

### **Notice of Business Succession via a Simplified Absorption-Type Demerger**

We hereby announce that our Board of Directors resolved at a meeting held February 13, 2024 to enter into an absorption-type company split agreement (the "Company Split"), under which our business related to multimodal AI products and services in the health and medical fields will be transferred to our consolidated subsidiary, ExaMD Corporation, which was established on February 1, 2024, (hereinafter "ExaMD"). The Company made this announcement in the "Notice of Establishment of Subsidiary for the Purpose of Taking Over Business by Absorption-Type Demerger," dated January 23, 2024.

Since the Company Split is a simplified absorption-type company split between the Company and its wholly-owned subsidiary, certain disclosure items and details have been omitted from this announcement.

#### 1. Purpose of the Company Split

The Company plans to grant the rights and obligations of the Company's business as they relate to multi-modal AI healthcare products and services by means of an absorption-type company split effective April 1, 2024 (scheduled) (the "Company Split").

After the Company Split takes effect, the newly-established company will develop healthcare products with its proprietary multi-modal AI technology. The Company will also develop businesses in other sectors, and will promote business development to solve healthcare-related social issues in an aging society with a declining birthrate.

We have nurtured diverse business assets and seeds in the healthcare field (dementia, frailty, locomotive syndrome, etc.) by developing proprietary multi-modal AI technologies, strategically acquiring intellectual property, joint research, clinical research with academia to develop programmed medical devices (SaMD), and joint planning and development with major pharmaceutical companies.

Medium- and long-term trends in the healthcare field include increasing social security costs, diversifying health and medical needs, and widening regional disparities in medical services. The social implementation of AI digital technologies and services will solve these social issues across industry boundaries. We will create unique product and service groups for cross-industry social implementation while strengthening quality control, data management, and compliance with related laws and regulations. Our goal is to solve social issues with our healthcare businesses.

## 2. Summary of the Company Split

### (1) Schedule of the Company Split

Date of Board of Directors' resolution	February 13, 2024
Date of Conclusion of Absorption-Type Company Split 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 Fulfilling 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) (December 31, 2023)	Successor Company in Absorption-Type Split (February 1, 2024)
(1) Name	ExaWizards Inc.	ExaMD Inc.
(2) Address of Head Office	Higashi Shimbashi 1-9-2, Minato-ku, Tokyo	Shibaura 4-2-8, Minato-ku, Tokyo (※)
(3) Representative	Makoto Haruta President and Representative Director	Koji Hazama Representative Director
(4) Business	Develop AI service solutions for industrial innovation and social issue	Planning, development, sales, and alliance of products and services using

		solutions		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 2016		February 1, 2024
(7)	Number of shares outstanding	84,809,200 shares		100 Shares
(8)	Fiscal Year End	March 31		March 31
(9)	Major Shareholders and Shareholding Ratio	betaCatalyst Inc. 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% Ko Ishiyama (Ko Narukama) 3.71% ISGS No.1 Investment Limited Partnership 2.82% D4V No.1 Investment Limited Partnership 2.66% Sumitomo Life Insurance Company 1.99%		ExaWizards Inc. 100%
(10) Operating results and financial conditions for the most recent three years (in millions of yen, Except as otherwise noted.)				
ExaWizards Inc. (Consolidated)				
Fiscal Year End		Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Net Assets		2,383	6,633	6,618
Total Assets		3,686	7,865	7,939
Net Assets Per Share		31.46 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)
EPS		(8.04)yen	(1.79)yen	(1.72)yen

\*The Company will relocate from 9-2, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo to 2-8, Shibaura 4-chome, Minato-ku, Tokyo, effective March 18, 2024. The location of the successor company in the absorption-type demerger will be the same as the Company's new location.

#### 4. Outline of the Business Unit 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)

Assets		Liabilities	
Items	Book value	Items	Book value
Current Assets	45 million yen	Items	-
Non-current Assets	36 million yen	Current Liabilities	-
Total	81 million yen	Non-current Liabilities	-

5. Situation after the Company Split

There will be no change in the Company's name, location, representative, business, capital, or fiscal year end as a result of this company split.

6. Future Outlook

The succeeding company is a consolidated subsidiary of the Company, and the impact of this company split on the consolidated and non-consolidated business results of the Company will be minimal. The Company will announce revisions to the business forecast or any other matter in the future as the need arises.

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