June 30, 2023

ExaWizards Inc. (TSE 4259)

Notice of Acquisition of Shares of STADIUM Co., Ltd.

ExaWizards, Inc (“the Company”) hereby announces that resolution to acquire the shares of STADIUM Co., Ltd. (Headquarters: Minato-ku, Tokyo; Representative Director: Yasuhiro Ota; hereinafter "STADIUM") has been approved by an extraordinary meeting of its Board of Directors held today and to make it a subsidiary of the Company.

By making STADIUM a subsidiary, the Company will be able to reach out to a client base that it has not been able to reach in the past, especially in the AI Products segment. Furthermore, by establishing a structure to provide the Company's existing services and new services to be released in the future to a wide range of clients, the Company will strive to expand its business in the mid-to-long term and, by extension, to solve the social issue of improving corporate productivity in Japan as a whole.

１．Purpose of Share Acquisition

The Company aims to solve social issues by providing services and products for improving corporate productivity of all Japanese corporates through the utilization of AI. In particular, in our AI Products segment, we aim to solve social issues by creating services that solve general-purpose problems and are used by many clients and users, resulting in a system that enables cost-efficient operations. In recent years, with the spread and penetration of the Large Language Model (LLM), the Company has announced several services that utilize this model, and is aiming to create new services in the same way in the future. At the same time, we consider it equally important to deliver the new services we have developed to as many clients as possible.

STADIUM, which we have decided to acquire the shares, has grown significantly since its establishment in 2012 based on the management philosophy of "Changing the Future of Work Styles”. STADIUM’s core business is the Digital Solution Sales business, which supports client companies in expanding their sales with a focus on digital and DX products. STADIUM 's strength lies in its ability to provide sales support using a variety of methods at each stage of the sales process, from inside sales to field sales to customer success.

By welcoming STADIUM, which has a large number of sales staffs with a high level of expertise in expanding sales of digital and DX products, to the Company group, we will promote collaboration in expanding sales of various products that the Company currently owns and expects to increase in the future, as well as promote mutual referral of customers. Furthermore, by utilizing the Company's various AI and technology assets, the two companies will begin considering new services in sales representation, a field in which STADIUM excels, as well as new back-office operations representation services. The two companies will work closely together to generate synergies and achieve further business growth.

In the process of preparing for its initial public offering (“IPO”) on the Tokyo Stock Exchange (Growth

Market), STADIUM's initial listing was approved on March 23, 2023, and the IPO was scheduled for April 26, 2023, based on the determination of preliminary terms and the offering price. However, on April 21, STADIUM announced that it would postpone the IPO because there were matters that needed to be confirmed, and it would take time to confirm these matters. Since the Company and STADIUM had a long relationship through their collaboration in providing technology and services to STADIUM and with their sales support services, the Company's management held discussions on the background to the IPO postponement, the causes and solutions, and conducted comprehensive due diligence on the business collaboration. Given that the management of both companies have confirmed that the concerns raised at the time of the postponement of the IPO are expected to be resolved and that business synergies of both can be expected, therefore, today we have decided to pass a resolution to acquire STADIUM's shares. After STADIUM becomes a subsidiary, Mr. Ota, the current representative director of STADIUM, will retire from his position, and the Company plans to appoint a Representative Director and an Auditor.

2．Method of Share Transfers

All shares will be acquired from existing shareholders of STADIUM.

3．Outline of the subsidiary to be transferred (as of April 1, 2023)

(1)	Name	STADIUM Co., Ltd.	
(2)	Address of Head Office	3-4-3 Akasaka, Minato-ku, Tokyo	
(3)	Title and name of representative	Representative Director, Yasuhiro Ota	
(4)	Description of Business	Sales Support Business Process Outsourcing Business planning and management for planning, development, and sales of web services, applications, and systems	
(5)	Capital	2,026 million yen (including reserves)	
(6)	Date of Establishment	August 30, 2012	
(7)	Major Shareholders and Shareholding Ratio (As of July 31, 2022)	Yasuhiro Ota JAFCO SV5 Shared Investment Limited Partnership Family Stadium Co., Ltd. docomo Innovation Fund No.2 Investment Limited Partnership GMO GFF Investment Limited Partnership Godo Kaisha RSP Fund No.6 JAFCO SV5 Star Investment Limited Partnership Norihiko Mabuchi Ken Ishikawa SMBC Venture Capital No.5 Investment Limited Partnership	35.06% 18.81% 11.05% 4.88% 3.95% 3.95% 3.37% 3.33% 2.21% 1.98%
(8)	Relationship between the listed company and the company concerned	Capital Relations	Not applicable.
		Human relations	Not applicable.
		Business Relationship	In the previous fiscal year, the Company's AI Platform business provided services amounting to 21 million yen.
		Status as a	The company is not a related party of the Company.

	related party		
(9)	Consolidated operating results and consolidated financial position of the company for the past three years		
Fiscal Year End	Year ending July 31, 2020	Year ending July 31, 2021	Year ending July 31, 2022
Net Assets	232 million yen	220 million yen	183 million yen
Total Assets	1,045 million yen	948 million yen	795 million yen
Net Assets per Share	-116,026.82 yen	-3,432.05 yen	-3,667.05 yen
Sales	1,339 million yen	1,674 million yen	1,995 million yen
Operating income	-808 million yen	-530 million yen	-30 million yen
Ordinary income	-820 million yen	-537 million yen	-51 million yen
Net income attributable to owners of the parent	-771 million yen	-555 million yen	-117 million yen
Net income per share	-77,199.80 yen	-1,111.52 yen	-234.99 yen
Dividend per share	- yen	- yen	- yen

4. Outline of the Counterparty of the Share Acquisition

(1)	Name	Yasuhiro Ota
(2)	Address	Minato-ku, Tokyo
(3)	Relationship between the listed company and the individual concerned	Not applicable

(1)	Name	Norihiko Mabuchi
(2)	Address	Chigasaki City, Kanagawa Prefecture
(3)	Relationship between the listed company and the individual concerned	Not applicable

(1)	Name	Ken Ishikawa
(2)	Address	Nishi-Tokyo City, Tokyo
(3)	Relationship between the listed company and the individual concerned	Not applicable

(1)	Name	Family Stadium Co., Ltd.	
(2)	Address of Head Office	Minato-ku, Tokyo (Note 1)	
(3)	Title and name of representative	Representative Director, Yasuhiro Ota	
(4)	Description of Business	Holding, trading and investment in securities	
(5)	Capital	100 thousands yen	
(6)	Date of Establishment	Feb. 2015	
(7)	Net Assets	-52 million yen	
(8)	Total Assets	63 million yen	
(9)	Major Shareholders and Shareholding Ratio	Yasuhiro Ota	100%
(10)	Relationship between the Listed Company and the Company Concerned	Capital Relations	Not applicable
		Human Relations	Not applicable
		Business Relationship	Not applicable
		Status as a Related Party	Not applicable

(Note)
1.Omitted because the address is the same as Mr. Ota's personal residence.
2.The above four shareholders will first acquire the shares of STADIUM from the existing shareholders including funds, etc., and The Company will then acquire the same shares from the four shareholders.

5．Number of Shares Acquired, Acquisition Price and Status of Shares Held Before and After Acquisition

（1）	Number of Shares held before the change	0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0%)
（2）	Number of Shares Acquired	905,250 shares (Number of voting rights: 905,250)
（3）	Acquisition Price	Common stock of STADIUM 2,700 million yen Advisory fees, etc. 3 million yen Total 2,703 million yen *The above acquisition price was agreed upon with the management of both companies after a comprehensive review by the Company of the provisional terms and public offering price used in the listing process of STADIUM, as well as the results of evaluation using the DCF method, comparable listed company analysis (multiple method, etc.), and other methods.
（4）	Number of Shares held after the Change	905,250 shares (Number of voting rights: 905,250) (Percentage of voting rights held: 100.0%)

6．Schedule

(1) Date of Resolution at the Extraordinary Meeting of the Board of Directors	June 30, 2023
(2) Date of Conclusion of Contract	June 30, 2023
(3) Execution Date of Share Transfer	June 30, 2023

7．Future Outlook

The impact of this matter on The Company's business performance for the current fiscal year is under scrutiny.

The Company plans to revise its earnings forecast at an appropriate time, taking into consideration the expected scale of STADIUM's business uptake, the synergies between the two companies' businesses as a result of the company becoming a subsidiary of the Company, and the Company's current business performance.

(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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