 1, 2026 to March 31, 2027.

1. Overview of Operating Results for the first half of FY2027

Forecasts in this document are based on judgments made as of the end of the first half.

(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 two 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 half of FY2027 were 7,259 million yen (+38.6% 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 half of FY2027 was 2,996 million yen (+83.4% YoY). This was mainly due to decreases in personnel expenses, system usage fees, and depreciation expenses. As a result, the gross profit for this period was 4,263 million yen (+18.3% YoY), and the gross profit margin was 58.7%.

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

Selling, general and administrative expenses for the first half of FY2027 were 3,736 million yen (+22.2% YoY). This was due to increases in selling expenses, which are personnel expenses and system usage fees. As a result, the operating profit for this period was 527 million yen (compared to an operating profit of 546 million yen in the same period of the previous year).

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

Non-operating income for the first half of FY2027 was 30 million yen, and non-operating expenses were 46 million yen. As a result, the ordinary profit for this period was 511 million yen (ordinary loss of 537 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 half of FY2027 was 511 million yen (net loss before income taxes of 539 million yen in the same period of the previous year). Also, recorded income taxes of 228 million yen and deferred income tax benefit of (16) million yen associated with an increase in deferred tax assets. As a result, the net income attributable to the parent company for this period was 296 million yen (compared to a net loss attributable to the parent company of 385 million yen for the same period of the previous year).

Segment Results

AI Products Business

During the current period, 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. "exaBase AI," one of our generative AI products, performed well, with 1,900 companies having adopted the product as of September 2026. Also in AX human resource development, deal formation progressed steadily, driven by growing demand for talent development as companies accelerate full-scale AI utilization.

To meet this strong demand, investment in the development of new products increased. In addition, LLM costs related to service provision increased. As a result, depreciation recorded during the interim consolidated accounting period under review increased.

As a result, net sales were 3,231 million yen (+46.4% YoY), gross profit was 2,321 million yen (+19.4% YoY), gross profit margin was 71.8%, and operating profit was 995 million yen (+3.4% YoY).

AI Solution Services Business

During the interim consolidated accounting period under review, demand for AI and DX support among companies continued to expand, and we continued to work with numerous major companies to create innovation through AI projects. Progress was made in deepening and expanding our areas of support through our newly established consolidated subsidiaries, Exa Frontier Edge Inc. and ExaForward Kyushu. In addition, the improvement in sales productivity resulting from the scrutiny of projects and the optimization of personnel allocation implemented in the previous consolidated fiscal year continued, contributing to an increase in profit.

As a result, net sales were 4,116 million yen (+32.4% YoY), gross profit was 2,063 million yen (+19.2% YoY), gross profit margin was 50.1%, and operating profit was 1,237 million yen (+58.0% YoY).

(2) Overview of Financial Position

Assets

Total assets for the first half of FY2027 were 14,953 million yen, an increase of 5,516 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of 4,198 million yen in cash & deposits, 410 million yen in software and 621 million yen in goodwill.

Liabilities

Total liabilities for the first half of FY2027 were 4,572 million yen, a decrease of 113 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of 126 million yen in long-term borrowings following loan repayments.

Net assets

Total net assets for the first half of FY2027 were 10,380 million yen, an increase of 5,630 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to share capital and legal capital surplus each increasing by 2,697 million yen as a result of a third-party allotment of shares to Sumitomo Mitsui Financial Group, Inc. as the allottee, and to the recording of profit attributable to owners of parent of 296 million yen for the interim consolidated accounting period.

(3) Overview of Cash Flow

Cash and cash equivalents at the end of the first half of FY2027 were 8,177 million yen, an increase of 4,198 million yen compared to the end of the previous consolidated fiscal year.
The status of each cash flow and the factors behind them are as follows.

Cash flow from operating activities

Cash flows from operating activities resulted in an inflow of 503 million yen (compared to an inflow of 686 million yen in the same period of the previous year). The main factors for the increase were profit before income taxes of 511 million yen, decrease in trade receivables of 107 million yen, and depreciation of 305 million yen. The main factors for the decrease were increase in other current assets of 158 million yen and income taxes paid of 451 million yen.

Cash flow from investing activities

Cash flows from investing activities resulted in an outflow of 1,410 million yen (compared to an outflow of 545 million yen in the same period of the previous year). This was mainly due to payments for acquisition of intangible assets of 656 million yen, and due to factors including expenditures of 466 million yen for the purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flow from financing activities

Cash flow from financing activities was an inflow of 5,105 million yen (an outflow of 356 million yen in the same period of the previous year). This was mainly due to proceeds from disposal of treasury stock of 5,395 million yen and repayments of long-term borrowings of 180 million yen.

(4) 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 12, 2026.

2. Consolidated Financial Statements and Primary Notes
(1) Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	3,979	8,177
Accounts receivable - trade and contract assets	2,355	2,360
Other	477	640
Total current assets	6,812	11,178
Non-current assets		
Property, plant and equipment	122	190
Intangible assets		
Goodwill	4	626
Customer-related intangible assets	939	893
Software	951	1,362
Other	0	0
Total intangible assets	1,895	2,881
Investments and other assets		
Investment securities	40	140
Shares of subsidiaries and associates	14	8
Deferred tax assets	169	198
Other	381	553
Total investments and other assets	606	702
Total non-current assets	2,624	3,775
Total assets	9,436	14,953
Liabilities		
Current liabilities		
Short-term borrowings	-	20
Current portion of long-term borrowings	360	360
Accounts payable - other	775	709
Accrued expenses	451	579
Income taxes payable	477	304
Contract liabilities	182	232
Provision for bonuses	30	133
Other	328	280
Total current liabilities	2,606	2,621
Non-current liabilities		
Long-term borrowings	1,875	1,748
Retirement benefit liability	110	107
Asset retirement obligations	94	94
Total non-current liabilities	2,079	1,950
Total liabilities	4,685	4,572

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Net assets		
Shareholders' equity		
Share capital	2,491	5,206
Capital surplus	4,638	7,305
Retained earnings	(1,904)	(1,610)
Treasury shares	(685)	(650)
Total shareholders' equity	4,540	10,251
Share acquisition rights	99	129
Non-controlling interests	110	-
Total net assets	4,750	10,380
Total liabilities and net assets	9,436	14,953

(2) Interim Consolidated Statements of Income and Comprehensive Income

(Interim Consolidated Statement of Income)

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Net sales	5,238	7,259
Cost of sales	1,633	2,996
Gross profit	3,604	4,263
Selling, general and administrative expenses	3,058	3,736
Operating profit	546	527
Non-operating income		
Interest and dividend income	4	12
Foreign exchange gains	2	0
Surrender value of insurance policies	2	15
Other	1	2
Total non-operating income	10	30
Non-operating expenses		
Interest expenses	12	13
Share of loss of entities accounted for using equity method	-	5
Foreign exchange losses	-	0
Share issuance costs	-	25
Miscellaneous losses	6	1
Total non-operating expenses	19	46
Ordinary profit	537	511
Extraordinary income		
Gain on sale of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses	-	-
Profit before income taxes	539	511
Income taxes - current	175	228
Income taxes - deferred	(42)	(16)
Total income taxes	133	212
Profit	406	299
Profit attributable to non-controlling interests	20	2
Profit attributable to owners of parent	385	296

(Interim Consolidated Statement of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Profit	406	299
Comprehensive income	406	299
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	385	296
Comprehensive income attributable to non-controlling interests	20	2

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Cash flows from operating activities		
Profit before income taxes	539	511
Depreciation	124	305
Amortization of goodwill	25	4
Amortization of customer relationship	45	45
Loss (gain) on sale of property, plant and equipment	(1)	-
Interest and dividend income	(4)	(12)
Interest expenses	12	13
Decrease (increase) in trade receivables	214	107
Share of loss (profit) of entities accounted for using equity method	-	5
Decrease (increase) in other current assets	(230)	(158)
Increase (decrease) in accounts payable - other, and accrued expenses	84	(17)
Increase (decrease) in income taxes payable - factor based tax	25	25
Increase (decrease) in contract liabilities	25	49
Increase (decrease) in other current liabilities	5	44
Increase (decrease) in retirement benefit liability	(5)	(2)
Other, net	9	34
Subtotal	870	955
Interest and dividends received	4	12
Interest paid	(12)	(12)
Subsidies received	0	-
Income taxes paid	(176)	(451)
Net cash provided by (used in) operating activities	686	503
Cash flows from investing activities		
Purchase of property, plant and equipment	(28)	(177)
Proceeds from sale of property, plant and equipment	0	-
Purchase of intangible assets	(498)	(661)
Purchase of shares of subsidiaries and associates	(16)	(99)
Proceeds from liquidation of subsidiaries and associates	0	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(466)
Purchase of insurance funds	(5)	(9)
Proceeds from maturity of insurance funds	3	21
Payments of leasehold and guarantee deposits	(0)	(22)
Proceeds from refund of leasehold and guarantee deposits	0	0
Net cash provided by (used in) investing activities	(545)	(1,410)

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Cash flows from financing activities		
Repayments of long-term borrowings	(150)	(180)
Proceeds from issuance of shares	-	5,395
Proceeds from disposal of treasury shares	469	14
Proceeds from issuance of shares resulting from exercise of share acquisition rights	33	35
Proceeds from issuance of share acquisition rights	3	-
Payments for acquisition of shares in subsidiaries without a change in scope of consolidation	–	(160)
Net cash provided by (used in) financing activities	356	5,105
Net increase (decrease) in cash and cash equivalents	497	4,198
Cash and cash equivalents at beginning of period	3,008	3,979
Cash and cash equivalents at end of period	3,506	8,177

(4) Notes for the Interim 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 half consolidated accounting period (from April 1, 2025 to September 30, 2025)

1. Dividend payments
   Not applicable.
2. Dividends for which the record date falls within the first half of FY2026, but for which the effective date falls after the end of the first half of FY2026
   Not applicable
3. Significant changes in the amount of shareholders' equity
   (1) 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 half of the current fiscal year.
   (2) Exercise of stock options
   As a result of the issuance of new shares through the exercise of stock options, capital stock and capital surplus increased by 16 million yen each.

Overall, at the end of the first half of FY2026, capital stock was 2,457 million yen, capital surplus was 4,608 million yen, and treasury stock was 694 million yen.

II. The first half consolidated accounting period (from April 1, 2026 to September 30, 2026)

1. Dividend payments
   Not applicable.
2. Dividends for which the record date falls within the first half of FY2027, but for which the effective date falls after the end of the first half of FY2027
   Not applicable
3. Significant changes in the amount of shareholders' equity
   (1) At the Board of Directors meeting held on March 31, 2026, the Company resolved to enter into a capital and Business alliance with Sumitomo Mitsui Financial Group and to issue new shares to Sumitomo Mitsui Financial Group through a third-party allotment. Payment was completed on April 16 of the same year, resulting in increases of 2,697 million yen each in Capital and Capital reserve.
   (2) Exercise of stock options
   Share capital and legal capital surplus each increased by 17 million yen due to the issuance of new shares upon the exercise of stock options.

Overall, at the end of the first half of FY2027, capital stock was 5,206 million yen, capital surplus was 7,305 million yen, and treasury stock was 650 million yen.

Additional Information

(Stock-granting ESOP trust)

The Company has introduced a stock granting ESOP trust (an employee stock ownership plan trust) as an incentive plan aimed at fostering a sense of belonging to the Company Group and management participation among eligible employees, enhancing their motivation and morale toward long-term performance improvement and stock price appreciation, and increasing the Company's corporate value.

1. Overview of the additional contribution to the trust fund and acquisition of the Company's shares
   Under the "Share Delivery Rules," established upon the introduction of the trust, the Company grants shares to employees who meet certain requirements.
   The Company awards points to eligible employees based on individual contribution and other factors. When employees satisfy specified conditions and acquire benefit rights, the Company delivers shares equivalent to the points awarded. Shares for delivery, including future grants, are purchased in advance with funds placed in trust and managed separately as trust assets.

2. Company shares remaining in the trust
   Company shares remaining in the trust are recorded as treasury stock in net assets at their book value in the trust (excluding incidental expenses). The book value and number of such treasury stock were 217 million yen and 564,283 shares at the end of the previous fiscal year, and 183 million yen and 479,658 shares at the end of the current fiscal year.

Segment Information

[Segment Information]

I. **Previous interim consolidated accounting year (from April 1, 2025 to September 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	2,206	3,109	5,315	(77)	5,238
Net sales to external customers	2,206	3,031	5,238	—	5,238
Intersegment revenues or transfer	0	77	77	(77)	—
Total	2,206	3,109	5,315	(77)	5,238
Segment Profit	961	783	1,745	(1,198)	546

Notes: 1. The adjustment amount for segment profit is the elimination of inter-segment transactions and company-wide profit not allocated to each reporting segment.
2. Segment profit is consistent with the operating profit 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 half of FY2026, 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.

II. The current interim consolidated accounting year (from April 1, 2026 to September 30, 2026)

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	3,228	4,030	7,259	—	7,259
Net sales to external customers	3,228	4,030	7,259	—	7,259
Intersegment revenues or transfer	2	85	88	(88)	—
Total	3,231	4,116	7,348	(88)	7,259
Segment Profit	995	1,237	2,232	(1,705)	527

Notes: 1. The adjustment amount for segment profit is the elimination of inter-segment transactions and company-wide profit not allocated to each reporting segment.
2. Segment profit is consistent with the operating profit 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
During the interim consolidated accounting period, shares of ele&company Inc. were acquired, and the company made a consolidated subsidiary. As a result, goodwill of 626 million yen has been recognized. The amount of goodwill is a provisional figure, as the allocation of acquisition cost had not been completed as of the end of the interim consolidated accounting period.

Significant gain on negative goodwill
Not applicable

Notes on Business Combination

(Business Succession by Absorption-Type Split (Simplified Absorption-Type Split))

At the Board of Directors meeting held on February 12, 2026, it was resolved that the Company's HR Tech business would be transferred to its wholly owned subsidiary, Exa Enterprise AI Inc. (hereinafter "Exa Enterprise AI"), through an absorption-type split (the "Company Split") with an effective date of April 1, 2026.

1. Purpose of the Absorption-Type Split

The Company's HR Tech business has traditionally expanded around the DX talent development service "exaBase DX Assessment & Learning." However, in recent years, AI technological maturity has rapidly advanced, and the areas where AI can be applied to business operations have expanded dramatically. Accordingly, market interest is shifting from DX to AX (AI Transformation). To respond to these environmental changes, the Company's HR Tech business has been expanding its AX talent development solutions and will continue to enrich AI utilization education programs and talent development services that enable AX.

Meanwhile, Exa Enterprise AI has been promoting the development and provision of generative AI-based products and solutions, centered on "exaBase Generative AI." The Company's HR Tech business and Exa Enterprise AI share significant overlap in customer base and service content. Integrating these organizations will achieve faster decision-making and improved development speed, and enhanced productivity and synergies are expected across all areas of planning, development, and sales.

For these reasons, the Company will transfer its HR Tech business to Exa Enterprise AI and pursue business expansion under an optimized organizational structure. Through this reorganization, the Company aims to achieve optimal allocation of management resources across the Group and sustainable enhancement of corporate value.

2. Details of the Company Split

(1) Schedule

Date of the Board of Directors Meeting	: February 12, 2026
Date of the Agreement	: February 12, 2026
Effective Date of the Company Split	: April 1, 2026

(2) Method of the Company Split

This is a simplified absorption-type split with the Company as the splitting company and Exa Enterprise AI as the succeeding company.

(3) Allotment of Shares in the Company Split

As the Company Split is conducted between the Company and its wholly owned subsidiary, it will be a non-consideration split, and no allotment of shares, cash consideration, or other assets will be made by Exa Enterprise AI.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in connection with the Company Split.

The Company's outstanding stock acquisition rights will not be transferred through this Absorption-type Company Split. Furthermore, the Company has not issued any bonds with stock acquisition rights.

(5) Share Capital Increased (Decreased) by the Company Split

There is no change in the Company's share capital due to the Company Split.

(6) Rights and Obligations to be Succeeded by the Succeeding Company

Exa Enterprise AI will succeed to the assets, liabilities, and contractual positions and other rights and obligations related to the HR Tech business as specified in the absorption-type split agreement.

(7) Prospects of Fulfilment of Debt Obligations

The Company has concluded that there are no concerns regarding the prospect of fulfilling the obligations to be assumed by the Company and Exa Enterprise AI in the Company Split.

3. Overview of Companies

	Splitting Company	Succeeding Company
(1) Name	ExaWizards Inc.	Exa Enterprise AI Inc.
(2) Location	5F, Sumitomo Fudosan Mita First Building, 4-2-8 Shibaura, Minato-ku, Tokyo	
(3) Title and name of Representative	Representative Director & President, CEO Makoto Haruta	Representative Director Takuma Oue
(4) Description of Business	Development of AI-enabled services for industrial innovation and social problems solutions	Planning, development, and sales of products and services utilizing technologies such as generative AI to improve business operations and productivity
(5) Share Capital	2,491 million yen	300 million yen (including reserves)
(6) Date of Establishment	February 2016	October 2023
(7) Issued Shares	87,156,500 Shares (as of Sept 2025)	100 Shares (as of March 2026)
(8) Fiscal Year	March 31	March 31
(9) Major Shareholders (as of March 2026)	betaCatalyst Inc. 9.53% Yutaka Sakane 4.40% The Master Trust Bank of Japan, Ltd. (trust account) 3.79% Toshikazu Furuya 3.74% RH Corporation 3.49% KH Corporation 3.49% Custody Bank of Japan, Ltd. (trust account) 3.43% Ueda Yagi Tanshi Co., Ltd. 2.33% Makoto Haruta 1.83% D4V Fund I Investment Limited Partnership 1.74%	ExaWizards Inc. 100%
(10) Financial Position and Operating Results of the Most Recent Fiscal Year		
Fiscal Year	ExaWizards Inc. Fiscal Year ended March 31, 2026 (Consolidated)	Exa Enterprise AI Inc. Fiscal Year ended March 31, 2026
Net Assets	4,750 million yen	1,226 million yen
Total Assets	9,436 million yen	2,343 million yen
Net Assets per Share	53.18 yen	12,266,477.49 yen
Net Sales	11,996 million yen	3,171 million yen
Operating Profit	1,594 million yen	1,054 million yen
Ordinary Profit	1,566 million yen	1,061 million yen
Profit Attributable to Owners of the Parent	1,533 million yen	664 million yen
Earnings per Share	18.13 yen	6,646,710.88 yen

Note: For "(10) Financial Position and Operating Results of the Most Recent Fiscal Year," the "Profit (loss) Attributable to Owners of the Parent" for Exa Enterprise AI is presented as net income.

4. Overview of the Business Division to be Split

(1) Description of the Business to be Split

HR Tech business engaged in planning, development, and sales with the DX talent development service “exaBase DX Assessment & Learning” and AX talent development solutions as its core offerings.

(2) Business Results to be Split (fiscal year ended March 31, 2026)

	HR Tech business (a)	FY2026 (ending March 2026) Consolidated Results (b)	Ratio (a/b)
Net sales	988 million yen	11,996 million yen	8.24%

(3) Items and Book Values of Assets and Liabilities to be Split (fiscal year ended March 31, 2026)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	176 million yen	Current liabilities	68 million yen
Fixed assets	132 million yen	Long-Term Liabilities	- million yen
Total	309 million yen	Total	68 million yen

5. Overview of Accounting Treatment to be Applied

The transaction was accounted for as a Transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

(Acquisition of Additional Shares in Subsidiaries)

Pursuant to the Resolution of the Board of Directors held on April 22, 2026, the Company resolved to acquire additional shares of Exa HomeCare Inc. ("Exa HomeCare"), a consolidated subsidiary, and to make it a wholly owned subsidiary (the "Additional Acquisition").

1. Reasons for the Additional Acquisition

The Additional Acquisition is intended to fully integrate Exa Home Care, which operates CareWiz toruto, a core product for the nursing care business, into the Company's group, and to further strengthen collaboration with ExaMD Inc. (hereinafter, "ExaMD"), a wholly owned subsidiary of the Company that provides AI products for the healthcare business, in order to streamline development and sales operations.

Through the Additional Acquisition, the Company will acquire all shares of Exa Home Care held by YAMASHITA, LTD. (hereinafter, "YAMASHITA") and make Exa Home Care a wholly owned subsidiary.

In connection with the Additional Acquisition, the joint venture agreement with YAMASHITA will also be terminated.

2. Overview of the Consolidated Subsidiary Whose Shares Are to Be Acquired (Exa HomeCare Inc.)

(1) Name	Exa HomeCare Inc.
(2) Location	4-2-8 Shibaura, Minato-ku, Tokyo
(3) Title and name of Representative	Representative Director Koji Hazama
(4) Description of Business	Development and sales of nursing care and welfare equipment-related services using AI.
(5) Share Capital	91 million yen
(6) Date of Establishment	May 2021
(7) Issued Shares	200 shares
(8) Fiscal Year	March 31
(9) Major Shareholders	ExaWizards, Inc. 51% YAMASHITA, LTD 49%
(10) Recent Financial Result (Fiscal Year ended March 31, 2026)	
Net Assets	225 million yen
Total Assets	277 million yen
Net Assets per Share	1,127,172.78 yen
Net Sales	236 million yen
Operating Profit	63 million yen
Ordinary Profit	63 million yen
Profit Attributable to Owners of the Parent	63 million yen
Earnings per Share	325,926.15 yen

3. Overview of the Counterparty for Share Acquisition

(1) Name	YAMASHITA, LTD.	
(2) Location	737 Nakagawa, Shimada-shi, Shizuoka	
(3) Title and name of Representative	Representative Director Kazuhiro Yamashita	
(4) Description of Business	• Rental and sales of welfare equipment • Home renovation • In-home care support business • Linen supply • Bedding lease • Contract service business	
(5) Share Capital	100 million yen	
(6) Date of Establishment	March 6, 1963	
(7) Net Assets	N/A	
(8) Total Assets	N/A	
(9) Major Shareholders	N/A	
(10) Relationship between the Listed Company and the Company	Capital relationship	ExaWizards jointly established Exa HomeCare with the company.
	Personnel relationship	There are no applicable items.
	Business relationship	Using CareWiz toruto as a customer
	Status as a related party	There are no applicable items.

Note: Items (7) , (8), and (9) above are not disclosed at the request of the respective counterparties.

4. Number of Shares Acquired, Acquisition Price, and Status of Shares Held Before and After Acquisition

(1) Number of shares held before the change	102 shares (Number of voting rights: 102) (Percentage of voting rights held: 51.0%)
(2) Number of shares to be acquired	98 shares (Number of voting rights: 98)
(3) Acquisition price	Cash 160 million yen Acquisition price 160 million yen
(4) Number of shares held after the change	200 shares (Number of voting rights: 200) (Percentage of voting rights held: 100.0%)

5. Schedule

(1) Date of the Board of Directors Meeting : April 22, 2026
(2) Date of Agreement : April 30, 2026
(3) Date of the Share Acquisition : April 30, 2026

6. Overview of Accounting Treatment to be Applied

The transaction was accounted for as a transaction with non-controlling shareholders among transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

(Absorption-type merger between consolidated subsidiaries and absorption-type split with a consolidated subsidiary)

Pursuant to the Resolution of the Board of Directors adopted on May 12, 2026, the Company resolved to reorganize the portfolio of the "CareWiz" series for the nursing care business within the social domain of the AI Products Business operated by the Company's group (hereinafter, the "Reorganization"), and to consolidate the relevant business into ExaMD Inc. (hereinafter, "ExaMD"), a wholly owned subsidiary, with the aim of accelerating business growth and optimizing the allocation of management resources.

1. Overview of the Reorganization

(1) Purpose of the Reorganization

The purpose of the Reorganization is to restructure the "CareWiz" series, a group of products for the nursing care business in the social domain of the Company's AI Products Business segment, into a structure centered on ExaMD, a consolidated subsidiary that handles healthcare-related products, thereby further accelerating AX (AI transformation) in both the healthcare and nursing care fields.

Specifically, the nursing care-related products that have been distributed across the Company and its consolidated subsidiary Exa HomeCare Inc. (hereinafter, "Exa HomeCare") will be consolidated under ExaMD, optimizing the business portfolio and the allocation of management resources across the entire group.

(2) List and Positioning of Decisions

The Reorganization consists of the following two transactions:

i. Absorption-Type Merger between Subsidiaries (hereinafter, the "Merger")
Exa HomeCare will be absorbed into ExaMD. At the same time, "CareWiz toruto," Exa HomeCare's flagship product, will also be integrated into ExaMD.

ii. Absorption-Type Company Split Between Parent and Subsidiary (hereinafter, the "Company Split")
An absorption-type company split will be conducted, with the Company as the splitting company and ExaMD as the succeeding company, transferring "CareWiz takusuto" and "CareWiz BCP," which remain in the Company, to ExaMD.

2. Absorption-Type Merger Between Consolidated Subsidiaries

(1) Purpose of the Merger

As described in "1. Overview of the Reorganization," the purpose of the Merger is to integrate "CareWiz toruto," operated by Exa HomeCare , with the healthcare and nursing care data infrastructure and product development functions held by ExaMD, thereby centralizing the management of the product portfolio in the nursing care field and streamlining the development and sales structure.

(2) Outline of the Merger

i. Schedule

Date of the Board of Directors Meeting	: May 12, 2026
Date of the Agreement	: May 12, 2026
Effective Date of the Merger	: July 1, 2026

ii. Method of the Merger
An absorption-type merger in which ExaMD will be the surviving company and Exa HomeCare will be the dissolving company.

iii. Details of Allotment in the Merger
No new shares will be issued, and no cash or other consideration will be delivered in connection with the merger.

iv. Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights of the Dissolving Company
There are no applicable items.

(3) Overview of the Merging Companies

	Surviving Company	Dissolving Company
i. Name	ExaMD Inc.	Exa HomeCare Inc.
ii. Location	4-2-8 Shibaura, Minato-ku, Tokyo	
iii. Title and name of Representative	Representative Director, Koji Hazama	Representative Director, Koji Hazama
iv. Business Description	Planning, development, sales, and alliance of products and services using multi-modal AI technology to solve social issues related to healthcare	Development and sales of nursing care and welfare equipment-related services utilizing AI
v. Share Capital	150 million yen	91 million yen
vi. Date of Establishment	February, 2024	May, 2021
vii. Issued Shares	600 Shares	200 Shares
viii. Fiscal Year	April 1 to March 31	April 1 to March 31
ix. Major Shareholders (as of March 2026)	ExaWizards Inc. 100%	ExaWizards Inc. 100%
x. Financial Position and Operating Results of the Most Recent Fiscal Year (March, 2026)		
Fiscal Year	ExaMD Inc.	Exa HomeCare Inc.
	Fiscal Year ended March 31, 2026	Fiscal Year ended March 31, 2026
Net Assets	234 million yen	225 million yen
Total Assets	304 million yen	277 million yen
Net Assets Per Shares	391,361.46 yen	1,127,172.78 yen
Net Sales	92 million yen	236 million yen
Operating Profit	(135 million yen)	63 million yen
Ordinary Profit	(142 million yen)	63 million yen
Profit (loss)	(123 million yen)	65 million yen
Earnings per Share	(205,843.91 yen)	325,925.15 yen

(4) Status After the Merger

There will be no changes to the name, location, title and name of the representative, business activities, capital, or fiscal year-end of the surviving company resulting from the Merger.

3. Details of the Company Split between Parent Company and Subsidiary

(1) Purpose of the Company Split

As described in "1. Overview of the Reorganization," the purpose of the Company Split is to transfer to ExaMD the businesses related to "CareWiz takusuto" and "CareWiz BCP" (hereinafter, the "Transferred Business"), which are nursing care products remaining in the Company, thereby consolidating the nursing care product group under ExaMD to unify business operations and accelerate decision-making.

(2) Outline of the Company Split

i. Schedule for the Absorption-Type Split

Date of the Board of Directors meeting : May 12, 2026

Date of Agreement : May 12, 2026

Effective Date of the Company Split : July 1, 2026

ii. Method of the Company Split

This is a simplified absorption-type split with the Company as the splitting company and ExaMD as the succeeding company.

iii. Allotment of Shares in the Company Split

As the Company Split is conducted between the Company and its wholly owned subsidiary, it will be a non-consideration split, and no allotment of shares, cash consideration, or other assets will be made by ExaMD.

iv. Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in connection with the Company Split.

The Company's outstanding stock acquisition rights will not be transferred through this Absorption-type Company Split. Furthermore, the Company has not issued any bonds with stock acquisition rights.

v. Share Capital Increased (Decreased) by the Company Split

There is no change in the Company's share capital due to the Company Split.

vi. Rights and Obligations to be Succeeded by the Succeeding Company

ExaMD will succeed to the assets, liabilities, and contractual positions and other rights and obligations related to the Transferred Business as specified in the absorption-type split agreement.

vii. Prospects of Fulfilment of Debt Obligations

The Company has concluded that there are no concerns regarding the prospect of fulfilling the obligations to be assumed by the Company and ExaMD in the Company Split.

(3) Overview of the Companies

	Splitting Company	Succeeding Company
i. Name	ExaWizards Inc.	ExaMD Inc.
ii. Location	4-2-8 Shibaura, Minato-ku, Tokyo	
iii. Title and name of Representative	Representative Director & President, CEO Makoto Haruta	Representative Director Koji Hazama
iv. Business Description	Development of AI-enabled services for industrial innovation and social problems solutions	Planning, development, sales, and alliance of products and services using multi-modal AI technology to solve social issues related to healthcare
v. Share Capital	2,491 million yen	150 million yen
vi. Date of Establishment	February 2016	February 2024
vii. Issued Shares	87,156,500 Shares (as of March 2026)	600 Shares
viii. Fiscal Year	April 1 to March 31	April 1 to March 31
ix. Major Shareholders (as of March 2026)	betaCatalyst Inc. 9.53% Yutaka Sakane 4.40% The Master Trust Bank of Japan, Ltd. (trust account) 3.79% Toshikazu Furuya 3.74% RH Corporation 3.49% KH Corporation 3.49% Custody Bank of Japan, Ltd. (trust account) 3.43% Ueda Yagi Tanshi Co., Ltd. 2.33% Makoto Haruta 1.83% D4V Fund I Investment Limited Partnership 1.74%	ExaWizards Inc. 100%
x. Financial Position and Operating Results of the Most Recent Fiscal Year		
Fiscal Year	ExaWizards Inc. Fiscal Year ended March 31, 2026 (Consolidated)	ExaMD Inc. Fiscal Year ended March 31, 2026
Net Assets	4,750 million yen	234 million yen
Total Assets	9,436 million yen	304 million yen
Net Assets per Share	53.18 yen	391,361.46 yen
Net Sales	11,996 million yen	92 million yen
Operating Profit	1,594 million yen	(135 million yen)
Ordinary Profit	1,566 million yen	(142 million yen)
Profit (loss) Attributable to Owners of the Parent	1,533 million yen	(123 million yen)
Earnings per Share	18.13 yen	(205,843.91 yen)

Note: For “x. Financial Position and Operating Results of the Most Recent Fiscal Year,” the “Profit (loss) Attributable to Owners of the Parent” for ExaMD is presented as net loss.

(4) Overview of the Business Division to Be Spun Off

i. Description of the Business to be Split or Transfer

a. The business related to “CareWiz takusuto,” an electronic document management service for nursing care providers that leverages AI to reduce time and costs and improve efficiency in document preparation, printing, enveloping, mailing, and signature collection.

b. The business related to “CareWiz BCP,” a service that leverages AI to comprehensively support nursing care providers in formulating Business Continuity Plans (BCPs), emergency communications, and their operation.

ii. Business Results to be Split or Transfer (fiscal year ending March 2026)

a. CareWiz takusuto

	Business (a)	Consolidated Results (b)	Ratio (a/b)
Net sales	44 million yen	11,996 million yen	0.37%

b. CareWiz BCP

	Business (a)	Consolidated Results (b)	Ratio (a/b)
Net sales	9 million yen	11,996 million yen	0.08%

iii. Items and Book value of Assets and Liabilities to be split or succeeded (as of March 31, 2026)

CareWiz takusuto

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	12 million yen	Current liabilities	9 million yen
Fixed assets	- million yen	Long-Term Liabilities	- million yen
Total	12 million yen	Total	9 million yen

b. CareWiz BCP

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	3 million yen	Current liabilities	1 million yen
Fixed assets	- million yen	Fixed Liabilities	- million yen
Total	3 million yen	Total	1 million yen

(5) Status after the Company Split

There will be no changes to the company name, description of business, location of the head office, representative, amount of share capital, or fiscal year ending of the Company nor ExaMD due to the Company Split.

6. Overview of Accounting Treatment to be Applied

The transaction was accounted for as a Transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

(Establishment of a Subsidiary)

The Company resolved at the meeting of the Board of Directors held on June 9, 2026, to establish Exa Interaction Design Lab Inc.

1. Reasons for Establishment of Subsidiary

In recent years, the rapid evolution of generative AI has driven the swift adoption of coding agents, dramatically improving software development productivity. At the same time, a growing number of cases rely on certain external AI platforms, bringing medium- to long-term management and technology risks to the surface. These include dependence on specific vendors, cost risks arising from rising API fees or changes in fee structures, and constraints on technology choices caused by model updates and specification changes.

In the era of AI agents, the world is also shifting rapidly from one in which “people operate systems” to one in which “AI carries out tasks and people make decisions.” This shift gives companies the opportunity to redesign their business processes themselves. Systems once designed around screen transitions are expected to evolve toward designs premised on dialogue with agents through natural language.

In this environment, to maintain and strengthen sustainable competitiveness, the Company must not only use general-purpose technologies but also lead the way in developing its own proprietary AI technologies.

The Company has also set forth the group synergy strategy “3P × Frontier,” aimed at maximizing growth and synergy across the entire group. “Frontier” refers to a group of agile, strategic subsidiaries specialized in specific businesses and industries. By embedding deeply into the field, each of them seeks to accelerate the social implementation of AI.

In light of this social and business background, the Company has decided to establish this subsidiary as a specialized organization responsible for developing AI technologies with an eye to the future business environment and for implementing the results across its products and services, with the aim of strengthening the technological foundation and competitive advantage of the ExaWizards Group from a medium- to long-term perspective.

2. Overview of the Subsidiary to Be Established

(1) Name	Exa Interaction Design Lab, Inc.
(2) Location	4-2-8 Shibaura, Minato-ku, Tokyo
(3) Title and Name of Representative	Representative Director, Yutaka Sakane
(4) Business Overview	● R&D of technologies for business transformation using AI agents. ● Building and operating local LLM and AI agent platforms, and designing dynamic UI/UX for natural language dialogue.
(5) Capital	100 Million yen (including reserves)
(6) Fiscal Year End	March 31
(7) Major Shareholders and Shareholding Ratios	ExaWizards Inc. 100%

3. Schedule

(1) Date of the Board of Directors Meeting : June 9, 2026
(2) Date of Establishment : July 1, 2026
(3) Date of Business Commencement : August 1, 2026

(Establishment of Subsidiary)

The Company resolved at the Board of Directors meeting held on June 22, 2026, to establish ExaForward Kyushu Inc.

1. Reasons for Establishment of Subsidiary

Through the provision of AI products and services, our Group has supported client companies in the Kyushu region, Japan, in improving operational efficiency and addressing labor shortages. In this region, labor shortages have become increasingly severe against the backdrop of a declining birthrate, an aging population, and population outflow to urban areas. As a result, enhancing productivity through the use of AI and securing talented human resources have become critical management issues for local companies. At the same time, our Group's approach - centered on remote support from our Tokyo headquarters - has revealed challenges in building relationships with clients and in acquiring talented human resources locally.

In addition, AI is expected to be included as a priority field for Kyushu under the "Regional Future Strategy" currently being formulated by the government, and policy support for promoting "AI Transformation" among local governments and businesses, as well as for human resource development, is beginning to gain full momentum.

In the full-year financial results for the fiscal year ended March 2026, announced on May 12, 2026, the Company set forth its "3P × Frontier" strategy, which aims to maximize the growth and synergies of the entire Group. Under this strategy, a group of agile, strategically focused subsidiaries specializing in specific businesses and industries (the "Frontier") engage deeply in their respective domains, thereby accelerating the implementation of AI.

In light of the social challenge of labor shortages, policy trends including the Regional Future Strategy, and our Frontier strategy, the Company has decided to establish the Subsidiary in order to build a locally rooted business model and to support AI implementation by becoming deeply embedded with companies and government agencies in Kyushu and western Japan. The Company will position Fukuoka City as a base for research and development and human resource development, contributing to the promotion of DX (digital transformation) among client companies. Going forward, the Company also aims to build strategic partnerships and capital alliances with leading local companies.

2. Overview of the Subsidiary to Be Established

(1) Name	ExaForward Kyushu Inc.
(2) Location	Within Fukuoka City, Fukuoka Prefecture
(3) Title and Name of Representative	Representative Director, Takahiro Koyama
(4) Business Overview	● Resident-type AI implementation services, and the R&D of AI agent technology, business applications, and software based on the knowledge obtained through these services.
(5) Capital	300 million yen (including reserves)
(6) Fiscal Year End	March 31
(7) Major Shareholders and Shareholding Ratios	ExaWizards Inc. 100%

3. Schedule

(1) Date of the Board of Directors Meeting : June 22, 2026
(2) Date of Establishment : August 1, 2026
(3) Date of Business Commencement : October 1, 2026

(Acquisition of Shares of Subsidiaries)
The Company resolved to acquire the shares of ele&company Inc. (hereinafter, "ele&company") and make it a subsidiary.

1. Overview of the Business Combination
(1) Name of the Acquiree and Description of Its Business
Name of the acquiree: ele&company Inc.
Business: Consulting
(2) Principal Reason for the Business Combination
ExaWizards aims to achieve further business growth by bringing ele&company Inc. into its group. ele&company has a proven track record of supporting major companies across a broad range of areas, including new business development, sales transformation, and project management and execution support. By combining its AI products and services with hands-on consulting capabilities, ExaWizards intends to establish a structure that can provide comprehensive support to clients.
(3) Date of the Business Combination
September 30, 2026
(4) Legal Form of the Business Combination
Acquisition of shares
(5) Name of the Acquiree after the Business Combination
No change
(6) Percentage of Voting Rights Acquired
100%
(7) Principal Basis for Determining the Acquirer
The Company acquired the shares in exchange for cash.

2. Period of the Acquiree's Results Included in the Interim Consolidated Statement of Income for the Interim Consolidated Accounting Period
Only the acquiree's balance sheet has been consolidated; therefore, its results are not included in the interim consolidated accounting period.

3. Acquisition Cost and Breakdown by Type of Consideration

Consideration for acquisition	Cash	7 million yen
Acquisition Cost		7 million yen

4. Breakdown and Amount of Major Acquisition-Related Costs
Advisory fees and other costs: ¥4 million

5. Amount of Goodwill, Reason for Recognition, Amortization Method, and Amortization Period
(1) Amount of Goodwill
626 million yen
As of the end of the current interim consolidated accounting period, the identification of the identifiable assets and liabilities as of the acquisition date and the measurement of their fair values had not been completed. Accordingly, the allocation of the acquisition cost had not been finalized, and provisional accounting treatment has been applied based on the reasonable information available when preparing the interim consolidated financial statements.
(2) Reason for Recognition
Goodwill represents the excess earning capacity expected from future business development.
(3) Amortization Method and Period
Straight-line amortization over five years

6. Amounts and Major Components of Assets Acquired and Liabilities Assumed as of the Acquisition Date
Not yet determined.

Significant Subsequent Events

(Establishment of Subsidiary)

The Company resolved at the Board of Directors meeting held on July 29, 2026, to establish ExaSecurity, Inc.

1. Reasons for Establishment of Subsidiary

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; 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 two trillion yen for 2025-26. 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.

2. Overview of the Subsidiary to Be Established

(1) Name	ExaSecurity, Inc.
(2) Location	4-2-8 Shibaura, Minato-ku, Tokyo
(3) Title and Name of Representative	Representative Director, Lachlan Mitchell
(4) Business Overview	● 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 reserves)
(6) Fiscal Year-End	March 31
(7) Major Shareholders and Shareholding Ratios	ExaWizards Inc. 100%

3. Schedule

(1) Date of the Board of Directors Meeting : July 29, 2026
(2) Date of Establishment : October 1, 2026
(3) Date of Business Commencement : November 2026 (Scheduled)