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May 12, 2026

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

Company name: ExaWizards Inc.
Listing: Tokyo Stock Exchange
Securities code: 4259
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Scheduled date of annual general meeting of shareholders: June 25, 2026
Scheduled date to commence dividend payments: -
Scheduled date to file annual securities report: June 22, 2026
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 fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| March 31, 2026 | 11,996 | 22.3 | 1,594 | - | 1,566 | - | 1,533 | - |
| March 31, 2025 | 9,811 | 17.0 | 23 | - | 2 | - | (2,576) | - |

(Note) Comprehensive income For the fiscal year ended March 31, 2026: ¥ 1,564 million [ -%]
For the fiscal year ended March 31, 2025: ¥ (2,550) million [ -%]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|---|---|---|---|---|---|
| Fiscal year ended | Yen | Yen | % | % | % |
| March 31, 2026 | 18.13 | 17.75 | 44.1 | 19.0 | 13.3 |
| March 31, 2025 | (31.26) | - | (70.6) | 0.0 | 0.2 |

(Reference) Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2026: ¥ (2) million
For the fiscal year ended March 31, 2025: ¥ - million

(Note) Diluted earnings per share are not shown in the above, because earnings per share were negative although there are residual shares.

### (2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|---|---|---|---|---|
| As of | Million yen | Million yen | % | Yen |
| March 31, 2026 | 9,436 | 4,750 | 48.1 | 53.18 |
| March 31, 2025 | 7,024 | 2,539 | 34.3 | 29.13 |

Reference: Equity
As of March 31, 2026: ¥ 4,540 million
As of March 31, 2025: ¥ 2,409 million

### (3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| Fiscal year ended | Million yen | Million yen | Million yen | Million yen |
| March 31, 2026 | 1,725 | (1,040) | 285 | 3,979 |
| March 31, 2025 | 621 | (880) | (221) | 3,008 |

**2. Dividends**

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Fiscal year ended March 31, 2025 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Fiscal year ended March 31, 2026 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Fiscal year ending March 31, 2027 (Forecast) | - | 0.00 | - | 5.00 | 5.00 | | - | |

**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 |

*** Notes**

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

(2) 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

(3) Number of issued shares (common shares)

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

| | |
|---|---|
| As of March 31, 2026 | 87,156,500 shares |
| As of March 31, 2025 | 85,804,200 shares |

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

| | |
|---|---|
| As of March 31, 2026 | 1,774,813 shares |
| As of March 31, 2025 | 3,070,163 shares |

(iii) Average number of shares outstanding during the period

| | |
|---|---|
| Fiscal Year ended March 31, 2026 | 84,578,204 shares |
| Fiscal Year ended March 31, 2025 | 82,438,964 shares |

(Note) The number of treasury shares at the end of the period includes the shares of the Company held by the stock-granting ESOP trust (645,263 shares for the fiscal year ended March 31, 2025: 564,283 shares for the fiscal year ended March 31, 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. (616,052 shares for the fiscal year ended March 31, 2025: 601,284 shares for the fiscal year ended March 31, 2026)

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)**

**(1) Non-consolidated operating results** (Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| March 31, 2026 | 5,462 | 7.3 | (137) | - | 466 | - | 875 | - |
| March 31, 2025 | 5,089 | (0.7) | (668) | - | (371) | - | (1,482) | - |

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Fiscal year ended | Yen | Yen |
| March 31, 2026 | 10.35 | 10.14 |
| March 31, 2025 | (17.98) | - |

(Note) 1. The Company's shares remaining in the "Stock Delivery ESOP Trust Account," which are recorded as treasury shares under shareholders' equity, are included in the number of treasury shares deducted when calculating the average number of shares during the period for the purpose of calculating basic earnings per share. In calculating net loss per share, the average number of such treasury shares deducted during the period was 616,052 shares for the previous consolidated fiscal year and 601,284 shares for the current fiscal year.

2. Diluted earnings per share for fiscal year ended March 31, 2025, is not shown in the above, because earnings per share were negative although there are residual shares.

**(2) Non-consolidated financial position**

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|---|---|---|---|---|
| As of | Million yen | Million yen | % | Yen |
| March 31, 2026 | 8,447 | 4,939 | 57.3 | 56.68 |
| March 31, 2025 | 6,890 | 3,417 | 48.9 | 40.69 |

Reference: Equity

As of March 31, 2026: ¥ 4,839 million
As of March 31, 2025: ¥ 3,366 million

(Note) The Company's shares remaining in the "Stock Delivery ESOP Trust Account," which are recorded as treasury shares under shareholders' equity, are included in the number of treasury shares deducted from the total number of issued shares at the end of the period in calculating net assets per share. In calculating net assets per share, the number of such treasury shares deducted at the end of the period was 645,263 shares for the previous consolidated fiscal year and 564,283 shares for the current fiscal year.

* Financial results reports are exempt from audit 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 FY2026 (4) Overview of Consolidated Earnings Forecast" on page 5 of the attached document.

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

# 1. Overview of Operating Results for FY2026

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

## (1) Overview of Operating Results

*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 current period were 11,996 million yen (+22.3% 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 current fiscal year was 3,994 million yen (-3.6% YoY). This was due to the increase in system usage fees, which constitute cost of sales, while depreciation expenses decreased during the same period.
As a result, gross profit for the current fiscal year was 8,002 million yen (+41.2% YoY), with a gross profit margin of 66.7%.

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

Selling, general and administrative expenses for the consolidated fiscal year amounted to 6,408 million yen (+13.5% YoY). This was due to the increases in personnel expenses, advertising expenses, and system usage fees, all of which are classified as selling, general and administrative expenses.
As a result, the operating profit for the current fiscal year was 1,594 million yen (compared to operating profit of 23 million yen in the previous fiscal year).

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

Non-operating income for the consolidated fiscal year was 14 million yen (+32.4% YoY), while non-operating expenses were 42 million yen (+31.2% YoY).
As a result, the ordinary profit for the current fiscal year was 1,566 million yen (ordinary profit of two million yen in the previous year).

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

Income before income taxes for the current fiscal year was 1,546 million yen (compared to a loss before income taxes of 2,505 million yen in the previous fiscal year).
Extraordinary income of two million yen was recorded. Additionally, extraordinary loss of 22 million yen was recorded. This was due to the recognition of an impairment loss of 22 million yen, whereby the book value of an asset group with deteriorated profitability was reduced to its recoverable amount for software assets held by a consolidated subsidiary belonging to the AI Solution Services Business.
Through the application of tax effect accounting, additional deferred tax assets were recorded against future deductible temporary differences, resulting in a negative total of 464 million yen being recorded for income taxes. This was attributed to the assessment that the recoverability of deferred tax assets had increased due to the

prospect of securing future taxable income based on future performance outlook and other factors.
Net income attributable to shareholders of the parent company for the current fiscal year was 1,533 million yen (net loss attributable to shareholders of the parent company of 2,576 million yen in the previous fiscal year).

*Segment Results*

To evaluate the performance of reportable segments more appropriately, the Company has changed the classification method of reportable segments from the first quarter of the current fiscal year.
For details, please refer to "3. Consolidated financial statements and primary notes (5) Notes to the consolidated financial statements (Segment Information)," as described therein.

The Segment Information for the previous consolidated fiscal year has been prepared and presented based on the revised reportable segments classification.

AI Products Business

During the current fiscal year, in addition to expanding sales of existing products, amid the rapid expansion of the market accompanying full-scale AI investment by various companies, active efforts were undertaken in the development of Generative AI and AI agents.
The DX human resource development service for corporations and local governments, "exaBase DX Assessment & Learning," continued to demonstrate sustained growth, with the Number of companies that have adopted reaching 2,534 as of March 2026, while the Number of users achieved approximately 420,000 individuals. "exaBase Generative AI" performed favorably, with the number of companies that have adopted reaching 1,422 as of March 2026 and the number of users reaching approximately 120,000.
In response to such robust demand, personnel expenses associated with investments in the development and sales of new products and system usage fees related to product provision increased, while depreciation expenses recorded in the current fiscal year decreased due to the impairment loss of software assets and other items recorded in the previous consolidated fiscal year.
As a result, Net sales were 4,916 million yen (+60.9% compared to the previous period), gross profit was 4,068 million yen (+76.9% compared to the previous period), gross profit margin was 82.8% (+7.5pt compared to the previous period), and operating profit was 1,866 million yen (+147.9% compared to the previous period).

AI Solution Services Business

During the current fiscal year, demand for corporate AI and digital transformation support expanded significantly across all industries. Against this backdrop of strong demand, the Company continued working with many major companies to create innovation through AI projects. In addition, personnel expenses, outsourcing expenses, and other costs were reduced through higher sales productivity driven by stricter screening of AI development projects. Profitability also improved substantially, reflecting lower depreciation and amortization following the impairment loss recognized in the previous fiscal year. Even while prioritizing organizational transition measures such as project screening and personnel reallocation, the Company steadily captured growing AI demand. As a result, the effects of these measures became evident from the third quarter of the consolidated fiscal year onward, and sales continued on an upward trend.
As a result, Net sales reached 7,238 million yen (+2.7% YoY), gross profit totaled 4,099 million yen (+12.2% YoY), gross profit margin was recorded at 56.6% (+4.8pt YoY), and operating profit was achieved at 2,217 million yen (+58.7% YoY).

**(2) Overview of Financial Position**

Assets

Total assets at the end of the current fiscal year were 9,436 million yen, an increase of 2,411 million yen compared to the end of the previous consolidated fiscal year. This was due to an increase of 970 million yen in cash & deposits, 484 million yen in accounts receivable & contract assets, and 631 million yen in software.

Liabilities

Total liabilities at the end of the current fiscal year were 4,685 million yen, an increase of 200 million yen compared to the end of the previous consolidated fiscal year. This was due to increases of 425 million yen in accounts payable-other and 254 million yen in income taxes payable, while borrowings decreased by 315 million yen.

Net assets

Total net assets at the end of the current fiscal year were 4,750 million yen, an increase of 2,211 million yen compared to the end of the previous consolidated fiscal year. This was due to a decrease of 496 million yen in treasury stock resulting from the disposal of treasury stock through a third-party allotment to NTT Communications Corporation (currently NTT DOCOMO BUSINESS, Inc.), and the recording of profit attributable to owners of parent of 1,533 million yen for the current period.

**(3) Overview of Consolidated Earnings Forecast**

Cash and cash equivalents for the current fiscal year increased by 970 million yen compared to the end of the previous consolidated fiscal year, reaching 3,979 million yen. The status of each category of cash flows and the underlying factors are as follows.

Cash flow from operating activities

Cash flow from operating activities resulted in an inflow of 1,725 million yen (compared to an inflow of 621 million yen in the previous consolidated fiscal year). The primary factors contributing to the increase were income before income taxes of 1,546 million yen, an increase in accounts payable and accrued expenses of 358 million yen, and depreciation expenses of 468 million yen, while the principal factors contributing to the decrease were an increase in trade receivables of 484 million yen and payments of income taxes of 215 million yen.

Cash flow from investing activities

Cash flow from investing activities resulted in an expenditure of 1,040 million yen (compared to an expenditure of 880 million yen in the previous consolidated fiscal year). This was due to expenditures of 948 million yen for the purchase of intangible fixed assets, among other factors.

Cash flow from financing activities

Cash flow from financing activities resulted in an inflow of 285 million yen (compared to an outflow of 221 million yen in the previous consolidated fiscal year). This was due to increases including income from disposal of treasury stock of 496 million yen and income from long-term borrowings of 300 million yen, while there were expenditures including repayment of long-term borrowings of 615 million yen.

**(4) Overview of Consolidated Earnings Forecast**

The consolidated earnings forecast for the fiscal year ending March 31, 2027 is follows:

| | Net sales (Million yen) | Operating profit (Million yen) |
|---|---|---|
| Results for the fiscal year ending March 31, 2026 (A) | 11,996 | 1,594 |
| Forecast for the fiscal year ending March 2027 (B) | 15,600 | 2,300 |
| Change Amount (B-A) | 3,603 | 705 |
| Rate of change (%) | 30.0% | 44.3% |

Regarding future outlook, the recent evolution of Large-scale language models (LLMs) has accelerated development toward the utilization of Generative AI and AI agents in business operations, and AI demand is expected to continue increasing going forward. Furthermore, companies are experiencing heightened awareness of the effectiveness of Generative AI and AI agents, with investment appetite for operational efficiency improvements and competitive advantage enhancement also improving, resulting in a continued favorable business environment for our company.

In such a business environment, the “AI Guru-Guru (Spinning Wheel) Model,” which our company has continued since its founding to elevate individual customer challenges into universal challenges and create services that solve the challenges of a greater number of customers, has achieved further development. It has become possible to accelerate the creation of AI products that collaborate with AI agents, and our company is evolving into an entity that contributes to customers' true transformation as “a company that implements AI to realize corporate transformation.”

Moving forward, the Company shall establish the following four medium- to long-term strategic policies centered on “3P” and “Frontier,” which support the Company’s growth, with the objective of realizing a world in which enterprises will independently enhance their productivity as AI and Generative AI become routinely utilized and leveraged within their business operations.

i. People: Strengthening the Organization that Leads Transformation and Drives On-Site Implementation and Operations
- Provide hands-on support from technology implementation through operation, leveraging talent that strongly drives customers’ AX (AI Transformation), talent that supports on-site AI implementation, and talent that handles operations.

ii. Platform: Evolving the Foundation Supporting AI Adoption and Business Transformation, with Enhanced Security
- Deepen “exaBase” as the foundation for AI adoption and operation, data utilization, and business transformation.
- Link exaBase Generative AI with exaBase Studio to serve as the command center that drives and manages AI agents, while building robust security to safely leverage the latest LLMs and in-house developed AI agents.

iii. Product: Expanding AI Products that Solve Specific Issues and Transforming Them into Agents
- Strongly promote AI products, SaaS, and business support services that solve issues in specific industries and specific operations.
- Strengthening development to enable AI agent functionality across the Company’s various AI products, realizing a world where anyone can easily create and utilize AI agents.

iv. Frontier: Agile Business Development and Building Strategic Partnerships
- Expand speedily into new business areas through the agile establishment of business-specialized subsidiaries.
- Continue to actively pursue business alliances and JVs (joint ventures) with leading companies to further accelerate business growth.

## 2. Basic approach to the selection of accounting standards

The Group has decided to continue preparing its consolidated financial statements in accordance with Japanese GAAP for the time being, taking into consideration the comparability of financial statements between accounting periods and among companies.

Regarding future plans, the Company intends to consider the adoption of International Financial Reporting Standards (IFRS) based on factors such as trends in the ratio of foreign shareholders.

## 3. Consolidated financial statements and primary notes

### (1) Consolidated Statements of Financial Position

(Million yen)

| | As of March 31, 2025 | As of March 31, 2026 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,008 | 3,979 |
| Accounts receivable - trade and contract assets | 1,870 | 2,355 |
| Other | 349 | 477 |
| Total current assets | 5,229 | 6,812 |
| Fixed assets | | |
| Property, plant and equipment | 10 | 122 |
| Intangible fixed assets | | |
| Goodwill | 56 | 4 |
| Customer-related intangible assets | 1,030 | 939 |
| Software | 319 | 951 |
| Other | 0 | 0 |
| Total intangible assets | 1,406 | 1,895 |
| Investments and other assets | | |
| Investment securities | 40 | 40 |
| Deferred tax assets | - | 169 |
| Other | 336 | 396 |
| Total investments and other assets | 377 | 606 |
| Total fixed assets | 1,795 | 2,624 |
| Total assets | 7,024 | 9,436 |

(Million yen)

| | As of March 31, 2025 | As of March 31, 2026 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Current portion of long-term borrowings | 600 | 360 |
| Accounts payable - other | 350 | 775 |
| Accrued expenses | 432 | 451 |
| Income taxes payable | 223 | 477 |
| Contract liabilities | 141 | 182 |
| Provision for bonuses | 30 | 30 |
| Other | 288 | 328 |
| Total current liabilities | 2,065 | 2,606 |
| Non-current liabilities | | |
| Long-term borrowings | 1,950 | 1,875 |
| Retirement benefit liability | 93 | 110 |
| Asset retirement obligations | 76 | 94 |
| Deferred tax liabilities | 298 | - |
| Total non-current liabilities | 2,419 | 2,079 |
| Total liabilities | 4,484 | 4,702 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,440 | 2,491 |
| Capital surplus | 4,588 | 4,638 |
| Retained earnings | (3,437) | (1,904) |
| Treasury shares | (1,182) | (685) |
| Total shareholders' equity | 2,409 | 4,540 |
| Share acquisition rights | 51 | 99 |
| Non-controlling interests | 78 | 110 |
| Total net assets | 2,539 | 4,750 |
| Total liabilities and net assets | 7,024 | 9,436 |

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statements of Income)

(Million yen)

| | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Net sales | 9,811 | 11,996 |
| Cost of sales | 4,143 | 3,994 |
| Gross profit | 5,667 | 8,002 |
| Selling, general and administrative expenses | 5,644 | 6,408 |
| Operating profit | 23 | 1,594 |
| Non-operating income | | |
| Interest and dividend income | 2 | 8 |
| Foreign exchange gains | 3 | 2 |
| Subsidy income | 2 | - |
| Surrender value of insurance policies | 2 | 2 |
| Other | 0 | 1 |
| Total non-operating income | 11 | 14 |
| Non-operating expenses | | |
| Interest expenses | 28 | 25 |
| Commission expenses | 4 | - |
| Consumption tax difference | - | 8 |
| Share of loss of entities accounted for using equity method | - | 2 |
| Miscellaneous losses | - | 7 |
| Total non-operating expenses | 32 | 42 |
| Ordinary profit | 2 | 1,566 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 2 |
| Gain on sale of shares of subsidiaries and associates | 70 | - |
| Other | - | 0 |
| Total extraordinary income | 71 | 2 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 3 | 0 |
| Impairment losses | 2,434 | 22 |
| Loss on valuation of investment securities | 140 | - |
| Total extraordinary losses | 2,579 | 22 |
| Profit (loss) before income taxes | (2,505) | 1,546 |
| Income taxes - current | 172 | 446 |
| Income taxes - deferred | (127) | (464) |
| Total income taxes | 45 | (18) |
| Profit (loss) | (2,550) | 1,564 |
| Profit attributable to non-controlling interests | 25 | 31 |
| Profit (loss) attributable to owners of parent | (2,576) | 1,533 |

(Consolidated Statement of Comprehensive Income)

(Million yen)

| | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Profit (loss) | (2,550) | 1,564 |
| Comprehensive income | (2,550) | 1,564 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (2,576) | 1,533 |
| Comprehensive income attributable to non-controlling interests | 25 | 31 |

(3) Consolidated Statements of Changes in Equity

The previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Million yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,401 | 4,555 | (860) | (1,203) | 4,892 |
| Changes during period | | | | | |
| Issuance of new shares - exercise of share acquisition rights | 39 | 39 | | | 78 |
| Profit (loss) attributable to owners of parent | | | (2,576) | | (2,576) |
| Purchase of treasury shares | | | | | - |
| Disposal of treasury shares | | | | 15 | 15 |
| Disposal of treasury shares to ESOP | | (5) | | 88 | 83 |
| Treasury stock possession of ESOP | | | | (83) | (83) |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | 39 | 33 | (2,576) | 21 | (2,482) |
| Balance at end of period | 2,440 | 4,588 | (3,437) | (1,182) | 2,409 |

| | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|
| Balance at beginning of period | 38 | 52 | 4,983 |
| Changes during period | | | |
| Issuance of new shares - exercise of share acquisition rights | | | 78 |
| Profit (loss) attributable to owners of parent | | | (2,576) |
| Purchase of treasury shares | | | - |
| Disposal of treasury shares | | | 15 |
| Disposal of treasury shares to ESOP | | | 83 |
| Treasury stock possession of ESOP | | | (83) |
| Net changes in items other than shareholders' equity | 12 | 25 | 38 |
| Total changes during period | 12 | 25 | (2,443) |
| Balance at end of period | 51 | 78 | 2,539 |

The consolidated fiscal year (from April 1, 2025 to March 31, 2026)

(Million yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,440 | 4,588 | (3,437) | (1,182) | 2,409 |
| Changes during period | | | | | |
| Issuance of new shares - exercise of share acquisition rights | 50 | 50 | | | 101 |
| Profit (loss) attributable to owners of parent | | | 1,533 | | 1,533 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | (0) | | 496 | 496 |
| Disposal of treasury shares to ESOP | | | | | - |
| Treasury stock possession of ESOP | | | | | - |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | 50 | 50 | 1,533 | 496 | 2,130 |
| Balance at end of period | 2,491 | 4,638 | (1,904) | (685) | 4,540 |

| | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|
| Balance at beginning of period | 51 | 78 | 2,539 |
| Changes during period | | | |
| Issuance of new shares - exercise of share acquisition rights | | | 101 |
| Profit (loss) attributable to owners of parent | | | 1,533 |
| Purchase of treasury shares | | | (0) |
| Disposal of treasury shares | | | 496 |
| Disposal of treasury shares to ESOP | | | - |
| Treasury stock possession of ESOP | | | - |
| Net changes in items other than shareholders' equity | 48 | 31 | 80 |
| Total changes during period | 48 | 31 | 2,211 |
| Balance at end of period | 99 | 110 | 4,750 |

(4) Consolidated Statements of Cash Flows

(Million yen)

| | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | (2,505) | 1,546 |
| Depreciation | 585 | 324 |
| Amortization of goodwill | 147 | 51 |
| Amortization of customer relationship | 142 | 91 |
| Increase (decrease) in retirement benefit liability | 21 | 16 |
| Interest and dividend income | (2) | (8) |
| Subsidy income | (2) | - |
| Interest expenses | 28 | 25 |
| Loss (gain) on sale of non-current assets | (0) | (2) |
| Loss (gain) on sale of shares of subsidiaries and associates | (70) | - |
| Loss on retirement of non-current assets | 3 | 0 |
| Impairment losses | 2,434 | 22 |
| Loss (gain) on valuation of investment securities | 140 | - |
| Foreign exchange losses (gains) | - | (2) |
| Decrease (increase) in trade receivables | (46) | (484) |
| Share of loss (profit) of entities accounted for using equity method | - | 2 |
| Decrease (increase) in other current assets | (76) | (126) |
| Increase (decrease) in accounts payable - other, and accrued expenses | (325) | 358 |
| Increase (decrease) in income taxes payable - factor based tax | 20 | 16 |
| Increase (decrease) in contract liabilities | 10 | 41 |
| Increase (decrease) in other current liabilities | 121 | 27 |
| Other, net | 28 | 55 |
| Subtotal | 654 | 1,957 |
| Interest and dividends received | 2 | 8 |
| Interest paid | (27) | (24) |
| Subsidies received | 2 | 0 |
| Income taxes paid | (10) | (215) |
| Net cash provided by (used in) operating activities | 621 | 1,725 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (116) | (30) |
| Proceeds from sale of property, plant and equipment | 2 | 0 |
| Purchase of intangible assets | (869) | (948) |
| Purchase of shares of subsidiaries and associates | - | (16) |
| Proceeds from liquidation of subsidiaries and associates | 21 | - |
| Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation | 73 | - |
| Purchase of insurance funds | (6) | (5) |
| Proceeds from maturity of insurance funds | 3 | 3 |
| Payments of leasehold and guarantee deposits | (25) | (43) |
| Proceeds from refund of leasehold and guarantee deposits | 36 | 0 |
| Net cash provided by (used in) investing activities | (880) | (1,040) |

(Million yen)

| | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Cash flows from financing activities | | |
| Proceeds from long-term borrowings | - | 300 |
| Repayments of long-term borrowings | (300) | (615) |
| Proceeds from disposal of treasury shares | - | 496 |
| Purchase of treasury shares | - | (0) |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights | 78 | 100 |
| Proceeds from issuance of share acquisition rights | - | 3 |
| Net cash provided by (used in) financing activities | (221) | 285 |
| Net increase (decrease) in cash and cash equivalents | (480) | 970 |
| Cash and cash equivalents at beginning of period | 3,489 | 3,008 |
| Cash and cash equivalents at end of period | 3,008 | 3,979 |

**(5) Notes to the Consolidated Financial Statements**

*Notes on going concern assumption*

Not applicable.

*Additional Information*

(Stock-granting ESOP Trust)

The Company has introduced a Stock-granting ESOP Trust (hereinafter, the "Trust") as an incentive plan designed to foster a sense of belonging to the Company Group among employees of the Company and its subsidiaries (hereinafter, "Eligible Employees"), to instill management participation awareness in such employees, and to enhance the motivation and morale of Eligible Employees toward long-term performance improvement and stock price appreciation, thereby improving the corporate value of the Company.

(1) Overview of the Transaction

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.

(2) Treasury shares remaining in 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 247 million yen and 645,263 shares at the end of the previous fiscal year, and 216 million yen and 564,283 shares at the end of the current fiscal year.

(Issuance of new shares through third-party allotment in connection with capital and business alliance)

The Company resolved at the Board of Directors meeting held on March 31, 2026, to enter into the capital and business alliance agreement (hereinafter, the "Alliance Agreement") with Sumitomo Mitsui Financial Group, Inc. (hereinafter, "Sumitomo Mitsui Financial Group," but mentioning as a group, "SMBC Group" ) and to issue new shares through a third-party allotment (the "Third-Party Allotment").

1. Purpose and Aims of the Alliances

Since its founding, the Company and its consolidated subsidiaries have developed and provided AI and generative AI solutions and products that office workers at Japanese companies with high security requirements can use in their business operations, and has worked to promote the use and adoption of AI as a leading company in the domestic AI market. As of the end of December 2025, the Company had business relationships with approximately 2,000 corporate customers and had contributed to improving their operational efficiency and productivity. Among these initiatives, since its founding the Company has been involved in numerous projects to promote the use of AI in financial operations.

SMBC Group is actively promoting AI transformation across the entire group at a time when the financial services industry is undergoing major change due to generative AI and the increasing sophistication of related systems.

Since August 2025, the Company has been developing end-to-end AI agents for administrative operations and supporting human resource development using exaBase Role Playing, among other initiatives. Through these efforts, supported by AI agent applications, technology assets, and the know-how and relationship of trust the Company has steadily built, the Company has deepened its relationship as a partner in promoting AI transformation at SMBC Group. Against this backdrop, the two companies have agreed to enter into this capital and business alliance to accelerate the advancement and renewal of operations and business models at financial institutions and in adjacent areas through the use of AI.

Under the Alliance Agreement, the Company will position the realization of AI transformation at SMBC Group as its top priority and will support the advancement and streamlining of that group's business processes and business models, including those in its core business domains, through the use of AI. In the process, among the application and technology assets and operational know-how related to AI agents that will be accumulated by the two companies through the Alliance Agreement, the Company and SMBC Group intend, after consultation, to commercialize as products and solutions that are useful and broadly applicable to financial institutions and companies other than the Company and SMBC Group, thereby aiming to create new business opportunities and drive business growth for both companies.

The funds to be raised through this capital increase by way of third-party allotment (the "Proceeds") will mainly be allocated to personnel expenses related to the hiring and development of dedicated teams for SMBC Group, in order to build a structure that enables the Company to promote that group's AI transformation continuously and flexibly over multiple fiscal years. The Company also expects to use the remaining amount as funds for strategic investments, including future M&A and equity investments in companies with relevant technologies and talent, for the purpose of supplementing advanced technologies and specialized expertise that the Company alone cannot fully cover in the course of promoting the Alliance Agreement. In order to carry out these initiatives in a stable manner over the medium to long term, the Company has determined that, rather than limiting the relationship to a simple business alliance, it is effective to build a capital relationship that clarifies the medium- to long-term relationship between the two companies and aligns their incentives, and has therefore decided to also enter into a capital alliance through the Third-Party Allotment.

Through the Alliance Agreement, the Company will further strengthen its cooperative relationship and implementation framework with SMBC Group and, by accelerating the use of AI and the promotion of digital transformation (DX) in the financial sector and adjacent areas, will contribute to the development of the financial industry and to improving productivity across society as a whole. In addition, by expanding the Company's business base and revenue opportunities through the Alliance Agreement, the Company aims to enhance its corporate value and shareholder value over the medium to long term.

2. Schedule

(1) Date of Resolution of the Board of Directors: March 31, 2026

(2) Date of execution of this capital and business alliance agreement: March 31, 2026

(3) Payment date for this third-party allotment: April 16, 2026

3. Overview of New Share Issuance through Third-Party Allotment

| | |
|---|---|
| (1) Type and Number of Shares | 9,550,000 common shares of the Company |
| (2) Payment Amount | 565 yen per share |
| (3) Total amount of payment | 5,395,750,000 yen |
| (4) Amount of capital stock to be increased | 2,697,875,000 yen |
| (5) Amount of capital reserve to be increased | 2,697,875,000 yen |
| (6) Offering or Allocation Method | third-party allotment method |
| (7) Payment Due Date | April 16, 2026 |
| (8) Planned Allottees | Sumitomo Mitsui Financial Group, Inc. |
| (9) Other | Each of the above items is subject to the effectiveness of the notification under the Financial Instruments and Exchange Act. |

*Segment Information*

[Segment Information]

**I. Overview of Reportable Segments**

The reportable segments of our Group are those constituent units for which separated financial information is available and which are subject to regular review by the Board of Directors for the purpose of making decisions regarding the allocation of management resources and evaluating performance.

The Company's Group has established business divisions organized by service, with each business division formulating comprehensive strategies for the services they handle and deploying business activities accordingly. Therefore, the reportable segments within the Company's Group are constituted by service-based segments that are founded upon these business divisions.

In the "AI Products Business," AI software that can be immediately utilized in business operations with minimal additional adjustments is being provided to a broad range of customers, with the aim of resolving societal challenges being pursued.

In the AI Solution Services Business, innovative solutions are being pursued through the identification of various industrial and social challenges across different sectors, with a focus on large enterprises and the resolution of management issues faced by clients serving as the foundation for achieving such transformative outcomes.

**II. Method for calculating the amounts of net sales, profit or loss, assets, liabilities and other items for each of the reportable segments**

The accounting methods for the reported business segments are substantially the same as those described in the *Significant Accounting Policies for Preparation of Consolidated Financial Statements*. The profit and loss of reportable segments are figures based on operating profit.

**III. Information Regarding Changes to 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 third quarter of the current fiscal year, following a review of the Group's business development, management resource allocation and management structure.

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

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

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

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Million yen)

| | Reportable Segments Business | | | Adjustment[*1] | Consolidated financial statements recorded amount[*2] |
|---|---|---|---|---|---|
| | AI Products Business | AI Solution Services Business | Total | | |
| Net sales | | | | | |
| Revenue from contracts with customers | 3,020 | 6,790 | 9,811 | - | 9,811 |
| Net sales to external customers | 3,020 | 6,790 | 9,811 | - | 9,811 |
| Internal revenues or transfer | 34 | 254 | 289 | (289) | - |
| Total | 3,055 | 7,045 | 10,101 | (289) | 9,811 |
| Segment profit | 753 | 1,397 | 2,150 | (2,127) | 23 |
| Other items | | | | | |
| Depreciation expenses | 310 | 231 | 541 | 44 | 585 |
| Goodwill amortization | - | 147 | 147 | - | 147 |
| Customer-related intangible assets amortization | - | 142 | 142 | - | 142 |
| Impairment loss | - | 1,404 | 1,404 | 1,030 | 2,434 |

Notes:

1. The adjustment amount for segment profit represents expenses common to all segments.
2. Segment profit is consistent with the operating profit in the consolidated statement of income.
3. The adjustment amount of 44 million yen for depreciation expenses represents depreciation expenses related to corporate assets.
4. Assets are not disclosed as they are not allocated to business segments.

The consolidated fiscal year (from April 1, 2025 to March 31, 2026)

(Million yen)

| | reportable segments | | | Adjustments*1 | Consolidated financial statements recorded amount *2 |
|---|---|---|---|---|---|
| | AI Products Business | AI Solution Services Business | Total | | |
| Net sales | | | | | |
| Revenue from contracts with customers | 4,916 | 7,080 | 11,996 | - | 11,996 |
| Net sales to external customers | 4,916 | 7,080 | 11,996 | - | 11,996 |
| Internal net sales or transfers between segments | 0 | 157 | 158 | (158) | - |
| Total | 4,916 | 7,238 | 12,155 | (158) | 11,996 |
| Segment profit | 1,866 | 2,217 | 4,084 | (2,490) | 1,594 |
| Other items | | | | | |
| Depreciation expenses | 68 | 237 | 306 | 17 | 324 |
| Goodwill amortization | - | 51 | 51 | - | 51 |
| Customer-related intangible assets amortization | - | 91 | 91 | - | 91 |
| Impairment loss | - | 22 | 22 | - | 22 |

Notes:
1. The adjustment amount for segment profit represents expenses common to all segments.
2. Segment profit is consistent with the operating loss in the quarterly consolidated statement of income.
3. The adjustment amount of 17 million yen for depreciation expenses represents depreciation expenses related to corporate assets.
4. Assets are not disclosed as assets have not been allocated to business segments.

*Per share information*

| | Previous fiscal year (from April 1, 2024 to March 31, 2025) | Current fiscal year (from April 1, 2025 to March 31, 2026) |
|---|---|---|
| Net assets per share | 29.13 yen | 53.18 yen |
| Earnings per share or net loss per share | (31.26) yen | 18.13 yen |
| Diluted earnings per share | - | 17.75 yen |

Notes: 1. Diluted earnings per share for the fiscal year ending March 2025 is not shown above because earnings per share were negative although there are residual shares.

2. Basis for calculation of Net assets per share is as follows.

| (million yen) | Previous fiscal year (from April 1, 2024 to March 31, 2025) | Current fiscal year (from April 1, 2025 to March 31, 2026) |
|---|---|---|
| Net assets Total | 2,539 | 4,750 |
| Amount deducted from the Total of Net assets | 129 | 210 |
| (of which stock acquisition rights) | (51) | (99) |
| (including non-controlling interests) | (78) | (110) |
| Common shares net assets at fiscal year-end | 2,409 | 4,540 |
| Number of common shares at fiscal year-end used in calculating net assets per share (shares) | 82,734,037 | 85,381,687 |

3. Basis for calculation of net income (loss) per share is as follows.

| (million yen) | Previous fiscal year (from April 1, 2024 to March 31, 2025) | Current fiscal year (from April 1, 2025 to March 31, 2026) |
|---|---|---|
| Net income (loss) attributable to owners of the parent | (2,576) | 1,533 |
| Amounts not attributable to common shareholders | - | - |
| Net income (loss) attributable to owners of parent relating to common shares | (2,576) | 1,533 |
| Average number of common shares during the period (shares) | 82,438,964 | 84,578,204 |
| Overview of potential shares excluded from the calculation of diluted earnings per share due to their anti-dilutive effect | Types of stock acquisition rights 23<br>Number of stock acquisition rights 46,800 | Types of stock acquisition rights 23<br>Number of stock acquisition rights 29,022 |

4. The Company's shares remaining in the "Stock-granting ESOP Trust account" that are recorded as treasury stock in shareholders' equity are included in the number of treasury stock deducted from the total number of issued shares at the end of the period for the calculation of net assets per share, and are also included in the number of treasury stock deducted in the calculation of the average number of shares during the period for the calculation of net loss per share.

The number of such treasury stock at fiscal year-end that was deducted for the calculation of net assets per share was 645,263 shares in the previous consolidated fiscal year and 564,283 shares in the current fiscal year, and the average number of shares during the period of such treasury stock that was deducted for the calculation of net loss per share was 616,052 shares in the previous consolidated fiscal year and 601,284 shares in the current fiscal year.

*Significant Subsequent Events*

(Business succession through absorption-type split (Simplified absorption-type split))

The Company resolved at the Board of Directors meeting held on February 12, 2026 to transfer its HR Tech business to its wholly owned subsidiary, Exa Enterprise AI Inc. (hereinafter "Exa Enterprise AI"), as described below (hereinafter the "Company Split").

1. Purpose of the Company 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. Summary of the Company Split

(1) Schedule of the Company Split

| | |
|---|---|
| Date of the Board of Director meeting | : February 12, 2026 |
| Date of the Agreement | : February 12, 2026 |
| Effective Date | : 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 the Parties to the Company Split

| | 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<br>Makoto Haruta | Representative Director<br>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 8, 2016 | October 2, 2023 |
| 7. Issued Shares | 87,156,500 Shares (as of March 2026) | 100 Shares (as of March 2026) |
| 8. Fiscal Year-End | March 31 | March 31 |
| 9. Major Shareholders (as of March 2026) | betaCatalyst Inc. 9.53%<br>Yutaka Sakane 4.40%<br>The Master Trust Bank of Japan, Ltd. (trust account) 3.79%<br>Toshikazu Furuya 3.74%<br>RH Corporation 3.49%<br>KH Corporation 3.49%<br>Custody Bank of Japan, Ltd. (trust account) 3.43%<br>Ueda Yagi Tanshi Co., Ltd. 2.33%<br>Makoto Haruta 1.83%<br>D4V Fund I Investment Limited Partnership 1.74% | ExaWizards Inc. 100% |
| 10. Financial Position and Operating Results of the Three Recent Fiscal Year (million yen) | | |
| Fiscal Year | ExaWizards Inc. (Consolidated) | Exa Enterprise AI Inc. |
| Net Assets | 4,750 | 1,226 |
| Total Assets | 9,436 | 2,343 |
| Net Assets per Share | 53.18 yen | 12,266,477.49 yen |
| Net Sales | 11,996 | 3,171 |
| Operating Profit | 1,594 | 1,054 |
| Ordinary Profit | 1,566 | 1,061 |
| Profit (loss) Attributable to Owners of the Parent | 1,533 | 664 |
| 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 Business to be Split

(1) Description of the Business to be Split or Transfer

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 or Transfer

| | HR Tech business (a) | 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 or Transfer (as of March 31, 2026)

| Assets | | Liabilities | |
|---|---|---|---|
| Item | Book Value | Item | Book Value |
| Current assets | 176 million yen | Current liabilities | 68 million yen |
| Non-current assets | 132 million yen | Non-current liabilities | - |
| Total | 309 million yen | Total | 68 million yen |

5. Overview of Accounting Treatments to be Implemented

The transaction is expected to be accounted for as a transaction under common control, in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

.

(Establishment of Subsidiary)

The Company resolved at the Board of Directors meeting held on March 12, 2026, to establish Exa Frontier Edge Co., Ltd.

1. Reasons for Establishment of Subsidiary

In recent years, advances in generative AI and AI agents have begun to significantly change how software is developed and how business operations are improved. As AI automates and enhances many stages of the lifecycle, including design, development, testing, and operations, new services and emerging players that are built with AI from the outset have a rapidly growing potential to fundamentally replace traditional, labor-intensive IT services and transform the structure of the market.

To get ahead of this disruptive shift, it is not enough to simply “add” AI to existing organizations and development processes. An AI-native way of thinking is essential: building organizational design, development processes, and service models from scratch, in an environment free from legacy constraints, with AI as a core assumption.

To put this transformation into practice ahead of others, ExaWizards has established Exa Frontier Edge, a new company whose development and operations processes are designed from the ground up with AI agents as a core premise. Through this company, we intend to break away from the traditional systems integration (SI) model ourselves and aim to create the next-generation market for AI-native SI.

2. The Subsidiary Overview

| | |
|---|---|
| (1) Name | Exa Frontier Edge, Inc. |
| (2) Location | 4-2-8 Shibaura, Minato-ku, Tokyo |
| (3) Title and Name of Representative | Representative Director, Masafumi Fukuda |
| (4) Business Description | Design, development, and operation premised on the utilization of AI and underpinned by AI-driven development |
| (5) Capital stock | 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 : March 12, 2026
(2) Date of Establishment : April 1, 2026
(3) Scheduled Date of Business Commencement : June 1, 2026 (planned)

(Additional Acquisition of Subsidiary Shares)

The Company resolved at the meeting of the Board of Directors held on April 22, 2026, to conduct additional acquisition of shares (hereinafter, the "Additional Acquisition") of Exa HomeCare Inc. (hereinafter, "Exa HomeCare"), which is a consolidated subsidiary, and to make it a wholly owned subsidiary through this Additional Acquisition process.

1. Reason for this additional acquisition

The Additional Acquisition is intended to fully integrate Exa HomeCare, 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 HomeCare held by YAMASHITA, LTD. (hereinafter, "YAMASHITA") and make Exa HomeCare 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 for which shares are to be acquired (Exa HomeCare)

| | |
|---|---|
| (1) Name | Exa HomeCare Inc. |
| (2) Location | Shibaura 4-2-8, Minato-ku, Tokyo |
| (3) Title and Name of Representative | Representative Director Koji Hazama |
| (4) Business Description | Development and sales of nursing care and welfare equipment-related services using AI. |
| (5) Capital stock | 91 million yen |
| (6) Date of Establishment | May 2021 |
| (7) Number of Issued Shares | 200 shares |
| (8) Fiscal Year-End | March 31 |
| (9) Major Shareholders and Their Shareholding Ratios | ExaWizards Inc. 51%<br>YAMASHITA, LTD. 49% |
| (10) Results of operations and financial position for the most recent fiscal year (March 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 (loss) Attributable to Owners of the Parent | 65 million yen |
| Earnings per Share | 325,926.15 yen |

3. Overview of the Counterparty to the Share Acquisition

| | | |
|---|---|---|
| (1) Name | YAMASHITA, LTD. | |
| (2) Location | 737 Nakagawa, Shimada City, Shizuoka Prefecture | |
| (3) Title and Name of Representative | Representative Director, Kazuhiro Yamashita | |
| (4) Business Description | • Rental and sales of welfare equipment<br>• Home renovation<br>• In-home care support business<br>• Linen supply<br>• Bedding lease<br>• Contract service business | |
| (5) capital stock | 100 million yen | |
| (6) Date of incorporation | March 6, 1963 | |
| (7) Net assets | - | |
| (8) Total Assets | - | |
| (9) Major Shareholders and Shareholding Ratios | - | |
| (10) Relationship between the listed company and said company | Capital relationship | ExaWizards jointly established Exa HomeCare with the company. |
| | Personnel relationship | N/A |
| | Business relationship | Uses CareWiz toruto as a customer. |
| | Status as a related party | N/A |

※Items 7, 8, and 9 above have been withheld from disclosure at the request of the counterparties.

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

| | |
|---|---|
| (1) Number of shares held before the change | 102 shares<br>(number of voting rights: 102),<br>(voting rights ownership ratio: 51.0%) |
| (2) Number of shares acquired | 98 shares<br>(number of voting rights: 98) |
| (3) Acquisition cost | 160 million yen |
| (4) Number of shares held after the change | 200 shares<br>(number of voting rights: 200)<br>(voting rights ownership ratio: 100.0%) |

5. Schedule

(1) Date of the Board of Directors meeting : April 22, 2026
(2) Contract execution date : April 30, 2026
(3) Share transfer execution date : April 30, 2026

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

The Company, through the meeting of the Board of Directors held on May 12, 2026, has resolved to reorganize the portfolio of the "CareWiz" series for the nursing care business within the social domain of the AI Products Business developed by the Company Group (hereinafter, "Reorganization") and consolidate the business into ExaMD Inc. (hereinafter, "ExaMD"), which is a wholly owned subsidiary, with the objective 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 (scheduled) |

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 the allocation related to 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
Not applicable.

(3) Overview of the Companies Involved in This Merger

| | Surviving company | Dissolving Company |
|---|---|---|
| i. Name | ExaMD Inc. | Exa HomeCare Inc. |
| ii. Location | 4-2-8 Shibaura, Minato-ku, Tokyo | Shibaura 4-2-8, 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. capital stock | 150 million yen | 91 million |
| vi. Date of Establishment | February 2024 | May 2021 |
| vii. Number of Shares Issued | 600 shares | 200 shares |
| viii. Fiscal Year-End | March 31 | March 31 |
| ix. Major Shareholders and Shareholding Ratios | ExaWizards Inc. 100% | ExaWizards Inc. 100% |
| x. Results of operations and financial position for the most recent fiscal year (March 2026) | | |
| | ExaMD Inc. | Exa HomeCare Inc. |
| Net assets | 234 million yen | 225 million yen |
| Total Assets | 304 million yen | 277 million yen |
| Net assets per share (yen) | 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 |
| Net income | (123) million yen | 65 million yen |
| Earnings per share (yen) | (205,843.91) yen | 325,926.15 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. Absorption-Type Split between Parent and Subsidiary Company

(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

Date of the Board of Director meeting : May 12, 2026
Date of the Agreement : May 12, 2026
Effective Date of the Company Split : July 1, 2026 (planned)

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 Companies

| | Splitting Company | Succeeding company |
|---|---|---|
| i. Name | ExaWizards Inc. | ExaMD Inc. |
| ii. Location | 4-2-8 Shibaura, Minato-ku, Tokyo | 4-2-8 Shibaura, Minato-ku, Tokyo |
| iii. Title and Name of Representative | Representative Director, President and CEO Makoto Haruta | Representative Director Koji Hazama |
| iv. Business Description | Development of AI-enabled services for industrial innovation and social problems solutions t | Planning, development, sales, and alliance of products and services using multi-modal AI technology to solve social issues related to healthcare |
| v. capital stock | 2,491 million yen | 150 million yen |
| vi. Date of Incorporation | February 2016 | February 2024 |
| vii. Number of Shares Outstanding | 87,156,500 shares (as of March 31, 2026) | 600 shares |
| viii. Fiscal Year-End | March 31 | March 31 |
| ix. Major Shareholders and Shareholding Ratios (as of March 31, 2026) | betaCatalyst Inc. 9.53%<br>Yutaka Sakane 4.40%<br>The Master Trust Bank of Japan, Ltd. (trust account) 3.79%<br>Toshikazu Furuya 3.74%<br>RH Corporation 3.49%<br>KH Corporation 3.49%<br>Custody Bank of Japan, Ltd. (trust account) 3.43%<br>Ueda Yagi Tanshi Co., Ltd. 2.33%<br>Makoto Haruta 1.83%<br>D4V Fund I Investment Limited Partnership 1.74% | ExaWizards Inc. 100% |
| x. Results of operations and financial position for the immediately preceding fiscal year (fiscal year ending March 2026) | | |
| | ExaWizards Inc. (Consolidated) | ExaMD Inc. |
| Net assets | 4,750 million yen | 234 million yen |
| Total Assets | 9,436 million yen | 304 million yen |
| Net assets per share (yen) | 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 |
| Net income | 1,533 million yen | (123) million yen |
| Earnings per share (yen) | 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 income.

(4) Overview of the Business to be Split

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 ended March 31, 2026)

a. CareWiz takusuto

| | CareWiz takusuto (a) | Consolidated Results (b) | Ratio (a/b) |
|---|---|---|---|
| Net sales | 44 million yen | 11,996 million yen | 0.37% |

b. CareWiz BCP

| | CareWiz BCP | 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 Transfer (fiscal year ended March 31, 2026)

a. CareWiz takusuto

| Assets | | Liabilities | |
|---|---|---|---|
| Item | Book value | Item | Book value |
| Current assets | 12 million yen | Current liabilities | 9 million yen |
| Fixed assets | - | Fixed Liabilities | - |
| 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 | - | Fixed Liabilities | - |
| 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.