

# **Financial Result for the Third Quarter FY2022/3**

**ExaWizards Inc. (4259.T)  
February 14, 2022**

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**Appendix**



# **Executive Summary of Third Quarter of the Fiscal Year Ending March 31, 2022**

# Executive Summary of Third Quarter of the Fiscal Year Ending March 31, 2022

## Executive Summary

### Q3 Results

- Cumulative sales for the third quarter were **3.28 billion yen, up 109.9% year-on-year**
- Operating loss for the third quarter (three months) was -0.2 billion yen, **approaching break-even as sales grew**

### AI Platform Segment

- Sales continued to grow at **2.86 billion yen in the first half of the third quarter, up 112.1% year-on-year**
- In the first three quarters, **the ratio of long-term clients was 69.2%, and the operating profit margin was 14.0%**, maintaining high profitability while investing in new use cases
- Progress was also made in accumulating knowledge for deployment to other companies, including the introduction of MLOps at Yamato Transport, the development of a secure connection method to a closed network in collaboration with NTT Com, and the development of "shelf sorting AI" with Sugi Pharmacy

### AI Products Segment

- Cumulative sales for the third quarter were **420 million yen, up 96.0% year-on-year**
- In addition to the growth of existing products, continue to expand products based on the knowledge accumulated by the AI platform, including the DX assessment "DIA for new grads" for new graduate recruitment.

### Full-year earnings Forecast

- Sales are 69.4% of the full-year forecast of 4.73 billion yen. Given that sales tend to be concentrated in the fourth quarter due to business practices, the company is on track to meet its full-year forecast and there is **no change at this time**
- **No change in operating income forecast at this time**, and we expect operating income to be positive in the fourth quarter, despite further acceleration of investments to expand the workforce

# Summary of Financial Performance

Consolidated Financial Results	AI Platform Segment		AI Products Segment
3rd Quarter Cumulative Sales  <b>3.28BillionYen</b> (YoY +109.9%)	3rd Quarter Cumulative Sales  <b>2.86Billion Yen</b> (YoY +112.1%)	Ratio of Revenue from Long Term Clients <sup>(1)</sup>  <b>69.2%</b> (YoY+23.2pt)	3rd Quarter Cumulative Sales  <b>0.42Billion Yen</b> (YoY +96.0%)
	3rd Quarter Cumulative Gross Profit Margin  <b>66.1%</b>	3rd Quarter Cumulative Operating margin  <b>14.0%</b>	DX AI Products <sup>(2)</sup> 3rd Quarter Cumulative Sales  <b>0.32Billion Yen</b> (YoY +102.1%)

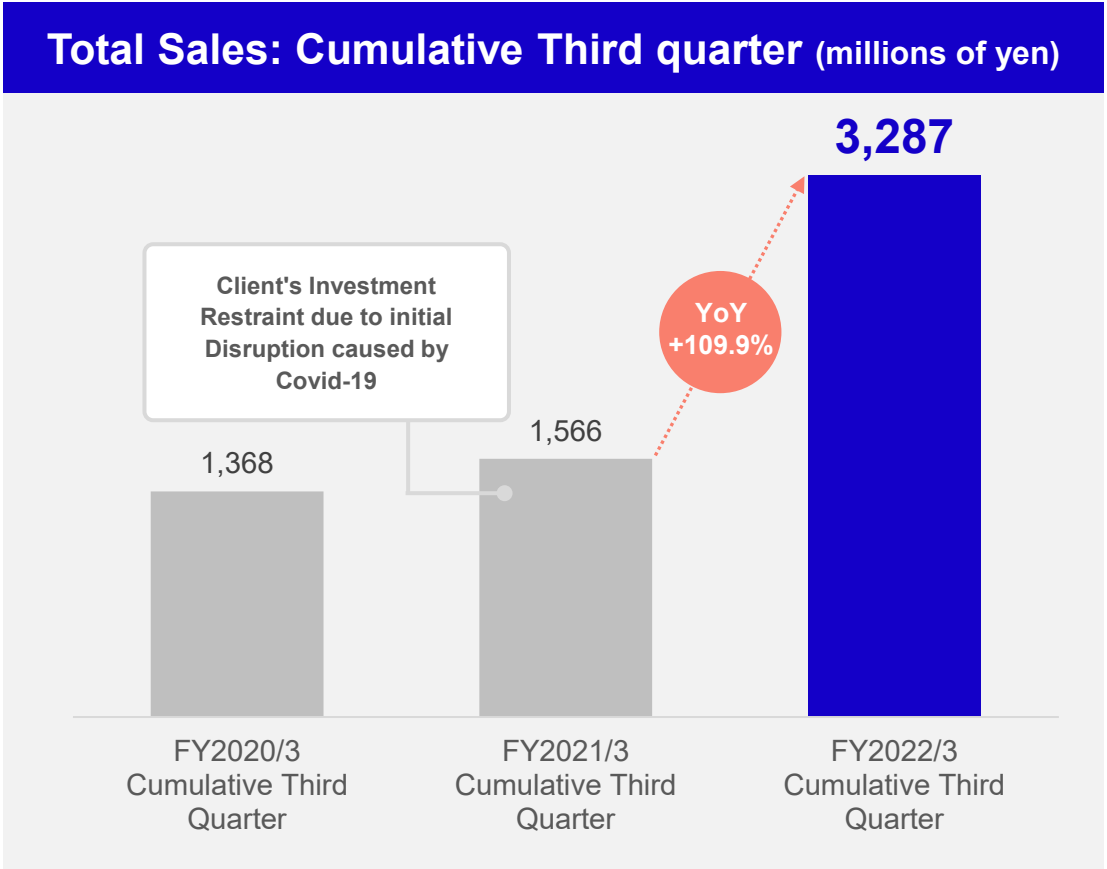
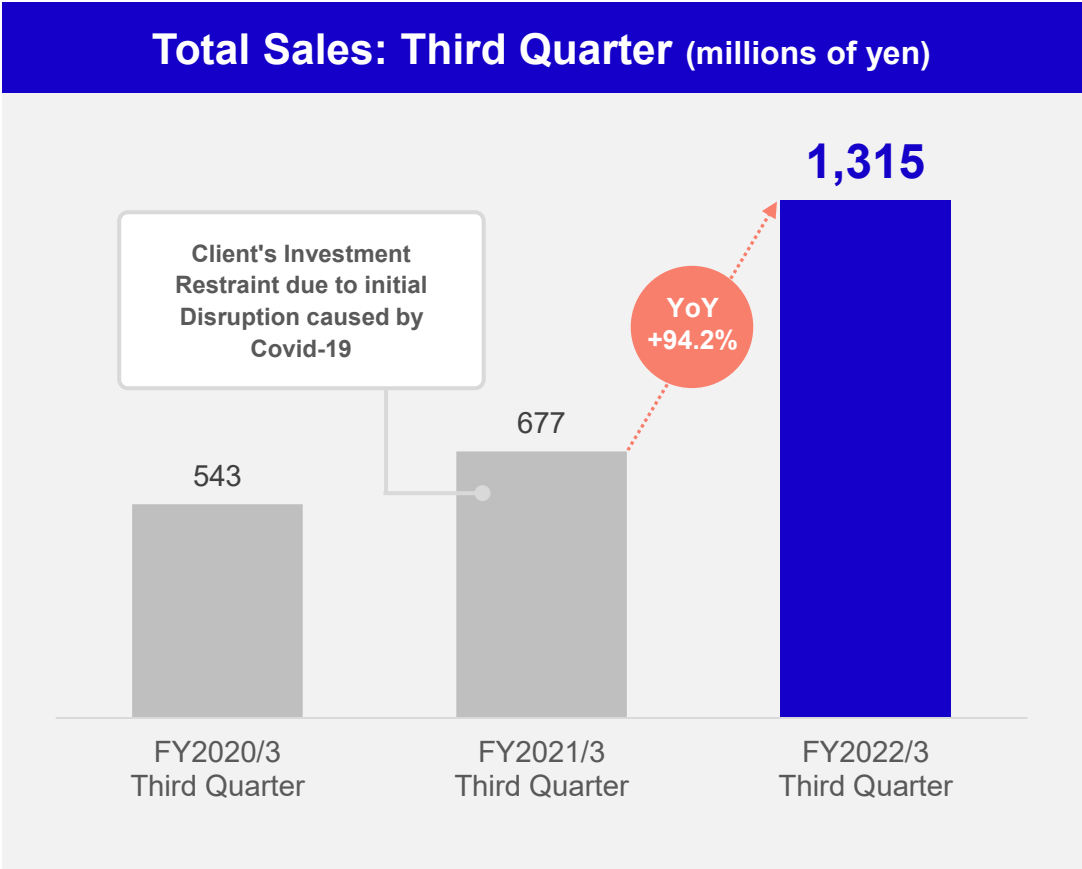
(1) Continuous revenue from the clients that ExaWizards maintains its contract for consecutive 4 quarters and more, excluding revenue from exaBase community, etc. (2) DX Products include: exaBase DX Assessment & Learning, exaBase Forecast & Analysis, exaBase 1on1, exaBase FAQ, exaBase Company Search, and exaBase Well-Being.



# **Summary of Financial Results of the Third Quarter of the Fiscal Year Ending March 31, 2022**

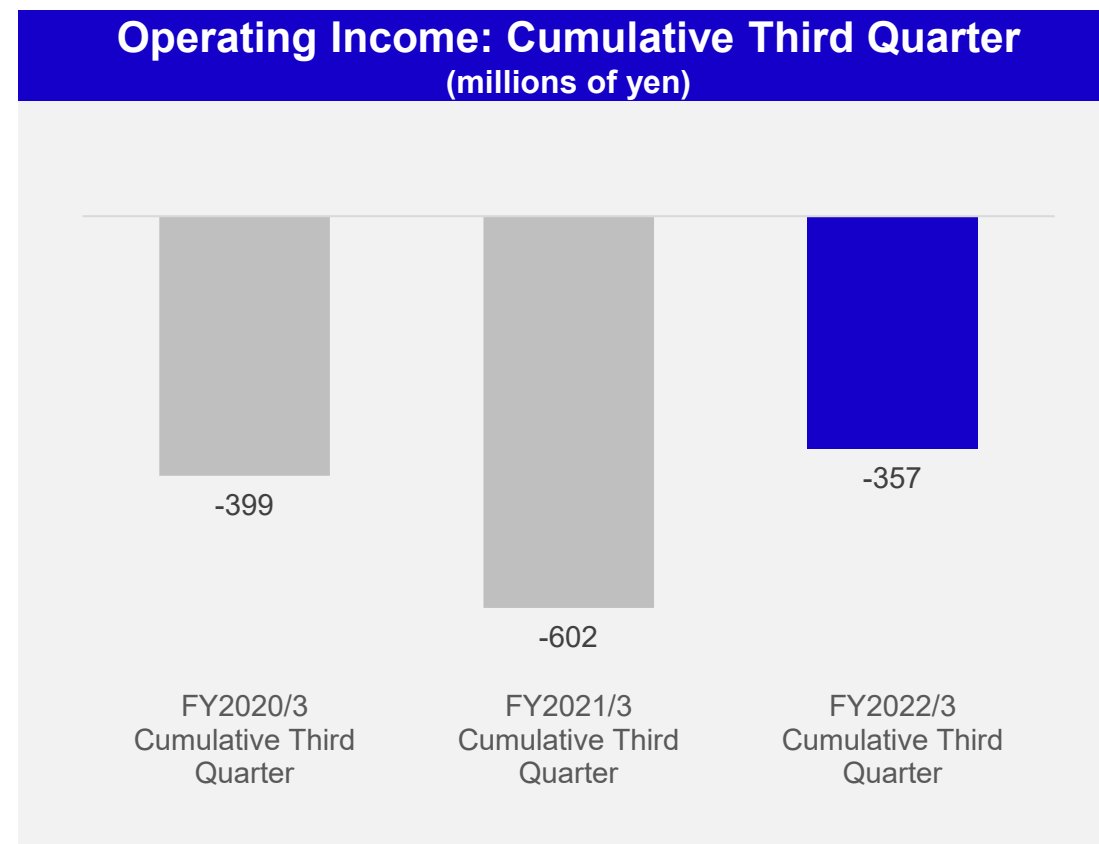
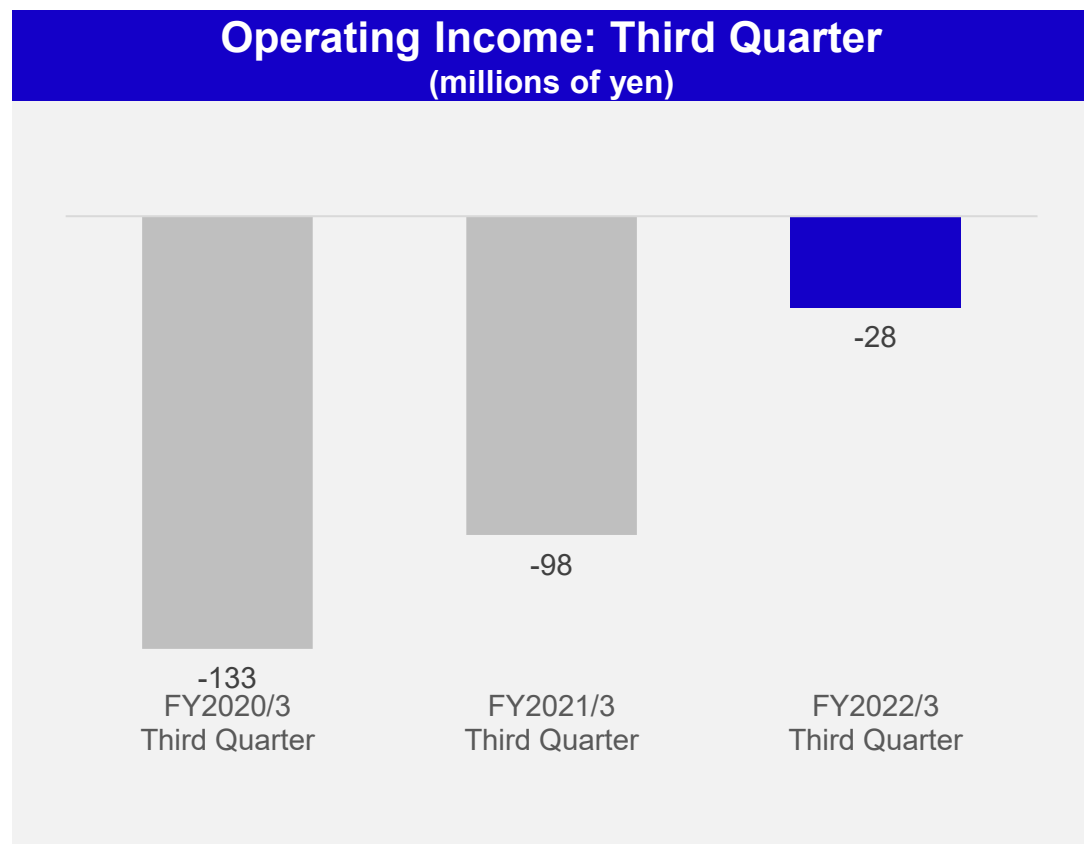
Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2022

Q3 Sales were 1.31 billion yen, up 94% YoY, and Cumulative Q3 Sales were 3.28 billion yen, up 110% YoY



## Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2022

**Operating Loss of 28 million yen in 3Q, -357 million yen in Cumulative 3Q, Trend of Loss Reduction**





## Consolidated Statements of Income for the Third Quarter of the Fiscal Year Ending March 31, 2022

(JPY in Million)	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
	3rd Quarter	3rd Quarter	3rd Quarter (Cumulative)	3rd Quarter (Cumulative)
<b>Net Sales</b>	677	<b>1,315</b>	1,566	<b>3,287</b>
Growth Rate (%)	—	<b>+94.2%</b>	—	<b>+109.9%</b>
Cost of Sales	243	<b>467</b>	566	<b>1,251</b>
<b>Gross Profit</b>	433	<b>848</b>	999	<b>2,036</b>
Gross Profit Margin (%)	64.0%	<b>64.5%</b>	63.8%	<b>61.9%</b>
Selling, General, and Administrative Expense	531	<b>876</b>	1,602	<b>2,393</b>
<b>Operating Profit (Loss)</b>	-98	<b>-28</b>	-602	<b>-357</b>
Operating Profit (Loss) Margin (%)	-14.5%	<b>-2.1%</b>	-38.5%	<b>-10.9%</b>
Non-operating Income	0	<b>57</b>	0	<b>59</b>
Non-operating Expenses	4	<b>45</b>	8	<b>54</b>
<b>Ordinary Profit (Loss)</b>	-102	<b>-16</b>	-610	<b>-352</b>
Extra ordinary Profit	0	<b>0</b>	0	<b>0</b>
Extraordinary Losses	0	<b>0</b>	0	<b>45</b>
<b>Profit (Loss) before Income Taxes</b>	-102	<b>-16</b>	-611	<b>-398</b>
<b>Profit (Loss) attributable to owners of Parent</b>	-104	<b>-7</b>	-618	<b>-395</b>

## Consolidated Balance Sheets for the Third Quarter of the Fiscal Year Ending March 31, 2022

### Increase in Cash and Deposits due to Initial Public Offering; Decrease in Liabilities due to Repayment of Short-term Borrowings

(JPY in Million)	March 31, 2021	FY March 2022	
		2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarters
<b>Current Assets</b>	3,081	2,498	<b>6,430</b>
Cash and Deposits	2,337	1,793	<b>5,533</b>
Account Receivable – Trade	603	644	<b>803</b>
Other	140	60	<b>93</b>
<b>Non-Current Assets</b>	604	1,123	<b>1,152</b>
Property, Plant and Equipment	71	146	<b>136</b>
Intangible Assets	392	728	<b>766</b>
Goodwill	0	238	<b>225</b>
Software	392	490	<b>540</b>
Investments and Other Assets	141	248	<b>250</b>
<b>Total Assets</b>	3,686	3,622	<b>7,583</b>

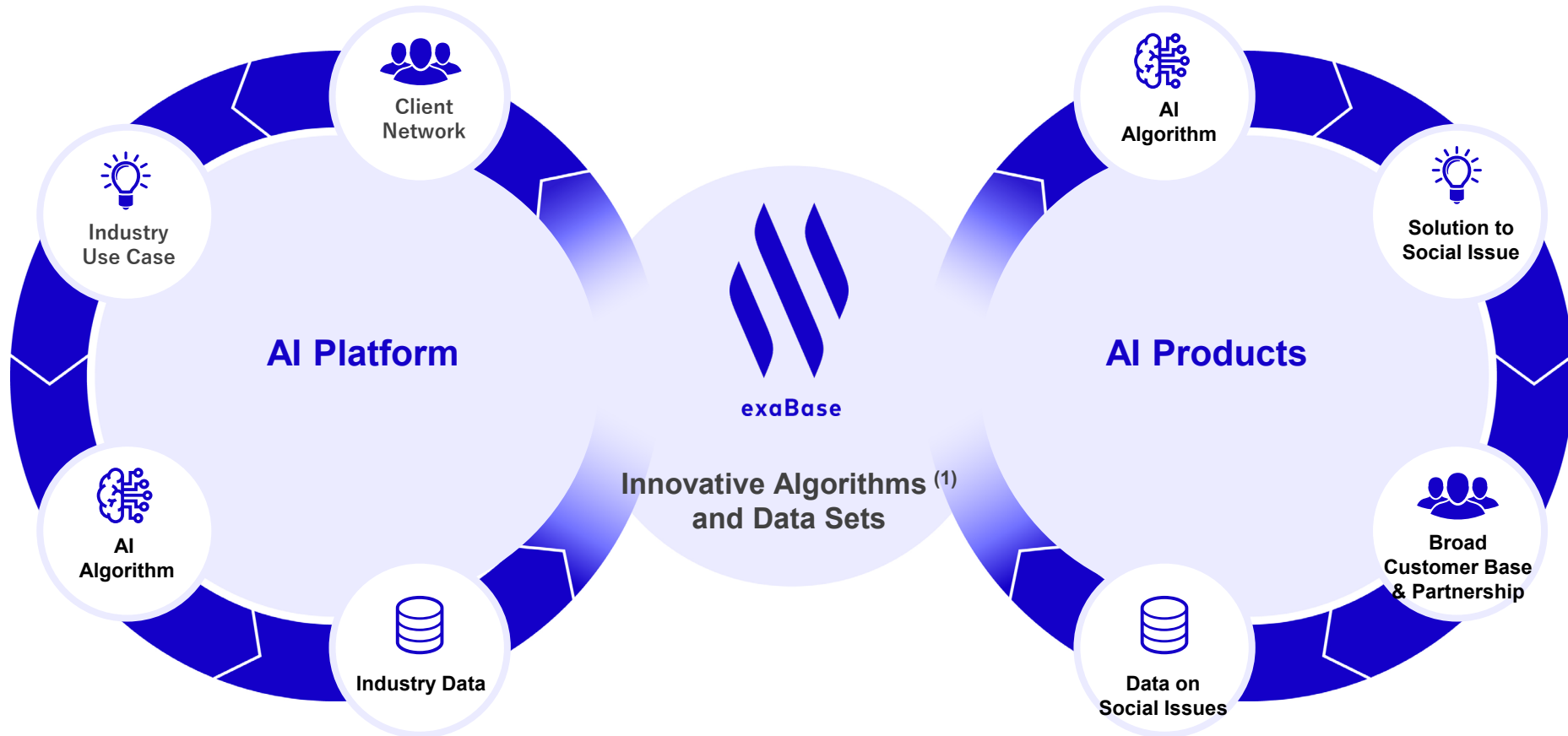
(JPY in Millions)	March 31, 2021	FY March 2022	
		2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter
<b>Current Liabilities</b>	998	1,138	<b>780</b>
Short-term Borrowings	500	500	<b>0</b>
Account Payable – Other	185	198	<b>250</b>
Accrued Expenses	177	238	<b>272</b>
Other	135	201	<b>257</b>
<b>Non-Current Liabilities</b>	304	417	<b>410</b>
Long-term Borrowings	300	322	<b>316</b>
Other	4	94	<b>94</b>
<b>Net Assets</b>	2,383	2,066	<b>6,392</b>
Share Capital	100	100	<b>2,270</b>
Capital Surplus	2,885	2,885	<b>5,056</b>
Retained Earnings	-606	-994	<b>-1,002</b>
Other	4	76	<b>67</b>
<b>Liabilities and Net Assets</b>	3,686	3,622	<b>7,583</b>

# **Overview and Progress of the Business Segments for the Current Fiscal Year**

## Business Overview

We are Solving Social Issues by Accumulating Algorithms and Data through our AI Platform and AI Products business

**Mission** | Solving social issues through Artificial Intelligence for future generations



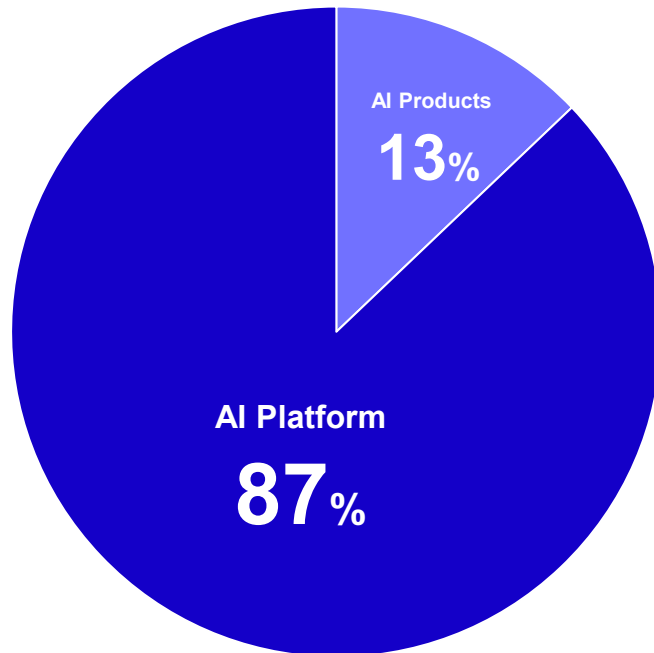
Notes: (1) Procedures and methods for solving problems on the computer.

## Business Model

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

Net Sales for the Third Quarter of the  
Fiscal Year Ending March 31, 2022

**3,287** Millions of yen



#### AI Platform

- ✓ Providing All-in-One AI Platform to Major Enterprises
- ✓ Project-based Recurring FTEs<sup>(1)</sup> & PaaS 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

Notes: (1) FTE: Our professional services based on Full Time Equivalent charges

## Summary of Business Results by Segment for the Third Quarter of Fiscal Year Ending March 31, 2022

The AI Platform Segment is already Highly Profitable, while the company to Utilize its Profits to Invest in the AI Products Segment

(JPY in Million)	FY March 2021 3 <sup>rd</sup> Quarter	FY March 2022 3 <sup>rd</sup> Quarter	FY March 2021 Cumulative 3 <sup>rd</sup> Quarter	FY March 2022 Cumulative 3 <sup>rd</sup> Quarter
<b>AI Platform Segment</b>				
<b>Net Sales</b>	574	1,127	1,350	2,863
<i>Growth Rate (%)</i>	—	+96.3%	—	+112.1%
Cost of Sales	141	364	293	971
<b>Gross Profit</b>	433	762	1,056	1,892
<i>Gross Profit Margin (%)</i>	75.4%	67.7%	78.2%	66.1%
Selling, General, and Administrative Expense	286	571	860	1,490
<b>Operating Profit (Loss)</b>	146	191	196	401
<i>Operating Profit (Loss) Margin (%)</i>	25.5%	17.0%	14.5%	14.0%
<b>AI Products Segment</b>				
<b>Net Sales</b>	103	188	216	423
<i>Growth Rate (%)</i>	—	+82.3%	—	+96.0%
Cost of Sales	102	102	273	279
<b>Gross Profit</b>	0	85	-56	143
<i>Gross Profit Margin (%)</i>	0.5%	45.3%	-26.4%	33.9%
Selling, General, and Administrative Expense	245	304	741	902
<b>Operating Profit (Loss)</b>	-244	-219	-798	-758
<i>Operating Profit (Loss) Margin (%)</i>	-236.9%	-116.7%	-369.5%	-179.1%

Overview and Progress of the Business Segment for the Current Fiscal Year

# AI Platform

## AI Platform: Overview

# Implementing AI into Business Operation by Offering “All-in-One” Platform to Make a Business Impact and Solve Core Industrial Issues

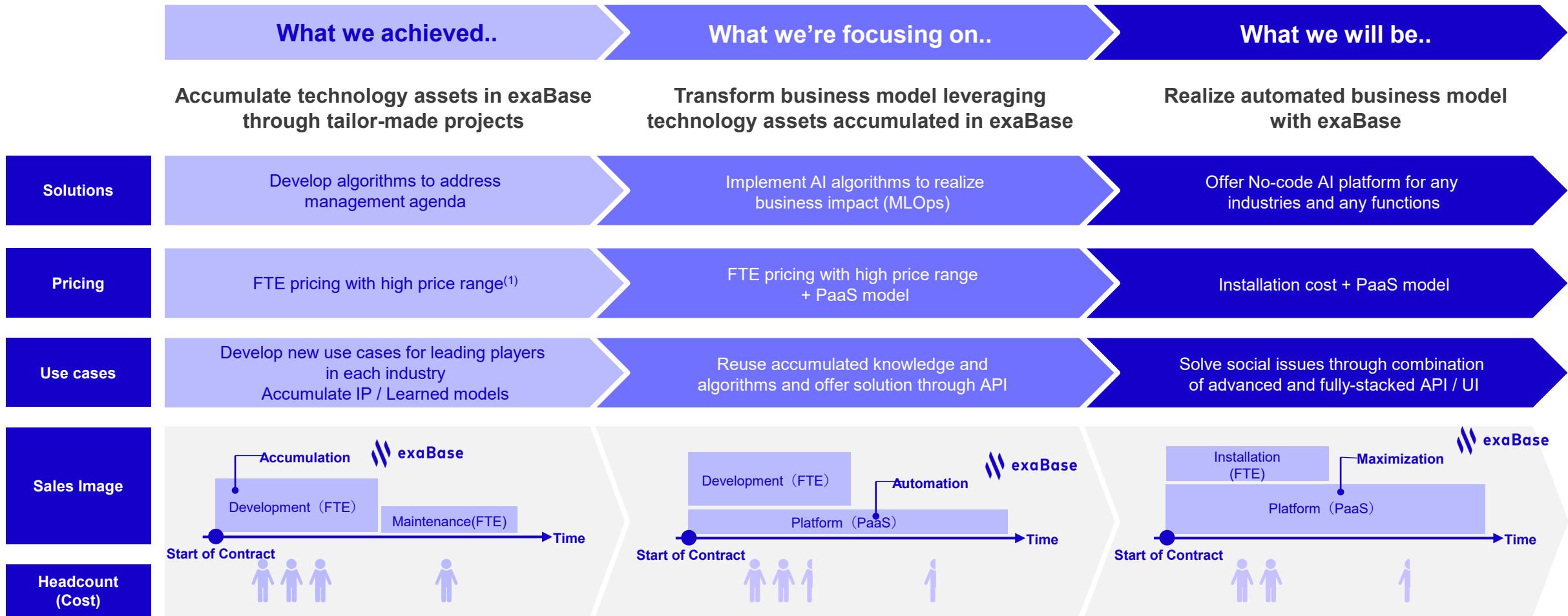


Notes: (1) As of the end of December 2021 (2) Number for FY21/3 (3) As of April 2021 (4) As of the end of September 2021 (5) As of June 2021 (6) MLOps : A cycle from model development and implementation to operation for standardization and streamlining of continuous operation of machine learning models under customers' operating environment



## Growth Strategy for AI Platform Business

# Taking Progressive Actions for Scalable Growth Unlinked to Headcount, based on Our Proven Capabilities

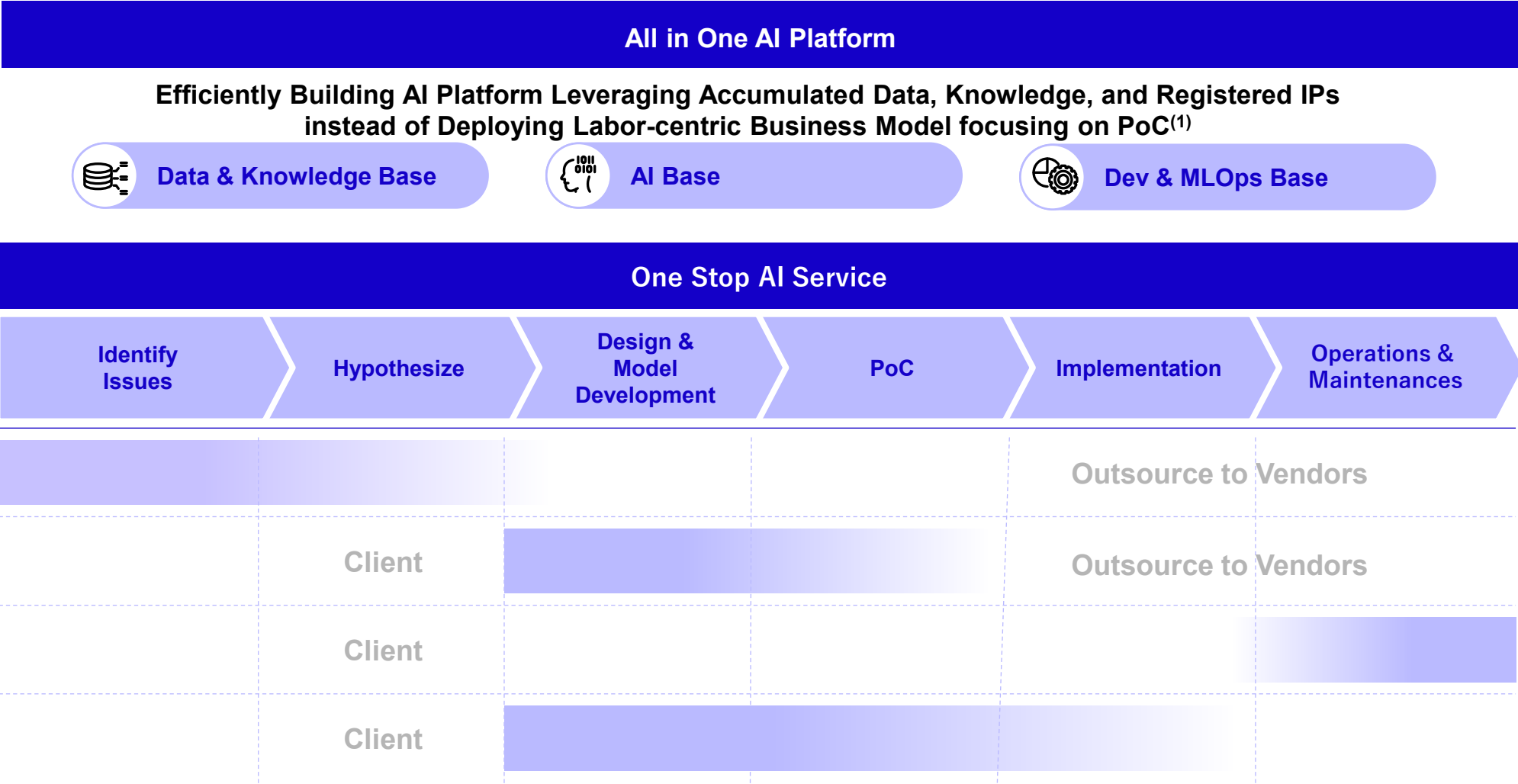


Notes: (1) FTE: Full Time Equivalent. Calculate the price by the unit time with a full-time staff labor conversion



# AI Platform: Highly Differentiated Positioning in Enterprise AI Market

## We are Providing “All-in-One” AI Solution Development Process...

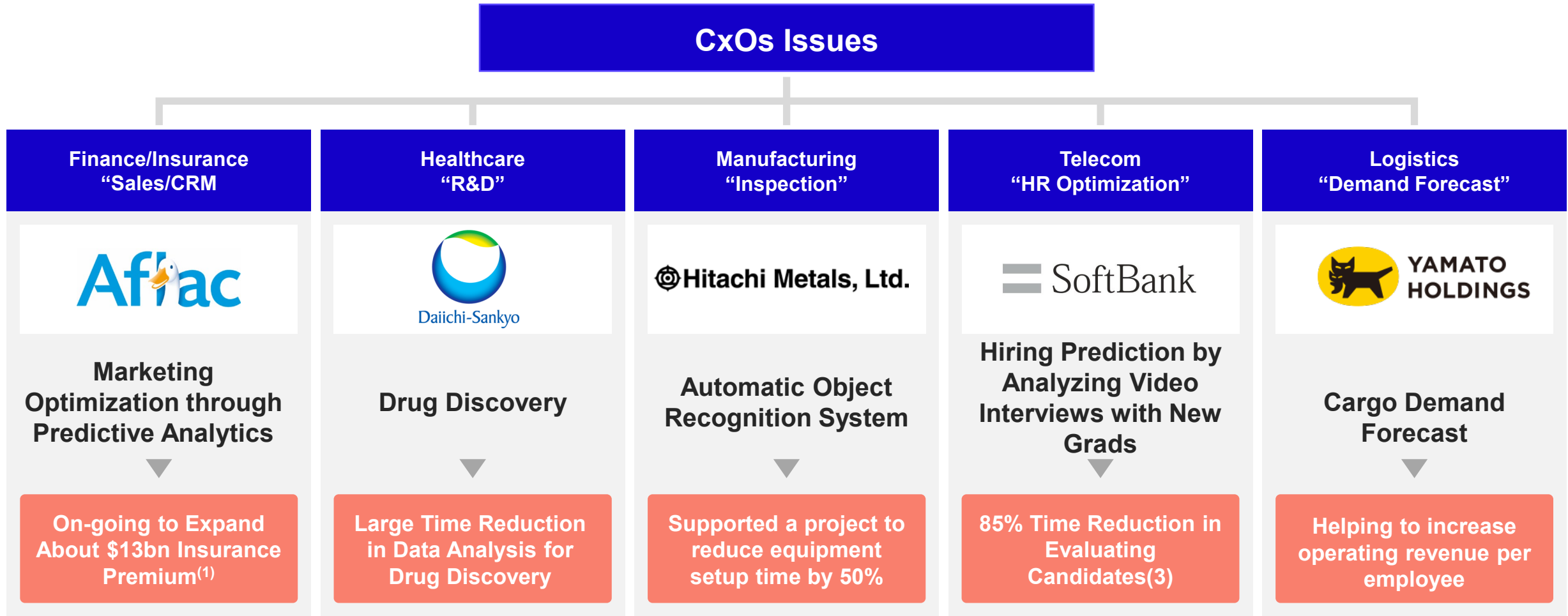


Notes: (1) PoC: Abbreviation for Proof of Concept. It refers to the verification of the feasibility of a new idea or concept, and the effects that can be obtained from it. (2) The above is an illustration based on our analysis.



## AI Platform: Proven Track Record of Robust Business Fundamentals

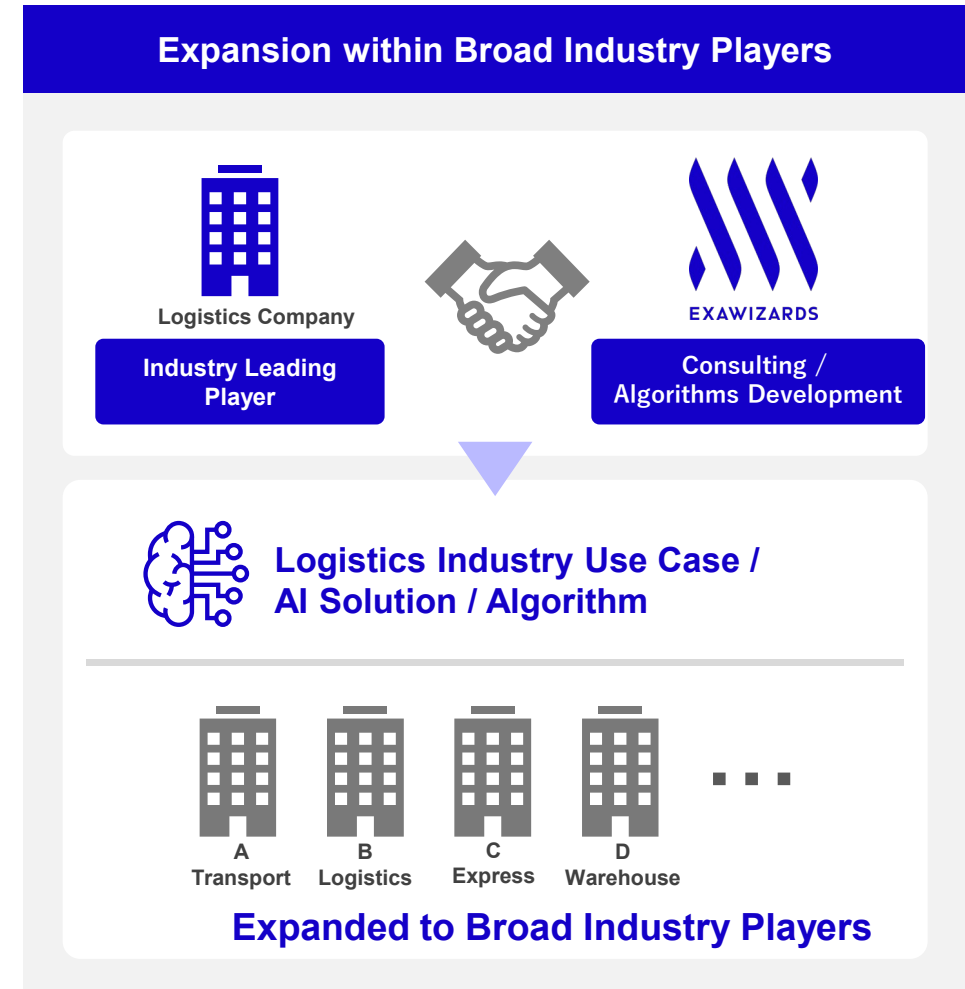
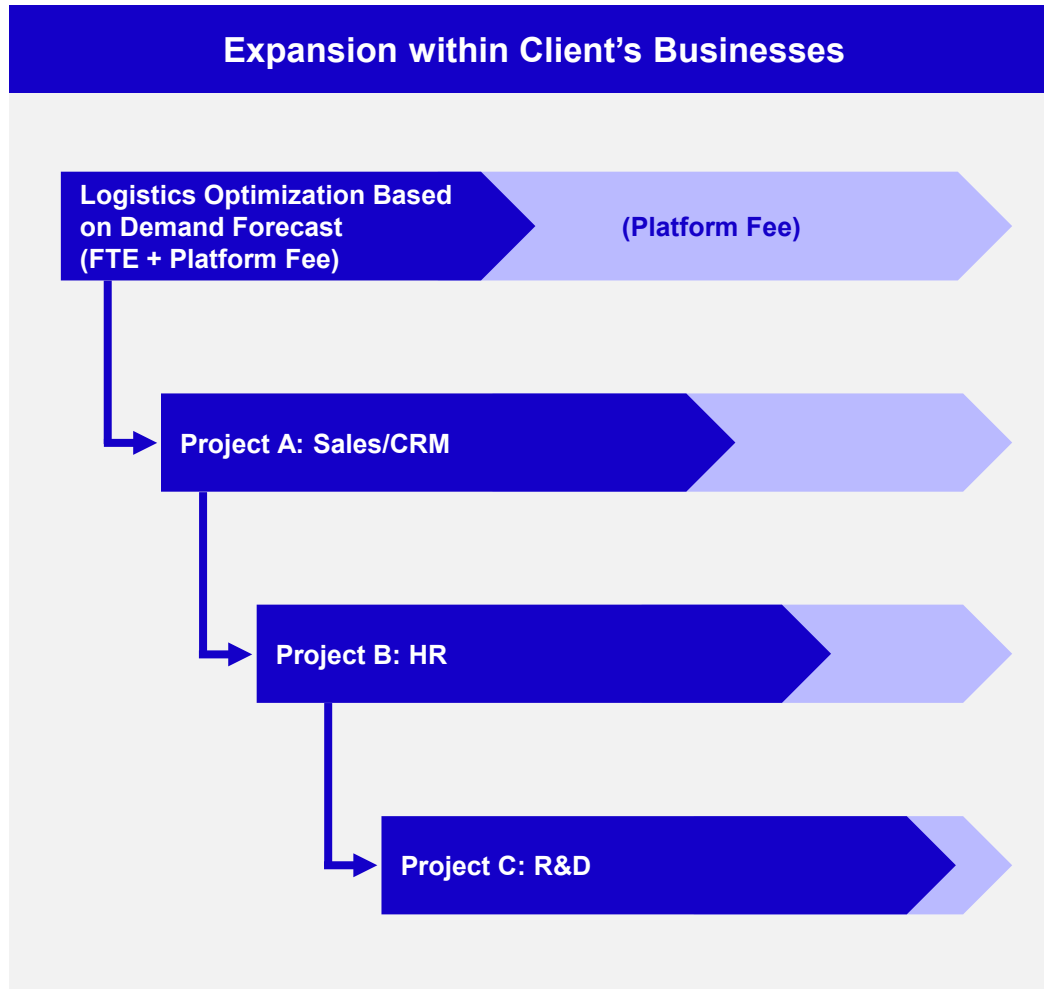
...Leading us to Navigate Clients on “AI-Driven Judgements with Meaningful ROI”, which is Repeatable across the Industries...



Notes: (1) Based on Aflac Integrated Report 2021, the approximate number of insurance premium out of FY2020 ordinary income, (2) Assuming 1 USD = 109 yen (3) Based on hearings from clients (4) Approximate number for labor costs among operating expenses for FY21/3

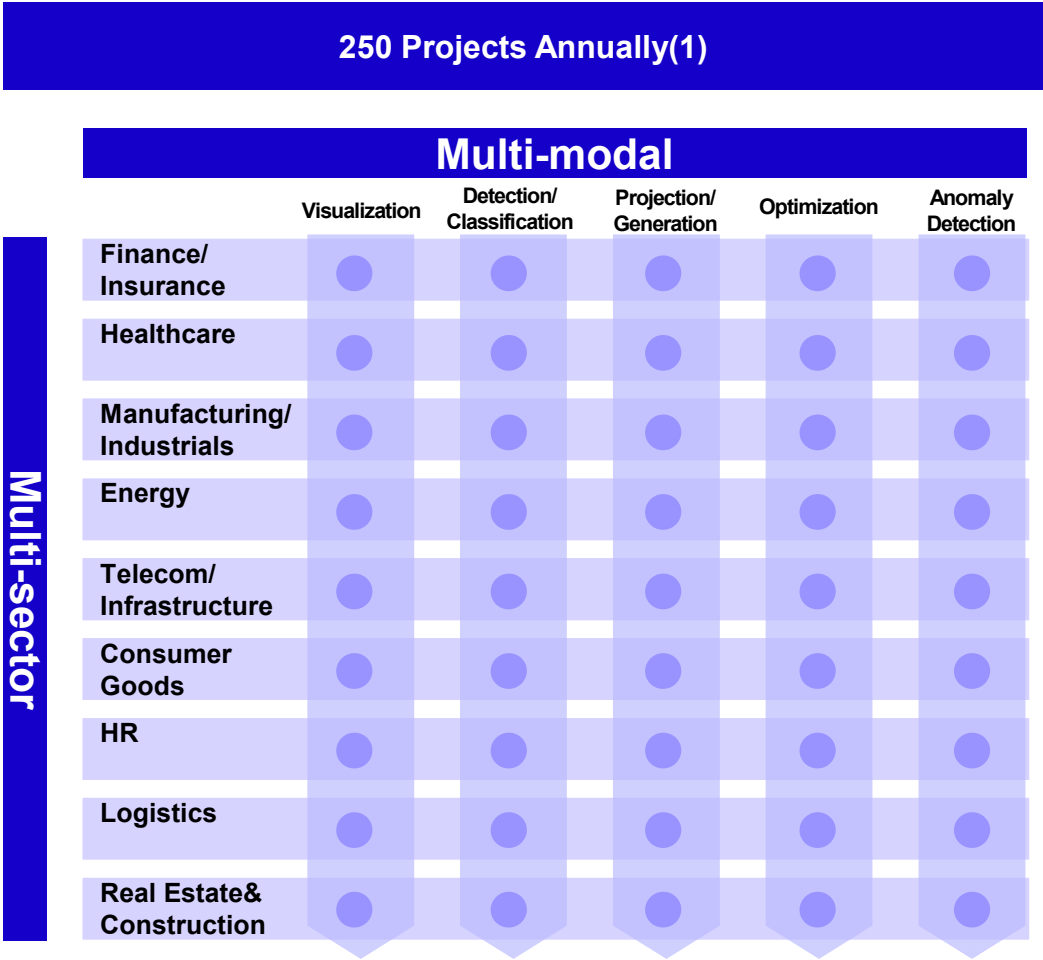
## AI Platform: Proven Track Record of Robust Business Fundamentals

### Go to Market Strategy to Expand within Client's Businesses while Expanding Our Capabilities to Broad Industry Players...

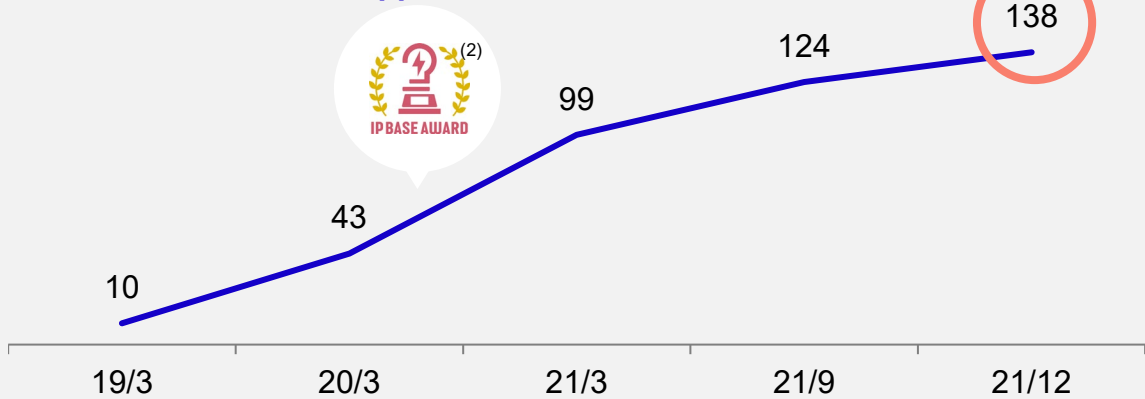


Exclusively Patented AI Libraries and Technological Advancement

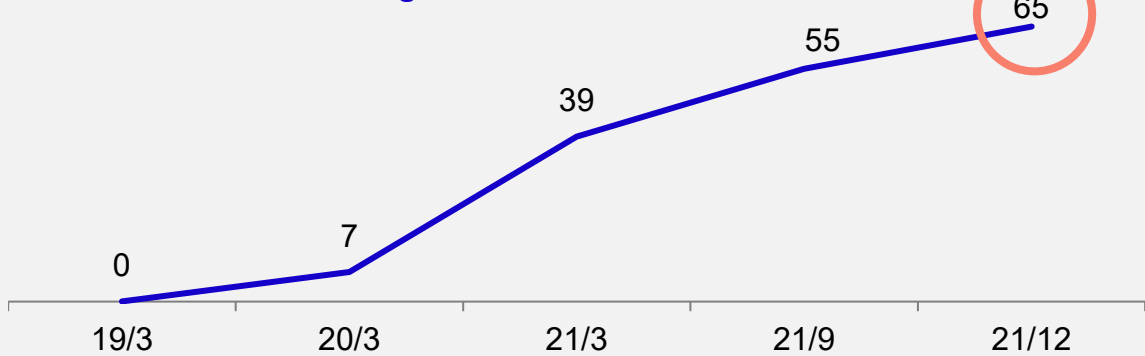
Multi-sector and multi-modal strategy has led to the accumulation of various algorithms, data and patents, which will contribute to both platform enhancement and further product development



Cumulative # of Patent Applications



Cumulative # of Patent Registrations

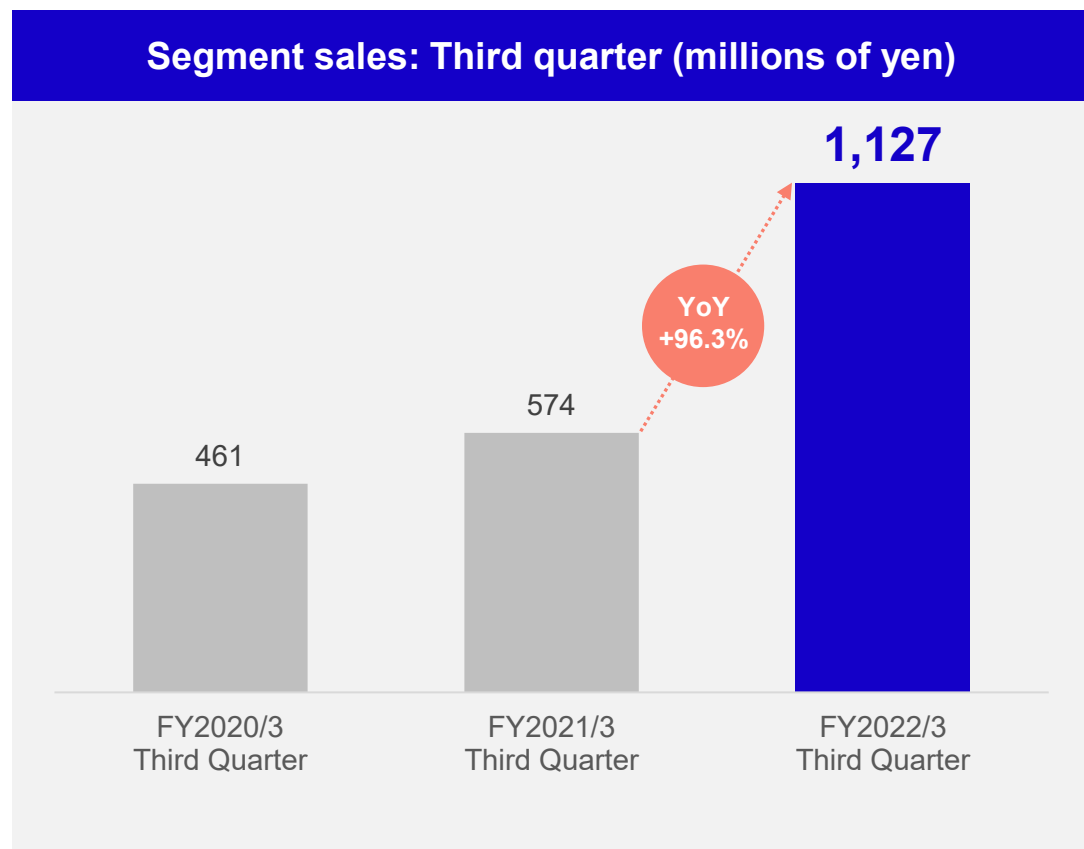


Note: (1) Number for FY21/3 (2) ExaWizards is awarded the first "IP Base Award" as the best Japanese start up that's enabling strategic acquisitions of IP by Japan Patent office in March 2020

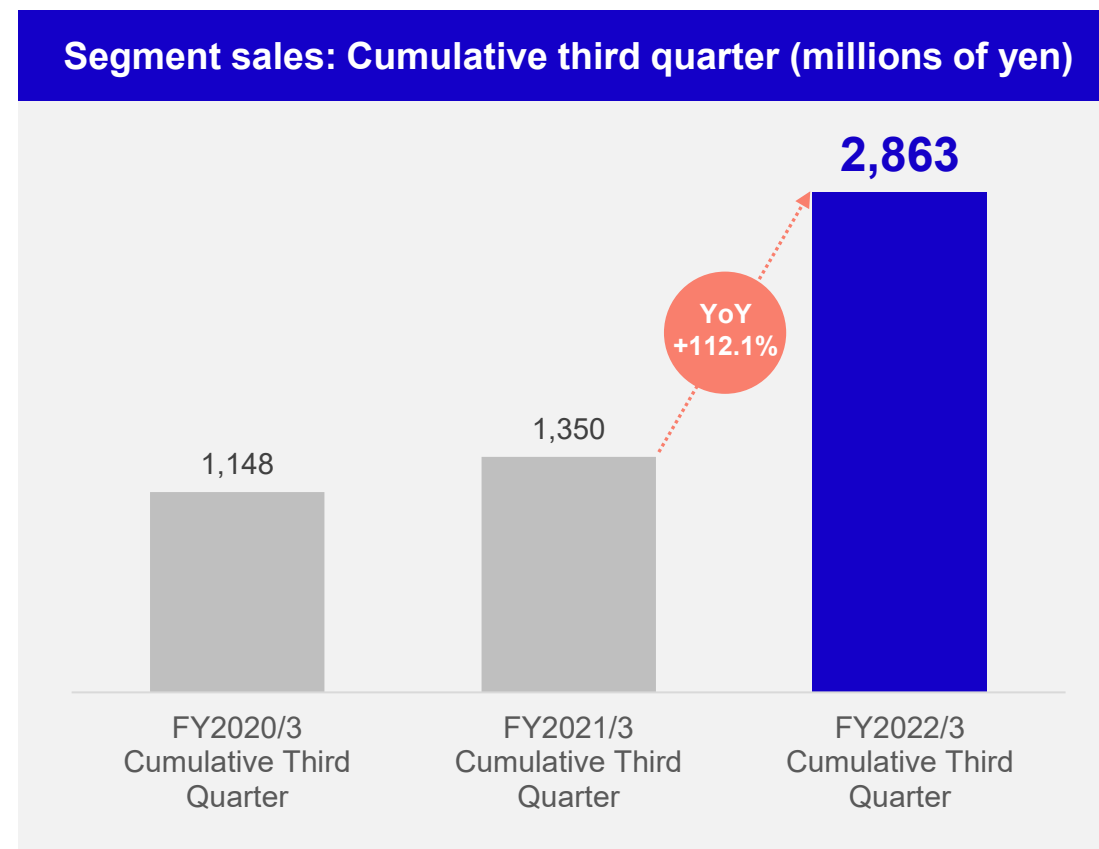


## AI Platform: Results on Third Quarter of Fiscal Year Ending March 31, 2022

Maintain high growth in both cumulative Q3 and 3-month results



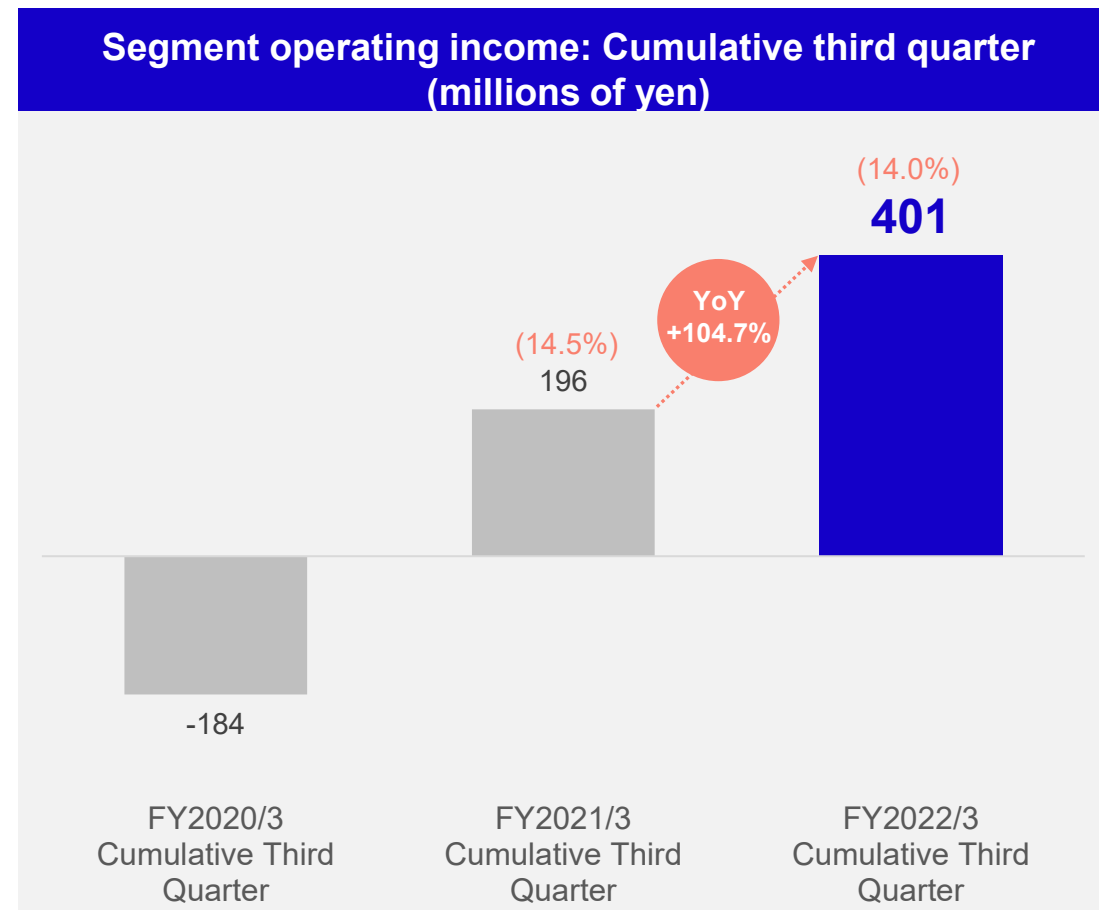
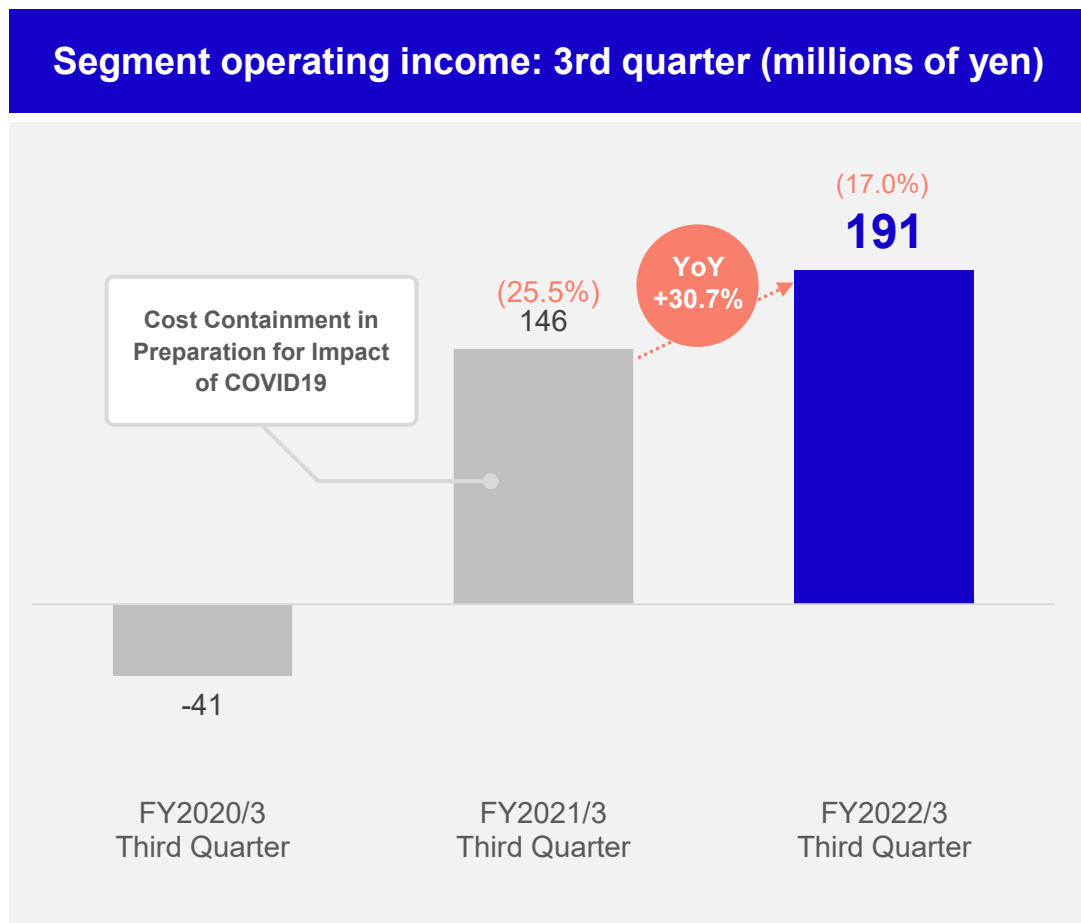
\*The impact of consolidating Xware as a wholly owned subsidiary was 240 million yen in the third quarter.



\*The impact of consolidating Xware as a wholly owned subsidiary was 600 million yen in the cumulative third quarter.

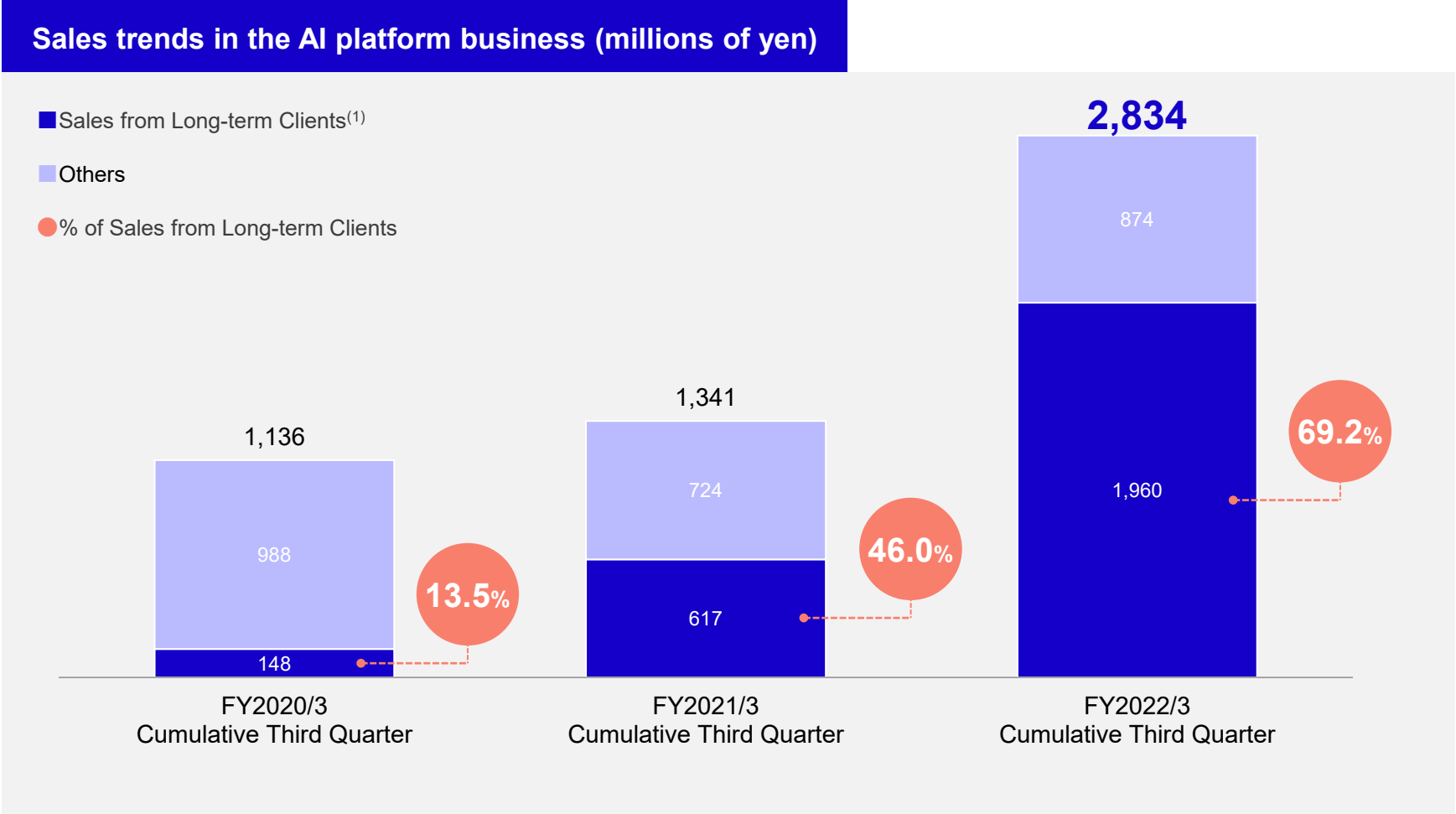
## AI Platform: Results on Third Quarter of Fiscal Year Ending March 31, 2022

Operating margin of 17.0% in the third quarter and 14.0% in total, while investing in new use cases, it remains highly profitable



# AI Platform: Long-term Clients on Third Quarter of Fiscal Year Ending March 31, 2022

## Long-term Clients Continuous to Increase Steadily



Notes: (1) Continuous revenue from the clients that ExaWizards maintains its contract for consecutive 4 quarters and more, excluding revenue from exaBase community, etc.



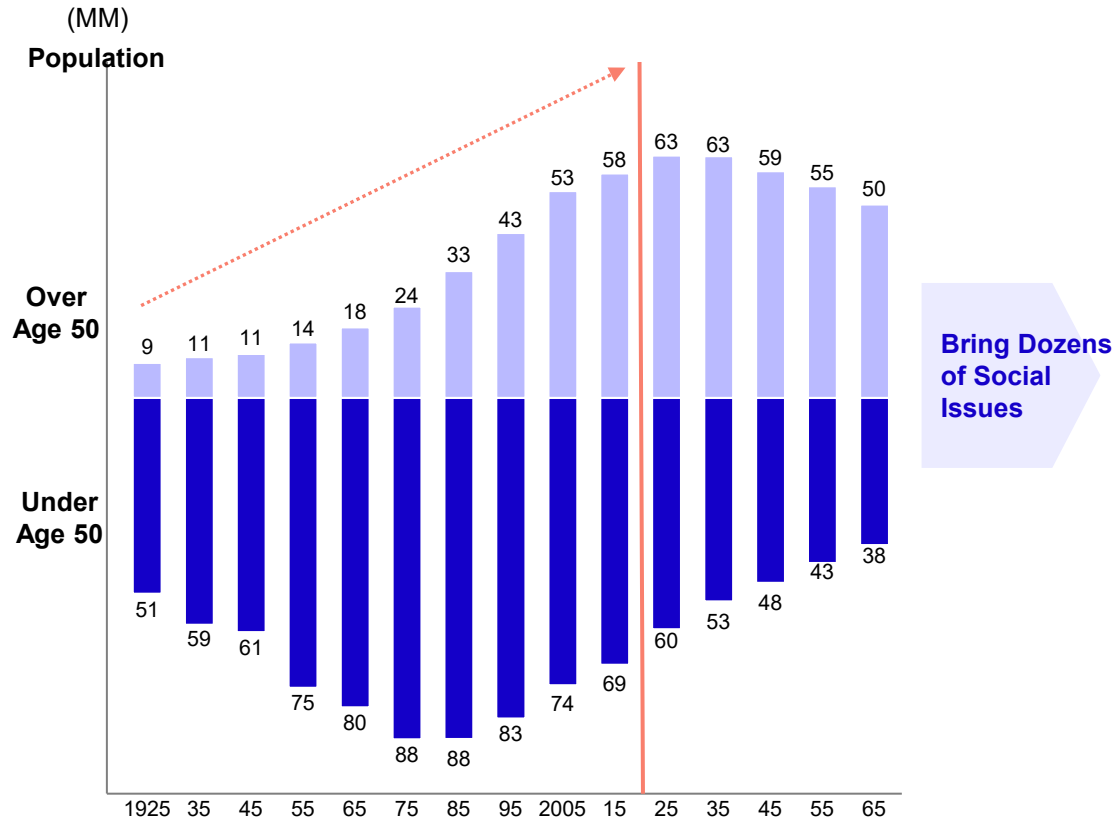


Overview and Progress of the Business Segment for the Current Fiscal Year

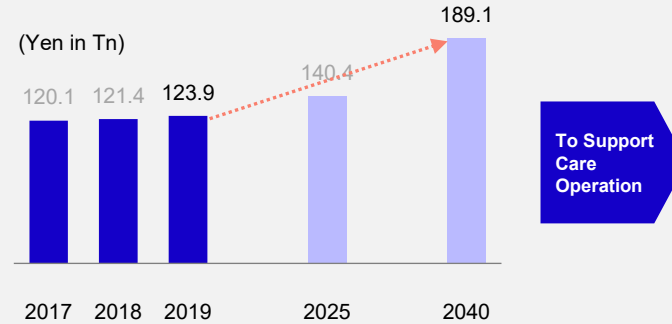
# AI Products

# Providing “AI Products” as Japan Faces Demographic Turning Point

## Demographic Turning Point\*



## Expanding Social Security Cost\*\*



## “Social” AI Products

### Nursing Products



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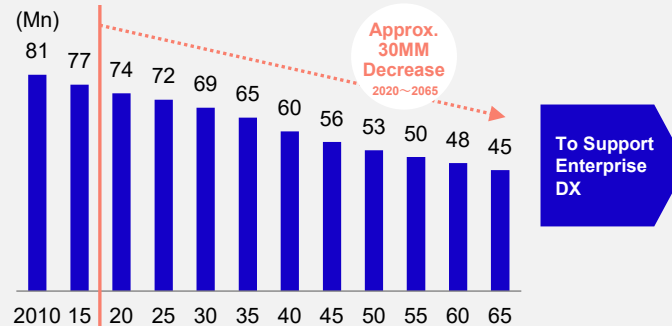


ハナスト

### Education Product



## Decreasing Labor Force\*\*\*



## “DX” AI Products



exaBase  
DX Assessment & Learning



exaBase  
Forecast & Analysis



exaBase  
Well-being



exaBase  
FAQ



exaBase  
1on1



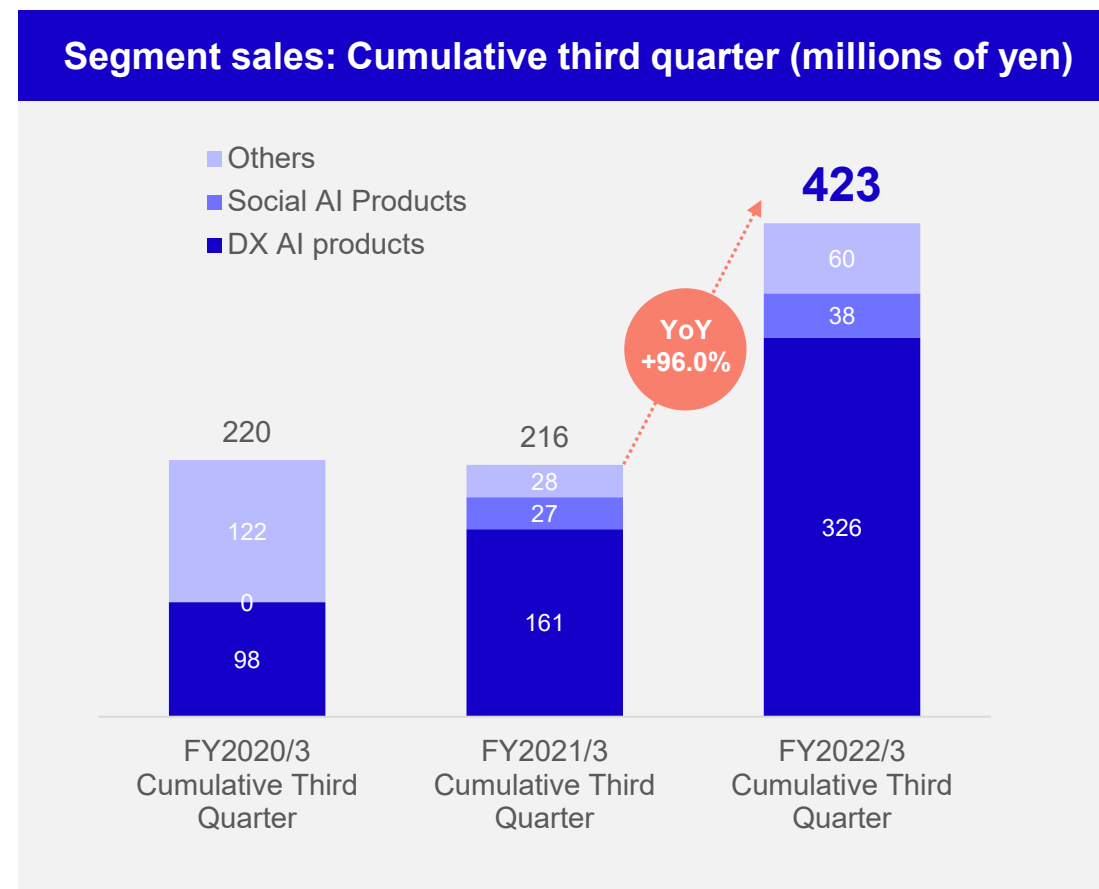
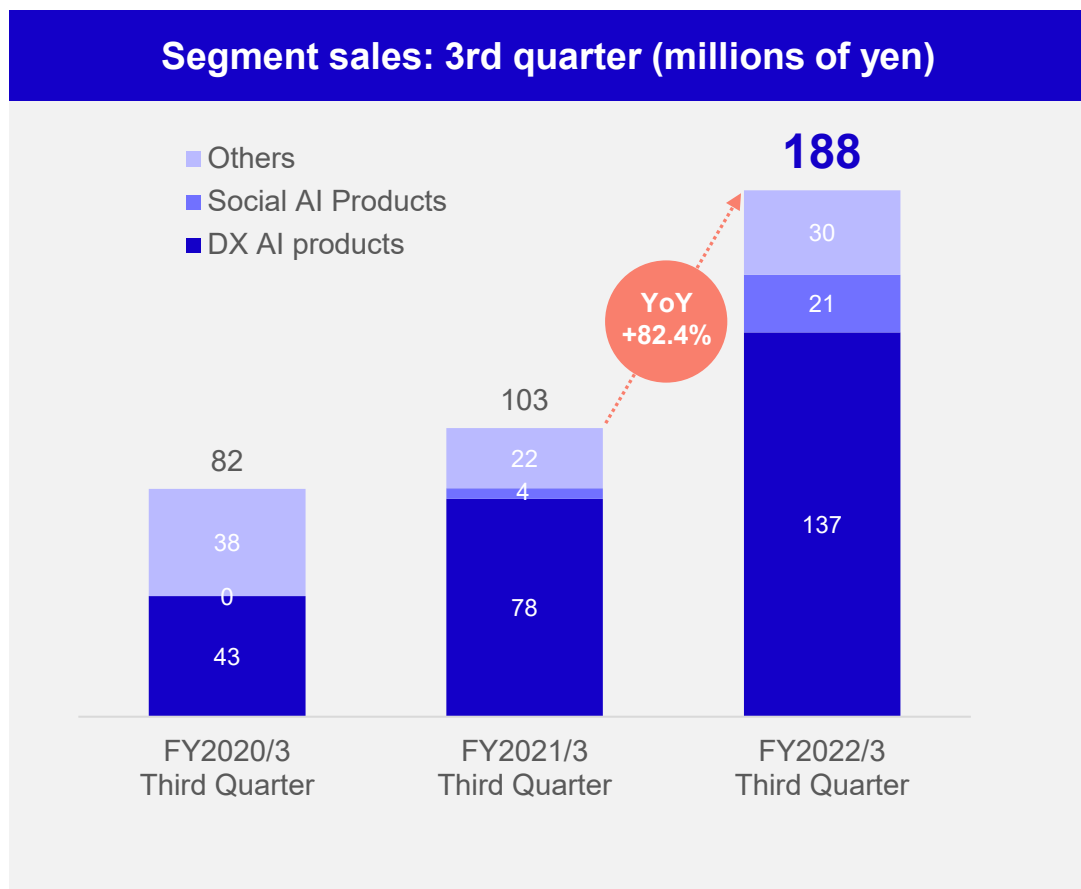
exaBase  
Company Search

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)

## While Gaining Traction by Launching Multiple AI Products...

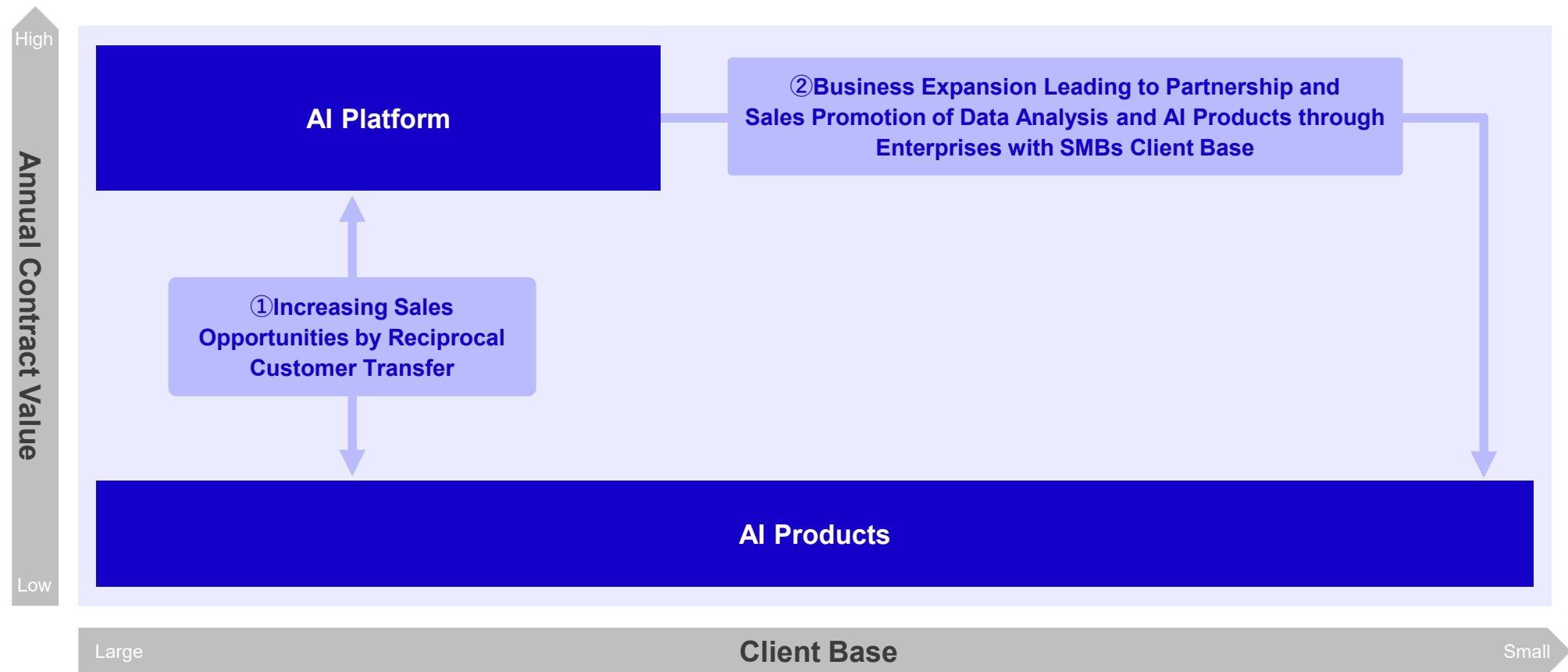
## AI Products: Results on Third Quarter of Fiscal Year Ending March 31, 2022

Maintain high growth in both cumulative Q3 and 3 months, mainly in DX AI products



## Future Growth Prospects with Acceleration of AI Products

### ...Segmental Synergy Enabled by Reciprocal Customer Transfer Leveraging Client Base of Both AI Platform and AI Products



## Future Growth Prospects with Acceleration of AI Products – Our Growth Strategy -



# Effective Partnerships with Leading Care Distributors to Expand Customer Base while Accumulating Data

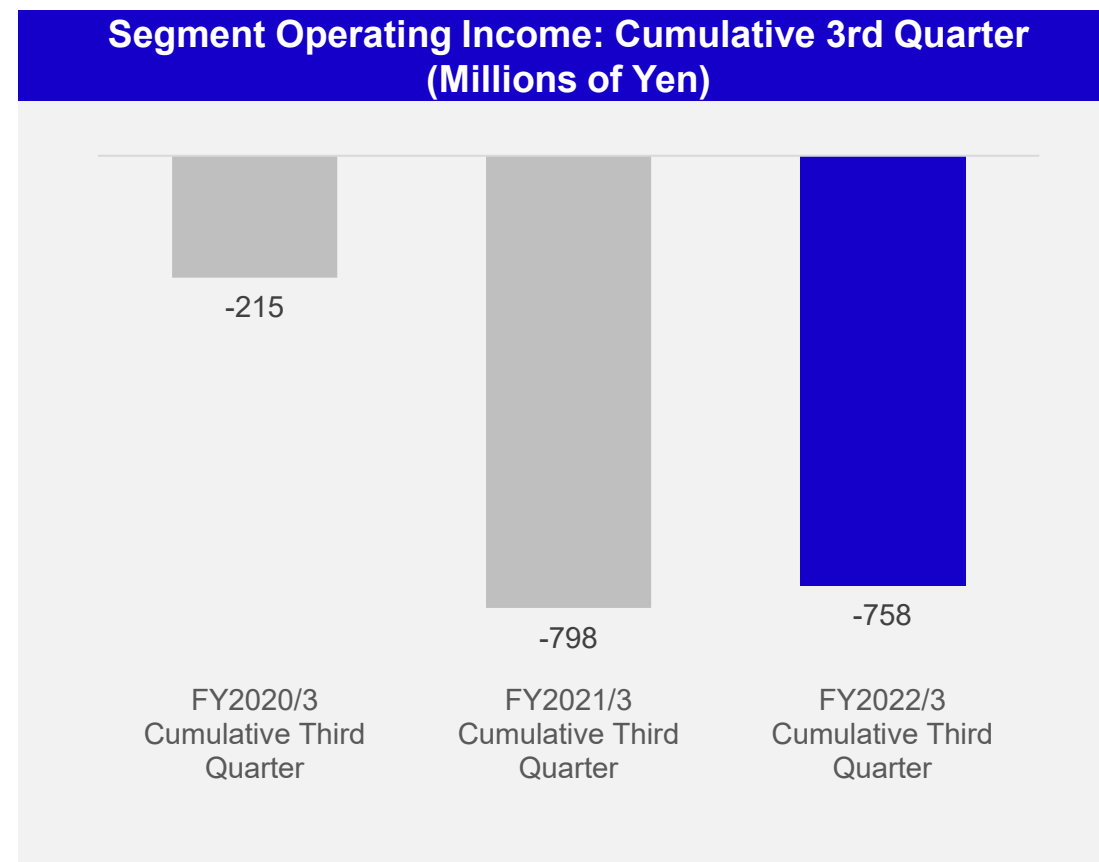
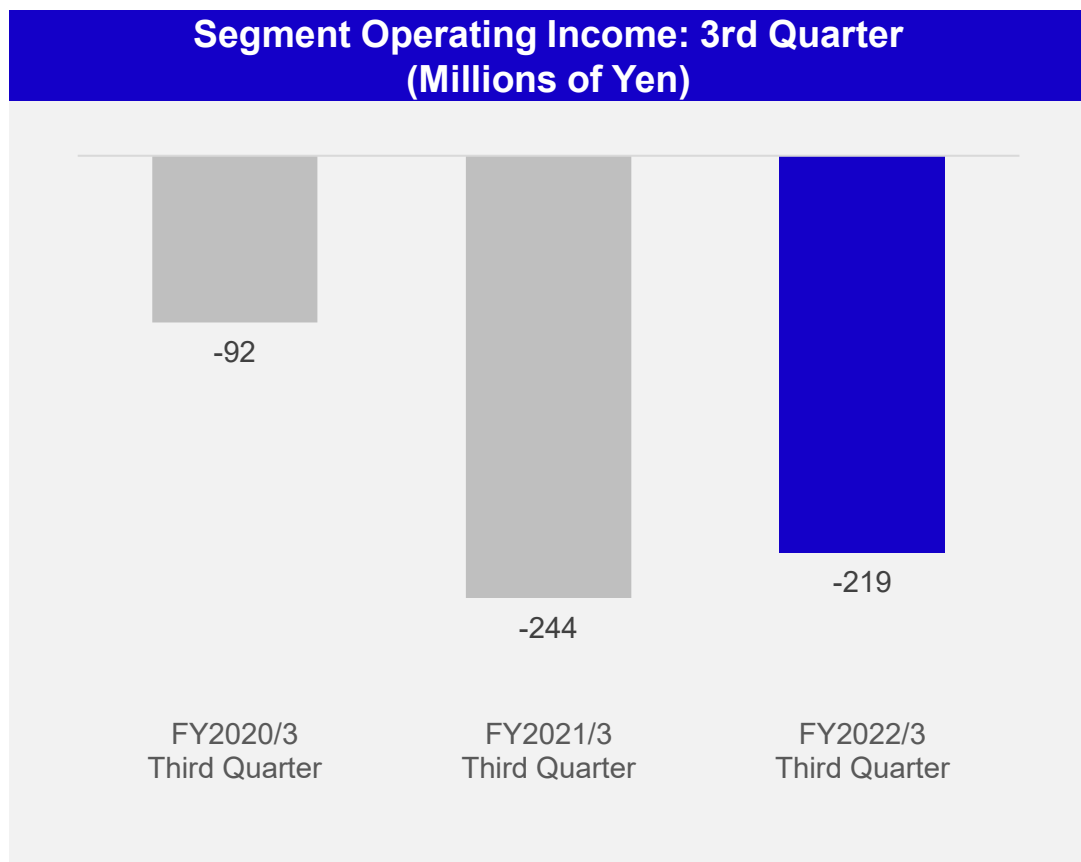


Notes: (1) No. 1 usage rate by care managers based on Yamashita's survey in 2017 (2) Assumed based on a user evaluation in a user survey conducted by ExaWizards



## AI Products: Results on Third Quarter of Fiscal Year Ending March 31, 2022

### Continue to Invest in AI Products

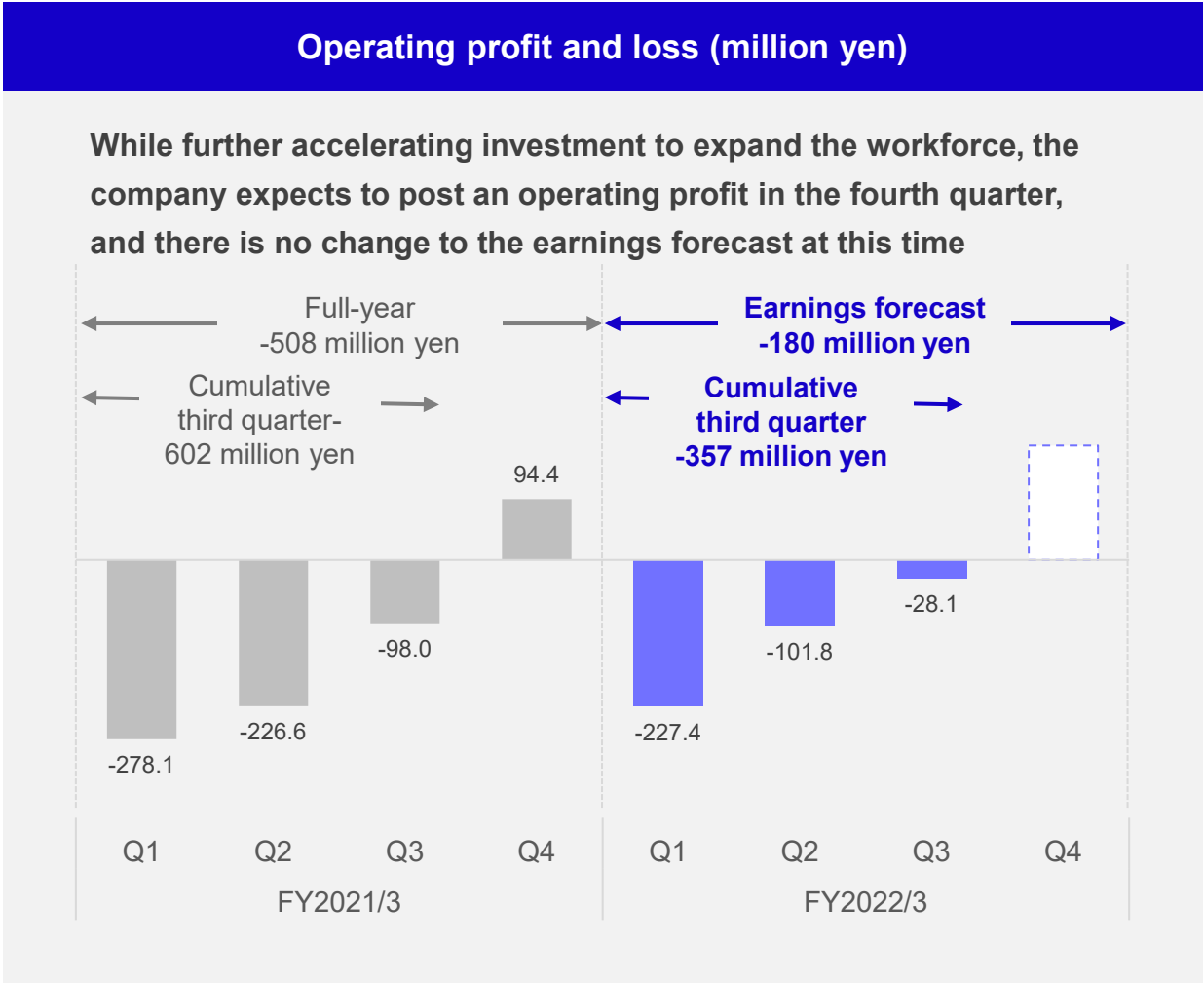
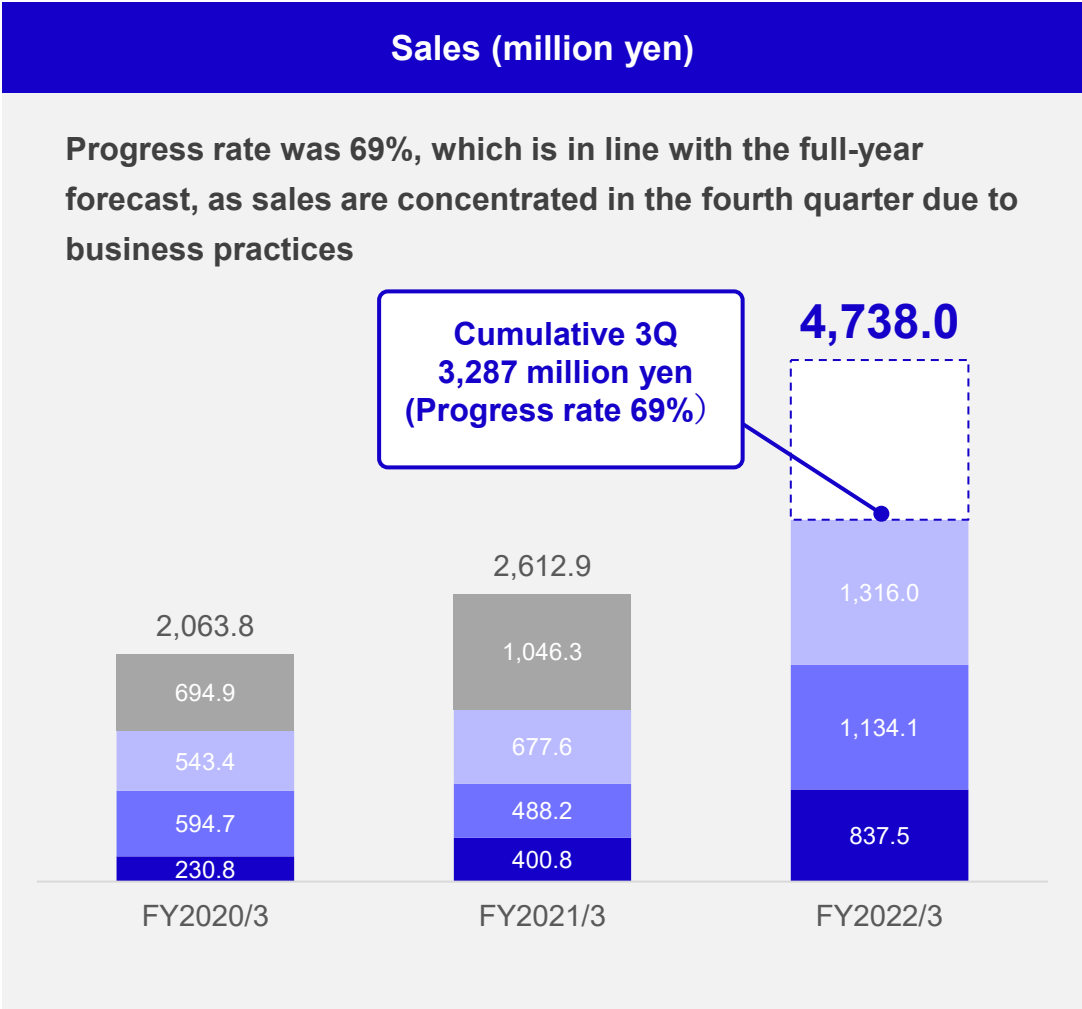


# **Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022**



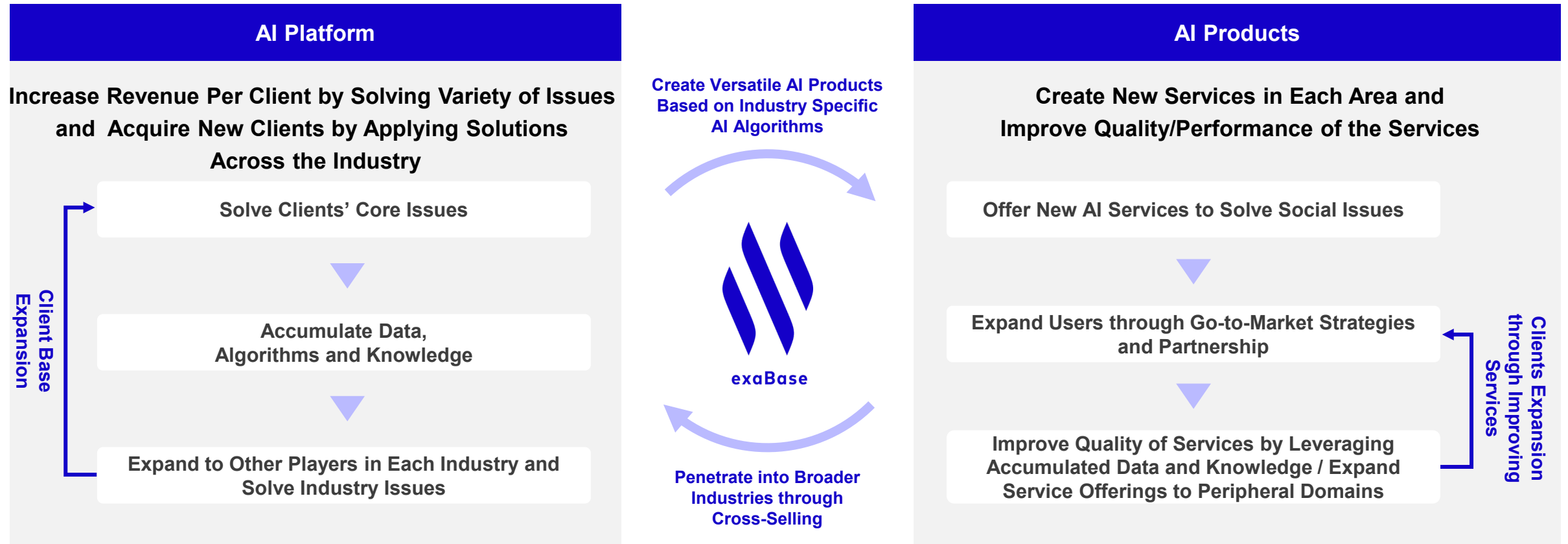
# Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022

## No Change in Full-year Earnings Forecasts



## Our Growth Strategy

# Acceleration of Growth Potential through Segmental Synergies while Expanding Respective Segments' Capabilities



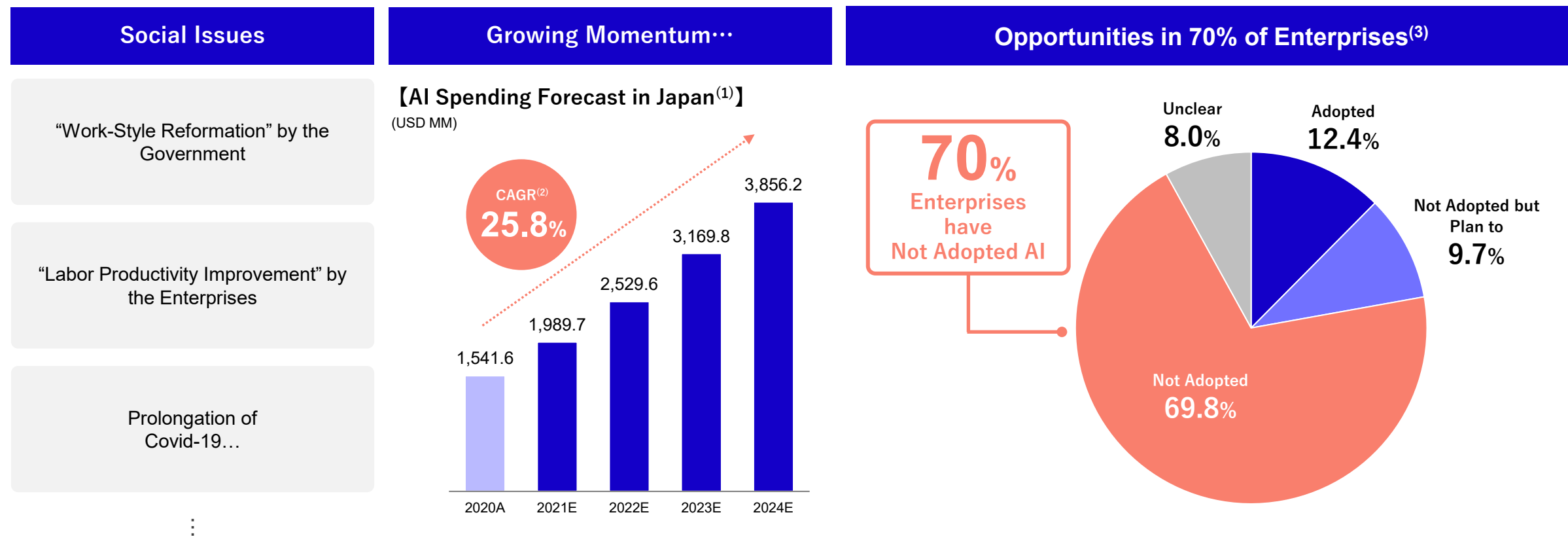
# Appendix

Appendix

# AI Platform

# AI Platform : Highly Differentiated Positioning in Enterprise AI Market

## Dozens of Social Issues Exist in Japan, but Limited Capability to Adopt AI...

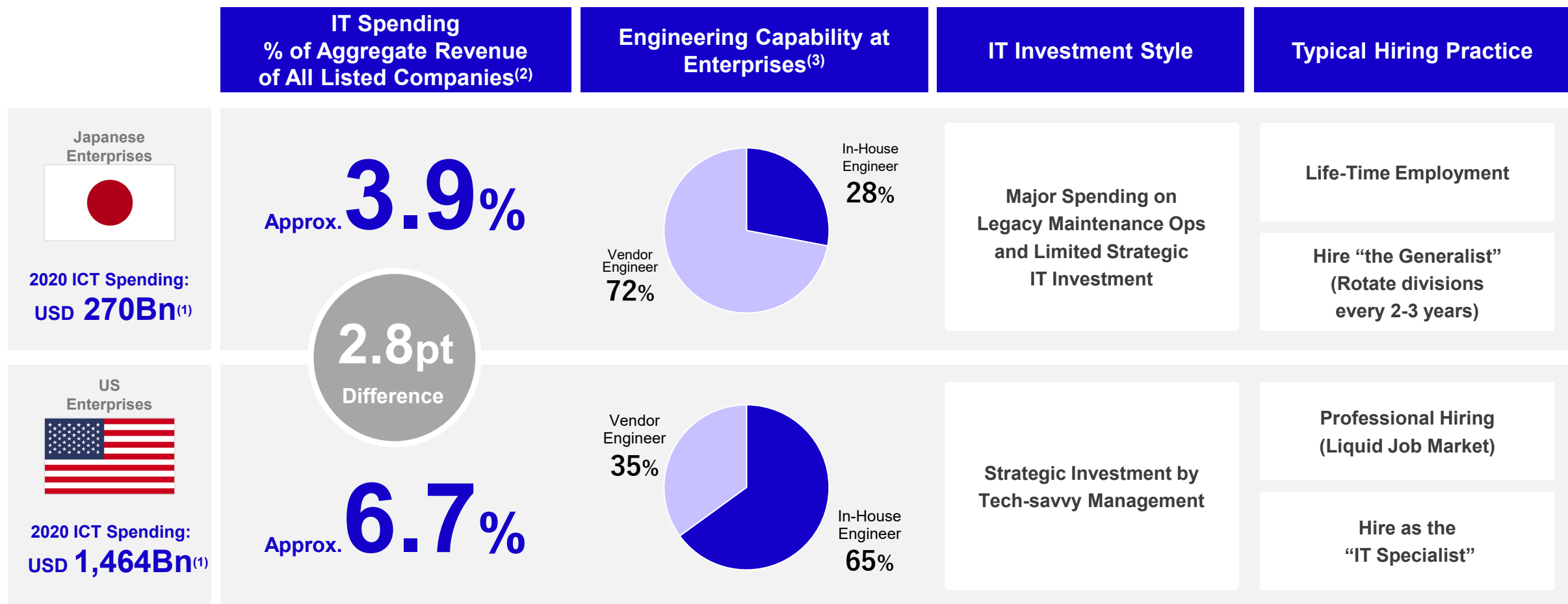


Notes: (1) AI Spending refers to the sum of AI Spending related to Software and Services defined by IDC in “Worldwide Artificial Intelligence Spending Guide” calculated by ExaWizards\* (2) 2020 – 2024 CAGR (3) As of September 2020. Adoption status of systems related to IoT and AI based on Ministry of Internal Affairs and Communications “Communications Usage Trend Survey 2021”\*\*

Source: \* IDC “Worldwide Artificial Intelligence Spending Guide” (August 2021) \*\*Ministry of Internal Affairs and Communications “Communications Usage Trend Survey 2021” (June 2021)

# AI Platform : Highly Differentiated Positioning in Enterprise AI Market

## ...Largely due to “Gaps” between Japan and U.S. on In-house IT Capabilities



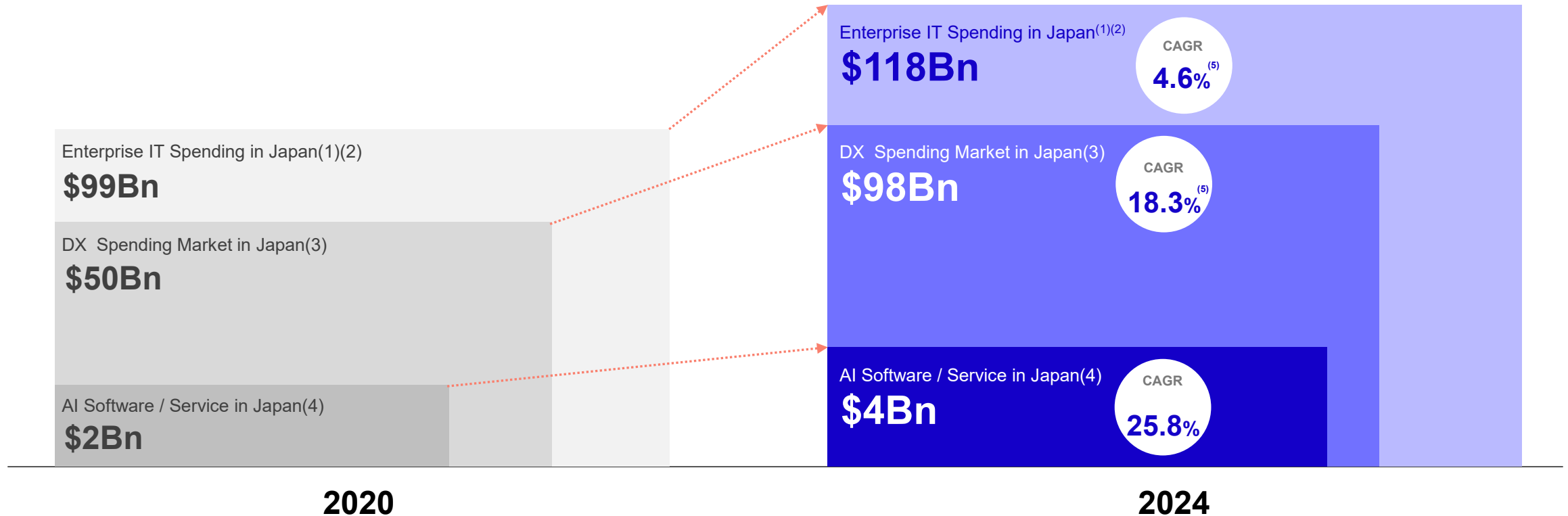
Notes: ICT Spending refers to the sum of spending related to Hardware, Software, IT and Business Services, Telecom Services defined by IDC in "Worldwide ICT Spending Guide by Industry and Company Size" calculated by ExaWizards\* (2) Assumed by ExaWizards based on aggregate revenue of all listed companies in main stock exchanges of Japan (Tokyo, Sapporo, Nagoya, and Fukuoka Stock exchange) and US (American Stock Exchange, Nasdaq and NYSE) as of October 2021 and ICT Spending defined in (1) (3) As of 2015. Prepared based on Information Processing Association "IT Human Resources White Paper 2017"

Source: \* IDC "Worldwide ICT Spending Guide: Industry and Company Size" (JuneV2 2021) \*\* Company Disclosures \*\*\* Ministry of Internal Affairs and Communications "WHITE PAPER Information and Communications in Japan 2018" (July 2018)

## Highly Differentiated Positioning in Enterprise AI Market

We Have a Potential to Capture Large Top-down TAM in Enterprise' Strategic Investment around AI Software, DX and IT Transformation...

### TAM for Enterprise AI Platform Based on Market Research



Notes: (1) Assuming 1 USD = 109 yen (2) IT Spending refers to the sum of IT Spending related to Cloud and Conventional IT defined by IDC in "Domestic Cloud Market Forecast, 2021~2025" calculated by ExaWizards (3) DX Spending refers to the sum of DX Spending related to Software and Services defined by IDC in "Worldwide Digital Transformation Spending Guide" calculated by ExaWizards (4) AI Spending refers to the sum of AI Spending related to Software and Services defined by IDC in "Worldwide Artificial Intelligence Spending Guide" calculated by ExaWizards (5) 2020 - 2024 CAGR  
Source: \*IDC "Domestic Cloud Market Forecast, 2021~2025" (June 2021) \*\* IDC "Worldwide Digital Transformation Spending Guide" (October 2021) \*\*\* IDC "Worldwide Artificial Intelligence Spending Guide" (August 2021)

## Highly Differentiated Positioning in Enterprise AI Market

...Especially in the High Growth “Strategic IT Investment” Budget that is Expected to Expand by 2.4x...

### Enterprise IT Spending in Japan

#### High Value-added IT Investments

- DX
- Data-driven Decision Making
- Improve Business Efficiency

#### Low Value-added IT Investments

- IT Maintenance / Inspection

JPY 10.7Tr<sup>(1)</sup>

Strategic IT Investment

30%<sup>(2)</sup>

Traditional IT Spending

70%<sup>(3)</sup>

2020A

We Expect Increase Strategic IT Investment by Adding DX and Business Development Budget



AI Start-ups

Digital Consulting Firms

BPO<sup>(4)</sup>

JPY 12.8Tr<sup>(1)</sup>

Strategic IT Investment

60%<sup>(2)</sup>

Traditional IT Spending

40%<sup>(3)</sup>

2024E

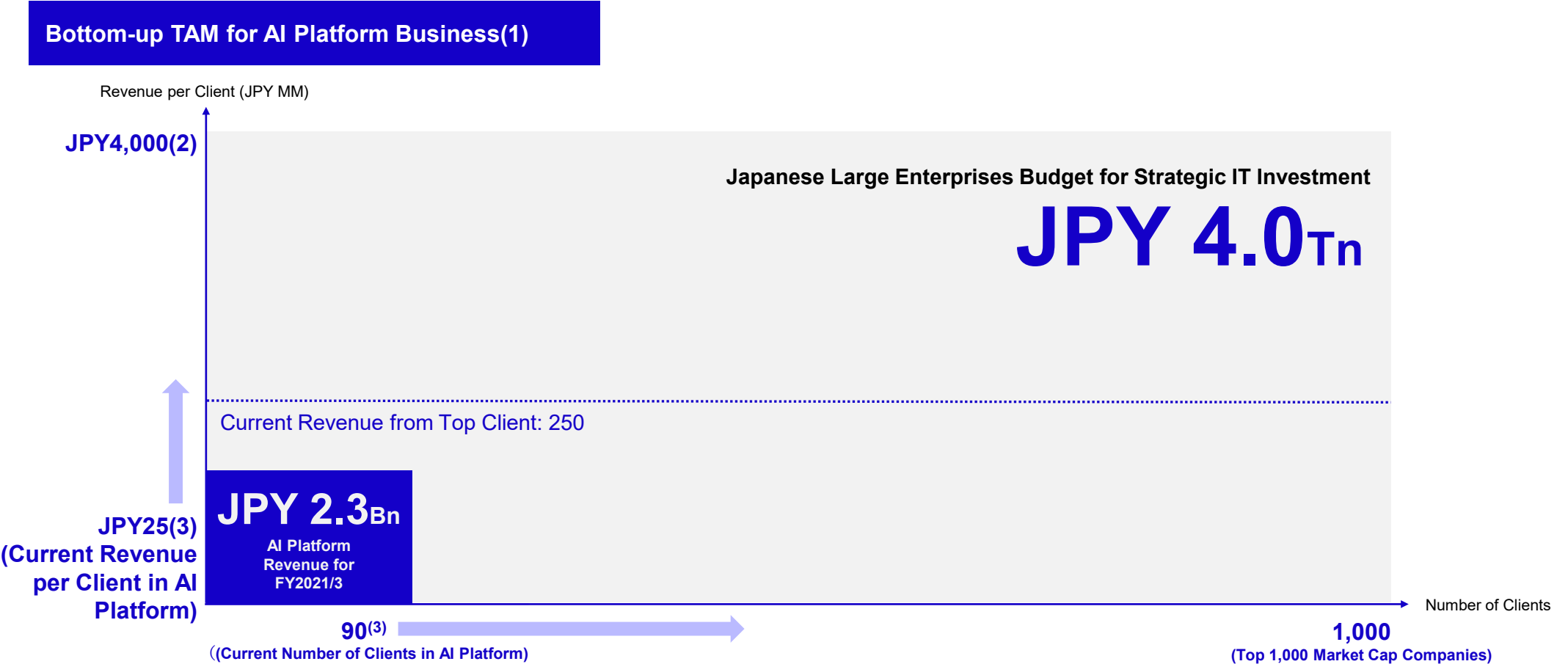
Notes: (1) IT Spending refers to the sum of IT Spending related to Cloud and Conventional IT defined by IDC in “Domestic Cloud Market Forecast, 2021~2025” calculated by ExaWizards\* (2) Strategic IT Investment refers to IT Spending related to Cloud defined by IDC in “Domestic Cloud Market Forecast, 2021~2025”  
(3) Conventional IT Investment refers to IT Spending related to Conventional IT defined by IDC in “Domestic Cloud Market Forecast, 2021~2025”  
Source: \* IDC “Domestic Cloud Market Forecast 2021~2025” (June 2021)





Highly Differentiated Positioning in Enterprise AI Market

...Our Growth Potential is Proven with Bottom-up TAM Analysis<sup>(1)</sup>



Notes: (1) Total addressable market based on revenue per client and number of clients instead of using data or reports from third-party research company (2) \*Average latest FY revenue of Japanese top 1,000 market capitalization companies as the end of September 2021 (Approx. JPY660Bn) x \*\*Japanese companies' IT budget % of revenue (2.2%) by JUAS x \*\*\* Strategic IT investment % of total IT revenue in Japan (30.0%) based on the previous page (3) numbers are for FY21/3

Source: \*Company Disclosures, \*\* Japan Users Association of Information Systems (JUAS) "Corporate IT Trends Survey Report to Latest Trends in IT Investment and Utilization by User Companies 2020" (March 2021)



# AI Platform: (Topics 1) Built Yamato Transport's MLOps Environment and Automated Machine Learning Pipelines

## Automating and Accelerating the Operation of a Machine Learning Model for Forecasting Yamato Transport's Operational Volume

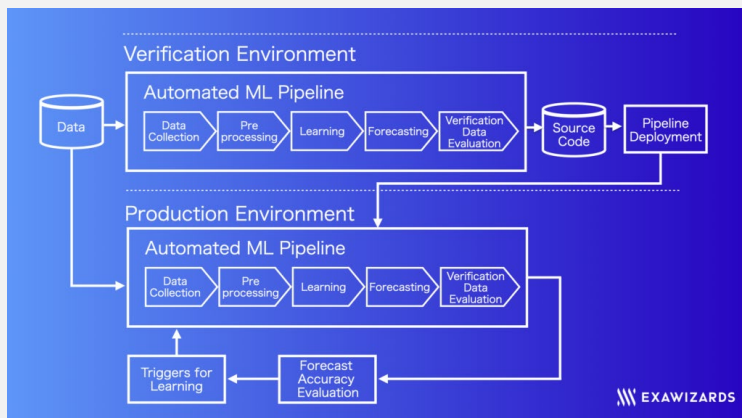
### Use Case

Effective and Optimal Allocation of its Management Resources and Fair Pricing based on Forecasts of the Workloads of its approx. 6,500 delivery centers for several months ahead in advance

### Outline of Initiatives

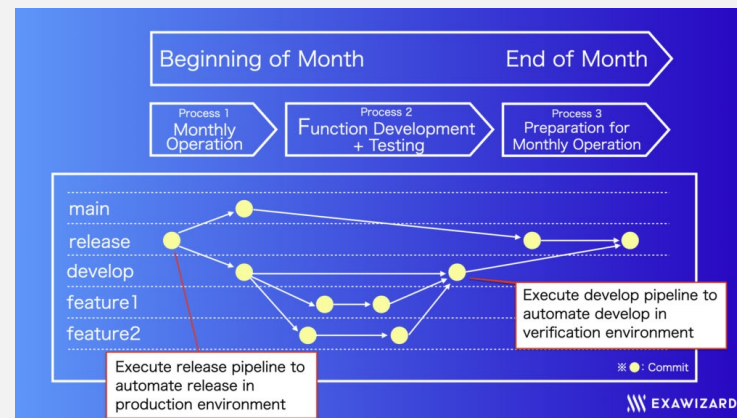
#### Built an MLOps Environment

Automates a series of processes (Machine Learning Pipeline) such as “data collection → Preprocessing → Learning → Forecasting → Verification” for the operation of huge amounts of data and multiple machine learning models. Enables continuous development of functions and improvement of accuracy



#### Improving the Operation of the Source Code

By combining the operation of new source code with the machine learning pipeline of the MLOps environment, stabilization of monthly operations (Process 1) and parallel development of new functions (Process 2) are achieved simultaneously.



## AI Platform: (Topics 2) Collaboration with NTT Com enables Connectivity between Customer environments and closed networks

By establishing a closed network between "exaBase" and the customer environment, we can provide and develop AI services securely and quickly for a wider range of major corporate customers.

### Purpose of collaboration

Provide and develop secure and high-speed AI services that fully utilize customer data by building a closed network of "exaBase" with various customer environments using "FIC" (Note), etc. provided by NTT Communications (NTT Com)

### Overview of the collaboration

#### Connects exaBase to the customer environment using a closed network

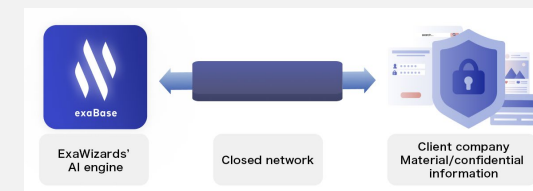
Utilizing networks such as "FIC" for closed network connectivity, we can connect "exaBase" directly to the customer environment, enabling us to develop and provide AI services independently from the customer environment in a secure and highly efficient manner.

#### Proposal for AI service using exaBase on NTT Com's closed network

NTT Com proposes AI services that can be used on networks, not only networks, by combining "FIC" and "exaBase".

#### Collaborate to formulate solutions

Combining "exaBase" with NTT Com's closed network network know-how such as "FIC" to explore the provision of new AI and DX solutions



### Destination (planned)

#### Sumitomo Life Insurance Company

- We are currently in a business alliance and collaboration with our company in the area of "Well-being Tech".
- The introduction of this project is currently under consideration for the purpose of rapid mutual data linkage in collaborative projects.

#### Plans to expand to other customers sequentially

注 : Flexible InterConnect is NTT Com's next-generation interconnect service. It is a SDPF platform service that accelerates DX realization by utilizing data. It can securely connect ICT services, including internal or external cloud services and data centers on a closed network.

## AI Platform: (Topics 3) Joint development of "Assortment Optimization AI" with Sugi Pharmacy

### The Mathematical Optimization Technology Provides “AI for the Optimization of Product Assortment” and “Substitutability Analysis Functions, enabling to Pursue Optimized Product Assortment from the Retailer’s Perspective

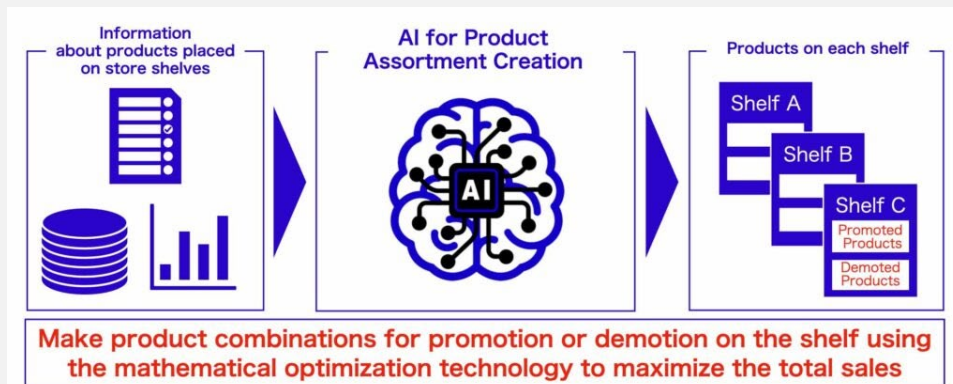
#### Use case

Increasing Sales through Shelf Optimization in Retail Stores to help Improve in-store Productivity and Provide a Better Customer Experience

#### Outline of Initiatives

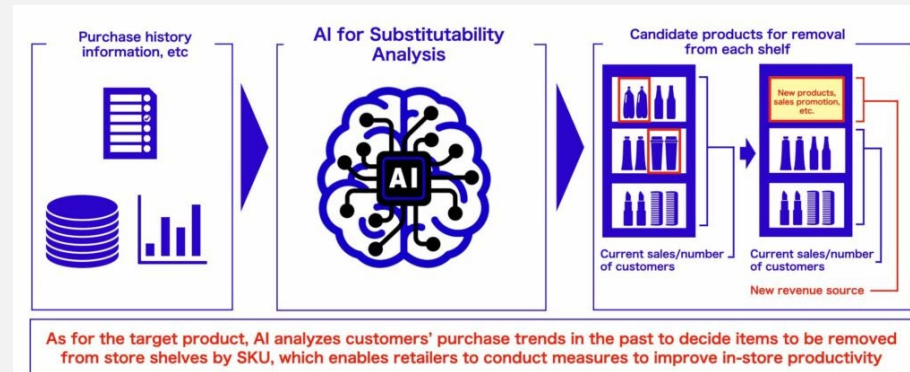
##### AI for the Optimization of Product Assortment

Automatically makes product combinations that can improve sales efficiency based on the target product list and sales information to improve in-store productivity



##### AI for Alternative Possibilities Analysis

Analyzes customers' purchase trends in the past to identify a similar product and calculate the possibility for them to buy it instead of the target product. This function helps retailers realize the product assortment that doesn't cause a decline in sales even though some products are removed from their store shelves



## AI Platform: (Topics 4) Joint Development of Medical Real World Data Utilization Service with NTT Data

### Joint development with NTT Data of a new AI service using "Millennial Medical Record" data to be provided to R&D departments of pharmaceutical companies and to medical facilities

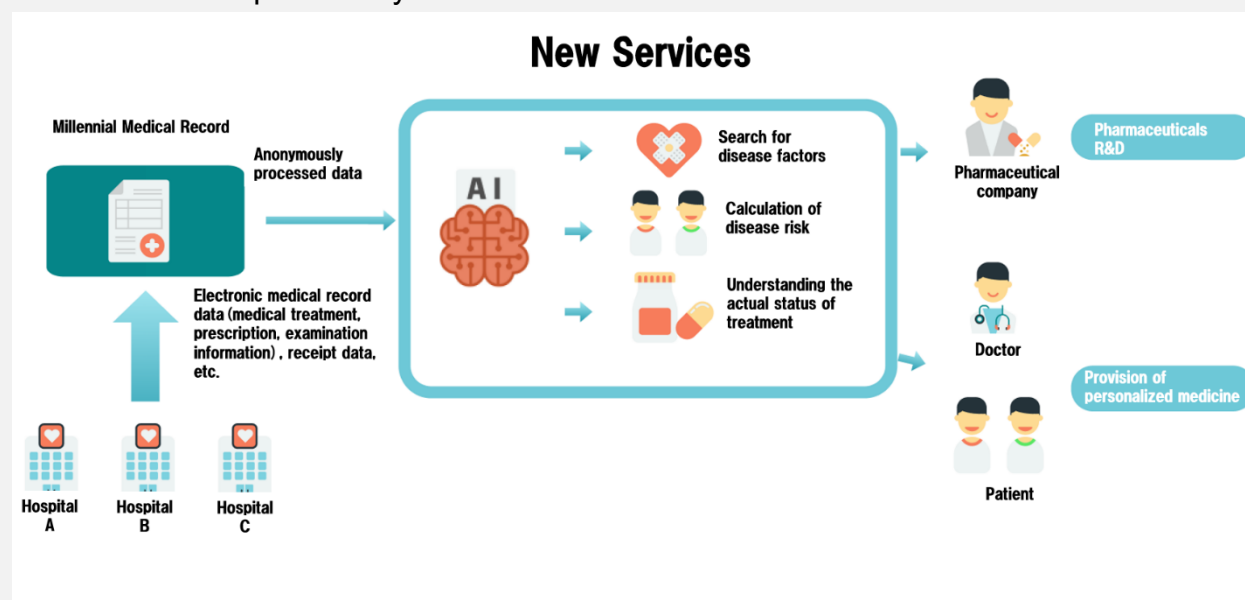
#### Purpose of the collaboration

- By combining NTT Data's real-world medical data of actual patients accumulated in its medical information platform "Millennial Medical Record" with our AI technology and expertise in the medical field, we aim to solve issues in Japanese healthcare, industry and society.
- The collaboration will enable analysis of the relationship between the occurrence of disease and the patients' medical history and test results, as well as the safety and efficacy of the use of pharmaceuticals, which may be useful in the research and development of new drugs by pharmaceutical companies and the provision of personalized medicine to patients by medical institutions.

#### Main application areas

Both companies are currently studying the possibility of using the system in the following ways

- In the pharmaceutical industry, analysis of actual conditions of disease and treatment and treatment effects that contributes to the research and development of innovative drugs and drug development.
- In medical institutions, analysis to support early detection and diagnosis of diseases that contributes to the provision of medical care optimized for each individual patient.



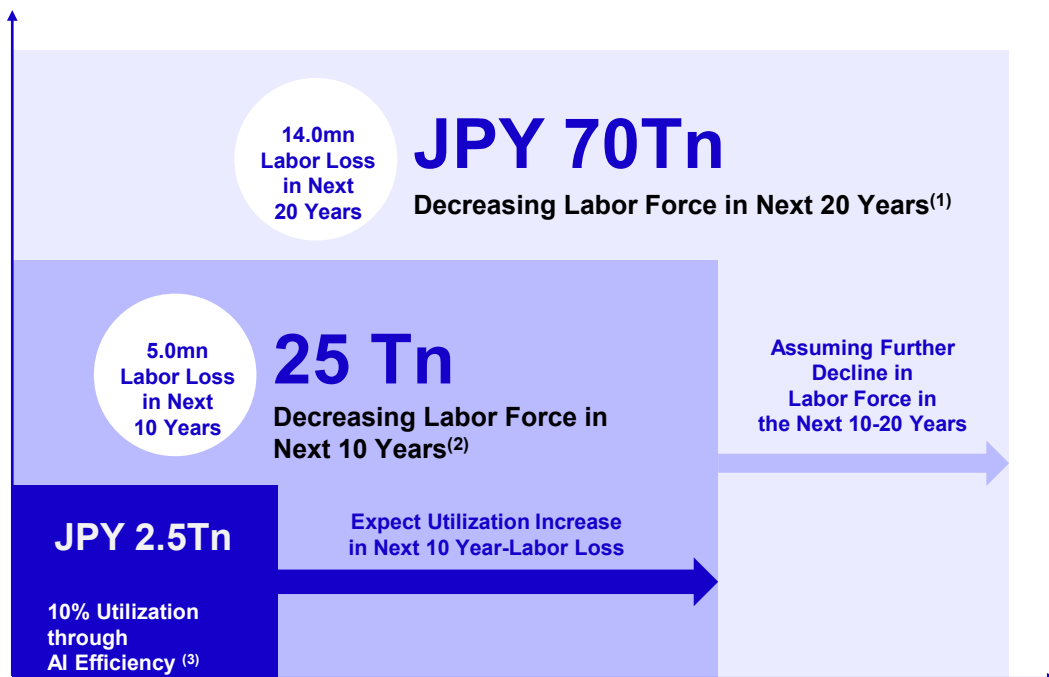
Appendix

# AI Products

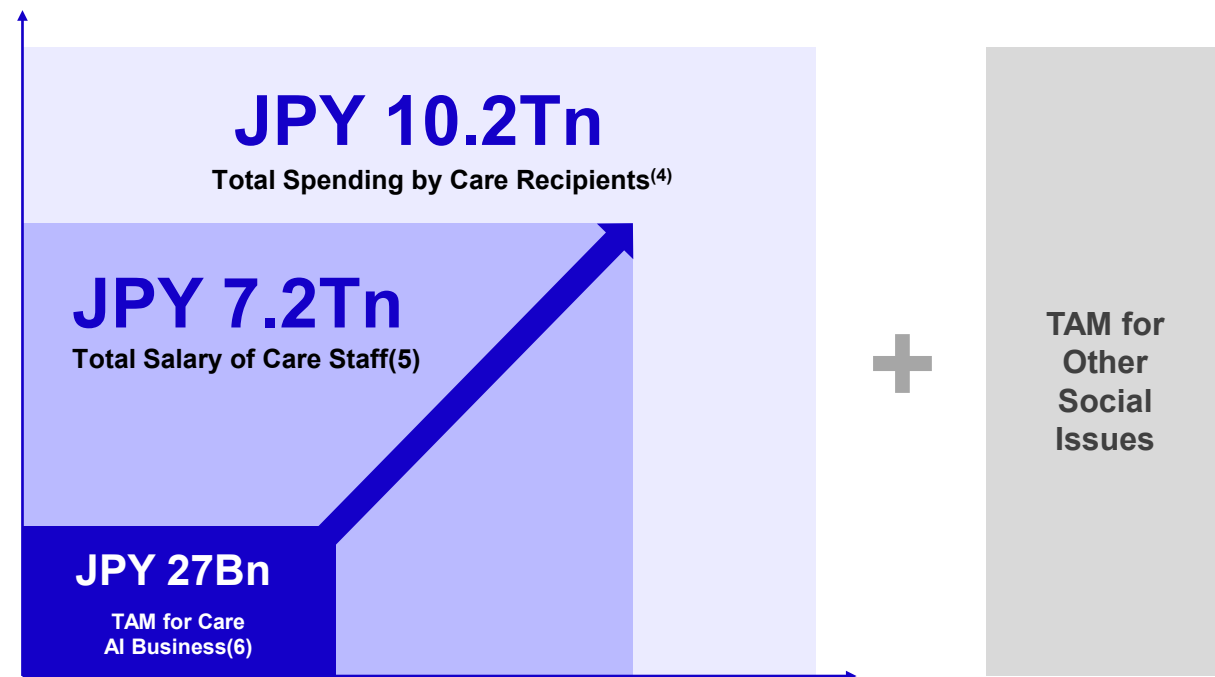
## Future Growth Prospects with Acceleration of AI Products

### ...Digitalization and Social Care AI Market is Growing with Scale

#### AI Products TAM: Digitalization of Decreasing Labor Force



#### AI Products TAM: Social Care Spending









Notes: (1) Estimated by ExaWizards by multiplying forecast of National Institute of Population from 2020 to 2040 (approx. 14.0mn labor loss) and average salary of regular employees (approx. JPY5.03mn) by National Tax Agency's Salary Survey (2019), (2) Estimated by ExaWizards by multiplying forecast of National Institute of Population from 2020 to 2030 (approx. 5.0mn labor loss) and average salary of regular employees (approx. JPY5.03mn) by National Tax Agency's Salary Survey (2019), (3) Assuming 10% of the labor utilization to occur through our Social AI Products (4) Total spending for Japanese in need of nursing care as of based on a report from Ministry of Health, Labor and Welfare "Status around nursing industry 2019" (August 2021) (5) Estimated by ExaWizards based on the number of care staffs in Japan x average annual salary of a care staff in Japan. The number of care staffs in 2019 is based on a survey conducted by Ministry of Health, Labor and Welfare "Survey on nursing service facilities"(October 2019) and the salary of a care staffs in 2020 is based on a survey conducted by Ministry of Health, Labor and Welfare "Survey on treatment of care staffs" (February 2021) (6) Estimated by ExaWizards by multiplying the number of nursing facilities and nursery schools based on "Social welfare facilities survey" (October 2020) and ExaWizards' average annualized revenue of care-related services during March, 2021

# Future Growth Prospects with Acceleration of AI Products

## ...Already Realizing Social Impacts and with Direction to Future Goals



	Initial Impacts	Mid-Term Impacts	Our Goals
 	<ul style="list-style-type: none"> <li>■ Diagnosis of Organizational and Individual DX Issues</li> <li>■ DX Training Support</li> </ul>	<ul style="list-style-type: none"> <li>■ Provide “Data-Driven” Judgment and Decision-Making to the Organizations</li> </ul>	<ul style="list-style-type: none"> <li>■ Improve the Efficiency of Society as a Whole, including Governments, SMBs and Enterprises</li> </ul>
 	<ul style="list-style-type: none"> <li>■ Personal Coaching and Counseling through AI Analysis</li> </ul>	<ul style="list-style-type: none"> <li>■ Better Workplace, with Less Turnover and Absenteeism</li> </ul>	<ul style="list-style-type: none"> <li>■ Improve Physical, Mental and Well-being of the Society</li> </ul>
 	<ul style="list-style-type: none"> <li>■ Reduce “40 minutes per day” per staff by Automated Recording<sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>■ Reduce the burden on Nursing staff / Lower turnover rate</li> <li>■ Improve QoL for Caregivers</li> </ul>	<ul style="list-style-type: none"> <li>■ Improve Satisfaction of Caregivers and their Families</li> </ul>

Notes: (1) Assumed based on a user evaluation in a user survey conducted by ExaWizards



## AI Products: (Topic 2) Release of new DX AI products

# Release of "DIA for New Grads," a service to visualize the skills and qualities of digital innovators for new graduate hiring candidates, on February 24

### Features of "DIA for New Grads"

- " exaBase DX Assessment & Learning"(DIA), which is currently being offered as a service, has been optimized for new graduate hiring candidates, enabling quantitative identification of DX/digital human resources that have been missed in conventional graduate hiring assessments.
- By using various training courses according to the skills of the examinees after they join the company, we can provide a one-stop service to steadily develop DX/digital human resources after the assessment.

### Social issues behind the development

- While the workforce is shrinking, the shortage of IT/digital talent is accelerating, which will make it increasingly difficult to secure talent through mid-career hiring.
- On the other hand, the hiring of new graduates, which accounts for about 34% of the total number of people entering new jobs in Japan (note), is currently based on external criteria such as the university or department they graduated from, and in many cases screening is conducted using conventional entry sheets and aptitude tests, despite the current emphasis on digital literacy.

### DIA for New Grads

2022年2月24日リリース

未来のデジタルイノベーターを発見する  
新卒採用アセスメントサービス

- ✓ 企業のDX推進に不可欠な未来のデジタルイノベーターのスキルと素養を可視化
- ✓ DIAのノウハウを新卒採用候補者向けに最適化、受検者の実力を精度高く測定
- ✓ DX先進企業、同業種・業界、職種別、既存社員比較など、さまざまな軸でスコア比較が可能

Note : Ministry of Health, Labour and Welfare, "Overview of the Results of the 2020 Employment Trends Survey". (<https://www.mhlw.go.jp/toukei/itiran/roudou/koyou/doukou/21-2/dl/gaikyou.pdf>)

## AI Products: (Topic 2) CareWiz Hanasuto Received Award

# CareWiz Hanasuto Wins Excellence Award at Age Tech 2021 Awards, Sponsored by MHLW, MEXT, and METI



「話す」だけで、  
介護の仕事を  
シンプルに。

ハナストは、介護記録、連絡、申し送りなど、  
介護スタッフの間接業務をAI x 音声入力でサポートする、  
現場の声から生まれたAIアプリです。



Source : <https://www.wellaging-forum.org/general-6>

Appendix

# Company Overview

# 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, India, US	
Founded	February 2016	
Capital	2.2 billion yen (as of December 2021)	
Number of Employees	322 (as of December 2021, including group companies)	
Business	Development of AI-enabled services for industrial innovation and social problems solutions	
Board Members	Representative Director & President : Ko Ishiyama Director & Chairman : Makoto Haruta Director : Takuma Oue Director : Yutaka Sakane Outside Director : Yasushi Shingai Outside Director : Toshihiko Hiura Outside Director : Naoko Munakata Audit & Supervisory Board Member : Kenichi Kato Outside Audit & Supervisory Board Member : Masaru Iida Outside Audit & Supervisory Board Member : Manabu Sato	



# Disciplined and Experienced Management Team with “Exa” Wizards

## Leadership with Deep Industry Knowledge and Proven Track Records...

### Board of Directors



**Ko Ishiyama**  
Representative Director  
& President

Ex

- Director, Recruit HD Media Technology Lab
- Visiting Associate Professor, Tokyo University
- Member of Labor Policy Council, MLHW

Current



**Makoto Haruta**  
Director & Chairman

Ex

- Director & Chairman, DeNA
- Owner, Yokohama DeNA BayStars
- Sumitomo Bank (Currently known as Sumitomo Mitsui Banking Corporation)



**Yutaka Sakane**  
Director

Ex

- Assistant, Shizuoka University
- Digital Sensation



**Takuma Oue**  
Director, Executive Officer,  
Head of Business Development

Ex

- Boston Consulting Group
- Visiting Associate Professor, University of Hyogo

Current



**Yasushi Shingai**  
Outside Director

Ex

- Executive VP of JT
- Outside Director of
- Asahi Group Holdings
- Mitsubishi UFJ Financial Group
- Dai-ichi Life Holdings
- NTT West
- Olympus (planned June2022)

Current



**Toshihiko Hiura**  
Outside Director

Ex

- Chairman, Bain & Company



**Naoko Munakata**  
Outside Director

Ex

- Commissioner, Japan Patent Office
- MITI (Currently known as METI)
- Board Member Audit and Supervisory Committee Member, Murata Manufacturing
- Professor at the Graduate School of Public Policy, The University of Tokyo

Current

### Executive Officers

**Satoshi Ishino**  
Executive Officer

Ex

- P&G
- McKinsey & Company

**Tomoaki Maekawa**  
Executive Officer

Ex

- Sony
- Boston Consulting Group

**Daiki Hasegawa**  
Executive Officer

Ex

- TEPCO
- Deloitte Tohatsu Consulting

**Koji Hazama**  
Executive Officer

Ex

- A.T. Kearney

**Tomoya Maekawa**  
Executive Officer

Ex

- Boston Consulting Group

**Tomohiko Kimura**  
Executive Officer

Ex

- Google
- Midokura
- Leomo
- Moneytree

**Kohei Okuno**  
Executive Officer

Ex

- Deloitte Tohatsu Consulting
- DeNA
- Seiyu
- Mercari

## Disciplined and Experienced Management Team with “Exa” Wizards

### ...Supported by Diverse Team of Top Tier Professionals Backgrounds...(1)

#### Consulting Professionals

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Accenture  
A.T. Kearney  
Bain & Company  
Boston Consulting Group  
Deloitte Tohmatsu Consulting  
Dream Incubator  
McKinsey & Company  
Strategy &

#### Integrated Development Environment Expert

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BCG Digital Venture  
BeBit  
Coincheck  
DMM.com  
Lawson, Inc.  
Pivotal Labs

#### AI/ML Experts

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Google  
IBM  
Indeed  
Institute of Physical  
and Chemical  
Research  
LINE  
Microsoft  
University of Kyoto  
University of Tokyo

#### Vertical Specialists(2)

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Eisai Co., Ltd  
Japanese Red Cross Musashino  
Hospital  
MHLW  
MEXT  
National Center for Global Health  
and Medicine  
Panasonic AgeFree  
St. Luke's International Hospital  
Takeda Pharmaceutical Company  
TOKYU E-LIFE DESIGN  
TOKYO MEDICAL CENTER  
Tokyo Shinjuku Medical Center

Note: (1) Company logos on this page show backgrounds of officers and employees of ExaWizards (2) Staff with expertise in specific businesses and fields who are involved in the design and development of our services and products related to their expertise



## Earnings Forecast for the Fiscal Year Ending March 31, 2022

(In thousands of yen)	FY March 2021 Results	FY March 2022 Forecasts	FY March 2022 Cumulative 3rd Quarter progress rates
<b>Net sales</b>	2,612	<b>4,738</b>	<b>3,287</b> <b>69.4%</b>
<i>growth rate</i>	-	<b>+81.3%</b>	<b>+109.9%</b> -
<b>Gross profit</b>	1,661	<b>2,819</b>	<b>2,036</b> <b>72.2%</b>
<i>Gross profit margin</i>	63.6%	<b>59.5%</b>	<b>61.9%</b> -
<b>Operating profit (loss)</b>	-508	<b>-180</b>	<b>-357</b> -
<i>Operating profit margin</i>	-	-	-
<b>Ordinary profit (loss)</b>	-451	<b>-75</b>	<b>-352</b> -
Profit (loss) attributable to owners of parent	-592	<b>-95</b>	<b>-395</b> -



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**EXAWIZARDS**

AIで、ひとに力を。よりよい社会を。