



August 8, 2023

To Whom It May Concern

Company name: HAZAMA ANDO CORPORATION
Representative: Representative Director and President Kazuhiko Kuniya
Tokyo Stock Exchange Prime Market Securities Code: 1719
Contact: General Manager, Eisuke Yamada
Corporate Communication Department
Phone: +81-3-3575-6094

Notice Regarding Disposal of Treasury Shares through a Third-Party Allotment

HAZAMA ANDO CORPORATION (the “Company”) hereby announces that its Board of Directors resolved at a meeting held today to dispose of treasury shares through a third-party allotment (hereinafter referred to as the “Disposal of Treasury Shares”).

1. Outline of disposal
 - (1) Date of disposal August 30, 2023
 - (2) Number of shares to be disposed of 2,312,000 shares of common stock
 - (3) Price of disposal 1,131 yen per share
 - (4) Total price of disposal 2,614,872,000 yen
 - (5) Subscribers
The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account for officers’ compensation): 863,000 shares (976,053,000 yen)
The Master Trust Bank of Japan, Ltd. (Employee Stock Ownership Plan Trust Account): 1,449,000 shares (1,638,819,000 yen)
 - (6) Other
The Disposal of Treasury Shares is subject to the effectuation of the notification under the Financial Instruments and Exchange Act.

2. Purpose of and reason for disposal

At the Board of Directors meeting held on May 12, 2023 and the Annual General Meeting of Shareholders for the FYE March 31, 2023 held on June 29, 2023, the Company resolved to extend and partially amend the Board Incentive Plan (the “Plan”) for its Board Directors and Executive Officers (excluding Board Directors serving as Audit and Supervisory Committee Members, External Board Directors, and non-residents of Japan; collectively the “Board Directors, etc.”). The decision came after the Company introduced the Plan, which would use the Board Incentive Plan Trust for officers’ compensation (the “BIP Trust”), by a resolution passed at the Annual General Meeting of Shareholders for the FYE March 31, 2016 held on June 29, 2016.

The Company also resolved at the Board of Directors meeting held today to extend and partially amend the Employee Stock Ownership Plan Trust (the “ESOP Trust”), a trust employee incentive plan for employees.

Please refer to the “Notice Regarding Amendments to the Performance-Linked Stock Compensation Plan in Accordance with the Transition to a Company with an Audit and Supervisory Committee” released on May 12, 2023 (available in Japanese only) for the overview of the extended Plan and the “Notice Regarding the Extension and Partial Amendments to ESOP Trust” released today (available in Japanese only) for the overview of the extended ESOP.

The Disposal of Treasury Shares will be conducted through a third-party allotment to The Master Trust Bank of Japan, Ltd. (BIP Trust Account for officers' compensation) and The Master Trust Bank of Japan, Ltd. (ESOP Trust Account), the joint trustees under the BIP Trust Agreement for officers' compensation and the ESOP Trust Agreement both concluded between the Company and Mitsubishi UFJ Trust and Banking Corporation, for the extension of the BIP Trust and the ESOP Trust.

The number of treasury shares to be disposed of equals the number of shares expected to be delivered to the Board Directors, etc. and employees during a trust period based on the Share Delivery Regulations for the BIP Trust and the ESOP Trust. The level of share dilution as against the total number of shares issued and outstanding will be low, a ratio of 1.28% (the ratio as against the total 1,576,244 voting rights as of March 31, 2023 will be 1.47%, all ratios are rounded off to the second decimal place).

The shares of the Company to be allotted for the Disposal of Treasury Shares will be delivered to the Board Directors, etc. and employees based on the Share Delivery Regulations for the BIP Trust and the ESOP Trust, so they are not expected to be released to the stock market at once. The Company, therefore, deems the impact on the secondary market minor and the number of shares to be disposed of and the level of share dilution reasonable.

Overview of the Trust Agreements

(1) Name	The Master Trust Bank of Japan, Ltd. (BIP Trust Account for officers' compensation)	The Master Trust Bank of Japan, Ltd. (ESOP Trust Account)
(2) Details of the Trust Agreements		
Type of trust	Money trust other than a specified money trust for separate investment (third party benefit trust)	Money trust other than a specified money trust for separate investment (third party benefit trust)
Purpose of trust	To grant incentives to the Board Directors, etc.	To grant incentives to employees
Entrustor	The Company	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	The Board Directors, etc. who meet the beneficiary requirements	Employees who meet the beneficiary requirements
Trust administrator	A third-party specialist with no conflict of interest with the Company	A third-party specialist with no conflict of interest with the Company
Date of execution of the Trust Agreements	August 8, 2016 (The agreement is slated to be amended on August 28, 2023)	August 10, 2022 (The agreement is slated to be amended on August 28, 2023)
Trust period	From August 8, 2022 to September 20, 2023 (The period is expected to be extended until September 20, 2026 as the Trust Agreement will be amended on August 28, 2023.)	From August 10, 2022 to September 30, 2023 (The period is expected to be extended until September 30, 2026 as the Trust Agreement will be amended on August 28, 2023.)
Start of the plans	September 1, 2016	September 1, 2022
Exercise of voting rights	No voting rights will be exercised.	The trustee will exercise voting rights according to the instructions of the trust administrator, which reflect the voting status of the beneficiary candidates.
Price of disposal	976,053,000 yen	1,638,819,000 yen

3. Basis of calculation of the price of disposal and other details

The price of disposal has been fixed at 1,131 yen, the closing price of shares of the Company on Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) on August 7, 2023, which is the business day prior to the date of the resolution to conduct the Disposal of Treasury Shares passed at the Board of Directors meeting, in order to set a price that eliminates any arbitrary elements in view of the recent trends in the price of shares of the Company.

The Company set the price of disposal at the closing price of shares of the Company on the business day prior to the date of the resolution passed by the Board of Directors, because the price represents the market price immediately prior to the date of the resolution, which makes the price highly objective and reasonable as the basis of calculation.

In addition, the Audit and Supervisory Committee (composed of four members, three of whom are External Board Directors) has expressed the opinion that the basis of calculation of the above-stated price of disposal is reasonable and that the price is legitimate and not especially favorable to the allottee.

4. Procedures under the Code of Corporate Conduct

The Disposal of Treasury Shares does not require the receipt of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange because the dilution ratio is less than 25%, and the disposal does not involve a change in controlling shareholders.