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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [Japanese GAAP]

May 14, 2025

Company name: ExaWizards Inc.
Listing: Tokyo
Securities code: 4259
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Representative: Makoto Haruta, Representative Director & President, CEO
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Scheduled date of Shareholder Meeting: June 25, 2025
Scheduled date to commence dividend payments: -
Scheduled date to file annual securities report: June 23, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results (Percentages indicate YoY changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	9,811	17.0	23	-	2	-	(2,576)	-
March 31, 2024	8,384	50.0	(305)	-	(330)	-	(610)	-

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ (2,550) million [-%]
Fiscal year ended March 31, 2024: ¥ (633) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	(31.26)	-	(70.6)	0.0	0.2
March 31, 2024	(7.50)	-	(10.7)	(3.7)	(3.6)

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ - million
Fiscal year ended March 31, 2024: ¥ - million

(Note) Diluted earnings per share are not shown in the above, because earnings per share were negative although there are residual shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	7,024	2,539	34.3	29.13
March 31, 2024	9,931	4,983	49.3	59.65

(Reference) Equity: As of March 31, 2025: ¥ 2,409 million
As of March 31, 2024: ¥ 4,892 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	621	(880)	(221)	3,008
March 31, 2024	(197)	(2,953)	1,409	3,489

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	0.00	-	0.00	0.00	-	-	-
March 31, 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2026 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate YoY changes.)

	Net sales		Operating profit	
	Millions of yen	%	Millions of yen	%
Full year	11,800	20.3	1,000	-

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Excluded: (Company name: VisionWiz Inc.)

For further information, please refer to "3. Consolidated Financial Statements and Primary Notes (5) Notes for the Consolidated Financial Statements (Business Combination)."

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025: 85,804,200 shares

March 31, 2024: 85,121,600 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 3,070,163 shares

March 31, 2024: 3,111,700 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 82,438,964 shares

Fiscal Year ended March 31, 2024: 81,432,625 shares

(Note) The number of treasury shares at the end of the period includes the shares of the Company held by the stock-granting ESOP trust (456,800 shares for the fiscal year ended March 31, 2024: 645,263 shares for the fiscal year ended March 31, 2025). Also, when calculating the average number of shares during the period, the average numbers of shares of the Company held by the stock-granting ESOP trust during the period is included in the number of treasury shares to be deducted. (266,466 shares for the fiscal year ended March 31, 2024: 616,052 shares for the fiscal year ended March 31, 2025)

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	5,089	(0.7)	(668)	-	(371)	-	(1,482)	-
March 31, 2024	5,128	18.7	(578)	-	(430)	-	(970)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	(17.78)	-
March 31, 2024	(11.92)	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	6,890	3,417	48.9	40.69
March 31, 2024	8,774	4,792	54.2	57.97

(Reference) Equity: As of March 31, 2025: ¥ 3,366 million
As of March 31, 2024: ¥ 4,753 million

(Note) The Company's shares remaining in the "Stock Delivery ESOP Trust Account," which are recorded as treasury shares under shareholders' equity, are included in the number of treasury shares deducted from the total number of issued shares at the end of the period in calculating net assets per share. In calculating net assets per share, the number of such treasury shares deducted at the end of the period was 456,800 shares for the previous consolidated fiscal year and 645,263 shares for the current consolidated fiscal year.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.
* Proper use of earnings forecasts, and other special matters
(Disclaimer)
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. In addition, actual results may differ significantly due to various factors. For the assumptions underlying the earnings forecasts and notes on the use of earnings forecasts, please refer to "1. Overview of Operating Results for FY2025 (4) Overview of Consolidated Earnings Forecast" on page 8 of the attached document.

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(Reference)
As used in this document, "FY2025" refers to our consolidated accounting period which is from April 1, 2024 to March 31, 2025.

1. Overview of Operating Results for FY2025

Forecasts in this document are based on judgments made as of the end of the current consolidated fiscal year.

(1) Overview of Operating Result

Overall

With the mission of "Solving social issues through Artificial Intelligence for future generations" the Group is engaged in the following three businesses.

AI Products Business	Providing a wide range of customers with AI software that can be used immediately in their business operations with minimal additional adjustments, with the aim of solving social issues
AI Platform Business	Discovering industrial and social issues in various industries and realizing innovations through solving management issues of clients, mainly large corporations.
Other Service Business	Businesses such as providing human resources and/or AI products for sales issues of SaaS products and IT products of consolidated subsidiary STADIUM Co., Ltd.

Consolidated Results of Operations

Net sales

Net sales for FY2025 were 9,811 million yen (+17.0% YoY). Main reason for this was an increase in the number of users of our services in the AI Products Business.

Cost of sales, gross profit

Cost of sales for FY2025 was 4,143 million yen (+12.1% YoY). This was due to an increase in personnel expenses which are included in the cost of sales and a rise in system usage fees. As a result, the gross profit for FY2025 was 5,667 million yen (+20.9% YoY), and the gross profit margin was 57.8%.

Selling, general and administrative expenses, operating profit (loss)

Selling, general and administrative expenses for FY2025 were 5,644 million yen (+13.0% YoY). This was due to the increase in personnel expenses and system usage fees. As a result, the operating profit for FY2025 was 23 million yen (compared to an operating loss of 305 million yen in the previous year).

Non-operating income and expenses, ordinary profit (loss)

Non-operating income for FY2025 was 11 million yen (+87.2% YoY), and non-operating expenses were 32million yen (+7.6% YoY). As a result, the ordinary profit for FY2025 was two million yen (ordinary loss of 330 million yen for the previous year).

Extraordinary income (loss), net income (loss) attributable to owners of the parent company

The yearly net loss before taxes for FY2025 was 2,505 million yen (yearly net loss before taxes of 692 million yen for the previous year).

The Company recorded an extraordinary income of 71 million yen, due to the transfer of 100% of the shares of our consolidated subsidiary VisionWiz Inc. to CoDMON, Inc. on December 1, 2024 (refer the "3. Consolidated Financial Statements and Primary Notes (5) Notes for the Consolidated Financial Statements (Business Combination)").

Although extraordinary loss was 2,579 million yen. This was because, in the second quarter of FY2025, the Company recorded a loss on valuation of investment securities of 140 million yen, as the actual value of some of the investment securities held by the Company fell below their book value. In addition, during the third quarter and fourth quarter of the current fiscal year, the Company recorded an impairment loss of 2,434 million yen. This was due to a reduction in the book value to the recoverable amount of asset groups whose profitability had declined with respect to software assets, etc. owned by the Company and goodwill, etc. arising from the grouping of STADIUM Co., Ltd.

As a result, the net loss attributable to the parent company for FY2025 was 2,576 million yen (compared to a net loss attributable to the parent company of 610 million yen for the previous year).

Segment Results

AI Products Business

During FY2025, as well as expanding sales of existing products, the Company worked on developing services, including the use of generative AI, based on the knowledge gained through the AI Platform Business.

In the DX AI products group, the DX human resource development program for companies, “exaBase DX Assessment & Learning,” has shown smooth growth, with the number of companies that have introduced the program reaching 2,047 (306,655 users) as of March 2025. “exaBase Generative AI” was also performing well, with 827 companies (83,047 users) having adopted it by the same month.

In the social AI products group, marketing activities of “CareWiz Toruto” got off to a good start, and the number of business deals steadily increased.

To meet increasing demands, the Company has hired more employees to expand the organization and to provide more products, which has affected both the cost of sales and SG&A expenses due to the increase in personnel expenses and software usage fees. Additionally, in the cost of sales, software depreciation expenses increased due to upfront investments related to product development. In SG&A expenses, advertising and outsourcing expenses also increased.

Overall, net sales were 3,023 million yen (+84.5% YoY), gross profit was 2,231 million yen (+119.2% YoY), gross profit margin was 73.8% (+11.7pt YoY), and operating profit was 648 million yen (compared to an operating loss of 34 million yen in the previous year).

AI Platform Business

During FY2025, the Company continued to collaborate with several major companies to create innovation through the AI project. The Company has also begun to transform the business model of the AI platform business, including the development of products such as “exaBase Role Playing” and “exaBase Meeting summary,” which are products from the AI platform business, and making advance investments in the development of products for dementia at ExaMD Inc., a wholly owned subsidiary, and promoting the reorganization of the project portfolio centered on “exaBase Studio.” Furthermore, the Company has temporarily increased resources for system development projects, resulting in higher costs for personnel expenses and system usage fees.

As a result, net sales were 5,309 million yen (-1.0% YoY), gross profit was 2,948 million yen (-2.8% YoY), gross profit margin was 55.5% (-1.1pt YoY), and operating profit was 1,405 million yen (-12.6% YoY).

Other Services Business

This segment encompasses services that do not currently fall under the AI Products Business or AI Platform Business models. It includes the business and performance of STADIUM Co., Ltd. (hereinafter, “STADIUM”), which became a subsidiary in the first quarter of the previous fiscal year. The Group consolidated STADIUM from the second quarter of the previous fiscal year, and its performance will contribute to the full year results from this fiscal year onward.

During FY2025, the Company maintained its existing sales agency business while accelerating its Sales Tech services. Notably, the Company received orders from multiple well-known companies for Dr.Tel, a new AI-powered product that visualizes and improves call quality.

As a result, net sales were 1,767 million yen (+27.9% YoY), gross profit was 772 million yen (+13.7% YoY), gross profit margin was 43.7% (-5.5pt YoY), and operating income was 96 million yen (96.9% YoY).

(2) Overview of Financial Position

Assets

Total assets for FY2025 were 7,024 million yen, a decrease of 2,907 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to a 2,434 million yen decrease in fixed assets resulting from impairment losses and a 480 million yen decrease in cash and deposits.

Liabilities

Total liabilities for FY2025 were 4,484 million yen, a decrease of 463 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to a 310 million yen decrease in accounts payable-other and a 300 million yen decrease in long-term loans payable, while income taxes payable increased by 181 million yen.

Net assets

Total net assets for FY2025 were 2,539 million yen, a decrease of 2,443 million yen compared to the end of the previous consolidated fiscal year. This was mainly due to the net loss attributable to owners of the parent of 2,576 million yen.

(3) Overview of Cash Flows

Cash and cash equivalents at the end of the first half of FY2025 were 3,008 million yen, a decrease of 480 million yen compared to the end of the previous consolidated fiscal year.
The status of each cash flow and the factors behind them are as follows.

Cash flow from operating activities

Cash flow from operating activities was a net income of 621 million yen (compared to a net expense of 197 million yen in the previous year). This was mainly due to factors such as depreciation of 875 million yen related to software assets, goodwill, and customer-related assets, while factors such as a decrease in accounts payable and accrued expenses of 325 million yen and an increase in trade receivables of 46 million yen contributed to the decrease.

Cash flow from investing activities

Cash flow from investing activities resulted in an expense of 880 million yen (compared to an expense of 2,953 million yen in the same period of the previous year). This was because of the 869 million yen spent on the acquisition of intangible fixed assets.

Cash flow from financing activities

Cash flow from financing activities was an outflow of 221 million yen (an inflow of 1,409 million yen in the previous year). This is primarily due to an increase in proceeds of 78 million yen from issuance of shares upon exercise of stock options, offset by a decrease resulting from the repayment of long-term borrowings amounting to 300 million yen.

(4) Overview of Consolidated Earnings Forecast

The consolidated earnings forecast for the fiscal year ending March 31, 2026 is as follows:

	Net Sales	Operating Profit
	Millions of Yen	Millions of Yen
Results for the fiscal year ending March 31, 2025 (A)	9,811	23
Results for the fiscal year ending March 31, 2026 (B)	11,800	1,000
Change (B - A)	1,988	976
Rate of Change (%)	20.3%	―

As for the future outlook, we expect demand for AI to continue to grow, as the current evolution of large-scale language models (LLM) accelerates the development of generative AI and AI agents for use in business operations. In addition, companies are increasingly realizing the usefulness of generative AI and AI agents, and are willing to invest in them to improve operational efficiency and competitiveness, creating a favorable business environment for the Company.

In this business environment, the “AI Guru-Guru (Spinning Wheel) Model,” which we have continued since our establishment, has been further developed to create services that solve more customers’ issues by sublimating individual customers’ matters into general-purpose issues. We have evolved into a “business-oriented AI agent service company” that provides AI agents that can perform the client’s business itself on behalf of the client.

We will pursue the following four strategic policies over the medium to long term, aiming to realize a world in which companies themselves increase their own productivity as they utilize AI and generative AI as a matter of course in their business operations.

1) Establish a mechanism that enables exaBase Generative AI to drive and manage AI agents
・ Link exaBase Generative AI with exaBase Studio to serve as a command post to drive AI agents
2) Convert AI products into AI agents
・Strengthen development of our various AI products to support AI agents Strengthen development for AI agents in our various AI products
・Create a world where anyone can easily create AI agents using exaBase Studio
3) Strengthen security in exaBase Studio x data integration
・Build robust security to maximize use of the latest LLMs and in-house AI agents
4) Build strategic partnerships
・Continue to actively form business alliances/JVs to speed up business growth

2. Basic Policy on the Choice of Accounting Standards

The Group has decided to continue preparing its consolidated financial statements in accordance with Japanese GAAP for the time being, taking into consideration the comparability of financial statements between accounting periods and among companies.

Regarding future plans, the Company intends to consider the adoption of International Financial Reporting Standards (IFRS) based on factors such as trends in the ratio of foreign shareholders.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	3,489	3,008
Accounts receivable - trade and contract assets	1,851	1,870
Other	178	349
Total current assets	5,518	5,229
Non-current assets		
Property, plant and equipment	320	10
Intangible assets		
Goodwill	894	56
Customer-related assets	1,746	1,030
Software	903	319
Other	0	0
Total intangible assets	3,544	1,406
Investments and other assets		
Investment securities	181	40
Other	366	336
Total investments and other assets	548	377
Total non-current assets	4,413	1,795
Total assets	9,931	7,024
Liabilities		
Current liabilities		
Current portion of long-term borrowings	300	600
Accounts payable - other	660	350
Accrued expenses	460	432
Income taxes payable	41	223
Contract liabilities	131	141
Provision for bonuses	20	30
Other	192	288
Total current liabilities	1,806	2,065
Non-current liabilities		
Long-term borrowings	2,550	1,950
Retirement benefit liability	72	93
Asset retirement obligations	75	76
Deferred tax liabilities	443	298
Total non-current liabilities	3,141	2,419
Total liabilities	4,948	4,484

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Net assets		
Shareholders' equity		
Share capital	2,401	2,440
Capital surplus	4,555	4,588
Retained earnings	(860)	(3,437)
Treasury shares	(1,203)	(1,182)
Total shareholders' equity	4,892	2,409
Share acquisition rights	38	51
Non-controlling interests	52	78
Total net assets	4,983	2,539
Total liabilities and net assets	9,931	7,024

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2025
Net sales	8,384	9,811
Cost of sales	3,696	4,143
Gross profit	4,688	5,667
Selling, general and administrative expenses	4,993	5,644
Operating profit (loss)	(305)	23
Non-operating income		
Interest and dividend income	0	2
Foreign exchange gains	-	3
Subsidy income	3	2
Surrender value of insurance policies	-	2
Other	2	0
Total non-operating income	5	11
Non-operating expenses		
Interest expenses	20	28
Foreign exchange losses	0	-
Commission expenses	8	4
Total non-operating expenses	30	32
Ordinary profit (loss)	(330)	2
Extraordinary income		
Gain on sale of non-current assets	4	0
Gain on sale of shares of subsidiaries and associates	-	70
Gain on sale of shares of subsidiaries and associates	70	-
Other	0	-
Total extraordinary income	75	71
Extraordinary losses		
Loss on retirement of non-current assets	1	3
Impairment losses	382	2,434
Loss on valuation of investment securities	-	140
Loss on liquidation of subsidiaries and associates	52	-
Total extraordinary losses	437	2,579
Income (loss) before income taxes	(692)	(2,505)
Income taxes - current	35	172
Income taxes - deferred	(94)	(127)
Total income taxes	(59)	45
Profit (loss)	(633)	(2,550)
Income (loss) attributable to non-controlling interests	(22)	25
Income (loss) attributable to owners of parent	(610)	(2,576)

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit (loss)	(633)	(2,550)
Comprehensive income	(633)	(2,550)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(610)	(2,576)
Comprehensive income attributable to non-controlling interests	(22)	25

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,337	4,487	(249)	(34)	6,540
Changes during period					
Issuance of new shares - exercise of share acquisition rights	64	64			128
Loss attributable to owners of parent			(610)		(610)
Purchase of treasury shares				(1,165)	(1,165)
Disposal of treasury shares					-
Disposal of treasury shares to ESOP		3		176	179
Treasury stock possession of ESOP				(179)	(179)
Net changes in items other than shareholders' equity					-
Total changes during period	64	68	(610)	(1,169)	(1,647)
Balance at end of period	2,401	4,555	(860)	(1,203)	4,892

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	3	75	6,618
Changes during period			
Issuance of new shares - exercise of share acquisition rights			128
Loss attributable to owners of parent			(610)
Purchase of treasury shares			(1,165)
Disposal of treasury shares			-
Disposal of treasury shares to ESOP			179
Treasury stock possession of ESOP			(179)
Net changes in items other than shareholders' equity	34	(22)	12
Total changes during period	34	(22)	(1,635)
Balance at end of period	38	52	4,983

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,401	4,555	(860)	(1,203)	4,892
Changes during period					
Issuance of new shares - exercise of share acquisition rights	39	39			78
Loss attributable to owners of parent			(2,576)		(2,576)
Purchase of treasury shares					
Disposal of treasury shares				15	15
Disposal of treasury shares to ESOP		(5)		88	83
Treasury stock possession of ESOP				(83)	(83)
Net changes in items other than shareholders' equity	0	0			0
Total changes during period	39	33	(2,576)	21	(2,482)
Balance at end of period	2,440	4,588	(3,437)	(1,182)	2,409

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	38	52	4,983
Changes during period			
Issuance of new shares - exercise of share acquisition rights			78
Loss attributable to owners of parent			(2,576)
Purchase of treasury shares			-
Disposal of treasury shares			15
Disposal of treasury shares to ESOP			83
Treasury stock possession of ESOP			(83)
Net changes in items other than shareholders' equity	12	25	38
Total changes during period	12	25	(2,443)
Balance at end of period	51	78	2,539

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Loss before income taxes	(692)	(2,505)
Depreciation	507	585
Amortization of goodwill	123	147
Amortization of customer relationship	106	142
Increase (decrease) in retirement benefit liability	5	21
Interest and dividend income	(0)	(2)
Subsidy income	(3)	(2)
Interest expenses	20	28
Loss (gain) on sale of businesses	(70)	-
Loss (gain) on sale of non-current assets	(4)	(0)
Loss (gain) on sale of shares of subsidiaries and associates	-	(70)
Loss on retirement of non-current assets	1	3
Impairment losses	382	2,434
Loss (gain) on valuation of investment securities	-	140
Loss on liquidation of subsidiaries and associates	52	-
Decrease (increase) in trade receivables	(652)	(46)
Decrease (increase) in other current assets	19	(76)
Increase (decrease) in accounts payable - other, and accrued expenses	331	(325)
Increase (decrease) in income taxes payable - factor based tax	(6)	20
Increase (decrease) in contract liabilities	(143)	10
Increase (decrease) in other current liabilities	(140)	121
Other, net	34	28
Subtotal	(128)	654
Interest and dividends received	0	2
Interest paid	(27)	(27)
Subsidies received	3	2
Income taxes paid	(45)	(10)
Net cash provided by (used in) operating activities	(197)	621
Cash flows from investing activities		
Purchase of property, plant and equipment	(107)	(116)
Proceeds from sale of property, plant and equipment	34	2
Purchase of intangible assets	(816)	(869)
Purchase of investment securities	(181)	-
Proceeds from liquidation of subsidiaries and associates	-	21
Proceeds from sale of shares of subsidiaries and associates	-	73
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,870)	-
Proceeds from sale of businesses	70	-
Purchase of insurance funds	(6)	(6)
Proceeds from maturity of insurance funds	-	3
Payments of leasehold and guarantee deposits	(79)	(25)
Proceeds from refund of leasehold and guarantee deposits	3	36
Net cash provided by (used in) investing activities	(2,953)	(880)

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from long-term borrowings	2,700	-
Repayments of long-term borrowings	(252)	(300)
Purchase of treasury shares	(1,165)	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	128	78
Net cash provided by (used in) financing activities	1,409	(221)
Net increase (decrease) in cash and cash equivalents	(1,741)	(480)
Cash and cash equivalents at beginning of period	5,231	3,489
Cash and cash equivalents at end of period	3,489	3,008

(5) Notes for the Consolidated Financial Statements

Notes on going concern assumption

Not applicable.

Change in accounting policy

"Accounting Standards for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the '2022 Revised Accounting Standards') and other related standards have been applied from the beginning of the current fiscal year.
Regarding the amendments related to the classification of income taxes (taxation on other comprehensive income), we comply with the transitional measures stipulated in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of Paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance"). There is no impact on the quarterly consolidated financial statements due to this change in accounting policy.

In addition, the revision related to the review of the treatment in the consolidated financial statements in the case of deferring the gain or loss on the sale of subsidiary shares, etc. between consolidated companies for tax purposes has been applied the beginning of the current fiscal year. The change in accounting policy is applied retrospectively, so the previous consolidated accounting year has been applied to the consolidated financial statements after the retrospective application. There is no impact on both statements of the previous consolidated accounting year due to the change in accounting policy.

Additional Information

(Stock-granting ESOP trust)

The Company has introduced an employee stock ownership plan (ESOP) trust (hereinafter, the "Plan") as an incentive plan aimed at fostering a sense of belonging to ExaWizards Group and a sense of participation in management among employees of the Company and its subsidiaries (hereinafter, the "Eligible Employees"). The Plan is intended to enhance the motivation and the morale of the Eligible Employees towards long-term performance improvement and stock price appreciation, as well as to enhance the corporate value of the Company.

Furthermore, at the Board of Directors meeting held on May 27, 2024, a resolution was passed regarding the additional contribution to the Plan. Accordingly, trust money was additionally contributed, and the Company's shares were acquired as outlined below.

1. Overview of the additional contribution to the trust fund and acquisition of the Company's shares

Type of trust	Monetary trust other than a special single-beneficiary monetary trust (third-party trust)
Purpose of the trust	Granting of incentives to eligible employees
Grantor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Eligible employees who meet the beneficiary criteria
Trust administrator	A third party with no conflict of interest with the Company (certified public accountant)
Trust agreement date	September 1, 2023
Trust period	September 1, 2023 to September 30, 2025 (planned)
Start date of the plan	September 5, 2023
Exercise of voting rights	The trustee will exercise the voting rights for the Company's shares in accordance with the instructions of the trust administrator, which reflect the intentions of the potential beneficiaries.
Funds for acquiring additional shares	83 million yen
Number of additional shares acquired	230,000 shares
Date of acquiring additional shares	June 12, 2024
Method of acquiring shares	Acquired through third-party allocation of treasury stock

2. Shares of the Company remain in the trust

The Company's shares remaining in the trust are recorded as treasury stock in the net assets section at the book value in the trust (excluding the amount of incidental expenses). The book value and number of shares of treasury stock at the end of the previous consolidated fiscal year were 179 million yen and 456,800 shares, and at the end of FY2025 were 247 million yen and 645,263 shares.

Business Combination

(Share Transfer of the Consolidated Subsidiaries)

The Company made a resolution on transfer of all shares of VisionWiz Inc. (hereinafter, "VisionWiz") to CoDMON, Inc. (hereinafter, "CoDMON") at the Board of Directors meeting held on November 20, 2024. On December 1, the share transfer agreement was concluded, and the share transfer was completed on the same day.

I. Details of Share Transfer

1. Name and description of business

Name	VisionWiz Inc.
Description of Business	Content distribution using image recognition AI

2. Name of counterparty
CoDMON, Inc.

1. Reason for the share transfer
To promote productivity improvements for customers, the Company has also been working to improve its own productivity and has been pursuing structural reforms since the fiscal year ending March 2024. While VisionWiz business has the potential for further growth in the future, the Company believes that it is necessary to develop it with a better understanding of the childcare and education industries and to expand its sales channels, and it has therefore decided to transfer the shares of VisionWiz.

The company to which the shares will be transferred, CoDMON, is a company that is contributing to society by developing ICT services for childcare and educational facilities, such as "CoDMON," and working on projects to improve the environment surrounding children. CoDMON has been introduced to approximately 20,000 childcare facilities in 47 prefectures, and has the No. 1 track record in terms of the number of facilities that have introduced the service (as of October 1, 2024).

They believe that their deep understanding of the childcare and education industries and the knowledge they have gained through the introduction of their services will enable us to further accelerate the growth of VisionWiz's business, and the Company therefore decided to transfer the business to CoDMON. In addition, both companies will consider further strengthening their collaboration in the future, based on the idea that by mutually complementing each other's strengths, they will be able to further streamline the work of childcare and education facility staff in terms of photography and sharing, and improve convenience for parents, while also further strengthening their contribution to the childcare and education industry. Lastly, we will continue to promote structural reforms to improve our productivity.

2. Implementation date of the business transfer
December 1, 2024

3. Matters concerning the outline of other transactions, including the legal form
Share transfer with cash as payment

II. Summary of Accounting Procedures

1. Amount of gain (loss) on transfer
Gain on sales of shares of subsidiaries and associates (Extraordinary income): 70 million yen

2. The appropriate book value of assets and liabilities related to the transferred subsidiary, and their main components

Current assets:	64 million yen
Total assets:	64 million yen
Current liabilities:	34 million yen
Total liabilities:	34 million yen

3. Investment accounted
The difference between the consolidated book value of the transferred shares and the share sale price has been recorded as “Gain on sales of shares of subsidiaries and associates” under extraordinary income.

III. The name of the segment to which the subsidiary belonged in the segment information disclosure
AI Product Business

IV. Estimated profit (loss) of the divested subsidiary included in the consolidated income statement for FY2025

Net sales:	19 million yen
Operating loss:	116 million yen

Segment Information

[Segment Information]

I. **Overview of Reportable Segments**

The Group's reportable segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate business performance.

The Group has established service-based divisions, each of which formulates comprehensive strategies for the services it handles and conducts business activities. Consequently, the Group's reportable segments are based on service-oriented segments derived from these divisions.

AI Product Business aims to solve social issues by providing AI software that can be immediately utilized in business operations with minimal additional adjustments to a wide range of customers.

AI Platform Business primarily targets large enterprises, aiming to discover and innovate solutions for industrial and social challenges across various industries through resolving customers' management issues.

Other Services Business includes operations conducted by STADIUM Co., Ltd., which provides human resources and AI products for sales challenges in SaaS and IT products.

II. **Methods of Measuring Sales, Profit or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment**

The accounting methods used for reportable business segments are generally the same as those described in *Significant Accounting Policies for Preparation of Consolidated Financial Statements*. Profit or loss for reportable segments is based on operating profit figures.

III. Information on sales and profit (loss) amounts by reportable segment, and breakdown of revenue

1. Previous consolidated accounting year (from April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

	Reporting Business Segments				Adjustment[*1]	Amounts in the consolidated financial statement[*2]
	AI Products	AI Platform	Other Services	Total		
Net Sales						
Revenue from contracts with customers	1,639	5,363	1,382	8,384	—	8,384
Net sales to external customers	1,639	5,363	1,382	8,384	—	8,384
Intersegment revenues or transfer	—	—	—	—	—	—
Total	1,639	5,363	1,382	8,384	—	8,384
Segment Profit (Loss)	(34)	1,609	48	1,623	(1,929)	(305)
Other						
Depreciation and amortization	234	235	7	478	28	507
Goodwill	—	51	71	123	—	123
Customer-related assets	—	—	106	106	—	106
Impairment loss	248	133	—	382	—	382

Notes: 1. The adjustment amount for segment profit (loss) is a common cost for segments.
2. Segment profit (loss) is consistent with the operating loss in the yearly consolidated statement of income.
3. The adjustment of 28 million yen for depreciation and amortization represents depreciation and amortization of corporate assets.
4. Assets are not allocated to business segments, and therefore are not presented

2. Current consolidated accounting year (From April 1, 2024 to December 31, 2024)

(Unit: millions of yen)

	Reporting Business Segments				Adjustment*1	Amounts in the consolidated financial statement*2
	AI Products	AI Platform	Other Services	Total		
Net Sales						
Revenue from contracts with customers	2,988	5,122	1,699	9,811	—	9,811
Net sales to external customers	2,988	5,122	1,699	9,811	—	9,811
Intersegment revenues or transfer	34	186	67	289	(289)	—
Total	3,023	5,309	1,767	10,101	(289)	9,811
Segment Profit (Loss)	648	1,405	96	2,150	(2,126)	23
Other						
Depreciation and amortization	274	222	8	505	80	585
Goodwill	—	51	95	147	—	147
Customer-related assets	—	—	142	142	—	142
Impairment loss	—	21	1,383	1,404	1,030	2,434

Notes: 1. The adjustment amount for segment profit (loss) is a common cost for segments.
2. Segment profit (loss) is consistent with the operating loss in the yearly consolidated statement of income.
3. The adjustment of 80 million yen for depreciation and amortization represents depreciation and amortization of corporate assets.
4. Assets are not allocated to business segments, and therefore are not presented

Per Share Information

	FY2024 (from April 1, 2023 to March 31, 2024)	FY2025 (from April 1, 2024 to March 31, 2025)
Net assets per share	59.65 yen	29.13 yen
Net loss per share	(7.50) yen	(31.26) yen
Diluted earnings per share	-	-

Note: 1. Diluted earnings per share are not shown above, because earnings per share were negative although there are residual shares.

2. Basis for calculation of net assets per share is as follows.

	FY2024 (from April 1, 2023 to March 31, 2024)	FY2025 (from April 1, 2024 to March 31, 2025)
Total net assets (Million Yen)	4,983	2,539
Amount deducted from total net assets (Million Yen)	91	129
(Of which stock acquisition rights (Million Yen))	(38)	(51)
(Of which noncontrolling interests (Million Yen))	(52)	(78)
Net assets related to common stock at the end of period	4,892	2,409
Number of shared of common stock at the end of the period (shared)	82,009,900	82,734,037

3. Basis for calculation of net loss per share is as follows.

	FY2024 (from April 1, 2023 to March 31, 2024)	FY2025 (from April 1, 2024 to March 31, 2025)
Net loss attributable to owners of the parent (Million Yen)	(610)	(2,576)
Amount not attributable to common shareholders (Million Yen)	-	-
Net loss attributable to owners of the parent relating to common stock (Million Yen)	(610)	(2,576)
Average number of shares of common stock during the period (shares)	81,432,625	82,438,964
Overview of potential shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	Types of stock acquisition rights 23 Number of stock acquisition rights 50,254	Types of stock acquisition rights 23 Number of stock acquisition rights 46,800

4. The Company's shares remaining in the "Stock Delivery ESOP Trust Account," which are recorded as treasury shares under shareholders' equity, are included in the number of treasury shares deducted from the total number of issued shares at the end of the period in calculating net assets per share. Additionally, these shares are included in the number of treasury shares deducted when calculating the average number of shares during the period for the purpose of calculating net loss per share.

   In calculating net assets per share, the number of such treasury shares deducted at the end of the period was 456,800 shares for the previous consolidated fiscal year and 645,263 shares for the current consolidated fiscal year. In calculating net loss per share, the average number of such treasury shares deducted during the period was 266,466 shares for the previous consolidated fiscal year and 616,052 shares for the current consolidated fiscal year.

Significant Subsequent Events

Not applicable.