

## **Notice Regarding Revision of Earnings Forecast and Record of Non-operating Income and Extraordinary Loss**

In light of recent business performance, ExaWizards Inc. (TSE 4259) have revised its consolidated earnings forecast for the full fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022), which was disclosed on December 23, 2021. The company also expects to record a non-operating income and an extraordinary loss in the fourth quarter of the current fiscal year.

### 1. Revision of consolidated earnings forecast

#### (1) Revision of full-year forecast for the fiscal year ending March 31, 2022 (April 1, 2021 - March 31, 2022)

	Revenue	Gross profit	Operating profit	Ordinary profit	Net profit attributable to owners of parent	EPS (yen)
	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Yen
Previously announced forecast (A)	4,738,000	2,819,000	(180,000)	(75,000)	(95,000)	(1.24)
Revised forecast (B)	4,810,000	3,049,000	(201,000)	(97,000)	(137,000)	(1.79)
Change (B - A)	72,000	230,000	(21,000)	(22,000)	(42,000)	(0.55)
Percent change (%)	1.5%	8.2%	(11.7)%	(29.3)%	(44.2)%	(44.4)%
(Reference) Results for the previous fiscal year (FY2021)	2,612,944	1,661,600	(508,339)	(451,345)	(592,688)	(8.04)

#### (2) Reason for the revision

##### (Market Environment and Current Performance Outlook)

In the field of Digital Transformation (DX) and adoption of AI applications, where our group is developing the business, there is a growing appetite for corporate investment to promote DX, and the business environment continues to be favorable, with strong expectations for new orders from client companies. In this environment, the Company expects to post record-high sales for the fourth quarter of the fiscal year ending March 31, 2022, as well as a positive operating income.

##### (Revenue, Gross Profit)

Based on the favorable performance in the fourth quarter as mentioned above, we expect net sales of 4,810,000 thousand yen (up 72,000 thousand yen, or 1.5%, from the latest forecast) and gross profit of 3,049,000 thousand yen (up 230,000 thousand yen, or 8.2%, from the latest forecast) for the full year.

##### (Operating profit, Ordinary profit, Net profit attributable to owners of parent)

With the listing on the Tokyo Stock Exchange Mothers (now Growth), the increase in Company's name recognition has accelerated the Company's competitiveness in recruiting talents. In order to further

strengthening our platform “exaBase”, recruitment and personnel expenses increased from the initial forecast as a result of accelerated hiring in the engineering department for research and development. As a result, operating loss is expected to be 201,000 thousand yen ((21,000) thousand yen or (11.7) % from the latest forecast), and ordinary loss is expected to be 97,000 thousand yen ((22,000) thousand yen or (29.3) % from the latest forecast) due to the recording of subsidy income.

Net loss attributable to owners of parent is expected to be 137,000 thousand yen ((42,000) thousand yen, or (44.2) %, from the latest forecast), mainly due to the recording of impairment loss on some software.

See 2 and 3 below for details on subsidy and impairment losses.

In order to achieve continuous sales growth over the medium to long term, the Company will continue to strengthen its investment in its business platform and workforce structure, focusing on “exaBase”.

## 2. Recognition of non-operating income

The Company expects to record a total of 93,530 thousand yen in non-operating income in the fiscal year ending March 31, 2022 as a subsidy from the New Energy and Industrial Technology Development Organization (NEDO) for the project “Promotion of Collaborative Domain Data Sharing and AI System Development to Promote Connected Industries / Development of Cross-industry AI System / Business Development of Cross-industry AI System Using Multimodal AI Technology” and Niigata Prefecture's project “Innovation Creation Support Project with a Focus on After Covid-19”.

## 3. Recognition of Extraordinary Losses

In the financial statements for the fiscal year ending March 31, 2022, the Company expects to record an impairment loss of 53,400 thousand yen by reducing the book value to the recoverable value for a portion of software, the profitability of which has declined among business assets in the AI Products business. The Company intends to reduce the future cost and promote early growth of the business by this impairment loss.

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### Notice:

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