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To Whom It May Concern:

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(Securities Code: 4549, TSE Prime)
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(Development in Previously Disclosed Matter) Notice regarding Status of Discussions with Major Shareholder Dalton (3) and Notice of Receipt of Document relating to Retraction of Shareholder Proposal and Agreement with Such Retraction

As Eiken Chemical Co., Ltd. (the “Company”) disclosed in its April 28, 2025 press release, “Notice regarding Status of Discussions with Major Shareholder Dalton” (“April 28 Press Release”), on April 21, 2025, the Company received from Dalton Kizuna (Master) Fund LLP (“Proposing Shareholder”), a shareholder which is a fund operated by Dalton Investments, Inc. (“Dalton”), a joint holder with Nippon Active Value Fund (“NAVF”), which holds 25.77% of the issued and outstanding shares of the Company, a document regarding the exercise of the shareholder proposal right at the Company’s 87th annual general shareholders’ meeting scheduled for June 24, 2025 (“General Shareholders Meeting”).

As indicated in the disclosures of the March 24, 2025 press release, “Notice regarding Status of Discussions with Shareholder Dalton” and the April 28 Press Release, the Company has repeatedly given consideration to such shareholder proposal (the “Shareholder Proposal”); at a meeting of the nominating committee held today, it was decided that, of the six (6) director candidates under the Shareholder Proposal (the “Shareholder-Proposed Candidates”), two (2) candidates, namely, Mr. Yuta Kinose (“Mr. Kinose”) and Mr. Tatsuki Toda (“Mr. Toda”), would be made director candidates under the Company proposal at the General Shareholders Meeting for the reasons given below, and the board of directors also resolved to support such decision. Regarding director candidates under the Company proposal, please see today’s press release, “Notice regarding the Election of Director Candidates (“Director Candidate Election Press Release”).

Background leading to retraction of the Shareholder Proposal

On March 11, 2025, the Company’s nominating committee received a document recommending three (3) director candidates for the General Shareholders Meeting (the “Initial Shareholder-Proposed Candidates”); the nominating committee then held individual interviews with these Initial

Shareholder-Proposed Candidates so that, prior to the formal exercise of the shareholder proposal right, the Company could determine whether it would be appropriate to have these persons as Company directors in light of the content and policy direction of the corporate value enhancement strategies being promoted by the Company. Subsequently, on April 21, 2025, the Company received the Shareholder Proposal, which recommends, in addition to the three (3) Initial Shareholder-Proposed Candidates, three (3) additional candidates, for a total of six (6) director candidates; accordingly, the Company held individual interviews with the six (6) Shareholder-Proposed Candidates, including the three (3) Initial Shareholder-Proposed Candidates.

The Company's nominating committee considered the following points in these interviews.

- Under the Company's articles of incorporation, the maximum number of directors is ten (10), and if the six (6) Shareholder-Proposed Candidates are all accepted onto the Company's board of directors, directors recommended by a specific major shareholder will occupy a majority of the seats on the board of directors, resulting in a likelihood of harm to the independence of the board of directors.
- Meanwhile, the Shareholder-Proposed Candidates include persons who appear capable of "evaluation and supervision of Company initiatives from the perspective of the capital markets", which the Company's nominating committee had previously designated as an issue for consideration; thus, on the assumption that their independence from Dalton could be secured, the nominating committee comprehensively considered the skills and expertise of the candidates and the overall skill sets of the Company's board of directors, resulting in a determination that of the six (6) Shareholder-Proposed Candidates, the addition of two (2) persons, Mr. Kinose and Mr. Toda, was desirable from the perspective of enhancement of the Company's corporate value.
- In the interviews with Mr. Kinose and Mr. Toda, (i) it was confirmed that both candidates do not have financial or economic interests in Dalton; (ii) it was confirmed that both candidates are willing to submit to the Company's board of directors a written oath stipulating an information firewall between themselves and Dalton and its affiliated companies; (iii) in the share delisting proposals that the Company has received from Dalton since last year, there was a possibility that a conflict of interest with Company general shareholders other than Dalton would arise, and so it was confirmed that both candidates did not take the Dalton proposal as given, but rather intended to participate in deliberations of the board of directors from an independent position, from the perspective of the common interests of Company shareholders.

In light of the above background, the Company's board of directors and nominating committee decided to make Mr. Kinose and Mr. Toda director candidates under the Company's proposal, as is

disclosed in the Director Candidate Election Press Release.

In response to the above decision of the Company, the Company received from the Proposing Shareholder a notice to the effect that the Shareholder Proposal was being retracted, and at the board of directors meeting held today, it was resolved to agree to the withdrawal of the Shareholder Proposal and to not place the Shareholder Proposal before the General Shareholders Meeting.

In light of the Company's Disclosure Policy, Corporate Governance Code, and other respective rules, the Company actively engages in dialogue with institutional investor shareholders and general investors. Further, depending on the circumstances, the Company's outside directors may take it upon themselves to engage in dialogue with shareholders, and the Company is otherwise striving to reflect any views of shareholders that are deemed useful for the sustainable enhancement of the Company's corporate value and shareholder value in the discussions of its board of directors. The Company will continue to engage in constructive dialogue with institutional investor shareholders and general investors in pursuit of enhancement of the Company's corporate value and shareholder value.

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