May 11, 2023

ExaWizards Inc. (TSE 4259)

Notice of Dissolution of Subsidiary

ExaWizards, Inc. (“the Company”) hereby announces that its Board of Directors, at a meeting held on May 11, 2023, decided to dissolve EXAWIZARDS INDIA LLP, a non-consolidated subsidiary of the Company, as described below.

1. Reason for Dissolution

EXAWIZARDS INDIA LLP, which had been active as the Company Group's overseas R&D base, has been dissolved and liquidated as part of the Company Group's structural reforms.

2. Outline of the Issuance of the Stock Acquisition Rights

(1)	Company Name	EXAWIZARDS INDIA LLP			
(2)	Address	Telangana, India			
(3)	Name and Title of Representative	CEO, Nishanth Koganti			
(4)	Business	1. Business development of AI camera business in India and overseas 2. Algorithm development of AI camera 3. System development of AI camera related business 4. Other general development of AI-related systems			
(5)	Capital	INR 7,000,000			
(6)	Founded	January 27, 2020			
(7)	Major Shareholders and Shareholding Ratio	ExaWizards, Inc. 99.999%			
(8)	Relationship between the listed company and the company in question	Capital Relationships	The Company owns 99.999% of the voting rights.		
		Personnel Relationships	One of the Company's executive officers serves as the company's Designated Partner.		
		Business Relationships	The Company outsourced development work to the company.		
		Status of related parties	Non-consolidated subsidiary of the Company and a related party.		
Fiscal Year End		FY2021/3		FY2022/3	FY2023/3
Net Assets		11 Millions of yen		17 Millions of yen	21 Millions of yen
Total Assets		29 Millions of yen		37 Millions of yen	64 Millions of yen
Sales		17 Millions of yen		46 Millions of yen	93 Millions of yen
Operating income		1 Millions of yen		4 Millions of yen	9 Millions of yen
Ordinary income		1 Millions of yen		4 Millions of yen	9 Millions of yen
Net income		0 Millions of yen		4 Millions of yen	9 Millions of yen

EXAWIZARDS

3. Schedule of Dissolution

May 11, 2023 Company's Board of Directors resolves to dissolve EXAWIZARDS INDIA LLP

Around 2025 Completion of liquidation of EXAWIZARDS INDIA LLP (planned)

4. Impact of Dissolution and Future Outlook

As a result of the dissolution of the company, we expect to record a loss on liquidation of affiliated companies of approximately 38 million yen as an extraordinary loss in the first quarter of the current fiscal year.

The impact of the reduction in operating expenses is reflected in the Company's earnings forecast announced today. In the previous consolidated fiscal year, approximately 47 million yen was recorded as operating expenses as outsourcing expenses to the subsidiary.

(Reference) Consolidated earnings forecast for the current fiscal year (announced on May 11, 2023) and consolidated results for the previous fiscal year

(Millions of Yen)

	consolidated sales	Consolidated operating income
Consolidated earnings forecast for the current fiscal year (Year ending March 31, 2024)	7,000	△370
Consolidated Results for the Previous Fiscal Year (Year ending March 31, 2023)	5,591	△378

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