

## Shareholder Proposal

As representatives for Global ESG Strategy (the “Proposing Shareholder”), we hereby notify you as follows.

As a shareholder that has continuously held at least 1/100 of the voting rights of all shareholders or at least 300 voting rights of NC Holdings Co., Ltd. (the “Company”) for the last six months, pursuant to Article 303(2) of the Companies Act, the Proposing Shareholder proposes making the agenda items set forth below in I. (the “Agenda Items”) the purpose of the eighth ordinary general shareholders meeting of the Company scheduled to be held in June 2024 (the “General Shareholders Meeting”), and with respect to the Agenda Items, submits the proposals set forth below in II. (the “Proposals”) and requests that measures for electronic provision be taken with respect to the outline of the Proposals and reasons for proposal, pursuant to Article 305(1) and Article 325-4(4) of the Companies Act.

I. Proposed Agenda Items

Agenda Item 1: Appropriation of Surplus

Agenda Item 2: Partial Amendment of Articles of Incorporation (Policy on Dividend of Surplus)

Agenda Item 3: Partial Amendment of Articles of Incorporation (Handling by Directors of Interviews With Shareholders)

Agenda Item 4: Partial Amendment of Articles of Incorporation (Disclosure of Medium-Term Management Plan)

II. Outline of Proposals and Reason for Proposal, etc.

1. Agenda Item 1: Appropriation of Surplus

(1) Outline of proposal

The appropriation of surplus shall be as follows:

If the Company's Board of Directors or a shareholder of the Company other than the Proposing Shareholder makes a proposal regarding the appropriation of surplus at the General Shareholders Meeting, this Proposal shall be additionally proposed independently of such proposal.

(a) Dividend property class

Cash

(b) Dividend amount per share

An amount calculated by deducting from 161 yen the total of the amount of dividend of surplus per common share of the Company determined by the date that the General Shareholders Meeting is held by the Company's Board of Directors as the appropriation of surplus at the end of the fiscal year ended March 2024 pursuant to Article 34.1 in the current Articles of Incorporation (including planned appropriation) and the amount of the dividend per common share of the Company proposed by the Company's Board of Directors or a shareholder of the Company other than the Proposing Shareholder, and approved, at the General Shareholders Meeting (161 yen if the Company's Board of Directors or a shareholder of the Company other than the Proposing Shareholder does not submit a proposal regarding the appropriation of surplus at the General Shareholders Meeting).

(c) Matters regarding allotment of dividend property and total amount

The dividend amount per share stated above in (b) with respect to each common share of the Company (the total dividend amount is calculated by multiplying the dividend amount per share by the total number of issued common shares of the Company (excluding treasury shares) as of March 31, 2024 (the end of the current fiscal year))

(d) Effective date of dividend of surplus

The date of the General Shareholders Meeting

(2) Reason for proposal

Despite the fact that the Company's net cash has increased to 57%<sup>1</sup> of its market capitalization, the Company's policy is to continue to accumulate internal reserves.<sup>2</sup> The reasons that the Company explained to the Proposing Shareholder to justify continuing to accumulate internal reserves are possibilities that cannot be said to be concrete or realistic, such as that financial brokerage functions may completely disappear in Japan or that there may be a series of M&As in a number that has never been carried out in the past. Not only does the Company lack a specific future investment plan, a corporate structure that mindlessly accumulates cash is also counter to the TSE's requirement of "management that is conscious of cost of capital and profitability based on the balance sheet."<sup>3</sup> Accumulated internal reserves should be utilized proactively for new business investment, but at this point in time a sufficiently specific investment plan has not been disclosed, and the Proposing Shareholder therefore proposes a dividend with a dividend payout rate of 200% as a bold shareholder return. Assuming a dividend payout rate of 200% and dividend yield of 3%, the share price of the Company is expected to rise to approximately 5,400 yen (approximately 3.5 times the current share price).

2. Agenda Item 2: Partial Amendment of Articles of Incorporation (Policy on Dividend of Surplus)

(1) Outline of proposal

Newly set forth the following provisions as Article 36 in "Chapter 7 Accounting" of the current Articles of Incorporation. Furthermore, if the provisions stated in this Proposal require formal adjustment (including, but not limited to, correction of numbering discrepancies) due to the approval of any other proposal at the General Shareholders Meeting (including proposals proposed by the company), the provisions in this Proposal shall be read as the provisions after carrying out the necessary adjustments.

Article 36 Policy for Dividends of Surplus

In FY2024 and FY2025, the Company will adopt a dividend policy with a minimum dividend payout rate (meaning the percentage calculated by dividing the amount of dividend per share by the amount of net income per share (the figure in the consolidated financial statements)) of 200% with respect to the amount of the annual dividend of surplus, and to the extent permitted by laws and regulations, determine the annual dividend amount in accordance with such dividend policy.

(2) Reason for proposal

While the Company has not announced a medium/long-term management plan including specific capital or financial plans, it continues to assert that its basic policy is to endeavor to ensure the enhancement of internal reserves necessary for future business development<sup>2</sup> and has not given a clear answer when asked about its policy on the extent of accumulation, which is nothing less than a policy to blindly continue to accumulate internal reserves. In addition to a dividend payout rate of 200% for the FY2023 year-end dividend, the Proposing Shareholder also proposes expressly setting forth in the Articles of Incorporation maintaining the same

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<sup>1</sup> Net cash is the figure as of the end of December 2023 on a consolidated basis. Market capitalization is the figure as of April 17, 2024 after deducting treasury shares.

<sup>2</sup> "Notice Regarding Revision of Dividend Forecast" disclosed by the Company on March 22, 2023 [https://www.nc-hd.jp/ir/pdf/info\\_20230322.pdf](https://www.nc-hd.jp/ir/pdf/info_20230322.pdf) (Japanese language)

<sup>3</sup> Page 1 of "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" <https://www.jpx.co.jp/english/news/1020/dreu250000004n19-att/dreu250000004n8s.pdf>

level of dividend for the period through FY2025 as a temporary measure for returning accumulated internal reserves to shareholders. Even under the dividend policy of this Proposal, when the Proposing Shareholder carried out reasonable verification using conservative assumptions such as assuming that sales and profits do not grow from FY2023 onwards, the Company will continue to maintain a significant net cash position (approximately 2.9 billion yen as of the end of FY2025), and the net asset ratio will only fall slightly (47% as of the end of FY2025), so it is clear that the Company's financial health will not be harmed.

| <b>Projected changes in financial indicators if this Proposal's dividend policy is adopted<sup>4</sup></b> | <b>FY2023</b> | <b>FY2024</b> | <b>FY2025</b> |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| Dividend amount per share (yen)                                                                            | 161           | 161           | 161           |
| Dividend payout ratio                                                                                      | 200.8%        | 200.0%        | 200.0%        |
| Net cash (million yen)                                                                                     | 3,570         | 3,217         | 2,867         |
| <i>Percentage of market capitalization</i>                                                                 | <i>53.4%</i>  | <i>48.1%</i>  | <i>42.9%</i>  |
| Net D/E                                                                                                    | (0.48)        | (0.45)        | (0.42)        |
| Net debt/EBITDA                                                                                            | (4.50)        | (4.06)        | (3.62)        |
| Net asset ratio                                                                                            | 51.4%         | 49.0%         | 46.6%         |

3. Agenda Item 3: Partial Amendment of Articles of Incorporation (Handling by Directors of Interviews With Shareholders)

(3) Outline of proposal

Newly set forth the following provisions as Article 30 in "Chapter 4 Directors and the Board of Directors" in the current Articles of Incorporation, and increase the numbers of each of the articles in the current Articles of Incorporation after Article 20 by one. Furthermore, if the provisions stated in this Proposal require adjustments of format (including, but not limited to, correction of numbering discrepancies) due to the approval of any other proposal at the General Shareholders Meeting (including proposals proposed by the company), the provisions in this Proposal shall be read as the provisions after carrying out the necessary adjustments.

**Article 30 Handling by Directors of Interviews With Shareholders**

If a shareholder, or a person with authority necessary to invest in the shares of the Company pursuant to a discretionary investment contract or other contract with respect to the shares of the Company held by such shareholder, or laws or regulations ("Investment Manager"), that holds 3% or more of the voting rights in the Company, requests an individual interview, the Company's directors shall comply and hold an individual interview within 20 business

<sup>4</sup> Sales and net income are the company's forecasts, and are assumed to be constant from FY2023 onwards. EBITDA is calculated assuming depreciation expenses are the same as FY2022. FY2023 net cash and net assets are calculated by deducting the actual cumulative net income for three quarters as of the end of December 2023 from the company's forecast net income for the year, assuming that capital expenditure in the same amount as depreciation expenses is carried out in that period. The net cash and net assets in each period thereafter are calculated by adding the net assets for the preceding fiscal year to the amount calculated by deducting the dividend amount from the net income, assuming that capital expenditure in the same amount as depreciation expenses is carried out in each period. The net asset ratio is calculated using the ratio of the amount of total assets to sales. Market capitalization (after deducting treasury shares) is as of April 17, 2024.

days; provided, however, that if it is not possible to hold an individual interview during such period for unavoidable reasons, the Director shall notify the requesting shareholder or Investment Manager to such effect within five business days, and then separately arrange the time and date when it is possible to hold an individual interview. With respect to the number of meetings if individual interviews are requested, Directors who are executive directors, etc. shall comply at least once per quarter, and Directors who are not executive directors, etc. shall comply at least once per year, per shareholder or Investment Manager.

(4) Reason for proposal

Despite the fact that the Proposing Shareholder repeatedly made requests to the Company for individual interviews with all directors prior to the General Shareholders Meeting, individual interviews were only held with some directors. The Corporate Governance Code states that listed companies should carry out constructive dialogue with shareholders outside of the general shareholder meeting, in order to improve corporate value.<sup>5</sup> In addition, under the principle of the equal treatment of shareholders, it is permissible to provide different handling based on the number of shares held, to a reasonable extent, and when implementing dialogue from the perspective of improving corporate value, the principle of equal treatment of shareholders does not preclude individual interviews with major shareholders. Expressly setting forth an obligation of directors to agree to individual interviews with major shareholders in the Articles of Incorporation and implementing the same not only contributes to the improvement of corporate value of the Company through the promotion of constructive dialogue with shareholders, it is also groundbreaking in terms of indicating the transparency of the Company's management team and its openness, and showing both internally and externally that the Company is a pioneer among listed companies would also lead to the positive evaluation of the Company's share price by the market.

4. Agenda Item 4: Partial Amendment of Articles of Incorporation (Disclosure of Medium-Term Management Plan)

(1) Outline of proposal

Newly set forth the following provisions as Chapter 8 and Article 36 in the current Articles of Incorporation. Furthermore, if the provisions stated in this Proposal require adjustments of format (including, but not limited to, correction of numbering discrepancies) due to the approval of any other proposal at the General Shareholders Meeting (including proposals proposed by the company), the provisions in this Proposal shall be read as the provisions after carrying out the necessary adjustments.

Chapter 8 Management Plan

Article 36 Medium-Term Management Plan

The Company will formulate a three-year or five-year management plan for the Company (including a management policy in order to achieve sustainable growth that is sufficiently conscious of capital cost and profitability, a business plan based thereon, a capital expenditure and research and development plan, a capital and financial plan, shareholder return measures, and key management indicator targets), and publicly disclose it through the timely disclosure system operated by Tokyo Stock Exchange, Inc. When the period of

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<sup>5</sup> Corporate Governance Code, General Principle 5.

such management plan ends, the Company will formulate a new three-year or five-year management plan, and publicly disclose it in the same way. The same shall apply if the Company decides to amend a management plan that has already been publicly disclosed.

(2) Reason for proposal

According to the Company, despite multiple shareholders, including the Proposing Shareholder, repeatedly requesting the public disclosure of a specific management plan in the past, the Company has intentionally refused to release a management plan because of high business volatility. As it has continued to refrain from disclosing a specific management plan, the Company's Board of Directors cannot be said to have fulfilled its duty of accountability to shareholders. In addition, a situation where directors, who are entrusted with management, must be elected at a general shareholders meeting without disclosure of a management plan must be called out as having a serious flaw. The continued refusal of the Company's management team to release a management plan is an abnormal state of affairs, and can only be regarded as proof of a lack of sufficient management capabilities, a serious failure of governance by the Company's directors that are Audit and Supervisory Committee members failing to fulfill their audit function, or both. The Proposing Shareholder also proposes expressly setting forth in the Articles of Incorporation an obligation to publicly disclose a specific medium-term management plan in order for the Company's Board of Directors to sufficiently fulfill its duty of accountability to shareholders.

End