Financial Result for the First Quarter FY2023/3

ExaWizards Inc. (4259.T)

August 10, 2022

EXAWIZARDS

EXAWIZARDS

01.

Executive Summary of First Quarter of the Fiscal Year Ending March 31, 2023

Executive Summary

Q1 Results

- Q1 results **were in line with initial plan**
- Q1 sales **were 1,196 million yen, up +42.9% year-on-year**
- Q1 operating income was **-237 million yen** (compared with -227 million yen in the previous year) due to aggressive upfront investment in hiring, personnel and other expenses to further expand the business.

AI Platform Segment

- Q1 sales continued to grow strongly, reaching **1,057 million yen, up 44.7% year-on-year**.
- Q1 sales to long-term customers remained high at **757 million yen (71.6% of sales).**
- Q1 operating income margin temporarily declined to **3.9%** due to aggressive upfront investments, although it is expected to improve from Q2 onward.

AI Products Segment

- Q1 sales grew steadily to **138 million yen, up 30.3% year-on-year**.
- Market development is underway for further business expansion for each product, including large-scale implementation in line with customer issues, strengthening of in-depth business collaboration with partners, and diversification of product sales methods.

Summary of Financial Performance

Consolidated Financial Results	AI Platform Segment		AI Products Segment

Consolidated Financial Results

1st Quarter

1,196

Million Yen

（YoY +42.9%）

AI Platform Segment

1st Quarter Sales

1,057

Million Yen

（YoY +44.7%）

Ratio of Revenue from Long Term Clients[1]

71.6%

（YoY +0.3pt）

Gross profit margin

58.7%

（YoY -5.8pt）

Operating margin

3.9%

（YoY -5.7pt）

AI Products Segment

1st Quarter Sales

138

Million Yen

（YoY +30.3%）

DX AI Products 1st Quarter Sales[2]

105
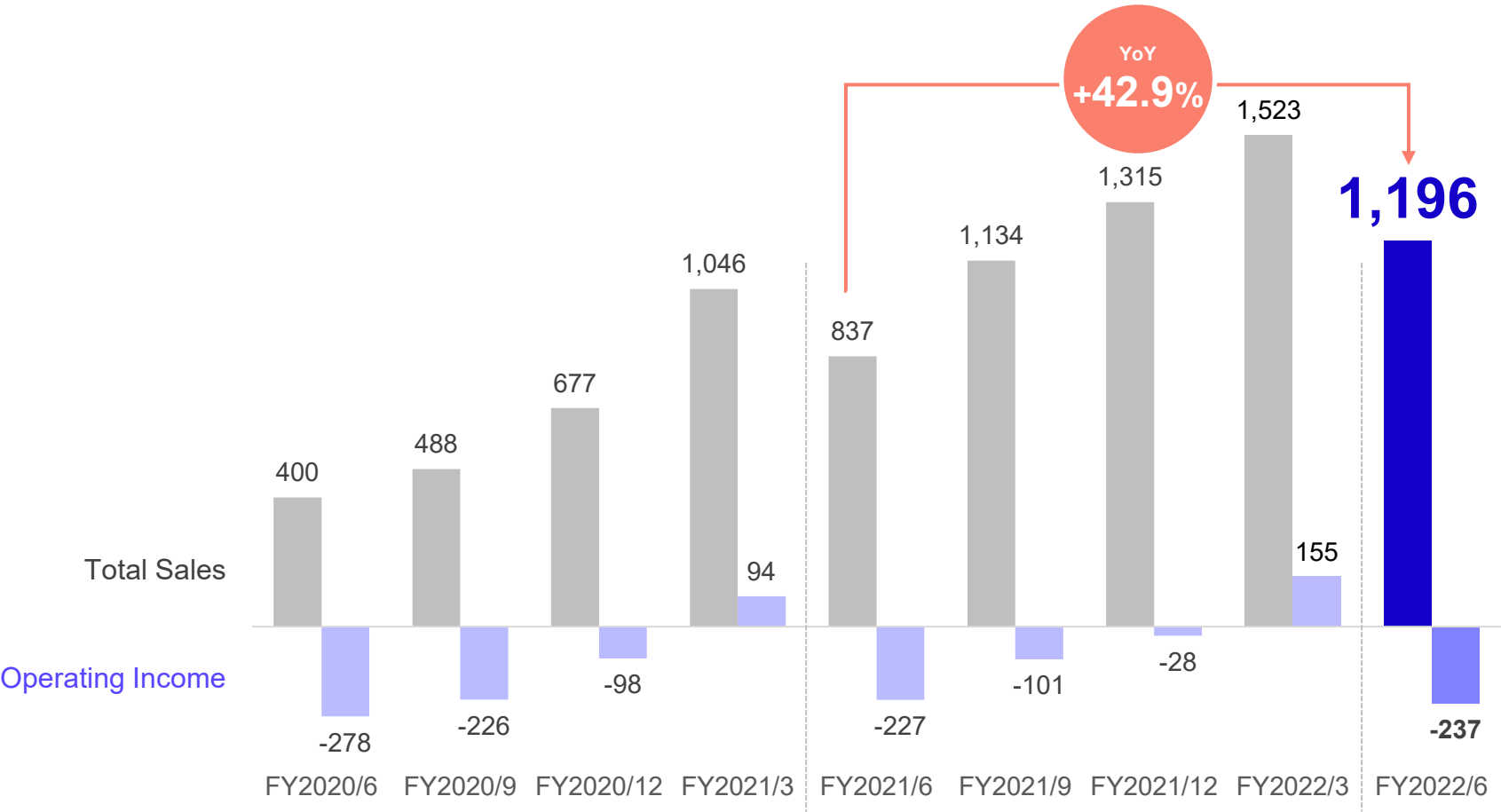
Million Yen

（YoY +20.1%）

Notes: (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.

02.

Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023

EXAWIZARDS

Quarterly Trend of Financial Results

Q1 sales continued to grow strongly, increasing 42.9% year-on-year to 1,196 million yen, while operating income declined to -237 million yen due to aggressive upfront investment in hiring and personnel expenses for further business expansion

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

	FY2020/6	FY2020/9	FY2020/12	FY2021/3	FY2021/6	FY2021/9	FY2021/12	FY2022/3	FY2022/6
Total Sales	400	488	677	1,046	837	1,134	1,315	1,523	1,196
Operating Income	-278	-226	-98	94	-227	-101	-28	155	-237

YoY +42.9%

Consolidated Statements of Income for the First Quarter FY2023/3

(JPY in Million)	FY March 2022 1st Quarter	FY March 2023 1st Quarter
Net Sales	837	**1,196**
Growth Rate (%)	—	**+42.9%**
Cost of Sales	346	**535**
Gross Profit	490	**660**
Gross Profit Margin (%)	*58.6%*	*55.2%*
Selling, General, and Administrative Expense	718	**897**
Operating Profit (Loss)	-227	**-237**
Operating Profit（Loss）Margin (%)	*-27.1%*	*-19.8%*
Non-operating Income	1	**1**
Non-operating Expenses	4	**0**
Ordinary Profit (Loss)	-230	**-236**
Extra ordinary Profit	-	**13**
Extraordinary Losses	39	**-**
Profit (Loss) before Income Taxes	-269	**-222**
Total income taxes	14	**4**
Profit (Loss)	-284	**-227**
Profit (Loss) attributable to owners of Parent	-282	**-223**

- Extra ordinary Profit：Gain on transfer of nursing care training business

- Income taxes in the consolidated financial statements for the current year were offset by income taxes of profitable subsidiaries through the application of the Japanese Group Relief System

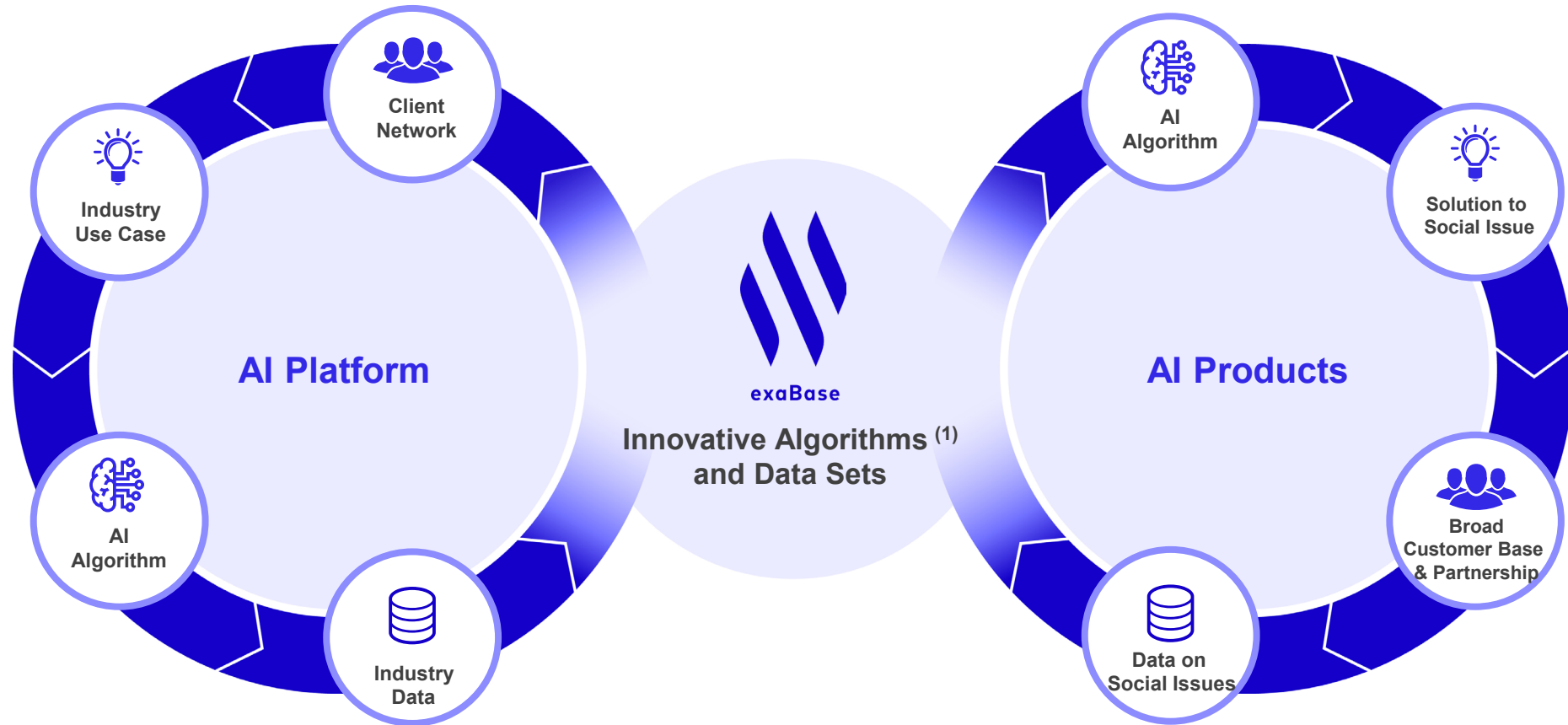# Consolidated Balance Sheets for the for the First Quarter FY2023/3

(JPY in Million)	March 2021	March 2022	FY March 2023 1st Quarter
Current Assets	3,081	6,636	**6,268**
Cash and Deposits	2,337	5,537	**5,473**
Account Receivable – Trade and Contract Assets	603	914	**705**
Other	140	183	**88**
Non-Current Assets	604	1,229	**1,365**
Property, Plant and Equipment	71	126	**147**
Intangible Assets	392	807	**922**
Goodwill	0	212	**199**
Software	392	594	**723**
Investments and Other Assets	141	295	**295**
Total Assets	3,686	7,865	**7,633**

(JPY in Million)	March 2021	March 2022	FY March 2023 1st Quarter
Current Liabilities	998	824	**789**
Short-term Borrowings	500	-	**-**
Account Payable – Other	185	212	**227**
Accrued Expenses	177	254	**292**
Other	135	356	**269**
Non-Current Liabilities	304	408	**402**
Long-term Borrowings	300	310	**304**
Other	4	97	**97**
Net Assets	2,383	6,633	**6,441**
Share Capital	100	2,274	**2,292**
Capital Surplus	2,885	5,059	**5,077**
Retained Earnings	-606	-744	**-967**
Other	4	44	**40**
Liabilities and Net Assets	3,686	7,865	**7,633**

03.

Overview and Progress
of the Business Segments

EXAWIZARDS

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**

AI Platform

- Client Network
- Industry Use Case
- AI Algorithm
- Industry Data

exaBase

Innovative Algorithms [1] **and Data Sets**

AI Products

- AI Algorithm
- Solution to Social Issue
- Broad Customer Base & Partnership
- Data on Social Issues

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

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

**Total Sales for the First Quarter
Ending March 2023**

1,196 Millions Yen

AI Products
12%
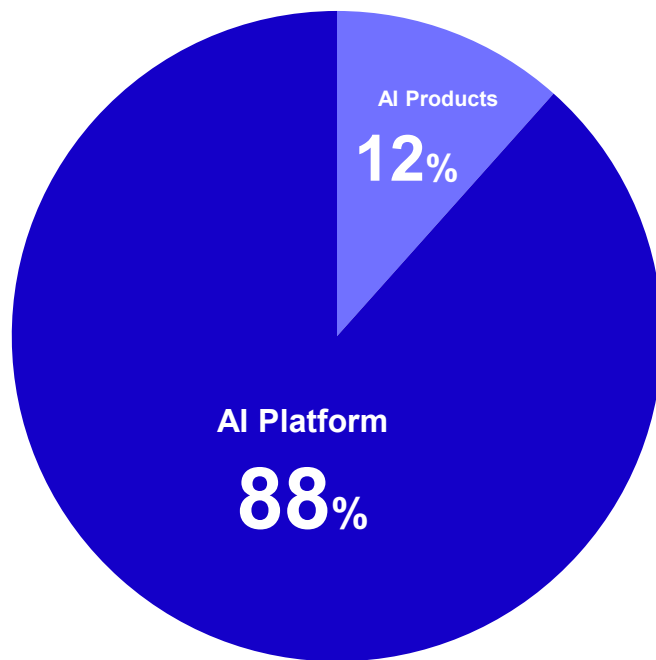
AI Platform
88%

AI Platform

✓**Providing All-in-One AI Platform to Major Enterprises**

✓**Project-based Recurring FTEs[1] & 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

Maintain high growth of +44.7% in the AI Platform segment and 30.3% in the AI Products segment to achieve the full-year forecast

(JPY in Million)	FY March 2022 1st Quarter	FY March 2023 1st Quarter
AI Platform Segment		
Net Sales	730	**1,057**
Growth Rate (%)	—	***+44.7%***
Cost of Sales	259	**437**
Gross Profit	471	**620**
Gross Profit Margin (%)	*64.5%*	***58.7%***
Selling, General, and Administrative Expense	401	**579**
Operating Profit (Loss)	70	**41**
Operating Profit (Loss) Margin (%)	*9.6%*	***3.9%***
AI Products Segment		
Net Sales	106	**138**
Growth Rate (%)	—	***+30.3%***
Cost of Sales	87	**98**
Gross Profit	19	**40**
Gross Profit Margin (%)	*18.1%*	***28.9%***
Selling, General, and Administrative Expense	316	**318**
Operating Profit (Loss)	-297	**-278**
Operating Profit (Loss) Margin (%)	*-279.4%*	***-200.6%***

- Temporary decline due to upfront investment in recruiting and personnel expenses, though expected to improve from the 2nd quarter onward.
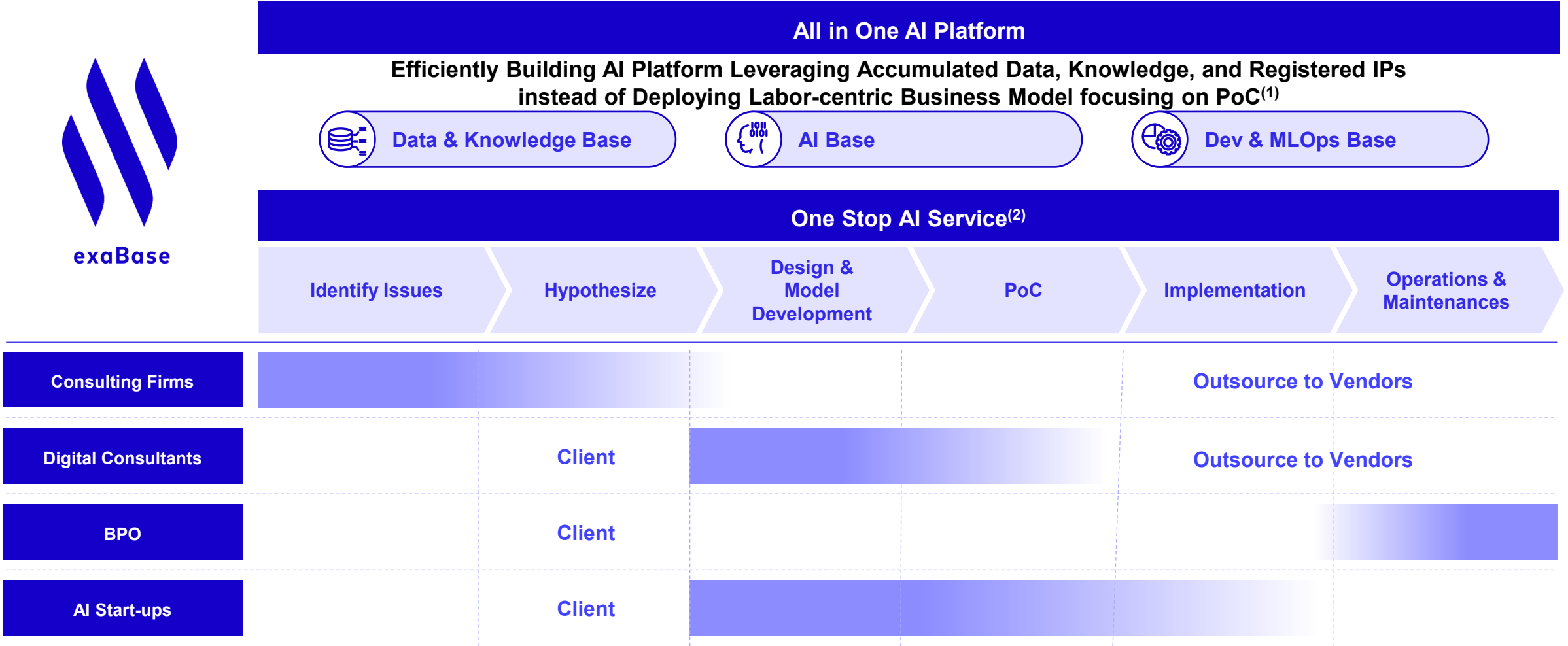
03.

Business Segments

AI Platform

EXAWIZARDS

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

exaBase

Dev & MLOps Base

PaaS Model Platform

IDEO **D4V**
Support on Design Team Launch

Integrated Development Studio

UI/UX design team

XWARE MLOps[4]

Continuous Revenue

AI Base

Registered IPs[1] **77**

IP Applications[1] **165**

AI/ML Model Platform

Engineers from 20 Countries 47% of Employees[1][3]

Reusable Algorithm & Source Code

exaBase Robotics

exaBase Edge Camera

高い収益性

Data & Knowledge Base

117 社の顧客/年[2]

Industry Specific Issues Platform

Professional Consultants and BizDev team 38% of Employees[1]

310+ Companies and 80+ CxO Networks[2]

Exclusive Data Platform

Efficient Growth Based on Accumulated Knowledge

Notes: (1) As of the end of June 2022 (2) Number for FY22/3 (3) 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

Our proprietary AI platform, exaBase, provides all-in-one support for solving management issues through the introduction of DX and AI

exaBase

All in One AI Platform

Efficiently Building AI Platform Leveraging Accumulated Data, Knowledge, and Registered IPs instead of Deploying Labor-centric Business Model focusing on PoC[1]

Data & Knowledge Base | AI Base | Dev & MLOps Base

One Stop AI Service[2]

Identify Issues	Hypothesize	Design & Model Development	PoC	Implementation	Operations & Maintenances
Consulting Firms				**Outsource to Vendors**	
Digital Consultants	Client			**Outsource to Vendors**	
BPO	Client				
AI Start-ups	Client				

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.

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

117 Clients Annually[1], Projects across Various Industries

Multi-sector	Multi-modal				
	Visualization	Detection/ Classification	Projection/ Generation	Optimization	Anomaly Detection
Finance/ Insurance	●	●	●	●	●
Healthcare	●	●	●	●	●
Manufacturing/ Industrials	●	●	●	●	●
Energy	●	●	●	●	●
Telecom/ Infrastructure	●	●	●	●	●
Consumer Goods	●	●	●	●	●
HR	●	●	●	●	●
Logistics	●	●	●	●	●
Real Estate& Construction	●	●	●	●	●

Note: (1) Number for FY22/3 (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

Cumulative # of Patent Applications

	19/3 1Q	20/3 1Q	21/3 1Q	22/3 1Q	23/3 1Q
	5	15	55	110	165

(2)
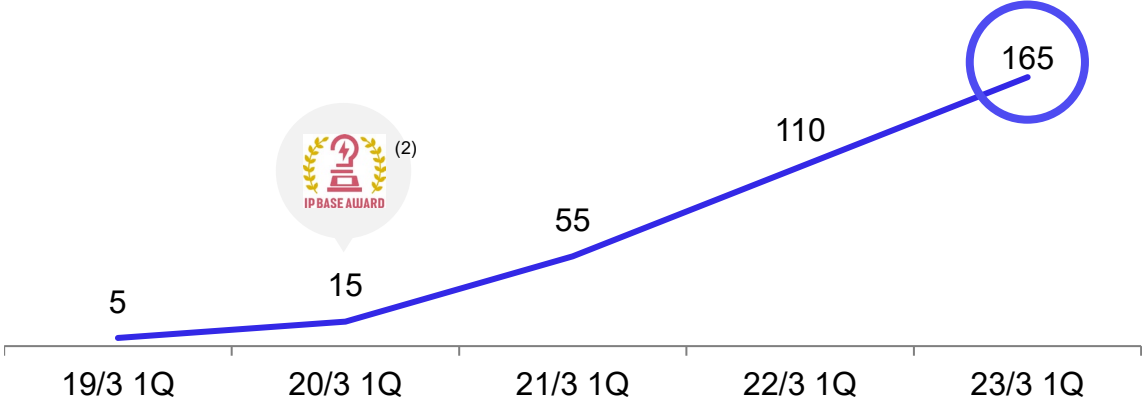
Cumulative # of Patent Registrations

	19/3 1Q	20/3 1Q	21/3 1Q	22/3 1Q	23/3 1Q
	0	0	23	46	77
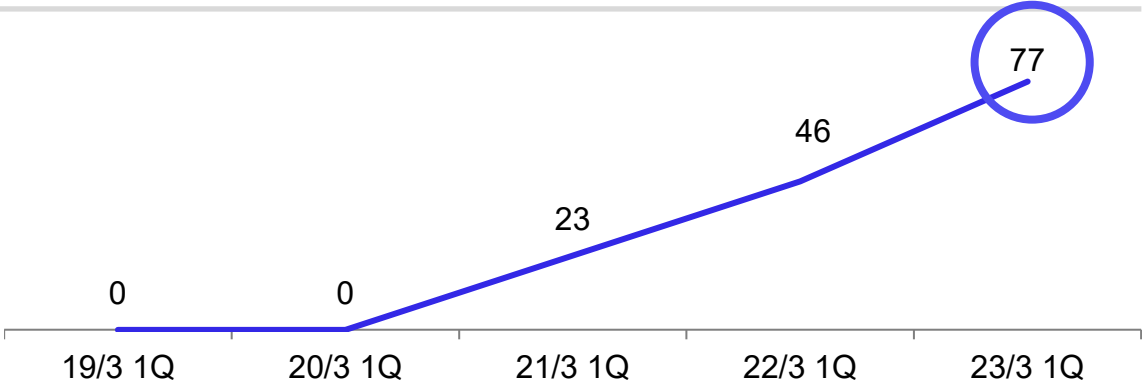
AI Platform: Quarterly trend of Financial Results

Q1 sales were 1,057 million yen, up 44.7% year-on-year, and operating income margin is expected to improve from Q2 onward, despite the impact of aggressive upfront investment for further business expansion

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

Sales

Operating Income

(Operating margin)

Quarter	Sales	Operating Income	(Operating margin)
FY2020/6	356	-8	(-2.5%)
FY2020/9	419	58	(14.0%)
FY2020/12	574	146	(25.5%)
FY2021/3	907	378	(41.8%)
FY2021/6	730	70	(9.6%)
FY2021/9	1,005	139	(13.9%)
FY2021/12	1,127	191	(17.0%)
FY2022/3	1,316	312	(23.7%)
FY2022/6	1,057	41	(3.9%)

YoY +44.7%
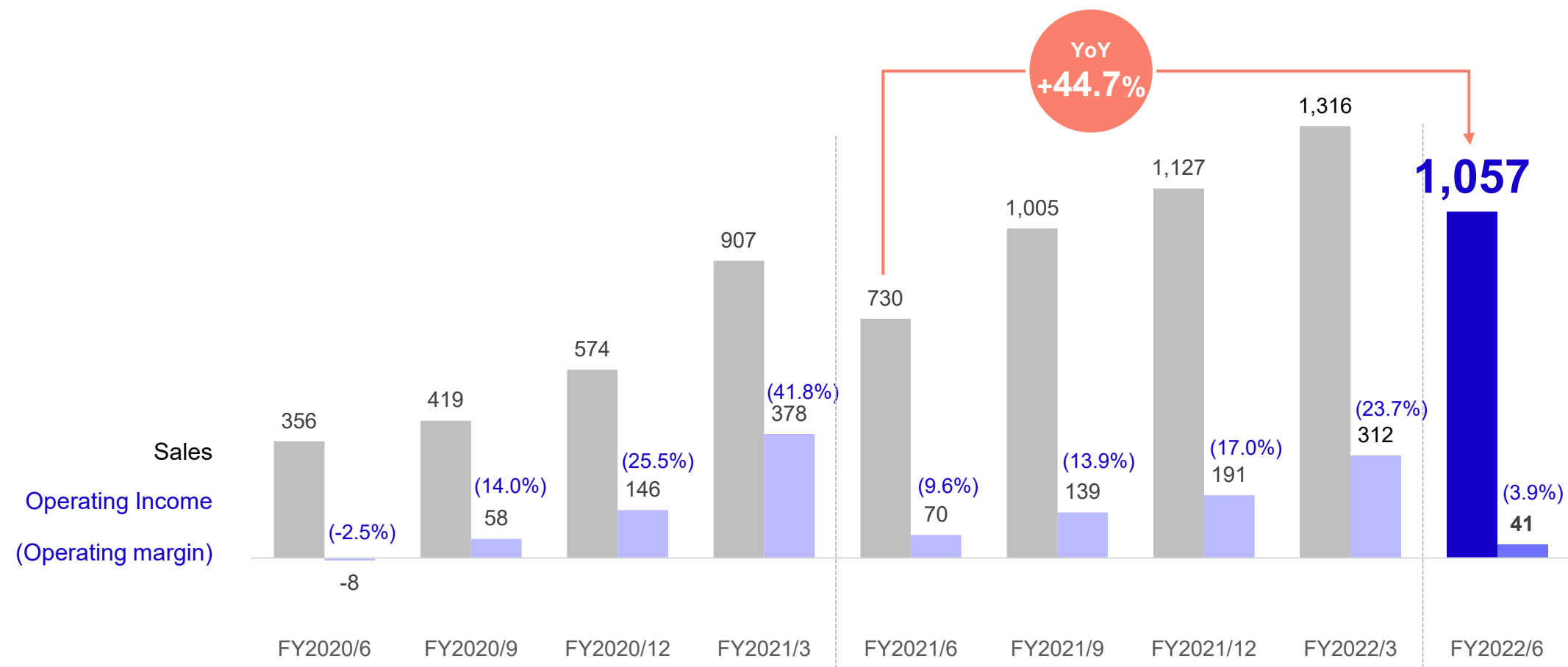
Sales from long-term clients increased to 757 million yen, and new client acquisitions progressed steadily

Sales Trends in the AI Platform Business (millions of yen)
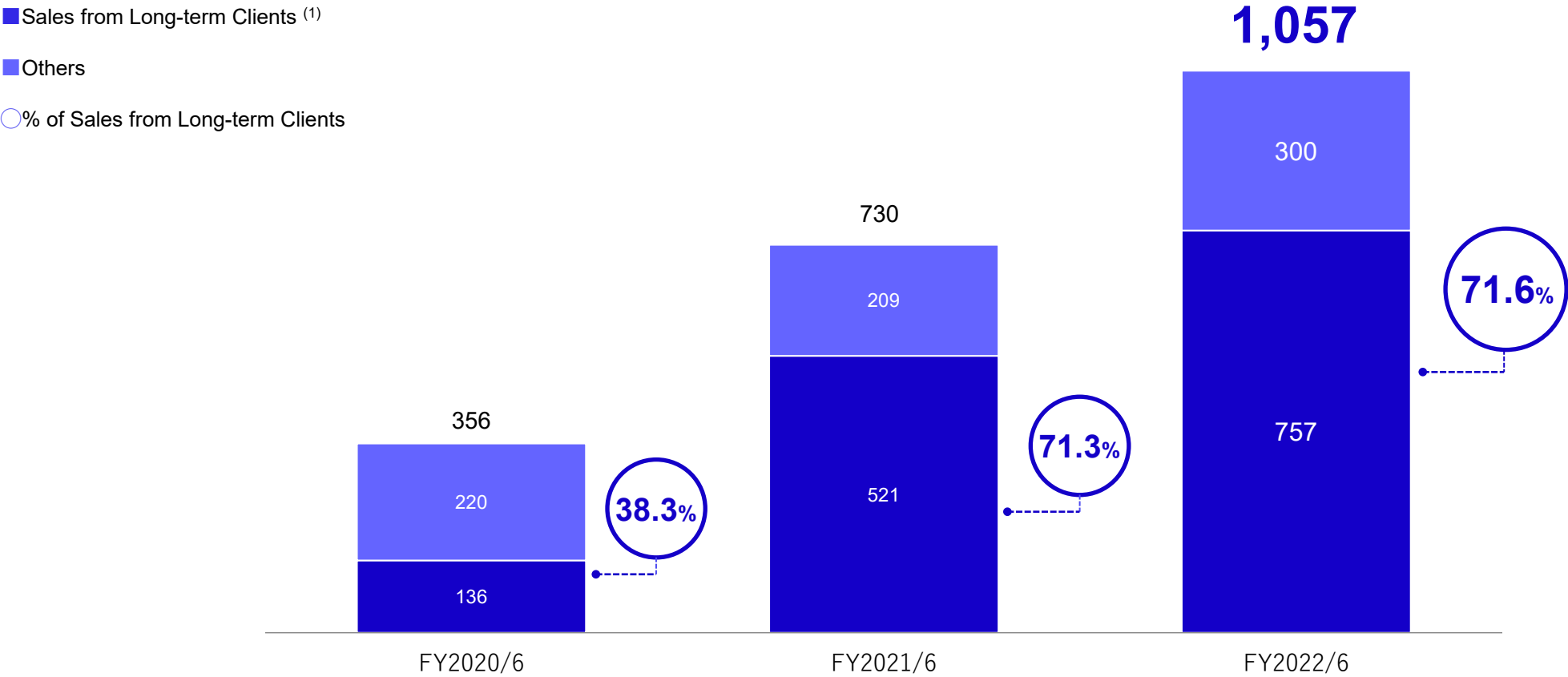
- ■ Sales from Long-term Clients [1]
- ■ Others
- ◯ % of Sales from Long-term Clients

1,057

300

730

209

356

220

757

521

136

38.3%

71.3%

71.6%

FY2020/6

FY2021/6

FY2022/6

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

AI Platform: <Topics> New Book Compiled by ExaWizards to be Published

A book titled "AI Strategies for the Web3 Era," which focuses on problem-solving methods utilizing the "BASICs Framework" proposed by the ExaWizards, is scheduled for publication in late August

Publication Outline

社会課題解決を成長ビジネスに変える
正のスパイラル
エクサウィザーズ
大植択真
日経BP

Title	AI Strategy in the Web3 Era A Positive Spiral that Transforms Social Problem Solving into a Growth Business
author	Takuma Oue, Director ExaWizards
Publishing company	Nikkei BP
Publication Period	End of August 2022 (scheduled)

Book Concept

In the future, solving social issues will become more important not only for the public sector but also for the private companies. This book will introduce how AI, DX, and Web3 should be utilized, the necessary technology, know-how, organization, and mindset, as well as actual examples promoted by ExaWizards. It also introduces the "BASICs" framework, an effective checklist for solving problems.

Relationship between Web3 and BASICs, the framework for solving social issues proposed by the Company

BASICs framework	Web3
B Behavioral change	**B** Acting on blockchain rewards.
A Accountability	**A** Information can be openly monitored
S Scale & Continuous improvement	**S** Contributors are required around the world on the web.
I Income with profit	**I** Decrease in operating costs and income from fees
C Cultivate data value	**C** New algorithms created by combining data from online information

Large-scale seminar to be held to create new contacts with Enterprise CxOs

To be held August 18, 2022 Online event

Guest speaker is Dr. Iriyama, MBA professor at Waseda University, who will explain how Web3 should be viewed from a management perspective and how Web3 should be considered in DX promotion in the future under the theme of Web3 x Management.

Supported by Keidanren

To be held on October 19, 2022 "ExaForum2022

- The large-scale event, the first of which was held last year, was attended by approximately 1,800 people who registered to watch. The second event is scheduled to be held in October 2022.
- The event will be a hybrid of online and off-site events, and enterprise CxOs will be invited offline to solidify the pipeline.
- Inviting prominent guests on the theme of Web×AI, Yusuke Narita, Associate Professor at Yale University, is scheduled to take the stage at this time.

※Images are from last year's event

Business Segments

AI Products

EXAWIZARDS

Providing "AI Products" as Japan Faces Demographic Turning Point

Demographic Turning Point*

(MM)
Population

Over Age 50

Under Age 50

Year	Over 50	Under 50
1925	9	51
35	11	59
45	11	61
55	14	75
65	18	80
75	24	88
85	33	88
95	43	83
2005	53	74
15	58	69
25	63	60
35	63	53
45	59	48
55	55	43
65	50	38
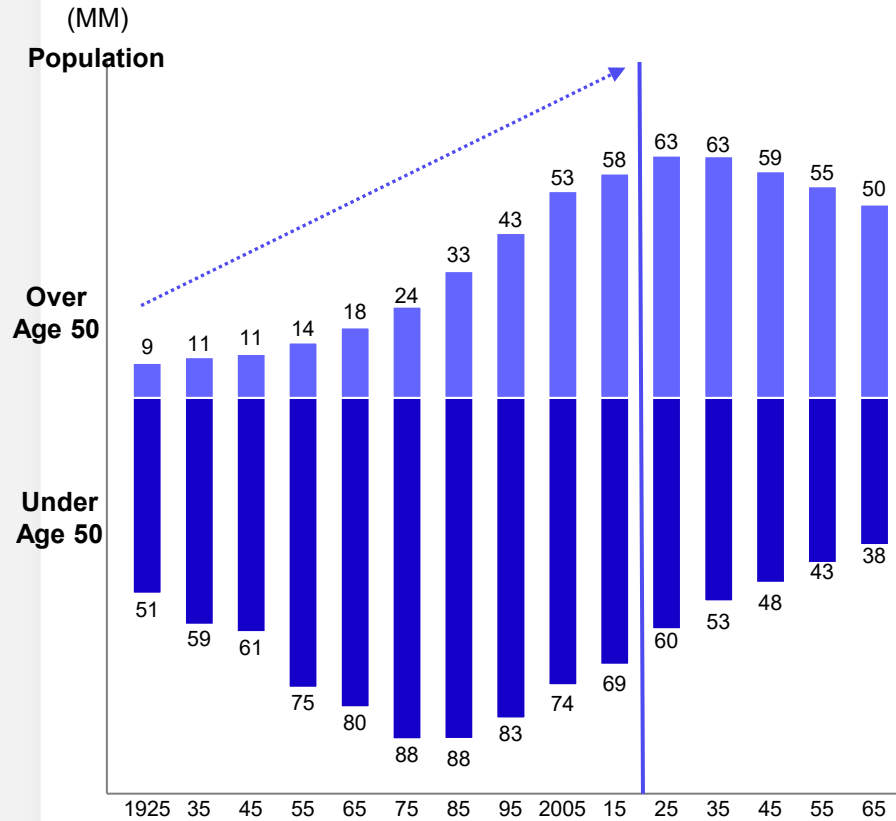
Bring Dozens of Social Issues

Expanding Social Security Cost**

(Yen in Tn)

2017	2018	2019	2025	2040
120.1	121.4	123.9	140.4	189.1
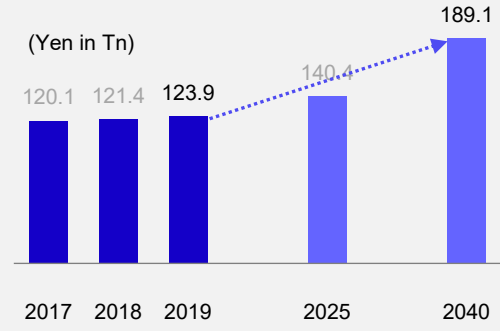
To Support Care Operation

"Social" AI Products

Nursing Products

トルト　ハナスト

Education Product

とりんく

Decreasing Labor Force***

(Mn)

2010	15	20	25	30	35	40	45	50	55	60	65
81	77	74	72	69	65	60	56	53	50	48	45

Approx. 30MM Decrease 2020~2065
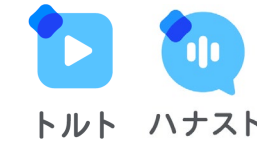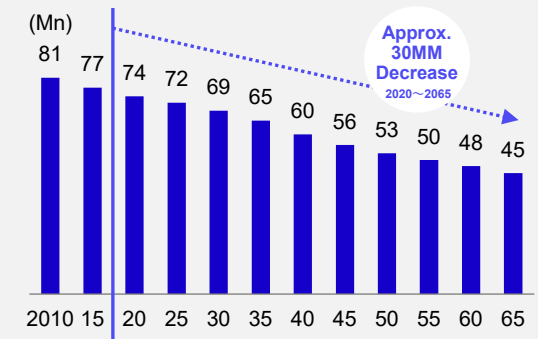
To Support Enterprise DX

"DX" AI Products

exaBase DX Assessment & Learning

exaBase Forecast & Analysis

exaBase Well-being

exaBase FAQ

exaBase 1on1

exaBase Company Search

AI Products: Service Lineup

DX AI Products

- exaBase DX Assessment & Learning
- exaBase Well-being
- exaBase 1on1
- exaBase Forecast & Analysis
- exaBase FAQ
- exaBase Company Search

exaBase DX Assessment & Learning

About 400 Companies[1]
Adopted Our AI DX Products
Creating Social Value
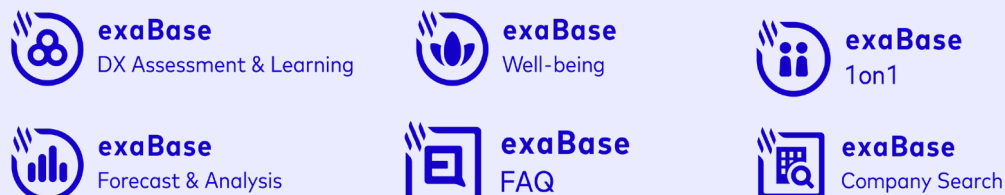
✓ **Improving the Efficiency of Society as a Whole, including Governments, SMBs and Enterprises**

HR Development

HR Strategy Formulation

Lack of Labors with IT Knowledge to Lead DX in Japan*

430,000 people

Expected Economic Loss in 2025 and Beyond in Japan*

JPY 12Tn Annually

Social AI Products

- トルト
- ハナスト
- とりんく

ハナスト | …Makes Care Staffs' Work Easier

✓ **Record your care just by talking**
✓ **Expected to Reduce 40 minutes work hour per day[2]**

Key Metrics

- JPY **26,000/mo** per Nursing Care House[4]

  ハナスト → CARE KARTE

  12,000 Nursing Care Houses[3]
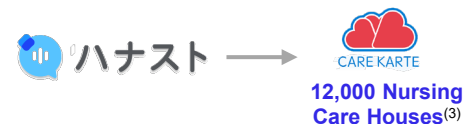
- Potential Expansion into Approx. **27,000[5]** in the Future

AI Products: Quarterly trend of Financial Results

First-quarter sales grew steadily to 138 million yen, up 30.3% year-on-year. Losses are improving accordingly. Compared to 4Q of the previous fiscal year, net sales decreased due to a slowdown in the rush demand at the end of the fiscal year

(Quarter) AI Products segment Net sales and operating income (Millions of yen)

YoY **+30.3%**

Sales

	FY2020/6	FY2020/9	FY2020/12	FY2021/3	FY2021/6	FY2021/9	FY2021/12	FY2022/3	FY2022/6
Sales	44	68	103	139	106	129	188	206	138
Operating Income	-269	-285	-244	-284	-297	-241	-219	-156	-278
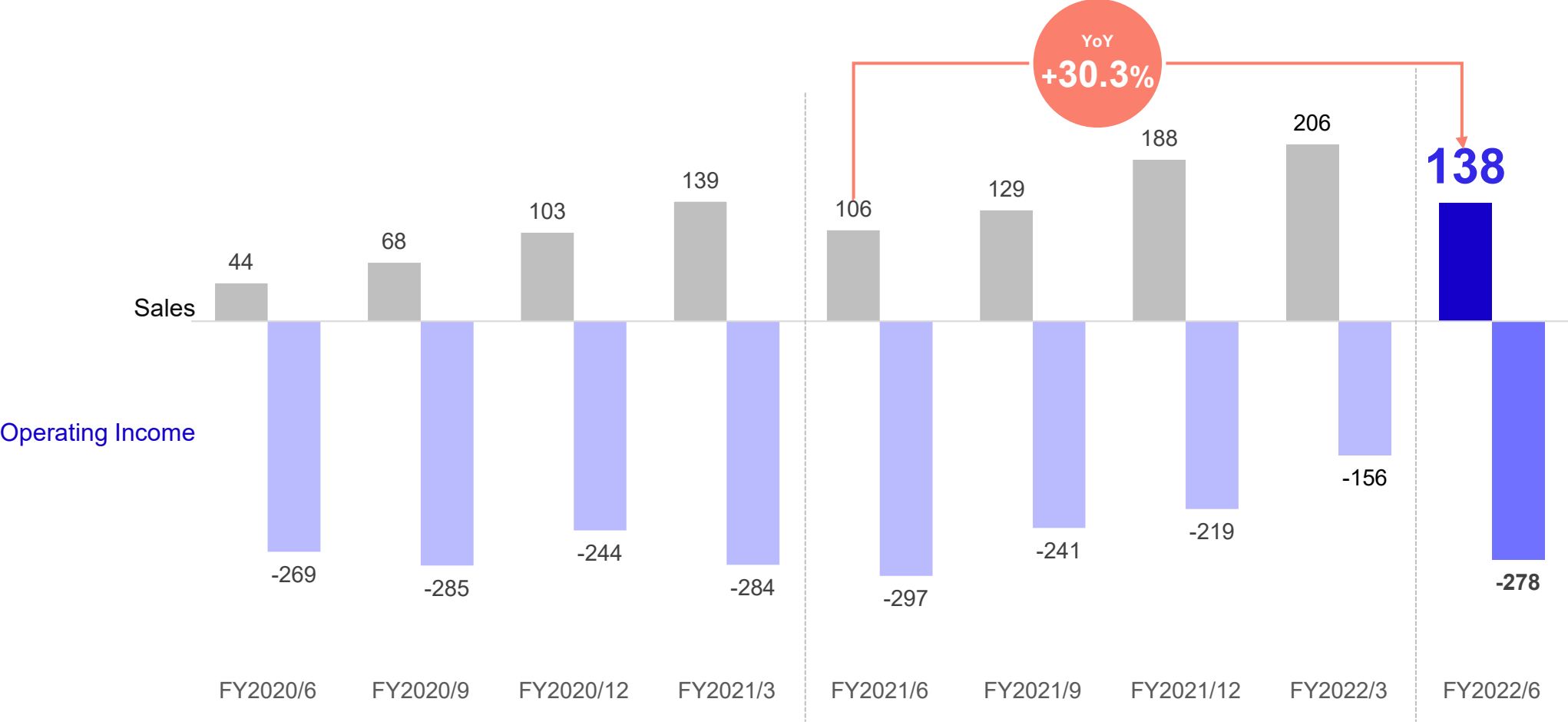
In Addition to Continued Growth of DX AI Products[1], Social AI Products are also Starting to Grow Strong

AI Products segment sales by type Q1 (Millions of yen)

- Others
- Social AI Products
- DX AI Products

YoY **+30.3%**

138

FY2020/6: 44 (DX AI Products 30, Social AI Products 13)

FY2021/6: 106 (DX AI Products 87, Social AI Products 6, Others 12)

FY2022/6: 138 (DX AI Products 105, Social AI Products 19, Others 13)
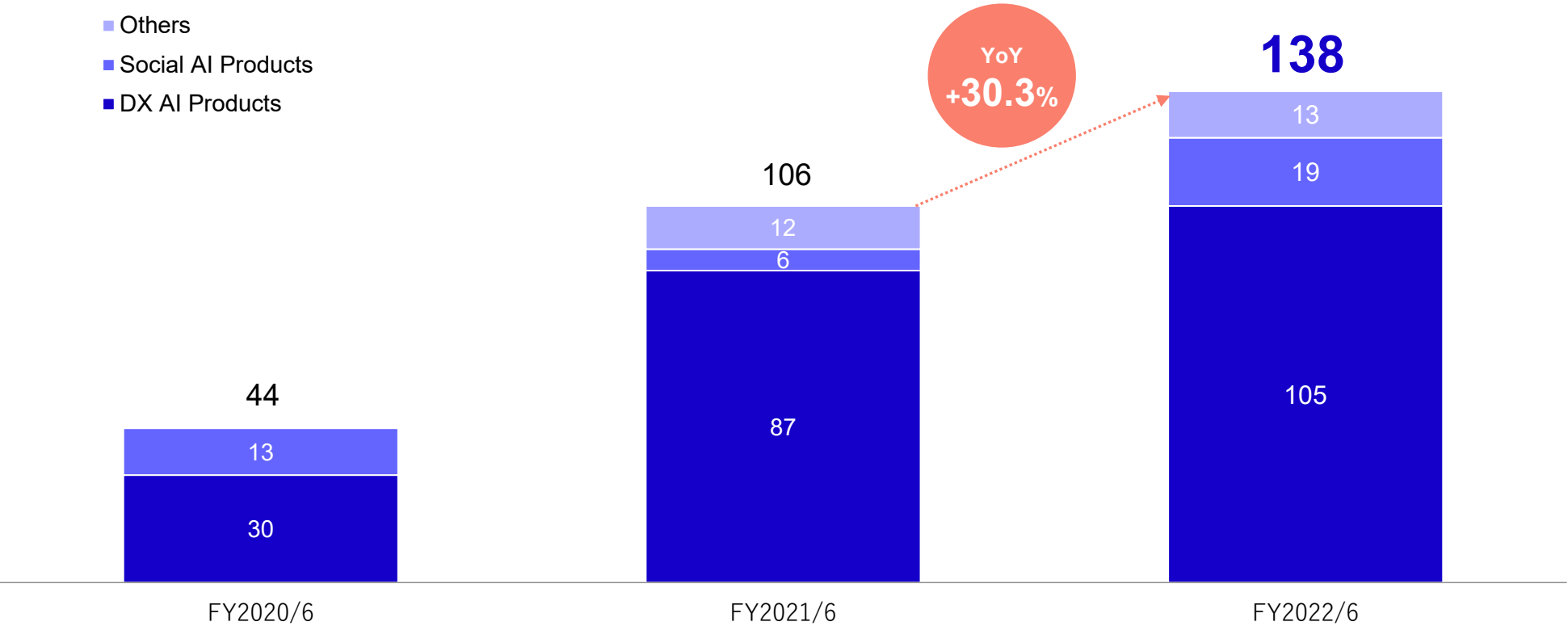
(1) DX Products include: exaBase DX Assessment & Learning, exaBase Forecast & Analysis, exaBase 1on1, exaBase FAQ, exaBase Company Search, and exaBase Well-Being.

AI Products:<Topics> Business Alliance with "Care Connect Japan"

Business Alliance with CareConnect Japan to Promote Joint Development of New System and Bundled Service Offerings. Further strengthened collaboration to increase the number of offices and smooth introduction of services

EXAWIZARDS × CARE CONNECT JAPAN

AI Technology
Voice-input system using AI

Nursing Care Big Data
Experience of and know-how on nursing care recording

CARE KARTE

Press Release Details： https://exawizards.com/en/archives/19745
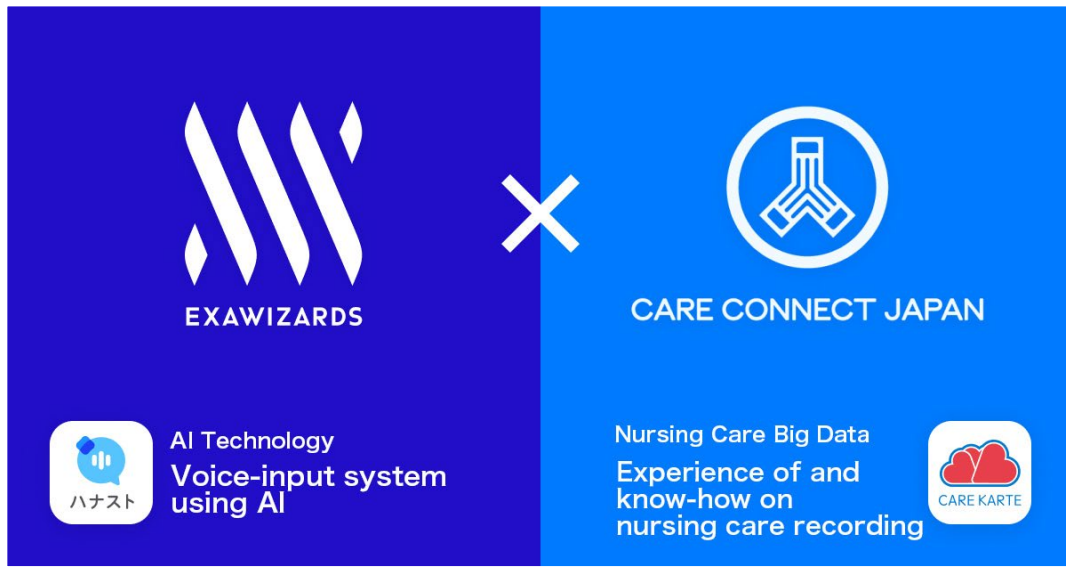
Details of Business Alliance

Formed alliance with Care Connect Japan (hereafter CCJ), the No. 1 ICT provider of nursing care records, to implement the following two points

- Started joint development for the creation of a new system that utilizes nursing care big data to assist nursing care sites and lead to outcomes such as ADL* maintenance and promotion of independence support
- Company's CareWiz Hanasuto ("Hanasto") and CCJ's CAREKARTE nursing care recording software will be bundled to reduce the burden of implementing a nursing care recording environment onsite.

※：ADLs stands for activities of daily living. It indicates daily activities required for independent living, including standing, sitting, transfer, mobility, eating, dressing, elimination, bathing, and managing personal appearance. It is used as an important index to measure the physical functions and the levels of daily activity of elderly people and persons with disability.

Outlook for Hanasuto Business

Through the alliance, we will also strengthen the system for the development of new voice input x AI for home-visit services, and provide a nursing care recording environment for more nursing care service providers, aiming for the following

- Approx. 1,000 installations in the fiscal year ending March 2023
- More than 20,000 establishments introduced over the long term

Earnings Forecast
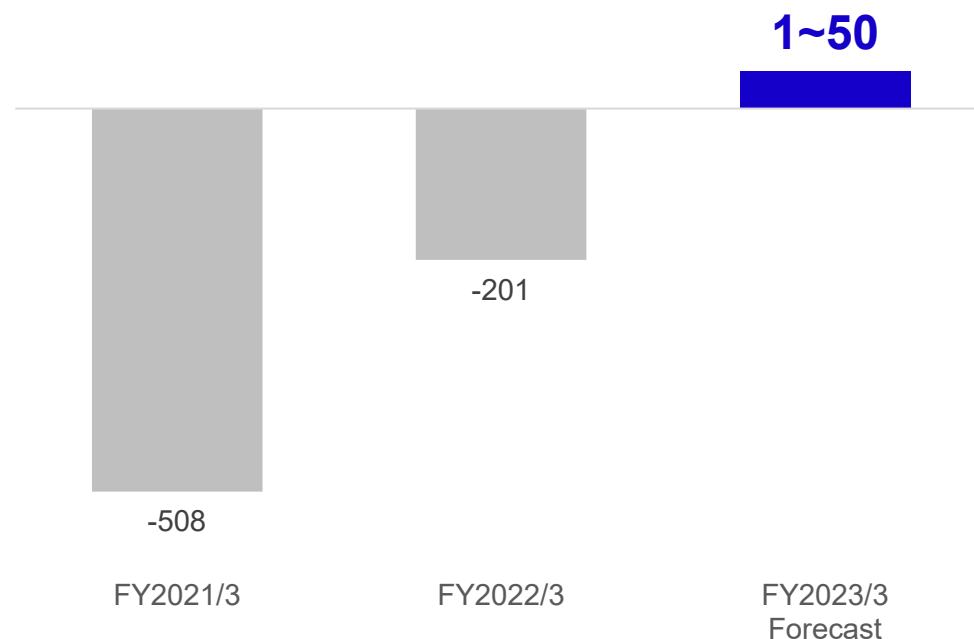# for the Fiscal Year Ending March 2023

EXAWIZARDS

No change in earnings forecast. Operating loss is expected to continue through 2Q, but is expected to turn profitable from 3Q
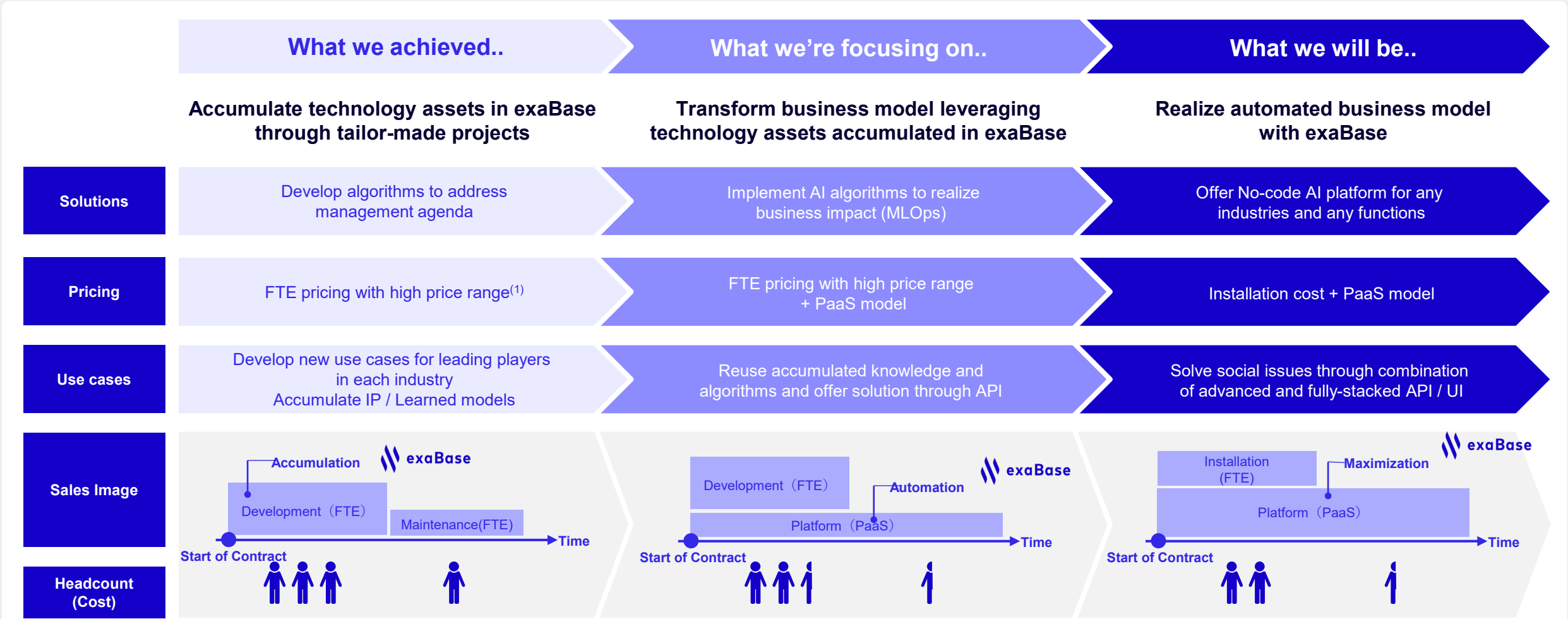
Total Sales: Fiscal Year（millions of yen）

YoY
+35.1~
45.5%

6,500~
7,000

4,810

2,612

FY2021/3   FY2022/3   FY2023/3
Forecast
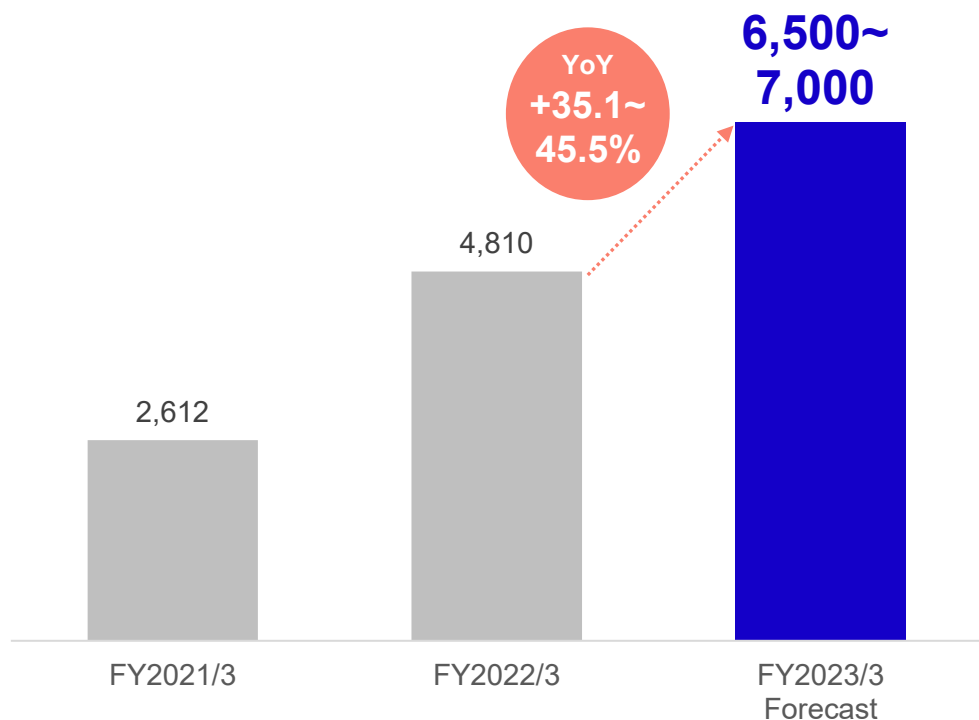
Operating income: Fiscal Year（millions of yen）

1~50

-201

-508

FY2021/3   FY2022/3   FY2023/3
Forecast

EXAWIZARDS   Public

| 29

Earnings Forecast for the Fiscal Year Ending March 2023 (No change)

(millions of yen)	FY March 2021 Results	FY March 2022 Results	FY March 2023 Forecasts
Net sales	2,612	4,810	**6,500 ~ 7,000**
growth rate	-	+84.1%	***35.1 ~ 45.5%***
Operating profit (loss)	-508	-201	**1 ~ 50**
Operating profit margin	-	-	***0 ~ 0.8%***
Ordinary profit (loss)	-451	-97	**1 ~ 50**
Profit (loss) attributable to owners of parent	-592	-137	**1 ~ 50**

Appendix

05.

Appendix
AI Platform

EXAWIZARDS

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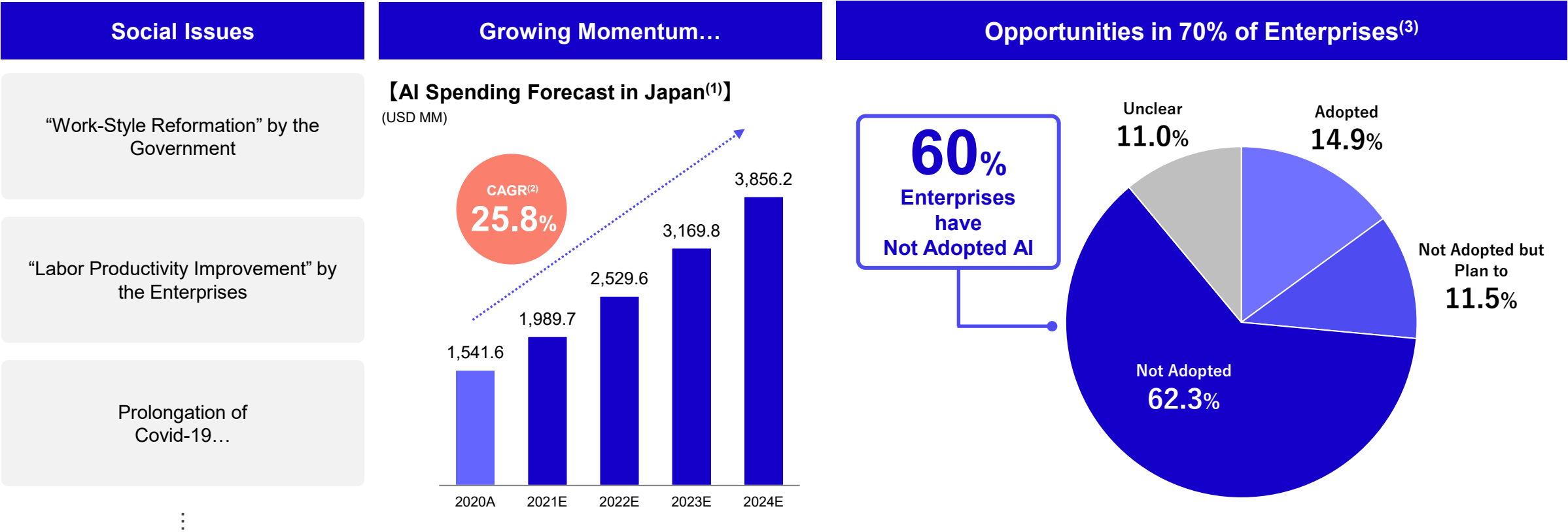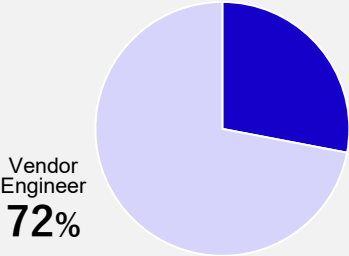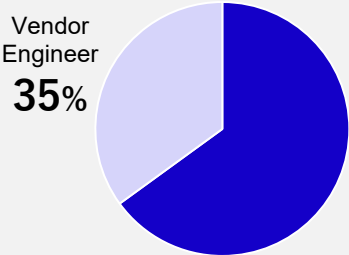
Social Issues

"Work-Style Reformation" by the Government

"Labor Productivity Improvement" by the Enterprises

Prolongation of Covid-19...

⋮

Growing Momentum...

【AI Spending Forecast in Japan[1]】
(USD MM)

CAGR[2]
25.8%

- 2020A: 1,541.6
- 2021E: 1,989.7
- 2022E: 2,529.6
- 2023E: 3,169.8
- 2024E: 3,856.2

Opportunities in 70% of Enterprises[3]

60%
Enterprises have Not Adopted AI

Unclear **11.0%**
Adopted **14.9%**
Not Adopted but Plan to **11.5%**
Not Adopted **62.3%**

AI Platform: Japan-U.S. Comparison of IT Investment and Human Resources

…Largely due to "Gaps" between Japan and U.S. on In-house IT Capabilities

	IT Spending % of Aggregate Revenue of All Listed Companies[2]	Engineering Capability at Enterprises[3]	IT Investment Style	Typical Hiring Practice
Japanese Enterprises **2020 ICT Spending:** **USD 270Bn**[1]	**Approx. 3.9%**	In-House Engineer **28%** Vendor Engineer **72%**	**Major Spending on Legacy Maintenance Ops and Limited Strategic IT Investment**	**Life-Time Employment** **Hire "the Generalist" (Rotate divisions every 2-3 years)**
US Enterprises **2020 ICT Spending:** **USD 1,464Bn**[1]	**Approx. 6.7%**	Vendor Engineer **35%** In-House Engineer **65%**	**Strategic Investment by Tech-savvy Management**	**Professional Hiring (Liquid Job Market)** **Hire as the "IT Specialist"**

2.8pt Difference

…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(1)

Strategic IT Investment
30%(2)

Traditional IT Spending
70%(3)

2020A

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

AI Start-ups

Digital Consulting Firms

EXAWIZARDS

BPO(4)

JPY 12.8Tr(1)

Strategic IT Investment
60%(2)

Traditional IT Spending
40%(3)

2024E

AI Platform: Growth Potential and Current Business Progress

Steady Progress in Both Number of Clients and Revenue per Client toward 4 trillion-yen TAM

4,000Mn[2]

Japanese Large Enterprises Budget for Strategic IT Investment [1]
JPY 4.0Tr

Revenue per Client [3]

Current Revenue from Top Client: *464Mn (250Mn in FY 2021/3)*

35Mn

4.2Bn
FY2022/3

25Mn

2.3Bn
AI Platform Revenue for FY2021/3

90 → 117

1,000
(Top 1,000 Market Cap Companies)

AI Platform Number of Clients [3]

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 (3) The number of clients and revenue per client are calculated excluding customers with annual transaction value of less than 1 million yen from FY2022/3 due to Xware becoming a subsidiary in May 2021
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)

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

CxOs Issues

Finance/Insurance "Sales/CRM	Healthcare "R&D"	Manufacturing "Inspection"	Telecom "HR Optimization"	Logistics "Operations"
Aflac	**Daiichi-Sankyo**	**Hitachi Metals, Ltd.**	**SoftBank**	**YAMATO TRANSPORT**
Marketing Optimization through Predictive Analytics	**Drug Discovery**	**Automatic Object Recognition System**	**Hiring Prediction by Analyzing Video Interviews with New Grads**	**Automate ML Models to Predict the Workload for Parcel Deliveries**
▼	▼	▼	▼	▼
On-going to Expand About $13bn Insurance Premium[1]	**Large Time Reduction in Data Analysis for Drug Discovery**	**Supported a project to reduce equipment setup time by 50%**	**85% Time Reduction in Evaluating Candidates[2]**	**Optimal Allocation of Management Resources and Cost**

Notes: (1) Based on Aflac Integrated Report 2021, the approximate number of insurance premium out of FY2020 ordinary income, (2) Based on hearings from clients

Strong Presence for Blue Chips of Various Industries in Japan

Selected Enterprise Clients and Revenue Breakdown across Major Verticals[1]

%	Vertical					
25%	**Finance/ Insurance**	Aflac Life Insurance	SMBC Nikko	Sumitomo Life		
19%	**Manufacturing/ Industrials**	CITIZEN	DENSO	Nippon Steel	Panasonic	Hitachi Metals
18%	**Consumer Goods**	JT	Yoshinoya			
14%	**Healthcare**	Astellas Pharma	Daiichi Sankyo	Tsumura & Co.		
8%	**Telecom/ Infrastructure**	NTT	NTT Data	NTT West	Softbank	
4%	**Energy**	Kansai Electric Power	JERA			
3%	**HR**	Stadium	Persol Holdings			
3%	**Logistics**	Yamato Transport				

■ % of AI Platform Revenue

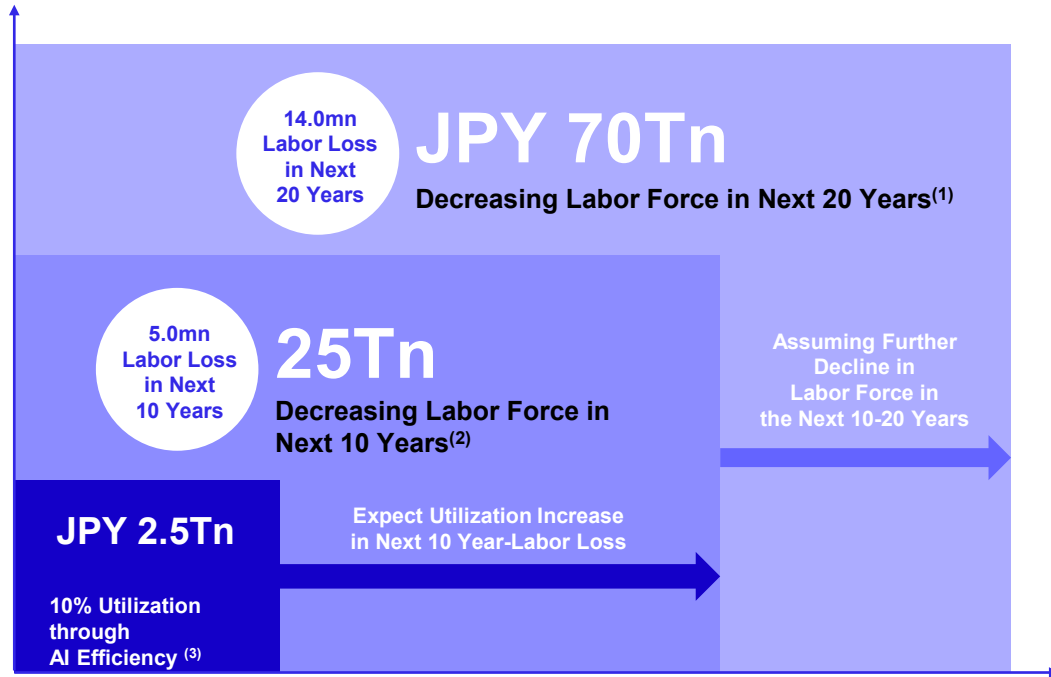*Notes: (1) Industry breakdown based on the revenue from enterprise clients incurred in FY2022/3*

05.

Appendix

AI Products

EXAWIZARDS

Digitalization and Social Care AI Market is Growing with Scale

AI Products TAM: Digitalization of Decreasing Labor Force

14.0mn Labor Loss in Next 20 Years

JPY 70Tn
Decreasing Labor Force in Next 20 Years[1]

5.0mn Labor Loss in Next 10 Years

25Tn
Decreasing Labor Force in Next 10 Years[2]

Assuming Further Decline in Labor Force in the Next 10-20 Years

JPY 2.5Tn

Expect Utilization Increase in Next 10 Year-Labor Loss

10% Utilization through AI Efficiency [3]

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

AI Products TAM: Digitalization of Decreasing Labor Force

JPY 10.2Tn
Total Spending by Care Recipients[4]

JPY 7.2Tn
Total Salary of Care Staff(5)

JPY 27Bn
TAM for Care AI Business(6)

+

TAM for Other Social Issues
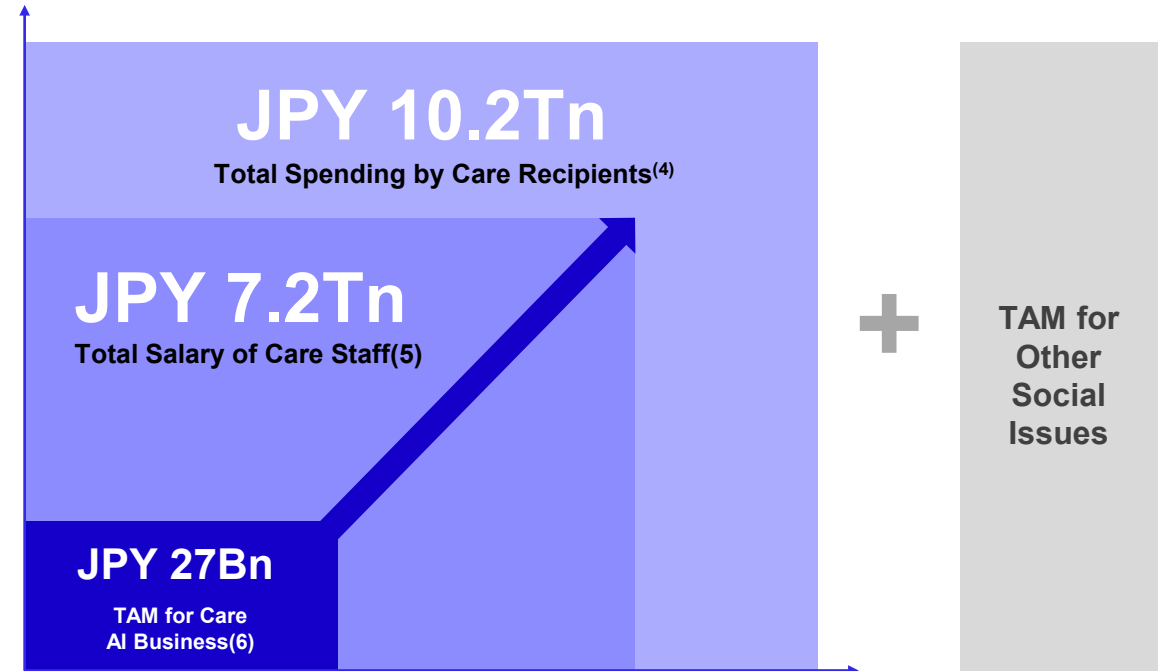
Notes:
(4)Total spending for Japanese in need of nursing care as of based on a report from Ministry of Health, Labor and Welfare "Status around nursing industry 2019" (August 2021)
(5) Estimated by ExaWizards based on the number of care staffs in Japan x average annual salary of a care staff in Japan. 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

Supporting the promotion of DX human resources strategy by providing DX human resources early development program with "exaBase DX Assessment & Learning" as the core.

Press Release Details：https://exawizards.com/en/archives/20031
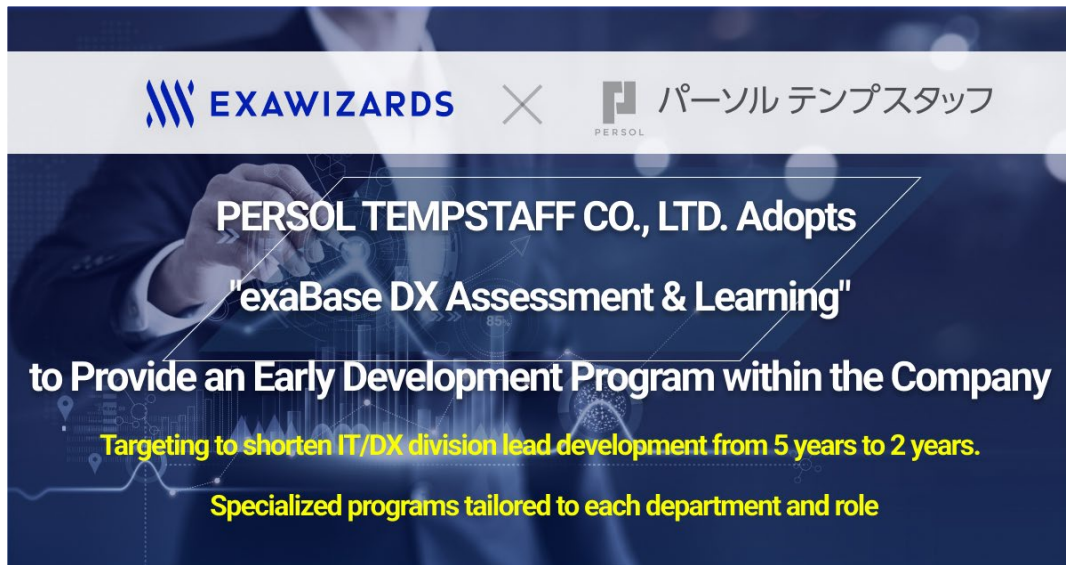
Content of Training Programs Offered

In order to promote the human resource strategy of PERSOL TEMPSTAFF (hereinafter PTS), the two companies will collaborate on the "Early Development and Strategicization Program," and the Company will provide the following services centered on exaBase DX Assessment & Learning (hereinafter exaBase DX A&L).

1. exaBase DX A&L Assessment Services
    • Assessments conducted 4 times a year for both transferees and new graduates
2. exaBase DX A&L e-learning
    • Provide contents for fostering DX mindset and acquiring literacy
    • Customized individually and operated in a shorter period of time than usual
3. Individual courses of exaBase DX A&L
    • DX specialist training
    • Training to improve planning and communication skills

Aimed Results

Through the Company's exaBase DX A&L and consulting services, PTS will reduce the time required to develop IT/DX leads from 5+ years to 2 years.

First OEM of "CareWiz toruto" to be offered to other companies and industries. Plans to develop new services through data analysis

AI-based gait analysis tool

"CareWiz toruto"

Started providing OEM services

"Sachiaru toruto for Massage" starts to be distributed to Fureasu's, a leading massage business.   350 company-owned stores and franchisees

Press Release Details：https://exawizards.com/en/archives/20072

Details of OEM offerings

- Decision to provide the AI gait analysis tool "CareWiz toruto," which has been deployed for nursing care providers targeting the elderly, to other companies and industries on an OEM basis

- As the first recipient of this service, the OEM version of "CareWiz toruto," customized for proposing acupuncture and moxibustion massage treatment for home visits, will be provided to approximately 350 directly managed and franchisee stores of fureasu Corporation, a major player in the industry.

Prospects for Data Utilization

- Promoting collaboration with other industries and OEM provision of "CareWiz Tolt," which accumulates AI technology, knowledge of physical therapists, and data in the nursing care field, to support development of services that enable high-quality proposals based on scientific evidence in a variety of industries in the future

- With fureasu, the company plans to analyze data accumulated within the company and promote joint development of services that enable optimal proposals to users, such as AI-assisted creation of plans from in-home massage treatment plan questionnaires and API linkage.

AI Products segment: \<Topics> "exaBase Forecast & Analysis" linked with i-web

exaBase forecasts and analysis" collaborates with "i-web", the No.1 recruitment management system market share
Supporting decision making for recording interviews based on quantitative criteria and facilitating recruitment DX


Press Release Details：https://exawizards.com/en/archives/20159

Note：(1) Sources from Humanage: Market share in the recruitment management system section of highly ranked companies of "The Most Popular Companies for Job Seekers" (2010–2016 Graduates: Sources from Nikkei Inc. 2017–2023 Graduates: Sources from DISCO Inc. 2016 – 2019 Graduates: Top 100 Companies The Rest: Top 130 Companies)

Functional Linkage Details

- i-web" of Humanage, Inc., which has the No.1[1] market share in recruitment management systems, and the Company's "exaBase Forecast & Analysis" have been linked.

- Combining "exaBase Forecast & Analysis" with a video analysis algorithm, the system quantifies and visualizes acceptance criteria, which tend to be qualitative and impersonal judgments, and creates AI models that conform to the criteria of each company to support the personnel in charge in making precise hiring decisions.

Service Overview
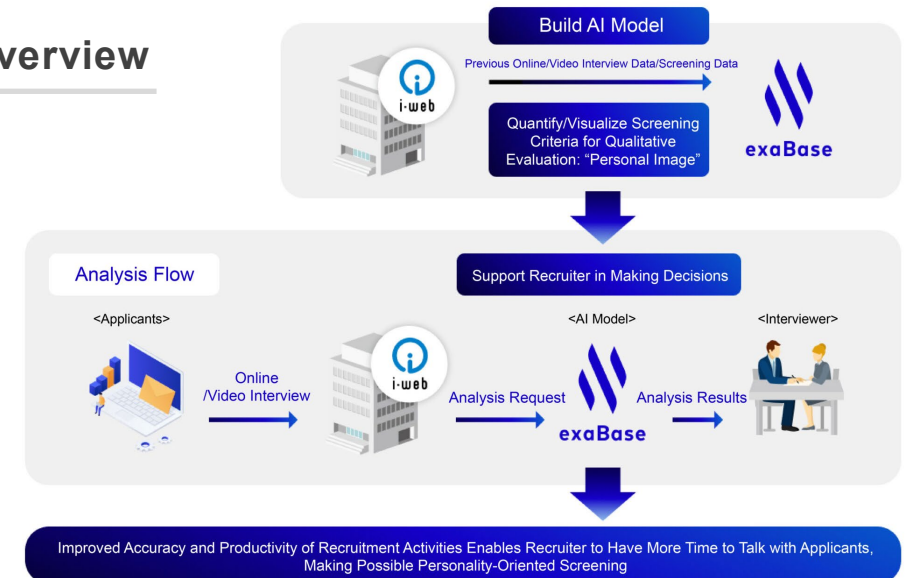
05.

Appendix

About exaBase Platform

EXAWIZARDS

Not just machine learning automation but one-stop automation & no-code for AI/DX development

Typical AI Platforms

NO SYSTEM

1. Machine Learning Automation

Single-modal API to be used for a **PoC**

VS

exaBase

3. Support via no-code type development

Automatic generation of exaBase Blueprint

Automatic generation ---- **exaBase Studio**

+

2. Automate the entire development of software that utilizes Machine Learning

NEW

Domain-specific language for DX/AI ＊

exaBase Blueprint

Just write an exaBase Blueprint…

1. **Automatically build cloud environments**
2. **Automatic control of AI**
3. **Automatic control of UI**

+

1. Machine Learning Automation

Multi-modal APIs to **instantly build MLOps** environments

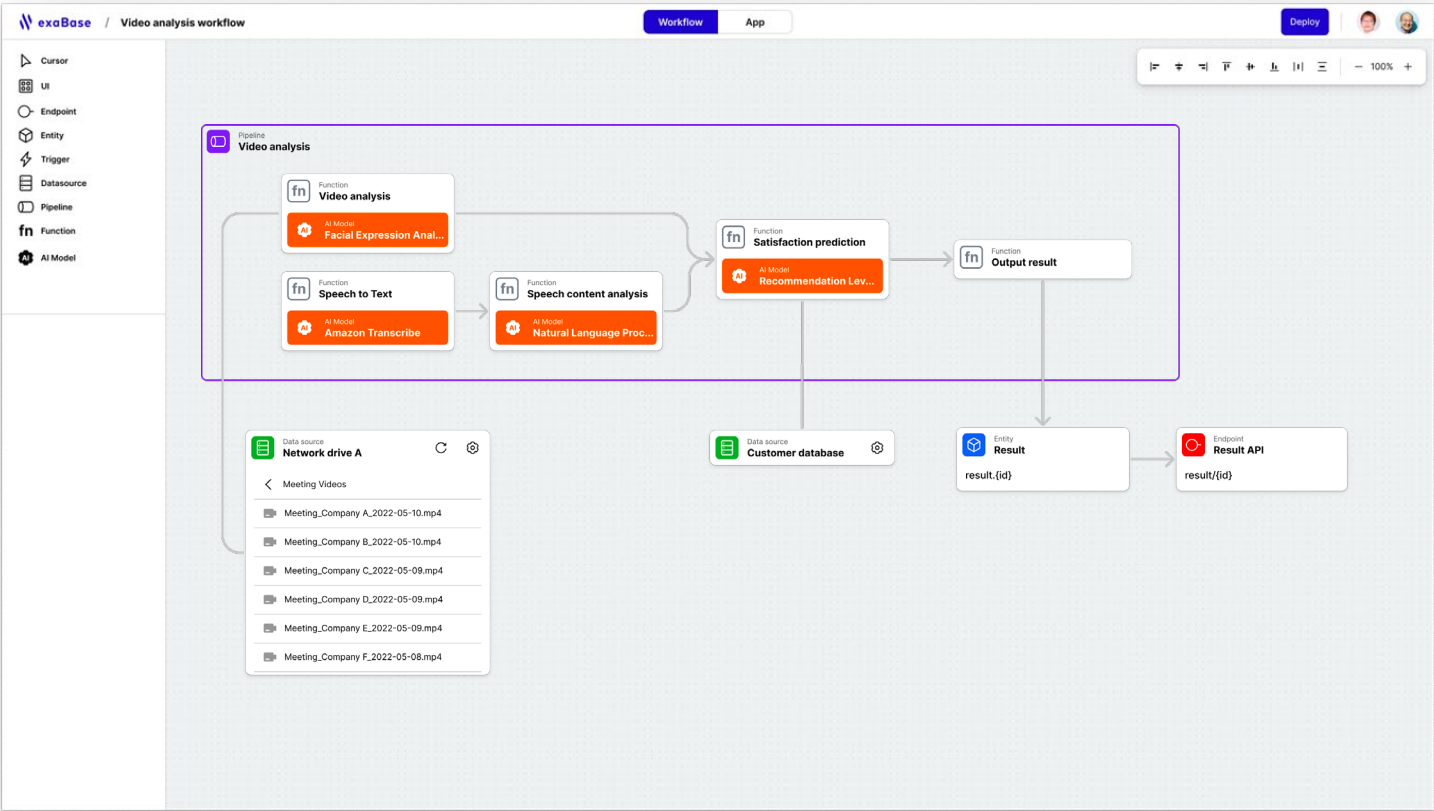**exaBase Machine Learning API** ← **Automatic control**

＊Computer language specialized for specific task processing, such as SQL in the database field
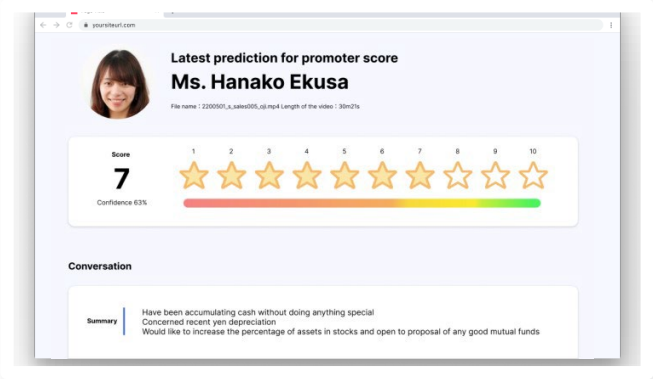
Easily develop multi-modal AI applications and put them into production with exaBase Studio

exaBase Studio Development Environment
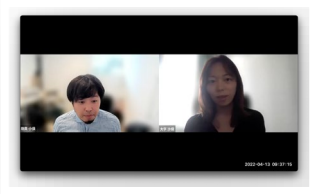
no-code type development

Applications Developed

- **Output image**

AI-based prediction results of customer satisfaction
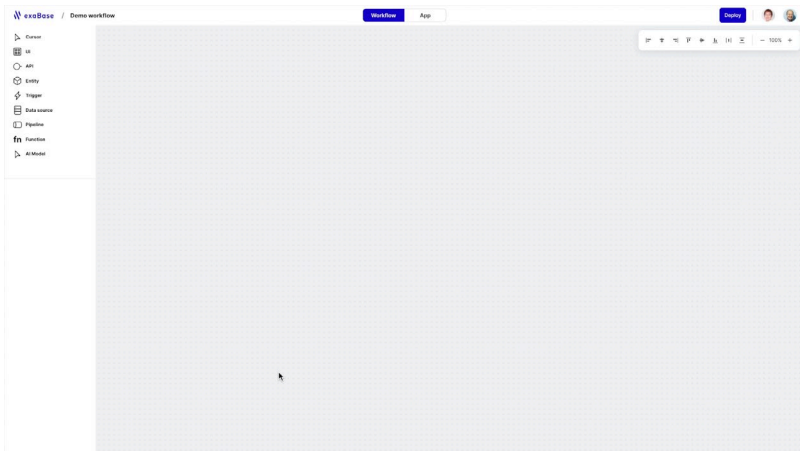
Uploading a video

- **Input image**

Business meeting video

exaBase platform's new features and what we're focusing on

exaBase Blueprint is a new domain-specific language for DX and AI application development
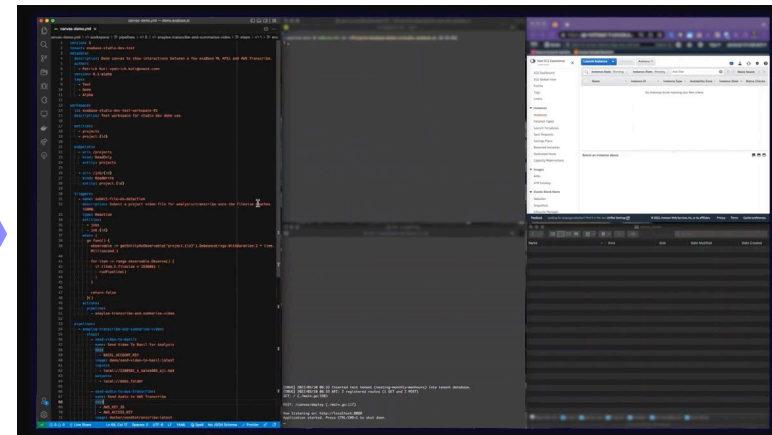
exaBase Studio

exaBase Blueprint (YAML)

Automatic generation →

■ Reactive Programming with exaBase Blueprint

Imagine using spreadsheet software as an example

- **Endpoint**   A place to store raw data like a spreadsheet in spreadsheet software
- **Entity**   Refers to an Endpoint's Sheet and store data in a specific cell after simple processing
- **Trigger**   Manage branches with IF statements according to the status of Entity's cell
- **Function**   Execute specific ML APIs according to the branch of Trigger and reflect the output result to Endpoint

▼ Unlike spreadsheets, exaBase ...

Ability to handle multimodal data including video and complex functions including machine learning

exaBase Blueprint (YAML)

- **Endpoint**   data storage & updating
- **Entity**   state definition
- **Trigger**   state bifurcation (RxGo)
- **Function**   ML API control

update

Constructor (Go) of exaBase Blueprint

Automatic control →

1. Automatically build cloud environments

Automatically build various cloud environments utilizing Amazon Web Services™, Google Cloud Platform™, Microsoft Azure™, etc.

In addition, simulation, image synthesis and edge processing with robot AI, etc. are also available.
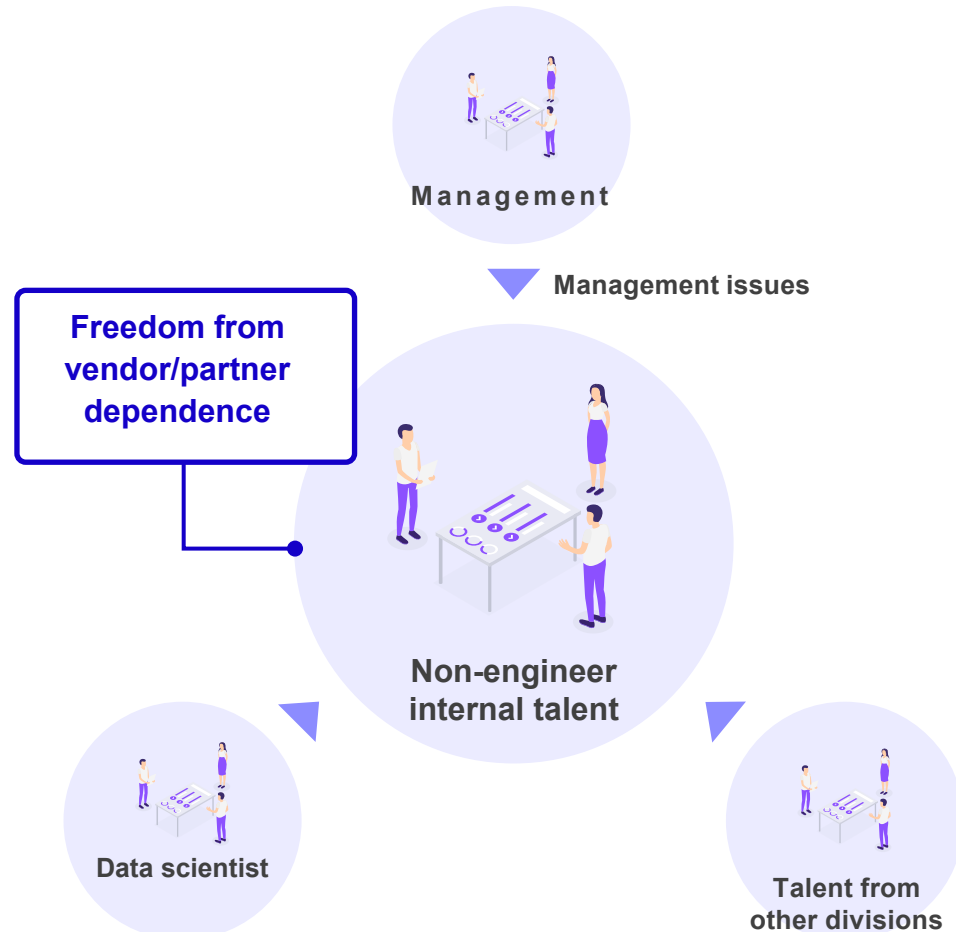
2. Automatic control of AI

Control exaBase Machine Learning API and other 3rd party AIs

Invoke multimodal AI and run in production with MLOps

3. Automatic control of UI

Preset design templates for automatic UI construction and control

Reusable by simply changing the referenced endpoint

One-stop internalization + automation + maximization of ROI to solve management issues through DX and AI

In-house, field-driven solution of management issues through DX

Management

Management issues

Freedom from vendor/partner dependence

Non-engineer internal talent

**Data scientist**

Talent from other divisions

Field-driven design and improvement of DX and AI applications that solve management issues

Agile PDCA cycle throughout the company to maximize ROI of data-driven management

Automate the solution of management issues through DX + maximize ROI

DX as Code

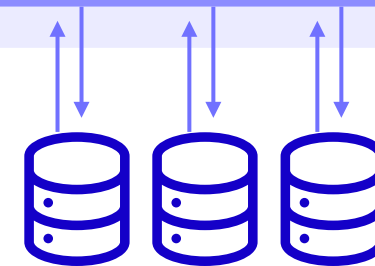Automated development of DX and AI applications to solve management issues
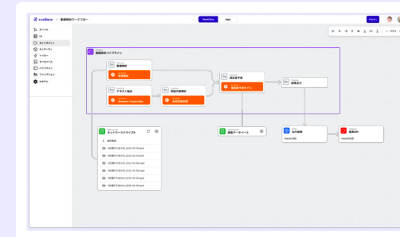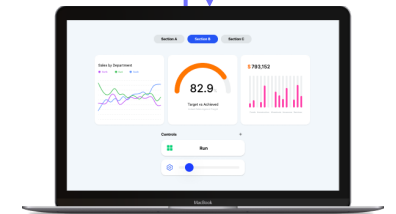
UI/UX as Code

Machine Learning as Code

Infrastructure as Code

exaBase Studio

82.9

Existing systems

Dashboard

Visualize and maximize ROI

05.

Appendix

Growth Strategy

Started "ExaWizards Academia," a Free Course for Students to Learn Social Implementation of AI and Entrepreneurial Mindset

EXAWIZARDS

Free course for students to learn social implementation of AI and entrepreneurial mindset

"ExaWizards Academia" is launched

Providing free

diagnostic reports ✕ e-learning

on the skills and competencies required for DX human resources to students

ExaWizards Academia：https://recruit.exawizards.com/exawizards-academia

Learn about evolving technological innovations in the field

Outline of Implementation

- Dates: October-December 2022
- Cost: Free of charge
- Number of participants: Approximately 30 participants will be selected from applicants using "DIA for New Grads" (those who are not selected will be provided with diagnostic reports and e-learning to support their growth).
- Lecturers and themes (tentative): Lectures, dialogues, and social gatherings will be held with the aim of gaining knowledge of AI x business as well as the mindset of a businessperson with a high level of vision.

Background of the Program

Many companies require each employee to utilize digital skills to improve productivity and create innovation. However, the shortage of IT/digital personnel is becoming more serious, and it is predicted that there will be a shortage of 450,000 people by 2030. It is essential to train candidates for the next generation of digital innovators who will be active within companies.
On the other hand, university students who are scheduled to graduate in 2024 will begin their university life "with Corona/Covid-19" as soon as they enter the university in 2020, and they will have limited contact with working adults, which is important for their career choices. Therefore, we have established "ExaWizards Academy," a free course for students, to support the careers of university students graduating in 2024 , to recruit for ExaWizards, and to foster digital innovators among university students.

Segmental Synergy Enabled by Reciprocal Customer Transfer Leveraging Client Base of Both AI Platform and AI Products
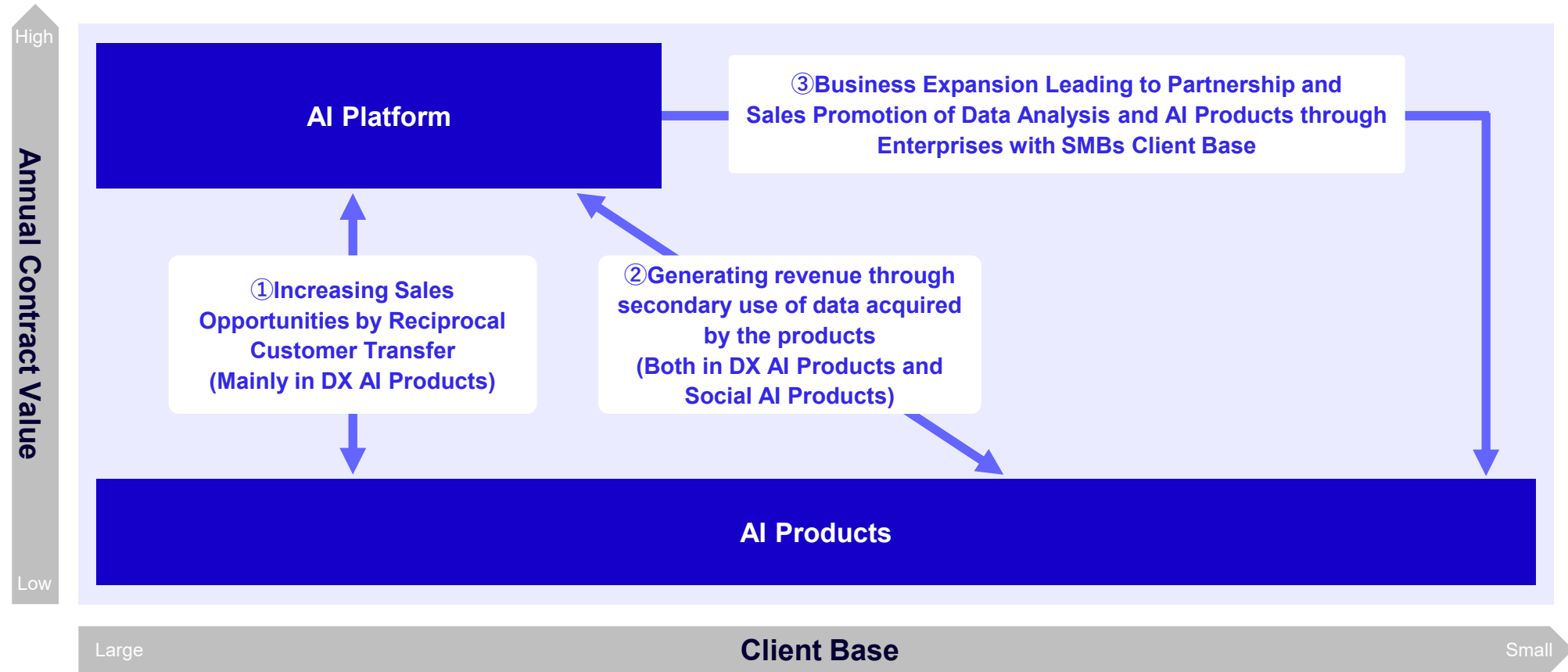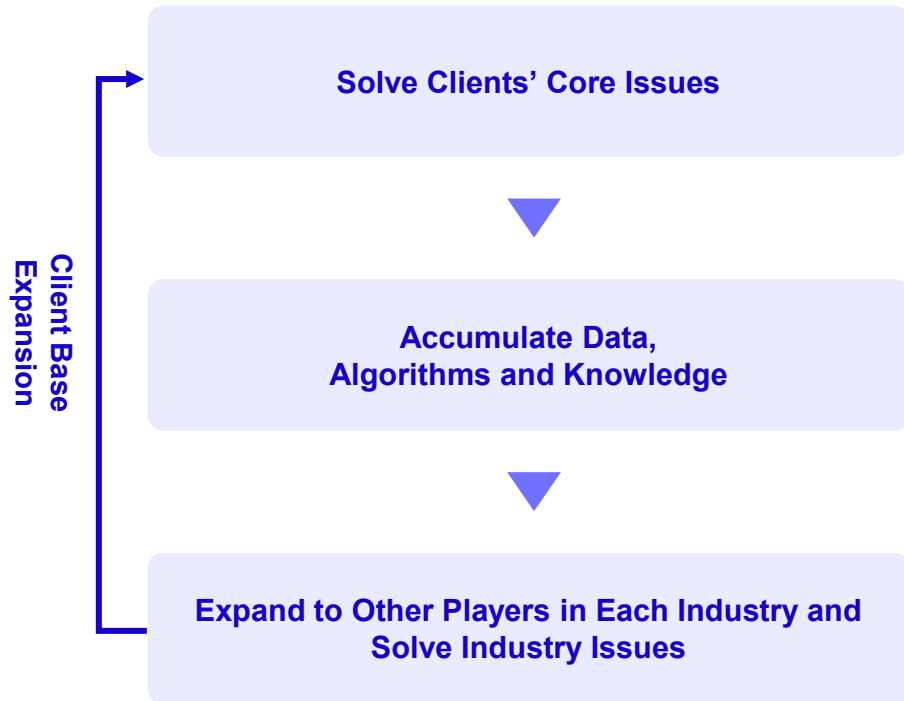
Acceleration of Growth Potential through Segmental Synergies while Expanding Respective Segments' Capabilities

AI Platform

Increase Revenue Per Client by Solving Variety of Issues and Acquire New Clients by Applying Solutions Across the Industry

Solve Clients' Core Issues

▼

Accumulate Data, Algorithms and Knowledge

▼

Expand to Other Players in Each Industry and Solve Industry Issues

Client Base Expansion

Create Versatile AI Products Based on Industry Specific AI Algorithms

exaBase

Penetrate into Broader Industries through Cross-Selling

AI Products

Create New Services in Each Area and Improve Quality/Performance of the Services

Offer New AI Services to Solve Social Issues

▼

Expand Users through Go-to-Market Strategies and Partnership

▼

Improve Quality of Services by Leveraging Accumulated Data and Knowledge / Expand Service Offerings to Peripheral Domains

Clients Expansion through Improving Services

05.

Appendix

Company Overview

EXAWIZARDS

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 June 2022)
Number of Employees	383 (as of June 2022)
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 Audit & Supervisory Board Member : Masaru Iida Audit & Supervisory Board Member : Manabu Sato

Leadership with Deep Industry Knowledge and Proven Track Records

Board of Directors

Ko Ishiyama
| **Representative Director & President**

Ex
- *Director, Recruit HD Media Technology Lab Director, Recruit Institute of Technology Promotion Office*
- *Visiting Associate Professor, Tokyo University*

Curt
- *Member of Labor Policy Council, MLHW*

Makoto Haruta
| **Director & Chairman**

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

Curt
Outside director of
- TBS Holdings
- Panasonic Corporation

Yutaka Sakane
| **Director**

Ex
- Assistant, Shizuoka University
- Digital Sensation

Takuma oue
Director, Executive Officer, Head of Business Development

EX
- Boston Consulting Group

Curt
- Visiting Associate Professor, University of Hyogo

Yasushi Shingai
| **Outside Director**

Ex
- Executive VP of JT

Curt
Outside Director of
- Mitsubishi UFJ Financial Group
- Dai-ichi Life Holdings
- NTT West
- Olympus

Toshihiko Hiura
| **Outside Director**

Ex
- Chairman, Bain & Company

Cur
- Outside director of Aruhi

Naoko Munakata
| **Outside Director**

Ex
- Commissioner, Japan Patent Office
- MITI (Currently known as METI)

Curt
- Board Member Audit and Supervisory Committee Member, Murata Manufacturing
- Professor at the Graduate School of Public Policy, The University of Tokyo

Executive Officers

Tomoaki Maekawa

Ex
- *SONY*
- *Boston Consulting Group*

Daiki Hasegawa

Ex
- *TEPCO*
- *Deloitte Tohmatsu Consulting*

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*

Saori Oji

Ex
- *Nomura Research Institute*
- *PwC Consulting LLC (Strategy &)*

Tomohiko Kimura

Ex
- *Google*   *Leomo*
- *Midokura*   *Moneytree*

Kohei Okuno

Ex
- *Deloitte Tohmatsu Consulting*
- *DeNA*   *Mercari*
- *Seiyu*

Yoritaka Handa

Ex
- *Benesse Corporation*
- *Recruit HD*

Kochi Kawai

Ex
- *Goldman Sachs*

Kazutoshi Takimoto
President & Representative Director of Xware

Satoshi Ishino
Representative Director & President of Exa Homecare

Ex
- *P&G*
- *McKinsey & Company*

Nishanth Koganti
ExaWizards India LLP Designated Partner

Ex
- University of Tokyo
- Nara Institute of Science and Technology

Diverse Team of Top Tier Professionals Backgrounds…[1]

Consulting Professionals

Accenture

A.T. Kearney

Bain & Company

Boston Consulting Group

Deloitte Tohmatsu Consulting

Dream Incubator

KPMG Consulting

McKinsey & Company

Nomura Research Institute

PwC Consulting (Strategy＆)

etc.

UI / UX Designers Product Managers

Accenture

A.T. Kearney

Bain & Company

Boston Consulting Group

Deloitte Tohmatsu Consulting

Dream Incubator

KPMG Consulting

McKinsey & Company

Nomura Research Institute

PwC Consulting (Strategy＆)

etc.

AI / Service Engineers

ML Engineer

Google/IBM Research Tokyo/Institute of Physical and Chemical Research/ University of Kyoto, University of Tokyo...and many other domestic and international academia and researches

Software Engineer

DeNA/LINE/Microsoft (US) Rakuten Group/Yahoo Japan, etc.

Infrastructure Engineer

DHL Supply Chain (UK)/Grab (SGP)/ Goldman Sachs/Hewlett Packard Japan/Mitsubishi Electric Information Technology Institute/ Salesforce, etc.

Vertical Specialists[2]

Finance/Insurance Aflac Life Insurance/ The Dai-ichi Life Insurance/Goldman Sachs/ Mitsubishi UFJ Morgan Stanley Securities/ Sumitomo Mitsui Banking Corporation

Healthcare CHUGAI PHARMACEUTICAL/ Eisai/IQVIA/Kowa/M3/Ministry of Health, Labour and Welfare/Takeda Pharmaceutical

Manufacturing/Industrials DENSO/ Hewlett Packard Japan/KEYENCE/ Murata Manufacturing/ NGK SPARK PLUG/Panasonic/SONY

Energy erex/TEPCO

**Telecom/Infrastructure** NTT Docomo/Softbank

Consumer Goods Calbee/L'ORÉAL/P&G

HR Ministry of Education, Culture, Sports, Science and Technology/PERSOL CAREER/ Recruit Holdings

etc.

Note: (1) Company names on this page show backgrounds of officers and employees of ExaWizards in alphabetical order (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

Listed on the Tokyo Stock Exchange Mothers Market (currently Growth Market) on December 23, 2021
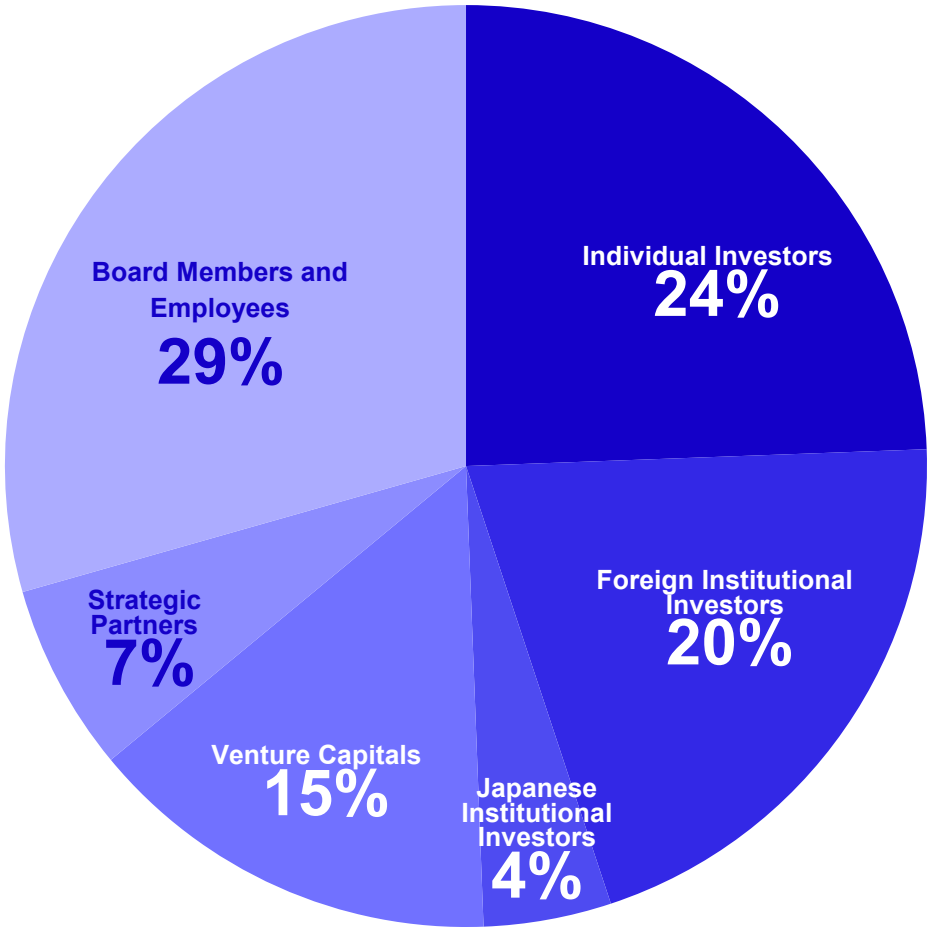
Total Number of Shares Authorized to be Issued by the Company	301,232,000
Total Number of Shares Issued	79,928,400
Number of Shareholders	12,696

Shareholder	Number of shares held (thousand)	Shareholding ratio (%)
betaCatalyst Inc.	8,185	10.24
Makoto Haruta	7,412	9.27
iSGS Fund I Investment Limited Partnership	5,293	6.62
Toshikazu Furuya	3,886	4.86
Yutaka Sakane	3,776	4.72
D4V Fund I Investment Limited Partnership	3,667	4.58
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY－PB	3,479	4.35
GIC PRIVATE LIMITED－C	3,403	4.25
SSBTC CLIENT OMNIBUS ACCOUNT	3,383	4.23
Ko Narukama	2,689	3.36

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