

February 13, 2024

ExaWizards Inc. (TSE 4259)
Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Unaudited)

Stock exchange listing: Tokyo Stock Exchange
 Code number: 4259
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Consolidated Operating Results

(Amounts are rounded down to the nearest million yen)

(In millions of yen, unless otherwise stated)	Three Months Ended December 31		% Change
	2022	2023	
Net Sales	4,008	5,722	42.8
Operating profit	(425)	(528)	-
Ordinary profit	(423)	(554)	-
Net profit attributable to owners of parent	(413)	(788)	-
Comprehensive income	(429)	(813)	-
Basic EPS (yen)	(5.07)	(9.71)	-
Diluted EPS (yen)	-	-	-

(Note) Diluted EPS is not stated because, although potential shares exist, basic loss per share was recorded.

Consolidated Financial Position

(In millions of yen, unless otherwise stated)	As of March 31, 2023	As of December 31, 2023
Total assets	7,939	9,613
Net assets	6,618	4,759
Equity ratio	82.4%	48.7%

Dividends

(In yen, unless otherwise stated)	FY2022	FY2023	FY2023 (Forecast)
At the end of Q1	-	-	-
At the end of Q2	0	0	0
At the end of Q3	-	-	-
At the end of Q4	0	-	0
Total	0	-	0

Consolidated Financial Results Forecasts for FY2023

(In millions of yen, unless otherwise stated)	FY2023 (Forecast)	year over year % change
Net Sales	8,500	52.0
Operating profit	(290)	-
EBITDA	600	-

(Note) Revisions to the Consolidated Financial Results Forecasts most recently announced: No

Changes in Significant Subsidiaries Resulting from Change in Scope of Consolidation: Yes

New: 1 company (Company name: STADIUM Co., Ltd.)

On June 30, 2023, the Company acquired 100% of the shares of Stadium Corporation, which were included in the scope of consolidation from the first quarter of the consolidated fiscal year under review. Ltd. was included in the scope of consolidation from the first quarter of the consolidated fiscal year under review. STADIUM Co., Ltd. is a specified subsidiary of the Company.

Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements: No
Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

Number of Issued Shares - Common Stock

	As of March 31, 2023	As of December 31, 2023
Number of issued shares including treasury stock	83,383,800	84,809,200
Number of treasury stock	100,300	3,111,700

	Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023
Average number of shares during the period	81,434,033	81,280,900

Supplementary Information

- Consolidated Financial Results are exempt from audit conducted by certified public accountants or audit firms.
- A full set of materials is posted on <https://exawizards.com/en/ir>
- Disclaimer
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1. Qualitative Information Regarding Results for the Period

(1) Explanation of Operating Results

Overall

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

AI Product 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 for sales issues of SaaS products and IT products of subsidiary Stadium.

Consolidated Results of Operations

Net Sales:

Net sales for the period totaled 5,722 million yen (+42.8% YoY). This was mainly due to the start of consolidation of the results of STADIUM, which became a subsidiary, from the second quarter of this consolidated fiscal year, and an increase in the number of installations of our services in the AI product business and AI platform business.

COGS, Gross Profit:

Cost of sales for the period totaled 2,615 million yen (+47.2% YoY). This was mainly due to an increase in personnel expenses and depreciation of software, which are included in cost of sales.

As a result, gross profit amounted to 3,106 million yen (up 39.2% YoY) and gross profit margin was 54.3%.

SG&A, Operating Profit:

Selling, general and administrative (SG&A) expenses were 3,635 million yen (+36.8% YoY) in the first half of the current fiscal year. This was mainly due to an increase in SG&A expenses such as personnel expenses, advertising expenses, and system utilization fees.

As a result, operating loss amounted to 528 million yen for the third half of the current fiscal year (compared with an operating loss of 425 million yen in the same period of the previous year).

Non-Operating Income and Loss, Ordinary Profit:

Non-operating income for the period totaled 3 million yen. Non-operating expenses totaled 29 million yen.

As a result, ordinary loss amounted to 554 million yen for the third half of the current fiscal year (ordinary loss of 423 million yen for the same period last year).

Extraordinary Income and Loss, Profit attributable to owners of Parent:

Income (loss) before income taxes and minority interests for the third half of the current fiscal year totaled 808 million yen (410 million yen loss before income taxes and minority interests for the same period last year).

An extraordinary loss of 203 million yen was recorded as a total of impairment loss as described below. In addition, 51 million yen was recorded as loss on liquidation of affiliated companies. The main reason for this was the liquidation of the Company's overseas research and development bases during the first quarter of the current fiscal year.

As a result, a net loss attributable to owners of the parent for the period was 788 million yen (compared to a net loss attributable to owners of the parent of 413 million yen in the same period of the previous year).

Impairment Loss

In the second quarter of the current fiscal year, the Company recorded an impairment loss of 164 million yen on software assets and tools, furniture and fixtures owned by a consolidated subsidiary in the AI product business.

In addition, the Company recorded an impairment loss of 38 million yen for certain software assets held by the Company, which have become idle assets.

Recording of income taxes-deferred

Income taxes-deferred amounted to (33) million yen in the third quarter of the current consolidated cumulative period due to the recording of 35 million yen as a decrease in deferred tax liabilities resulting from depreciation of customer-related assets and 9 million yen as a decrease in asset retirement obligations resulting from office relocation in the second quarter of the current consolidated cumulative period, respectively.

Results of Operations by Segment

AI Products:

During the period under review, in addition to expanding sales of existing products, the Group also worked to develop services, including the use of generative AI, based on the knowledge gained from the AI platform business.

In the DX AI product group, the number of companies using "exaBase DX Assessment & Learning," which is used to identify and train DX human resources for companies, continued to increase, reaching 1,391 companies (178,011 users) as of December 2023. The number of companies that had installed "exaBase Generation AI powered by GPT-4" was 315 (35,800 users) as of December 2023, and the number of users exceeded 40,000 in January 2024.

In the social AI product group, marketing activities for "CareWiz Toruto" got off to a good start and business negotiations were steadily won. In this context, both cost of sales and SG&A expenses increased due to an increase in personnel to meet these demands, which accompanied the expansion of the organization. In addition, in cost of sales, software depreciation and amortization expenses increased due to upfront investments related to product development, and in SG&A expenses, advertising and outsourcing expenses increased.

As a result, net sales were 955 million yen (+74.6% YoY), gross profit was 513 million yen (+167.8% YoY), gross profit margin was 53.7%, and operating loss was 258 million yen (228 million yen operating loss in the same period last year).

AI Platform:

During the period under review, the Company continued to work with a number of major companies to create innovations through AI projects. Strong corporate demand for AI and DX support was also a driver, resulting in increased sales for both new and long-term continuing clients (see note). On the other hand, subcontracting costs related to project operation increased.

As a result, net sales were 3,820 million yen (+10.4% YoY), gross profit was 2,145 million yen (+5.2% YoY), gross margin was 56.2%, operating income was 1,103 million yen (+13.4% YoY), and sales from long-term customers accounted for 68.3% of total sales.

(Note) Continuous net sales from the clients that ExaWizards maintains its contract for consecutive 4 quarters and more.

Other Services:

This segment consists of services and other activities that do not currently fall under the AI product and AI platform business models. This segment includes the operations and results of Stadium Corporation, which became a subsidiary during the first quarter of this fiscal year. During the period under review, the Company embarked on a structural reform initiative as part of PMI, and began reviewing its service portfolio in order to accelerate its existing Sales Tech services, which have a high affinity with the existing sales representative services.

As a result, net sales were 945 million yen, gross profit was 463 million yen, gross margin was 49.0%, and operating income was 28 million yen.

(2) Explanation of Financial Position

Assets

Total assets amounted to 9,613 million yen at the end of the third quarter, up 1,673 million yen from the end of the previous fiscal year. This was mainly due to 1,781 million yen increase in customer-related assets resulting from the allocation of acquisition costs associated with the acquisition of shares of STADIUM.

Liabilities

Total liabilities amounted to 4,854 million yen at the end of the third quarter, up 3,533 million yen from the end of the previous fiscal year. This was mainly due to a 2,325 million yen increase in long-term debt resulting from the acquisition of shares of STADIUM, and a 505 million yen increase in deferred tax liabilities resulting from a review of the initial allocation of acquisition costs.

Net assets

Total net assets at the end of the third quarter amounted to 4,759 million yen, down 1,859 million yen from the end of the previous fiscal year. This was mainly due to the acquisition of treasury stock amounting to 1,169 million yen and net loss attributable to owners of the parent amounting to 788 million yen.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statement

The earnings forecast for the fiscal year ending March 31, 2024 remains unchanged from the consolidated earnings forecast disclosed on August 14, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(In millions of yen)	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	5,231	3,614
Accounts receivable – trade and contract assets	1,032	1,421
Other	108	152
Total current assets	6,372	5,413
Non-current assets		
Property, plant and equipment	165	207
Intangible assets		
Goodwill	160	931
Customer-related assets	-	1,781
Software	954	1,027
Other	0	0
Total intangible assets	1,114	3,740
Investments and other assets		
Investment securities	-	181
Other	287	294
Total investments and other assets	287	476
Total non-current assets	1,567	4,424
Total assets	7,939	9,613

(In millions of yen)	As of March 31, 2023	As of December 31, 2023
Liabilities and net assets		
Liabilities		
Current liabilities		
Current portion of long-term borrowings	10	300
Accounts payable - other	225	448
Accrued expenses	304	429
Income tax payables	48	33
Contract liabilities	110	255
Provision for bonuses	15	21
Other	200	155
Total current liabilities	914	1,643
Non-current liabilities		
Long-term borrowings	300	2,625
Retirement benefit liability	66	60
Asset retirement obligations	39	20
Deferred tax liabilities	-	505
Total non-current liabilities	406	3,210
Total liabilities	1,321	4,854
Net assets		
Shareholders' equity		
Share capital	2,337	2,385
Capital surplus	4,487	4,539
Retained earnings	(249)	(1,038)
Treasury stock	(34)	(1,203)
Total shareholders' equity	6,540	4,682
Share acquisition rights	3	26
Non-controlling interests	75	50
Total net assets	6,618	4,759
Total liabilities and net assets	7,939	9,613

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

(In millions of yen)	Nine Months Ended December 31	
	2022	2023
Net sales	4,008	5,722
Cost of sales	1,776	2,615
Gross profit	2,231	3,106
Selling, general and administrative expenses	2,656	3,635
Operating profit (loss)	(425)	(528)
Non-operating income		
Interest and dividend income	0	0
Subsidy income	1	0
Other	1	2
Total non-operating income	2	3
Non-operating expenses		
Interest expenses	1	20
Foreign exchange losses	0	0
Commission expenses	-	8
Other	0	-
Total non-operating expenses	1	29
Ordinary profit (loss)	(423)	(554)
Extraordinary income		
Gain on sales of fixed assets	-	0
Gain on sale of businesses	13	-
Other	-	0
Total extraordinary income	13	0
Extraordinary losses		
Loss on disposal of fixed assets	-	0
Impairment loss	-	203
Loss on liquidation of subsidiaries and associates	-	51
Total extraordinary losses	-	255
Profit (loss) before income taxes	(410)	(808)
Income taxes – current	21	37
Income taxes – deferred	(2)	(33)
Total income taxes	19	4
Profit (loss)	(429)	(813)
Profit (loss) attributable to non-controlling interests	(16)	(24)
Profit (loss) attributable to owners of parent	(413)	(788)

Consolidated Statements of Comprehensive Income

(In millions of yen)	Nine Months Ended December 31	
	2022	2023
Profit (loss)	(429)	(813)
Comprehensive income	(429)	(813)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(413)	(788)
Comprehensive income attributable to non-controlling interests	(16)	(24)

(3) Notes to the consolidated financial statements

Going Concern Assumption

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

I. Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)

Dividends paid The repurchase of treasury stock based on this resolution was completed on August 17, 2023.

Not applicable

Dividends whose record date belongs to the current consolidated cumulative third quarter but whose effective date is after the end of the current consolidated cumulative third quarter

Not applicable.

Significant Changes in Shareholders' Equity

At the ordinary general meeting of shareholders held on June 28, 2022, the Company resolved to reduce the amount of legal capital surplus and appropriation of surplus, which became effective on July 8, 2022. As a result, capital reserve decreased by 1,735 million yen during the period under review, and the entire amount of the decrease was transferred to other capital surplus. In addition, the Company compensated for the deficit by transferring 635 million yen from other capital surplus to retained earnings brought forward, subject to the condition that the reduction in the amount of additional paid-in capital becomes effective.

In addition, capital stock and capital reserve increased by 50 million yen and 50 million yen, respectively, due to the issuance of new shares upon exercise of stock options.

As a result, capital stock, capital surplus, and retained earnings at the end of the third quarter were 2,325 million yen, 4,474 million yen, and -521 million yen, respectively.

II. Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

Dividends paid

Not applicable.

Dividends with a record date in the current consolidated cumulative third quarter but an effective date after the end of the current consolidated cumulative third quarter

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Repurchase of treasury stock

The Company repurchased 3,011,400 shares of treasury stock during the first half of the current fiscal year in accordance with the resolution of the Board of Directors meeting held on March 22, 2023. As a result, treasury stock increased by 1,165 million yen during the first half of the current fiscal year.

The repurchase of treasury stock based on this resolution was completed on August 17, 2023.

Disposal of treasury stock through third-party allotment

The Company disposed of 456,800 shares of treasury stock through a third-party allotment in accordance with the introduction of the "Stock Grant ESOP Trust" resolved at the Board of Directors meeting held on August 21, 2023. The Company shares remaining in the trust are recorded as treasury stock.

As a result, capital surplus and treasury stock increased by 3 million yen each during the period.

Exercise of Stock Options

Capital stock and capital reserve increased by 48 million yen and 48 million yen, respectively, as a result of the issuance of new shares upon exercise of stock options.

As a result, capital stock, capital surplus, and treasury stock amounted to 2,385 million yen, 4,539 million yen, and 1,203 million yen, respectively, at the end of the third quarter of the current fiscal year.

Segment Information
Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)
1. Information on the amount of sales and profit (loss) for each reportable segment

(In millions of yen)	Reporting Segment			Adjustment (Note 1)	Amounts in the consolidated financial statements (Note 2)
	AI Products	AI Platform	Total		
Net sales					
Revenue from contracts with customers	547	3,460	4,008	-	4,008
Net sales to external customers	547	3,460	4,008	-	4,008
Intersegment revenue or transfers	-	-	-	-	-
Total	547	3,460	4,008	-	4,008
Segment profit (loss)	(228)	973	744	(1,170)	(425)

(Note) 1. Adjustment of segment income (loss) refers to expenses common to all segments.

2. Total segment profit (loss) agrees with operating profit (loss) of consolidated statements of income.

2. Information on impairment losses on fixed assets or goodwill for each reportable segment
Significant Impairment Loss on Fixed Assets

Not applicable.

Significant changes in the amount of goodwill

Not applicable.

Significant gain on negative goodwill

Not applicable.

I. Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
1. Information on the amount of sales and profit (loss) for each reportable segment

(In millions of yen)	Reporting Segment				Adjustment (Note 1)	Amounts in the consolidated financial statements (Note 2)
	AI Products	AI Platform	Other Services	Total		
Net sales						
Revenue from contracts with customers	955	3,820	945	5,722	-	5,722
Net sales to external customers	955	3,820	945	5,722	-	5,722
Intersegment revenue or Transfers	-	-	-	-	-	-
Total	955	3,820	945	5,722	-	5,722
Segment profit (loss)	(258)	1,103	28	873	(1,402)	(528)

(Note) 1. Adjustment of segment income (loss) refers to expenses common to all segments.

2. Total segment profit (loss) agrees with operating profit (loss) of consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

Change in classification of segment common expenses

Indirect expenses previously included in reporting segments are now included in adjustment. The segment information for the first quarter of the previous fiscal year has been prepared in accordance with the new segmentation method.

With the acquisition of STADIUM as a subsidiary, the "Other Services" segment has been designated as a new reportable segment. This segment includes the business of providing resources from the formulation of strategic tactics in sales issues for SaaS products and IT products, etc., which are operated by STADIUM.

This change in reporting segment has no impact on the segment information for the previous fiscal year.

3. Information on impairment losses on fixed assets or goodwill for each reportable segment

Significant Impairment Loss on Fixed Assets

The amount of impairment loss on fixed assets by segment was 164 million yen in the "AI product business" segment and 38 million yen in the "AI platform business" segment.

Significant changes in the amount of goodwill

In the "Other Services" segment, regarding the acquisition and inclusion in the scope of consolidation of STADIUM in the first quarter of the current fiscal year, the amount of goodwill of 2,284 million yen was recorded as a tentatively calculated amount because the allocation of the acquisition cost had not been completed; however, the amount of goodwill was revised to 857 million yen because the allocation of the acquisition cost was completed in the second quarter of the current fiscal year and the tentative accounting treatment was finalized.

Significant gain on negative goodwill

Not applicable.

Summary of Accounting Procedures Implemented

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), the transaction was treated as a transaction under common control.

Business Combinations

Transaction under common control

Based on the resolution of the Board of Directors' meeting held on August 14, 2023, the Company conducted a corporate separation by means of an incorporation-type company split and established Exa Enterprise AI Inc. on October 2, 2023.

1. Outline of the Transaction

(1) Description of the business

Planning, development, and sales of products, services, etc. utilizing technologies such as generative AI, etc.

(2) Date of business combination

October 2, 2023

(3) Legal form of business combination

Incorporation-type company split (simplified incorporation-type company split), with the Company as the splitting company and Exa Enterprise AI Inc. as the successor company.

(4) Name of company after combination

Exa Enterprise AI Inc.

(5) Other Matters Concerning Outline of the Transaction

We aim to solve social issues by providing services and products that improve the productivity of all Japanese companies through the use of AI. In particular, in our AI product business, we hope to create services that solve general-purpose problems and that can be used by many customers and users, resulting in a system that enables cost-efficient operations, thereby helping to solve social issues. Recently, driven by the spread and penetration of LLM (Large-scale Language Model), we have announced several services that utilize this model, and we are also working to create new services in the same way in the future.

From the perspective of promoting the strengthening of product and service development, the newly established company will establish an organizational structure and culture more focused on the development of new products and services, and achieve business promotion that emphasizes a sense of speed, in sync with the market expansion of products using generative AI that is starting to emerge.

Significant subsequent events

Business succession through absorption-type demerger (simplified absorption-type demerger)

At a meeting of the Board of Directors held on February 13, 2024, the Company resolved to transfer the rights and obligations of the Company's business related to multimodal AI products and services in the health and medical fields to a newly established company, ExaMD Corporation, a wholly owned subsidiary of the Company, effective April 1, 2024 (scheduled).

Since this company split is a simplified absorption-type company split between the Company and its wholly owned subsidiary, some disclosure items and details are omitted from this report.

1. Purpose of Establishing a Subsidiary

After the Company Split takes effect, the Company, through ExaMD, will develop a product lineup related to health and medical themes utilizing its proprietary multimodal AI technology. In addition to the medical field, we will also develop businesses in various sectors in which we excel, and will more strongly promote business development to solve social issues related to health and medical care in an aging society with a declining birthrate. To date, we have nurtured diverse business assets and seeds in the health and medical fields, including dementia, frailty and locomotive syndrome domains, through the development of proprietary multimodal AI technologies, strategic acquisition of intellectual property, joint research and clinical research with academia for the development of programmed medical devices (SaMD), and joint planning and development projects with several major pharmaceutical companies. As medium- to long-term trends in the healthcare field include increasing social security costs, diversifying health and medical needs, and widening regional disparities in medical services, it is expected that digital technologies and services utilizing AI will be implemented in society to fundamentally solve these social issues, not only in the healthcare field but also across industry boundaries. In order to respond to these social demands, the Company and ExaMD will create unique product and service groups and promote cross-industry social implementation. At the same time, we will further strengthen compliance with related laws and regulations, quality control, data management, etc., and engage in businesses related to health and medical themes in order to solve social issues that we aim to address.

2. Summary of the Company Split

(1) Schedule of the Company Split

Date of resolution by the Board of Directors: February 13, 2024

Date of conclusion of absorption-type demerger agreement: February 13, 2024

Effective date: April 1, 2024 (scheduled)

(2) Method of the Company Split

A simplified absorption-type demerger in which the Company will be the demerged company and ExaMD will be the successor company.

(3) Details of the Allotment in Relation to the Company Split

ExaMD will issue 100 shares of common stock upon the spin-off and will allot and deliver all of these shares to the Company.

(4)

Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in Connection with the Company Split

There will be no change in the stock acquisition rights issued by the Company as a result of the Company Split.

(5) Capital Changes as a Result of the Company Split

There will be no change in the Company's capital as a result of this Company Split.

(6) Rights and Obligations to be Transferred to the Succeeding Company

ExaMD will transfer the assets, liabilities, and contractual relationships (excluding employment contracts) related to the business of multimodal AI products and services in the health and medical fields, as well as the rights and obligations thereunder, to the extent provided in the absorption-type demerger agreement.

(7) Prospect of fulfillment of obligations

The Company believes that there is no concern about the prospects of ExaMD's performance of its obligations to be assumed by ExaMD after the Company Split.

3. Outline of the Parties to the Company Split

	Absorption-Type Split Company(the Company) (As of December 31, 2023)	Successor Company in Absorption-Type Split (February 1, 2024)	
(1) Name	ExaWizards Inc.	ExaMD Inc.	
(2) Location	1-9-2 Higashi-Shimbashi, Minato-ku, Tokyo	4-2-8 Shibaura, Minato-ku, Tokyo (*)	
(3) Title and name of representative	Makoto Haruta, Representative Director	Yasushi Hama, Representative Director	
(4) Business	Develop AI service solutions for industrial innovation and social issue solutions	Planning, development, sales, and alliance of products and services using multimodal AI technology to solve social issues related to health and medical themes	
(5) Capital	2,385 million yen	50 million yen	
(6) Date of Establishment	February 8, 2016	February 1, 2024	
(7) Outstanding shares	84,809,200 shares	100 shares	
(8) Fiscal Year Ended	March 31	March 31	
(9) Major shareholders and shareholding ratios	beta Catalyst Corporation 10.07% Makoto Haruta 9.11% GIC PRIVATE LIMITED-C 4.70% Yutaka Sakane 4.64% MLI FOR CLIENT GENERAL OMNINON COLLATERAL NON TREATY-PB 4.28% Toshikazu Furuya 4.25% Kou Ishiyama (Family name: Kou Narukama) 3.71% ISGS No.1 Investment Limited Liability Partnership 2.82% D4V1 Investment Business Limited Liability Partnership 2.66% Sumitomo Life Insurance Company 1.99%	ExaWizards Inc. 100%	
(10) Operating Results and Financial Condition for the Most Recent Three Years (In millions of yen)			
ExaWizards Corporation (Consolidated)			
Fiscal Year Ended	Year ending March 31, 2021	Year ending March 31, 2022	Year ending March 31, 2023
Net assets	2,383	6,633	6,618
Total assets	3,686	7,865	7,939
Net assets per share	31.64 yen	82.44 yen	78.53 yen
Sales	2,612	4,810	5,591
Operating income	(508)	(201)	(378)
Ordinary income	(451)	(97)	(375)
Net income attributable to owners of the parent	(592)	(137)	(141)
Net income per share	(8.04) yen	(1.79) yen	(1.72) yen

*The Company will relocate from 1-9-2 Higashi-Shimbashi, Minato-ku, Tokyo to 4-2-8 Shibaura, Minato-ku, Tokyo, effective March 18, 2024. The new company will be located at the same address as the relocation site.

4. Outline of the Business Division to be Split

(1) Description of the Business of the Divisions to be Split

Business related to multimodal AI products and services in the health and medical fields.

(2) Operating Results of Divisions to be Split

Disclosure of this business is omitted because both sales and operating income/loss are small as of the date of resolution.

(3) Items and amounts of assets and liabilities to be split (As of December 31, 2023)

(In millions of yen)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current assets	45	Current liabilities	-
Fixed assets	36	Fixed liabilities	-
Total	81	Total	-

5. Outline of accounting procedures to be implemented

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), the transaction will be accounted for as a transaction under common control.