February 14, 2023

ExaWizards Inc. (TSE 4259)

Notice of Business Transfer to CARE CONNECT JAPAN, Inc. and Recording of Extraordinary income

At a meeting of the Board of Directors held on February 14, 2023, ExaWizards Inc. (TSE 4259) resolved to transfer the business related to "CareWiz Hanasuto," a service for nursing care providers operated by the Company, to CARE CONNECT JAPAN, Inc. (hereinafter referred to as "CCJ") as of February 28, 2023, to further strengthen business cooperation between the Company and CCJ. The Company plans to record an extraordinary income in connection with this business transfer. The Company also announce that we are considering acquiring shares of CCJ in the near future.

I. Acquisition of Shares and Business Transfer

1. Reason for Acquisition of Shares and Business Transfer

Since the release of "CareWiz Hanasuto" in April 2021, we have cooperated with CCJ, which has strength in nursing care recording and billing software, and in May 2022, we started a business alliance to further strengthen this effort and have collaborated in the creation and provision of services for nursing care providers by combining our AI technology with CCJ's nursing care big data.

The two companies have been discussing business strategies in the mutual nursing care field and have agreed to further deepen our cooperative relationship, including consideration of an investment from the Company to CCJ. As part of this, we have agreed to transfer our "CareWiz Hanasuto" business to CCJ and to focus on new areas in the nursing care field, and to cooperate in promoting a strategy to support a wide range of operations related to the management of nursing care providers with the services of both companies.

CCJ will incorporate "CareWiz Hanasuto," a product for voice input and recording that utilizes AI, into its service lineup in the field of nursing care recording, a field in which their excels, and will realize a flexible development and sales system under its own initiative, thereby further strengthening the services provided by them and improving business competitiveness.

In addition, ExaWizards will accelerate the development and deployment of its existing AI Products, "CareWiz Toruto," and focus on the development of AI Products and its services in new areas that will contribute to solving issues related to the management of nursing care facilities.

2. Outline of the Share Acquisition

We are considering making a minority investment in CCJ by April 2023.

We will announce the acquisition of shares as soon as a decision is made.

3. Outline of the Business Transfer

(1) Description of the Business

Business related to “CareWiz Hanasuto,” a service for nursing care providers.

(2) Operating Results of the Business (million yen)

	Hanasuto Business (a)	FY March 2022 Consolidated Revenue (b)	Ratio (a/b)
Sales	28	4,810	0.6%

*Because this business is one of the businesses within the division, it is difficult to calculate expenses by isolating only this business. Therefore, operating income and ordinary income for this business have been omitted.

(3) Assets to be Transferred

Estimated intangible assets related to the business to be transferred

Book value: 114 million yen（as of December 2022）

Liabilities: None

(4) Transfer price and payment method

Transfer price: 400 million yen (excluding tax)

Payment method: By cash payment

4. Outline of the counterpart（as of December 2022）

(1)	Company Name	CARE CONNECT JAPAN, Inc.
(2)	Address	18-1 Minami-cho, Suruga-ku, Shizuoka City, Shizuoka Prefecture
(3)	Name and Title of Representative	Yoshihisa Saito, Representative Director, CEO
(4)	Business	· Development and sales of software for facilities for the elderly and disabled · Development and sales of medical and nursing records management systems · Development and sales of software for nursery schools and kindergartens · Information collection, investigation, research, and consultancy related to social welfare, medical care, and nursing care
(5)	Capital	197 million yen
(6)	Founded	August 1989
(7)	Net Assets	805 million yen
(8)	Total Assets	1,850 million yen

*Detailed information on major shareholders and their shareholding ratios, as well as business relationships between the company and CCJ, is omitted due to confidentiality obligations. There is no capital relationship and no related party relationship between the Company and CCJ. As for personnel relationships, three employees are on secondment from the Company to CCJ to provide support for sales and system implementation.

5. Schedule for the Business Transfer

(1) Date of Board of Directors resolution	February 14, 2023
(2) Date of conclusion of business transfer agreement	February 15, 2023
(3) Date of business transfer	February 28, 2023

*Because this business transfer does not fall under the category of "transfer of a significant part of a business" as stipulated in each item of Article 467, Paragraph 1 of the Companies Act, it is a simplified procedure that does not require approval at a general meeting of shareholders.

6. Outline of Accounting Procedures

Accounting procedures are based on the "Accounting Standard for Business Divestitures" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures".

II. Future Outlook

As a result of this business transfer, we expect to record an extraordinary gain of approximately 280 million yen in the fourth quarter of the fiscal year ending March 31, 2023, which is the transfer price minus the book value related to the business.

We also announced today a revision of its earnings forecast. For details, please refer to "Notice Regarding Revision of Earnings Forecast and Record of Extraordinary Income" announced today.

*Reference: Revision of full-year forecast for the fiscal year ending March 31, 2023

(Announced on February 14, 2023)

	Sales	Operating profit	Ordinary profit	Net profit attributable to owners of parent	EPS
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A) (May 11, 2022)	6,500 ～ 7,000	1 ～ 50	1 ～ 50	1 ～ 50	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)

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