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To All Parties Concerned

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Notice regarding the Issuance of Subordinated Bonds through Public Offering for Replacement

Hulic Co., Ltd. (the "Company") has been considering a public offering of subordinated bonds (the "Hybrid Bonds") and financing through a subordinated loan (the "Loan"). Of these, the Company hereby announces that it has decided to issue the Hybrid Bonds as follows.

1. Purpose and Background of the Issuance of the Hybrid Bonds

The Company has been working on enhancing its corporate value by promoting the "Medium-and Long-Term Management Plan (2020-2029)" setting forth the Target Profile, where "Driving Innovation" and "Accelerating Progress" as its motto, the Company continues to steadily increase the corporate value by evolving itself flexibly in response to changes in the macro environment.

Under such circumstance, the Company has considered replacement of its existing hybrid finance, and decided to issue the Hybrid Bonds as a means of fund raising that will support growth and reinforce its financial base while avoiding a decline in capital efficiency caused by dilution of equity, with an aim to further evolve its business model and continuously improve the corporate value.

The maximum amount of the hybrid finance combining the Hybrid Bonds and the Loan will be JPY120 billion. The amount of each category will be determined in view of various factors such as the demand and market conditions.

Note: The purpose of this press release is to make a general public announcement concerning the issuance of the subordinated bonds by Hulic Co., Ltd. through public offering in Japan. It has not been prepared for the purpose of offer of, or solicitation of an offer to buy or subscribe for, securities of Hulic Co., Ltd. The above-mentioned securities will not be or have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements thereunder.

Summary of the Existing Hybrid Finance to be Replaced

Name	The 2nd series of unsecured subordinated bonds with optional interest deferral and early redemption clauses
Early redemption date	July 2, 2025 (Plan)
Early redemption amount	JPY120 billion

2. Characteristics of the Hybrid Bonds

The Hybrid Bonds are positioned between debt and equity. While they are classified as a financial liability and **will not cause dilution of the existing equity shares**, they have characteristics similar to equity due to their terms and conditions including super-long maturity, an option to defer interest payments, and subordination in liquidation and bankruptcy proceedings. The Company therefore expects that **50% of the funds to be raised by the Hybrid Bonds will be recognized as equity by a rating agency** (Japan Credit Rating Agency, Ltd.).

3. Schedule

The Company today has filed the Amendment to the Shelf Registration Statement with the Director General of the Kanto Local Finance Bureau for the issuance of the Hybrid Bonds. The Company has appointed Mizuho Securities Co., Ltd. as a book-runner, and Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd., SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as joint lead managers for the Hybrid Bonds. The Company will determine the issue amount, interest rate and other terms by comprehensively taking account of various factors such as the demand and market conditions.

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