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For Immediate Release

Company name: Hibiya Engineering, Ltd.
Representative: Nagahiro Kuroda, President and CEO
(Tokyo Stock Exchange, Prime Market Stock code: 1982)
Person to contact: Akira Domon, Executive Officer, Manager of
IR and PR Office, Administration Division
(Phone: +81-(0)3-3454-2720)

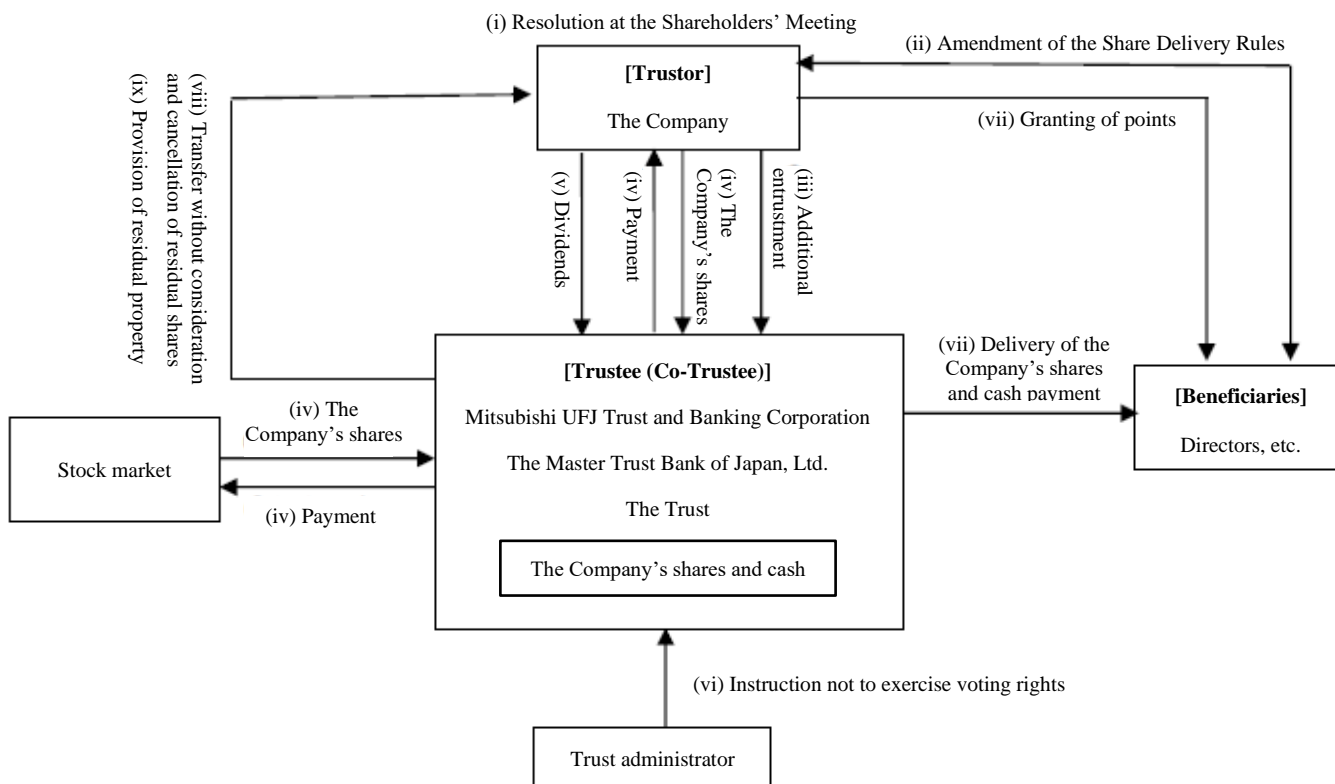
Notice of Renewal and Partial Amendment of Performance-linked Stock Compensation Plan for Officers

Hibiya Engineering, Ltd. (the “Company”) announces that it resolved at a meeting of the Board of Directors held today to submit a proposal (the “Proposal”) for the renewal and partial amendment of the performance-linked stock compensation plan (the “Plan”) for directors and corporate officers (excluding outside directors and non-residents of Japan; the “Directors, etc.”) introduced from FY2017 to the 58th Ordinary General Meeting of Shareholders (the “Shareholders’ Meeting”) to be held on June 23, 2023. Details are as follows.

1. Renewal of the Plan

- (1) The Company introduced the Plan for Directors, etc. from FY2017.
Recently, the Company formulated its Eighth Medium-term Management Plan covering the three-year period from FY2023 to FY2025. Still aiming to further clarify the link between compensation of Directors, etc. and the Company’s stock price and to motivate Directors, etc. to contribute to achievement of the performance targets under the Medium-term Management Plan and to medium-to-long-term enhancement of corporate value, the Company decided to partially amend the details of the Plan such as the conditions for achieving performance targets and to renew the Plan.
- (2) Renewal of the Plan is conditional upon obtaining a resolution approving the proposal at the Shareholders’ Meeting.
- (3) The Plan employs a scheme called the Board Incentive Plan Trust (the “BIP Trust”). The BIP Trust is a plan where the Company’s stock and money equivalent to the amount of money converted from the Company’s stock (the “Company’s stock, etc.”) are delivered and paid (“delivered, etc.” or “delivery, etc.”) to the Directors, etc., depending on position, the degree of target achievement of the Medium-term Management Plan, and other indicators as is the case with performance shares and restricted stock in Europe and the U.S.
- (4) Upon renewal of the Plan from FY2023, the Company will extend the trust period of the existing BIP Trust (the “Trust”).

2. Details of the Plan after amendment



- (i) The Company will obtain a resolution approving renewal and partial amendment of the Plan at the Shareholders' Meeting.
- (ii) The Company will partially amend the Share Delivery Rules governing the content of the Plan.
- (iii) The Company will make an additional contribution of cash to the Trust to fund compensation for Directors, etc. of the Company within the range approved by the resolution of the Shareholders' Meeting in (i).
- (iv) The Trust will acquire the Company's shares from the Company (disposition of treasury shares) or the stock market with the cash contributed in (iii) as the source of funds, in accordance with the instructions of the trust administrator. The number of shares to be acquired by the Trust will be within the range of the resolution approved by the Shareholders' Meeting in (i).
- (v) Dividends on the Company's shares held by the Trust are paid in the same manner as for the other Company's shares.
- (vi) Voting rights of the Company's shares held by the Trust will not be exercised throughout the trust period.
- (vii) During the trust period, Directors, etc. will be granted a certain number of points each year according to the level of achievement of performance targets under the Medium-term Management Plan and their position. Moreover, Directors, etc. who satisfy the beneficiary requirements will receive delivery of the Company's shares equivalent to a certain percentage of the points they have been granted each year and the cash equivalent to the conversion amount of the Company's shares corresponding to the remaining points, after conversion into cash within the Trust. Directors, etc. will enter into an agreement with the Company stating that they will continue to hold the Company's shares delivered through the Plan until one year has elapsed after their retirement from office.
- (viii) Any residual shares arising on expiry of the trust period due to non-attainment of performance targets, etc. will be used for renewal of the Trust as a new stock-based compensation plan through amendment of the trust agreement or alternatively the Trust will transfer such residual shares to the Company without consideration and the Company will cancel these based on a resolution of the Board of Directors.

(ix) On termination of the Trust, residual property that can be received by the Company, which is the holder of vested rights, after distribution to beneficiaries, will be within the limit of the trust expense reserve calculated by deducting the cost for acquiring the shares from the Trust from trust money.

(Note) If the Company's shares are no longer in the trust due to the delivery, etc. of the Company's shares, etc. to Directors, etc. who fulfil the beneficiary conditions, the trust will terminate before the maturity of the trust period. The Company may additionally entrust cash to the Trust as funds for acquisition of the Company's shares within the range approved by the resolution of the Shareholders' Meeting.

(1) Overview of the Plan

The Plan is a scheme under which the Company's shares, etc., will be delivered, etc. as officer compensation in accordance mainly with the level of achievement of business performance targets in the Medium-term Management Plan and position, over the three fiscal years from the fiscal year ending March 31, 2024 until the fiscal year ending March 31, 2026 (the "Target Period")(*).

(*) If the trust period is extended by amending the trust agreement on expiry of the trust period, (as defined in Paragraph 2 of (4) below; hereinafter the same applies), each of the three fiscal years corresponding to subsequent medium-term management plans will be target periods respectively.

(2) Procedure for amendment of the Plan

The Company will resolve at the Shareholders' Meeting the upper limit on the trust money to be contributed to the Trust, the upper limit on the total number of points to be granted to Directors, etc. per year (as defined in (5) below), and other necessary matters.

Any extension of the trust period through amendment of the trust period on its expiry shall be based on a resolution of the Board of Directors within the range approved by the Shareholders' Meeting.

(3) Persons eligible for the Plan (beneficiary requirements)

Directors, etc. will, contingent upon satisfying the following beneficiary requirements and after completion of the prescribed beneficiary vesting procedure after the end of each fiscal year, receive delivery of the Company's shares equivalent to 50% of the points they have been granted each year (fractional shares will be discarded) and the cash equivalent to the conversion amount of the Company's shares corresponding to the remaining points, after conversion into cash within the Trust.

The beneficiary requirements are as follows.

- (i) The beneficiary is a Director, etc. of the Company on March 31 directly preceding the date on which the beneficiary vesting procedure is carried out.
- (ii) The beneficiary has not committed certain transgressions while in office.
- (iii) The number of points granted has been determined.
- (iv) Other requirements that are considered necessary to achieve the goal of a stock compensation plan.

* In the event that a Director, etc., dies during the trust period, promptly after his or her death, his or her heir shall receive payment of cash equivalent to the conversion amount of all the Company's shares corresponding to the points granted as of his or her death, after conversion in the Trust. In addition, if a Director, etc. becomes a non-resident of Japan as a result of transfer overseas during the trust period, he or she shall receive from the Trust payment of cash equivalent to the conversion amount of all the Company's shares corresponding to the points granted as of his or her transfer overseas, after conversion in the Trust.

(4) Trust period

The initial trust period will be three years from September 1, 2023 (plan) to August 31, 2026 (plan).

When the trust period expires, the Company may extend the trust period of the Trust only by the same period as the initial trust period (three years) by amending the trust agreement and making additional entrustments; provided, however, that in the case of such an additional contribution, the sum of the amount equivalent to the Company's shares (other than the Company's shares corresponding to the points granted to the Directors, etc. that are yet to be delivered, etc.) and the funds remaining in the trust property as of the end of the trust period before extension (the "Remaining Shares, etc."), if any remain, and the amount of the trust money additionally contributed shall be within the maximum limit of the trust money approved by resolution of the Shareholders' Meeting. Such extensions of the trust period shall not be limited to one time only, and the trust period may subsequently be similarly reextended.

(5) Number of the Company's shares, etc. to be delivered, etc. to Directors, etc.

At a certain time in each year during the trust period, Directors, etc. will be granted a certain number of points according to their level of achievement of performance targets in the Medium-term Management Plan and their position in the fiscal year ending on March 31 of the same year. Points will be awarded by the following method.*1 The Company's shares, etc. will then be delivered, etc. to Directors, etc. according to the number of points they have been granted.

*1 Number of points granted = Basic number of points by position × Performance-linked coefficient*2

*2 The performance-linked coefficient will be set within the range of 0-200% mainly according to the degree of achievement of each fiscal year's performance targets under the Medium-term Management Plan.

The Company plans to use consolidated operating profit, profit attributable to owners of parent and ROE (return on equity) as indicators for evaluating the level of achievement of performance targets in the initial Target Period.

One point equates to one share of the Company; provided, however, that if a situation arises during the trust period whereby it is deemed fair to make adjustments to the number of points, such as a share split or share consolidation with respect to the Company's shares, the number of the Company's shares granted per point will be adjusted according to such split ratio, consolidation ratio, or such like.

(6) Maximum amount of trust money to be contributed to the Trust and maximum number of points to be granted per year

The maximum amount of trust money to be contributed to the Trust by the Company during the trust period will be 600 million yen*1.

*1 The maximum amount of trust money is calculated taking the current compensation levels of Directors, etc. into consideration and adding the trust fees and trust expenses to the funds for the acquisition of shares.

The Company expects the Shareholders' Meeting to pass a resolution in favor of setting the maximum total number of points granted per year to Directors, etc. of the Company (the "Number of Points Granted Per Year") at 130,000 points. Accordingly, the number of shares to be acquired (the "Number of Shares Acquired") by the Trust for the Target Period will be 390,000 shares*2 maximum, which is the equivalent of such maximum Number of Points Granted Per Year multiplied by 3, i.e. the number of years in the trust period.

*2 In the event of the adjustment described in Paragraph 2 of (5) above, the maximum Number of Shares Acquired will also be adjusted in accordance with such adjustment.

(7) Method of acquisition of the Company's shares by the Trust

The Trust is expected to acquire the Company's shares either from the Company (disposition of treasury shares) or the stock market, within the range of the maximum amount of trust money and the maximum Number of Shares Acquired described in (6) above.

If, during the trust period, a possibility arises that the number of shares in the Trust will fall short of the number of shares corresponding to the number of points determined for each Directors, etc., or a possibility arises that the amount of cash in the trust property will fall short of payments of trust fees and trust expenses, the Company may contribute additional cash to the Trust within the maximum amount of trust money and the maximum Number of Shares Acquired described in (6) above for the additional acquisition of the Company's shares.

(8) Method and timing of delivery, etc. of shares, etc., to Directors, etc.

Upon completion of the prescribed beneficiary vesting procedure after the end of each fiscal year, Directors, etc. who satisfy the beneficiary requirements described in (3) above will receive from the Trust delivery of the Company's shares equivalent to 50% of the points they have been granted (fractional shares will be discarded) and the payment of cash equivalent to the conversion amount of the Company's shares corresponding to the remaining points, after conversion into cash within the Trust. Directors, etc. will enter into an agreement with the Company stating that they will continue to hold the Company's shares delivered through the Plan until one year has elapsed after their retirement from office. In the event that a Director, etc., dies after being granted points and before the delivery, etc. of the Company's Shares, etc. corresponding to such points, his or her heir will receive from the Trust promptly after such death payment of cash equivalent to the conversion amount of the Company's shares corresponding to all such points, after conversion into cash within the Trust. In addition, if a Director, etc. becomes a non-resident of Japan as a result of transfer overseas after being granted points and before the delivery, etc. of the Company's Shares, etc. corresponding to such points, he or she shall receive from the Trust the payment of cash equivalent to the conversion amount of all the Company's shares corresponding to such points, after conversion in the Trust.

(9) Exercise of voting rights of the Company's shares in the Trust

To ensure management independence, the voting rights for the shares attached to the Company's shares within the Trust shall not be exercised during the trust period.

(10) Handling of dividends for the Company's shares in the Trust

Dividends pertaining to the Company's shares in the Trust will be received by the Trust and used for the trust fees and trust expenses of the Trust. Any dividends remaining on termination of the Trust after being used for the trust fees and trust expenses will be paid to Directors, etc. who fulfill the prescribed beneficiary requirements on termination of the Trust and who are beneficiaries of the Trust in accordance with the trust agreement.

(11) Handling at the time of termination of the Trust

The Trust will transfer any residual shares arising on termination of the Trust due to non-attainment of the performance targets, etc. to the Company without consideration and the Company will cancel them based on a resolution of the Board of Directors, as a way of providing returns to shareholders.

(Reference)Details of trust agreement

(i) Type of trust	Trust of cash other than individually operated cash trust (third-party benefit trust)
(ii) Purpose of trust:	Grant of incentives to Directors, etc.
(iii) Trustor	The Company
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiaries	Directors, etc. who satisfy the beneficiary requirements
(vi) Trust administrator	A third party who is a professional business practitioner and has no conflicts of interest with the Company
(vii) Date of trust agreement	August 9, 2017 (to be amended to August 2023)
(viii) Trust period	From August 9, 2017 to August 31, 2026 (planned) (To be extended to August 31, 2026 through amendment of the trust agreement in August 2023)
(ix) Exercise of the voting rights	Not to be exercised.
(x) Class of shares to be acquired	Common shares of the Company
(xi) Maximum amount of trust money	600 million yen (planned) (including trust fees and trust expenses)
(xii) Vested right holder	The Company
(xiii) Residual property	Residual property that may be received by the Company, the rights holder, shall be within the range of trust expense reserve after deducting share acquisition funds from the trust money.