EXAWIZARDS

February 14, 2023

ExaWizards Inc. (TSE 4259)

Notice Regarding Revision of Earnings Forecast and Record of Extraordinary Income

In light of recent business performance, ExaWizards Inc. (TSE 4259) have revised its consolidated earnings forecast for the full fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023), which was disclosed on May 11, 2022.

1. Revision of consolidated earnings forecast

(1) Revision of full-year forecast for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

	Sales	Operating profit	Ordinary profit	Net profit attributable to owners of parent	EPS
Previously announced forecast (A) (May 11, 2022)	Million yen 6,500 ～ 7,000	Million yen 1 ～ 50	Million yen 1 ～ 50	Million yen 1 ～ 50	Yen 0.01 ～ 0.63
Revised forecast (B) (February 14, 2023)	5,570	(410)	(410)	(120)	-
Change (B − A)	(930) ～ (1,430)	(411) ～ (460)	(411) ～ (460)	(121) ～ (170)	
Percent change (%)	(14.3) ～ (20.4)	-	-	-	
(Reference) Results for the previous fiscal year （FY2022）	4,810	(201)	(97)	(137)	(1.79)

2. Reason for the revision

(1) Sales

Consolidated

- The forecast of consolidated net sales has been revised because the sales plan mainly in the AI Platform business is not expected to be achieved.

AI Platform

- In the third quarter of the fiscal year, some of our existing clients, which had been large-scale projects, changed their investment policies, resulting in a reduction in the budget for the projects. As a result, sales that were expected to be recorded in the current fiscal year declined and fell short of the plan.
- In the current fourth quarter, we continue to anticipate a lack of sales from the same customers and difficulty in acquiring additional new projects to compensate for the lack of sales from these customers.

AI Products	· Third quarter results were generally in line with plans. · The fourth quarter forecast is also expected to be generally in line with the plan.

(2) Operating profit

Consolidated Operating profit	· The forecast of consolidated operating profit has been revised due to the expected failure to achieve the forecasted operating profit mainly in the AI Platform business.
AI Platform	· As stated in (1) Revenue, the sales plan for this business is not expected to be achieved. · On the other hand, personnel expenses, which are the main cost, have increased due to the increase in the number of employees during the period, and although other cost control measures have been taken, they are not expected to be enough to offset the decrease in sales.
AI Products	· Third quarter results were generally in line with plans. · The fourth quarter forecast is also expected to be generally in line with the plan.

(3) Ordinary profit

Although there is no significant change in the non-operating profit and loss component of the initial forecast for both the actual results for the third quarter and the forecast for the fourth quarter, the forecast for ordinary income has been revised because operating income is now expected to fall below the initial forecast.

(4) Net profit attributable to owners of parent, EPS

The Company resolved to transfer the business related to "CareWiz Hanasuto," a service for nursing care providers, to CARE CONNECT JAPAN, Inc. As a result, the Company expects to record an extraordinary gain of approximately 280 million yen in the fourth quarter under review from the transfer of the business. For details of this matter, please refer to the "Notice of Business Transfer to CARE CONNECT JAPAN, Inc. and Recording of Extraordinary Income" announced on February 14, 2023.

There is no significant change to the original forecast with respect to extraordinary income, extraordinary loss, income taxes and other factors other than the business transfer mentioned above. The forecast is revised in consideration of the revised plan up to ordinary income and the gain from the business transfer.

3. Outlook for the next fiscal year

Although there are no earnings forecast for the next fiscal year and beyond that we can disclose at this time, we plan to announce it in the earnings announcement for the full fiscal year ending March 31, 2023. The announcement of financial results is scheduled on May 11.

At the financial results briefing scheduled to be held on the same day, we plan to provide the following information.

- exaBase Studio, a key product that will drive the evolution from FTE-based billing model to a PaaS-based billing model (development is currently progressing as planned, with a commercial version to be released in the fiscal year ending March 2024)
- The strategies and initiatives of each business, including exaBase Assessment & Learning, which has been expanding its business
- Earnings forecast for the fiscal year ending March 2024 and image of revenue growth, profits and business investments in subsequent years

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