

**Notice of Subsidiary Establishment through Corporate Divestiture**  
**(Simplified Incorporation-Type Divestiture)**

We, ExaWizards (“the Company”) announce that our Board of Directors resolved today to transfer the rights and obligations of our generative AI Products business to a newly established company “Exa Enterprise AI Inc.” (hereinafter referred to as the “Newly Established Company”), which will be our wholly owned subsidiary, through a corporate separation (the “Corporate Separation”), effective as of October 2, 2023 (planned). Since the Corporate Separation is a simplified incorporation-type company split in which the Company is the sole beneficiary, certain disclosure items and details are omitted from this announcement.

This newly established company will grant the Company a foundation to plan, develop, and sell products that utilize the Company’s generative AI more quickly and flexibly, laying the groundwork to expand the AI Products business over the medium to long-term. We will also develop our business to improve productivity at Japanese companies.

**1. Purpose of the Corporate Separation**

The Company aims to solve social issues by providing AI services and products to improve productivity at Japanese companies. We hope to create AI services that solve general-purpose issues for customers and users, allowing for cost-efficient operations and providing solutions to social issues. We have announced several services to capitalize in the recent spread of LLM (Large Language Model), and we are working to create similar new services in the future. We also consider it important to deliver our new services to as many customers as possible.

In view of promoting the strengthening of product and service development, the Company has decided to establish a subsidiary by splitting the rights and obligations of its current generative AI Products business to build a foundation for faster and more flexible planning, development, and AI Products sales. We will use this newly established subsidiary to create an organizational structure and culture focused on developing new products and services to achieve speedy business promotion in sync with the expanding generative AI market.

**2. Summary of Corporate Separation**

**(1) Schedule of Corporate Separation**

Date of Board of Directors' resolution approving the new Corporate Separation plan	August 14, 2023
Split date	Scheduled for October 2, 2023

\* Since this is a simplified company split as stipulated in Article 805 of the Companies Act, approval at a general meeting of shareholders is not required.

**(2) Method of Corporate Separation**

This will be an incorporation-type company split (simplified company split) with the Company as the splitting company and the newly established company as the successor company. The newly established company will be a wholly owned subsidiary of the Company.

(3) Allotment of shares in connection with the Corporate Separation

The newly established company will issue 100 shares of common stock upon the Corporate Separation. All shares will be allocated and delivered to the Company.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Corporate Separation

There will be no change in the stock acquisition rights already issued by the Company due to the Corporate Separation.

(5) Changes in Capital Stock due to the Corporate Separation

There will be no change in the Company's capital stock due to the Corporate Separation.

(6) Rights and Obligations to be Succeeded by the Newly Established Company

The newly established company will succeed from the Company the assets, liabilities, The newly established company will take over from the Company the assets, liabilities, and employment contracts related to the businesses related to "exaBase Generation AI powered by GPT-4," "exaBase IR Assistant powered by ChatGPT," and "exaBase FAQ," as set forth in the incorporation-type de-merger plan dated August 14, 2023. The newly established company will not succeed liabilities, employment contracts, and other contractual relationships or the rights and obligations based on such contracts from the Company.

(7) Prospect of fulfillment of obligations

The Company has determined that there are no problems with the prospects for fulfillment of obligations to be assumed by the newly established company after the Corporate Separation.

### 3. Outline of the Parties to the Corporate Separation

	Split Company (As of March 31, 2023)	Newly Established Company (As of Oct. 1, 2023)
(1) Name	ExaWizards Inc.	Exa Enterprise AI Inc.
(2) Address of Head Office	Higashi Shimbashi 1-9-2, Minato-ku, Tokyo	Higashi Shimbashi 1-9-2, Minato-ku, Tokyo
(3) Representative	Makoto Haruta President and Representative Director	Takuma Oue Representative Director
(4) Business	Develop AI-enabled services for industrial innovation and social problem solutions	Improve corporate productivity through the planning, development, and sale of products and services that take advantage of technologies such as generative AI
(5) Capital	2,337 million yen	300 million yen (including reserves)
(6) Date of Establishment	February 2016	October 2023
(7) Number of shares outstanding	83,383,800 shares	100 shares
(8) Fiscal Year End	March 31	March 31

(9) Major Shareholders and Shareholding Ratio	betaCatalyst Inc.	9.82%	ExaWizards Inc.	100%
	Makoto Haruta	8.90%		
	ISGS No.1 Investment Limited Partnership	4.85%		
	Yutaka Sakane	4.53%		
	Ko Ishiyama(Ko Narukama)	4.37%		
	MLI FOR CLIENT GENERAL OMNINON COLLATERAL NON TREATY-PB	4.19%		
	Toshikazu Furuya	4.14%		
	GIC PRIVATE LIMITED-C	4.08%		
	D4V No.1 Investment Limited Partnership	3.80%		
	InventiveMinds Inc.	1.62%		

(10) Operating results and financial condition for the most recent three years (in millions of yen, Except as otherwise noted.)

ExaWizards Inc. (Consolidated)			
Fiscal Year End	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Net Assets	2,383	6,633	6,618
Total Assets	3,686	7,865	7,939
Net Assets Per Share	31.46 yen	82.44 yen	78.53 yen
Sales	2,612	4,810	5,591
Operating income	(508)	(201)	(378)
Ordinary income	(451)	(97)	(375)
Net income attributable to owners of the parent	(592)	(137)	(141)
EPS	—	—	—

#### 4.Outline of the business division to be split

(1) Business of the division to be divested

Planning, development, and sales of products and services utilizing technologies such as generative AI.

(2) Operating results of the division to be split

Disclosure is omitted because this business commenced activities in the current fiscal year. Its sales and operating loss were minimal as of the date of the resolution.

(3) Assets and liabilities to be split (planned)

Assets		Liabilities	
Items	Book value	Items	Book value
Current Assets	329 million yen	Current Liabilities	55 million yen
Non-current Assets	39 million yen	Non-current Liabilities	-
Total	368 million yen	Total	55 million yen

## 5. After the Corporate Separation

There will be no change in the Company's name, location, name and title of representatives, business activities, capital stock, or fiscal year end due to this Corporate Separation.

## 6. Outlook

The new company is a consolidated subsidiary of the Company. The impact of the Company Split on the consolidated and non-consolidated business results of the Company will be minimal.

The Company also revised its earnings forecast today. The revised figures are shown below for reference. For details, please refer to "Notice of Revision of Full-Year Earnings Forecasts", disclosed today.

(Reference) Consolidated earnings forecast for the current fiscal year (announced on August 14, 2023) and consolidated results for the previous fiscal year.

(Millions of Yen)

	Consolidated Sales	Consolidated Operating Income	EBITDA
Consolidated Earnings Forecast for the Current Fiscal Year (Year ending March 31, 2024)	8,500	(290)	600
Consolidated Results for the Previous Fiscal Year (Year ending March 31, 2023)	5,591	(378)	72

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