

Translation: Please note that the following is a translation of the original Japanese version, which is prepared for the convenience of investors. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

May 20, 2024

To whom it may concern,

Company Name: KINDEN CORPORATION
Representative: Takao Uesaka, President
(Securities Code: 1944, TSE Prime Market)
Contact: Hiroaki Kobayashi, General Manager of
General Affairs & Legal Department
(Tel: +81-6-6375-6000)

Notice Regarding Opinion of the Company's Board of Directors on Shareholder Proposal

KINDEN CORPORATION (the "Company") hereby announces that it has received a document (the "Shareholder Proposal Document") from its shareholder HIBIKI PATH VALUE FUND containing a shareholder proposal (the "Shareholder Proposal") that is to constitute a proposal on the agenda of the Company's 110th Ordinary General Meeting of Shareholders to be held on June 25, 2024 (the "Ordinary General Meeting of Shareholders"). Accordingly, the Company resolved to oppose the Shareholder Proposal at its meeting of the Board of Directors held on this date.

1. Proposing Shareholder

HIBIKI PATH VALUE FUND

2. Description of the Shareholder Proposal

(1) Agenda item

Appropriation of Surplus

(2) Summary of the proposal on the agenda and reasons for the Shareholder Proposal

The content is presented in the attachment, "Description of Shareholder Proposal." The attachment contains the relevant portions of the Shareholder Proposal Document submitted by the proposing shareholder in the original text.

3. Opinion of the Company's Board of Directors on the Shareholder Proposal

(1) Opinion of the Company's Board of Directors

The Company's Board of Directors opposes the proposal.

(2) Reasons for opposition

As disclosed in “Growth Investments in the Medium-term Management Plan and Initiatives to Enhance Corporate Value” dated January 31, 2024, (the “Initiative”), The Company has been strengthening its ability to generate profits over the medium to long term by undertaking “growth investments centered on human resources (investment in business infrastructure on the scale of ¥80 billion, investment in educational infrastructure on the scale of ¥40 billion, and investment in growth areas on the scale of ¥20 billion)” that are necessary for its sustainable growth and development, while maintaining a “stable financial base.”

The Company regards the distribution of profits to its shareholders as one of its most important management objectives and is accordingly seeking greater capital efficiency while enhancing shareholder returns in targeting a dividend payout ratio of around 40% and a total return ratio of around 50% to 60% during the upcoming period of the current Medium-term Management Plan, underpinned by its basic policy of paying stable and continuous dividends.

Specifically, whereas the Company revised its annual dividend forecast from ¥40 to ¥60 for the fiscal year ended March 31, 2024, it furthermore increased the annual dividend by ¥3 to ¥63 on April 24, 2024 in conjunction with disclosure of the Initiative, having taken into account earnings results of the current fiscal year. Moreover, the Company has set the annual dividend forecast to ¥80 for the fiscal year ending March 31, 2025, which consists of ¥70 in ordinary dividends in addition to ¥10 for an 80th anniversary commemorative dividend to mark eight decades since the Company was founded. The Company also announced that it would conduct share buybacks of up to ¥8 billion in conjunction with disclosure of the Initiative.

As an enterprise that supports social infrastructure, the Company believes that it is in the long-term interests of all its stakeholders for it to achieve sustainable growth and development while maintaining a stable financial base. On the other hand, we oppose the Shareholder Proposal requesting that we provide an annual fixed-sum dividend of ¥106 continually over ten years, calculated based on a total return ratio of 150% and a dividend payout ratio of 75%, given our concerns that the Shareholder Proposal may compromise flexibility of our capital policy, while also running counter to the Company’s approach with respect to growth investments and shareholder returns.

[Reference]

- Disclosed document: “Growth Investments in the Medium-term Management Plan and Initiatives to Enhance Corporate Value”
https://www.kinden.co.jp/ir/corporatevalue/managementrealization/corporatevalue_jp.pdf (in Japanese)

– End –

(Attachment) Description of Shareholder Proposal

Agenda item: Appropriation of Surplus

Summary of the proposal

Details on the appropriation of surplus are as follows.

The proposal is independent of and additional to any proposal the Company's Board of Directors may submit regarding appropriation of surplus at the Ordinary General Meeting of Shareholders.

A. Type of dividend assets

Cash

B. Dividend per share

The amount obtained by subtracting from ¥106, the sum of the interim dividend of ¥20 for the fiscal year ended March 31, 2024, and the amount of surplus of dividends per share of the Company's common shares, if any, proposed by the Company's Board of Directors at the Ordinary General Meeting of Shareholders

C. Matters concerning the allocation of dividend assets and the total amount thereof

The dividend per share of the Company's common shares mentioned in B., above (the total dividend is calculated by multiplying the dividend per share by the total number of shares of the Company's common shares issued and outstanding as of March 31, 2024, excluding treasury shares)

D. Effective date of distribution of dividends from the surplus

Date of the Ordinary General Meeting of Shareholders

Reasons for proposal:

Hibiki Path Advisors Pte. Ltd., which has entered into a discretionary investment contract with the proposing shareholder, sent the Company a documented proposal of measures for enhancing corporate value on October 4, 2023. The document has been publicly disclosed.

Detailed reasons for the proposal are as stated on pages 5 to 11 of the document: https://hibiki-investment-news.com/eng/kinden_20231004/ (in Japanese). Whereas the proposing shareholder highly values and stands behind the Company for its elevated social relevance and business growth initiatives, the proposing shareholder also feels it is essential that the Company deliberately scale back its net assets to achieve fundamental improvement in ROE.

As such, the proposing shareholder seeks a dividend of ¥106, which constitutes 75% of the average earnings per share of ¥141.8 over the last three years, based on the notion of setting the total return ratio at 150%, of which half, or 75%, is allocated to dividends. Moreover, the proposing shareholder asks that the Company provide an annual fixed-sum dividend of ¥106 continually over ten years, subject to approval of the proposal, to continuously improve ROE.

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