



June 16, 2025

To All Parties Concerned

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**Announcement of the Commencement of a Tender Offer  
for Shares in Koken Boring Machine Co., Ltd. (Securities code: 6297)**

Hulic Co., Ltd. (the “**Tender Offeror**”) hereby announces that its Board of Directors has resolved today to acquire the common stock of Koken Boring Machine Co., Ltd. (the “**Target Company**,” listed on the Standard Market of Tokyo Stock Exchange, Inc. (“**TSE**”) under the securities code 6297) (the “**Target Company Stock**”) through a tender offer in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the “**Act**”) (the “**Tender Offer**”) as follows.

(1) Overview of the Tender Offer

Pursuant to the today’s resolution at the Board of Directors, the Tender Offeror has decided that it will implement a Tender Offer as part of a series of the transactions to acquire all the shares in the Target Company Stock listed on the Standard Market of TSE (excluding 55,665 shares of the Target Company’s restricted stock granted to the Target Company’s directors and executive officers (the “**Restricted Stock**”) (shareholding percentage (Note 1): 0.66%) and the treasury shares held by the Target Company) and the Target Company as its wholly-owned subsidiary (the “**Transactions**”). As of the date of this announcement, the Tender Offeror holds 1 share (Note 2) (shareholding percentage: 0.00%) of the Target Company Stock.

(Note 1) “Shareholding percentage” of a certain number of shares of the Target Company means the percentage the relevant number of shares represents with regard to the total number of issued and outstanding shares of the Target Company as of March 31, 2025 (8,970,111 shares), as set forth in the Financial Results for the Fiscal Year Ending March 2025, released by the Target Company on May 12, 2025 (“**Target Company’s Financial Results**”), less the number of treasury shares held by the Target Company as of that same date (489,929 shares) (8,480,182 shares) (rounded to two decimal places; the same applies hereafter to all calculations of shareholding percentages).

(Note 2) Effective on June 12, 2025, the Tender Offeror acquired 1 share of the Target Company Stock from Ryujiro Kiyama, the Target Company’s President and CEO, via negotiations, at a price of 535 yen (i.e., the closing price of the Target Company Stock on the Standard Market of TSE on June 6, 2025), for purposes of requesting access to, and copies of, the shareholder register of the Target Company.

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Since the Tender Offeror intends to acquire all shares of the Target Company through this Tender Offer (excluding the Restricted Stock and the treasury shares held by the Target Company) with the purpose of privatizing the Target Company's shares, the Tender Offeror has not set the maximum number of shares to be purchased, and it will purchase all of the tendered share certificates, etc. to the Tender Offer (the "**Tendered Share Certificates, etc.**").

In cases of tender offers which aim to privatize the Target Company, it is common to set the minimum number of shares to be acquired to secure voting rights equivalent to two-thirds of the total voting rights of the Target Company's shares following the completion of the Tender Offer, to ensure the smooth implementation of a squeeze-out procedure via a share consolidation. However, given the past voting ratios in the annual general meeting of the shareholders of the Target Company, the Tender Offeror does not consider it essential to acquire shares equivalent to two-thirds of the total voting rights through this Tender Offer for the purpose of executing the squeeze-out procedure. Therefore, to increase the likelihood of the Tender Offer's success, the minimum number of shares to be purchased has been set at 4,240,100 shares (shareholding percentage: 50.00%) (Note 3), corresponding to the majority of the Target Company's total voting rights.

In other words, when focusing on the voting rights exercise ratio at the annual general meetings of shareholders over the past five years for the Target Company, the average voting rights exercise ratio is 58.89%, with a maximum of 64.10% (Note 4), but the Tender Offeror conservatively has decided to use the maximum value of 64.10% instead of the average to multiply the figure by two-thirds, which is required for a special resolution at the general meeting of the shareholders, which amounts to 42.73% of the voting rights. If the Tender Offer successfully acquires the shares corresponding to this percentage through this Tender Offer, the Tender Offeror believe the implementation of the squeeze-out procedure through a share consolidation would be fully feasible. Additionally, according to the "Fair M&A Guidelines" established by the Ministry of Economy, Trade and Industry in June 2019, it has been pointed out that "as the scale of passive index funds has increased in recent years as a trend in the Japanese capital markets, some of these investors refrain, as a matter of policy, from tendering their shares in response to a tender offer regardless of the appropriateness of the transaction terms." Considering that a certain number of passive index funds are believed to own shares of the Target Company, the Tender Offeror thinks this could be a factor that increases the obstructive effect of this Transactions. Furthermore, since it is difficult to ascertain the total number of shares of the Target Company owned by passive index funds from public information, the Tender Offeror estimates the ownership ratio of shares held by passive index funds to be 3.54% based on database information provided by multiple information vendors that offer financial market data services. Based on the above, in order to further enhance the possibility of carrying out the squeeze-out procedure through a share consolidation after the successful completion of this Tender Offer, the Tender Offeror have decided to set the minimum number of shares to be purchased at a number equivalent to the majority of the total voting rights of the Target Company, which is 4,240,100 shares.

(Note 3) This figure was calculated by taking the total number of issued shares of the Target Company as of March 31, 2025 (8,970,111 shares), as stated in the Target Company's Financial Results and subtracting the number of treasury shares held by the Target Company as of the same date (489,929 shares). The remaining number of shares (8,480,182 shares) corresponds to the number of voting rights (84,801 rights), and the majority of these rights (42,401 rights) is multiplied by the share unit number of the Target Company, which is 100 shares.

(Note 4) According to the securities report submitted by the Target Company on June 25, 2024, the number of voting rights as of the record date for the 97th annual general meeting of the shareholders, held on June 25, 2024, was 84,511 rights. However, according to the extraordinary report submitted on June 27, 2024, the average number of voting rights exercised for all proposals was 54,168 rights, which corresponds to

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64.10% (rounded to the third decimal place; the same rounding method is applied in the calculation of the voting rights exercise ratio unless otherwise specified) of the total number of voting rights. Calculated using the same method, the 96th annual general meeting of shareholders held in June 2023 was 56.94%, the 95th held in June 2022 was 57.27%, the 94th held in June 2021 was 60.79%, and the 93rd held in June 2020 was 55.34%. Notably, from March 31, 2020, to March 31, 2025, five out of the top ten major shareholders of the Target Company have remained the same. Furthermore, from the most recent period of March 31, 2024, to March 31, 2025, nine out of the top ten major shareholders are common. As of March 31, 2025, the total number of shares held by these five shareholders is 2,582 thousand shares, and the shareholding percentage is 30.45%. The total number of shares held by these nine shareholders is 3,133 thousand shares, and the shareholding percentage is 36.94%. (The number of shares is the sum of the holdings of each major shareholder as of March 31, 2025, as stated in the 'Notice of Convocation of the 98th annual general meeting of shareholders' notified by the Target Company on June 10, 2025, where figures are truncated below a thousand shares.) Given that there has been no significant change in the shareholder composition of the Target Company, the Tender Offeror believe that there is a high possibility that the voting rights exercise ratio at the Extraordinary General Meeting (as defined below) will be at the same level as before.

(Note 5) “Passive index fund” refers to a fund that aims to secure a rate of return comparable to the market average by managing investments in a way that aligns with the performance of indices, such as stock price indices, which serve as benchmarks for investment target assets, including stocks.

In this Tender Offer, as mentioned above, the minimum number of shares to be purchased is not set to secure the number of shares equivalent to two-thirds of the total voting rights. Therefore, theoretically, if the total number of voting rights held by the Tender Offeror after the completion of this Tender Offer falls below two-thirds of the total voting rights of all shareholders of the Target Company, there is a possibility that the proposal for the share consolidation of the Target Company's shares to be conducted as part of this squeeze-out procedure (the “**Share Consolidation**”), which includes a partial amendment to the articles of incorporation to abolish the provision on the share unit contingent on the effectiveness of the Share Consolidation, may not be approved at the extraordinary general meeting of the shareholders of the Target Company (the “**Extraordinary General Meeting**”).

However, even if such approval is not obtained, since the Tender Offeror aims to ultimately acquire all shares of the Target Company (excluding the Restricted Stock and the treasury shares held by the Target Company), and intends to privatize the Target Company Stock, considering the subscription status of this Tender Offer, the ownership situation and attributes of the shareholders of the Target Company at that time, and the market price trends, the Tender Offeror plans to additionally acquire shares of the Target Company through market purchases or private acquisitions outside the market until achieving a level realistically approved at the shareholder meeting regarding the stock consolidation agenda (the specific level will be determined based on the voting rights exercise ratio at the Extraordinary General Meeting and the recent shareholder composition of the Target Company). Regarding this additional acquisition, if conducted in market transactions, the Tender Offeror intends to acquire shares at the market price. For other methods, unless there are events requiring price adjustments such as stock consolidation or stock splits of the Target Company's shares, the acquisition will be at a price economically deemed equivalent to the per-share purchase price in this Tender Offer (the “**Tender Offer Price**”). The specific timing and method of such additional acquisitions, as well as the time required until the approval of the proposal for the Share Consolidation at the subsequent general meeting of the shareholders, cannot be determined at this time due to various factors such as

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market conditions. However, the Tender Offeror will make every effort to ensure that the Share Consolidation is implemented as promptly as practically possible (no later than the end of 2026.).

If the Tender Offeror fails to acquire all the shares in the Target Company Stock through the Tender Offer (excluding the Restricted Stock and the treasury shares held by the Target Company), the Tender Offeror plans to request the Target Company to implement a series of squeeze-out procedures.

The Tender Offeror Group (consisting of the Tender Offeror, its 44 consolidated subsidiaries, 26 affiliated companies and other entities as of March 31, 2025) anticipates several outlooks for the upcoming economic environment: While wage increases are expected to boost personal consumption and corporate capital investment to continue its steady trend, there remains ongoing uncertainty due to the unpredictability of overseas economies and international conditions, domestic price increases, and the intensification of labor shortages. Additionally, the Tender Offeror Group announced a new medium-term management plan (2025-2027), situated in Phase III of the medium-to long-term management plan (2020-2029), in January 2025. This plan identifies five key issues to address and aims for further growth: 1) Reconstructing the portfolio to achieve "high profit growth" and "expanding stable foundational profits," 2) Maximizing profits from completed properties while advancing carefully selected developments in response to environmental changes, 3) Laying the foundation for new revenue pillars looking to "the next decade," with expanded earnings on a consolidated basis, 4) Maintaining financial soundness, assuming a stable credit rating level, and building a risk management structure adapted to the growth strategy, and 5) Deepening sustainable management through environmental responses, maximizing human capital value, and strengthening governance. Among these, in "3) Laying the foundation for new revenue pillars looking to 'the next decade,'" the group aims to pursue M&A activities that anticipate synergies with the Tender Offeror as a strategy for revenue expansion.

The Tender Offeror has recognized that the Target Company has had a transactional relationship with the Tender Offeror's group for some time, and that, through their business in geothermal drilling in Nikko and logistics warehouse well drilling in Narita, the Target Company has possessed outstanding drilling technology. Furthermore, the Tender Offeror believes that the Target Company's involvement in the Tender Offeror's group will incorporate a new business model, contribute to further growth on a consolidated basis, sustain corporate value enhancement, and align with the aforementioned business strategy of the Tender Offeror's group. With this background, the Tender Offeror has promoted the review examining the transactions related to the purchase of the Target Company Stock including the acquisition of the Target Company as its wholly owned subsidiary.

As a result of the review, the Tender Offeror has concluded that the Transactions are expected to generate the following synergies and advantages.

(i) Strengthening Connections with Construction Companies Related to the Tender Offeror Group and Introducing Other Customers

In the construction business conducted by the Target Company group, major and mid-tier construction companies form the primary customer base. By integrating the Target Company into the Tender Offeror Group, it becomes possible to introduce construction companies, with which the Tender Offeror Group has relationships but previously had weak connections with the Target Company, to the Target Company group. Moreover, joint sales efforts can be conducted through activities such as accompanying on sales efforts aimed at acquiring projects, contributing to the expansion of project scale and supporting project acquisitions from new clients, thereby aiding in the expansion of the business. Additionally, as announced on May 26, 2025, the Tender Offeror has entered into a capital and business alliance agreement with Astmax Co., Ltd. (listed on the Standard Market of TSE), which operates a geothermal power generation business, and collaboration on

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geothermal power generation-related projects with the company is deemed possible. Specifically, by utilizing the advanced drilling technology and equipment that the Target Company possesses, it is possible to enhance the efficiency and safety of the drilling process in geothermal power generation-related projects. Furthermore, through joint research between the Tender Offeror and the Target Company, strengthening geothermal well drilling technology is considered feasible.

(ii) Implementation of Construction and Maintenance by the Target at Tender Offeror's Hot Spring Facilities

The Target Company holds high technical expertise and experience in the geothermal drilling business, and there was a transaction relationship between the Tender Offeror and the Target Company in the past concerning the geothermal drilling of Fufu Nikko, owned by the Tender Offeror. By entrusting the Target Company with the maintenance of hot springs and groundwater facilities at inns (Fufu) operated by the Tender Offeror Group, it is believed that the quality of existing facilities can be maintained and improved. Furthermore, in future development projects, it is expected that comprehensive service orders from the planning stage to construction and maintenance can be accomplished, leading to improved efficiency and stability in promoting construction projects.

(iii) Support for M&A Consideration and Execution, Including Financial Aspects, for Further Business Expansion

By leveraging the Tender Offeror Group's abundant M&A experience and financial strength, it is believed that further non-linear growth strategies for the Target Company group's growth can be considered and realized. Specifically, by promoting acquisitions and partnerships with companies that manufacture boring equipment and tools, as well as companies that handle construction machinery and attachments, it is believed that the product portfolio of the Target Company can be expanded, leading to improved satisfaction among existing customers and the acquisition of new clients. Furthermore, by acquiring specialized expertise and accelerating product development, the Target Company can maintain its competitive advantage and strengthen its profitability through reduced procurement costs by leveraging economies of scale.

(iv) Enhancing Presence in the Recruitment Market

In the construction industry as a whole, the shortage of engineers and skilled workers due to the decline in the working-age population has become a persistent issue, making it difficult to secure workforce resources for construction. By utilizing the brand power and recognition of the Tender Offeror Group, appeal to job seekers is expected to increase, leading to strengthened recruitment capabilities for new graduates and mid-career hires. This is expected to enable further human resource acquisition and strengthen the organizational structure in the medium to long term.

(v) Reduction of Management Costs and Workload Due to Delisting

By becoming a privately held company as part of the Tender Offeror Group, it is anticipated that management costs and workload associated with investor relations and audits can be reduced. Moreover, the Tender Offeror Group possesses a stable and low-cost financing capability, with a JCR long-term issuer rating of AA- (Stable) as of today. Utilizing the group finance of the Tender Offeror Group, it is expected that the Target Company group's funding costs can be reduced and further business expansion through stable financing can be achieved.

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Target Company's employees, the independence of the Target Company's management and business operations, and the impact on the Target Company's business partners. However, (a) given that the Target Company group has already established a certain level of recognition, awareness, and social credibility within the industry, the negative impact of delisting on the Target Company's recognition, awareness, and social credibility is considered minimal; (b) by becoming a part of the Tender Offeror Group, it is expected that the Target Company's recognition will be further enhanced and its business will expand further by leveraging the Tender Offeror Group's extensive customer base; and (c) the Tender Offeror intends to maintain and respect the Target Company's managerial independence as a fundamental managerial policy after the transaction. Furthermore, as of today, it is noted that the Target Company has business relationships with some of its major shareholders. However, since these relationships are not based on capital ties, it is stated that no specific adverse effects on the business relationships are anticipated should the capital relationships be dissolved.

## (2) Overview of the Target Company

1. Trade name	Koken Boring Machine Co., Ltd.		
2. Address	2-17-22, Takada, Toshima-ku, Tokyo		
3. Name and title of representative	Ryujiro Kiyama, President and CEO		
4. Primary business	Manufacturing, sales, and construction of boring equipment and other related equipment		
5. Paid-in capital	1,165,415 thousand yen (as of March 31, 2025)		
6. Date of Establishment	October, 1947		
7.	Hitachi Construction Machinery Co., Ltd.		
Major shareholders and shareholding ratios (As of September 30, 2024)			9.23%
	Enbio Holdings, Inc.		9.04%
	Koken Boring Machine Business Association		6.87%
	Takumi Eguchi		3.60%
	The Master Trust Bank of Japan, Ltd.		3.53%
	NAGAOKA INTERNATIONAL CORPORATION		2.35%
	Mizuho Bank, Ltd.		1.35%
	Koken Boring Machine Employee Stock Ownership Plan		1.32%
	Naoto Yamamoto		1.32%
	Morio Sakai		1.17%
8. Relationship between the Tender Offeror and the Target Company			
Capital relationship	The Tender Offeror holds one share of the Target Company's stock (ownership ratio: 0.00%). Please refer to Note 1 in "Overview of the Tender Offer" above		
Personnel	Not applicable		

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relationship	
Transactional relationship	The Tender Offeror has a transaction history of commissioning the Target Company for well drilling and related construction work
Status as a related party	Not applicable

(Note) “6. Major Shareholders and Shareholding Ratios (As of September 30, 2024)” are based on the “Status of Major Shareholders” stated in the Securities Report for the 98th Fiscal Term filed by the Target Company on November 12, 2024.

(3) Class of Share Certificates, etc. to be Purchased

Common stock

(4) Schedule, etc

(i) Schedule

Date of the resolution by the Board of Directors	June 16, 2025 (Monday)
Date of public notice of commencement of tender offer	June 17, 2025 (Tuesday) Public notice will be made electronically and a notice thereof will be published in the Nihon Keizai Shimbun (Japan Economic Newspaper) (URL of electronic public notice: <a href="https://disclosure2.edinet-fsa.go.jp/">https://disclosure2.edinet-fsa.go.jp/</a> )
Date of filing the Tender Offer Registration Statement	June 17, 2025 (Tuesday)

(ii) Tender offer period as of the date of filing

From June 17, 2025 (Tuesday) to July 29, 2025 (Tuesday) (30 business days)

(iii) Possibility of extending the above period upon request of the Target Company

Not applicable.

(iv) Contact information for confirmation of extension of the Tender Offer period

Not applicable.

(5) Purchase Price

764yen per share of common stock

(6) Number of Share Certificates, etc. to be Purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
8,424,516 (shares)	4,240,100 (shares)	— (shares)

(Note 1) If the total number of Tendered Share Certificates, etc. is less than the minimum number of shares to be purchased (4,240,100 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, etc. If the total number of the Tendered Share Certificates, etc. is no less than the minimum number of shares

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to be purchased (4,240,100 shares), the Tender Offeror will purchase all the Tendered Share Certificates, etc.

(Note 2) The Tender Offeror does not set the maximum number of shares to be purchased in the Tender Offer and states the number of shares to be purchased of 8,424,516 shares, which is the maximum number of shares in the Target Company that can be acquired by the Tender Offer through the Tender Offer. The number of shares to be purchased is calculated by deducting the number of treasury shares held by the Target Company as of March 31, 2025, as stated in the Target Company's Financial Results (489,929 shares), the number of shares of the Target Company owned by the Tender Offeror as of today (1 share), and the number of Restricted Stocks (55,665 shares) from the total number of issued and outstanding shares of the Target Company as of March 31, 2025, as stated in the Target Company's Financial Results (8,970,111 shares).

(Note 3) There is no plan to acquire any treasury shares owned by the Target Company through this Tender Offer.

(Note 4) Shares less than one unit are also included in the scope of this Tender Offer. If a shareholder exercises the right to demand the purchase of shares less than one unit in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer period in accordance with legal procedures.

(7) Forecasts for the Tender Offeror's financial results

The effect of the Transaction on the Tender Offeror's financial results is currently being examined; any matters that should be disclosed will be promptly released if they arise.

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