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President

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### **Notice Regarding Corrections to Past Disclosures**

We hereby announce that, at a meeting of the Board of Directors held today, we resolved to make the corrections described below to (i) the release dated April 2, 2024, titled “Formulation of the Second Medium-Term Management Plan and Initiatives Aimed at Realizing Management Conscious of Cost of Capital and Share Price” (hereinafter the “MTMP Release”; the management plan described therein is referred to as the “MTMP”), and (ii) the release dated May 21, 2025, titled “Notice Concerning the Opinion of Our Board of Directors Regarding the Shareholder Proposal by Global ESG Strategy” (hereinafter the “Opposing Opinion Release”).

With respect to the MTMP Release, these corrections are made in light of the investigation report issued by the Special Investigation Committee on November 27, 2025 (please refer to the “Notice Concerning the Publication of the Investigation Report of the Special Investigation Committee” dated December 4, 2025), which revealed that the management at the time recognized that the feasibility of achieving the MTMP was insufficient or non-existent. Although the Company had announced the release dated June 10, 2025, titled “Notice of Expression of Opinion in Support of the Scheduled Commencement of a Tender Offer for the Company’s Shares by Bourns Japan Holdings LLC and Recommendation to Tender” (hereinafter the “Bourns Pre-Announcement TOB Release”; the prospective tender offeror at that time is referred to as “Bourns”), the investigation report clarified that the management at the time stated that, for the final two years of the MTMP period (fiscal years 2028 and 2029), synergies with Bourns had already been factored in and that the realization of such synergies was uncertain.

At the time the MTMP Release was issued, no indication of intent to acquire had yet been made by Bourns, no special committee had been established to consider Bourns’ acquisition proposal, and the Company’s Board of Directors had not determined what opinion to express regarding such proposal. Nevertheless, the management at the time independently incorporated assumed synergies from a potential acquisition by Bourns into the final two years of the MTMP. Furthermore, without any discussion at the Board of Directors regarding the formulation of the MTMP based on such assumptions, the Board resolved to approve its

disclosure, and the Company proceeded to publish the MTMP Release.

In addition, during the process of the Company's consideration of Bourns' acquisition proposal, a former Senior Managing Director, who was responsible for explaining the MTMP as part of management interviews conducted by a valuation firm, stated that "although the figures for FY2029 are explained as including synergies, the preconditions for their achievement were effectively 0% at that time." Furthermore, the Company has determined that even the initial three-year MTMP period lacked sufficient substantiation and subsequently formulated a new medium-term management plan. Accordingly, corrections are made to the disclosed details of the MTMP.

For reference, the Company announced a new medium-term management plan in November 2025 (please refer to "Formulation of the New Medium-Term Management Plan" dated November 10, 2025). For details of the current medium-term management plan of the Company's management, please refer to that release. With respect to the Opposing Opinion Release, the report of the Special Investigation Committee found that the statement in the opposing opinion that the shareholder proposal "lacked an understanding of the Company's business" was "factually incorrect, or at least capable of misleading general shareholders, and cannot escape the evaluation of being inappropriate." The report further indicated that the opposing opinion was constructed based on inappropriate assumptions—such as that the proposing shareholder was concerned only with net cash, lacked understanding of the business, and sought short-term profits—and that such statements gave shareholders an unjustifiably negative impression of the proposing shareholder. Accordingly, the relevant portions have been corrected.

The corrected portions of the MTMP Release and the Opposing Opinion Release are as set forth below. The corrected sections are indicated by underlining.

## I. Corrections to the MTMP Release

### 1. Details of the Second Medium-Term Management Plan (2024–2026)

(Before Correction)

Basic Policy: Growth investment aimed at growth and expansion

Key Initiatives:

- (1) Strengthening technological development capabilities
- (2) Enhancing profitability
- (3) Improving financial position
- (4) Strengthening shareholder returns

Numerical Targets	FY2026	FY2029
<u>Net sales</u>	<u>JPY 10.5 billion</u>	<u>JPY 13.5 billion</u>
<u>Operating margin</u>	<u>10%</u>	<u>12%</u>
<u>ROA</u>	<u>9%</u>	<u>11%</u>

DOE	3.5%	4.5%
(Payout ratio	approx. 40%	approx. 45%)

Key Measures:

- (1) Strengthening technological development capabilities [Building growth drivers]
  - Creation and acquisition of new technologies
  - Exploration of new fields through expansion of core technologies
  - Investment of management resources (R&D, talent acquisition and development)
- (2) Enhancing profitability [Maintaining a stable earnings structure]
  - Increasing product added value
  - Rebuilding production systems and methods
  - Utilization of DX and AI and productivity improvement
- (3) Improving financial position [Diversification of financing methods]
  - Reduction of interest-bearing debt
  - Improvement of capital efficiency (ROA enhancement)
- (4) Strengthening shareholder returns [Achieving stable dividends]
  - Improvement of dividend on equity (DOE)
  - Stable shareholder returns over the medium to long term

For details, please refer to the attached materials.

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Second Medium-Term Management Plan

(2024-2026)

Tokyo Cosmos Electric Co., Ltd.

April 2024

(After Correction)

Basic Policy: Growth investment aimed at growth and expansion

Key Initiatives:

- (1) Strengthening technological development capabilities
- (2) Enhancing profitability
- (3) Improving financial position
- (4) Strengthening shareholder returns

Numerical Targets	FY2026	FY2029
DOE	3.5%	4.5%
(Payout ratio	approx. 40%	approx. 45%)

Key Measures:

- (1) Strengthening technological development capabilities [Building growth drivers]
  - Creation and acquisition of new technologies
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[Attachment deleted]

II. Corrections to the Opposing Opinion Release

Opinion of the Board of Directors on Agenda Item 1

(Election of Five Directors (excluding Directors who are Audit and Supervisory Committee Members))

1. Summary of the Company's Opinion

(Before Correction)

② Lack of understanding of the business

The proposing shareholder characterizes the period of growth investment as a slowdown in growth and rejects it; however, such characterization itself must be regarded as a proposal that lacks an understanding of the Company's business.

The proposing shareholder has, to date, repeatedly requested meetings with the Company in the form of IR meetings. However, at those meetings, the proposing shareholder's interests were limited exclusively to the Company's net cash and other financial matters, and no indication was observed of any interest in the Company's business as a manufacturing enterprise.

Furthermore, based on their respective backgrounds, it is difficult to conclude that any of the proposed director candidates have a sufficient understanding of manufacturing operations or research and development in the manufacturing industry, and four of them also appear to lack experience in corporate management. In light of this, it is evident that the proposal reflects a complete lack of

sufficient understanding of the fact that the Company is operating in a period of significant change in its business environment, where highly sophisticated management decisions are required.

The Company therefore believes that the proposer's proposal lacks an understanding of the Company's business and is to be regarded as a proposal primarily aimed at achieving short-term profits rather than long-term sustainable growth.

- ③ The candidates lack the qualifications to serve as directors of the Company

(After Correction)

- ② The candidates lack the qualifications to serve as directors of the Company

## 2. Reasons for the Opinion

(Before Correction)

- (2) The proposal lacks an understanding of the business

a. Nature of the proposal

The proposing shareholder asserts that the current management is unfit as directors on the grounds that recent management indicators have stagnated.

However, the substance of the proposal is not aimed at enabling the Company to achieve sustainable growth in a significantly changing business environment, but rather is solely directed toward the acquisition of short-term profits. In this regard, the proposing shareholder, in its shareholder proposal submitted at last year's annual general meeting, made an excessive demand for dividends, requesting that for the period from FY2024 to FY2026 the Company adopt a dividend policy that would provide an annual dividend amount equal to the higher of a 100% payout ratio or a dividend on equity (DOE) of 10%, and distribute dividends in accordance with such policy to the extent permitted by law<sup>1</sup>. This demonstrates that the proposing shareholder prioritizes its own short-term gains over the Company's medium- to long-term enhancement of corporate value.

Furthermore, this is also evident from the proposing shareholder's limited understanding of the Company's business, as discussed below, and from the backgrounds of the proposed director candidates.

b. Low level of understanding of the Company's business by the proposing shareholder

Since beginning to hold the Company's shares in June 2023, the proposing shareholder has requested and held multiple meetings with the Company under the name of IR meetings. The Company has engaged in numerous such meetings, generally on a quarterly basis in conjunction

with earnings disclosures, in order to communicate with shareholders.

During these IR meetings, the proposing shareholder's interest was focused almost exclusively on the Company's net cash and other financial matters, and the questions raised were limited to financial topics. By contrast, there was almost no discussion regarding the structure of the Company's business, business operations based on knowledge of the industry in which the Company operates, or business strategies.

Recent media reports have indicated that some proposals by so-called activist shareholders—such as divestitures of unprofitable businesses or business portfolio restructuring—can contribute to enhancing corporate value. However, the proposing shareholder has made no such proposals based on an understanding of the Company's business aimed at improving management structure.

Accordingly, the Company finds it difficult to identify any stance on the part of the proposing shareholder that reflects an intention to understand the Company's business, and believes that the present proposal clearly reflects such attitude.

In fact, this shareholder proposal concerns only the election of director candidates designated by the proposing shareholder and does not constitute any concrete proposal regarding management strategy. Furthermore, the proposing shareholder has not disclosed any specific business plans or strategies.

c. The proposal is not based on consideration of the Company's business in terms of the candidates

Among the five director candidates proposed, none appears to have actual experience in manufacturing operations or research and development in the manufacturing industry, and four appear to lack experience in corporate management.

The Company's industry is currently undergoing a major transformation in the automotive sector, and more recently has also been affected by issues such as tariffs imposed by the United States. In this environment, management is required to make prompt and advanced decisions on a daily basis, including pricing revisions, as well as reconsideration of supply chains and logistics.

Under such circumstances, replacing the existing management with directors who lack experience not only in the automotive industry but also in manufacturing and corporate management would make it impossible to withstand changes in the rapidly evolving business environment.

d. The proposal is solely intended to achieve short-term profits

For the reasons described above, the proposal by the proposing shareholder lacks a strategic perspective necessary for the Company to achieve sustainable growth in a significantly changing business environment.

If the Company were to abandon the growth strategies implemented under the Second Medium-Term Management Plan and replace management with the proposed candidates, it would be impossible for the Company to achieve sustainable enhancement of corporate value.

This proposal can be understood as an attempt to call for a change in management by arbitrarily

interpreting the Company's management indicators in order to incite a sense of crisis among shareholders. Even if such a proposal were to result in a short-term increase in share price, the Company believes that it would ultimately make future growth impossible.

(3) The proposed candidates lack the qualifications to serve as directors of the Company

(4) The proposing shareholder cannot be regarded as a stable shareholder

(After Correction)

(2) The proposed candidates lack the qualifications to serve as directors of the Company

(3) The proposing shareholder cannot be regarded as a stable shareholder