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May 21, 2025

Company name: NIPPO LTD.
Name of representative: Yasuchika Iwasa, Representative Director and President
(Securities code: 9913; Tokyo, Nagoya Market)
Inquiries: Hirotsugu Mizuguchi, Executive Officer, General Manager of Corporate Planning Division
(Telephone: +81-52-218-3161)

Notification of the Board of Directors' Opinion on Shareholders Proposal

Regarding the document dated April 21, 2025 upon execution of the shareholder proposal right and request of notification on the summary of agenda at the Company's 74th Ordinary General Meeting of Shareholders (the "General Meeting") that the Company received on April 23, 2024 (the "Shareholder Proposal") from GLOBAL ESG STRATEGY (WALKERS CORPORATE LIMITED 190 ELGIN AVENUE GEORGE TOWN GRAND CAYMAN KY1-9008 CAYMAN ISLANDS) (Mr. Yasuto Monden, Director), our shareholder (the "Shareholder"), it was resolved at the Company's Board of Directors held today that the Company opposes all of the agenda items.

1. Summary and Grounds of Shareholder Proposal

(1) Agenda

Agenda 1	Appropriation of surplus
Agenda 2	Partial Amendments to the Articles of Incorporation (Appointment of Chairperson of the Audit and Supervisory Committee from among Outside Directors)
Agenda 3	Abolishment of Takeover Defense Measures

Above Agenda 1, Agenda 2 and Agenda 3 shall be respectively referred to "Shareholder's Agenda Item 1", "Shareholder's Agenda Item 2" and "Shareholder's Agenda Item 3".

(2) Content of and Grounds for Proposal

For the summary of and grounds for Shareholder's Agenda Item 1, Shareholder's Agenda Item 2 and Shareholder's Agenda Item 3, please see the attachment. The attachment contains the original text of "Summary of Agenda" and "Grounds for Proposal" in the Shareholder Proposal submitted by the Shareholder.

2. Relation between Shareholder and Swiss-Asia Financial Services Pte. Ltd.

In the Amendment Report of the Large Volume Holding Report published as of March 27, 2025, it is stated that Swiss-Asia Financial Services Pte. Ltd. holds the shares of the Company as of March 19, 2025. It is our understanding that the Shareholder is an investment fund managed by Swiss-Asia Financial Services Pte. Ltd. and Mr. Yasuto Monden, the representative of the Shareholder, is in charge of the operation of the Shareholder at Swiss-Asia Financial Services Pte. Ltd.

On the list of institutional investors that accepted "the Principles of Responsible Institutional Investors 'Stewardship Code of Japan' for sustainable growth of companies through investment and dialogue" released by the Financial Service Agency, we could not confirm the registration of Swiss-Asia Financial Services Pte. Ltd. nor the Shareholder (as of March 31, 2025).

3. Opinion of the Board of Directors

(1) Shareholder's Agenda Item 1: Appropriation of surplus

(A) Opinion of the Board of Directors

- **The Company's Board of Directors objects to "Shareholder's Agenda Item 1".**

(B) Grounds for objection

- Setting "increase of dividends in line with sustainable profit growth" as its basic policy on shareholder return, the Company's Board of Directors has, with an aim for continuous increase in both the total dividend amount and dividend ratio, continuously improved its total dividend amount and dividend ratio. As announced in the "Notice concerning dividends of surplus" dated May 21, 2025, the Company's Board of Directors has resolved to submit to this Ordinary General Meeting of Shareholders a proposal for the dividends on surplus (year-end dividend of JPY 76 per share) with a record date of March 31, 2025. The Company's dividend proposal is based on the "Medium-term Management Plan 2025" and aims to achieve continuous profit growth while continuously increasing profit return to shareholders (dividend increase) in line with such growth.
- As shown in the table below, total amount of dividends and the dividend payout ratio in the fiscal year ended March 2022, the fiscal year ended March 2023, and fiscal year ended March 2024, and the Company has proposed to continue increasing dividends in the fiscal year ended March 2025 as well, as outlined in the "Medium-term Management Plan 2025" revised on March 25, 2024.

(in million JPY)

	FY ended March 2022	FY ended March 2023	FY ended March 2024	FY ended March 2025
Net Sales	35,491	38,886	41,922	44,890
Operating profit	1,342	1,912	1,918	1,970
Net income	1,031	1,269	1,457	1,396
Dividend per share	JPY 22	JPY 33	JPY 74	JPY 76 (planned)
Total dividends	200	300	673	692 (planned)
Dividend ratio	19.4%	23.4%	45.5%	49.0% (planned)

- Furthermore, with the belief that making growth investments that will lead to future profit growth while aiming to increase corporate value over the medium to long term will also contribute to the enhancement of shareholders' interests, the Company's Board of Directors has doubled the growth investment plan from JPY 3 billion to JPY 6 billion + α as stated in the "Medium-term Management Plan 2025" revised on March 25, 2024, and is currently implementing various initiatives based on the use of growth investment plan (JPY 6 billion + α) in the "Medium-term Management Plan 2025" and acquisition targets updated on May 13, 2025.

Use of Growth Investment Plan (JPY 6 billion + α)	Amount
- For strengthening existing business functions...	Approximately JPY 3 billion + α
- For establishing new business foundations, R&D, capacity expansion, automation, and human capital investment...	Approximately JPY 3 billion + α

* Please refer to the following URL for the "Medium-term Management Plan 2025".
https://www.nip.co.jp/english/ir/assets/cyukei2025_en.pdf

- In contrast, this "Shareholder's Agenda Item 1" calls for JPY 176, which exceeds 100% of the dividend payout ratio, or the amount equivalent to 10% of the dividend on equity (DOE) in the event the amount of net income for the year exceeds JPY 1.38 billion. As mentioned above, in the context of implementing various initiatives aimed at growth investment in the final year of the "Medium-term Management Plan 2025," we are compelled to view this as a proposal that priority should be given to

short-term profit return to shareholders rather than the Company making business investments that will lead to future profit growth or achieving continuous profit growth while continuously increasing profit return to shareholders (dividend increase) in line with such growth.

Accordingly, the Company's Board of Directors opposes the "Shareholder's Agenda Item 1".

(2) Shareholder's Agenda Item 2: Partial Amendments to the Articles of Incorporation (Appointment of Chairperson of the Audit and Supervisory Committee from among Outside Directors)

(A) Opinion of the Board of Directors

- **The Company's Board of Directors objects to "Shareholder's Agenda Item 2".**

(B) Grounds for objection

- The Company's Audit and Supervisory Committee and members of the Audit and Supervisory Committee take on the role "to monitor and inspect the status of establishment and operation of the internal control system, as well as to investigate the status of the company's business and assets, and to inspect the contents of reports received from directors, employees, and accounting auditors, etc., and to take necessary measures in a timely manner, including making reports or proposals to the board of directors, giving advice or recommendations to employees, or ceasing acts of directors, through effective cooperation with internal audit divisions" and ensures that their independence is fully maintained in terms of legal, internal systems, and actual circumstances.
- On the other hand, "Shareholder's Agenda Item 2" seeks the appointment of the chairperson of the Audit and Supervisory Committee from among outside directors.
- However this proposal does not take into account the uniqueness of the Company which has multiple business segments consisting of "electronics", "mobility" and "medical and precision products" as well as multiple business models consisting of "trading companies" and "manufacturers", and that a sufficient understanding of "internal operations", "organizational management", and "employee performance" is necessary in order to enhance the effectiveness of audit while taking such unique characteristics into consideration. Ensuring the independence of directors who are Audit and Supervisory Committee members is a matter of course, regardless of whether they are internal or external to the Company. However, with respect to the Company's Board of Directors and the Audit and Supervisory Committee, the Company believes that the effectiveness of audit can be further enhanced by having a full-time internal member who is familiar with internal operations serve as the chairperson of the Audit and Supervisory Committee, and by comprising the Audit and Supervisory Committee with multiple professionals including expert attorneys, accountants, and company managers.

Accordingly, the Company's Board of Directors objects to "Shareholder's Agenda Item 2".

(3) Shareholder's Agenda Item 3: Abolishment of Takeover Defense Measures

(A) Opinion of the Board of Directors

- **The Company's Board of Directors objects to "Shareholder's Agenda Item 3".**

(B) Reason for the objection

- The Company and its subsidiaries (the "Group") work closely with customers and exchange confidential information related to technology, some of which are core technologies that are very important to the customers and are used for the Group's main business.
- Under these circumstances, if a large-scale purchase is made to the Company without sufficient consideration and a change of control is implemented, it is possible that the corporate value of the Group and the shareholders' common interests cannot be protected if, together with the risk of

leakage of such confidential information, the Group is prohibited from using, and required to return, confidential information provided to the Group by its customers.

- Based on such circumstances, the Company's Board of Directors has concluded that, in order to protect the corporate value of the Group and the shareholders' common interests, it is necessary to continue the "Takeover Response Policies" that ensure a process where it may request information from the large-scale purchaser, followed by consideration and assessment of such information by the Company's Board of Directors. By the affirmative votes of all directors, including all of the independent outside directors, it was resolved that this will be submitted as an agenda item at this Ordinary General Meeting of Shareholders.
- Since the Company reintroduced the "Takeover Response Policies" in 2019, there have been significant changes in social conditions and attitudes on corporate control. In the midst of such changes, the Ministry of Economy, Trade and Industry published the "Guidelines for Corporate Takeovers—Enhancing Corporate Value and Securing Shareholders' Interests—" (the "Guidelines for Corporate Takeovers") in August, 2023.
- In the Guidelines for Corporate Takeovers, the term previously defined as "Takeover Defense Measures" was changed to "Takeover Response Policies". In addition, based on the implementation status of the Guidelines in 2005, subsequent court precedents, and changes in the voting behavior of institutional investors, etc. the following statements have been included, stating the significance of establishing Takeover Response Policies.
 - There is a possibility that corporate value and the shareholders' common interests may be harmed, if the acquisition is made without providing the target company and its shareholders the necessary time and information, or if the acquiring party acquires corporate control for the purpose of obtaining unjustified profits at the expense of the target company and its general shareholders.
 - Currently, companies do not deal with such situations only through legal processes such as the tender offer regulation. Rather, depending on the circumstance, they may adopt a response policy including possible countermeasures against acquisitions typically using gratis issue of stock acquisition rights with unequal terms (Takeover Response Policies), and invoke the countermeasure based on this policy, which has been recognized by court decisions as lawful in some cases.
 - If used appropriately, such Takeover Response Policies may enable the shareholders to be furnished with sufficient information and time to consider, equip the board of directors with negotiating power in relation with the acquiring party, and contribute to ensure shareholders' common interests and transparency by extracting more favorable acquisition terms from the acquiring party or other third parties.
- Based on the contents of the Guidelines for Corporate Takeovers, the Company revised the "countermeasures to large-scale purchase of the Company's shares" that have been approved by the shareholders at each Ordinary General Meeting of Shareholders since 2019 to "response policies to large-scale purchase of the Company's shares" and have revised the following points in particular. At the 73rd Ordinary General Meeting of Shareholders held on June 25, 2024, the Company obtained approval with respect to continuation of the response policies to large-scale purchase of the Company's shares.
 - (i) Regarding the Independent Committee, whose advice is to be respected at the Company's Board of Directors as much as possible, it has been decided to include the statement also into the Independent Committee Rules that the Independent Committee consists of independent outside directors; and
 - (ii) It has been decided that, when the Purchaser is in compliance with the procedures pursuant to the Plan and the Company's Board of Directors intends to resolve to implement countermeasures, a general meeting of shareholders shall be convened to take a resolution regarding whether or not to implement the countermeasures.
- On the other hand, "Shareholder's Agenda Item 3" seeks the abolishment of the takeover defense measures as "it has already been 6 years since 2019, when the decision to reintroduce the takeover

defense measures was made, and the continuation of the takeover defense measures is now clearly a retrograde measure”.

- Based on the contents of the Guidelines for Corporate Takeovers, the Company revised the “response policies to large-scale purchase of the Company’s shares”. Also, the situation requiring a policy for dealing with takeovers in the Group has not changed, and it cannot be denied the possibility of a large-scale purchase that would damage the enhancement of corporate value and the common interests of shareholders.

Accordingly, the Company’s Board of Directors objects to “Shareholder’s Agenda Item 3”.

Please note that Shareholder’s Agenda Item 3 will not be treated as an individual agenda item, but rather as an objection to the “Continuation of the response policies to large-scale purchase of the Company’s shares (Takeover Response Policies)” to be submitted by the Company at this Ordinary General Meeting of Shareholders.

<Shareholder Proposal>

Note: The following contents are the "Summary of Agenda" and "Grounds for Proposal" regarding each agenda item stated in (the "Shareholder Proposal").

I . Agenda to be proposed

Shareholder's Agenda Item 1 : Appropriation of surplus

Shareholder's Agenda Item 2 : Partial Amendments to the Articles of Incorporation (Appointment of Chairperson of the Audit and Supervisory Committee from among Outside Directors)

Shareholder's Agenda Item 3 : Abolishment of the Takeover Defense Measures

II . Summary of Agenda and Grounds for Proposal etc.,

1. Shareholder's Agenda Item 1 : Appropriation of surplus

(1) Summary of Agenda

The appropriation of surplus is decided as follows.

Regarding this agenda, in the event that any of the board of directors of the Company or the Company's shareholders other than GLOBAL ESG STRATEGY makes a proposal to the appropriation of surplus at the General Meeting of Shareholders, such proposal shall be added separately from the following.

(A) Types of dividends

Cash

(B) Dividend amount per share

JPY 176, less the amount of surplus dividend per share under the agenda regarding appropriation of surplus approved at the General Meeting of Shareholders submitted by the board of directors of the Company or the Company's shareholders other than GLOBAL ESG STRATEGY (if such agenda regarding appropriation of surplus is not submitted at the General Meeting of Shareholders, JPY 176). In the event that the amount of net income for the year exceeds JPY 1.38 billion, the above amount of JPY 176 shall be read as an amount equivalent to 10% of the dividend on equity (DOE, calculated by dividing the total dividend amount by the total net assets as stated in the consolidated financial statements).

(C) Allocation of dividend property and the total amount

Dividend amount per share as described in (B) above

(The total dividend amount is obtained by multiplying the dividend amount per share by the total number of the Company's issued shares as of March 31, 2025 (excluding treasury shares)

(D) Effective date of the dividend of surplus

The day of the General Meeting of Shareholders

(E) Dividend payment start date

July 15, 2025 (Tuesday)

(2) Grounds for Proposal

The Company announced in its "Long-term Business Targets for 2031"¹ that it will set the maximum net D/E ratio to 0.6 as financial discipline. However, no specific measures and quantitative business

¹ The Company's "Long-term Business Targets for 2031" dated November 5, 2024
https://www.nip.co.jp/english/ir/assets/vision2031_en.pdf

targets have been set forth to achieve this goal. The Company still has net cash of approximately JPY 2.95 billion², and it must be said that there is no prospect of improving its inefficient capital structure. In addition, despite the revision of the “Medium-Term Management Plan 2025” in March last year, which increased the investment framework from JPY 3 billion to JPY 6 billion, net cash increased from the end of March 2024 to the end of December 2024. Given that the Mid-Term Management Plan 2025 is in its final year, it appears that the investment framework has been expanded to an unrealistic level to avoid increasing shareholder returns.

Insofar as the Company is unable to present a sufficiently specific investment plan at this point, measures should be taken to reduce shareholders' equity by increasing the dividend payout ratio, increase ROE, and increase corporate and shareholder value. Therefore, GLOBAL ESG STRATEGY proposes a dividend equivalent to 10% of the dividend on equity (DOE).

2. Shareholder's Agenda Item 2 : Partial Amendments to the Articles of Incorporation (Appointment of Chairperson of the Audit and Supervisory Committee from among Outside Directors)

(1) Summary of Agenda

In “Chapter 5: Audit and Supervisory Committee” of the current Articles of Incorporation, the following clause will be newly added as Article 29 and the number of each article from Article 29 shall be lowered by one.

In the event that the clause proposed in this agenda needs a formal adjustment (including but not limited to the adjustment of the numbering of articles) due to the passing of another agenda at the General Meeting of Shareholders (including agenda proposed by the Company), the clause proposed in this agenda shall be read as the clause after such necessary adjustment.

(Chairperson of the Audit and Supervisory Committee)

Article 29 A chairperson of the Audit and Supervisory Committee of the Company shall be appointed from among the outside directors who are members of the Audit and Supervisory Committee.

(2) Grounds for Proposal

The chairperson of the Audit and Supervisory Committee of the Company has been served by internal directors, and currently, Mr. Hiroyuki Kawabe serves as the chairperson of the Audit and Supervisory Committee. The Audit and Supervisory Committee members are expected to audit the execution of duties of the directors, and it is required by law that the majority of the Audit and Supervisory Committee members be outside directors. Furthermore, the appointment of full-time member is not required by law, and directors who are Audit and Supervisory Committee members are required to “ensure independence from the management team.”³ Therefore, rather than having a full-time internal director, it is expected that an outside director, who can objectively monitor the management team from a third-party perspective, will be involved in the execution of the duties of the Audit and Supervisory Committee, which supervises the execution of the duties of the directors while being directors themselves. If the chairperson of such an Audit and Supervisory Committee is a member of the Company's internal personnel, the overall monitoring and oversight function may be impaired, which could lead to raise doubts about the effectiveness of the Company's overall corporate governance. Therefore, GLOBAL ESG STRATEGY believes that it is desirable for the chairperson of the Audit and Supervisory Committee to be appointed from among the outside directors.

² The Company's Consolidated Financial Results for the Nine Months Ended December 31, 2024

<https://www.nip.co.jp/english/news/assets/20250204-2.pdf>

³ “Newly Appointed Auditors/Audit and Supervisory Committee Members/Audit Committee Members Guide (2025 Edition)” p. 30

https://www.Kansa.or.jp/wp-content/uploads/2025/03/e1001_20250328_02.pdf

3. Shareholder's Agenda Item 3: Abolishment of the Takeover Defense

Measures

(1) Summary of Agenda

To abolish the countermeasures to large-scale purchase of the Company's shares (Takeover Defense Measures), which was introduced at the Company's Board meeting on April 23, 2019, was resolved to be continued at the 68th Ordinary General Meeting of Shareholders, and most recently, was decided to be continued at the Company's Board meeting as of May 21, 2024 and the 73rd Ordinary General Meeting of Shareholders

(2) Grounds for Proposal

In the opinion of the board of directors in response to GLOBAL ESG STRATEGY's objection to the continuation of takeover defense measures at last year's general meeting, the Company cited a decision by the Nagoya High Court stating that "the introduction of such takeover defense measures has been approved by a large majority of shareholders by resolutions of each general meeting of shareholders of the Company" as of 2021, as justification for the "reintroduction" of the takeover defense measures⁴.

However, the approval rate for the continuation of the takeover defense measures at last year's general meeting was only 52.85%⁵, which is slightly above the majority, and it can no longer be said that the large majority of shareholders approve it. It has already been 6 years since 2019, when the decision to reintroduce the takeover defense measures was made. During this period, the social conditions and perspectives on corporate control have significantly changed. The continuation of the takeover defense measures is now clearly a retrograde measure, and it should be abolished from the perspective of allowing market discipline to function. The current takeover defense measures are effective until the conclusion of this 74th General Meeting of Shareholders⁶, and GLOBAL ESG STRATEGY proposes not to renew them.

end

⁴ The Company's Notice of the 73rd Ordinary General Meeting of Shareholder

https://www.nip.co.jp/english/ir/assets/73-svousyu_en.pdf

⁵ The Company's Extraordinary Report dated June 26, 2024 <https://www.nip.co.jp/ir/assets/20240626-2.pdf>

⁶ The Company's takeover defense measures: 2. Details of the Plan, (3) Effective term, abolishment and amendment of the Plan