August 14, 2023
ExaWizards Inc. (TSE 4259)

Notice regarding the Earnings Forecast Revision

In light of recent business performance, ExaWizards Inc. (TSE 4259, hereinafter “the Company”) has revised their consolidated earnings forecast for the fiscal year ending March 31, 2024 (April 1, 2023, to March 31, 2024), which was initially disclosed on May 11, 2023.

1. Revision of the Consolidated Earnings Forecast

(1) Revision of the Full-Year Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2023 - March 31, 2024)

	Sales	Operating Profit	EBITDA
	Million yen	Million yen	Million yen
Previous forecast (A) (May 11, 2023)	7,000	(370)	—
Revised forecast (B) (August 14, 2023)	8,500	(290)	600
Change (B − A)	1,500	80	—
Percent Change (%)	21.4%	—	—
(Reference) Results of the Previous Fiscal Year（FY2022）	5,591	(378)	72

2. Reason for the Revision

(1) Sales

The main components of the change in the new earnings forecast are as follows

- 1Q sales results were in line with initial expectations.
- Reflects the PL (from Q2 onward) inclusion of STADIUM Co., Ltd. ("STADIUM") following its acquisition as a subsidiary, which was disclosed June 30, 2023.
    - Stadium's earnings plan for the current fiscal year is more heavily weighted toward the first half of the fiscal year than the second half of the Company's fiscal year.
- The sales forecast for products such as generative AI reflects their contribution to business performance
- In addition to this, certain risks to sales during the period have been factored in

(2) Operating Profit

The main components of the change in the new earnings forecast are as follows

- 1Q operating profit results were in line with the forecast at the beginning of the period, and reflect the prospect of more efficient operations resulting from resource reallocations in business operations (a 200 million yen improvement from the forecast at the beginning of the period).
- The Company also increased its investments to accelerate new product development and sales (increased from -300 million yen to -420 million yen from the initial forecast).
- After reflecting the inclusion of Stadium's operating profit (from the second quarter onward) and the amortization of goodwill recorded in connection with the acquisition, the impact of the acquisition is expected to be even.

(3) EBITDA

- Began calculating and disclosing EBITDA due to aggressive M&A activities in the future and the growing scale of depreciation and amortization expenses for software and other items.
- EBITDA = Ordinary income + Interest Expense + Amortization of Goodwill + Depreciation (software, etc.)
- Depreciation for the current period is assumed to be 244 million yen, and goodwill is 2,284 million yen for the STADIUM.

-End-