(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Accounting Auditor's and Audit & Supervisory Board Members' Report contained in the original document has not been translated.

Notice of Convocation of the 10th Annual Shareholders' Meeting

ExaWizards Inc.

To Our Shareholders,

I would like to express my sincere gratitude for your continued support. I am pleased to announce the convocation of our 10th Annual Shareholders' Meeting.

This year is being called the "The Year of AI Agents." We are witnessing the realization of a world where AI collaborates with office workers and/or autonomously executes tasks.

Generative AI and AI agents will actively and efficiently handle complex aspects of operations and information systems, allowing people to focus on what they should be concentrating on.

ExaWizards is a top runner capable of supporting the introduction, establishment, and further improvement of AI agents within companies. Since our founding in 2016, we have solved numerous challenges using AI, and our foundational "AI Guru-Guru (Spinning Wheel) Model" has further evolved. We are accelerating the creation of AI products that work in conjunction with AI agents, and are advancing the following three initiatives:

1. Swiftly providing AI products and services that truly meet our customers' needs. We will address the reasons why AI adoption is not progressing in Japanese companies by solving challenges such as security concerns, lack of specialized personnel, and insufficient education and training.
2. Enhancing our AI service development environment, "exaBase Studio," for AI agent compatibility. We will address challenges that companies face when introducing AI agents, such as in-house development and customization, data security, and governance, supporting smooth implementation.
3. Implementing AI agent compatibility for various AI products within the ExaWizards Group and linking these through "exaBase Studio." We will utilize the power of AI agents across all business operations.

We aim for a future where AI is seamlessly integrated into daily life, allowing people to focus on more creative activities. By providing products and services centered on AI agents in a secure and reliable manner, and by solving our customers' challenges, we will contribute to the realization of a sustainable future.

Makoto Haruta
Representative Director and President, CEO

Securities Code 4259
June 10, 2025
(Start date of electronic provisioning measures: June 3, 2025)

To All Shareholders

ExaWizards Inc.
Representative Director & President, CEO Makoto Haruta
4-2-8 Shibaura, Minato-ku, Tokyo 108-0023

Notice of Convocation of the 10th Annual Shareholders' Meeting

ExaWizards Inc. (hereinafter, "the Company") hereby announces that the 10th Annual Shareholders' Meeting (hereinafter, "the Meeting") will be held as indicated below.

If you are unable to attend the Meeting, you may exercise your voting rights in writing (by mail) or online. Please exercise your voting rights by 6:00 p.m. on Tuesday, June 24, 2025 (JST) in accordance with the "Guide to the Exercising Voting Rights" described below.

In addition, the Company intends to conduct a live-streaming and accept questions in advance of the Meeting. For further details, please refer to the "Information on Live Streaming of the General Meeting of Shareholders and Advance Questions" below.

1. Date & Time: Wednesday, June 25, 2025 at 10:00 a.m.
   Opens at 9:30 a.m.

2. Location: Belle Salle Jimbocho Room A, B, C
   Sumitomo Fudosan Chiyoda First Building (South) 2F, 3-2-1 Nishi-Kanda, Chiyoda-ku, Tokyo

3. Objectives

   Matters to be Reported
   1. Business Report and Consolidated Financial Statements for the 10th Fiscal Year (from April 1, 2024 to March 31, 2025) and the Results of Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board Members
   2. To report on the financial statements for the 10th fiscal year (April 1, 2024 through March 31, 2025)

   Matters to be Resolved
   Proposal 1: Election of Seven (7) Directors
   Proposal 2: Election of Two (2) Audit & Supervisory Board Members

Matters to be decided at the time of convocation

- If you exercise your voting rights both in writing (by mail) and via the Internet, the vote cast via the Internet will be treated as the valid exercise of voting rights. If you exercise your voting rights more than once via the Internet, the last vote will be treated as the valid exercise of voting rights.
- If you exercise your voting rights in writing (by mail) and do not indicate your approval or disapproval of any of the proposals on the voting form, the Company will treat it as if you indicated your approval.

* Regardless of whether or not a request for delivery of written notice is made, the notice of convocation will be sent to all shareholders at the Meeting as before.
* The following items, among the items to be provided electronically, have been posted on the Company's website (https://exawizards.com/en/ir/stock/meeting/) in accordance with laws and regulations and Article 13, Paragraph 2 of the Company's Articles of Incorporation, and are therefore not included in the document to be delivered.
    - "Status of Stock Acquisition Rights, etc." and "Systems to Ensure Appropriateness of Operations and Status of Operation of the Systems" in the Business Report. (In Japanese Only)
    - "Consolidated Statements of Changes in Net Assets" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements (In Japanese Only)
    - "Statement of Changes in Net Assets" and "Notes to Non-Consolidated Financial Statements" in the financial statements (In Japanese Only)

    These matters are part of the consolidated financial statements and financial statements audited by the Accounting Auditor in preparing the Independent Auditor's Report, and part of the business report, consolidated financial statements and financial statements audited by the Audit & Supervisory Board Members in preparing their audit report. (Both in Japanese only)
* If any modifications are made to the electronic provision measures, a notice will be posted on the website, along with the information before and after the modifications.

Live Streaming of the General Meeting of Shareholders and Advance Questions

You will be able to watch a live webcast of the Meeting (in Japanese only) via a website designated by the Company. In addition, prior to the meeting, the Company will accept questions in advance via the Internet until 6:00 p.m. on Tuesday, June 24, 2025.

Please note that the URL of the live-streaming location and the form for questions in advance will be posted on the Company's website (https://exawizards.com/en/ir/stock/meeting) by the day of the Meeting. Furthermore, the live streaming is for viewing of the proceedings only, and questions and exercise of voting rights are not available. If you wish to watch the live webcast, please exercise your voting rights in writing (by mail) or via the Internet by due date.

＜How to watch Live Streaming>

(1) Go to https://exawizards.com/en/ir/stock/meeting.

(2) Click on "The 10th Annual Shareholders' Meeting Live Streaming."

<How to use the Internet to ask questions in advance>

(1) Go to https://exawizards.com/en/ir/contact/ .

(2) Select "Questions and Inquiries about the General Meeting of Shareholders" on the bottom of "Contract type."

(3) Fill in the information and the details of your preliminary question on "Your Message."

(4) Please review the Privacy Policy and check the box of "I have read and agree to the Privacy Policy."

(6) Click the "Submit" to send your question.

Information on the Exercise of Voting Rights

Attending Meeting to exercise voting rights

Please bring the enclosed voting form and submit at the reception desk. Meeting will be held at 10:00 a.m., Wednesday, June 25, 2025 (JST).

Using mail to exercise voting rights

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it so it reaches us by 6:00 p.m., Tuesday, June 24, 2025 (JST).

Using the Internet to exercise voting rights

Please use the Company's designated voting website (https://evote.tr.mufg.jp/) to submit votes concerning the proposals. Votes can be submitted until 6:00 p.m., Tuesday, June 24, 2025 (JST).

To Institutional Investors

Institutional investors may use the "electronic voting platform for institutional investors" operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Seven (7) Directors

The terms of office of all six (6) Directors will expire at the conclusion of the Meeting. Therefore, in order to further strengthen management transparency and corporate governance, the Company proposes the election of seven (7) directors, including additional one (1) outside director.

The candidates for directors are as follows:

No.	Name	Current Position at the Company	Board of Directors meeting attendance	Term of Office
1. Reappointed	Makoto HARUTA (Male)	Representative Director & President Chief Executive Officer (CEO)	13/13	9 years 5 months
2. Reappointed	Takuma OUE (Male)	Managing Director Chief Operation Officer (COO)	13/13	5 years
3. Reappointed	Yutaka SAKANE (Male)	Director Chief Technology Officer (CTO)	13/13	7 years 10 months
4. Reappointed	Naoko MUNAKATA (Female) (Independent & Outside)	Outside Director	13/13	3 years 10 months
5. Newly Appointed	Manabu SATO (Male) (Independent & Outside)	Audit & Supervisory Board Member	13/13	-
6. Newly Appointed	Hiroaki SUGITA (Male) (Independent & Outside)	-	-	-
7. Newly Appointed	Masayuki WATANABE (Male) (Independent & Outside)	-	-	-

Notes:

1. Positions and responsibilities in the Company are as of the date of the Meeting. The Company introduced a new CxO system as of April 1, 2025 in order to plan and execute management strategies for the entire group and to clarify the responsibilities of the CxO system.
2. The number of Board of Directors meetings attended excludes meetings of the Board of Directors held by written resolutions.
3. The term of office of directors indicates the term of office as of the conclusion of the Meeting.
4. As Mr. SATO is currently serving as an Audit & Supervisory Board Member of the Company, the number of meetings of the Board of Directors he attended during his term of office is shown.

No.1	Makoto HARUTA (January 5, 1969 / Male)	Reappointed
Board of Directors meeting attendance: **13/13 (100%)**	Career history, position in the Company, and other material positions held:	
Term of Office: **9 years 5 months**	Apr. 1992 Joined Sumitomo Bank Co., Ltd. (current Sumitomo Mitsui Banking Corporation) Feb. 2000 Joined DeNA Co., Ltd. Jun. 2011 Director, DeNA Co., Ltd. Apr. 2015 Representative Director, betaCatalyst, Inc.(current) Feb. 2016 Representative Director, ExaIntelligence, Inc. (current ExaWizards Inc.) Nov. 2018 Director & Chairman, ExaWizards Inc. Jun. 2020 Outside Director, Tokyo Broadcasting System Holdings, Inc. (current TBS Holdings, Inc.) (current) Apr. 2023 Representative Director & President, ExaWizards Inc. Apr. 2025 Representative Director & President, CEO, ExaWizards Inc. (current)	
Number of shares of the Company held: **1,572,000 shares**		
Reasons for selecting the candidate for Director Mr. Haruta possesses extensive experience and high-level insight as a financial strategy officer and executive in diverse types of businesses. In addition, as the founder of our company, he has played a sufficient role in making important management decisions and supervising business operations. Based on this experience and insight, the Company has determined that he can be expected to play an appropriate role in the further expansion of our business and overall management.		

No.2	Takuma OUE (December 5, 1988 / Male)	Reappointed
Board of Directors meeting attendance: **13/13 (100%)**	Career history, position in the Company, and other material positions held:	
Term of Office: **5 years**	Apr. 2013 Joined Boston Consulting Group (BCG) Jan. 2018 Joined ExaWizards Inc. Apr. 2019 Executive Officer, ExaWizards Inc. Jun. 2020 Director and Executive Officer, ExaWizards Inc. Business Management Jun. 2023 Managing Director Oct. 2023 Representative Director & President, Exa Enterprise AI Inc. (current) Apr. 2025 Managing Director, COO, ExaWizards Inc. (current)	
Number of shares of the Company held: **0 shares**		
Reasons for selecting the candidate for Director Mr. Oue has led the Company's business expansion, leveraging his extensive experience and high-level insight in strategy formulation and implementation in the digital/AI domain and DX (Digital Transformation). He has been responsible for hundreds of AI implementations and DX realizations annually. Based on this experience and insight, the Company has determined that he can be expected to play an appropriate role in the further expansion of our business and overall management.		

No.3	Yutaka SAKANE (May 28, 1974 / Male)	Reappointed

Board of Directors meeting attendance: **13/13 (100%)**	Career history, position in the Company, and other material positions held: Jan. 2002 Research Assistant, Faculty of Informatics of Shizuoka University. Oct. 2004 Founded Digital Sensation Inc. and President and Representative Director. Sep. 2017 Director and Technology Management, ExaWizards Inc. Apr. 2025 Director, CTO, ExaWizards Inc. (current)
Term of Office: **7 years 10 months**	
Number of shares of the Company held: **3,776,000 shares**	

Reasons for selecting the candidate for Director

Mr. Sakane has led the Company's technology department as the head of the technical field, drawing on his extensive experience and high-level insight in software engineering. He has also contributed to the formulation and execution of company-wide intellectual property strategies, including the discovery and filing of patent inventions and their utilization. Based on this experience and insight, the Company has determined that he can be expected to play an appropriate role in the further expansion of our business and overall management.

No.4	Naoko Munakata (February 12, 1962 / Female)	Reappointed Outside Independent

Board of Directors meeting attendance: **13/13 (100%)**	Career history, position in the Company, and other material positions held: Apr. 1984 Entered Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry) Jun. 1990 Earned an MBA (Harvard Business School) Sep. 2011 Director General, Multilateral Trade System Department, Trade Policy Bureau Jun. 2013 Director General, Trade Policy Bureau, and Councilor of Cabinet Secretariat Jul. 2014 Director General, Trade and Economic Cooperation Bureau Jul. 2015 Executive Secretary to the Prime Minister Jul. 2017 Commissioner of Japan Patent Office Nov. 2019 Advisor, The Dai-ichi Life Research Institute INC. Jun. 2020 Outside Director and Audit and Supervisory Committee Member, Murata Manufacturing Co., Ltd. (current) Apr. 2021 Professor of the University of Tokyo Graduate School of Public Policy (current) Sep. 2021 Outside Director, ExaWizards Inc. (current)
Term of Office: **3 years 10 months**	
Number of shares of the Company held: **32,800 shares**	

Reasons for selecting the candidate for Outside Director

Ms. Munakata possesses extensive experience in administrative fields such as economics, trade, and intellectual property, as well as broad insights as a public policy expert. The Company expects her to contribute to improving the effectiveness of the Board of Directors through supervision, monitoring, and advice based on this experience and insight. Therefore, the Company has nominated her to continue as a candidate for outside director. Although she has not been involved in corporate management other than as an outside officer in the past, it believes that she can appropriately perform her duties as an outside director of the Company for the reasons stated above.

No.5	**Manabu SATO** (October 24, 1964 / Male)	**Newly Appointed Outside Independent**

Board of Directors meeting attendance:
13/13 (100%)

Term of Office:
-

Number of shares of the Company held:
30,000 shares

Career history, position in the Company, and other material positions held:

Apr. 1988	Joined Sumitomo Bank Co., Ltd. (current Sumitomo Mitsui Banking Corporation)
Jul. 1992	Earned an MSc.in Accounting and Finance (London School of Economics and Political Science)
Apr. 2004	Registered Certified Public Accountant (CPA)
Jan. 2011	Head of Financial Research Office, Corporate Planning Department, Sumitomo Mitsui Banking Corporation
Oct. 2015	General Manager, Nagoya Corporate Banking Dept. III, Sumitomo Mitsui Banking Corporation
Apr. 2017	General Manager, Corporate Planning Department, Sumitomo Mitsui Financial Group, Inc.
May. 2018	General Manager of Administration Headquarters and General Manager of Accounting Department, Fujimak Corporation
Jan. 2019	Partner, PwC Advisory LLC (current)
Jun. 2019	Audit & Supervisory Board Member, ExaWizards Inc. (current)

Reasons for selecting the candidate for Outside Director

Mr. Sato possesses extensive practical experience in financial institutions and broad insights as a qualified Certified Public Accountant. The Company expects him to contribute to improving the effectiveness of the Board of Directors through supervision, monitoring, and advice based on this experience and insight.

Currently, Mr. Sato serves as the Audit & Supervisory Board Member of the Company. Although he has not been involved in corporate management other than as an outside officer in the past, the Company believes that he can appropriately perform his duties as an outside director of the Company for the reasons stated above.

No.6	Hiroaki SUGITA (February 14, 1961 / Male)	Newly Appointed Outside Independent

Board of Directors meeting attendance: **- / - (- %)**	Career history, position in the Company, and other material positions held:	
Term of Office: **-**	Apr. 1983	Joined Japan Travel Bureau (now JTB Corporation)
Number of shares of the Company held: **0 shares**	Apr. 1994	Joined Boston Consulting Group (BCG)
	Jan. 2001	Partner & Managing Director BCG
	Nov 2006	Head of BCG Japan office
	May 2007	Senior Partner & Managing Director of BCG
	Jan. 2014	Asia Pacific Client Team Leader of BCG
	Jan. 2016	Chairman of BCG Japan office
	Mar. 2021	Director, Audit & Supervisory Committee Member, Unicharm Corporation (current)
	Apr. 2021	Professor of Waseda Business School (current)
	Jan. 2023	Senior Advisor of BCG (current)
	Jun. 2025	Outside Director, Calbee, Inc. (Scheduled)

Reasons for selecting the candidate for Outside Director

Mr. Sugita possesses extensive experience and broad insights as both a business executive and management consultant. Based on this experience and insight, the Company expects him to contribute to its growth and enhancement of corporate value by providing opinions and suggestions from an objective and long-term perspective, maintaining an independent stance from the Company.

No.7	Masayuki WATANABE (June 8, 1974 / Male)	Newly Appointed Outside Independent

Board of Directors meeting attendance: **- / - (- %)**	Career history, position in the Company, and other material positions held:	
Term of Office: **-**	Apr. 1997	Joined McKinsey & Company
Number of shares of the Company held: **0 shares**	Apr. 1999	Joined DeNA Co., Ltd.
	Dec. 2010	CEO, Quipper Ltd. (UK)
	Oct. 2019	Director, FOODCODE, LTD. (current)
	Jun. 2021	Outside Director, Timee, Inc. (current)

Reasons for selecting the candidate for Outside Director

Mr. Watanabe has experience in founding and managing multiple IT companies both domestically and internationally. He possesses broad insights regarding product and service growth, business development, and global expansion. Based on this experience and insight, the Company expects him to contribute to its growth and enhancement of corporate value by providing opinions and suggestions from an objective and long-term perspective, maintaining an independent stance from the Company.

Notes:

1. No conflicts of interest exist between the Company and the Director candidates.
2. Ms. Munakata, Mr. Sato, Mr. Sugita and Mr. Watanabe are candidates for outside directors.
3. The Company has designated Ms. Munakata and Mr. Sato as independent officers based on the regulations of the Tokyo Stock Exchange. If their re-appointments are approved in this proposal, they will continue to serve as independent officers. Additionally, if the appointments of Mr. Sugita and Mr. Watanabe are approved in this proposal, the Company plans to designate them as independent officers and notify the same exchange.
4. Mr. Sato is currently serving as the Audit & Supervisory Board Member, but he is scheduled to retire upon expiration of his term at the conclusion of the Meeting. His tenure as an outside auditor will be six years at the conclusion of the Meeting.
5. If Mr. Sugita's appointment is approved at the Annual General Meeting of Shareholders of Calbee, Inc. scheduled to be held in June 2025, he is expected to assume the position of outside director of that company.
6. The Company has entered into a liability limitation agreement with Ms. Munakata pursuant to Article 427, Paragraph 1 of the Companies Act. If her re-appointment is approved in this proposal, the Company plans to continue this agreement. The maximum

amount of liability for damages under this agreement is planned to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that she has performed her duties in good faith and without gross negligence.

7. The Company has entered into a liability limitation agreement with Mr. Sato as the Audit & Supervisory Board Member pursuant to Article 427, Paragraph 1 of the Companies Act. If his appointment is approved in this proposal, the Company plans to enter into a similar new agreement with him as an outside director. The maximum amount of liability for damages under this agreement is planned to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that he has performed his duties in good faith and without gross negligence.
8. If the appointments of Mr. Sugita and Mr. Watanabe are approved in this proposal, the Company plans to enter into liability limitation agreements with each of them pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under each of these agreements is planned to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that they have performed their duties in good faith and without gross negligence.
9. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. This contract covers damages that may be incurred by the insured, including directors and audit & supervisory board members, due to liability arising from the execution of their duties or claims pertaining to the pursuit of such liability. The Company bears the full amount of the insurance premiums for all insured parties. If this proposal is approved, each candidate will become an insured party under this insurance contract. The Company plans to renew this insurance contract with similar terms during their terms of office.
10. Ms. Naoko Munakata's legal family name is Doi.

Proposal 2: Election of Two (2) Audit & Supervisory Board Members

The terms of office of audit & supervisory board members, Mr. Masaru Iida and Mr. Manabu Sato, will expire at the conclusion of the Meeting. Therefore, the Company proposes the election of two (2) audit & supervisory board members. The Board of audit & supervisory board members has given its consent to this proposal.

The candidates for audit & supervisory board members are as follows:

No.	Name	Current Position at the Company	Board of Directors meeting attendance	Board of Audit & Supervisory Board Members Attendance	Term of Office
1. Reappointed	Masaru IIDA (Male) (Independent & Outside)	Outside Audit & Supervisory Board Member	13/13	13/13	6 years
2. Newly Appointed	Yuko ATSUMI (Female) (Independent & Outside)	-	-	-	-

Notes:

1. Positions in the Company are as of the date of the Meeting.
2. The number of Board of Directors meetings attended excludes the number of Board of Directors meetings with written resolutions.
3. The term of office of audit & supervisory board members indicates the term of office as of the conclusion of the Meeting.

No.1	**Masaru IIDA** (February 15, 1967 / Male)	**Reappointed Outside Independent**

Board of Directors meeting attendance: **13 / 13 (100 %)**	Career history, position in the Company, and other material positions held:
Board of Audit & Supervisory Board meeting attendance: **13 / 13 (100 %)**	
Term of Office: **6 years**	
Number of shares of the Company held: **0 shares**	

Apr. 1989	Joined Sumitomo Bank Co., Ltd. (current Sumitomo Mitsui Banking Corporation)
May 1993	Completed a Master's program (LL.M.) at the University of Pennsylvania Law School, USA
Apr. 1996	Deputy Manager, Financial Products Development Department, Sumitomo Bank Co., Ltd. (current Sumitomo Mitsui Banking Corporation)
Apr. 2001	Deputy Manager, Treasury Unit, Sumitomo Mitsui Banking Corporation
Mar. 2008	Graduated Hitotsubashi University Law School
Dec. 2009	Registered as an attorney with the Dai-Ichi Tokyo Bar Association (62nd term)
Jan. 2010	Joined MASUDA & PARTNERS LAW OFFICE
Jun. 2011	Outside Auditor, DeNA Co., Ltd.
Jul. 2011	Representative Attorney, IIDA BUSINESS LAW OFFICE (current)
Jul. 2015	Supervisory Officer, Ichigo Hotel REIT Investment Corporation (current)
Jun. 2019	Outside Audit & Supervisory Board Member, ExaWizards Inc. (current)

Reasons for selecting the candidate for Outside Audit & Supervisory Board Member

Mr. Iida possesses extensive practical experience in financial institutions and has high-level insights and diverse experience in auditing and supervising various companies as an attorney. Based on this experience and insight, the Company has determined that he can conduct audits to ensure the soundness and legality of the business execution system and internal control system. Additionally, the Company expects him to provide effective supervision, monitoring, and advice from the perspective of improving and strengthening the internal control system and financial accounting.

Although Mr. Iida has not been involved in corporate management other than as an outside officer in the past, the Company believes that he can appropriately perform his duties as an outside audit & supervisory board member for the reasons stated above.

No.2	Yuko ATSUMI (June 25, 1971 / Female)	Newly Appointed Outside Independent

Board of Directors meeting attendance: **- / - (- %)**	Career history, position in the Company, and other material positions held:	
Board of Audit & Supervisory Board meeting attendance: **- / - (- %)**	Apr. 1994	Joined UBS Securities.
	Nov. 1998	Joined Commerzbank AG
	Mar. 2007	Graduated Waseda University Graduate School of Law
	Dec. 2008	Registered as an attorney with the Dai-Ichi Tokyo Bar Association (61st term)
Term of Office: **-**	Dec. 2008	Joined Baker McKenzie
	Mar. 2013	Founded Waseda Legal Commons, LPC, Representative partner
	Nov. 2018	Outside Director, Compliance Partners Inc. (current)
Number of shares of the Company held: **0 shares**	Jan. 2022	Founded Kollect Partners Law Office, Representative partner (current)
	Jun. 2024	Outside Director, Synspective, Inc. (current)
	Dec. 2024	Outside Director, TKC Corporation (current)

Reasons for selecting the candidate for Outside Audit & Supervisory Board Member

Ms. Atsumi possesses extensive practical experience in financial institutions and has high-level insights and diverse experience in both management and auditing/supervision of various companies as an attorney. Based on this experience and insight, the Company has determined that she can conduct audits to ensure the soundness and legality of the business execution system and internal control system. Additionally, the Company expects her to provide effective supervision, monitoring, and advice from the perspective of improving and strengthening the internal control system and financial accounting.
Although Ms. Atsumi has not been involved in corporate management other than as an outside officer in the past, the Company believes that she can appropriately perform her duties as an outside auditor for the reasons stated above.

Notes:

1. No conflicts of interest exist between the Company and the Director candidates.
2. Mr. Iida and Ms. Atsumi are candidates for outside audit & supervisory board members.
3. The Company has entered into a limited liability contract with Mr. Iida pursuant to Article 427, Paragraph 1 of the Companies Act. If this proposal is approved and Mr. Iida is reappointed, the Company plans to continue such agreement. The maximum amount of liability for damages under such liability limitation agreement will be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, if he performed his duties in good faith and without gross negligence.
4. The Company plans to enter into a liability limitation agreement with Ms. Atsumi pursuant to Article 427, Paragraph 1 of the Companies Act, if her election is approved in this Proposal. The maximum amount of liability for damages under such liability limitation agreement will be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the Company has performed its duties in good faith and without gross negligence.
5. The Company has concluded a directors' and officers' liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which provides that the Company shall indemnify the insured against any damages arising from the insured, including directors and audit & supervisory board members, being held liable for the performance of their duties or from claims relating to the pursuit of such liability. The Company pays all premiums of the insured. If this proposal is approved, each candidate will be insured under the insurance policy. The Company plans to renew the said insurance policy with the same details during the term of office.
6. Ms. Yuko Atsumi's legal family name is Kikuchi.

[Reference]

Policy on Nominating Candidates for Directors

Candidates for the Board of Directors shall be nominated in accordance with the policy that they shall be persons who perform their duties with integrity and high ethical standards as a businessperson and in accordance with their responsibilities.

(1) Directors (Executive Directors)

Directors (executive directors) are expected to be innovation-oriented and have a strong commitment to the field, build and act on strategies from a company-wide perspective with an ownership mindset, lead the organization by embodying the Company's Credo, thereby steadily achieving the results required in their areas of responsibility.

(2) Nomination Policy for Outside Directors

The policy for nominating outside directors is to select candidates who are corporate executives with extensive experience and high-level insights or advanced expertise, individuals with experience as directors in listed companies, or academic experts. These candidates are expected to contribute to ensuring the effectiveness of the Board of Directors and ultimately to enhancing corporate value. This contribution is anticipated through necessary supervision, monitoring, and advice from an independent and objective standpoint on the Company's medium to long term growth strategy, as well as on improving and strengthening the business execution system and internal control system.

Independence Criteria for Independent Directors and Audit & Supervisory Board Members

In addition to the criteria for independence set forth by the Tokyo Stock Exchange, the Company's independent directors and audit & supervisory board members are those who do not fall into any of the following categories. In addition, (1) through (5) must not fall under any of the following at the present time or during the past three (3) years.

(i) Major shareholders of the Company (holding 10% or more of the voting rights) or their executive officers.

(ii) An executive officer of a business partner of the Group (the amount paid or received in a transaction account for 2% or more of each other's consolidated net sales).

(iii) Executives of the Group's lenders (whose borrowings account for 2% or more of the Company's consolidated total assets).

(iv) A person who receives annual monetary or other financial benefits of 10 million yen or more from the Group as a lawyer, certified public accountant, consultant, or other professional service provider (if the service provider is a corporation, partnership, or other organization, a person who belongs to such organization), in addition to the compensation of the Group's directors and audit & supervisory board members.

(v) Representative partner or employee of the Group's accounting auditor.

(vi) Those who have been in office for more than eight (8) years.

Skill Matrix

The table below shows the composition of the Board of Directors and Audit & Supervisory Board Members and the expertise of each director and corporate auditor in the event that Propositions No. 1 and No. 2 are approved as proposed. The table below shows the skills that the Board of Directors expects each Director and Audit & Supervisory Board Member to demonstrate in particular out of the knowledge and experience they possess.

Name	Specialized Fields of Expertise	Key Skills								
		Technology	Internal Controls & Governance	Corporate Management	Business Development	Marketing & Sales	International & Global Strategy	Engineering & Information Security	Financial Accounting	Legal Affairs Compliance
Board of Directors										
Makoto HARUTA	IT, Entertainment, Finance	✓	✓	✓	✓				✓	✓
Takuma OUE	DX, AI Strategy	✓		✓	✓	✓		✓		
Yutaka SAKANE	Engineering, AI Development	✓		✓	✓			✓		
Naoko MUNAKATA	Public Policy, International Affairs, Intellectual Property Strategy	✓	✓				✓			
Manabu SATO	Financial Accounting and Finance	✓	✓						✓	
Hiroaki SUGITA	Management Strategy, Organization	✓		✓	✓	✓	✓			
Masayuki WATANABE	Global Management, Business Development	✓		✓	✓	✓	✓			
Audit & Supervisory Board Members										
Shigeru TSURU	Internal Control, Finance		✓				✓		✓	
Masaru IIDA	Corporate Law, Finance		✓						✓	✓
Yuko ATSUMI	Corporate Law, Finance		✓						✓	✓

(1) Specialized Fields of Expertise

The Company believes that to solve the social issues, which is set as its mission, it is necessary to accumulate and utilize knowledge from diverse fields. Therefore, the Company has listed the fields in which each officer has outstanding expertise as their notable areas of specialization.

(2) Key skills

In light of the management environment, business strategy, and issues to be addressed on page 23 of this Notice of Convocation, the skills that should be covered by multiple directors are listed as key skills. All directors are expected to have knowledge of technology and to apply it to the management of the Company from the perspective of planning and executing the Company's business strategy, the mission of which is to solve social issues by utilizing advanced AI technology and business application capabilities. All of the outside directors and audit & supervisory board members are expected to have knowledge of internal control and governance and to exercise their supervisory function over the management of the Company.

Business Report

(From April 1, 2024 to March 31, 2025)

I. Current status of the corporate group

(1) Business conditions in the current fiscal year

(i) Progress and results of the project

With the mission of “Solving social issues through Artificial Intelligence for future generations,” the Company and its subsidiaries (hereinafter, “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 Platform Business	Discovering industrial and social issues in various industries and realizing innovations through solving management issues of clients, mainly large corporations.
Other Service Business	Businesses such as providing human resources and/or AI products for sales issues of SaaS products and IT products of consolidated subsidiary STADIUM Co., Ltd.

Net sales

Net sales for FY2025 were 9,811 million yen (+17.0% 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 FY2025 was 4,143 million yen (+12.1% YoY). This was due to an increase in personnel expenses which are included in the cost of sales and a rise in system usage fees. As a result, the gross profit for FY2025 was 5,667 million yen (+20.9% YoY), and the gross profit margin was 57.8%.

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

Selling, general and administrative expenses for FY2025 were 5,644 million yen (+13.0% YoY). This was due to the increase in personnel expenses and system usage fees. As a result, the operating profit for FY2025 was 23 million yen (compared to an operating loss of 305 million yen in the previous year).

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

Non-operating income for FY2025 was 11 million yen (+87.2% YoY), and non-operating expenses were 32million yen (+7.6% YoY). As a result, the ordinary profit for FY2025 was two million yen (ordinary loss of 330 million yen for the previous year).

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

The yearly net loss before taxes for FY2025 was 2,505 million yen (yearly net loss before taxes of 692 million yen for the previous year).

The Company recorded an extraordinary income of 71 million yen, due to the transfer of 100% of the shares of our consolidated subsidiary VisionWiz Inc. to CoDMON, Inc. on December 1, 2024 (refer the “3. Consolidated Financial Statements and Primary Notes (5) Notes for the Consolidated Financial Statements (Business Combination)”).

Although extraordinary loss was 2,579 million yen. This was because, in the second quarter of FY2025, the Company recorded a loss on valuation of investment securities of 140 million yen, as the actual value of some of the investment securities held by the Company fell below their book value. In addition, during the third quarter and fourth quarter of the current fiscal year, the Company recorded an impairment loss of 2,434 million yen. This was due to a reduction in the book value to the recoverable amount of asset groups whose profitability had declined with respect to software assets,

etc. owned by the Company and goodwill, etc. arising from the grouping of STADIUM Co., Ltd.

As a result, the net loss attributable to the parent company for FY2025 was 2,576 million yen (compared to a net loss attributable to the parent company of 610 million yen for the previous year).

The performance by segment is as follows. Segment profit is based on operating profit and has been adjusted to align with the operating profit in the consolidated statement of income.

(1) AI Product Business

During FY2025, as well as expanding sales of existing products, the Company worked on developing services, including the use of generative AI, based on the knowledge gained through the AI Platform Business.

In the DX AI products group, the DX human resource development program for companies, “exaBase DX Assessment & Learning,” has shown smooth growth, with the number of companies that have introduced the program reaching 2,047 (306,655 users) as of March 2025. “exaBase Generative AI” was also performing well, with 827 companies (83,047 users) having adopted it by the same month.

In the social AI products group, marketing activities of “CareWiz Toruto” got off to a good start, and the number of business deals steadily increased.

To meet increasing demands, the Company has hired more employees to expand the organization and to provide more products, which has affected both the cost of sales and SG&A expenses due to the increase in personnel expenses and software usage fees. Additionally, in the cost of sales, software depreciation expenses increased due to upfront investments related to product development. In SG&A expenses, advertising and outsourcing expenses also increased.

Overall, net sales were 3,023 million yen (+84.5% YoY), gross profit was 2,231 million yen (+119.2% YoY), gross profit margin was 73.8% (+11.7pt YoY), and operating profit was 648 million yen (compared to an operating loss of 34 million yen in the previous year).

(2) AI Platform Business

During FY2025, the Company continued to collaborate with several major companies to create innovation through the AI project. The Company has also begun to transform the business model of the AI platform business, including the development of products such as “exaBase Role Playing” and “exaBase Meeting summary,” which are products from the AI platform business, and making advance investments in the development of products for dementia at ExaMD Inc., a wholly owned subsidiary, and promoting the reorganization of the project portfolio centered on “exaBase Studio.” Furthermore, the Company has temporarily increased resources for system development projects, resulting in higher costs for personnel expenses and system usage fees.

As a result, net sales were 5,309 million yen (-1.0% YoY), gross profit was 2,948 million yen (-2.8% YoY), gross profit margin was 55.5% (-1.1pt YoY), and operating profit was 1,405 million yen (-12.6% YoY).

(3) Other services

This segment encompasses services that do not currently fall under the AI Products Business or AI Platform Business models. It includes the business and performance of STADIUM Co., Ltd., which became a subsidiary in the first quarter of the previous fiscal year. The Group consolidated STADIUM from the second quarter of the previous fiscal year, and its performance will contribute to the full year results from this fiscal year onward.

During FY2025, the Company maintained its existing sales agency business while accelerating its Sales Tech services. Notably, the Company received orders from multiple well-known companies for

Dr.Tel, a new AI-powered product that visualizes and improves call quality.

As a result, net sales were 1,767 million yen (+27.9% YoY), gross profit was 772 million yen (+13.7% YoY), gross profit margin was 43.7% (-5.5pt YoY), and operating income was 96 million yen (96.9% YoY).

Sales by Business Segment

Business Segment	9th Fiscal Period (Fiscal year ended March 2024) (Previous Fiscal Year)		10th Fiscal Period (Fiscal year ended March 2025) (Current Fiscal Year)		Compared to the previous consolidated fiscal year.	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Percentage change (%)
AI Product Business	1,639	19.5	2,988	29.9	1,349	82.3
AI Platform Business	5,363	64.0	5,122	52.6	(240)	(4.5)
Other Service Business	1,382	16.5	1,699	17.5	317	23.0
Total	8,384	100.0	9,811	100.0	1,426	17.0

(ii) Status of Fund Procurement

Capital expenditures and working capital requirements for the period were funded by cash on hand.

(iii) Capital Expenditures

The total amount of capital investment made by the Group during the current consolidated fiscal year was 994 million yen, which was mainly for product development.

(iv) Transfer of business, absorption-type demerger, or incorporation-type demerger

Effective April 1, 2024, the Company conducted an absorption-type demerger in which its business related to multimodal AI products and services in the health and medical fields was transferred to ExaMD Inc., a wholly owned subsidiary of the Company.

(v) Acquisition of business of other companies

Not applicable.

(vi) Succession to rights and obligations related to the business of other corporations, etc., as a result of absorption-type merger or absorption-type split

Not applicable.

(vii) Acquisition or Disposal of Shares, Other Equity, or Stock Acquisition Rights, etc. of Other Companies

The Company transferred the business and all shares of Vision Wiz Inc. to CoDMON Inc. on December 1, 2024.

(2) Assets and Profit and Loss

(i) Assets and profit/loss of the Group

Classification		7th Fiscal Period (Fiscal year ending March 31, 2022)	8th Fiscal Period (Fiscal year ending March 31, 2023)	9th Fiscal Period (Fiscal year ending March 31, 2024)	10th Fiscal Period (Current fiscal year) (Fiscal year ending March 31, 2025)
Net sales	(Millions of Yen)	4,810	5,591	8,384	9,811
Ordinary income (loss)	(Millions of Yen)	(97)	(375)	(330)	2
Net income (loss) attributable to owners of the parent	(Millions of Yen)	(137)	(141)	(610)	(2,576)
Net income (loss) per share	(Yen)	(1.79)	(1.72)	(7.50)	(31.26)
Total Assets	(Millions of Yen)	7,865	7,939	9,931	7,024
Net Assets	(Millions of Yen)	6,633	6,618	4,983	2,539
Net Assets per share	(Yen)	82.44	78.53	59.65	29.13

Notes:

1. Although the Company conducted a 100-for-1 stock split of shares of common stock on August 28, 2021, net loss per share and net assets per share are calculated based on the assumption that the stock split was conducted at the beginning of the 7th fiscal year.
2. Net loss per share is calculated based on the average number of shares outstanding during the period, and net assets per share is calculated based on the total number of shares outstanding at the end of the period.
3. The Company's shares held in the "Stock Grant ESOP Trust Account" are treated as treasury stock. These shares are excluded when calculating net assets per share and net loss per share. For the current fiscal year, 645,263 shares were excluded for the net assets per share calculation, while 616,052 shares were excluded for the net loss per share calculation.

(ii) Assets and profit/loss of the Company

Classification		7th Fiscal Period (Fiscal year ending March 31, 2022)	8th Fiscal Period (Fiscal year ending March 31, 2023)	9th Fiscal Period (Fiscal year ending March 31, 2024)	10th Fiscal Period (Current fiscal year) (Fiscal year ending March 31, 2025)
Net sales	(Millions of Yen)	4,016	4,321	5,128	5,089
Ordinary income (loss)	(Millions of Yen)	50	(247)	(430)	(371)
Net income (loss) attributable to owners of the parent	(Millions of Yen)	(49)	(28)	(970)	(1,482)
Net income (loss) per share	(Yen)	(0.65)	(0.35)	(11.92)	(17.98)
Total Assets	(Millions of Yen)	7,696	7,856	8,774	6,890
Net Assets	(Millions of Yen)	6,701	6,765	4,792	3,417
Net Assets per share	(Yen)	83.80	81.19	57.97	40.69

Notes:

1. Although the Company conducted a 100-for-1 stock split of shares of common stock on August 28, 2021, net loss per share and net assets per share are calculated based on the assumption that the stock split was conducted at the beginning of the 7th fiscal year.
2. Net loss per share is calculated based on the average number of shares outstanding during the period, and net assets per share is calculated based on the total number of shares outstanding at the end of the period.
3. The Company's shares held in the "Stock Grant ESOP Trust Account" are treated as treasury stock. These shares are excluded when calculating net assets per share and net loss per share. For the current fiscal year, 645,263 shares were excluded for the net assets per share calculation, while 616,052 shares were excluded for the net loss per share calculation.

(3) Significant Subsidiaries

(i) Significant Subsidiaries

Company Name	Capital (Millions of yen)	Voting rights held by the Company (%)	Main Businesses
Xware Corporation	10	100.0	Consulting, development, operation, etc. of advanced information systems, etc.
Exa HomeCare Inc.	91	51.0	Development and sales of AI-based services for nursing care and welfare equipment, etc.
STADIUM Co., Ltd.	100	100.0	Sales support for IT products, business process outsourcing, development and sales of call quality management and call-handling evaluation AI for call centers
Exa Enterprise AI Inc.	100	100.0	Planning, development, and sales of products, services, etc. utilizing technologies such as generative AI
ExaMD Inc.	50	100.0	Planning, development, sales, and alliance of products, services, using multimodal AI technology (including programmed medical devices) aimed at solving social issues related to health and medical themes, such as dementia

(ii) Specified wholly owned subsidiaries as of the end of the fiscal year

Company Name	Address	Total book value	Total Assets
STADIUM Co., Ltd	3-4-3 Akasaka, Minato-ku, Tokyo	2,570 million yen	6,890 million yen

(4) Issues to be addressed

Medium to long-term business strategy policy and issues to be addressed

The Group's mission is "Solving social issues through Artificial Intelligence for future generations" and it aims to solve such issues by utilizing our advanced AI technology and business application capabilities.

As for the future outlook, the Group expects demand for AI to continue to grow, as the current evolution of large-scale language models (LLM) accelerates the development of generative AI and AI agents for use in business operations. In addition, companies are increasingly realizing the usefulness of generative AI and AI agents, and are willing to invest in them to improve operational efficiency and competitiveness, creating a favorable business environment for the Company.

In this business environment, the "AI Guru-Guru (Spinning Wheel) Model," which we have continued since our establishment, has been further developed to create services that solve more customers' issues by sublimating individual customers' matters into general-purpose issues. We have evolved into a "business-oriented AI agent service company" that provides AI agents that can perform the client's business itself on behalf of the client.

We will pursue the following four strategic policies over the medium to long-term, aiming to realize a world in which companies themselves increase their own productivity as they utilize AI and generative AI as a matter of course in their business operations.

(i) Establish a mechanism that enables exaBase Generative AI to drive and manage AI agents

・Link exaBase Generative AI with exaBase Studio to serve as a command post to drive AI agents

(ii) Convert AI products into AI agents

Strengthen development of our various AI products to support AI agents Strengthen development for AI agents in our various AI products

・Create a world where anyone can easily create AI agents using exaBase Studio

(iii) Strengthen security in exaBase Studio x data integration

・Build robust security to maximize use of the latest LLMs and in-house AI agents

(iv) Build strategic partnerships

・Continue to actively form business alliances/JVs to speed up business growth

Issues to be addressed to strengthen sustainable management foundations

In addition to addressing the business strategy policies outlined above, the Company will also give priority to the following five issues in order to strengthen its sustainable management foundation.

(i) Further creation and expansion of new products

The Group's strategy is to develop and provide AI products that can be offered more broadly, based on the knowledge accumulated through the introduction of AI to client companies. The Group believes it is necessary to continuously create new AI products and provide them to a wider range of clients in the future.

(ii) Reinforcement of internal control system

The Group is at a stage of growth where it expects to further expand the scale of its business, and it recognizes that strengthening its internal control system accordingly is an important issue. To ensure fairness and transparency in management, the Group will continue to strengthen corporate governance, maintain the operation of the internal control system, and review it as necessary.

(iii) Reinforcement of information management system

In the process of providing services and operating systems, the Group may handle confidential and personal information, and it believes it is important to thoroughly and continuously strengthen its information management. Currently, it is thoroughly managing such information in accordance with its information management regulations, but in response to various information security risks that may arise in the future, the Group will continue to constantly strengthen its information management by enhancing in-house education and training programs and improving our systems.

(iv) Maintain and strengthen the Group's management structure

With the aim of achieving business growth and expanding its business domain, the Group has increased the number of affiliated companies through the establishment of operating subsidiaries, joint ventures with collaborating partners, and acquisitions aimed at strengthening its competitiveness. In response, the Group will maintain a system to continuously ensure the implementation of group management policies that strengthen group governance and optimize the allocation of management resources, as well as to review such policies as necessary.

(v) Sustainability Initiatives

In order to solve social issues through our business, the Group believe that it is essential to continue to grow in response to the expectations of internal and external stakeholders and to create an environment conducive to such growth. To this end, the Group have examined various issues in the business environment from the perspective of our stakeholders and their importance to the Group's sustainable growth platform, and have identified issues of particular importance to both the Group and its stakeholders. The following five issues are defined as its materialities.

1. Diverse human resources
2. Business development in a wide range of industries
3. Securing and improving technological superiority
4. Secure services with strong security
5. Governance and Risk Management Structure

Through corporate activities based on these materialities, the Group is committed to promoting sustainability and enhancing sustainable corporate value.

(5) Principal Businesses of the Group

Business Segment	Business
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 Platform Business	Discovering industrial and social issues in various industries and realizing innovations through solving management issues of clients, mainly large corporations.
Other Service Business	Businesses such as providing human resources and/or AI products for sales issues of SaaS products and IT products of consolidated subsidiary STADIUM Co., Ltd.

(6) Principal offices of the Group, etc.

(1) the Company

Head office	Minato-ku, Tokyo
Hamamatsu Office	Chuo-ku, Hamamatsu City, Shizuoka
Osaka Office	Osaka Branch Office (Kita-ku, Osaka City, Osaka)
Fukuoka Office	Fukuoka Branch Office (Hakata-ku, Fukuoka City, Fukuoka)

(2) Subsidiaries

Xware Corporation	Head Office (Minato-ku, Tokyo), Shimane Branch Office (Matsue City, Shimane Prefecture)
Exa HomeCare Inc.	Head office (Minato-ku, Tokyo)
STADIUM Co., Ltd.	Head Office (Minato-ku, Tokyo), Osaka Branch Office (Chuo-ku, Osaka), Fukuoka Branch Office (Fukuoka City, Fukuoka)
Exa Enterprise AI, Inc.	Head office (Minato-ku, Tokyo)
ExaMD Inc.	Head office (Minato-ku, Tokyo)

(7) Employees

(i) Employees of the Group

Number of employees	Difference from the end of the previous fiscal year
587 (66)	+ 47 (-16)

Note: The number of employees is the number of full-time employees and the number of temporary employees (including part-time employees, however temporary employees are not included). The average number of employees per year is shown in ( ).

(ii) Employees of the Company

Number of employees	Difference from the end of the previous fiscal year	Average age	Average years of service
277 (47)	+2 (+11)	34.9 years	2.7 years

Note: The number of employees is the number of full-time employees and the number of temporary employees (including part-time employees, however temporary employees are not included). The average number of employees per year is shown in ( ).

(8) Principal Lenders

Borrower	Borrowing amount
Mizuho Bank, Ltd.	2,250 Millions of yen
Japan Finance Corporation	300 Millions of yen

(9) Other important matters concerning the current status of the Group

Not applicable.

II. Company's Current Status

(1) Status of Shares

(i) Total number of shares authorized to be issued 301,232,000 Shares

(ii) Total number of shares issued 85,804,200 Shares

(iii) Number of shareholders 27,784 Shareholders

(iv) Major shareholders (the top ten shareholders)

Name of shareholder	Number of shares held (Thousand shares)	Shareholding Ratio (%)
betaCatalyst Inc.	8,185	9.82
Yutaka Sakane	3,776	4.53
Toshikazu Furuya	3,403	4.08
RH Corporation	3,000	3.60
KH Corporation	3,000	3.60
Ko Ishiyama (Family name: Ko Narukama)	2,860	3.43
Custody Bank of Japan, Ltd. (trust account)	2,333	2.80
D4V Fund I Investment Limited Partnership	2,166	2.60
Makoto Haruta	1,572	1.89
ISGS Fund I Investment Limited Partnership	1,392	1.67

Note: Shareholding ratio is calculated excluding treasury stock (2,424 thousand shares). ESOP trust shares (645 thousand shares) are not included in treasury stock.

(v) Shares issued to corporate officers as compensation for the execution of their duties during the fiscal year under review

Not applicable.

(vi) Other important matters concerning shares

The total number of outstanding shares increased by 682,600 shares due to the exercise of stock acquisition rights during the current fiscal year.

(2) Company Officers

(i) Directors and Audit & Supervisory Board Members (as of March 31, 2025)

Position and responsibilities	Name	Significant concurrent positions
Representative Director and President	Makoto HARUTA	Representative Director, betaCatalyst Inc. Outside Director, TBS Holdings, Inc. Outside Director, Panasonic Corporation
Managing Director (Executive Officer, Business Management Officer)	Takuma OUE	Representative Director, Exa Enterprise AI, Inc.
Board of Director (Technical Director)	Yutaka SAKANE	-
Outside Director	Yasushi SHINGAI	Representative Director, Shingai Management Institute Co., Ltd., Representative Director, Igalphan Corporation Outside Director, the Dai-ichi Life Holdings Co. Outside Director, Nippon Telegraph and Telephone West Corporation
Outside Director	Toshihiko HIURA	-
Outside Director	Naoko MUNAKATA	Professor of the University of Tokyo Graduate School of Public Policy Outside Director and Audit and Supervisory Committee Member, Murata Manufacturing Co., Ltd.
Full-time Outside Audit & Supervisory Board Member	Shigeru TSUTU	-
Outside Audit & Supervisory Board Member	Masaru IIDA	Representative Attorney, IIDA BUSINESS LAW OFFICE Supervisory Officer, Ichigo Hotel REIT Investment Corporation
Outside Audit & Supervisory Board Member	Manabu SATO	Partner, PwC Advisory LLC

Notes:

1. Mr. Shingai, Mr. Hiura and Ms. Munakata are outside directors.
2. Mr. Tsuru, Mr. Iida and Mr. Sato are outside audit & supervisory board members.
3. Mr. Tsuru, Audit & Supervisory Board Member, has extensive experience in financial institutions and as a manager in various companies, and has a high degree of insight and considerable knowledge of internal controls, finance and accounting.
4. Mr. Iida, Audit & Supervisory Board Member, has extensive experience as an attorney-at-law and at a financial institution, and has considerable knowledge of corporate legal affairs and finance and accounting matters.
5. Mr. Sato, Audit & Supervisory Board Member, has extensive experience as a certified public accountant and at a financial institution, and has considerable knowledge of finance and accounting.
6. The Company has designated all of its outside directors and outside audit & supervisory board members as independent directors and audit & supervisory board members in accordance with the rules of the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange to that effect.
7. Mr. Haruta, Director, retired from the position of Outside Director of Panasonic Corporation effective March 31, 2025.
8. Mr. Shingai, Outside Director, retired from the position of Outside Director of Olympus Corporation on June 26, 2024.
9. Ms. Munakata's legal family name is Doi.

(ii) Outline of the contents of the liability limitation agreement

The Company has entered into liability limitation agreements with outside directors and outside audit & supervisory board members pursuant to Article 427, Paragraph 1 of the Companies Act. The liability limitation is limited to cases in which the director or auditor performed his/her duties in good faith and without gross negligence, and the maximum amount of liability for damages under the liability limitation agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(iii) Outline of the contents of the indemnity agreement, etc.

Not applicable.

(iv) Summary of contents of directors' and officers' liability insurance policy, etc.

a. Scope of Insured

The Company has concluded a directors' and officers' liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insured persons are directors, audit & supervisory board members, executive officers, key employees, outside dispatched officers and retired officers of the Company and its domestic subsidiaries.

b. Summary of Insurance Contracts

This insurance policy shall indemnify the insured against claims for damages and dispute expenses incurred by the insured as a result of acts (including omissions) committed by the insured in the course of his or her duties as a director or officer of the company described in (a) above. The Company bears all premiums for this insurance policy.

However, measures are taken to ensure that the appropriateness of the execution of duties by the insured officers and others is not compromised by excluding compensation for damages and dispute expenses incurred in the event of bribery or other criminal acts or intentional illegal acts from coverage.

(v) Compensation, etc. of Directors and Audit & Supervisory Board Members

a. Policy for Determination of Details of Compensation for Directors and Audit & Supervisory Board Members

At a meeting of the Board of Directors held on May 11, 2023, the Company revised the "Executive Compensation Policy," which serves as the decision-making policy regarding the content of individual compensation, etc., for directors.

A summary of such "Executive Compensation Policy" is as follows.

Basic Policy

The compensation of the Company's Directors consists of base compensation and performance-linked compensation. The compensation level and structure shall be fair, commensurate with each Director's duties and responsibilities, and competitive, based on the principle of motivating each Director to contribute to improving the Company's performance and corporate value over the medium to long-term. However, outside directors are not subject to performance-linked compensation.

The compensation of the Company's audit & supervisory board members shall be fairly commensurate with each member's duties and responsibilities, and shall be based on a competitive compensation level and structure, and shall consist solely of base compensation.

Basic Compensation

Monetary compensation is paid as a fixed monthly amount. The amount is determined on an annual basis based on a standard amount determined according to whether the officer holds a position or not and whether the officer is full-time or part-time, taking into consideration the role and responsibility of each officer, the company's performance, the employee salary structure, and the social and economic conditions at the time of payment.

Basic compensation for directors is limited to the total amount of compensation determined by the General Meeting of Shareholders, and the Representative Director and President is delegated to determine the amount of individual payment based on a resolution of the Board of Directors.

Basic compensation for audit & supervisory board members is limited to the total amount of compensation decided at the general meeting of shareholders and is determined through discussions among the audit & supervisory board members.

Performance-Linked Compensation

It consists of performance-linked cash compensation and performance-linked stock compensation designed to function as a sound incentive to improve corporate value and performance by strengthening the alignment with corporate value and performance and rewarding the achievement of objectives with high compensation.

Performance-linked monetary compensation is limited to the total amount of compensation determined by the General Meeting of Shareholders, and the amount to be paid is determined at a certain time each year based on the standard amount determined according to the existence of the position and the criteria established by the Board of Directors. The Board of Directors delegates the determination of individual payment amounts to the President and Representative Director.

Performance-linked stock compensation is limited to the total amount of compensation and the maximum number of shares to be granted as determined by the General Meeting of Shareholders, and is granted at the time of appointment (including the time of reappointment) in accordance with a resolution of the Board of Directors.

b. Total amount of compensation for the current fiscal year

Classification	Total amount of compensation (Millions of yen)	Total amount of compensation by type			Subjects. Number of directors
		Basic compensation (Millions of yen)	Performance-Linked Compensation		
			Monetary reward (Millions of yen)	Stock-based compensation (Millions of yen)	
Board of Directors (excluding outside directors)	73	58	-	15	3
Outside Director	25	25	-	-	3
Audit & Supervisory Board Members (Of which, outside audit & supervisory board members)	15 (15)	15 (15)	-	-	3 (3)
Total Amount (Of which, outside directors)	114 (40)	99 (40)	-	15	9 (6)

Notes:

1. The amount of basic compensation for Directors was resolved at the 2nd Annual Shareholders' Meeting held on June 29, 2017 to be no more than 100 million yen per year (not including employee salaries for Directors who concurrently serve as employees). The number of directors as of the close of said General Meeting of Shareholders was five.
2. The amount of monetary compensation among performance-linked compensation for directors (excluding outside directors) was resolved at the 8th Annual Shareholders' Meeting held on June 28, 2023 to be an annual amount not exceeding 1% of net income for the previous fiscal year. The reason why the amount of net income is used as an indicator for calculating the amount of compensation is that the amount of net income is positioned as the most important performance indicator. The number of directors (excluding outside directors) as of the conclusion of the said General Meeting of Shareholders is three.
3. Stock compensation among the performance-linked compensation for directors (excluding outside directors) was resolved at the 8th Annual Shareholders' Meeting held on June 28, 2023, with the following details. The number of directors (excluding outside directors) at the conclusion of said General Meeting of Shareholders was three.

   Details of stock-based compensation

   a. Property to be paid

   Stock acquisition rights for shares of common stock of the Company

   b. Total amount of compensation and maximum grant amount

   Up to 200 million yen per year and up to 6,000 stock acquisition rights

   c. Principal terms of exercise

   Stock acquisition rights may be exercised only when the closing price of the Company's common stock in ordinary transactions on the Tokyo Stock Exchange exceeds the target price (1,200 yen) at least once during the period from the allotment date of stock acquisition rights to the expiration date of the exercise period.

   d. Reason for selecting the performance indicator

   The Company has chosen the stock price of its common shares as the exercise condition for stock options because it is deemed to function as a sound incentive for directors (excluding outside directors) to enhance the Company's medium to long-term corporate value and performance, in line with the Company's aim to expand its performance and increase corporate value over the medium to long term.

   e. Performance against the indicator

   During the current fiscal year, the closing price of the Company's common shares in regular trading on the Tokyo Stock Exchange did not exceed the target stock price (1,200 yen).
4. The amount of basic compensation for audit & supervisory board members was resolved at the 2nd Annual Shareholders' Meeting held on June 29, 2017 to be no more than 20 million yen per year. The number of audit & supervisory board members as of the conclusion of the said General Meeting of Shareholders was three.
5. There was no compensation received by outside directors and outside audit & supervisory board members from subsidiaries of the Company during the fiscal year under review.
6. The Board of Directors has delegated the determination of the amount of base compensation for each Director to Mr. Makoto Haruta, President and Representative Director, in accordance with the policy described in (a) above. The reason for the delegation is that the Representative Director and President oversees the execution of the Company's overall operations, and the Board of Directors has determined that the Representative Director and President is the most appropriate person to determine the amount of individual compensation for each Director, taking into consideration the role and responsibilities of each Director and the Company's business performance.

7. The amount of performance-linked stock compensation is stated as the expense recorded for the current fiscal year.

c. Reasons why the Board of Directors has determined that the compensation, etc. of individual directors for the current fiscal year is in line with the policy described in (a) above.

The Representative Director and President, who oversees the execution of the Company's overall business operations, determines base compensation, and the Board of Directors determines performance-linked stock compensation, in accordance with the intent of the "Executive Compensation Policy," respectively, after considering the roles and responsibilities of Directors and the Company's performance from various perspectives, and by using established procedures and methods to determine the amount of compensation for each individual Director. The Board of Directors believes that such decisions are in line with the decision-making policy of the Board of Directors.

(vi) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

a. Significant concurrent positions and relationships with other entities

- Mr. Shingai, Director, is Representative Director, Shingai Management Institute Co., Ltd., Representative Director, Igalphan Corporation, an Outside Director of the Dai-ichi Life Holdings, Inc., an Outside Director of Nippon Telegraph and Telephone West Corporation, and an Outside Director of Olympus Corporation (retired on June 26, 2024). Although the Dai-ichi Life Holdings, Inc. and Nippon Telegraph and Telephone West Corporation have business relationships with the Company in relation to the provision of products in the AI product business and AI platform business, sales to each of them account for less than 1% of the Company's consolidated net sales for the fiscal year under review. There is no special relationship between Shingai Management Institute Co., Ltd., Igalphan Corporation, Olympus Corporation and the Company.
- Ms. Munakata, Director, is a Professor of the University of Tokyo Graduate School of Public Policy and Outside Director & Audit and Supervisory Committee Member of Murata Manufacturing Co., Ltd. There is no special relationship between the University of Tokyo Graduate School of Public Policy and the Company. Murata Manufacturing Co., Ltd. and the Company have a business relationship pertaining to the provision of products in the AI product business, but the sales of such products account for less than 1% of the Company's consolidated net sales for the current fiscal year.
- Mr. Iida, Audit & Supervisory Board Member, is a Representative Attorney of IIDA BUSINESS LAW OFFIC and Supervisory Officer of Ichigo Hotel REIT Investment Corporation. There is no special relationship between the entities where he holds concurrent positions and the Company.
- Mr. Sato, Audit & Supervisory Board Member, is a partner of PwC Advisory LLC. There is no special relationship between the entity where he holds concurrent positions and the Company.

b. Major activities during the current fiscal year

Position	Name	Board of Directors Attendance	Board of Audit & Supervisory Board Members Attendance	Main Activities, etc.
Director	Koji SHINGAI	100% 13 / 13	-	Drawing from extensive experience as an executive in global companies, as an outside director in multiple businesses, and as an outside director of a U.S. startup, he contributes to improving the effectiveness of the Company's Board of Directors. This is achieved through necessary supervision, monitoring, and advice on decision-making by the Board and management, primarily by providing opinions on the Company's management, medium to long-term growth strategies, and strengthening of internal control systems.
Director	Toshihiko HIURA	100% 13 / 13	-	Leveraging extensive experience and broad insights as an executive and management consultant in global companies, he contributes to improving the effectiveness of the Company's Board of Directors. This is achieved through necessary supervision, monitoring, and advice on decision-making by the Board and management, primarily by providing opinions on the Company's management, medium to long-term growth strategies, and strengthening of internal control systems. Additionally, he serves as a member of the evaluation committee for the market value issuance stock option trust, an incentive system similar to the stock option plan.
Directors	Naoko MUNAKATA	100% 13 / 13	-	She contributes to improving the effectiveness of the Company's Board of Directors through necessary supervision, monitoring, and advice on decision-making by the Board and management. Drawing from her extensive experience in administrative fields related to economics, trade, and intellectual property, as well as her broad insights as a public policy expert, she provides opinions in Board meetings primarily on the Company's management, medium to long-term growth strategies, intellectual property strategies, risk management, and strengthening of internal control systems.

Position	Name	Board of Directors Attendance	Board of Audit & Supervisory Board Members Attendance	Main Activities, etc.
Audit & Supervisory Board Member	Shigeru TSURU	100% 13 / 13	100% 13 / 13	Based on his extensive experience in major financial institutions and his experience and high-level insights as an executive in various companies, he contributes to ensuring the soundness and appropriateness of the Company's corporate management. This is achieved through supervision, monitoring, and auditing of the Company's decision-making and business execution. He provides opinions in Board of Directors and Board of Audit & Supervisory Board Members meetings, primarily from the perspective of improving and strengthening internal control systems and compliance.
Audit & Supervisory Board Member	Masaru IIDA	100% 13 / 13	100% 13 / 13	He contributes to ensuring the soundness and appropriateness of the Company’s corporate management through supervision, monitoring, and auditing of the Company’s decision-making and business execution. This contribution is based on his extensive experience in accounting and finance at major financial institutions, his experience as an outside auditor for multiple companies, and his broad insights as an attorney. He provides opinions in Board of Directors and Board of Audit & Supervisory Board Members meetings, primarily from the perspectives of improving and strengthening internal control systems, legality, and compliance.
Audit & Supervisory Board Member	Manabu SATO	100% 13 / 13	100% 13 / 13	He contributes to ensuring the soundness and appropriateness of the Company’s corporate management through supervision, monitoring, and auditing of the Company's decision-making and business execution. This contribution is based on his extensive experience in accounting and finance at major financial institutions and his broad insights as a qualified Certified Public Accountant. He provides opinions in Board of Directors and Board of Audit & Supervisory Board Members meetings, primarily from the perspectives of improving and strengthening internal control systems and financial accounting.

Note: The number of meetings of the Board of Directors by written resolutions is excluded.

(3) Status of Accounting Auditor

(i) Name Ernst & Young ShinNihon LLC

(ii) Amount of compensation, etc.

	Amount of compensation, etc.
Amount of compensation, etc. of accounting auditor for the current fiscal year	52 million of yen
Total amount of monetary and other financial benefits payable by the Company and its subsidiaries to the accounting auditor	52 million of yen

Notes:

1. Since the audit contract between the Company and the accounting auditor does not clearly distinguish between the amounts of audit fees, etc. for audits based on the Companies Act and those for audits based on the Financial Instruments and Exchange Act, and such distinction cannot be made in practice, the total amount of such fees, etc. for the accounting auditor for the current fiscal year is shown as the sum of such amounts.
2. The Board of Audit & Supervisory Board Members made a decision to agree on the amount of compensation, etc. of the accounting auditor after necessary verification of the appropriateness of the content of the audit plan of the accounting auditor, the performance of duties of the accounting audit, and the basis for calculation of the compensation estimate.

(iii) Details of non-audit services

The Company commissions the accounting auditor to provide training on accounting standards, which is a service other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

(iv) Policy on Dismissal or Non-reappointment of Accounting Auditor

The Board of Audit & Supervisory Board Members shall decide the content of the proposal for dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders if it determines that any of the following applies and is necessary, such as when there is a problem with the accounting auditor's performance of its duties.

1. When it is determined that any of the items in Article 340, Paragraph 1 of the Companies Act applies to the Company
2. When subjected to disciplinary action for violation of the Companies Act, the Certified Public Accountants Act, or other laws and regulations, or disciplinary action by supervisory authorities
3. When the accounting auditor's audit quality, quality control, independence, overall competence, etc. are deemed insufficient to perform the audit.

In addition, the Board of Audit & Supervisory Board Members will dismiss the Accounting Auditor with the unanimous consent of the audit & supervisory board members if the Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. In this case, the audit & supervisory board member selected by the Board of Audit & Supervisory Board Members will report the dismissal of the accounting auditor and the reasons for the dismissal at the first general meeting of shareholders convened after the dismissal.

(v) Outline of the contents of the liability limitation agreement

The Company has entered into an agreement with its accounting auditor, Ernst & Young ShinNihon LLC, to limit its liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the said agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the Company has performed its duties in good faith and without gross negligence.

(vi) Outline of the contents of the indemnity agreement, etc.

Not applicable.

Consolidated Balance Sheets

(As of March 31, 2025)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	5,229	**Current liabilities**	2,065
Cash and deposits	3,008	Current portion of long-term borrowing	600
Accounts receivable-trade and contract assets	1,870	Account payable-other	350
Other	349	Accrued expenses	432
Non-current assets	1,795	Income taxes payable	223
Property, plant and equipment	10	Contract liabilities	141
Building	6	Provision for bonuses	30
Tools, furniture and fixtures	4	Other	288
Intangible assets	1,406	**Non-current liabilities**	2,419
Goodwill	56	Long-term borrowing	1,950
Customer-related assets	1,030	Retirement benefit liability	93
Software	319	Asset retirement obligations	76
Other	0	Deferred tax liabilities	298
Investments and other assets	377	**Total liabilities**	4,484
Investments securities	40	(Net Assets)	
Other	336	**Shareholders' equity**	2,409
		Share capital	2,440
		Capital surplus	4,588
		Retained earnings	(3,437)
		Treasury stock	(1,182)
		Share acquisition rights	51
		Noncontrolling interest	78
		Total net assets	2,539
Total assets	7,024	**Total liabilities and net assets**	7,024

Note: Amounts are rounded down to the nearest million yen.

Consolidated Statements of Income

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Item	Amount	
Net sales		9,811
Cost of sales		4,143
Gross profit		5,667
Selling, general and administrative expenses		5,644
Operating profit		23
Non-operating income		
Interest and dividend income	2	
profit on currency exchange	3	
Subsidy income	2	
insurance surrender and refund	2	
Other	0	11
Non-operating expenses		
interest expense	28	
Commission Payments	4	32
Ordinary income		2
Extraordinary income		
Gain on sales of non-current assets	0	
Gain on sale of shares of subsidiaries and associates	70	71
Extraordinary losses		
Loss on retirement of non-current assets	3	
Impairment loss	2,434	
Loss on valuation of investment securities	140	2,579
Income (loss) before income taxes		2,505
Income taxes-current	172	
Income taxes-deferred	(127)	45
Net loss		2,550
Income (loss) attributable to non-controlling interests		25
Income (loss) attributable to owners of parent		2,576

Note: Amounts are rounded down to the nearest million yen.

Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	3,043	**Current liabilities**	1,467
Cash and deposits	1,006	Current portion of long-term borrowing	600
Accounts receivable-trade and contract assets	1,302	Account payable-other	2,341
Prepaid expenses	287	Accrued expenses	286
Accrued revenue	302	Income taxes payable	28
Allowance for doubtful accounts	-	Contract liabilities	81
Other	144	Deposit (received)	54
Non-current assets	3,846	Other	75
Property, plant and equipment	0	**Non-current liabilities**	2,006
Building	0	Long-term borrowing	1,950
Tools, furniture and fixtures	0	Asset retirement obligations	56
Intangible assets	54	**Total liabilities**	3,473
software	54	(Net Assets)	
Investments and other assets	3,792	**Shareholders' equity**	3,366
Investments in securities	40	**Share capital**	2,440
Shares of subsidiaries and affiliates	3,538	**Capital surplus**	4,588
Investments in affiliates	9	capital reserve	3,088
Deposits and guarantee	175	Other capital surplus	1,500
Deferred tax asset	27	**Retained earnings**	(2,480)
Other	0	Other retained earnings	(2,480)
		Retained earnings brought forward	(2,480)
		Treasury stock	(1,182)
		Share acquisition rights	51
		Total net assets	3,417
Total assets	**6,890**	**Total liabilities and net assets**	**6,890**

Note: Amounts are rounded down to the nearest million yen.

Statement of Income

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Item	Amount	
Net sales		5,089
Cost of sales		2,157
Gross profit		2,932
Selling, general and administrative expenses		3,600
Operating loss		668
Non-operating income		
Interest and dividend income	1	
Profit on currency exchange	3	
Subsidy income	0	
Outsourcing fee	323	
Other	0	328
Non-operating expenses		
Interest expense	28	
Fees and commissions	3	31
Ordinary loss		371
Extraordinary income		
Gain on sales of fixed assets	0	
Gain on sale of shares of subsidiaries and associates	83	84
Extraordinary loss		
Loss on disposal of fixed assets	3	
Impairment loss	1,086	
Loss on valuation of investment securities	140	1,231
Income (loss) before income taxes		1,518
Corporate, inhabitant and enterprise taxes	△126	
Income taxes-deferred	90	△36
Net loss		1,482

Note: Amounts are rounded down to the nearest million yen.

Note of the reports of auditors.

The “Audit Report on Consolidated Financial Statements” and “Audit Report on Non-Consolidated Financial Statements” by the Independent Auditor, and the “Audit Report by the Audit & Supervisory Board” by the Company’s Audit & Supervisory Board Members have not been translated into English. We apologize for the inconvenience, but please refer to the original Japanese version.

(END)

＜Contact to Investor Relations＞

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