Financial Result for the Fiscal Year Ended March 2023

ExaWizards Inc. (4259.T)

May 11, 2023

EXAWIZARDS

1 Executive Summary of the Fiscal Year Ended March 2023

2 Summary of Financial Results for the Fiscal Year Ended March 2023

3 Growth Strategy

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EXAWIZARDS

01.

Executive Summary of the Fiscal Year Ended March 2023

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Executive Summary of the Fiscal Year Ended March 2023

Financial Result for FY2023/3

- Sales for the fiscal year totaled 5,591 million yen (+16.2% year-on-year), and sales for the fourth quarter (3 months) totaled 1,583 million yen (+3.9% year-on-year)
- **Operating income for the fourth quarter (three months) turned to black at 47 million yen.**
- **Extraordinary income included a 293 million yen** gain on business transfer (nursing care technique training business: 13 million yen in Q1; "CareWiz Hanasuto": 280 million yen in Q4)

AI Platform Segment

- **Fiscal year sales totaled 4,703 million yen (+12.5% year-on-year)**
- **The number of clients for the fiscal year was 142** (117 in the previous year), and the **average sales per client for the top 10 clients was 229 million yen** (221 million yen in the previous year), showing steady growth
- Fiscal year **sales to long-term clients remained high at 3,477 million yen** (73.9% of sales)

AI Products Segment

- **Fiscal year sales reached 888 million yen (+40.8% year-on-year)**
- **Operating loss for the fourth quarter (three months) narrowed to 45 million yen.**

Financial Forecast for FY2024/3

- **Fiscal year sales are projected at 7,000 million yen and operating income at -370 million yen**
- **Strengthen business investment to "improve corporate productivity"** and promote development of new and existing products that also utilize generative AI

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Summary of Financial Performance

Consolidated Financial Results

Cumulative Sales for the fiscal year

5,591 Million Yen

（YoY +16.2%）

AI Platform Segment

Cumulative Sales for the fiscal year

4,703 Million Yen

（YoY +12.5%）

Number of clients

142

（YoY +25）

Ratio of Revenue from Long Term Clients(1)

73.9%

（YoY +8.4pt）

Cumulative Gross Profit Margin for the fiscal year

58.6%

（YoY -8.1pt）

Average Annual Contract Value of Top 10 Revenue Clients

229 Million Yen

（YoY +3.6%）

Operating Margin for the fiscal year

6.7%

（YoY -10.4pt）

AI Products Segment

Cumulative Sales for the fiscal year

888 Million Yen

（YoY +40.8%）

DX AI Products(2) Cumulative Sales for the fiscal year

611 Million Yen

（YoY +30.3%）

Notes: (1) Continuous revenue from the clients that ExaWizards maintains its contract for consecutive 4 quarters and more.
(2) DX Products include: exaBase DX Assessment & Learning, exaBase Forecast & Analysis, exaBase 1on1, exaBase FAQ, exaBase Company Search, and exaBase Well-Being.

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02-1.

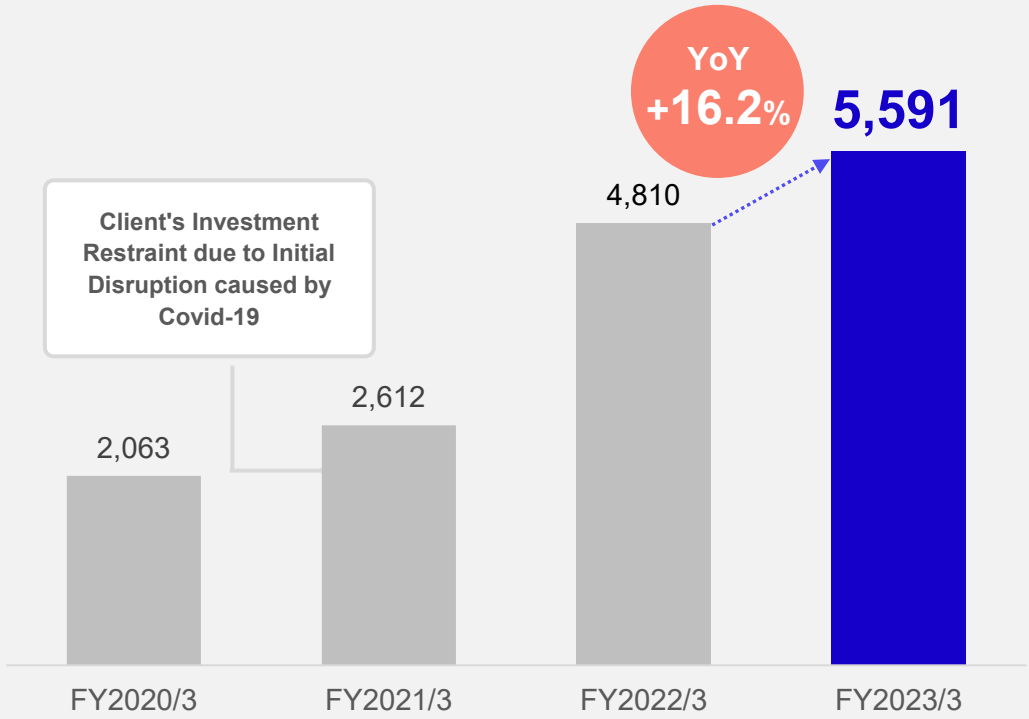
Summary of Financial Results for the Fiscal Year Ended March 2023

EXAWIZARDS

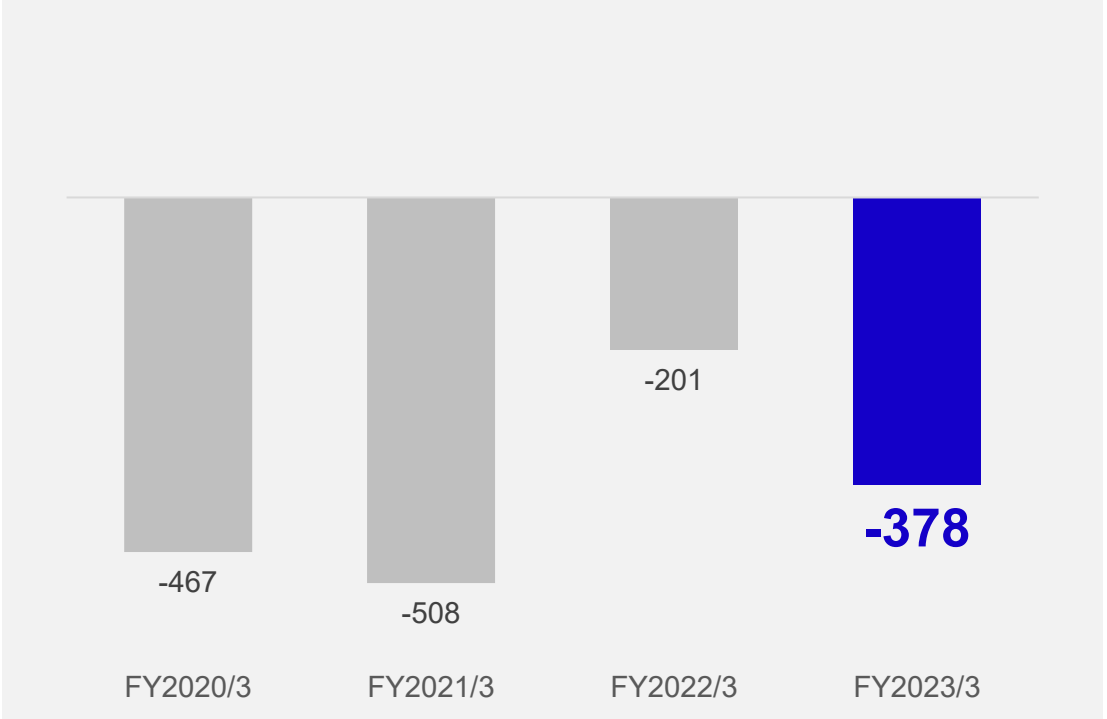
Financial Results for the Fiscal Year Ended March 2023

Consolidated sales: 5,591 million yen (+16.2% year-on-year), Operating loss: 378 million yen

Total Sales: Fiscal Year (millions of yen)



Operating income: Fiscal Year (millions of yen)

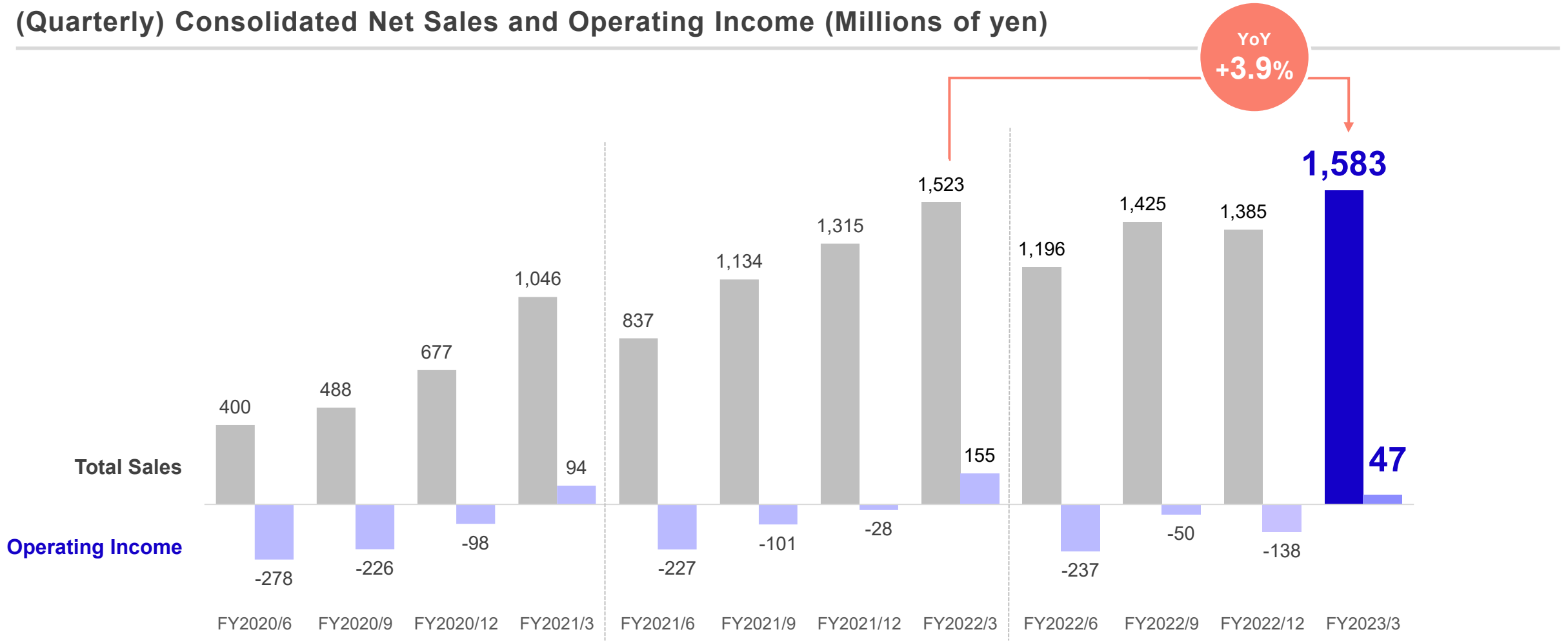


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Quarterly Trend of Financial Results

Q4 (3 months) sales were 1,583 million yen (+3.9% year-on-year), operating income was 47 million yen

(Quarterly) Consolidated Net Sales and Operating Income (Millions of yen)



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Consolidated Statements of Income for the Fiscal Year Ended March 2023

(JPY in Million)	Year ended March 2021 4th Quarter	Year ended March 2022 4th Quarter	Year ended March 2021 Full Year	Year ended March 2022 Full Year
Net Sales	**1,523**	**1,583**	**4,810**	**5,591**
Growth Rate (%)	*+45.6%*	*+3.9%*	*+84.1%*	*+16.2%*
Cost of Sales	510	678	1,761	2,455
Gross Profit	**1,013**	**904**	**3,049**	**3,135**
Gross Profit Margin (%)	*66.5%*	*57.1%*	*63.4%*	*56.1%*
Selling, General, and Administrative Expense	857	856	3,250	3,513
Operating Profit (Loss)	**155**	**47**	**-201**	**-378**
Operating Profit (Loss) Margin (%)	*10.2%*	*-3.0%*	*-4.2%*	*-6.8%*
Non-operating Income	99	1	159	4
Non-operating Expenses	0	0	55	1
Ordinary Profit (Loss)	**254**	**47**	**-97**	**-375**
Extraordinary Profit	0	280	0	293
Extraordinary Losses	51	6	96	6
Profit (Loss) before Income Taxes	**203**	**322**	**-194**	**-88**
Total income taxes	-31	47	-19	67
Profit (Loss)	**234**	**274**	**-175**	**-155**
Profit (Loss) attributable to owners of Parent	***258***	**271**	***-137***	**-141**

Extraordinary Profit

- Gain on transfer of "CareWiz Hanasuto" business
- Gain on transfer of physical nursing care training business

Total income taxes

- 31 million yen in income taxes - current
- 35 million yen in income taxes - deferred due to reversal of deferred tax assets

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Consolidated Balance Sheets for the Fiscal Year Ended March 2022

(JPY in Million)	March 2021	March 2022	March 2023
Current Assets	**3,081**	**6,636**	**6,372**
Cash and Deposits	2,337	5,537	5,231
Account Receivable – Trade and Contract Assets	603	914	1,032
Other	140	183	108
Non-Current Assets	**604**	**1,229**	**1,567**
Property, Plant and Equipment	71	126	165
Intangible Assets	392	807	1,114
Goodwill	0	212	160
Software	392	594	954
Investments and Other Assets	141	295	287
Total Assets	**3,686**	**7,865**	**7,939**

(JPY in Million)	March 2021	March 2022	March 2023
Current Liabilities	**998**	**824**	**914**
Short-term Borrowings	500	-	-
Account Payable – Other	185	212	225
Accrued Expenses	177	254	304
Other	135	356	384
Non-Current Liabilities	**304**	**408**	**406**
Long-term Borrowings	300	310	300
Other	4	97	106
Net Assets	**2,383**	**6,633**	**6,618**
Share Capital	100	2,274	2,337
Capital Surplus	2,885	5,059	4,487
Retained Earnings	-606	-744	-249
Other	4	44	44
Liabilities and Net Assets	**3,686**	**7,865**	**7,939**

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02-2.

Overview and Progress of the Business Segments for the Fiscal Year Ended March 2023

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Summary of Business Results by Segment for the Fiscal Year Ended March 2023

Sales grew 12.5% in the AI Platform segment, and 40.8% in the AI Products segment

(JPY in Million)	Year ended March 2022 4th Quarter	Year ended March 2023 4th Quarter	Year ended March 2022 Full Year	Year ended March 2023 Full Year
AI Platform Segment				
Net Sales	1,316	1,242	4,180	4,703
Growth Rate (%)	*+45.1%*	*-5.6%*	*+85.2%*	*+12.5%*
Cost of Sales	419	518	1,390	1,945
Gross Profit	897	724	2,789	2,757
Gross Profit Margin (%)	*68.2%*	*58.3%*	*66.7%*	*58.6%*
Selling, General, and Administrative Expense	585	631	2,076	2,443
Operating Profit (Loss)	312	93	713	314
Operating Profit (Loss) Margin (%)	*23.7%*	*7.5%*	*17.1%*	*6.7%*
AI Products Segment				
Net Sales	206	340	630	888
Growth Rate (%)	*+48.6%*	*+64.7%*	*+77.4%*	*+40.8%*
Cost of Sales	91	160	370	510
Gross Profit	115	180	259	377
Gross Profit Margin (%)	*56.0%*	*52.9%*	*41.2%*	*42.5%*
Selling, General, and Administrative Expense	272	225	1,174	1,070
Operating Profit (Loss)	-156	-45	-914	-692
Operating Profit (Loss) Margin (%)	*-75.5%*	*-13.4%*	*-145.1%*	*-78.0%*

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Business Segments

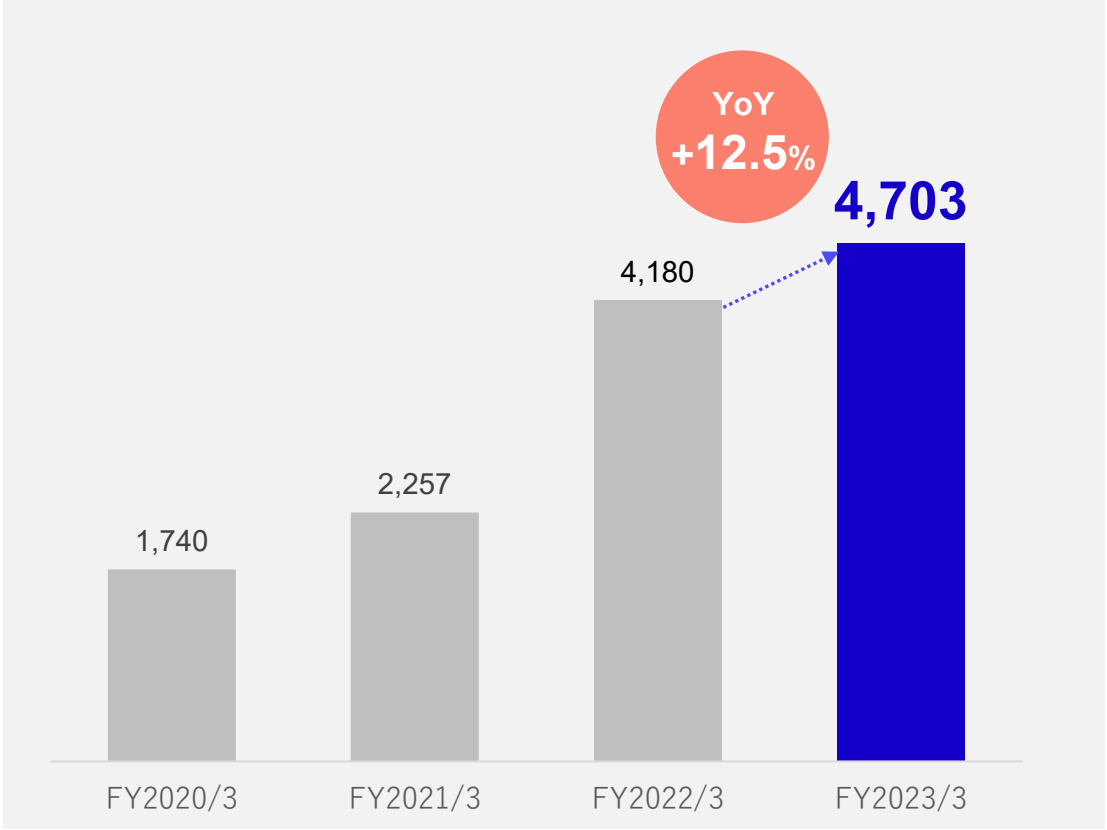
AI Platform

EXAWIZARDS

AI Platform: Financial Results for the Fiscal Year Ended March 2023

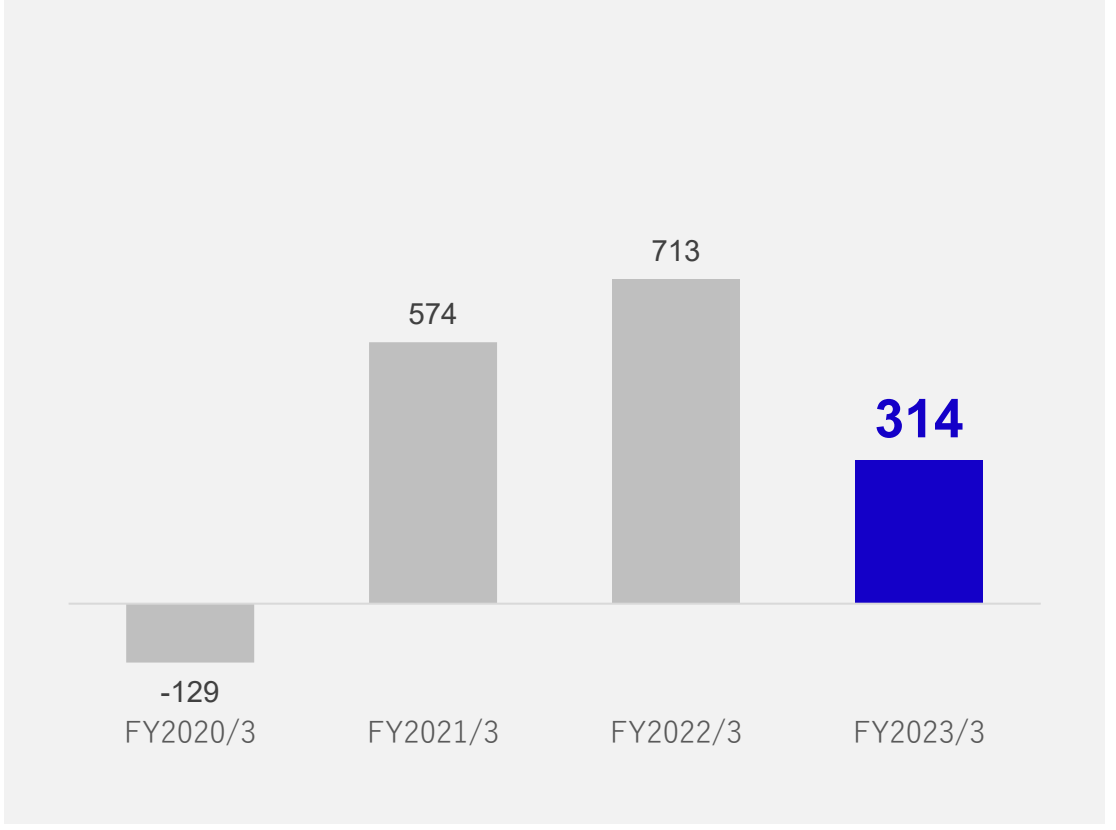
Profit decreased due to a reduction of some large projects in the second half of the fiscal year due to clients' circumstances, while personnel expenses increased due to an increase in the number of employees for business expansion during the fiscal year

Segment Sales: Fiscal Year (millions of yen)



Note: In FY2021/3, there were many delays in investment decisions by clients due to the initial disruption at the start of COVID19

Segment Operating Income: Fiscal Year (millions of yen)

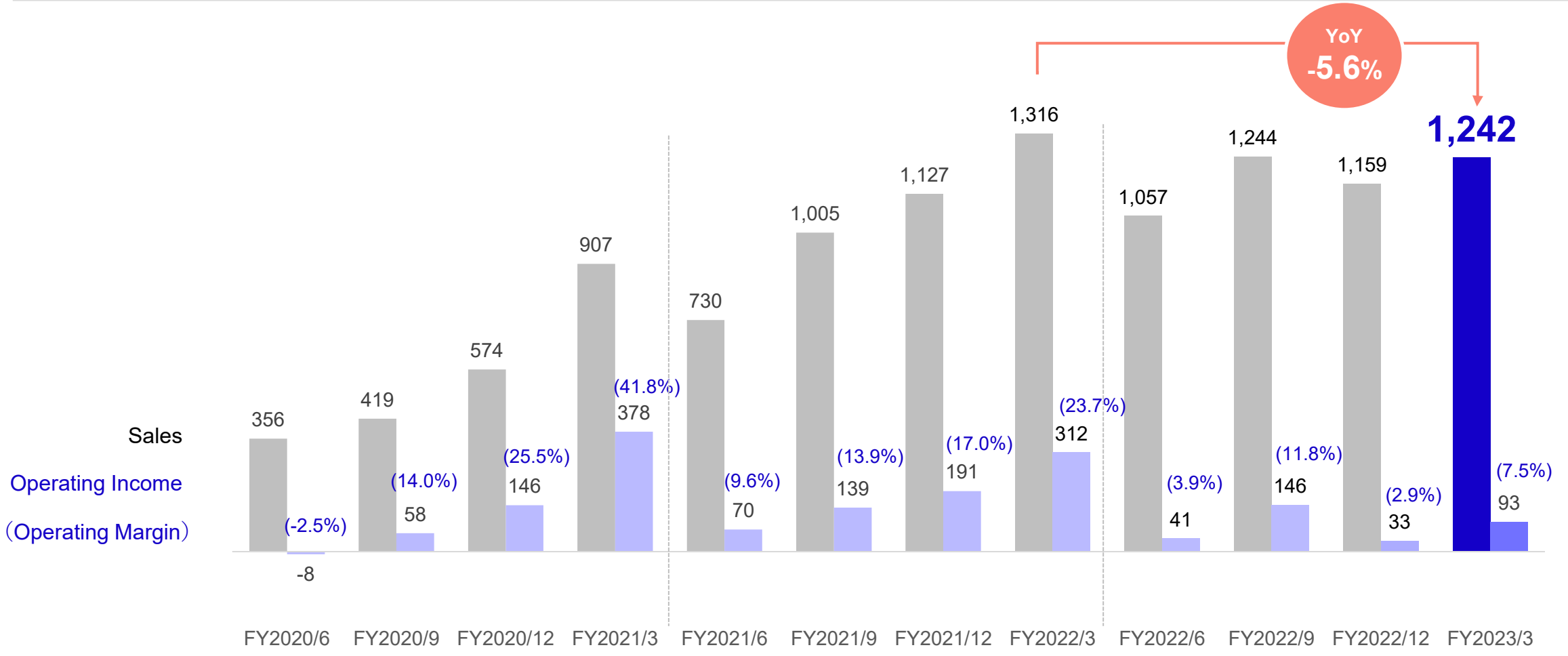


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AI Platform: Quarterly trend of Financial Results

Although some large projects were reduced in the 3Q and 4Q, the Company's business environment recovered steadily, as new client acquisitions are on track and consultations on projects using generative AI are increasing

(Quarter) AI Platform Business Net Sales and Operating Income (Millions of Yen)

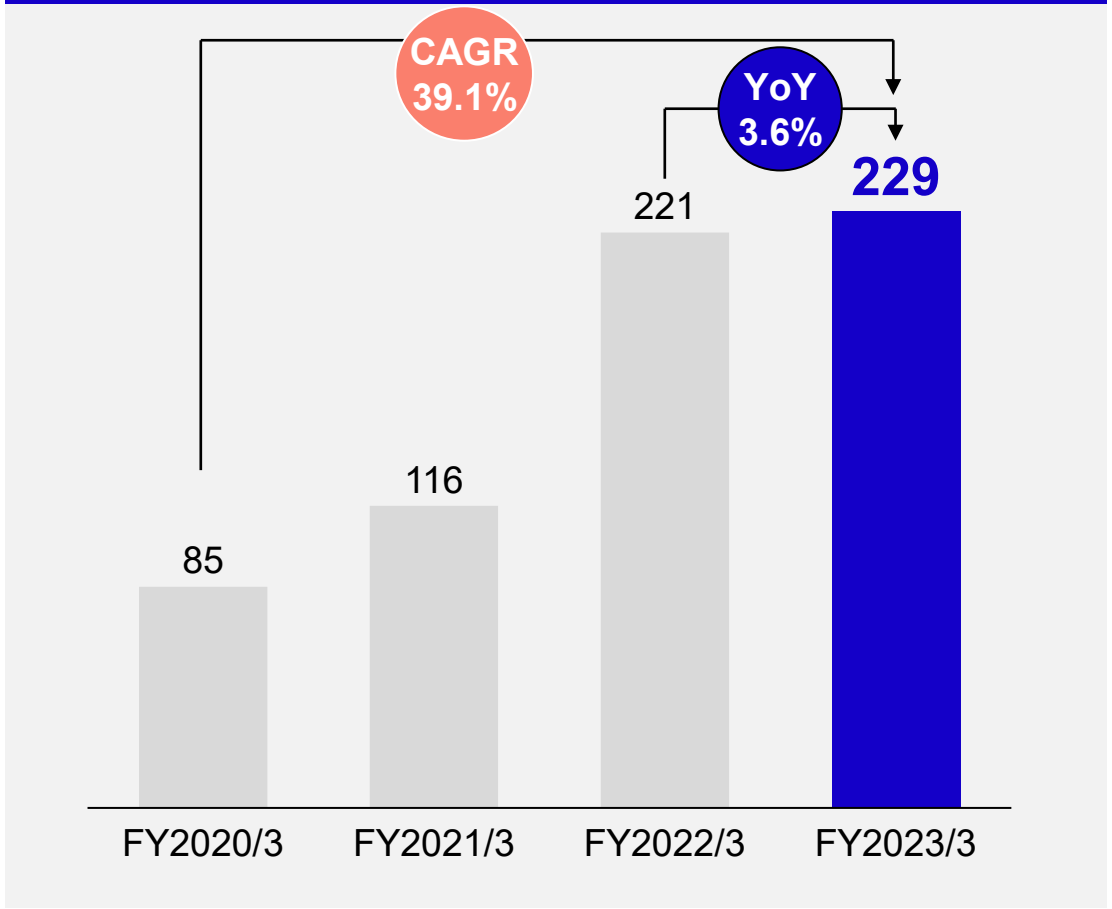


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AI Platform Business: Average sales of leading clients

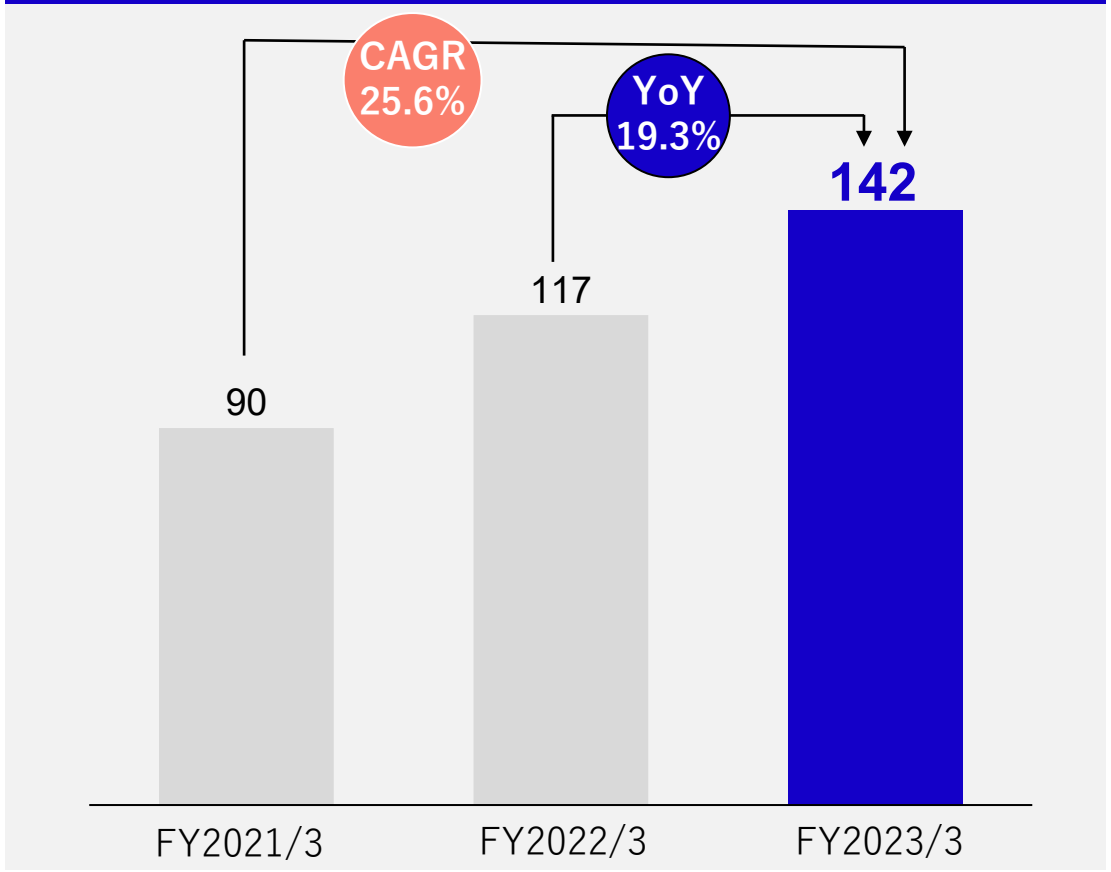
- Average sales of the top 10 clients increased steadily, despite a reduction in large projects
- Steady growth in the number of clients (+19.3% year-on-year) to avoid relying significantly on the sales of particular company

Average sales of the top 10 clients in the AI platform business by year (millions of yen)



Note: In FY2021/3, there were many delays in investment decisions by clients due to the initial disruption at the start of COVID19

Number of clients in the AI Platform business (annual transaction value of at least 1 million yen)



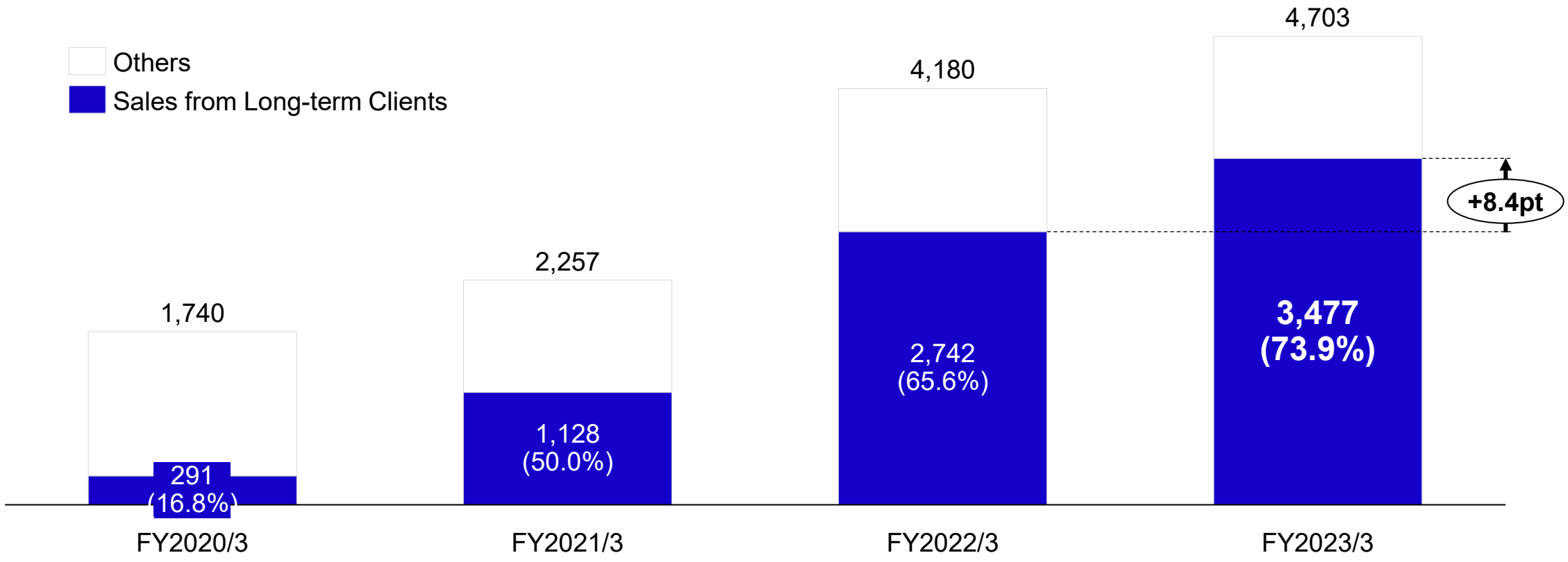
Note: Number of clients in the AI Platform business is disclosed from the FY2021/3 onward

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AI Platform: Sales from Long-term Clients

Sales from long-term clients (1) increased to 3,477 million yen, and new clients were secured steadily

Sales Trends in the AI Platform Business (Millions of Yen)



Notes: (1) Continuous revenue from the clients that ExaWizards maintains its contract for consecutive 4 quarters and more
(2) Some sales were excluded from the calculation of continuing clients in the Q3 of the fiscal year ending March 31, 2022, however, since the impact will continue to be insignificant, the method of calculation was changed to not exclude these sales beginning in the Q4 of the fiscal year. The amount and percentage impact of this change is negligible.
(3) In FY2021/3, there were many delays in investment decisions by clients due to the initial disruption at the start of COVID19

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02-4.

Business Segments

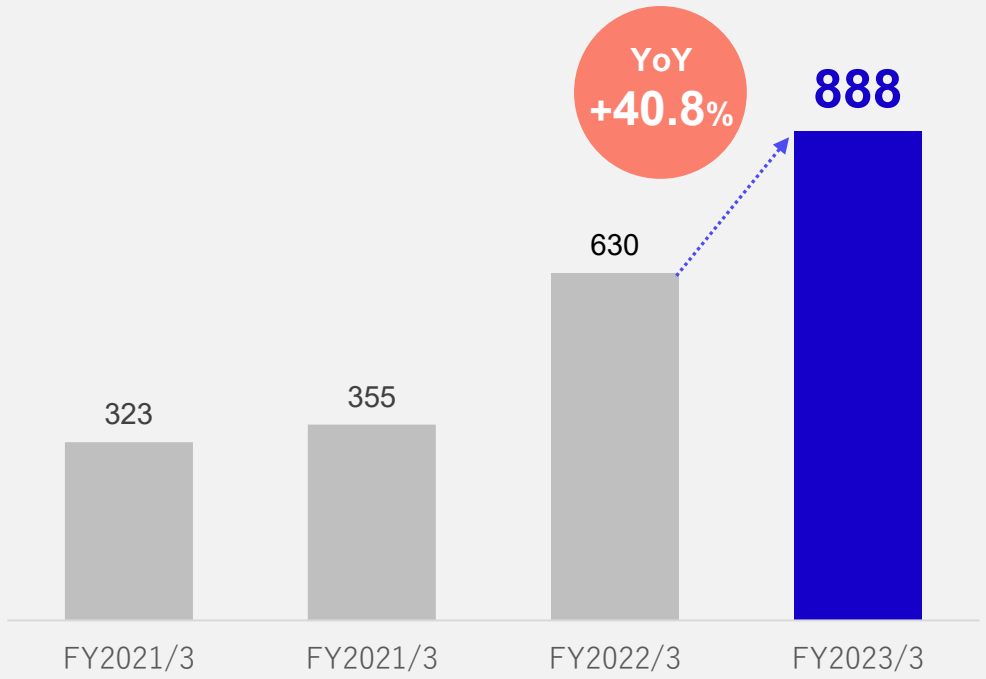
AI Products

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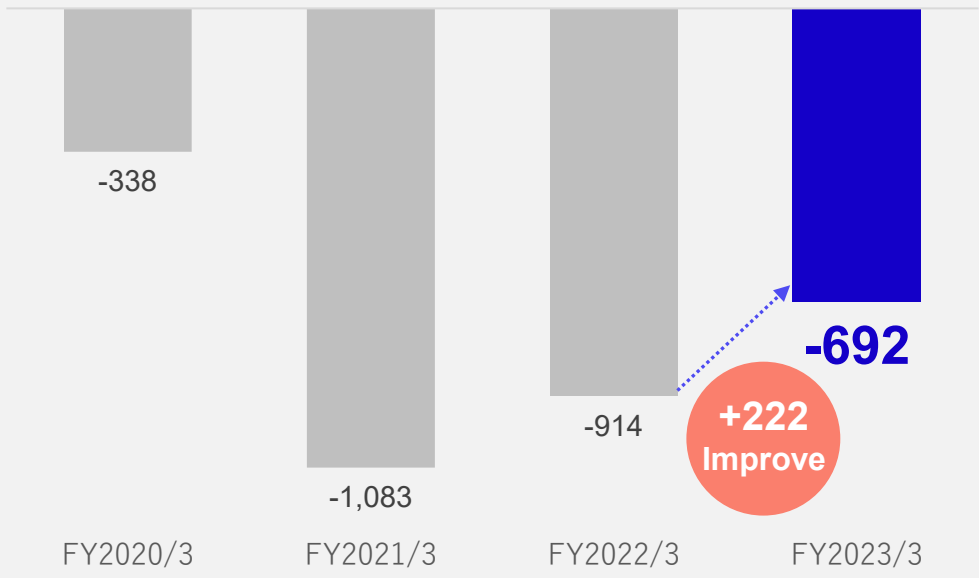
AI Products: Financial Results for the Fiscal Year Ended March 2023

Sales grew 40.8% year-on-year to 888 million yen, and operating loss also showed improvement

Segment Sales: Fiscal Year (millions of yen)



Segment Operating Income: Fiscal Year (millions of yen)

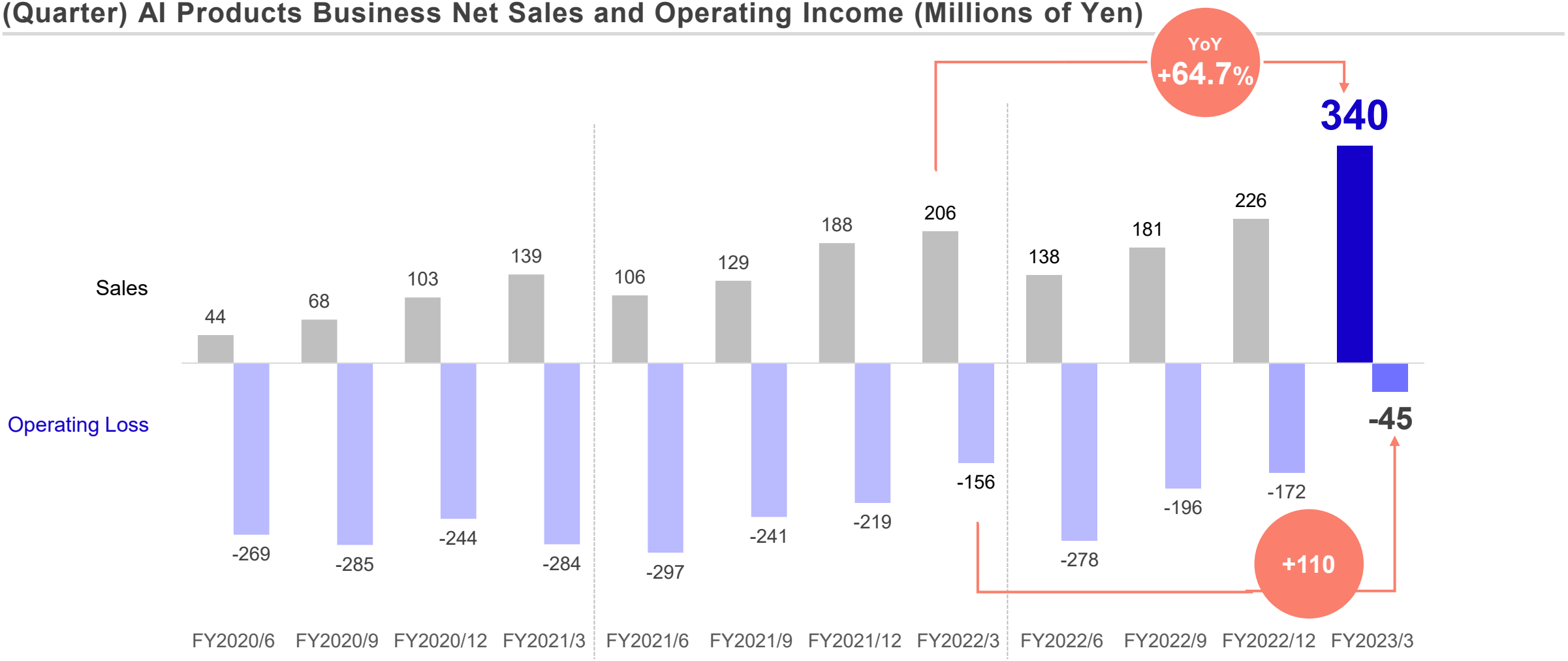


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AI Products: Quarterly Trend of Financial Results

Sales for the fourth quarter (three months) were 340 million yen, a solid growth of 64.7% year-on-year, and the operating loss also improved

(Quarter) AI Products Business Net Sales and Operating Income (Millions of Yen)

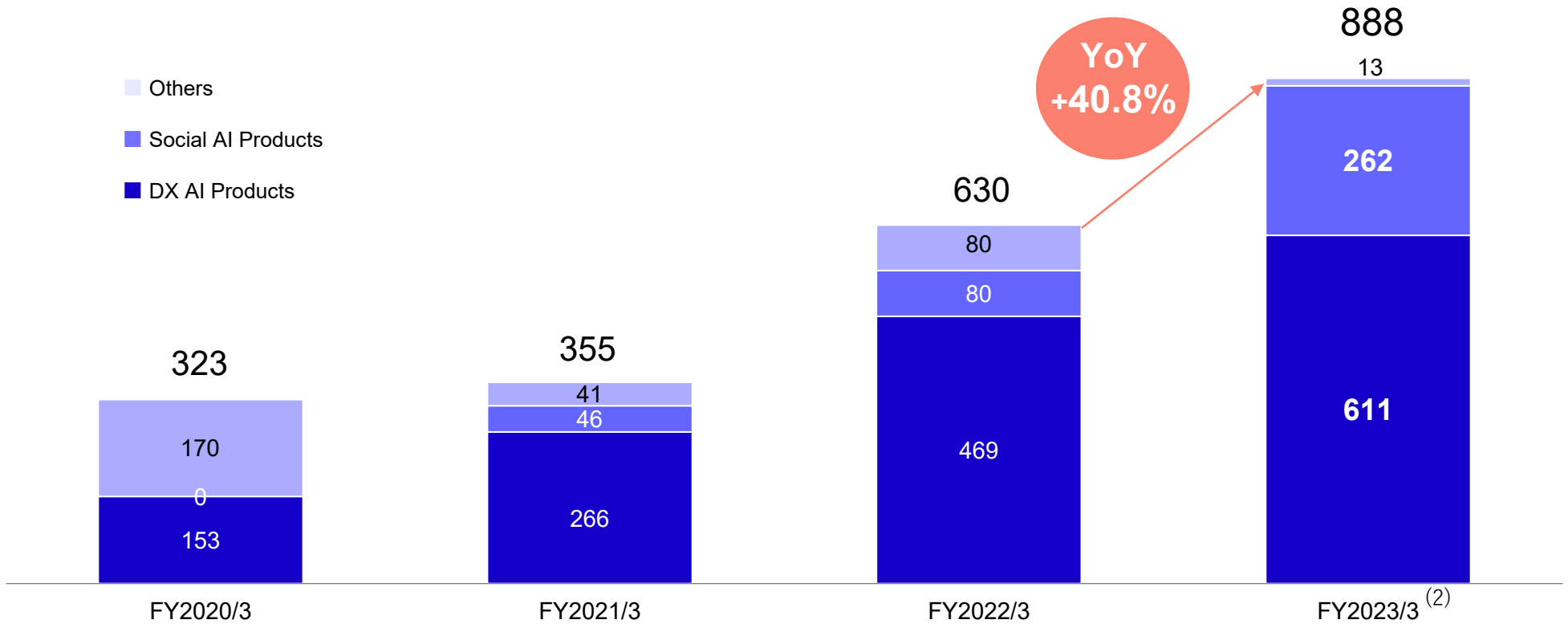


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AI Products Segment: Fiscal year ending March 31, 2023 Results by Businesses

Steady growth in both DX AI products (1) and social AI products

AI Products Segment Sales by Businesses (Millions of Yen)



Notes:
(1) DX Products include: exaBase DX Assessment & Learning, exaBase Forecast & Analysis, exaBase 1on1, exaBase FAQ, exaBase Company Search, and exaBase Well-Being.
(2) Sales for the fiscal year ending March 31, 2023, include 13 million yen in the nursing care technique training business (Others) and 163 million yen in the CareWiz Hanasuto business (Social AI Products), which were transferred during the term, respectively.

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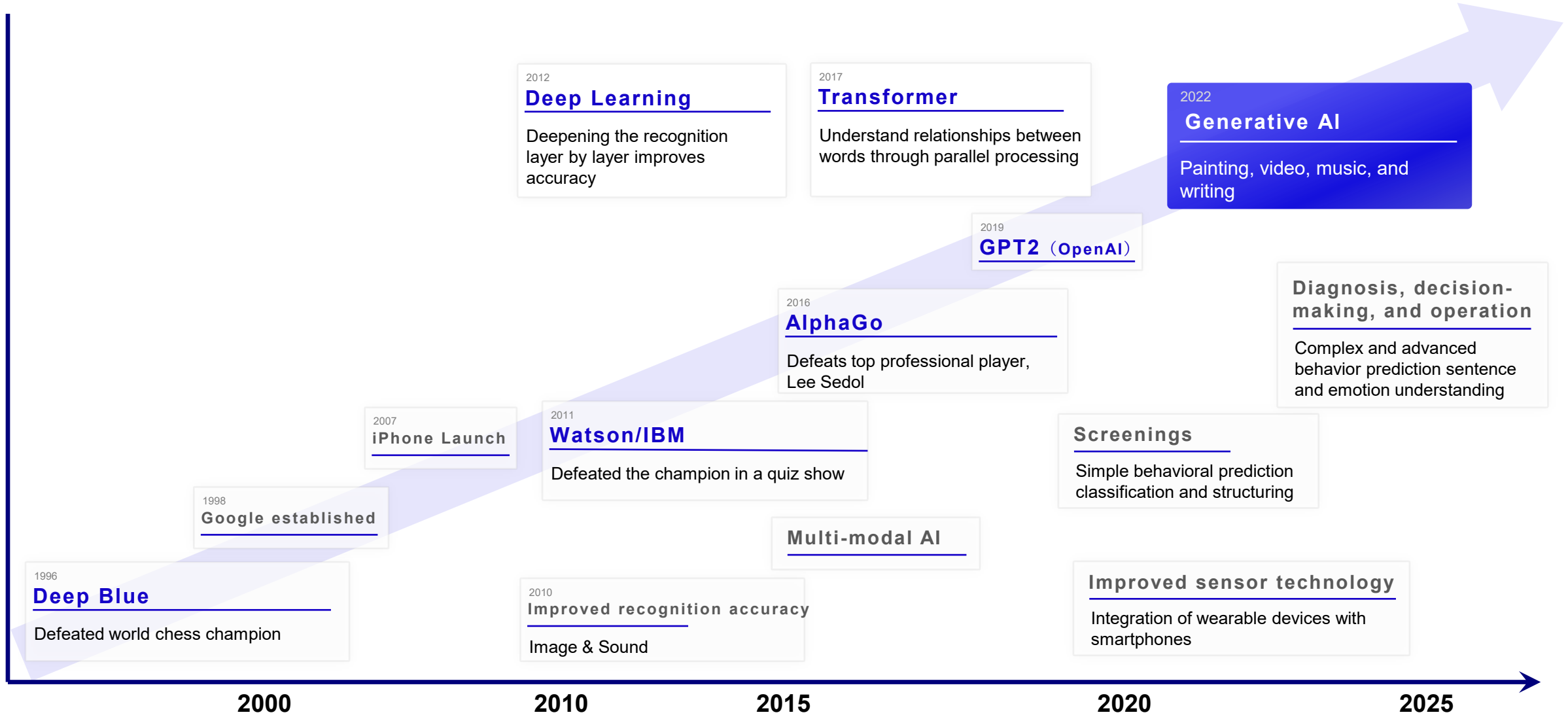
03.

Growth Strategy

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The Environment Surrounding AI: Emergence of Generative AI

As a result of technological evolution, a number of generative AIs have appeared and been the topic of discussion since 2022

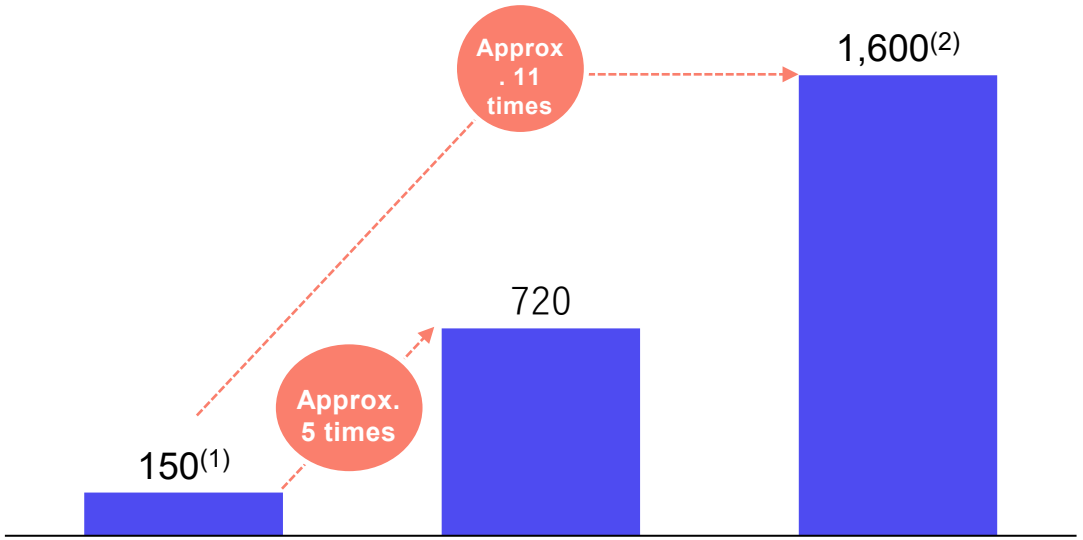


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Environment surrounding AI: Strong need for generative AI

Generative AI enthusiasm is high, with seminar attendance approximately 5-11 times larger than for other topics

Number of applicants at seminars sponsored by ExaWizards



Non-Generative AI Themes





Notes:
(1) Average number of attendees for events in topics other than generative AI organized by ExaWizards since January 2023.
(2) Total of two seminars on the same title, held on April 13 and April 25.

Approximately 1,400 people applied to participate in Japan IT Week



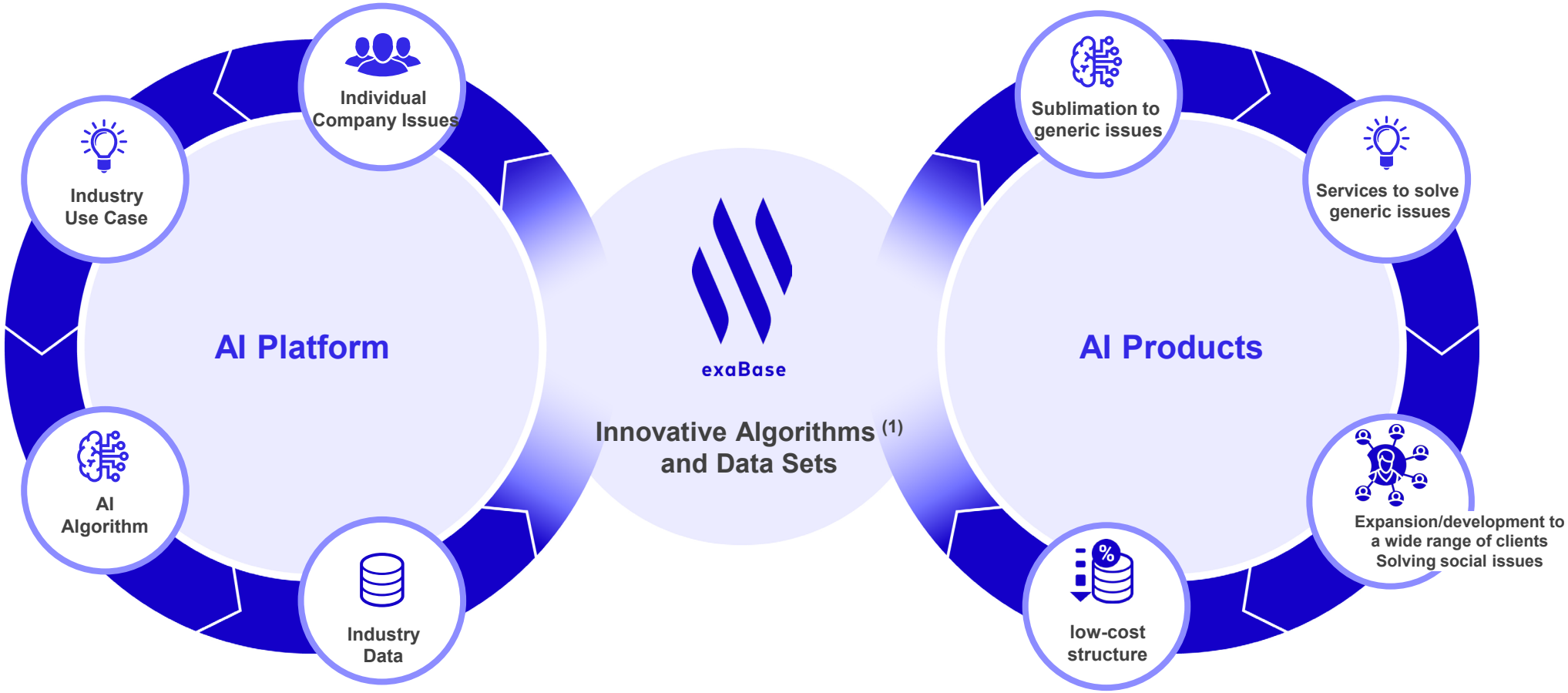


So large was the crowd that some audience members could not sit down

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ExaWizards Business Model

To solve social issues with general-purpose services by accumulating algorithms and data through the "Improving model revolving around AI" which rotates both the AI Platform and AI Products segments



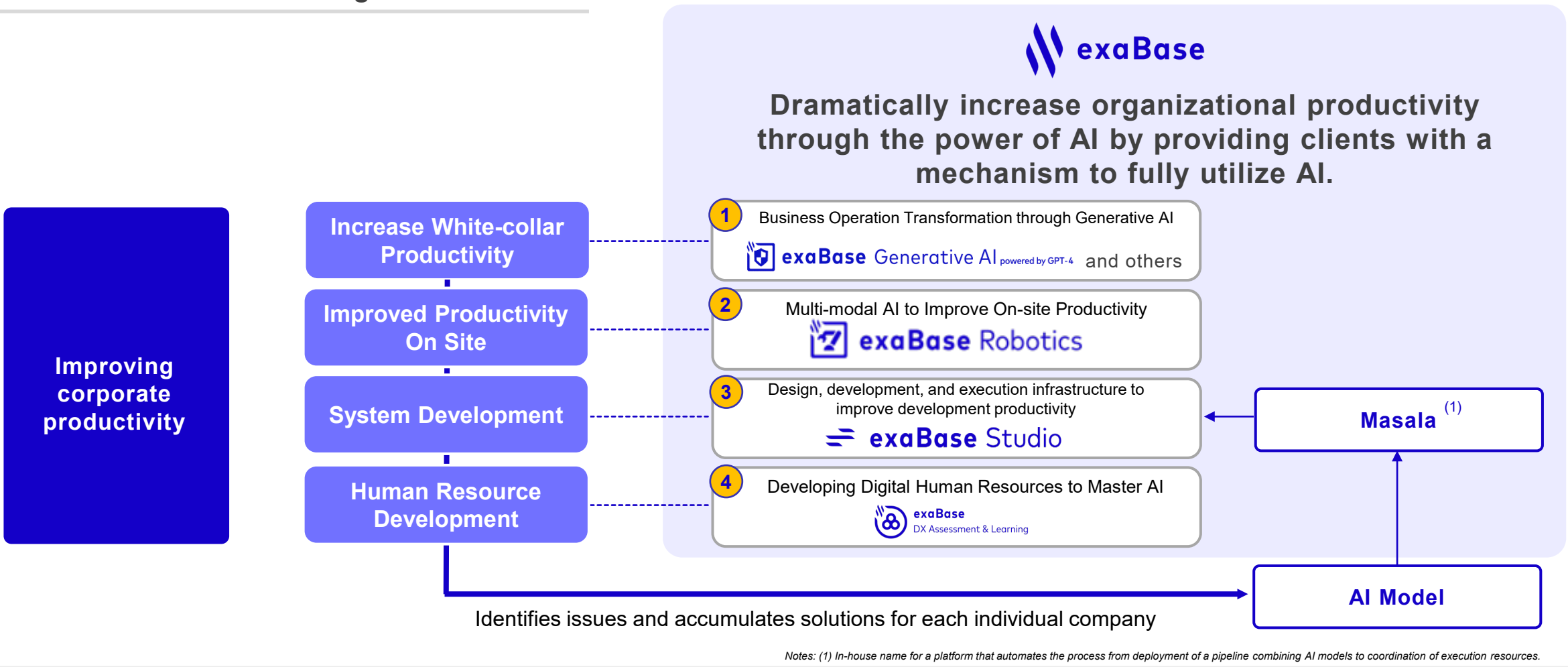
Notes: (1) Procedures and methods for solving problems on the computer.

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ExaWizards Business Model

We are working to solve one of the most important social issues, " Improving corporate productivity," by making full use of exaBase

Social issues we are tackling



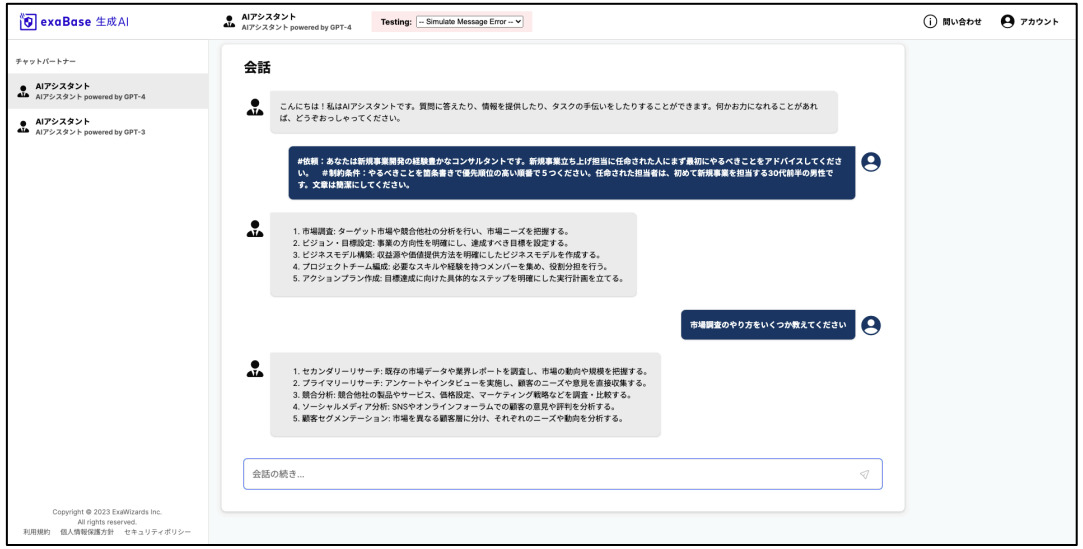
Notes: (1) In-house name for a platform that automates the process from deployment of a pipeline combining AI models to coordination of execution resources.

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① Business Operation Transformation through Generative AI|Internal Environment

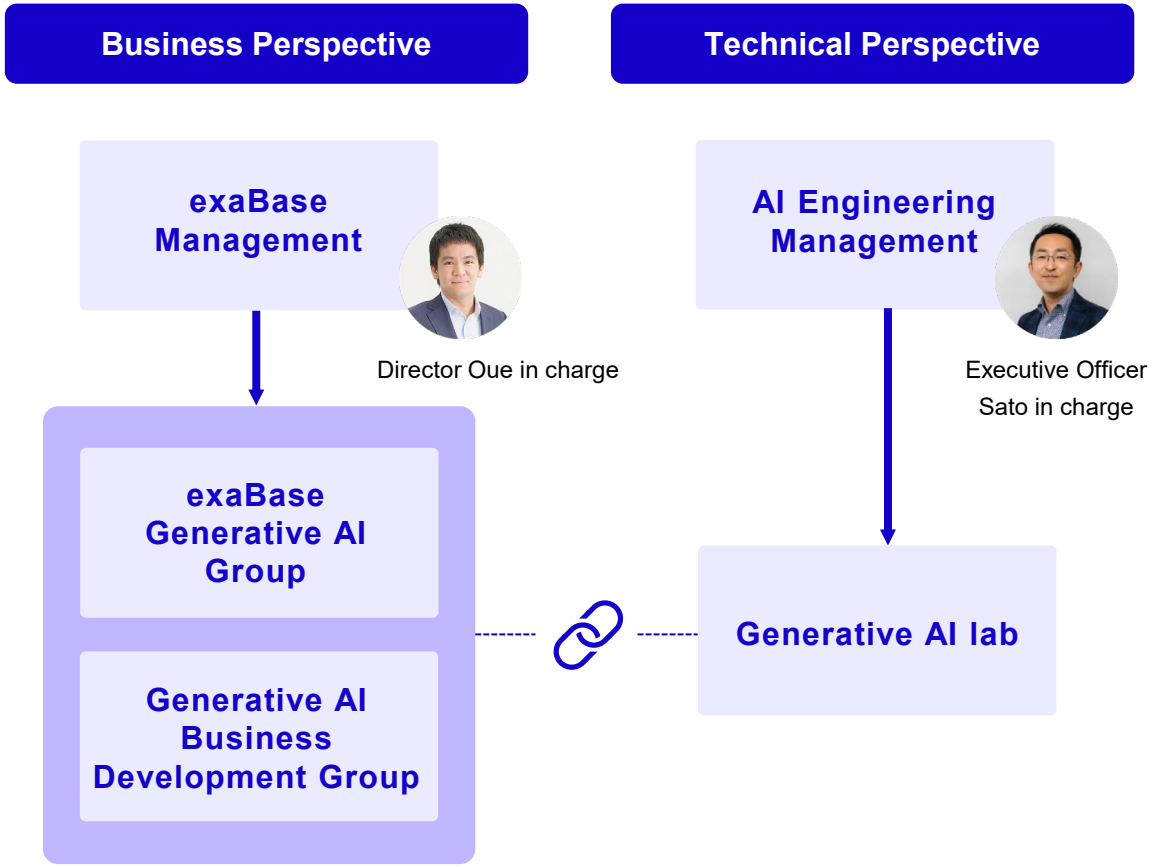
Enabling all employees to use services based on ChatGPT and accelerating development under a dedicated organization for generative AI.

All employees can use services based on ChatGPT



- Secure service development for internal use of ChatGPT
- Strongly promote utilization and education in all job positions
- Preparing to provide "exaBase Generative AI powered by GPT-4" by sublimating operational know-how and knowledge into a service for external use.

Dedicated team to study generative AI established directly under directors/executive officers



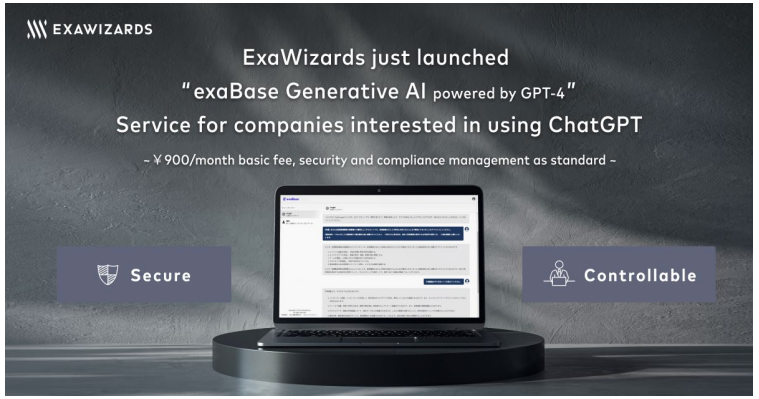
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① New product development using generative AI

Already released up to 3rd Generative AI product for Improving corporate

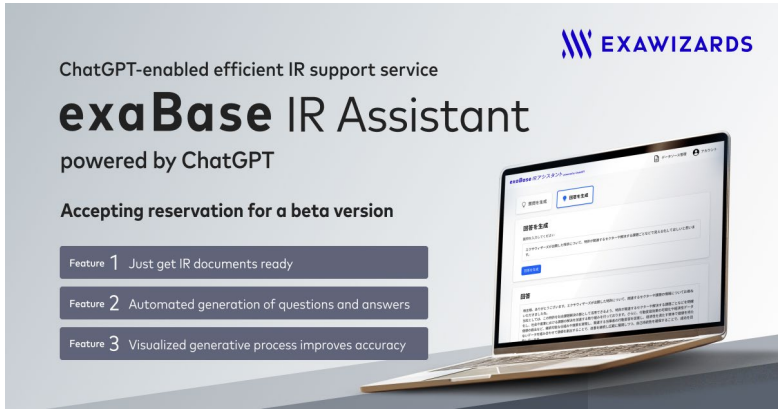
exaBase Generative AI powered by GPT-4

- For companies wishing to use ChatGPT
- Provides security and management/utilization functions at a low price



exaBase IR Assistant powered by ChatGPT

- Automatic generation of assumed questions and answers from documents related to financial results
- Interface that enables improved generation accuracy through mutual feedback between humans and the generative AI (patent pending)



exaBase Company Search + Generative AI Function

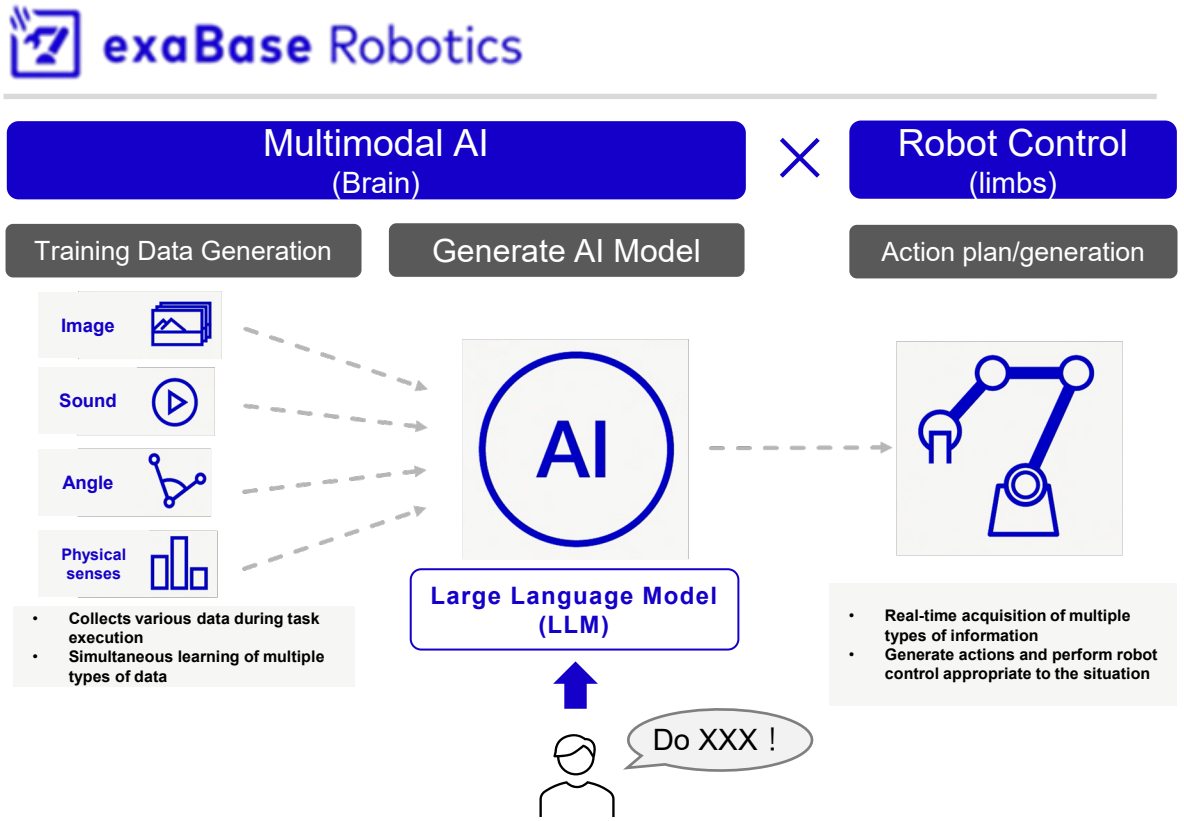
- Summarize important parts of annual reports with ChatGPT
- Visualize important changes based on comparisons between the previous and current periods



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② Multimodal AI for Improved Onsite Productivity | exaBase Robotics

exaBase Robotics is a multimodal AI-powered robot that is currently working to improve on-site productivity in various industries. LLM, which is compatible with control by speech, etc., will also be utilized in the future.



In the future, robot control will be done by speech, etc., and will become popular. exaBase Robotics is an area where business growth is expected along with the development of LLM.

Case 1: Nippon Steel



Transfer of Skills for Skilled Work in Heavy Equipment Operation
(March 9, 2022)

Case 2: KAWADA ROBOTICS



Automation of powder weighing process
(November 22, 2022)

Case 3: JAXA



Automation and autonomy of crew operations in a manned space base
(January 16, 2023)

Case 4: Royal Holdings



Realization of cooking judgments based on skilled chefs' techniques
(February 8, 2023)

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Generative AI models can also be easily connected on the exaBase Studio canvas, allowing anyone to add new models instantly

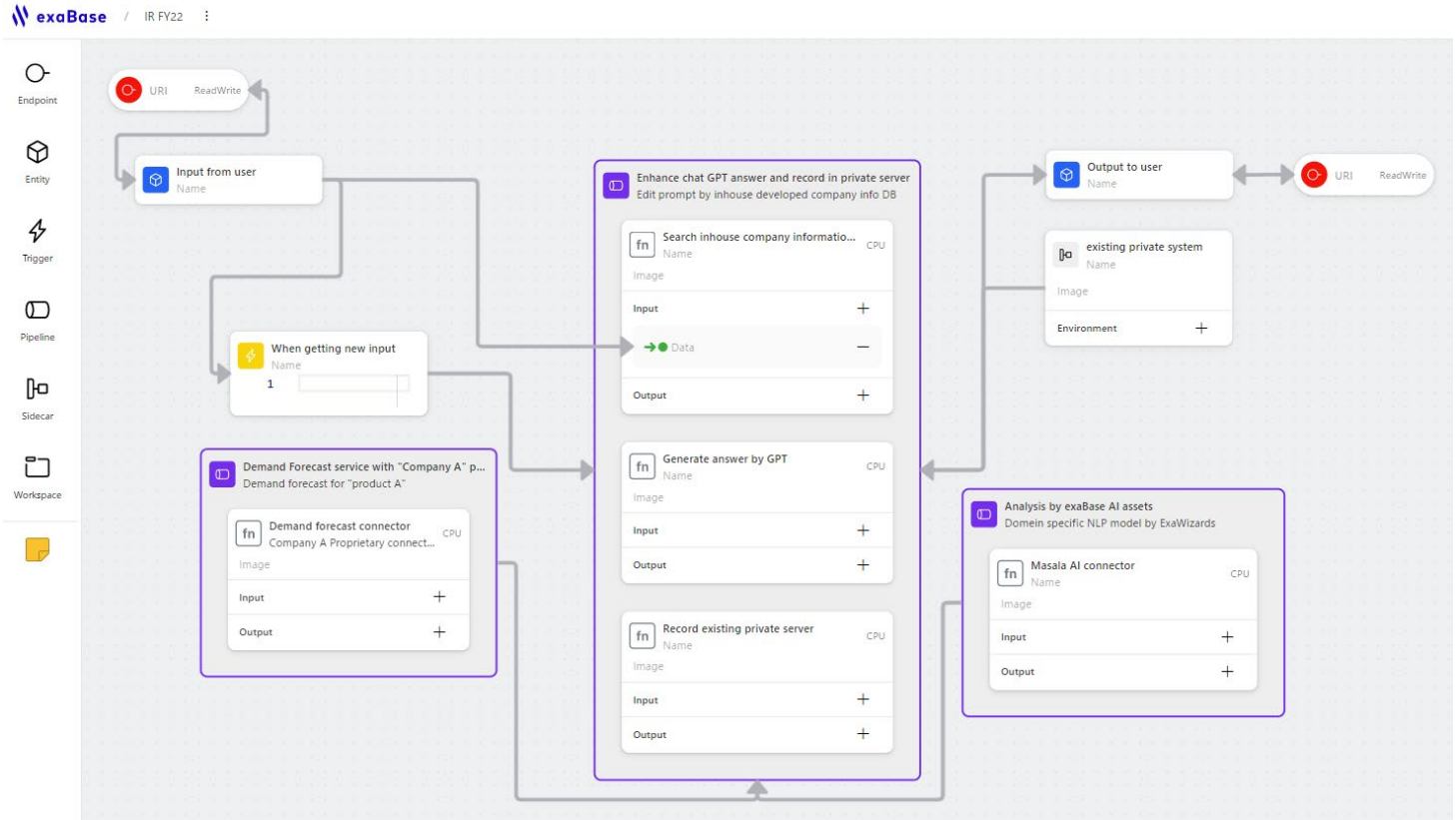
No-code type development that is intuitive even for non-engineers

Customization of generative AI models with GUI-based development tools

High customizability to combine AI assets stored on the client side and exaBase

Easy connection to generative AI on GUI for no-code type development

Development screen for specialized GPT + AI assets



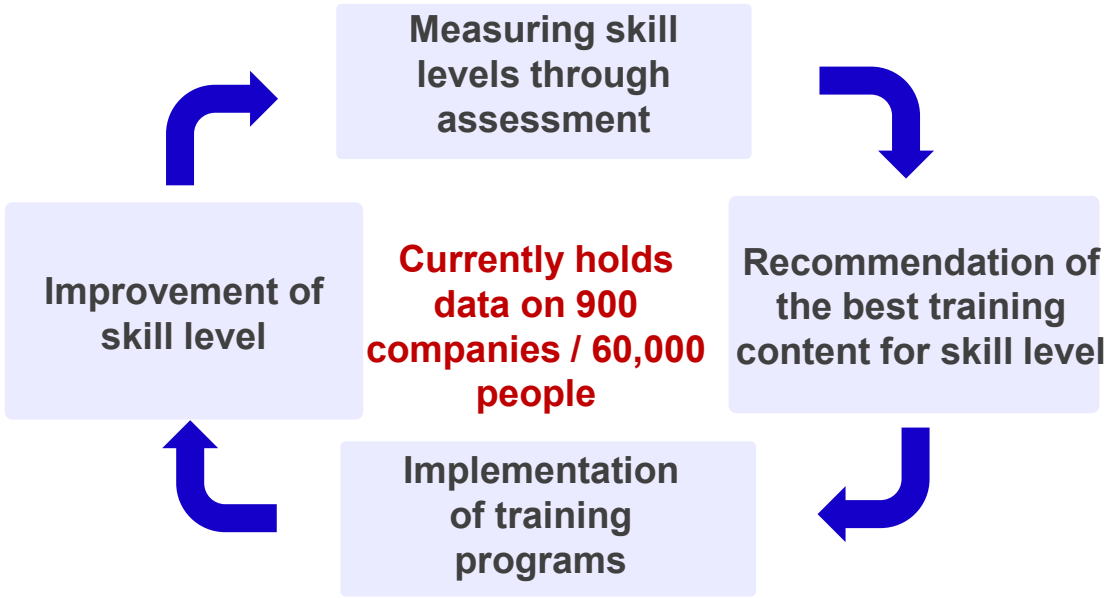
※ Screen image of the canvas, the development user interface of exaBase Studio

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④ Supporting Clients‘ Digital Talent Development | exaBase DX Assessment & Learning

Create a structure to maintain and improve competitiveness by continuing to evolve LXP(1), which incorporates assessment, recommendation engines, and a variety of content, in an integrated manner.

Competitive Edge



Continuously evolve assessment and content recommendation logic through constant data analysis to stay ahead of the competition

Note：(1) Learning experience platform

Assessment function "DIA3.0" of "exaBase DX Assessment & Learning" to be released this summer



Feature 1: Fully compliant with digital skill standards

Visualization of examinees' abilities in a form that conforms to both the "DX Literacy Standards," which are abilities and skills that all business people, including executives, should acquire, and the "DX Promotion Skill Standards," which are required of personnel who promote DX.

Feature 2: High score accuracy utilizing data science/proprietary algorithms

An adaptive model that changes the next question according to the examinee's ability, enabling precise measurement of the examinee's ability with a small number of questions.

Feature 3: Support for post-inspection training

Provide training content aimed at acquiring DX literacy, covering each of the DX literacy standards

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Overview of social issue areas and business domains being addressed by the Care&Med Tech business

Areas of social challenge being addressed by the Care&Med Tech business

Stakeholders in solving social issues

- **corporation**: Operating companies in the healthcare domain (pharmaceuticals, insurance, medical devices, etc.)
- **individual**: Consumers/Patients
- **specialist**: Health care professionals, universities, etc.

Healthcare Industry Co-creation of next-generation data-driven companies	Medical Care Infrastructure Increased efficiency and sophistication of healthcare systems	Declining birthrate and maturing society Realization of well-being of working generation and their own value	Super-aging society Prevention of requiring nursing and severity of nursing care
1 AI Drug Discovery • Data-driven drug discovery with Daiichi Sankyo **2 Pharmaceutical Company DX** • Transformation of operations and business • On-the-job training of human resources	**3 Utilization of Medical Big Data (RWD)** Business alliance with MDV on data-driven business • Joint development of services using millennium medical record data with NTT Data Corporation	**4 Health care/well-being services (pre-disease, prevention, health promotion)** • Collaboration with Companies ☞Collaboration with several major pharmaceutical, insurance, and medical device companies underway • In-house development for individuals ☞ Developing new services utilizing generative AI.	**5 AI medical device program in the area of dementia (diagnostic SaMD)** Osaka University x AMED ☞ Clinical studies of gait videos + cognitive function tests • Showa University/ Kanazawa University ☞ Clinical Research in Speech Analysis

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Improve productivity in the nursing care industry (i.e., eliminate human resource shortages) by expanding the CareWiz series, which reduces back-office operations at nursing care facilities, through the use of AI, and by enabling the reallocation of administrative staff to work in the field.

Human Resource Shortage Problem in the Care Industry

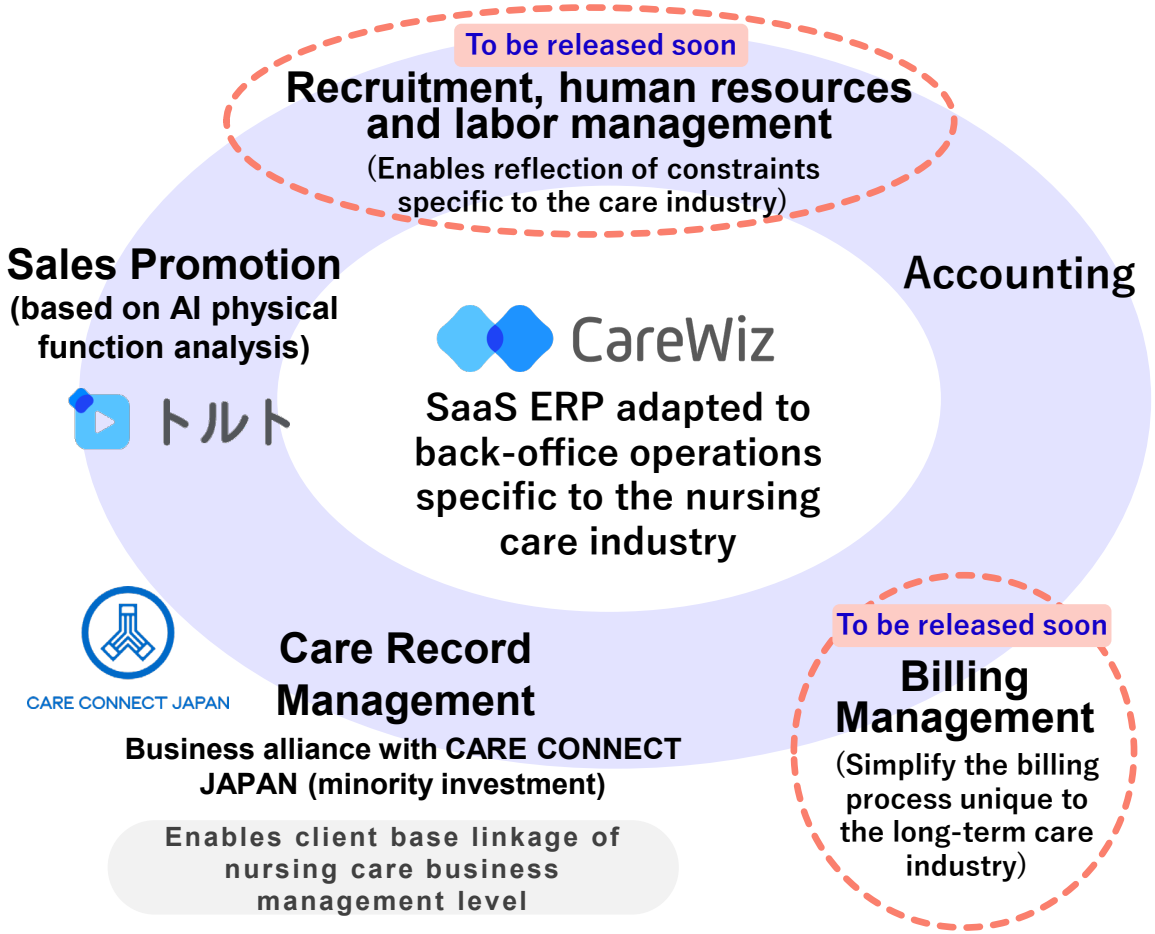
Shortage of about 700,000 caregivers

Back-office operations occur in about 300,000 business locations (equivalent to about 300,000 employees)

CareWiz

- Providing CareWiz for back-office operations at nursing care facilities to improve operational efficiency, **reallocate administrative staff to the frontlines, and eliminate the shortage of nursing care personnel**
- **Streamlining system investment through the use of CareWiz, which also contributes to the stabilization of business management at nursing homes (market worth approximately 300 billion yen)**

Future service areas of the CareWiz series



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Reform of management structure

Also implementing structural reforms to improve our own productivity

Structural reforms (including those implemented in prior years)

August 10, 2022

Transfer of Care Techniques Training Business

- Transfer of nursing care technique training business belonging to the AI Products segment in the first quarter.

February 14, 2023

Transferred "CareWiz Hannasuto"

- Transferred "CareWiz Hanasuto" to CCJ in the fourth quarter and shifted to a development and sales structure led by CCJ
- Company focuses on improving efficiency of back-office operations at nursing care facilities

Announced today

Closes Indian Subsidiary

- Dissolution of EXAWIZARDS INDIA LLP (non-consolidated subsidiary), which had been operated as the Company Group's overseas R&D base
- Reduction of approximately 47 million yen in operating costs and recording of an extraordinary loss of approximately 38 million yen in the current fiscal year)

Organizational Structure Reforms

Lean management structure

- Promoting business innovation and productivity improvement by utilizing generative AI and exaBase Studio in our own operations
- Aim to achieve the same quality of operations as in the previous fiscal year by improving operational efficiency through the use of generative AI, etc., while keeping company-wide related operations to a minimum.

Newly established Business Transformation Office

- A new department has been established under the direct control of the President and Executive Officer to lead the transformation of the company's internal operations through the use of technology.
- Proactively incorporate generative AI, etc., utilizing the company's exaBase assets, and create advanced examples as an AI company.

Strengthen recruitment of new graduates

- As the number of management positions within the company has increased, we will strengthen the hiring of new graduates from the fiscal year ending March 31, 2024 onward.
- Particular emphasis will be placed on engineers, as new graduates are capable of making an immediate contribution to the company.

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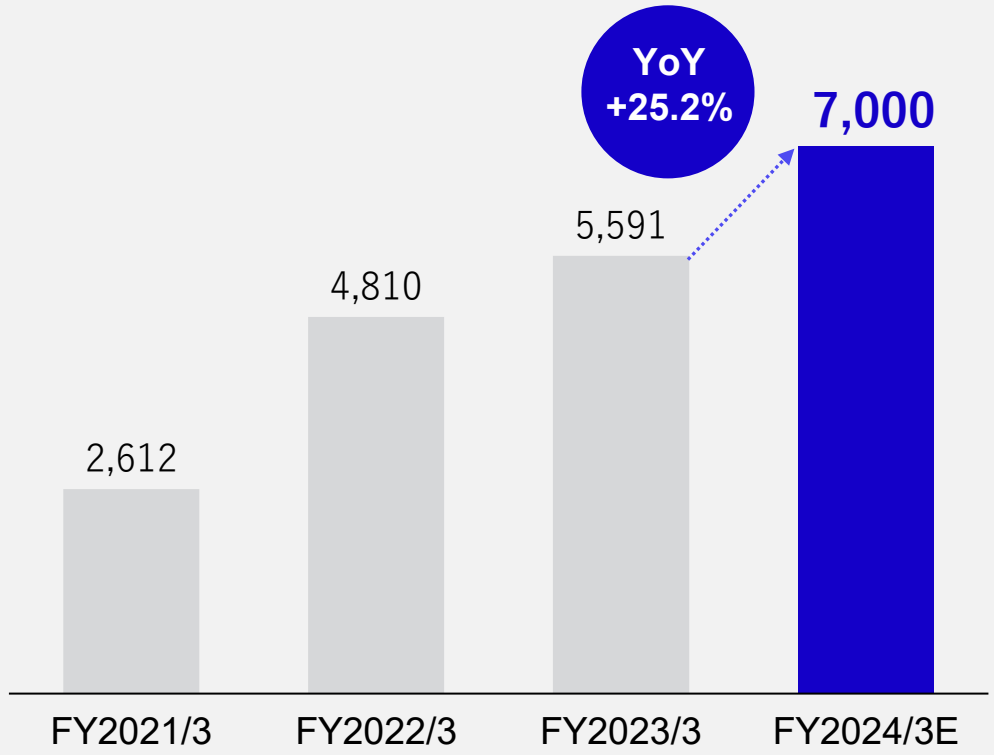
Earnings Forecast for the Fiscal Year Ending March 2024

EXAWIZARDS

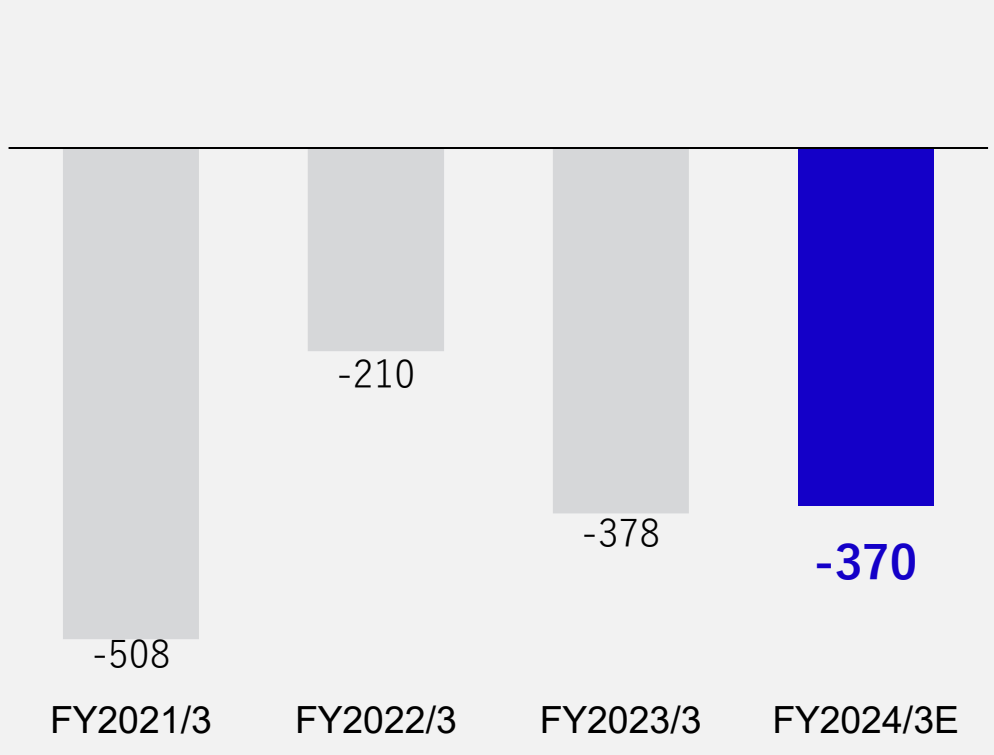
Earnings forecast for the fiscal year ending March 31, 2024

Estimated sales of 7,000 million yen (25.2% year-on-year) and operating income of -370 million yen

Total Sales: Fiscal Year (millions of yen)



Operating income: Fiscal Year (millions of yen)



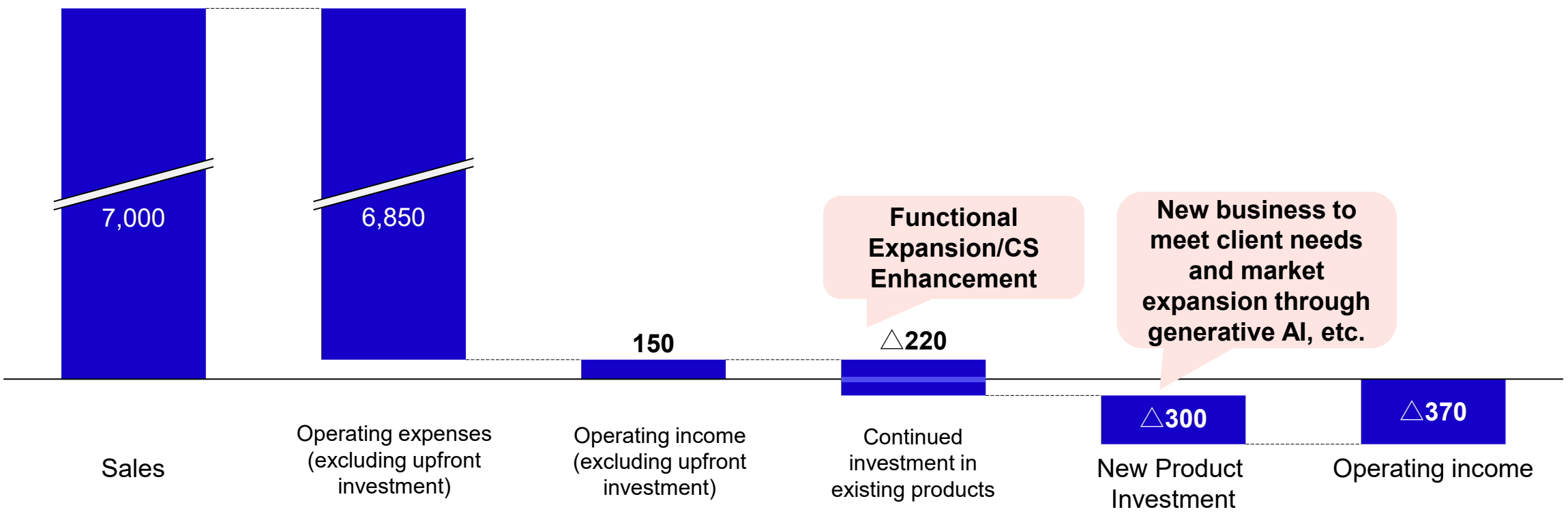
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Business investment scale for the fiscal year ending March 31, 2024

150 million yen profit excluding upfront investment, 520 million yen aggressive investment in generative AI product development/enhancement of existing products as preparation for the next fiscal year and beyond

Cost Structure for the Year Ending March 2024

Profitable cost structure, excluding upfront investments + Upfront investment for next fiscal year and beyond = Operating Income



※ *The amount of investment was calculated by considering the total amount of loss for loss-making businesses and the amount of investment for profitable businesses as personnel costs other than client front costs (Sales/CS/IS) and development costs that are not capitalized.*

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Investment targets and approach to shareholder returns

Prioritize investment in business at present in order to sustainably increase corporate value

Investment targets and approach to shareholder returns

- At this time, the Company's priority is to increase its corporate value by focusing on further business expansion and achieving sales growth.
- For this reason, we are looking to invest our funds in hiring human resources that will contribute to business growth, strengthening existing products, developing new products, M&A and alliances with partners, etc.

Repurchase of treasury stock (resolution of the Board of Directors on March 22, 2023)

- Scale of acquisition : Up to 1.2 billion yen or 4 million shares (4.8% of outstanding shares excluding treasury stock)
- Repurchase period : March 23, 2023 to September 29, 2023
- Use of treasury stock : To ensure mobility and flexibility for the implementation of M&A and capital tie-ups, etc., and for stock options to recruit and retain employees
- Status of acquisition : As of the end of April 2023, 1,053,200 shares, 344 million yen have been acquired

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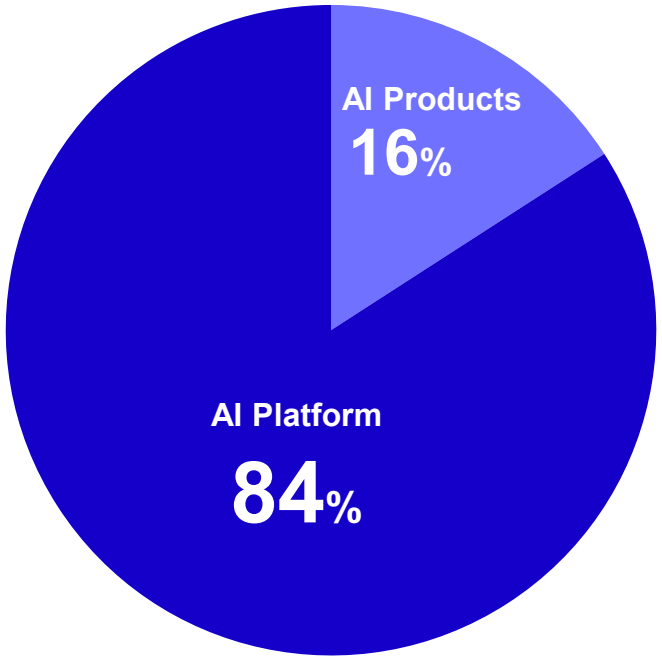
Appendix

EXAWIZARDS

Managing Two Business Models while Implementing AI Platform and Products for Enterprise and Society Respectively

Sales for the year ending March 31, 2023

5,591 Millions Yen



AI Platform

- ✓Providing All-in-One AI Platform to Major Enterprises
- ✓Project-based Recurring FTEs(1) & PaaS (2) Model
- ✓Rolls Out the Same Use Case Repeatedly within Each Industry

AI Products

- ✓Providing Versatile AI Software and Products
- ✓SaaS Model
- ✓Rolls Out New Products for Various Vertical and Horizontal

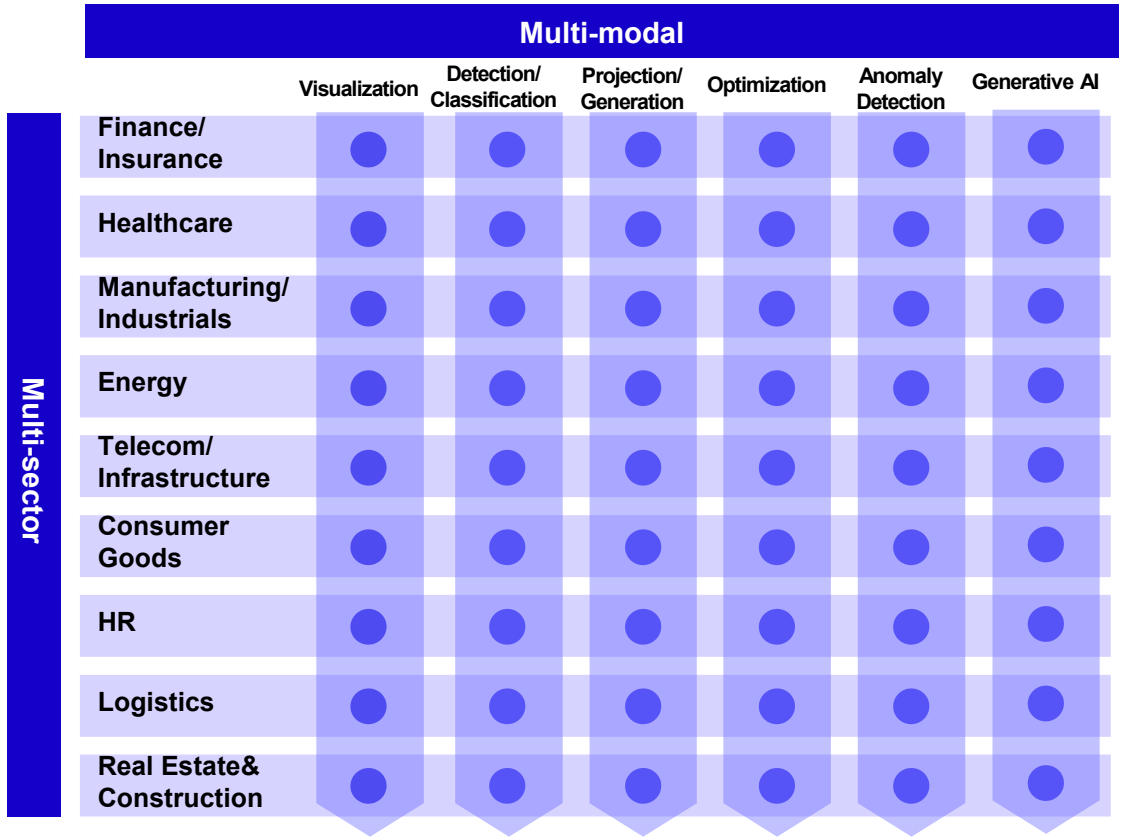
Notes: (1) FTE: Our professional services based on Full Time Equivalent charges, (2) Abbreviation for Platform as a Service. A service that enables customers to use platform functions (in our case, "exaBase") in the cloud environment.

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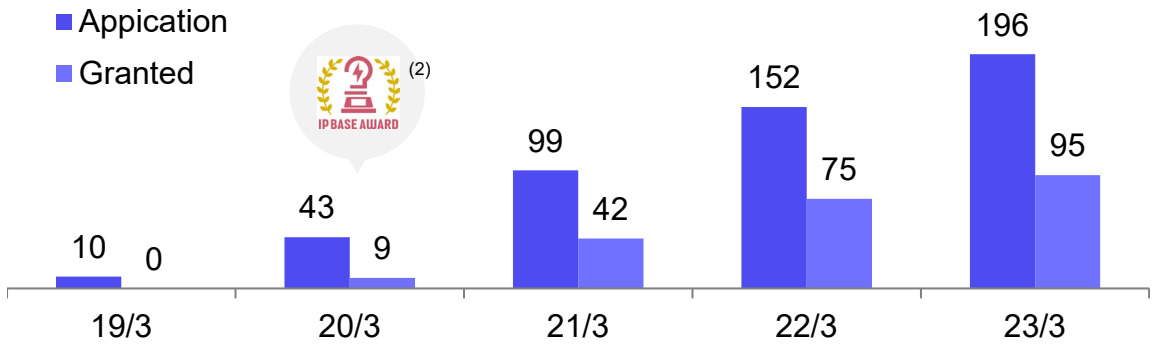
AI Platform: Exclusively Patented AI Libraries and Technological Advancement

Multi-sector and Multi-modal Strategy has led to the Accumulation of Various Algorithms, Data and Patents, which will Contribute to Both Platform Enhancement and Further Product Development

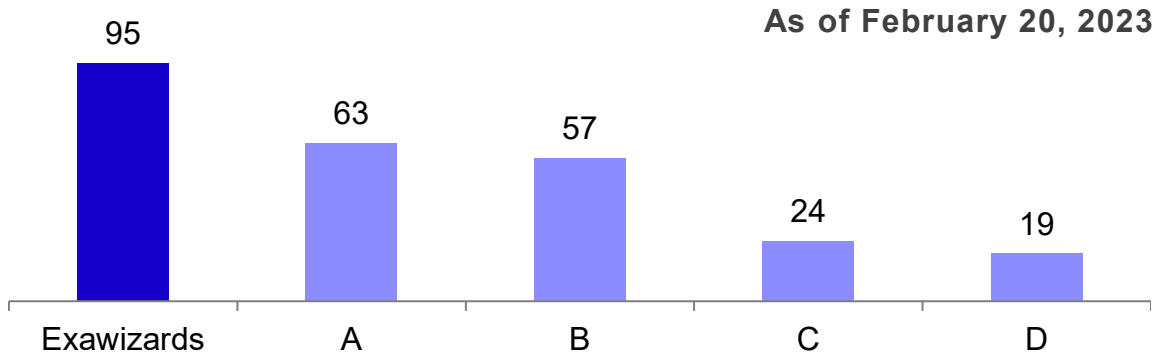
142 Clients Annually(1), Projects across Various Industries



Cumulative # of Patent Application and Granted



No.1 in the number of patents granted in AI ventures(3)

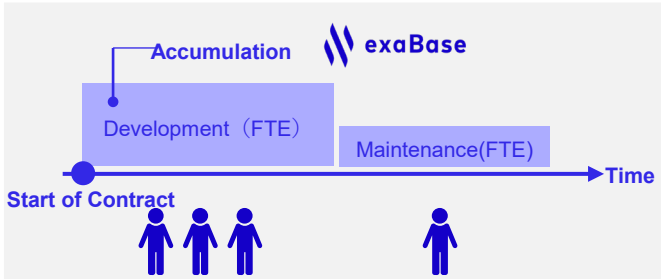
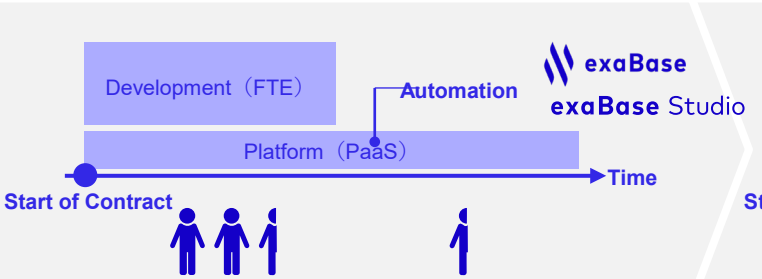
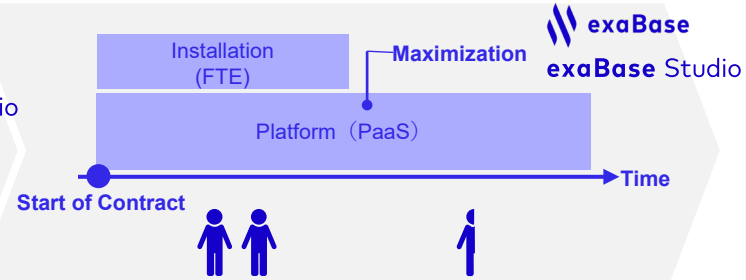


Note: (1) Number for FY2023/3 (2) ExaWizards is awarded the first "IP Base Award" as the best Japanese start up that's enabling strategic acquisitions of IP by Japan Patent office in March 2020 (3) From J-PlatPat for companies listed in the Nikkei Industry Map 2023 edition "AI Ventures" surveyed by Company as of February 20, 2023. Number of patents (patent application/patent list (A), re-publication (A1), patent application/patent (B), patent invention specification (C), and narrow down by registration date).

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Growth Strategy for AI Platform Business

Taking Progressive Actions for Scalable Growth through Dramatically Improving Project Efficiency

	What we achieved..	What we're focusing on..	What we will be..
	Accumulate technology assets in exaBase through tailor-made projects	**Transform business model leveraging technology assets accumulated in exaBase**	**Realize automated business model with exaBase**
Solutions	Develop algorithms to address management agenda	Implement AI algorithms to realize business impact (MLOps)	Offer No-code AI platform for any industries and any functions
Pricing	FTE pricing with high price range(1)	FTE pricing with high price range + PaaS model (2)	Installation cost + PaaS model
Use cases	Develop new use cases for leading players in each industry Accumulate IP / Learned models	Reuse accumulated knowledge and algorithms and offer solution through API	Solve social issues through combination of advanced and fully-stacked API / UI
Sales Image			
Headcount (Cost)			

Notes: (1) FTE: Full Time Equivalent. Calculate the price by the unit time with a full-time staff labor conversion
(2) PaaS: Platform as a Service, a platform service provided by a business to its customers (in our case, "exaBase"), the price of which is calculated according to the conditions of use and situation.

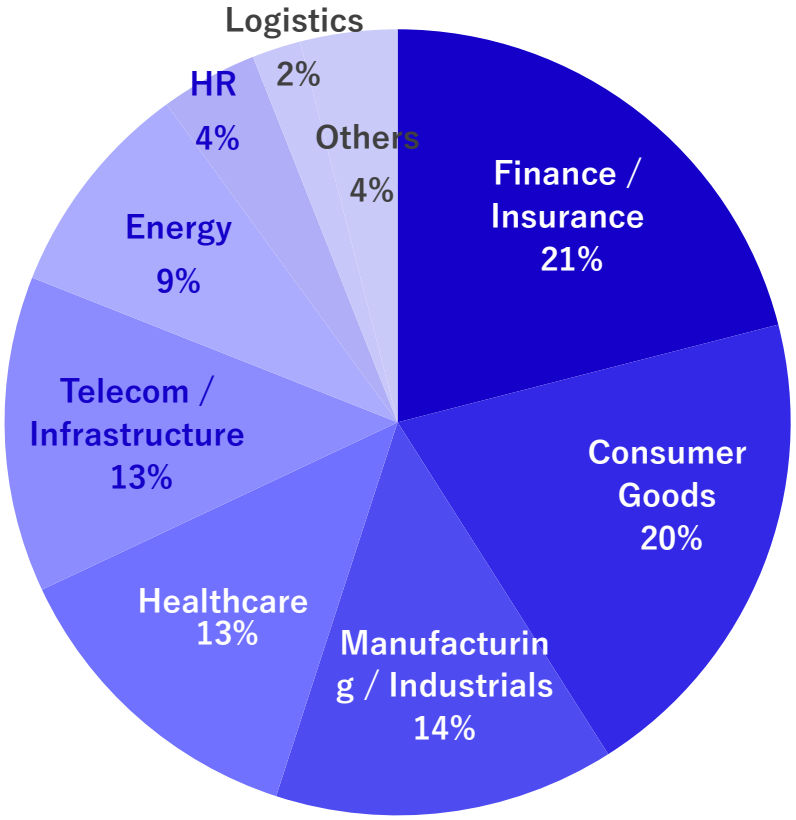
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AI Platform Business: Sales Portfolio by Industry

Serving a wide range of clients across industries and sectors

Sales Composition by Industry(1)

FY2023/3



	FY2022/3	FY2023/3
Finance / Insurance	25%	21%
Consumer Goods	18%	20%
Manufacturing / Industrials	19%	14%
Healthcare	14%	13%
Telecom / Infrastructure	8%	13%
Energy	4%	9%
HR	3%	4%
Logistics	3%	2%
Others	6%	4%

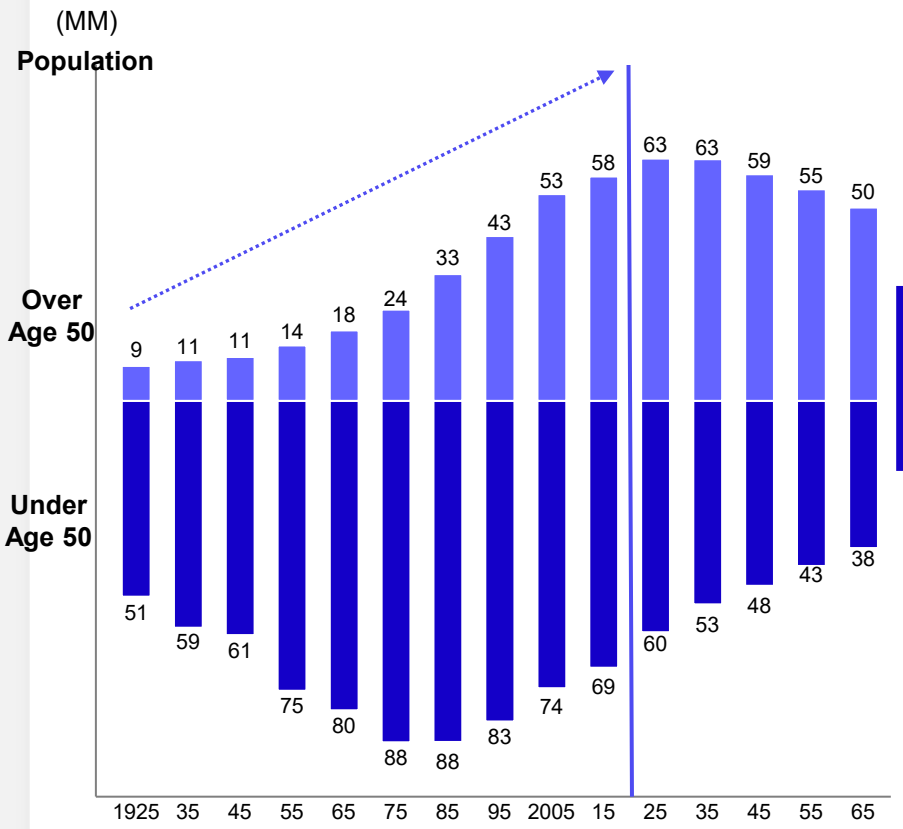
Notes: (1) Breakdown by industry based on sales by client in the AI platform business for each fiscal year

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AI Products Overview

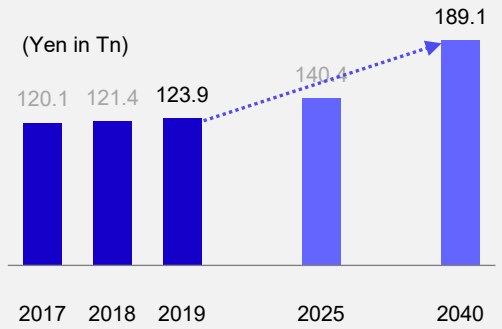
Providing “AI Products” as Japan Faces Demographic Turning Point

Demographic Turning Point*



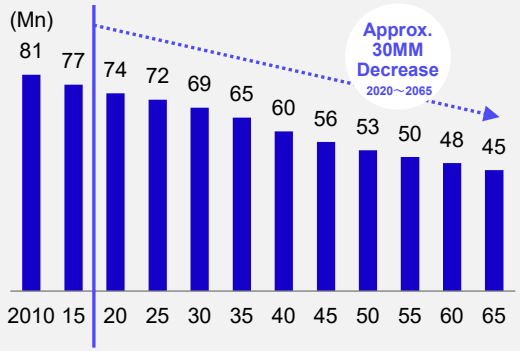
Bring Dozens of Social Issues

Expanding Social Security Cost**



To Support Care Operation

Decreasing Labor Force***



To Support Enterprise DX

“Social” AI Products

- Nursing Products: CareWiz
- Education Product

“DX” AI Products

- exaBase DX Assessment & Learning
- exaBase Forecast & Analysis
- exaBase Well-being
- exaBase FAQ
- exaBase 1on1
- exaBase Company Search

*Sources: * Made by ExaWizards based on Ministry of Internal Affairs and Communications “Time Series Population Estimates of Japan 1920 – 2000”(January 2013), “ Time Series 2000 - 2015” (June 2017), and National Institute of Population and Social Security Research “Population Projections for Japan” (April 2017) ** Made by ExaWizards. Actual numbers are based on “The Financial Statistics of Social Security in Japan FY2018” (August 31, 2021), forecasts are based on Cabinet Office, Cabinet Secretariat, Ministry of Finance, Ministry of Health, Labour and Welfare “Future Outlook for Social Security in anticipation of 2040” (plan-based/economic baseline case) (May 2018) *** Made by ExaWizards. The number for 2010 is based on Ministry of Internal Affairs and Communications “2010 Census” (November 2012), numbers after 2015 are based on National Institute of Population and Social Security Research “Population Projections for Japan” (April 2017)*

AI Products: Service Lineup

DX AI Products

- exaBase DX Assessment & Learning
- exaBase Well-being
- exaBase 1on1
- exaBase Forecast & Analysis
- exaBase FAQ
- exaBase Company Search

exaBase DX Assessment & Learning

✓ **Improving the Efficiency of Society as a Whole, including Governments, SMBs and Enterprises**



Realize social value by providing DX AI products

Number of companies introduced(1)

900companies

Number of Examinees(1)(2)

60,000peoples

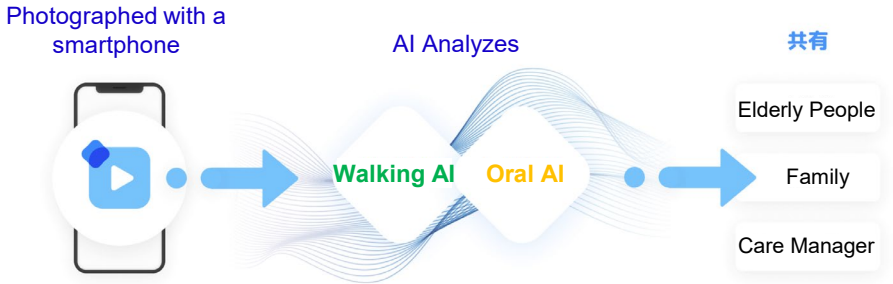
Notes: (1) As of March 31, 2023 (2) total number of examinees

Social AI Products

CareWiz　とりんく

CareWiz トルト

AI visualizes changes in physical function.
Improved quality of proposals



- ✓ **Visualization of physical functions and other information by simply taking videos of elderly people with a smartphone**
- ✓ **AI developed based on the knowledge of experts supports on-site assessments**
- ✓ **Already installed in more than 600 nursing care facilities and municipalities nationwide**
- ✓ **The CareWiz series is currently developing new functions to support the overall management of nursing care facilities.**

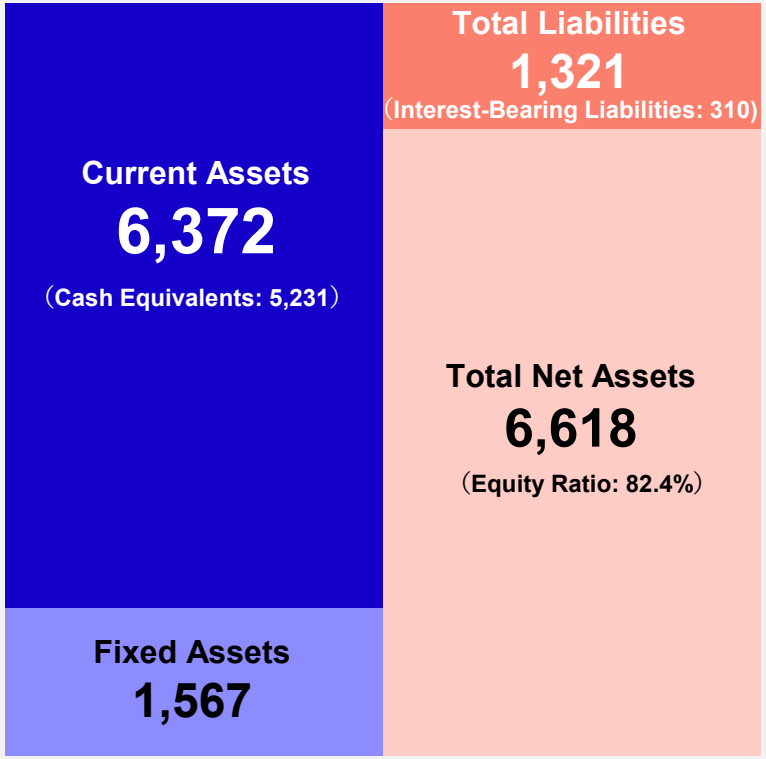
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Consider Various Finance Methods based on Strong Financial Stability

A Solid Balance Sheet with Agile Capacity to Respond to Disruptive Business Expansion

Consolidated Balance Sheet Summary (March 31, 2023)

Unit: Millions of Yen



Consideration on Growth Investments

- For an investment to achieve disruptive growth (e.g., M&A, business model development), Company is considering strategic and flexible procurement methods, including cash on hand, borrowing from lenders, bonds and equity financing, and others, based on a strong financial base
- While exploring various possibilities, the Company will carefully examine each project in light of its profitability, financial stability, and the Company's management policy

Strong cash position

- Cash and deposits at the end of FY2023/3: 5.2 billion yen
- The overdraft agreement with the bank was expanded from 500 million yen to 1 billion yen in Q2, and further expanded to 1.5 billion yen in Q3.
- Ample cash position, taking into account of investment and working capital for business expansion

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(Reference) Change in segment disclosure method (planned)

From the fiscal year ending March 31, 2024, (1) exaBase Studio will be re-categorized from the AI Platform segment to the AI Products segment, and (2) common company-wide expenses will no longer be allocated to each business segment.

Former Segments (through March 31, 2023)

	Reporting Segment		Amount recorded in consolidated financial statements
	AI Platform	AI Products	
Sales	xxx	xxx	xxx
Segment income (Operating income)	xxx	xxx	xxx
Aggregate Target Projects	exaBase Studio		

Changes ①

Changes : exaBase Studio's aggregation target is changed to AI Products segment.

Reasons : Since we plan to offer this service in the form of a highly product-oriented format

New Segment (from fiscal year ending March 31, 2024)

	Reporting Segment		Adjustment (※)	Amount recorded in consolidated financial statements
	AI Platform	AI Products		
Sales	xxx	xxx	-	xxx
Segment income (Operating income)	xxx	xxx	△xxx	xxx
Aggregate Target Projects	exaBase Studio ▸ exaBase Studio			

Changes ②

Changes : Corporate functions and other company-wide expenses are excluded from the allocation of business expenses.

Reasons : Visualize the business profitability of each segment

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(Reference) Change in segment disclosure method (planned)

Estimated impact of the segment change using figures for FY2022 and FY2023

Amount recorded in consolidated financial statements	Former Segments FY2022/3	Former Segments FY2023/3	New Segment FY2022/3	New Segment FY2023/3
Sales	4,810	5,591	4,810	5,591
Adjustment(※)			-1,198	-1,550
Operating income	-201	-378	-201	-378
Operating Margin	*-4.2%*	*-6.8%*	*-4.2%*	*-6.8%*

Reporting Segment / AI Platform	FY2022/3	FY2023/3	FY2022/3	FY2023/3
Sales	4,180	4,703	4,180	4,703
Operating income	713	314	1,392	1,339
Operating Margin	*17.1%*	*6.7%*	*33.3%*	*28.5%*

AIプロダクト	FY2022/3	FY2023/3	FY2022/3	FY2023/3
Sales	630	888	630	888
Operating income	-915	-692	-394	-167
Operating Margin	*-145.1%*	*-78.0%*	*-62.6%*	*-18.9%*

※Adjustments for the fiscal year ended March 31, 2022 are tentatively calculated based on certain reasonable calculation methods using the actual results for the fiscal year ended March 31, 2023 due to the different organizational structure from the current one.
※This financial analysis is prepared by the Company for reference purposes regarding profit levels by reportable segment for the current and previous fiscal years and is an unaudited financial statement.

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Company Overview



Company Name	ExaWizards Inc.
Address	21F, Shiodome Sumitomo Bldg., Higashi Shimbashi 1-9-2, Minato-ku, Tokyo, 105-0021
Other Offices	Kyoto, Hamamatsu, Nagoya, India, US
Founded	February 2016
Capital	2.3 billion yen (As of March 31, 2023)
Number of Employees	373 (Consolidated basis, As of March 31, 2023)
Business	Development of AI-enabled services for industrial innovation and social problems solutions
Board Members	Representative Director & President : Makoto Haruta Director : Ko Ishiyama Director : Takuma Oue Director : Yutaka Sakane Outside Director : Yasushi Shingai Outside Director : Toshihiko Hiura Outside Director : Naoko Munakata Audit & Supervisory Board Member : Kenichi Kato Audit & Supervisory Board Member : Masaru Iida Audit & Supervisory Board Member : Manabu Sato

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Leadership Team

Leadership with Deep Industry Knowledge and Proven Track Records

Board of Directors



Makoto Haruta
Representative Director & President

Ex
- Director & Chairman, DeNA
- Owner, Yokohama DeNA BayStars
- Sumitomo Bank (Currently known as Sumitomo Mitsui Banking Corporation)

Curt
Outside director of
- TBS Holdings
- Panasonic Corporation



Ko Ishiyama
Director

Ex
- *Director, Recruit HD Media Technology Lab Director, Recruit Institute of Technology Promotion Office*
- *Visiting Associate Professor, Tokyo University*

Curt
- *Member of Labor Policy Council, MLHW*



Yutaka Sakane
Director

Ex
- Assistant, Shizuoka University
- Digital Sensation



Takuma Oue
Director, Executive Officer, Head of exaBase Management

EX
- Boston Consulting Group

Curt
- Visiting Associate Professor, University of Hyogo



Yasushi Shingai
Outside Director

Ex
- Executive VP of JT

Curt
Outside Director of
- Mitsubishi UFJ Financial Group
- Dai-ichi Life Holdings
- NTT West
- Olympus



Toshihiko Hiura
Outside Director

Ex
- Chairman, Bain & Company

Cur
- Outside director of Aruhi
- Visiting Professor, St. Marianna University



Naoko Munakata
Outside Director

Ex
- Commissioner, Japan Patent Office
- MITI (Currently known as METI)

Cur
- Professor at the Graduate School of Public Policy, The University of Tokyo
- Board Member Audit and Supervisory Committee Member, Murata Manufacturing

Executive Officers

Koji Hazama
Ex *A.T. Kearney*

Nishanth Koganti
ExaWizards India LLP Designated Partner
Ex University of Tokyo
Nara Institute of Science and Technology

Tomoya Maekawa
Ex *Boston Consulting Group*

Tomoaki Maekawa
Ex *SONY*
Boston Consulting Group

Naofumi Ohtani
Ex *IBM Japan*
Accenture

Koichi Kawai
Ex *Goldman Sachs*

Taishin Demura
Ex *Corporate Directions*
SAP *Recruit HD*
GREE

Yoritaka Handa
Ex *Benesse Corporation*
Recruit HD

Satoshi Ishino
Representative Director & President of Exa Homecare
Ex *P&G*
McKinsey & Company

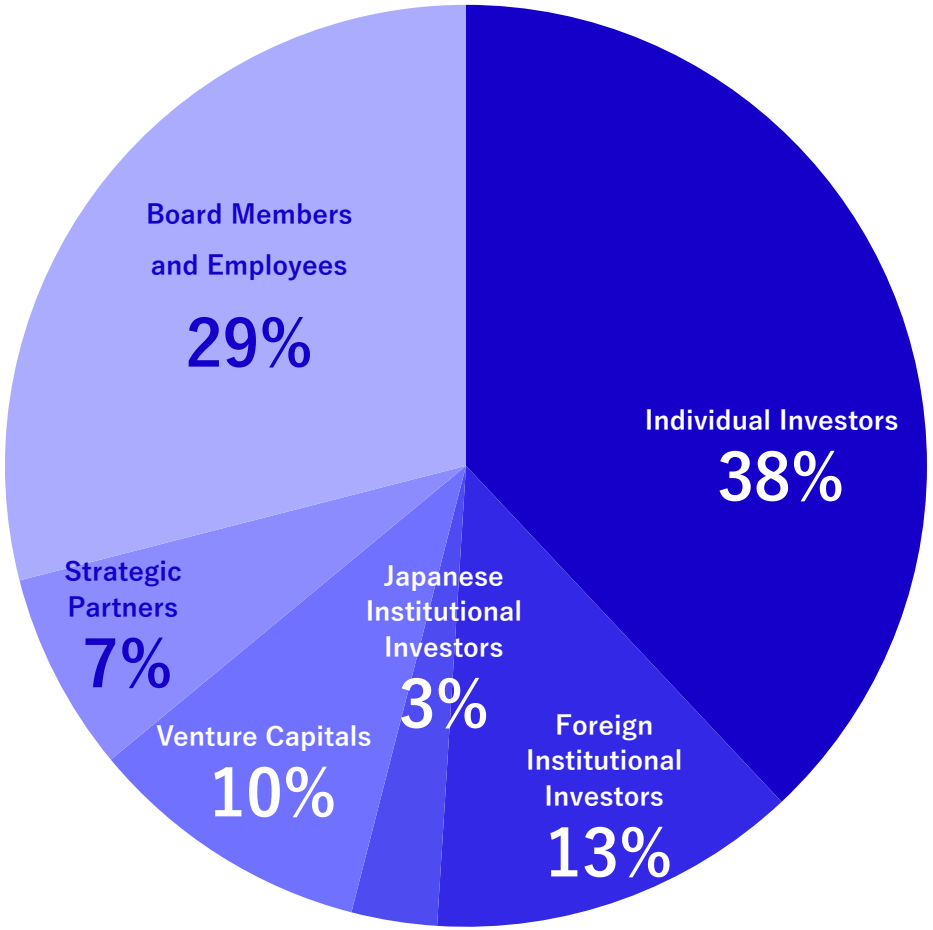
Masanori Sato
Ex *Canon*
ALPS ALPINE

Kazutoshi Takimoto
President & Representative Director of Xware

Masato Saito
Ex *Keio University*
AIST

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Shareholder Composition (As of March 31, 2023)



Total Number of Shares Authorized to be Issued by the Company	**301,232,000**
Total Number of Shares Issued	**83,383,800**
Number of Shareholders	**18,892**

Shareholder	Number of shares held (thousand)	Shareholding ratio (%)
betaCatalyst Inc.	8,185	9.81
Makoto Haruta	7,412	8.88
iSGS Fund I Investment Limited Partnership	4,043	4.84
Yutaka Sakane	3,776	4.52
Ko Narukama (Ishiyama)	3,644	4.37
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY－PB	3,491	4.18
Toshikazu Furuya	3,454	4.14
GIC PRIVATE LIMITED－C	3,403	4.08
D4V Fund I Investment Limited Partnership	3,166	3.79
Sozosuru Kokoro K.K.	1,355	1.62

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