August 21, 2023

ExaWizards Inc. (TSE 4259)

Disposition of Treasury Stock through Third-Party Allotment

At the August 21 Board of Directors meeting, the board resolved to dispose of its treasury stock via third-party allotment (the “Disposition of Treasury Stock”), as described below.

1. Disposition Outline

(1) Disposition Date	September 5, 2023
(2) Type and number of shares to be disposed of	456,800 shares of common stock
(3) Disposition price	394 yen per share
(4) Total disposition value	179,979,200 yen
(5) Allottee	The Master Trust Bank of Japan, Ltd. (ESOP Trust Account)
(6) Other	The Disposition of Treasury Stock is subject to effective registration under the Financial Instruments and Exchange Act.

2. Purpose of the Disposition

At today’s Board of Directors meeting, ExaWizards (“the Company”) introduced a stock grant ESOP trust (hereinafter referred to as "ESOP Trust") to foster a sense of belonging to the group and participation in management among employees of the Company and its subsidiaries (hereinafter referred to as "eligible employees") to enhance the Company's corporate value via incentives for long-term performance improvement. For an overview of the ESOP Trust, please refer to the "Introducing "Stock-Granting ESOP Trust"" disclosed today.

This disposition of treasury stock will be conducted via a third-party allotment to the ESOP Trust Account for Granting Shares, which will be established in The Master Trust Bank of Japan, Ltd. (the trustee of the ESOP Trust, which is a co-trustee of Mitsubishi UFJ Trust and Banking Corporation, the trustee of the ESOP Trust). The number of shares to be disposed of is the same as the number of shares expected to be delivered to eligible employees during the trust period in accordance with the Share Delivery Regulations. This represents 0.55% (rounded to two decimal places) of the total number of shares issued as of March 31, 2023 (83,383,800 shares) (rounded to the second decimal place), or 0.55% of the total number of voting rights (832,704 voting rights) as of March 31, 2023.

[Details of the Trust Agreement]

(1) Name of the Trust	Stock Grant ESOP Trust
(2) Purpose of the Trust	Incentives for eligible employees
(3) Settlor	ExaWizards Inc.
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries	Employees who meet beneficiary requirements
(6)Trust administrator	A third party with no vested interest in the Company (a certified public accountant)
(7)Types of trust	Monetary trusts other than specified solely managed monetary trusts (other-benefit trusts)
(8)Trust agreement date	September 1, 2023 (Scheduled)
(9)Start of the trust	September 1, 2023 (Scheduled)
(10)Trust period	September 1, 2023 ～ September 30, 2025 (planned)
(11)Exercise of voting rights	The trustee exercises voting rights for the Company's shares in accordance with the instructions of the trustee, which reflect the intentions of potential beneficiaries.

3. Specific Details for Calculating the Disposition Price

To eliminate arbitrariness in view of recent share price trends, the disposition price has been set at 394 yen, the closing price of the Company's shares on the Tokyo Stock Exchange on the business day preceding the date of the resolution by the Board of Directors concerning the Disposition of Treasury Stock (August 18, 2023). Our reasoning is that this represents the market value immediately prior to the Board's resolution and is therefore an objective and reasonable basis for calculations. All three of the Company's outside auditors have deemed this basis reasonable, that the disposal price is not particularly favorable, and that the price is legal.

4. Procedures under the Corporate Code of Conduct

The opinion of a third party and confirmation of the intent of shareholders as prescribed in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange, Inc. are not required, as the disposition represents a share dilution ratio of less than 25% and does not involve a change in controlling shareholders.

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