

May 17<sup>th</sup>, 2022

To Whom It May Concern,

Strategic Capital, Inc.  
Tsuyoshi Maruki, President & CEO

**Re: The Withdrawal of a part of Shareholder Proposal to**  
**KYOKUTO KAIHATSU KOGYO CO., LTD. (7226)**

INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (hereinafter referred to as the "Fund") and Strategic Capital, Inc. (hereinafter referred to as the "Strategic Capital") notified Kyokuto Kaihatsu Kogyo Co., Ltd. (hereinafter referred to as "Kyokuto" or the "Company") of our execution of the shareholders' right to make a proposal at the annual shareholder meeting held in the coming June by the documents dated April 19<sup>th</sup>, 2022.

The Fund and Strategic Capital, however, are pleased to announce that we are withdrawing part of our proposal regarding "Reversal of Contingent reserve" at the annual shareholder meeting in consideration of the following.

- On May 12, 2022, Kyokuto released a "Notice Regarding Dividends of Surplus and Reversal of Contingent Reserve" ([Japanese only](#)) clarifying that it would propose the reversal of the entire amount of the contingent reserve and transfer it to earned surplus carried forward.
- Therefore, we have decided to withdraw the above-mentioned proposal from the list of proposals since the Company's proposal is expected to achieve the reversal of the contingent reserve that we had requested.

**Disclaimer**

This press release is an abbreviated reference translation of the original announcement in Japanese. In the event of any differences between the original Japanese version and the English translation, the original Japanese version shall prevail.