



June 24, 2025

For Immediate Release

Company name: Hibiya Engineering, Ltd.
Representative: Hidetaka Nakagita, President and CEO
(Securities code: 1982, TSE Prime Market)
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Notice Regarding Issuance of Share Acquisition Rights (Share-based Remuneration Stock Options)

Hibiya Engineering, Ltd. (hereinafter referred to as the “Company”) hereby announces that, at a meeting of the Board of Directors held on June 24, 2025, it determined the terms and conditions for issuing share acquisition rights as share-based remuneration stock options in accordance with Article 236, paragraph (1); Article 238, paragraph (1) and (2); and Article 240, paragraph (1) of the Companies Act of Japan and resolved to offer these share acquisition rights to its Directors (excluding Outside Directors) and Executive Officers. The details are as follows:

I. Purpose for Issuing Share Acquisition Rights as Stock Options

The purpose of issuing share acquisition rights is to motivate the Directors and Executive Officers of the Company to share in both the benefits of rising share prices and the risks of falling share prices with the shareholders, thereby enhancing their commitment and morale to drive share price growth and improve corporate value.

II. Terms and Conditions for the Issuance of Share Acquisition Rights

1. Name of share acquisition rights

The 19th Series Share Acquisition Rights of Hibiya Engineering, Ltd. (hereinafter referred to as the “Share Acquisition Rights”)

2. Total number of share acquisition rights to be issued

210

The above total number is the planned number of allotments, and if the total number of Share Acquisition Rights to be allotted is less than the above total number due to an insufficient number of applications for subscription or for other reasons, the total number of Share Acquisition Rights to be issued shall be the total number of Share Acquisition Rights to be allotted.

3. Class of shares underlying the Share Acquisition Rights

Shares of the Company’s common stock

4. Number of shares underlying Share Acquisition Rights

The number of shares to be allotted upon exercise of each share acquisition right (hereinafter the “Number of Shares to be Allotted”) shall be 100. However, if the Company executes a stock split (including the allotment of shares of common stock without contribution; the same applies hereinafter) or a stock consolidation after the date of allotment, the Number of Shares to be Allotted shall be adjusted using the formula below. This adjustment shall apply to the number of shares to be allotted upon exercise of acquisition rights that remain unexercised at the time. Any fraction of a share resulting from the adjustment is rounded down.

$$\text{Number of Shares to be Allotted after adjustment} = \text{Number of Shares to be Allotted before adjustment} \times \text{Ratio of split or consolidation}$$

If the Company undergoes a merger, demerger, share exchange, share transfer (hereinafter collectively referred to as “Merger and Other Transactions”) or allotment of shares without contribution, or if it becomes

necessary to adjust the Number of Shares to be Allotted for any other reasons, the Company shall examine the terms and conditions for such Merger and Other Transactions or the share allotment and may make reasonable adjustments to the Number of Shares to be Allotted.

5. Amount of assets to be contributed upon exercise of Share Acquisition Rights
The amount of assets to be contributed upon the exercise of Share Acquisition Rights shall be calculated by multiplying one yen per share by the Number of Shares to be Allotted upon such exercise.
6. Exercise period of the Share Acquisition Rights
From July 23, 2025 to July 22, 2055
7. Matters concerning capital and capital reserves to be increased by the issuance of shares upon exercise of Share Acquisition Rights
 - (1) The amount of capital to be increased by the issuance of shares upon the exercise of Share Acquisition Rights shall be half of the maximum capital increase calculated in accordance with Article 17, paragraph (1) of the Company Accounting Ordinance. Any fraction of less than one yen shall be rounded up.
 - (2) The amount of capital reserves to be increased by the issuance of shares upon the exercise of Share Acquisition Rights shall be the maximum capital increase described in (1) above, less the amount of capital increase specified therein.
8. Restriction on transfer of Share Acquisition Rights
Any transfer of Share Acquisition Rights shall be subject to approval by a resolution of the Board of Directors of the Company.
9. Gratuitous acquisition of Share Acquisition Rights
If any of the proposals for (1), (2), (3), (4), or (5) below are approved by a General Meeting of Shareholders of the Company (or resolved at a meeting of the Board of Directors of the Company when a resolution of a General Meeting of Shareholders is not required), the Company may acquire Share Acquisition Rights without consideration on a date to be determined separately by the Board of Directors.
 - (1) A merger agreement under which the Company is to be dissolved
 - (2) A company split agreement or company split plan under which the Company is to be split
 - (3) A share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary
 - (4) An amendment to the Company's Articles of Incorporation to require the Company's approval for any transfer of its shares
 - (5) An amendment to the Company's Articles of Incorporation to require the Company's approval for the transfer of shares issued upon the exercise of Share Acquisition Rights or for the Company's acquisition of all such shares by resolution of the Company's General Meeting of Shareholders

10. Policy regarding the cancellation of Share Acquisition Rights in the event of corporate restructuring and the issuance of share acquisition rights by the successor company

If the Company engages in a merger (limited to cases where the Company is dissolved as a result of the merger), absorption-type split, incorporation-type company split, share exchange, or share transfer (hereinafter collectively referred to as “Corporate Restructuring”), the holders of Share Acquisition Rights remaining immediately before the effective date of the Corporate Restructuring (hereinafter referred to as “Remaining Share Acquisition Rights”) shall be granted share acquisition rights of the stock company set forth in Article 236, paragraph (1), item (viii), (a) to (e) of the Companies Act of Japan (hereinafter referred to as the “Successor Company”) in accordance with the following conditions. In this case, the Remaining Share Acquisition Rights shall be canceled, and the Successor Company shall issue replacement share acquisition rights. However, this shall be limited to cases where the issuance of share acquisition rights by the Successor Company is specified in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan according to the following conditions.

(1) Number of share acquisition rights to be issued by the Successor Company

The number of share acquisition rights to be issued by the Successor Company shall equal the number of Remaining Share Acquisition Rights held by holders of Share Acquisition Rights.

(2) Class of shares underlying share acquisition rights to be issued by the Successor Company

Shares of common stock of the Successor Company

(3) Number of shares of the Successor Company underlying share acquisition rights to be issued by the Successor Company

The number of shares of the Successor Company to be allotted upon exercise of each share acquisition right to be issued by the Successor Company shall be determined in accordance with item 4 above, taking into account the terms and conditions of the Corporate Restructuring and other factors.

(4) Amount of assets to be contributed upon exercise of share acquisition rights to be issued by the Successor Company

The amount of assets to be contributed upon the exercise of each share acquisition right to be issued by the Successor Company shall be calculated by multiplying the post-restructuring contribution amount (as set out below) by the number of shares of the Successor Company to be allotted upon such exercise, as determined in (3) above. The post-restructuring contribution amount shall be one yen per share of the Successor Company to be allotted upon the exercise of each granted share acquisition right.

(5) Exercise period of share acquisition rights to be issued by the Successor Company

The exercise period of share acquisition rights to be issued by the Successor Company shall begin on the later of (i) the start date of the exercise period of the Share Acquisition Rights specified in item 6 above or (ii) the effective date of the Corporate Restructuring, and shall continue until the end of the exercise period of the Share Acquisition Rights specified in item 6 above.

(6) Matters concerning capital and capital reserve to be increased by the issuance of shares upon exercise of share acquisition rights to be issued by the Successor Company

To be determined in accordance with item 7 above.

(7) Restriction on transfer of share acquisition rights to be issued by the Successor Company

Any transfer of share acquisition rights to be issued by the Successor Company shall be subject to approval by a resolution of the Board of Directors of the Successor Company.

(8) Gratuitous acquisition of share acquisition rights to be issued by the Successor Company

To be determined in accordance with item 9 above.

(9) Other conditions for exercise of share acquisition rights to be issued by the Successor Company

To be determined in accordance with item 12 below.

11. Treatment of fractional shares arising from exercise of Share Acquisition Rights

Any fraction of a share in the number of shares to be allotted upon the exercise of Share Acquisition Rights shall be rounded down.

12. Other conditions for exercising Share Acquisition Rights

- (1) Holders of Share Acquisition Rights may exercise their rights only during the period specified in item 6 above and within 10 days following the date on which they cease to serve as a Director or Executive Officer of the Company (hereinafter referred to as the “Exercise Commencement Date”).
- (2) Notwithstanding the provision of (1) above, holders of Share Acquisition Rights may exercise their rights only during the 15-day period starting the day after the date of approval in the following cases, except when replacement share acquisition rights are issued to the holders by the Successor Company in accordance with item 10 above:
 - A resolution regarding a merger agreement involving the Company as the dissolved company is approved at a General Meeting of Shareholders (or a Board of Directors meeting if no resolution at a General Meeting of Shareholders is necessary)
 - A resolution regarding a share exchange agreement or a share transfer plan where the Company will become a wholly owned subsidiary is approved at a General Meeting of Shareholders (or a Board of Directors meeting if no resolution at a General Meeting of Shareholders is necessary)
- (3) If a holder of Share Acquisition Rights waives them, such rights shall no longer be exercisable thereafter.

13. Method of calculating the amount to be paid in for Share Acquisition Rights

The payment for Share Acquisition Rights shall be the option price per share, calculated using the Black-Scholes model (the formula below) and the underlying figures from items (2) to (7), multiplied by the Number of Shares Allotted (rounded up to the nearest yen).

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma \sqrt{T})$$

where:

$$d = \frac{\ln \left(\frac{S}{X} \right) + \left(r - q + \frac{\sigma^2}{2} \right) T}{\sigma \sqrt{T}}$$

- (1) Option price per share (C)
- (2) Share price (S): Closing share price of the Company’s common stock in regular trading on the Tokyo Stock Exchange on July 22, 2025 (if there is no closing price on such date, the closing price on the immediately preceding trading day)
- (3) Exercise price (X): 1 yen
- (4) Expected remaining period (T): 5 years
- (5) Volatility (σ): The volatility of the Company’s share price, calculated using the closing share price of its common stock on the Tokyo Stock Exchange on the last trading day of each week over the 5-year period (from July 23, 2020 to July 22, 2025)
- (6) Risk-free interest rate (r): Interest rate on Japanese government bonds with maturities corresponding to the expected remaining period
- (7) Dividend yield (q): Dividend per share (dividends paid over the past 12 months (interim and year-end dividend for the fiscal year ended March 31, 2025)) / share price defined in (2)
- (8) Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

The amount calculated using the above formula will be the fair value of Share Acquisition Rights and will not be an amount that is particularly favorable to the allottee of the Share Acquisition Rights. The Directors and Executive Officers of the Company (the “Officers”) receiving Share Acquisition Rights will acquire them by offsetting their remuneration claims against the payment obligations for the allotment of Share Acquisition Rights.

14. Allotment date of Share Acquisition Rights

July 22, 2025

15. Date of payment of cash in exchange for Share Acquisition Rights

July 22, 2025

16. Designated office for submission of exercise requests for Share Acquisition Rights

IR and PR Department, Management Headquarters of the Company (or any department in charge at the time of procedure)

17. Designated office for handling payment upon exercise of Share Acquisition Rights
The Mita-Dori Branch of Sumitomo Mitsui Banking Corporation (or any successor bank or branch designated as such at the relevant time)
18. Persons to whom Share Acquisition Rights are to be allotted and the number of Share Acquisition Rights to be allotted
 - (1) 114 Share Acquisition Rights for six Directors of the Company
 - (2) 96 Share Acquisition Rights for 12 Executive Officers of the Company
19. Other matters
Any decisions regarding other necessary matters related to the Share Acquisition Rights shall be left to the discretion of the Representative Member of the Board of Directors, President and CEO.

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