Financial Results for the First Quarter FY2024/3

ExaWizards Inc. (4259.T)

August 14, 2023

EXAWIZARDS

1 Executive Summary of the First Quarter of Fiscal Year Ending March 31, 2024

2 Summary of Financial Results for the First Quarter of Fiscal Year Ending March 31, 2024

3 Overview and Progress of the Business Segments

4 Revision of Forecast for Fiscal Year Ending March 31, 2024

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EXAWIZARDS

01.

Executive Summary of the First Quarter of Fiscal Year Ending March 31, 2024

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Executive Summary of the First Quarter of Fiscal Year Ending March 31, 2024

Result of Q1 of FY2024/3

- In the first quarter, both sales and profit were in line with initial expectations
- Sales were 1,302 million yen (+8.9% year-on-year), operating loss was 348 million yen (237 million yen in the same period of the previous year), and personnel expenses and software depreciation increased.
- Posted an extraordinary loss of 42 million yen for loss on liquidation of affiliates related to liquidation of an Indian subsidiary
- Made STADIUM Co., Ltd. a subsidiary. BS will be consolidated from Q1, and PL will be included from July (Q2). Currently, goodwill is 2,284 million yen, and amortization period is expected to be 7-10 years.

AI Platform Segment (New Segment Standards)

- Sales: 1,119 million yen (year-on-year +5.9%)
- Segment profit was 220 million yen (-13.9% year-on-year)
- Sales to long-term clients remained high at 822 million yen (73.5% of total sales)

AI Products Segment (New Segment Standards)

- Achieved high growth with sales of 183 million yen (+31.8% year-on-year)
- Segment loss was -159 million yen (-127 million yen in the same period of the previous year)

Revised earnings forecast for the fiscal year ending March 31, 2024

- The new earnings forecast calls for fiscal year sales of 8,500 million yen (+52.0% year-on-year), operating income of -290 million yen (+80 million yen improvement from the previous year), and EBITDA of 600 million yen.
- Reflects mainly the inclusion of the performance of STADIUM, which became a subsidiary, the launch of new services related to generative AI, and increased efficiency through reallocation of business resources
- EBITDA calculation and disclosure has been started due to aggressive M&A activities and the growing scale of depreciation and amortization expenses for software and other items.

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Summary of Financial Performance

Consolidated Financial Results

Q1 Sales

1,302 Million Yen

（YoY +8.9%）

AI Platform Segment

Q1 Sales

1,119 Million Yen

（YoY +5.9%）

Ratio of Revenue from Long Term Clients(1)

73.5%

（YoY +1.9pt）

Q1 Gross Profit Margin(2)

53.0%

（YoY -5.8pt）

Q1 Segment Profit Margin(2)

19.7%

（YoY -4.5pt）

AI Products Segment

Q1 Sales

183 Million Yen

（YoY +31.8%）

DX AI Products Q1 Sales(2)

129 Million Yen

（YoY +22.1%）

Notes: (1) Continuous revenue from the clients that ExaWizards maintains its contract for consecutive 4 quarters and more.
(2) Calculated based on new segment standards from the fiscal year ending March 31, 2024.
(3) 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

Summary of Financial Results for the First Quarter of Fiscal Year Ending March 31, 2024

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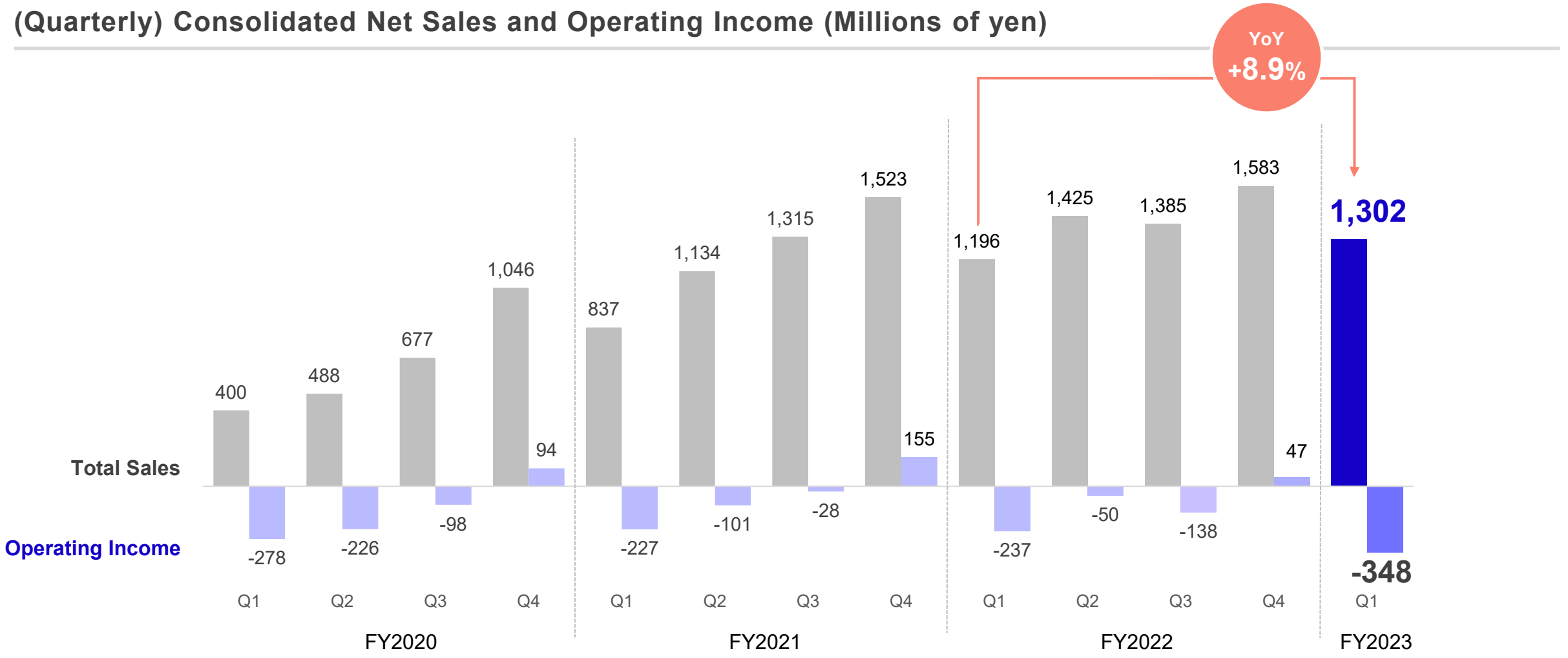
Quarterly Trend of Financial Results

Q1 sales were 1,302 million yen (+8.9% year-on-year), showing a recovery trend, while operating income was -348 million yen due to prior investment in personnel expenses, etc.

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



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Consolidated Statements of Income for the 1Q of the Fiscal Year Ending March 31, 2024

(JPY in Million)	FY 2023/3 Q1	FY 2024/3 Q1
Net Sales	1,196	**1,302**
Growth Rate (%)	*+42.9%*	*+8.9%*
Cost of Sales	535	661
Gross Profit	660	**641**
Gross Profit Margin (%)	*55.2%*	*49.2%*
Selling, General, and Administrative Expense	897	989
Operating Profit (Loss)	-237	**-348**
Operating Profit (Loss) Margin (%)	*-19.8%*	*-26.8%*
Non-operating Income	1	0
Non-operating Expenses	0	4
Ordinary Profit (Loss)	-236	**-352**
Extraordinary Profit	13	-
Extraordinary Losses	-	42
Profit (Loss) before Income Taxes	-222	**-394**
Total income taxes	4	13
Profit (Loss)	-227	**-408**
Profit (Loss) attributable to owners of Parent	-223	**-400**

Cost of Sales

- Increase in personnel and software depreciation

Selling, General & Administrative Expenses

- Increase in personnel and other expenses

Extraordinary loss

- Loss on liquidation of subsidiaries and affiliates, etc., was recorded due to liquidation of an Indian subsidiary.

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Consolidated Balance Sheets for the First Quarter FY2024/3

(JPY in Million)	March 2022	March 2023	FY2024/3 1Q
Current Assets	**6,636**	**6,372**	**4,342**
Cash and Deposits	5,537	5,231	3,025
Account Receivable – Trade and Contract Assets	914	1,032	902
Other	183	108	413
Non-Current Assets	**1,229**	**1,567**	**4,256**
Property, Plant and Equipment	126	165	226
Intangible Assets	807	1,114	3,475
Goodwill	212	160	2,431(1)
Software	594	954	1,043
Investments and Other Assets	295	287	554
Total Assets	**7,865**	**7,939**	**8,598**

Notes: (1) Goodwill of 2,284 million yen was recorded at the end of 1Q as a result of making STADIUM Co., Ltd. a subsidiary.

(JPY in Million)	March 2022	March 2023	FY2024/3 1Q
Current Liabilities	**824**	**914**	**2,821**
Short-term Borrowings	-	-	1,000(2)
Account Payable – Other	212	225	496
Accrued Expenses	254	304	401
Other	356	384	923
Non-Current Liabilities	**408**	**406**	**461**
Long-term Borrowings	310	300	352
Other	97	106	108
Net Assets	**6,633**	**6,618**	**5,315**
Share Capital	2,274	2,337	2,351
Capital Surplus	5,059	4,487	4,500
Retained Earnings	-744	-249	-650
Other	-	-34	-959
Liabilities and Net Assets	44	44	72
Current Liabilities	**7,865**	**7,939**	**8,598**

Note: (2) Bank loan was taken out in connection with the acquisition of STADIUM Co., Ltd.

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Overview and Progress of the Business Segments

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Change in segment disclosure method

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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Summary of Business Results by Segment for the Q1 FY2024/3 (New Segment Standards)

Sales grew 5.9% in the AI Platform segment and 31.8% in the AI Products segment

(JPY in Million)	Year ended March 2023 1Q	Year ended March 2024 1Q
AI Platform Segment		
Net Sales	**1,057**	**1,119**
Growth Rate (%)	***44.7%***	***5.9%***
Cost of Sales	**435**	**525**
Gross Profit	**622**	**593**
Gross Profit Margin (%)	***58.8%***	***53.0%***
Selling, General, and Administrative Expense	**366**	**373**
Operating Profit (Loss)	**255**	**220**
Operating Profit (Loss) Margin (%)	***24.2%***	***19.7%***
AI Products Segment		
Net Sales	**138**	**183**
Growth Rate (%)	***30.3%***	***31.8%***
Cost of Sales	**100**	**129**
Gross Profit	**38**	**53**
Gross Profit Margin (%)	***27.8%***	***29.3%***
Selling, General, and Administrative Expense	**166**	**213**
Operating Profit (Loss)	**-127**	**-159**
Operating Profit (Loss) Margin (%)	**-**	**-**

（Previous 1Q） Sales growth rate

- Subsidiary (Xware) performance contributed throughout the period

Cost of Sales

- Increase in personnel cost, depreciation, subcontracting cost (*), etc.
  *Outsourcing expenses increased in Q1 of this fiscal year due to the scope of development for projects with annual contracts.Profit margin for this project is expected to improve from Q2 onward.

Selling, General, and Administrative Expense

- Increase in recruiting and advertising expenses (for CareWiz Toruto, exaBase DX Assessment & Learning), etc.

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Business Segments

AI Platform

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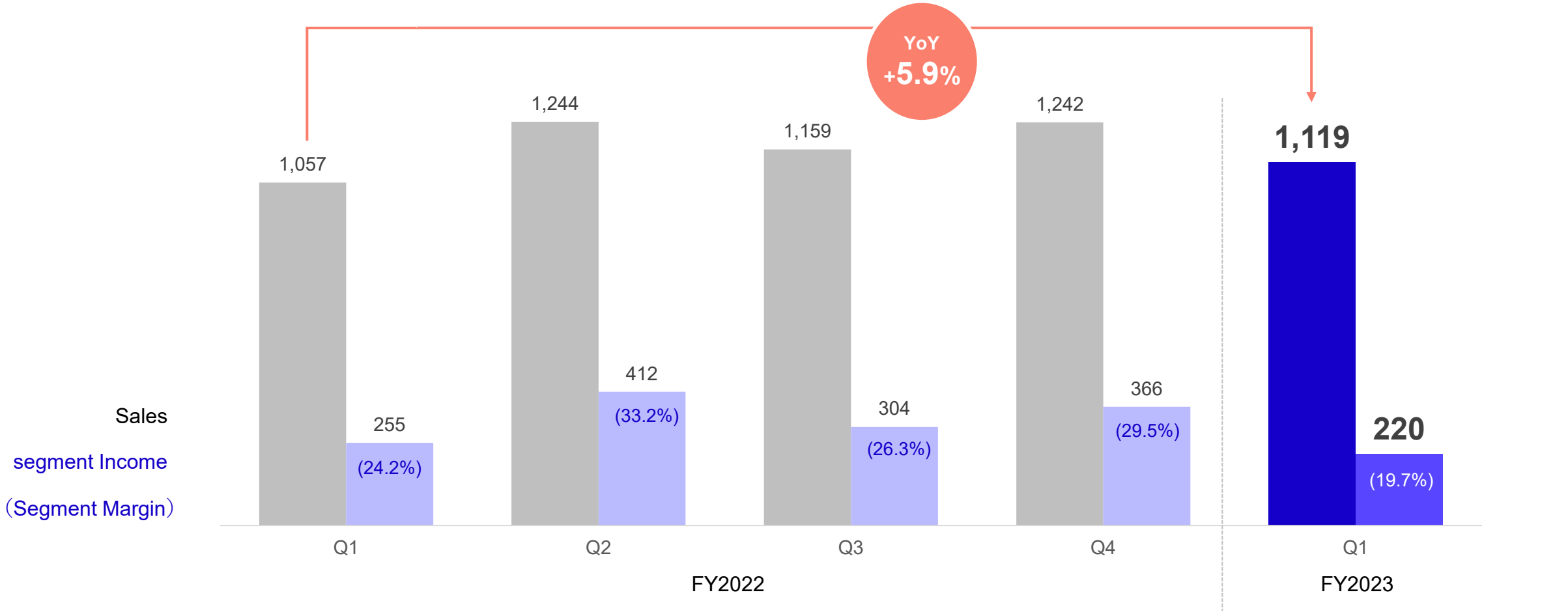
AI Platform: Quarterly trend of Financial Results (New Segment Standards)

Despite seasonal effects, sales are recovering from the reduction of some large projects in the previous fiscal year, and are currently in line with the initial forecast.

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



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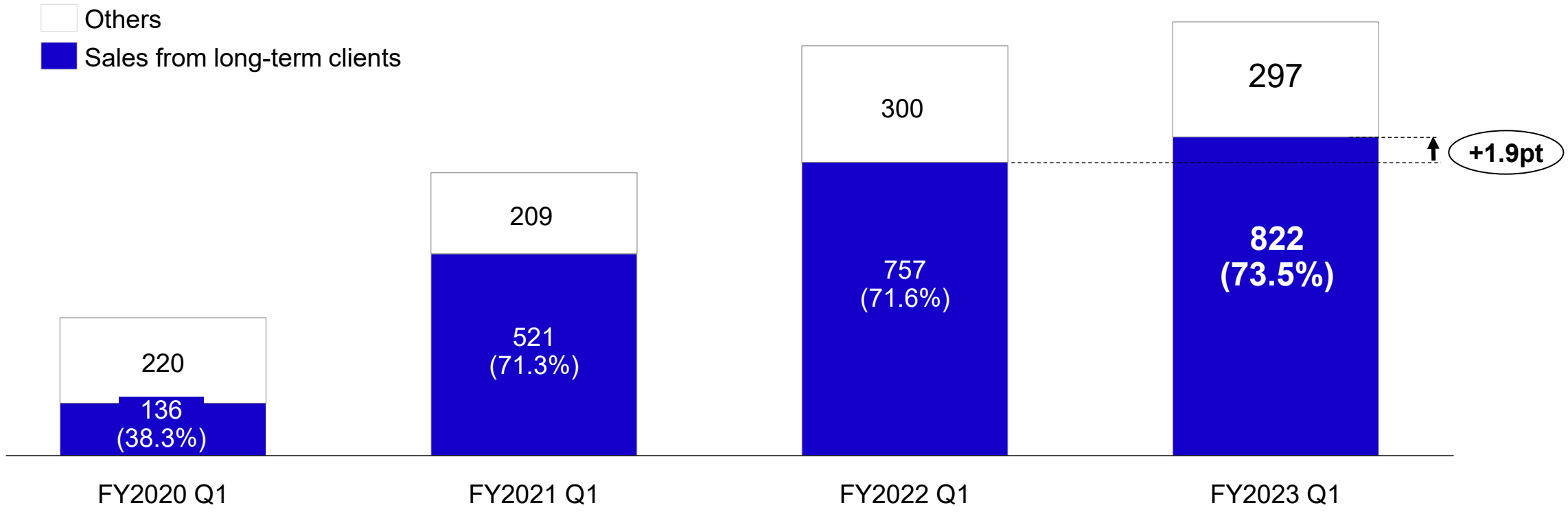
AI Platform: Sales from Long-term Clients

Sales from long-term clients (1) remained high at 822 million yen, or 73.5% of sales

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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AI Platform Business: Improving Productivity in the Electric Power Industry

Accelerate social implementation of AI models that help improve productivity in the electric power industry

Kansai Electric Power Group: Providing AI model for distributed energy operation business to promote GX



Press Release
https://exawizards.com/en/archives/24804

Chugoku Electric Power: AI-based Hydroelectric Power Plant Operation Planning System to Go into Full Operation



Press Release
https://exawizards.com/en/archives/24556

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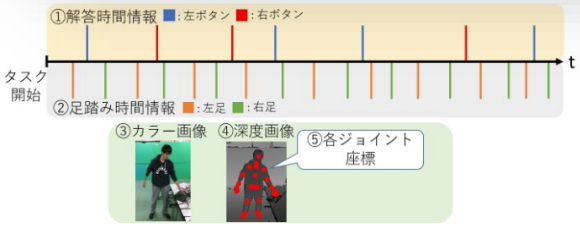
AI Platform Business: Initiatives in the SaMD(1) Domain

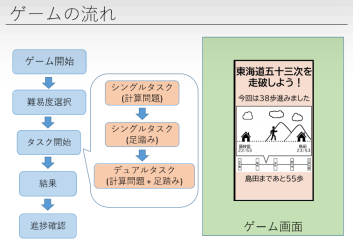
Started developing programmed medical devices in-house in collaboration with academia

【Programmed Medical Device: SaMD】 Video AI x Dementia





Simultaneous foot stamping and testing enforced.



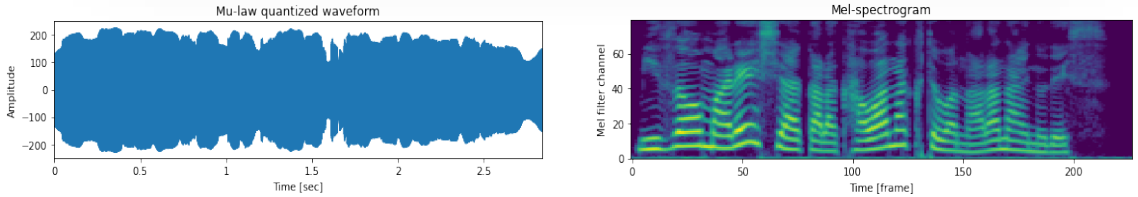
Introduction of gaming elements

Image References
http://www.am.sanken.osaka-u.ac.jp/research/abst/wu.html

Press Release
https://exawizards.com/archives/24279

【Programmed Medical Device: SaMD】 Conversational Voice AI x Dementia





Structuring of unstructured information (audio information)

Press Release
https://exawizards.com/en/archives/24824

Notes: (1) SaMD (Software as Medical Device) , medical devices implemented in software such as AI applications

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02-4.

Business Segments

AI Products

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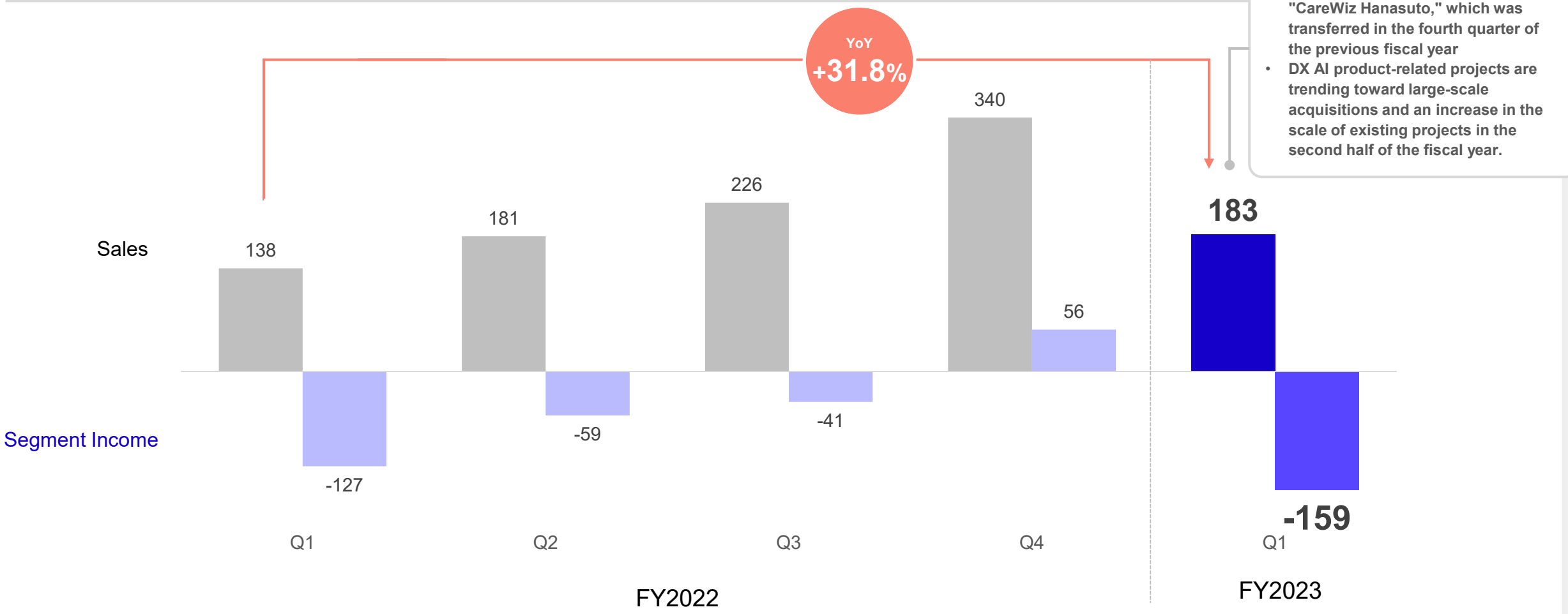
AI Products: Quarterly Trend of Financial Results (New Segment Standards)

Sales of 183 million yen, 31.8% year-on-year growth

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



【Comparison with 3Q and 4Q of the previous fiscal year】

- Decrease in license sales of "CareWiz Hanasuto," which was transferred in the fourth quarter of the previous fiscal year
- DX AI product-related projects are trending toward large-scale acquisitions and an increase in the scale of existing projects in the second half of the fiscal year.

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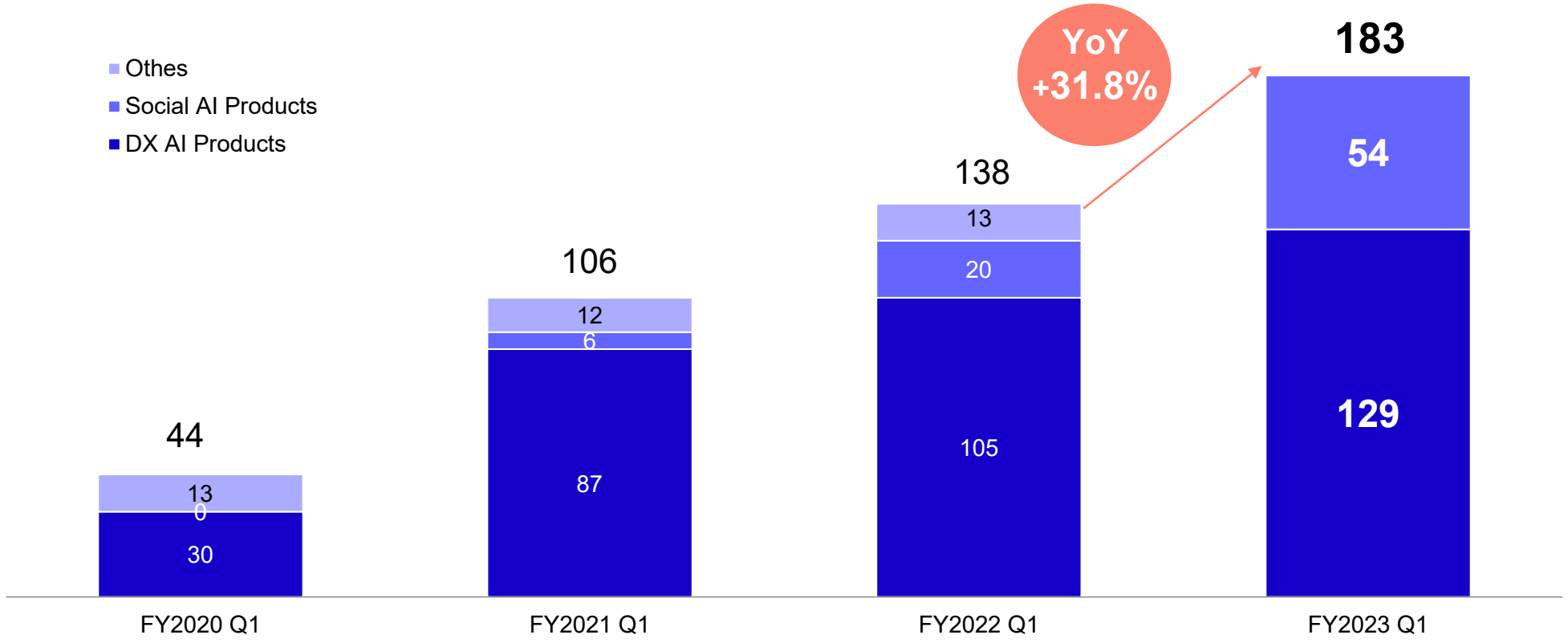
AI Products segment: FY2023 Q1 results by product type (new segment standards)

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.

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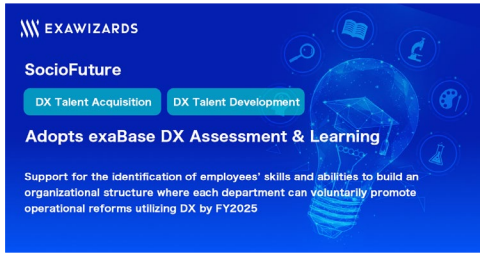
DX AI Products: exaBase DX Assessment & Learning

Company-wide implementation is progressing smoothly, and the product received an e-Learning Grand Prize for its performance.

Released exaBase DX Assessment & Learning DIA 3.0, fully compliant with the METI's "Digital Skill Standards”



Introduction results (part of the list)





HR Technology Awards
Award for Excellence in Learning Service Category



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Social AI Products segment: CareWiz's approach

Strengthening relationships with partners in the nursing care field to realize the vision of the CareWiz series

Rapidly develop and deploy new products that contribute to improved productivity in the nursing care industry



0. Management and operational support for specialized nursing care
Enables management improvement by combining know-how of nursing care facilities and AI

1. Sales support (Toruto)
Enables proposals based on AI physical function analysis

2. Recruitment, personnel and labor management
Reflects constraints unique to the nursing care industry

3. Accounting
Easily comply with the mandatory publication of financial statements

4. Billing management
Simplifies billing processes unique to the nursing care industry

5. Nursing care records
Simplifies the recording process (in collaboration with CCJ, our business partner)

Relationship with partner

Business alliance with Star Consulting Group, Inc. which supports the management of more than 500 nursing care providers nationwide(1)

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CareWiz
STAR CONSULTING GROUP

ExaWizards Forms Nursing Home Management Business Alliance with Star Consulting Group

ExaWizards supports nursing care facility management and worksite improvements through generative AI such as ChatGPT

Strengthening of cooperation with business partner CARE CONNECT JAPAN (CCJ)
- Investment in CCJ from ExaWizards

CARE CONNECT JAPAN

Notes : (1) Press release details: https://exawizards.com/en/archives/24744
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03.

Revision of Forecast for Fiscal Year Ending March 31, 2024

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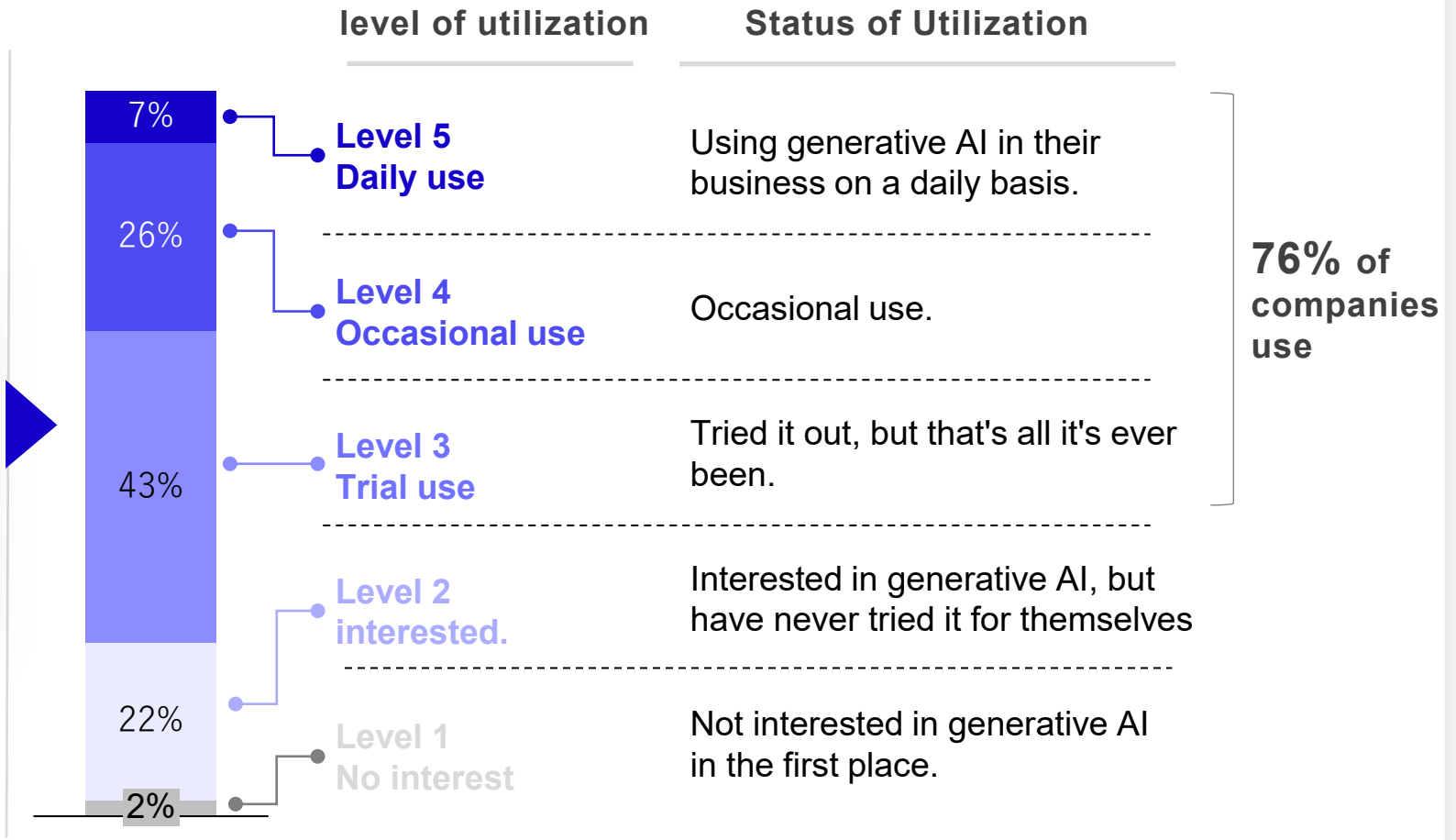
Market Environment (1/2): Usage of Generative AI

Generative AI has penetrated to the point where about 80% of companies are at least trying it out.

The Company's own survey of actual usage（results of 514 respondents from 274 companies)





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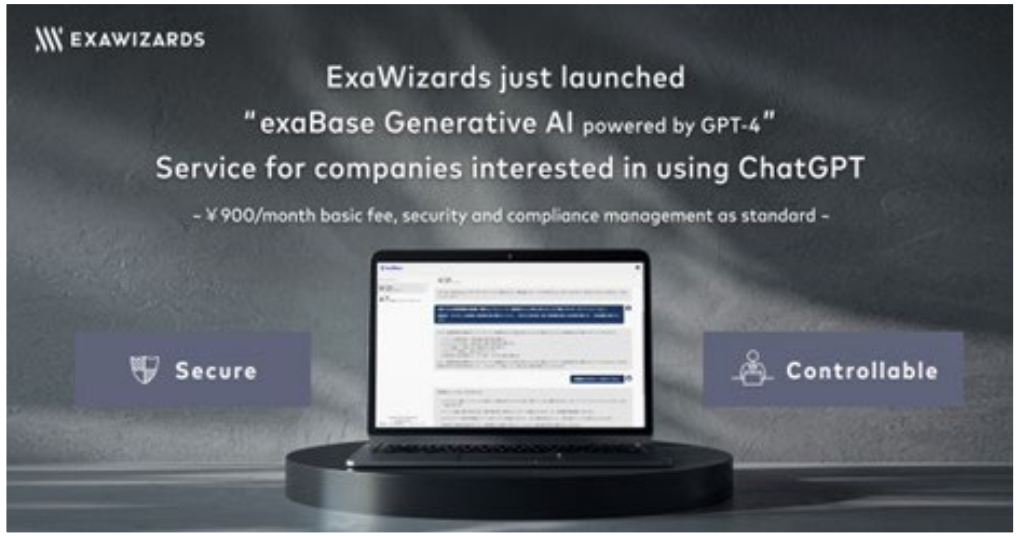
Market Environment (2/2): Use of Generative AI

In less than two months since its release, the number of users has exceeded 10,000, with introductions from large companies to local governments.

Number of users of exaBase Generative AI powered by GPT-4



Number of users exceeds

10,000

(as of August 8, 2023)

Case Studies

For Businesses



For Municipalities



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Future Direction of ExaWizards Group

Strongly promote business process reforms centered on the use of generative AI to contribute to improving corporate productivity at large companies.

Assets accumulated

Number of clients in the AI platform business (annual transaction value of 1 million yen or more)

142 companies(1)

Capability as an ExaWizards Group

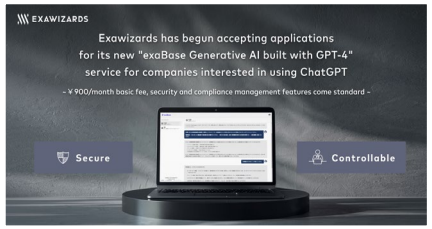
XWARE

STADIUM

ExaWizards Group to help companies reform their business operations from multiple dimensions, not just a single point.

Services Provided

Generative AI as a corporate portal



Future Extensions

- SSO Authentication
- Read internal documents and process to FAQs
- Prompt Template
- Group Management Functions

- **Generative AI Training**
- **AX Sprint**

→ **AI implementation support**

- **AI Consulting**
  - Identification and resolution of management issues for individual companies by AI consultants
- **AI Assistant Series** (2)
  - Substitution of specific business tasks based on deep understanding of business operations
  - Expanding into various areas starting with IR assistant

→ **Business Transformation**

- **Integration with Microsoft Azure, mission-critical systems, etc.**
  - Core system integration using exaBase Studio
  - Full use of development capabilities of group company exaBase

→ **Support for system development in-house production**

Sales Expansion Plan

1. Partnerships with a large client base
   - NSSOL
   - Takara Printing
2. STADIUM's Sales Capabilities
3. Spin-off to accelerate development speed

Notes: (1) As of March 2023 (2) Assumed product deployment in several business areas, starting with IR assistants

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1 Partnerships with a large client base：NSSOL

Accelerate sales expansion of exaBase Studio and generative AI products by leveraging NS Solutions' sales network.

Business alliance with NS Solutions (NSSOL)



Top Reseller Partner Award WorldWide(1)
- Certified by DataRobot as the world's No. 1 distributor

Innovative Partner of the Year（APAC）(2)
- From Talend, a data analytics platform (USA)

Timely Disclosures
https://ssl4.eir-parts.net/doc/4259/ir_material2/207891/00.pdf

Expand sales of The Company's products

exaBase Studio

exaBase Generative AI powered by GPT-4

exaBase DX Assessment & Learning

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・
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Other generative AI products to be launched in the future

Notes: (1) Awarded in April 2023 (2) Awarded in January 2023

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1 Partnerships with a large client base：TAKARA PRINTING

Formed a business alliance with Takara Printing to promote IR Tech and Disclosure Tech.

Potential of IR Assistant

Number of listed companies in Japan

3,899 (1)

Listed companies with dedicated IR staff

57 % (2)

Formed business alliance with Takara Printing, a provider of disclosure support systems for listed companies.



Takara Printing covers 2,226 listed companies, or approximately 60% of the total (as of May 2022)

Timely Disclosures
https://ssl4.eir-parts.net/doc/4259/ir_material2/212113/00.pdf

We will continue to promote alliances with various partners for business transformation in each operational area.

Source:
(1) Japan Exchange Group HP https://www.jpx.co.jp/listing/co/index.html
(2) Japan Investor Relations Association, 29th Annual Survey of IR Activities

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2 STADIUM‘s Sales Capabilities

At the end of June, STADIUM was incorporated into the group. Aiming to expand sales of its own products, especially by leveraging the capabilities of the DSS business, its main business.

Grouping of STADIUM at the end of June

June 30, 2023 Press Release

ExaWizards Makes STADIUM Co., Ltd. a Wholly-owned Subsidiary

ExaWizards welcomes STADIUM with its large number of sales professionals to the Group, accelerating the expansion of the AI products business

EXAWIZARDS × STADIUM

STADIUM's main business

Digital Solution Sales Business	• As a comprehensive group of sales professionals, providing services to support business expansion and strengthening from the sales aspect.
Interview Maker Business	• Providing "Interview Maker," a tool for upgrading and streamlining online recruitment
Other businesses (new businesses)	• Providing the subscription-based sales training role-playing system "Trecan”

Strengths of the Digital Solution Sales (DSS) Business

Recruiting Young Talent	• Highly net-literate and high-potential personnel from various recruitment channels and regions • Able to recruit an average age of 28.8 years
Rapid development to become a competitive force	• Training system that utilizes accumulated sales know-how and knowledge to turn sales personnel into a competitive force within one to two months.
Organizational Management for High Productivity	• Achieve high productivity through intensive information sharing and a shortened PDCA cycle.

Leveraging the strengths of the DSS business that have been provided to other companies to expand sales of our own products

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3 Spin-off to Accelerate Development Speed

In addition to existing generative AI products, also responsible for developing new products related to generative AI

Exa Enterprise AI, a new company dealing with generative AI

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100% ownership

Exa Enterprise AI

Outline of the New Company

Business Description	**Development and sales expansion of existing generative AI products** • exaBase Generative AI • exaBase IR Assistant **Planning and development of new generative AI products** • Series of assistants for business transformation (e.g., in the areas of recruiting, accounting, etc.)
Establishment date	• October 2, 2023 (scheduled)
Representative Director	• Takuma Oue
Capital	• 300 million yen (including reserves)
Number of employees at establishment	• About 20 people • All seconded from ExaWizards

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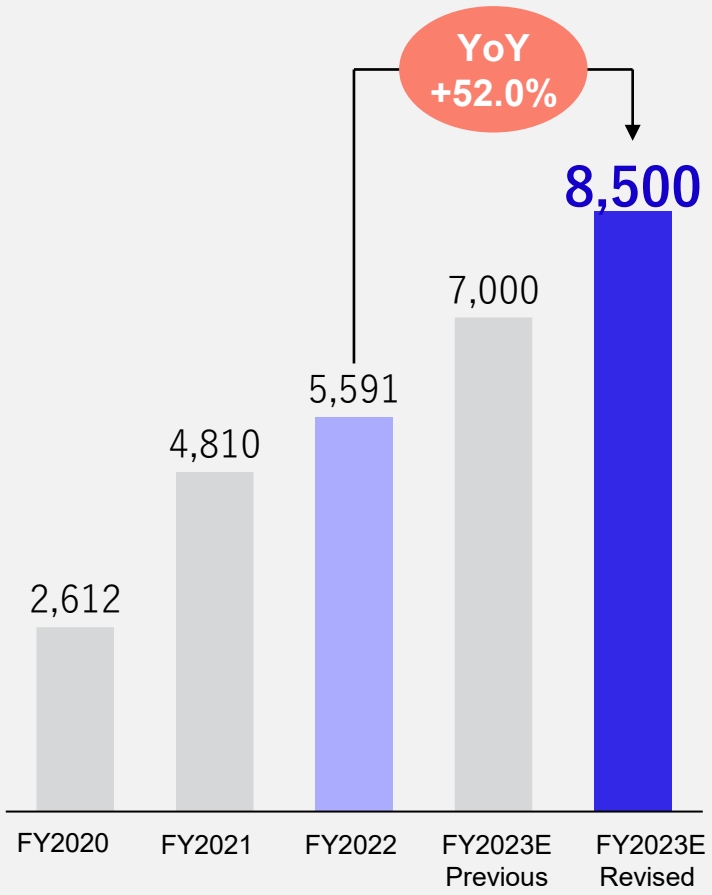
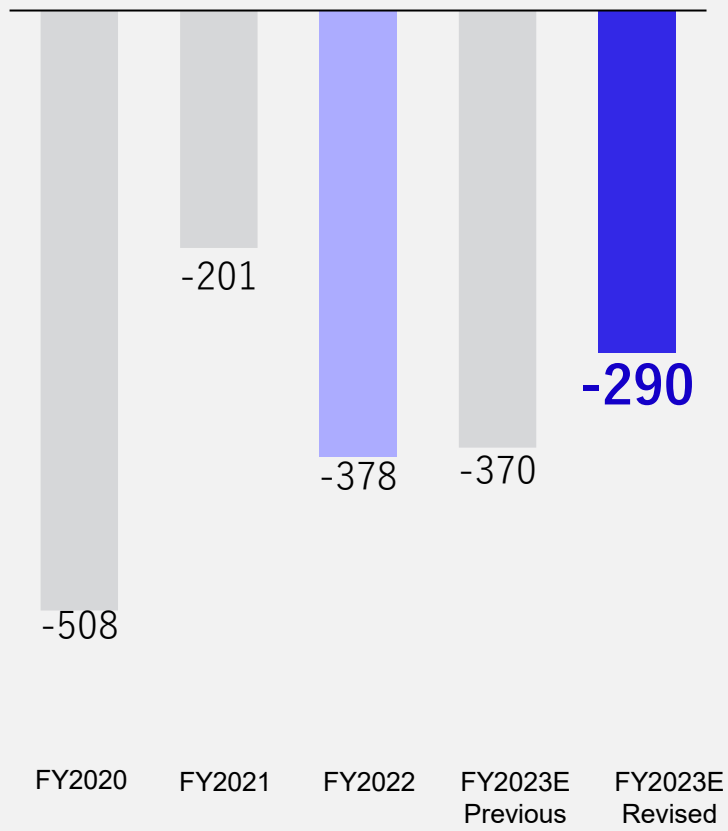
Revised earnings forecast for the fiscal year ending March 31, 2024

Assumes sales of 8,500 million yen (+52.0% year-on-year), operating income of -290 million yen, and EBITDA of 600 million yen

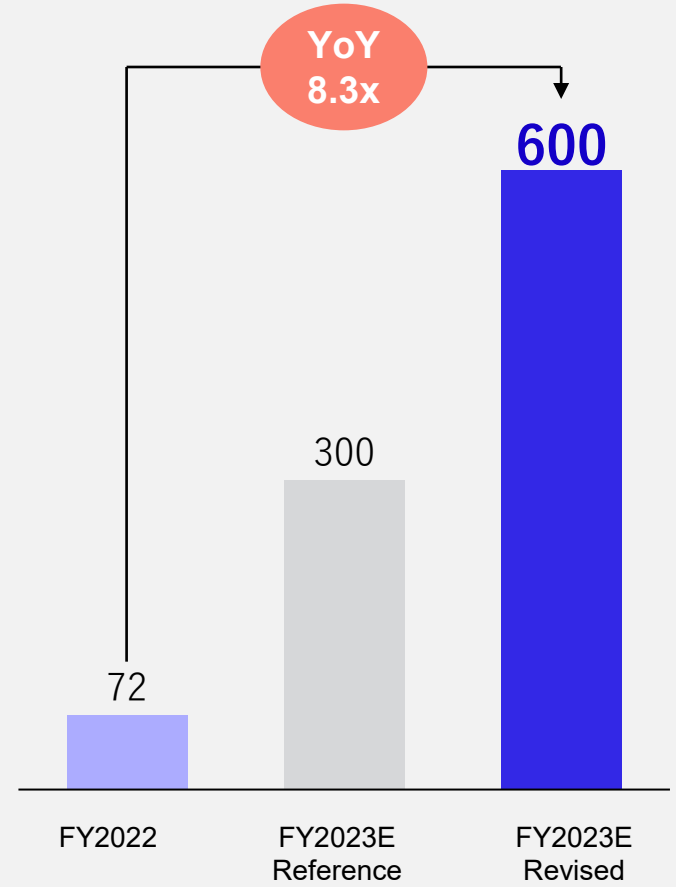
Total Sales: Fiscal Year (millions of yen)



Operating income: Fiscal Year (millions of yen)



EBITDA： Fiscal Year (millions of yen)



(Note) EBITDA = Ordinary income + Interest expense + Amortization of goodwill + Depreciation (software, etc.)

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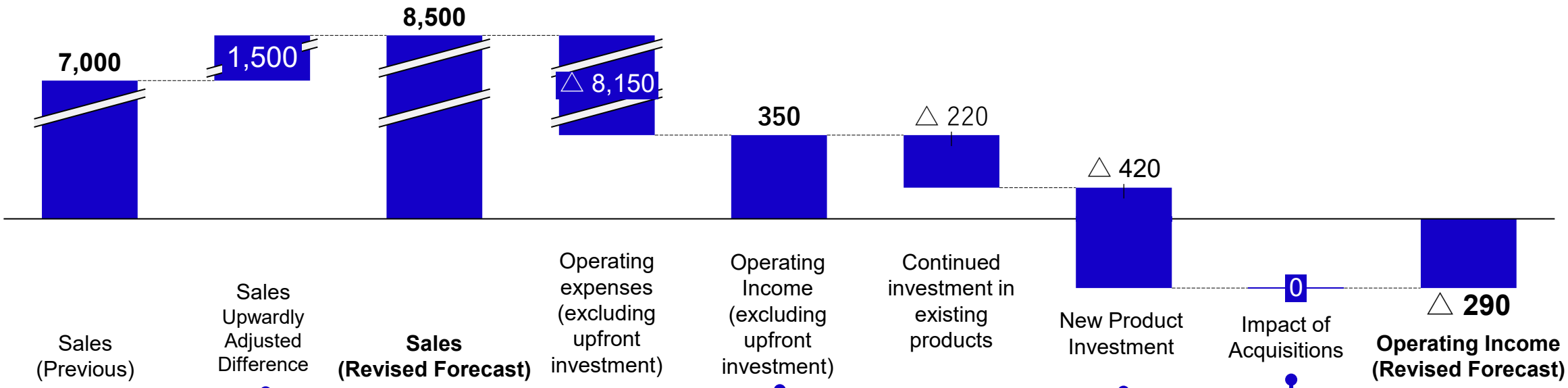
Factors behind the change in earnings forecast for the fiscal year ending March 31, 2024 and the scale of business investment

350 million yen of profit excluding upfront investment, and 640 million yen of aggressive investment in generative AI product development and functional expansion of existing products as preparation for the next fiscal year and beyond.

Income and Expenditure Structure for the Fiscal Year Ending March 31, 2024

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



- Capturing 9 months of STADIUM sales (2023/7-2024/3)
- Reflects expected sales of generative AI products, etc.
- In addition to this, certain risks to sales during the period have been factored in

- +200 improvement due to operational efficiencies

- Further acceleration of new business investment backed by demand for generative AI
- Increase from -300 at the beginning of the period to -420

- Even balance this FY due to goodwill impact

※ *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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05.

Appendix

EXAWIZARDS

Synergies from the grouping of STADIUM Co., Ltd. (announced June 30, 2023) (1/2)

In addition to existing synergies in the Digital Solution Sales Business / Interview Maker Business, we plan to create synergies in new businesses



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Synergies from the grouping of STADIUM Co., Ltd. (announced June 30, 2023) (2/2)

Investigate new services of agency work x SaaS, leveraging the strengths cultivated in Digital Solution Sales Business

Synergies Between the Two Companies

STADIUM

As a comprehensive group of sales professionals, we will leverage our experience in helping businesses expand and strengthen from a sales perspective to elevate many agency staff into a manageable model.

×

EXAWIZARDS

Developing SaaS for back-office efficiency by utilizing deep corporate business knowledge and AI.

Business Process as a Service by developing agency operations x SaaS business

Function	Current	Future	
Sales	SALES PARTNERS Digital Solution Sales Business	SALES PARTNERS Digital Solution Sales Business	Strengths of STADIUM
Recruitment		Recruitment Assistant	Strengths to be enhanced by both companies
Labor Management		Labor Management Assistant	
General Affairs		General Affairs Assistant	
Accounting		Accounting Assistant	

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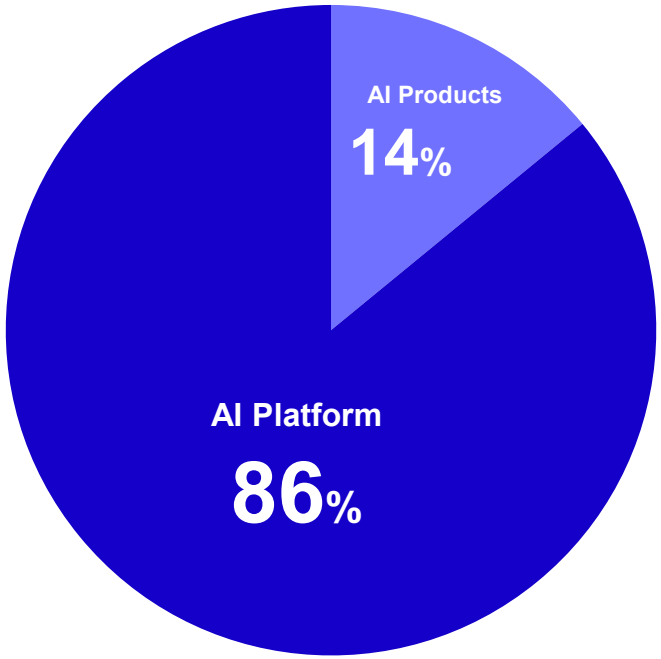
Business Model

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

Sales for the year of Q1 FY2024/3

1,302 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
- ✓Supporting improving corporate productivity by utilizing generative AI such as ChatGPT, etc.

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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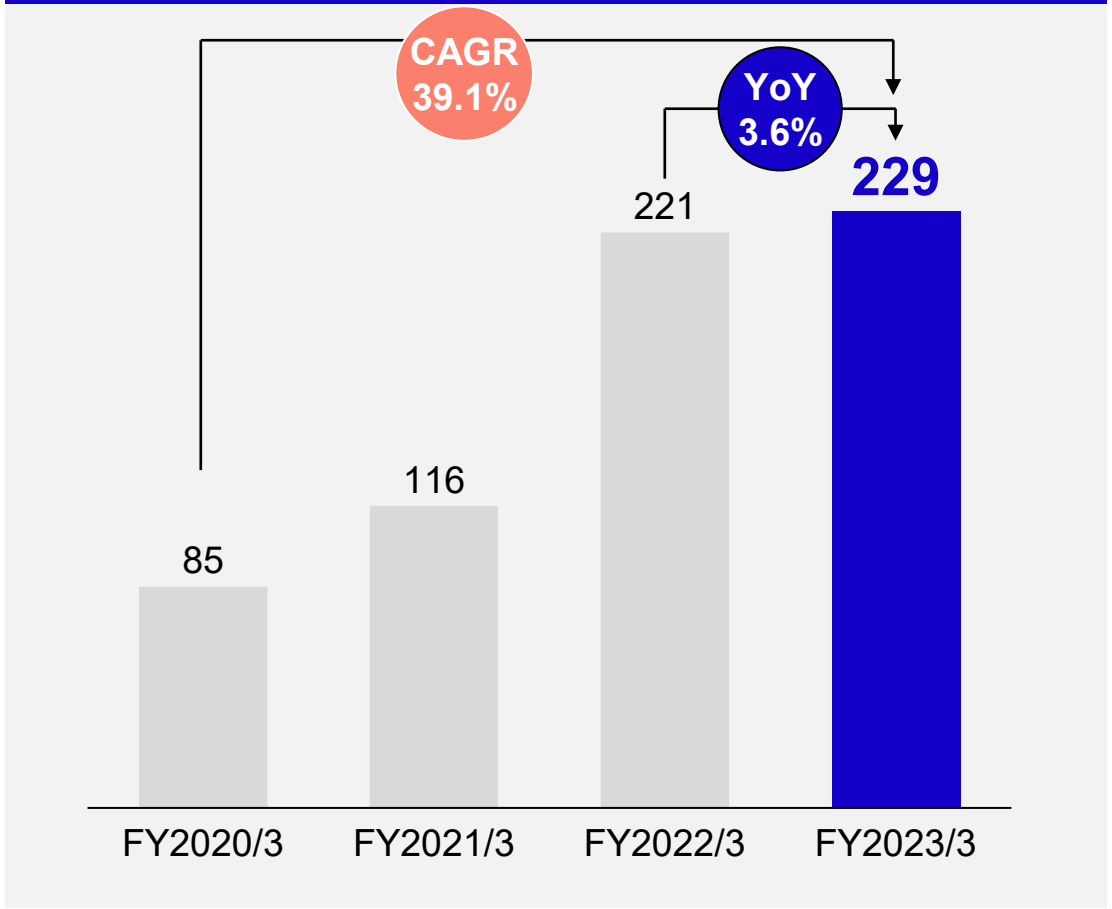
AI Platform Business: Average sales of leading clients (Fiscal year transition)

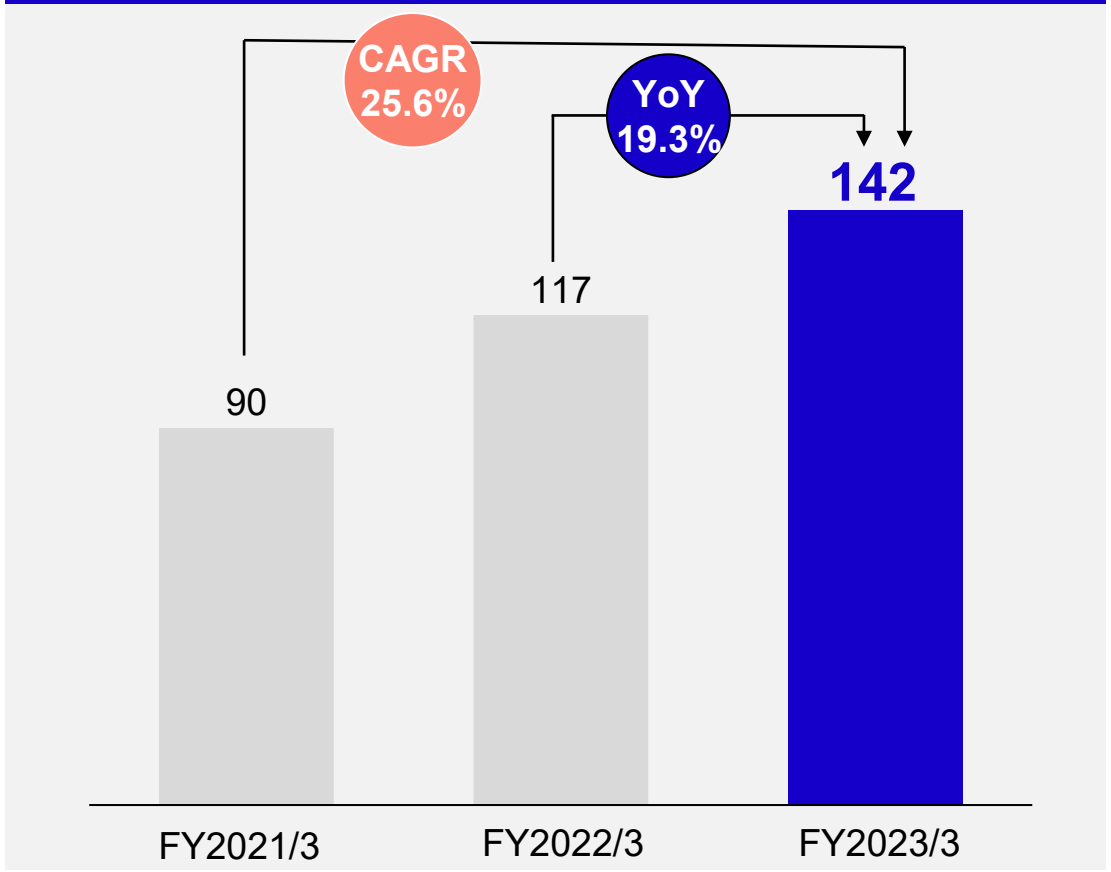
- **Average sales of the top 10 clients increased steadily, despite a reduction in large projects**
- **Steady growth in the number of clients (+19.3% year-on-year) to avoid relying significantly on the sales of particular company.**

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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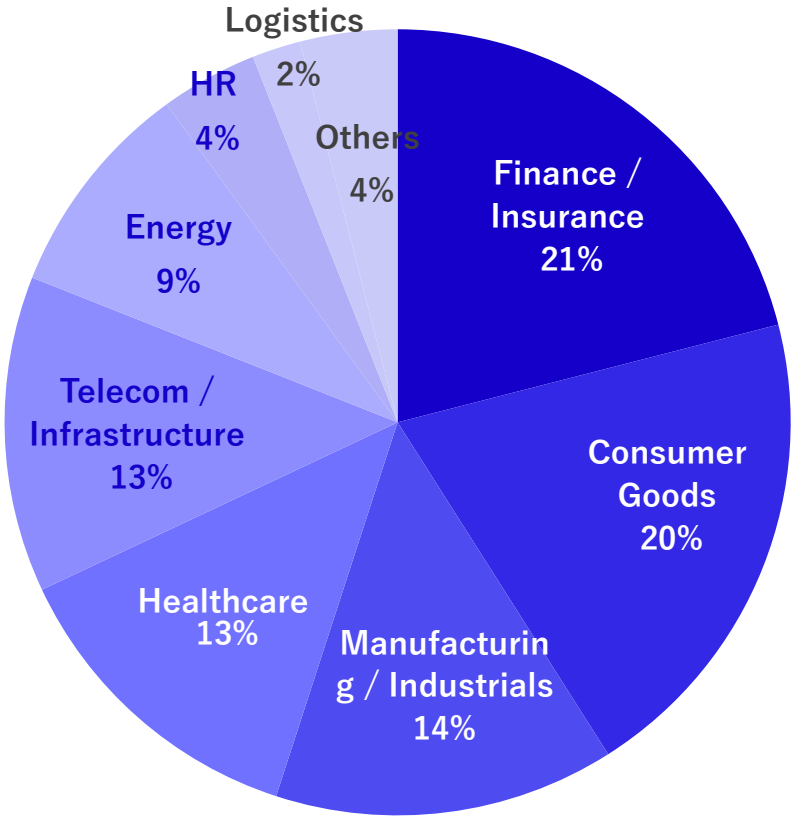
AI Platform Business: Sales Portfolio by Industry

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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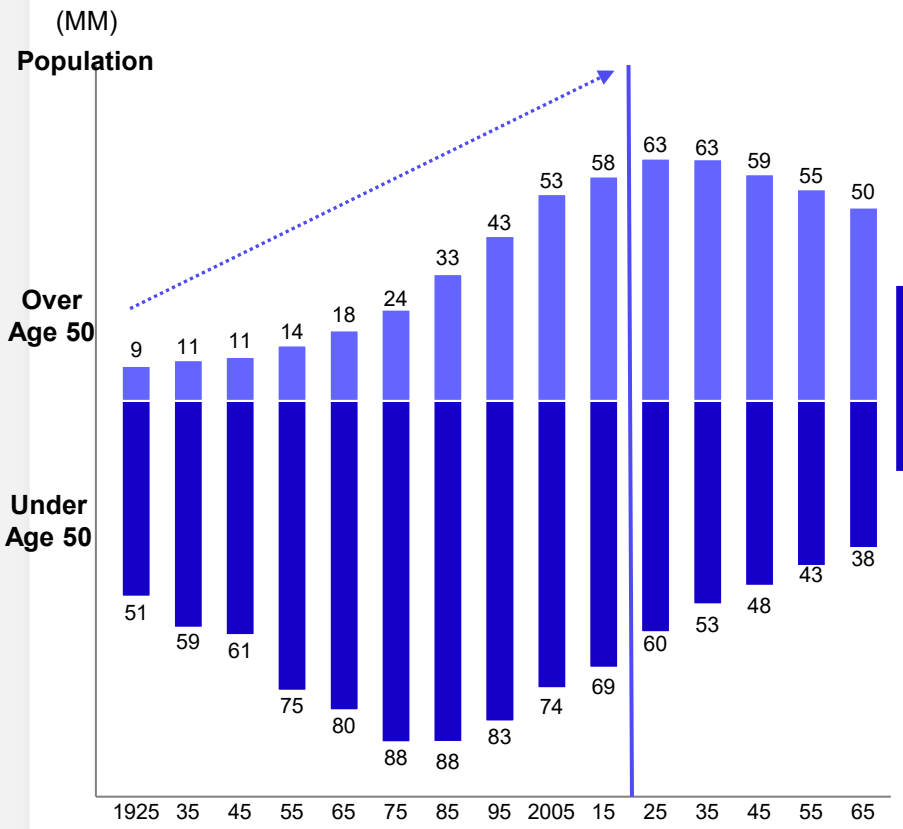
AI Products Overview

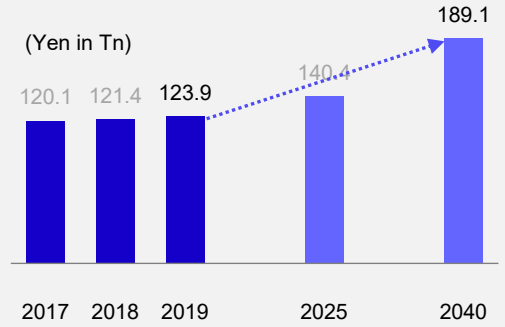
Providing "AI Products" as Japan Faces Demographic Turning Point

Demographic Turning Point*



Bring Dozens of Social Issues

Expanding Social Security Cost**



To Support Care Operation

"Social" AI Products

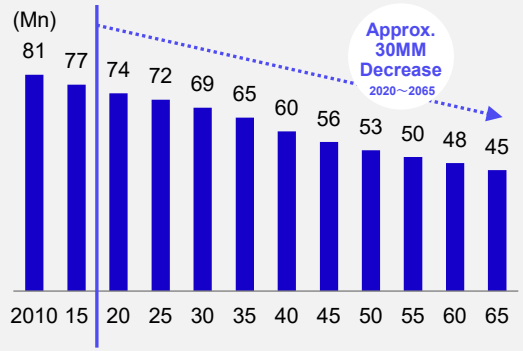
Nursing Products

CareWiz

Education Product

とりんく

Decreasing Labor Force***



To Support Enterprise DX

"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 segment: Main service lineup

Released AI products in various areas, steadily increasing the number of users.

DX AI Products

exaBase
DX Assessment & Learning

Visualize current human resources with a set of assessment and e-learning to provide optimal DX human resources development

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



Number of companies introduced(1)

955companies

Number of Examinees(1)(2)

81,000peoples

Notes: (1) As of June 30, 2023 (2) total number of examinees

Social AI Products

CareWiz

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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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 July 31, 2023, 2,834,600 shares have been acquired for ¥1,078 million.

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(Reference) BS Consolidation of STADIUM

STADIUM's BS as of June 30, 2023 will be incorporated from this fiscal year, and goodwill of 2,283 million yen for STADIUM is currently assumed to be amortized over 7 to 10 years.

Outline ofFormer ExaWizards Consolidated BS (June 30, 2023)

(Millions of Yen)	FY2024/3 Q1
Current Assets	**3,453**
Cash and Deposits	2,325
Account Receivable – Trade and Contract Assets	739
Other	388
Non-Current Assets	**4,520**
Property, Plant and Equipment	161
Intangible Assets	1,191
Goodwill	147
Software	1,043
Investments and Other Assets	3,167
Total Assets	**7,974**

(Millions of Yen)	FY2024/3 Q1
Current Liabilities	**2,259**
Short-term Borrowings	1,000
Account Payable – Other	398
Accrued Expenses	341
Other	288
Non-Current Liabilities	**400**
Long-term Borrowings	300
Other	99
Net Assets	**5,315**
Share Capital	2,351
Capital Surplus	4,500
Retained Earnings	-650
Other	-959
Liabilities and Net Assets	72
Current Liabilities	**7,974**

Outline of STADIUM BS (as of June 30, 2023)

(Millions of Yen)	FY2024/3 Q1
Current Assets	**897**
Cash and Deposits	699
Account Receivable – Trade and Contract Assets	166
Other	31
Non-Current Assets	**92**
Property, Plant and Equipment	59
Intangible Assets	-
Goodwill	-
Software	-
Investments and Other Assets	87
Total Assets	**1,048**

(Millions of Yen)	FY2024/3 Q1
Current Liabilities	**571**
Short-term Borrowings	-
Account Payable – Other	98
Accrued Expenses	59
Other	412
Non-Current Liabilities	**61**
Long-term Borrowings	52
Other	-
Net Assets	**416**
Share Capital	100
Capital Surplus	1,926
Retained Earnings	-1,610
Other	-
Liabilities and Net Assets	0
Current Liabilities	**1,048**

New ExaWizards Consolidated BS Summary (June 30, 2023)(1)

(Millions of Yen)	FY2024/3 Q1
Current Assets	**4,342**
Cash and Deposits	3,025
Account Receivable – Trade and Contract Assets	902
Other	413
Non-Current Assets	**4,256**
Property, Plant and Equipment	226
Intangible Assets	3,475
Goodwill	2,431
Software	1,043
Investments and Other Assets	554
Total Assets	**8,598**

(Millions of Yen)	FY2024/3 Q1
Current Liabilities	**2,821**
Short-term Borrowings	1,000
Account Payable – Other	496
Accrued Expenses	401
Other	923
Non-Current Liabilities	**461**
Long-term Borrowings	352
Other	108
Net Assets	**5,315**
Share Capital	2,351
Capital Surplus	4,500
Retained Earnings	-650
Other	-959
Liabilities and Net Assets	72
Current Liabilities	**8,598**

Notes: (1) BS with the left-hand additions and consolidation adjustments

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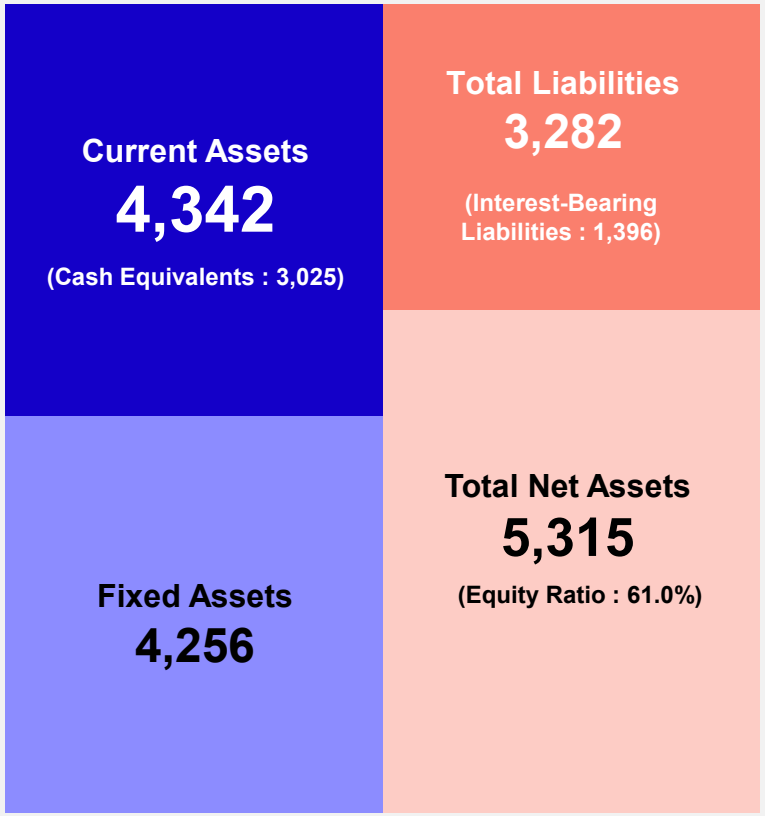
Consider Various Finance Methods based on Strong Financial Stability

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

Consolidated Balance Sheet Summary (June 30, 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 the fiscal year ending June 30, 2023: 3.0 billion yen
- 1.5 billion yen available for overdraft facility with banks (unused balance: 500 million yen)
- Ample cash position, taking into account investment funds for business expansion and working capital

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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, Fukuoka, US
Founded	February 2016
Capital	2.3 billion yen (As of June 30, 2023)
Number of Employees	399 (Consolidated basis, full-time employee, As of June 30, 2023)
Business	Development of AI-enabled services for industrial innovation and social problems solutions
Board Members	Representative Director & President : Makoto Haruta Managing 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)

Curr
Outside director of
- TBS Holdings
- Panasonic Corporation



Takuma Oue

Managing Director, Executive Officer
Business Management

EX
- Boston Consulting Group

Curr
- Visiting Associate Professor, University of Hyogo
- Advisor, Generative AI Utilization Study Project Team of Hyogo prefecture



Yutaka Sakane

Director
Technology Management

Ex
- Assistant, Shizuoka University
- Digital Sensation



Yasushi Shingai

Outside Director

Ex
- Executive VP of JT

Curr
Outside Director of
- Dai-ichi Life Holdings
- NTT West
- Olympus



Toshihiko Hiura

Outside Director

Ex
- Chairman, Bain & Company

Cur
- 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

Ko Ishiyama
Chief AI Innovator
Ex
Director, Recruit HD Media Technology Lab
Director, Recruit Institute of Technology
Promotion Office
Visiting Associate Professor, Tokyo University
Member of Labor Policy Council, MLHW

Koji Hazama
Ex
A.T. Kearney

Tomoya Maekawa
Ex
Boston Consulting Group

Naofumi Ohtani
Ex
IBM Japan
Accenture

Taishin Demura
Ex
Corporate Directions
SAP *Recruit HD*
GREE

Satoshi Ishino
Representative Director & President of Exa Homecare
Representative Director of Studium Co., Ltd.
Ex
P&G
McKinsey & Company

Kazutoshi Takimoto
President & Representative Director of Xware

Tomoaki Maekawa
Ex
SONY
Boston Consulting Group

Koichi Kawai
Ex
Goldman Sachs

Yoritaka Handa
Ex
Benesse Corporation
Recruit HD

Masanori Sato
Ex
Canon
ALPS ALPINE

Masato Saito
Ex
Keio University
AIST

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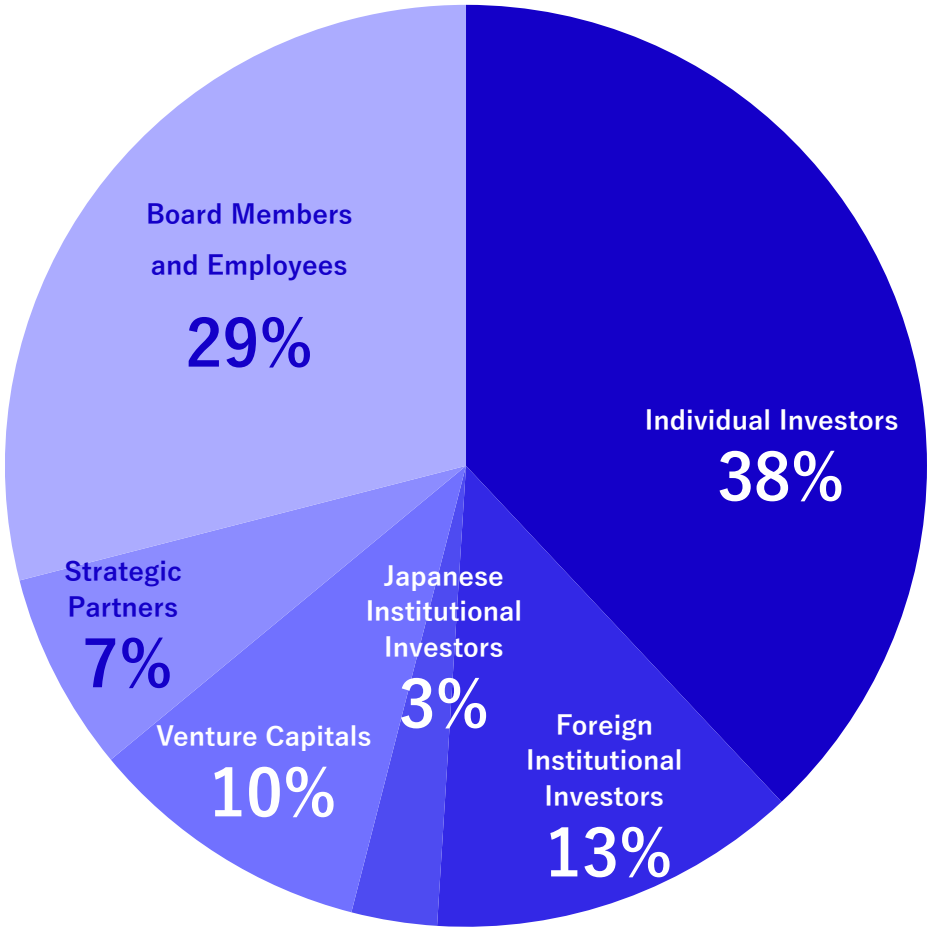
Shareholder Composition (As of March 31, 2023)



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
InventiveMinds Inc.	1,355	1.62

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EXAWIZARDS
AIで、ひとに力を。よりよい社会を。