August 21, 2023

ExaWizards Inc. (TSE 4259)

Introducing "Stock-Granting ESOP Trust"

On August 21, 2023 our Board of Directors introduced the "Stock Grant ESOP Trust" ("ESOP Trust") employee incentive plan to enhance our medium-to long-term enterprise value.

1. Introduction of the Plan

ExaWizards ("the Company") is introducing the ESOP Trust incentive plan to provide employees of the Company and its subsidiaries (hereinafter referred to as "eligible employees") with a sense of belonging to the group and participation in management. This plan will motivate and raise the morale of eligible employees for long-term performance improvement and stock price appreciation, which will enhance the Company's enterprise value.

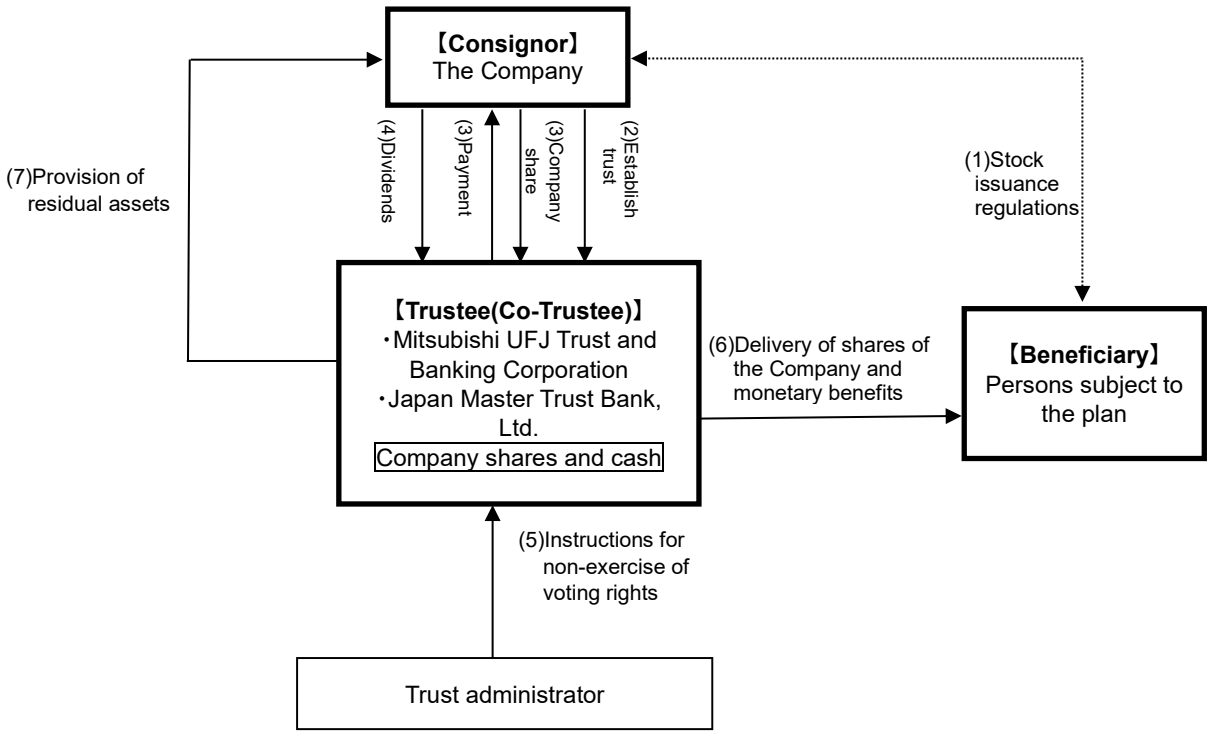
2. Outline of the Plan

The ESOP Trust is a trust-type employee incentive plan based on the Employee Stock Ownership Plan ("ESOP") in the U.S. The Company establishes the trust by contributing funds to acquire Company's shares, benefitting employees who satisfy certain requirements. The trust acquires shares of the Company's stock for eligible employees in accordance with the predetermined stock delivery rules. Thereafter, in accordance with the share delivery regulations, the trust delivers (hereinafter "delivers, etc.") the Company shares and money equivalent to the cash proceeds from the conversion of the Company shares (hereinafter "Company shares, etc.") to eligible employees in accordance with their expected roles, services, contributions during the trust period, etc. The trust then acquires Company shares to be delivered to eligible employees in accordance with share delivery regulations. The Company will contribute all funds for the Company shares to be acquired by the trust, so there will be no burden on eligible employees.

The ESOP Trust will allow eligible employees to receive economic benefits from increases in the Company's share price, which will encourage them to perform their duties with an awareness of that share price and will contribute to securing excellent human resources. In addition, the voting rights for the Company's shares in the trust’s assets reflects the intentions of employees, who are potential beneficiaries. This is an effective enterprise value enhancement plan that encourages participation in Company management.

Tthe Company has also resolved to dispose of 456,800 shares out of 3,111,700 shares of treasury stock held by the Company as of August 21, 2023 (equivalent to approximately ¥180 million) to the ESOP Trust. For details, please refer to the "Disposition of Treasury Stock Through Third-Party Allotment".

3. ESOP Trust Structure



① The Company will establish stock issuance regulations during Plan introduction.
② The Company will establish the ESOP Trust with cash. Beneficiaries will be eligible employees who satisfy beneficiary requirements.
③ The ESOP Trust shall, in accordance with the instructions of the Trust Manager, acquire from the Company the shares for delivery to beneficiaries of the trust period, using money contributed by the Company in ② above as the funding source (disposition of treasury stock).
④ If there are dividends on the Company's shares, the ESOP Trust, as a shareholder of the Company, will receive the dividends distributed.
⑤ The ESOP Trust will exercise its rights as a shareholder in accordance with the instructions given by the trust administrator for the exercise of voting rights and other rights as a shareholder throughout the trust period. The ESOP Trust exercises its rights as a shareholder in accordance with these instructions.
⑥ In accordance with the Company's share delivery regulations, the Company will deliver shares of the Company's stock, etc. to eligible employees.
⑦ Upon liquidation of the ESOP Trust, residual assets after delivery, etc. of the Company's shares, etc. to beneficiaries shall belong to the Company as the holder of attribution rights.

*If there are no Company shares in the trust due to the delivery of Company shares, etc. to eligible employees, the trust will terminate before the expiration of the trust period.

(Reference) Contents of the Trust Agreement

(1)	Types of trust	Monetary trusts other than specified solely managed monetary trusts (other-benefit trusts)
(2)	Purpose of the trust	Incentives for eligible employees
(3)	Consignor	ExaWizards Inc.
(4)	Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-Trustee: Japan Master Trust Bank, Ltd.)
(5)	Beneficiary	Eligible employees
(6)	Trust administrator	Third parties who have no interest in the Company (Certified Public Accountants)
(7)	Trust agreement date	September 1, 2023 (planned)
(8)	Duration of the trust	September 1, 2023 - September 30, 2025 (planned)
(9)	System start date	September 5, 2023 (planned)
(10)	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.
(11)	Type of acquiring stock	Common stock of the Company
(12)	Total amount of acquiring stock	179,979,200 JPY
(13)	Date of acquisition of shares	September 5, 2023
(14)	Method of acquiring stock	Acquisition of treasury stock through third-party allotment

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