

April 23, 2024

2-12-1 Sobudai, Zama-shi
Kanagawa, 252-8550, Japan
Tokyo Cosmos Electric Co., Ltd.
Representative Director President, Mr. Yoshiaki Iwasaki,

CC: The Board of Directors,
Tokyo Cosmos Electric Co., Ltd.
(the “**Board**”)

Shareholder’s Proposal

Global ESG Strategy (“**we**”) hereby requests that the agenda items set out in I. below be added to the agenda (the “**Agenda**”) for, and the proposal (the “**Proposal**”) as set out in II. below in relation to such agenda items be submitted to, the 67th annual general shareholders meeting of Tokyo Cosmos Electric Co., Ltd. (the “**Company**”), which is to be held in June 2024 (the “**AGM**”). We make these requests as a shareholder of the Company who has held 1% or more of all voting rights of, or 300 or more voting rights of, the Company continually for six months prior to the date hereof based on Article 303 (2) of the Companies Act. We hereby also request that the Company notify its shareholders of the content of the Proposal in accordance with Article 303 (2), Article 305 (1), Article 325-3 (1)(iv), and Article 325-4 (4) of the Companies Act and Article 93 of the Enforcement Order of the Companies Act.

I. Agenda Items

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| Agenda Item 1: | Appropriation of surplus |
| Agenda Item 2: | Amendments to the Articles of Incorporation (Policy on Dividend of Surplus) |
| Agenda Item 3: | Amendments to the Articles of Incorporation (Interviews with Shareholders by Directors) |

II. Outlines of the Proposal and Reasons of the Proposal

1. Agenda Item 1: Appropriation of surplus

(1) Outline of the Proposal

Surplus shall be appropriated as follows:

This Proposal is proposed independently from and in addition to the proposal for appropriation of surplus at the AGM by the Board of the Company or other shareholders of the Company, if any.

- (a) Type of dividend property
Cash
- (b) Dividend per share
The amount after deducting the dividend per common share under the proposal for appropriation of surplus submitted by the Board of the Company or other shareholders of the Company to, and approved by, the AGM from 571 yen (if the Board of the Company or other shareholders of the Company do not submit a proposal for appropriation of surplus to the AGM, 571 yen)
- (c) Matters concerning the allotment of distributed property and total amount
Dividend per share in (b) above per common share of the Company (the total amount of dividends shall be the amount calculated by multiplying the dividend per share multiplied by the number of issued and outstanding shares of the Company (excluding treasury shares) as of March 31, 2024)
- (d) Effective date of the appropriation of surplus
Date of the AGM

(2) Reasons for the Proposal

This April, the Company announced its New Medium-Term Management Plan¹, which aims to gradually increase dividends and sets the dividend on equity ratio (DEO) for FY2026 at 3.5%. Its policy to increase shareholder returns deserves a certain amount of recognition; however, the Company's dividend payout ratio has been remaining at low levels these several years², and has a net cash position of approximately 700 million yen³ even though it had purchased treasury shares. The Company has indicated to us that they expect to hold a somewhat net cash position at the end of FY2026, which is not a sufficiently efficient financial plan. It is still diverged from the “management considering the cost of capital and profitability based on the balance sheet” asked by the TSE⁴, and since a sufficient investment plan has not been presented at this point, we propose 100% dividend payout as a bold shareholder return measure. Based on the assumption of a dividend payout ratio of 100% and dividend yield of 3.0%, the stock price of the Company is expected to rise to approximately 19,000 yen (5x the current stock price).

2. Agenda Item 2: Amendments to the Articles of Incorporation (Policy on Dividend of Surplus)

(1) Outline of the Proposal

In “Chapter 7. Accounting” of the Articles of Incorporation, add the following provision as Article 41, and move each of the provisions that follow (Article 41 et seq.) down by one article.

If any formal adjustment (including adjustment to the article numbering) is required on the provisions described in this Proposal due to the approval of other proposals at the AGM (including those proposed by the Company), the provisions concerning this Proposal shall be replaced with the provisions after the necessary adjustments have been made.

(Policy on the Appropriation of Surplus)

Article 41.

The Company adopts a dividend policy for the period from FY2024 to FY2026 that, the annual dividend amount shall be the higher of: (i) 100% dividend payout ratio (calculated by dividing the total amount of distributions by the net current profit (consolidated)), and (ii) 10% DOE (Dividend-on-Equity) (calculated by dividing the total amount of distributions by net assets (consolidated)), and to the extent permitted by law, determine the annual dividend amount in accordance with such dividend policy.

¹ “Formulation of the 2nd Medium-Term Management Plan and Action to Implement Management that is Conscious of Cost of Capital and Stock Price” dated April 2, 2024 <https://www.tocos-j.co.jp/tocos-j-wp/wp-content/uploads/2024/04/20240402-1.pdf>

² For example, the consolidated dividend payout ratio was 6.7% for the year ending in March 2022, and 7.3% for the year ending in March 2023.

³ Net worth and net cash are consolidated figures as of the end of December 2023

⁴ “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” P1 <https://www.jpx.co.jp/english/news/1020/dreu250000004n19-att/dreu250000004n8s.pdf>

(2) Reasons for the Proposal

Although shareholder returns show improvement under the Company's Medium-Term Management Plan, the Company still retains excessive cash and the plan is insufficient. In addition to the proposal for distributing 100% dividend payout for FY2023, we propose to maintain the same level of distributions for the period up to FY2026 and to add the dividend payout ratio and DOE to the dividend determination policy as temporary measures for returning the accumulated internal reserves to the shareholders.

We have rationally verified the financial impact of the proposed distribution policy based on the sales/profit plan and capital expenditure plan, etc., in the Medium-Term Management Plan, the net D/E ratio will be 0.3x, the net debt/EBITDA will be 1.0x, and the net asset ratio will be 47% as at the end of FY2026. According to the Company, the Medium-Term Management Plan expects that the Company will be at a somewhat net cash position as at the end of FY2026. Based on the proposed distribution policy the Company will have a net debt position, but it is clear that its financial soundness will not be damaged, and the Company will continue to have sufficient financial capacity.

3. Agenda Item 3: Amendments to the Articles of Incorporation (Interviews with Shareholders by Directors)

(1) Outline of the Proposal

In "Chapter 4. Directors and Board of Directors" of the Articles of Incorporation, add the following provision as Article 33, and move each of the provisions that follow (Article 33 et seq.) down by one article.

If any formal adjustment (including adjustment to the article numbering) is required on the provisions described in this Proposal due to the approval of other proposals at the AGM (including those proposed by the Company), the provisions concerning this Proposal shall be replaced with the provisions after the necessary adjustments have been made.

(Director Meetings with Shareholders)

Article 33.

The Directors of the Company shall, if a shareholder holding three (3) percent or more of the voting rights of the Company or a person with the necessary authority for investing in the shares of the Company with respect to the shares of the Company held by such shareholder pursuant to a discretionary investment management contract or other contract or the provisions of law (hereinafter referred to as the "Manager") makes a request for an individual meeting, respond to such meeting request within twenty (20) business days; provided, however, if an individual meeting cannot be held within such period due to unavoidable reasons, it shall notify the shareholder or the Manager that made such request within five (5) business days, and separately set the date and time of the individual meeting. A Director (excluding an audit member) shall respond to an individual meeting request at least once every quarter per shareholder or Manager, and a Director who is an audit member shall respond at least once a year.

(2) Reasons for the Proposal

We have made repeated requests to the Company for an individual meeting with all the Directors prior to the AGM, but were only able to have individual meetings with some of the Directors. The Corporate Governance Code provides that listed companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting to increase corporate value⁵. Furthermore, the principle of shareholder equality allows different treatment based the number of shares to a reasonable extent, and does not preclude individual meetings with major shareholders in conducting dialogue from the perspective of improving corporate value. By clearly stipulating in the Articles of Incorporation the Directors' obligation to respond to individual meetings with major shareholders and implementing it, not only will the Company's corporate value will be improved through the promotion of constructive dialogue with shareholders, but will also be groundbreaking as an expression of transparency and open attitude of the Company's management. By demonstrating internally and externally that the Company is a pioneer among other listed companies, the Company's stock price will be well-valued by the market.

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⁵ Corporate Governance Code, General Principle 5