



August 9, 2023

For Immediate Release

Company name: Hibiya Engineering, Ltd.
Representative: Hidetaka Nakagita, President and CEO
(Tokyo Stock Exchange, Prime Market Stock code: 1982)
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Notice regarding Disposition of Treasury Shares through Third-Party Allotment

Hibiya Engineering, Ltd. (the “Company”) announces that at a meeting of its Board of Directors held on August 9, 2023, it passed the following resolution to dispose of its treasury shares through Third-Party Allotment (“Disposal of Treasury Shares” or “Disposal”).

1. Outline of disposal

(1) Date of disposal:	August 31, 2023
(2) Class and number of shares for disposal:	Common stock 130,000 shares
(3) Disposal amount:	2,190 yen per share
(4) Total disposal amount:	284,700,000 yen
(5) Recipients of disposed shares:	The Master Trust Bank of Japan, Ltd. (Officer compensation BIP trust account)
(6) Others:	The Disposal of Treasury Shares is conditional on filing under the Financial Instruments and Exchange Act taking effect.

2. Purpose and reasons for the Disposition

The Company has obtained approval at the general shareholders’ meeting held on June 23, 2023 of the proposal to extend the performance-linked stock compensation plan (the “Plan”) for Directors and Executive Officers (excluding Outside Directors and non-residents of Japan; the “Directors, etc.”) for the purpose of further clarifying the link between compensation of Directors, etc. and the Company’s business performance and share value and motivating Directors, etc. to contribute to the achievement of the performance targets under the medium-term management plan and the improvement of corporate value over medium- to long-term.

In conjunction with the extension of the BIP (Board Incentive Plan) trust (the “BIP Trust”) under the Plan, disposal of treasury shares by third-party allotment will be made to The Master Trust Bank of Japan, Ltd. (executives’ compensation BIP trust account), the joint trustee of the executives’ compensation BIP trust agreement (the “Trust Agreement”) that the Company entered into with Mitsubishi UFJ Trust and Banking Corporation.

The number of shares to be disposed of will be the number of shares expected to be distributed to the Directors, etc. during the trust period in accordance with the Share Delivery Rules. The scale of stock dilution will be 0.55% (rounded to two decimal places; 0.57% of total number of voting rights, 227,749, as of June 30, 2023) of the total 23,756,321 outstanding shares as of June 30, 2023.

The Company considers that the impact of the treasury share disposal on the stock market will be minor and that the number of shares to be disposed of and the extent of dilution are reasonable, as the shares of the Company’s stock to be allotted through the treasury share disposal will be delivered to Directors, etc. in accordance with the Share Delivery Rules and are not anticipated to temporarily flow into the stock market.

For an overview of the executives' compensation BIP trust, please see the "Notice of Renewal and Partial Amendment of Performance-linked Stock Compensation Plan for Officers" announced on May 19, 2023.

[Terms and Conditions of the Trust Agreement]

Type of trust	Trust of cash other than individually operated cash trust (third-party benefit trust)
Purpose of the trust	Grant of incentives to Directors, etc.
Trustor	Hibiya Engineering, Ltd.
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Directors, etc. who satisfy the beneficiary requirements
Trust administrator	A third party who is a professional business practitioner and has no conflicts of interest with the Company
Date of trust agreement	August 9, 2017 (to be amended to August 2023)
Trust period	August 9, 2017 to August 31, 2026 (to be extended to August 31, 2026 through amendment of the trust agreement in August 2023)
Exercise of voting rights	Not to be exercised.

3. Basis of calculation of disposition price and its details

Taking the recent price trend into consideration to eliminate arbitrariness, in accordance with the Japan Securities Dealers Association's Guidelines on Handling of Capital Increases through Third-party Allotment, the amount to be disposed of shall be 2,190 yen, which was determined based on the closing price of Company's common stock on the Tokyo Stock Exchange, Inc. ("TSE") on the trading day (August 8, 2023) immediately preceding the resolution of the Board of Directors' meeting relating to the Treasury Share Disposal. The decision to use the closing price of the Company's stock on the trading day immediately preceding the board resolution date was based on the judgment that this was the market price on the date closest to the board resolution date and considered a highly objective and reasonable basis for calculation.

Moreover, the Company determined that the disposal value was not especially favorable to the Company because the value is calculated by multiplying average closing price of the Company's stock on Tokyo Stock Exchange of 2,195 yen (rounded to the nearest yen) for the one-month period (July 10, 2023 – August 8, 2023) immediately preceding the relevant Board resolution date by 99.77% (rounded to two decimal places; 0.23% discount rate), by multiplying the average closing price of the Company's stock of 2,220 yen (rounded to the nearest yen) for the three-month period (May 9, 2023 – August 8, 2023) immediately preceding the relevant Board resolution date by 98.65% (rounded to two decimal places; 1.35.% discount rate), and by multiplying the average closing price of the Company's stock of 2,170 yen (rounded to the nearest yen) for the six-month period (February 9, 2023 – August 8, 2023) immediately preceding the relevant Board resolution date by 100.92% (rounded to two decimal places; 0.92% premium rate).

In addition, the Board of Company Auditors (four members, including three outside members) unanimously expressed the opinion that the basis for calculation of the disposal value was reasonable and that the above disposal value does not fall under especially favorable value.

4. Procedures from the perspective of the code of corporate conduct

With the dilution ratio of the shares in this matter being lower than 25% and no change in the controlling shareholders taking place, it is not necessary to obtain an opinion from an independent third party or take procedures to confirm the intent of shareholders as provided for in Article 432 of the Securities Listing Regulations established by the TSE.