



PRESS RELEASE

July 4, 2024

To All

Name of Company: Hokuetsu Corporation

Name of Representative: Sekio Kishimoto, President and CEO

(Securities Code: 3865 (Prime Market, Tokyo Stock Exchange))

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Notice of Letter to Oasis

Hokuetsu Corporation (“Company”) held its 186th Annual General Meeting of Shareholders (the “Annual General Meeting of Shareholders”) on June 27, 2024 and **acknowledged that, at the Annual General Meeting of Shareholders, the number of voting rights in favor of Proposals 5 to 9, from Oasis Japan Strategic Fund Ltd. and Oasis Investments II Master Fund Ltd. (“Oasis *et al.*”), was less than the total number of voting rights (687,538) held by Oasis *et al.* and Daio Kaiun *et al.*, as stated in the most recent statement of changes submitted by each company regarding the Company’s shares** (excluding the proposal to appoint Ms. Wendy Shiba).

Given that Daio Kaiun had announced its approval of Oasis’s shareholder proposal prior to this Annual General Meeting of Shareholders, Oasis *et al.* and Daio Kaiun *et al.* should have at least agreed to the proposal from Oasis. **This situation is extremely unreasonable, and it is strongly suspected that Oasis *et al.* neglected to submit a statement of changes.** Therefore, the Company has sent a letter (Attachment 1) to ask Oasis Management Company Limited (“Oasis”) whether or not all the statements in the most recently submitted statement of changes (7) dated March 9, 2023 (the “Latest Oasis Statement of Changes”) are accurate, and if so, why the discrepancy described above has arisen.

During preparation for this Annual General Meeting of Shareholders, while investigating the beneficial shareholders, the Company discovered that the number of share certificates, etc. for the Company held by Oasis *et al.* deviated significantly from the number of share certificates, etc. stated in the Latest Oasis Statement of Changes. This discrepancy is suspected to be a result of the following: (i) Oasis *et al.* disposed of 8,345,000 of the Company’s shares but neglected to submit a statement of changes to that effect, or (ii) despite Oasis *et al.* lending 8,345,000 of the Company’s shares to a third party, they neglected to submit a statement of changes to change the

entry in the “Significant contracts related to said stocks, etc. such as collateral agreements” column in the statement of large-volume holdings. Therefore, the Company sent a letter to Oasis on April 23, 2024 (Attachment 2, “April 23 Letter”) requesting an explanation regarding the same topic, which is attached for your reference. However, regrettably, the Company has not received a response to the April 23 Letter from Oasis to date.

Oasis has stated that it accepts the Japan’s Stewardship Code, but unlike many institutional investors who accept the Code, **it does not follow the requirement that “when they have a practice of lending stocks across the determination date of the voting right, their voting policy should include a policy on lending stocks” (the policy statement for stock lending transactions) in Guidance 5-2, and the disclosure of voting results in Guidance 5-3 under Principle 5. Particularly for the former requirement, Oasis does not explain why Oasis does not describe its policy.** The Company is concerned that the discrepancy between the number of voting rights stated in the Latest Oasis Statement of Changes Report and the actual voting results may be due in part to Oasis’ attitude toward the Japan’s Stewardship Code. **The Company requests that Oasis et al. comply with Guidance 5-2 and 5-3 above, at least in relation to the Company, and that Oasis disclose its shareholding status and exercise its voting rights in a transparent manner as a major shareholder with more than 10% of the Company’s shares.**

For your information, the Company states in its press release, “Notice Concerning Results of Resolutions of the 186th Annual General Meeting of Shareholders” dated June 27, 2024, “Dismissal of One (1) Representative Director and Dismissal of Four (4) Outside Directors proposed from Oasis Group were rejected by more than 99% of the shareholders except Oasis Group and . . . Daio Kaiun Group.” **With regard to the “99%,” if the number of voting rights held by the Oasis Group is calculated as 338,423, as stated in the Latest Oasis Statement of Changes, the total number of voting rights held by Oasis et al. and Daio Kaiun et al. exceeds the number of voting rights in favor of the proposals made by Oasis, which is an illogical result.** Therefore, the Company has conservatively calculated the number of voting rights held by the Oasis Group as 255,000, by deducting the number of shares the Company suspects that Oasis may have disposed of or lent to a third party.

End

July 4, 2024

Oasis Management Company Limited
Chief Investment Officer Mr. Seth H. Fisher

Hokuetsu Corporation
Sekio Kishimoto, President and CEO

**Notice Concerning the Filing of a Statement of Changes Concerning the Company's
Shares**

Hokuetsu Corporation (“Company”) held its 186th Annual General Meeting of Shareholders (the “Annual General Meeting of Shareholders”) on June 27, 2024, where the number of voting rights exercised in favor of Proposals 5 to 9 (“Oasis Proposals”), from Oasis Japan Strategic Fund Ltd. and Oasis Investments II Master Fund Ltd. (“Oasis *et al.*”) was as follows.

Proposal 5	621,681
Proposal 6	Dismissal of Messrs. Mitsuyasu Iwata (621,225), Kazuo Nakase (621,225), Hiromitsu Kuramoto (619,485) and Ms. Hiroko Nihei (619,248)
Proposal 7	Appointment of Ms. Wendy Shiba (695,241) and Messrs. Kenneth Nysten (683,677), Yuuichiro Nakajima (683,370), Michael Baisley (681,870) and Osamu Watanabe (619,332)
Proposal 8	637,712
Proposal 9	636,065

Based on the announcement by DAIO KAIUN CO., LTD. on June 10, 2024, titled “Exercise of Voting Rights at the Ordinary General Meeting of Shareholders of Hokuetsu Corporation [Company note: translated into English by the Company],” in which Daio Kaiun expressed support for the Oasis’s shareholder proposal, it is presumed, at least, that Oasis *et al.* and Daio Kaiun and its joint holders (“Daio Kaiun *et al.*”) would have voted in favor of the Oasis Proposals. However, given the number of shares recorded in the most recently submitted statement of changes (7) dated March 9, 2023 by Oasis *et al.* (the “Latest Oasis Statement of Changes”), which indicates a holding of 33,842,300 share certificates, etc. (equivalent to 338,423 voting rights), and the number of shares recorded in the most recently submitted Statement of Changes No. 13 by Daio Kaiun *et al.* on December 25, 2023, which indicates a holding of 34,911,500 share certificates, etc. (equivalent to 349,115 voting rights), it seems highly unreasonable that the number of voting rights exercised in favor of the Oasis Proposals,

excluding the proposal for the appointment of Ms. Wendy Shiba under Proposal 7, would fall below the total number of voting rights held by Oasis *et al.* and Daio Kaiun *et al.*, as disclosed in their respective statement of changes (687,538 voting rights). Consequently, there is a strong suspicion that the actual number of the Company's shares held by Oasis *et al.* or Daio Kaiun *et al.* may differ from the numbers stated in the statement of changes.

In this regard, as per the inquiry in our letter dated April 23, 2024, "Notice Concerning the Filing of a Statement of Changes Concerning the Company's Shares," ("the April 23 Letter"), during the Company's investigation into the beneficial shareholders, suspicions were raised regarding the fact that the number of share certificates, etc. for the Company's shares held by Oasis *et al.* deviated significantly from the number of share certificates, etc. for the Company's shares as stated in the Latest Oasis Statement of Changes. This discrepancy is suspected to be a result of the following: (i) Oasis *et al.* disposed of 8,345,000 of the Company's shares but neglected to submit a statement of changes to that effect, or (ii) despite Oasis *et al.* lending 8,345,000 of the Company's shares to a third party, they neglected to submit a statement of changes to change the entry in the "Significant contracts related to said stocks, etc. such as collateral agreements" column in the statement of large-volume holdings. This is further substantiated by the unusual outcome regarding the voting results on the Oasis Proposals mentioned above. Additionally, if the number of voting rights (349,115) stated in Daio Kaiun *et al.*'s statement of changes above is subtracted from the number of votes in favor of the Proposal to dismiss director Ms. Hiroko Nihei (619,248), who has the smallest number of votes cast in favor of the proposal for her dismissal, the remaining number is 270,133. When subtracting this (270,133) from the number of voting rights (338,423) stated in Oasis *et al.*'s statement of changes, 68,290 voting rights remain (equivalent to 6,829,000 shares), which aligns with the Company's suspicion regarding the negligence to submit a statement of changes for the 8,345,000 shares as stated in points (i) and (ii) above. This may be explained if, in addition to those of Oasis *et al.* and Daio Kaiun *et al.*, there were approximately 1.5 million shares' worth of third-party votes in favor of the proposal to dismiss Ms. Hiroko Nihei.

Given the recent increase in attention to compliance with statement of large-volume holdings regulations, as evidenced by the unprecedented public announcement of an enforcement of sanction only for violation of the statement of large-volume holdings regulations by the Securities and Exchange Surveillance Commission on June 28, 2024, the Company requests prompt and reasonable verification of whether all the information in the Latest Oasis Statement of Changes is accurate, and if so, an explanation of the unusual outcome regarding the voting results on the Oasis Proposals as mentioned above to the general shareholders of the Company.

Although the Company requested an explanation in the April 23 Letter as well, unfortunately, the Company has not received a response. In light of the increasing need to strengthen the effectiveness of the statement of large-volume holdings system, the Company asks for your sincere and earnest response to its request, given that information regarding the Company's shareholding by Oasis *et al.* is ever more important for the Company's general

shareholders in making their investment decisions.

End

April 23, 2024

Oasis Management Company Limited
Chief Investment Officer Mr. Seth H. Fisher

Hokuetsu Corporation
Sekio Kishimoto, President and CEO

Notice Concerning the Filing of a Statement of Changes Concerning the Company's Shares

On April 22 of this year, Hokuetsu Corporation (the “Company”) received a shareholder proposal dated April 19 (the “Shareholder Proposal”) from Oasis Japan Strategic Fund Ltd. and Oasis Investments II Master Fund Ltd., which are understood to be affiliates of your company. The Company is in the process of reviewing its formal requirements, among other matters. In connection with this, when the Company examined the Company’s shareholder registers as of the record date of March 31, 2024, it found that the number of shares effectively held by your company (hereinafter referred to as the “Actual Number of Shares Held”) decreased by 8,345,000, and approximately 4.44% in terms of the holding ratio of share certificates, etc., compared to the Actual Number of Shares Held as of March 31, 2023.

However, the latest statement of changes (the “Statement of Changes”) submitted by your company concerning the Company’s shares was the statement of changes No. 7, dated March 9, 2023, which indicated an increase of 1% or more in the holding ratio of share certificates, etc. as of March 2, 2023, and no additional statements of changes have been submitted regarding the Company’s shares to date.

As you may be aware, under the Financial Instruments and Exchange Act, a statement of changes must be submitted within five (5) business days from the date of occurrence of the event that triggers the submission (Article 27-25, Paragraph 1, the Financial Instruments and Exchange Act). However, your company has not submitted a statement of changes indicating a decrease of 1% or more in the holding ratio of share certificates, etc. for more than three weeks since March 31, 2024, which is the latest possible date of occurrence of the event. This may be the result of (i) neglecting to submit the required statement of changes, or (ii) your company merely lending out the 8,345,000 shares, meaning that the holding ratio of share certificates, etc. in the Company’s shares has not decreased. However, as you may be aware, if the above-mentioned lending of shares has taken place, a statement of changes indicating that the shares were lent out, along with the name of the counterparty and the quantity in the “Significant contracts related to said stocks, etc. such as collateral agreements” column must be submitted

(Question 9 in the Q&A on Statement of Large-Volume Holdings by the Planning and Market Bureau of the Financial Services Agency, revised In 2020). Yet, such a statement of changes has not been submitted to date, more than three (3) weeks after March 31, 2024, which is the latest possible date of occurrence of the event. Additionally, your company delayed submission of the entry in the “Significant contracts related to said stocks, etc. such as collateral agreements” column of the statement of large-volume holdings by more than one (1) month in the correction report submitted on October 26, 2021, and by more than four (4) months in the statement of changes No. 4 submitted on August 16, 2022.

In light of the above, regrettably, the Company cannot help but suspect that your company has either disposed of 8,345,000 of the Company’s shares without submitting the necessary statement of changes or has lent out 8,345,000 of the Company’s shares without submitting the required statement of changes to change the entry in the “Significant contracts related to said stocks, etc. such as collateral agreements” column of the statement of large-volume holdings. As noted above, your Company group has already made its Shareholder Proposal, and the information regarding the shareholding status of your Company group in the Company’s shares is extremely important for the general shareholders of the Company in making their investment decisions. Additionally, the “Report of the Working Group on the Tender Offer System and Statement of Large-Volume Holdings System” published by the Financial System Council on December 25, 2023, clearly states that “With the revision of the Financial Instruments and Exchange Act in 2008, the non-submission and false reporting of statements of large-volume holdings were made subject to the administrative monetary penalty system from the perspective of deterring violations of the statement of large-volume holdings system. However, delays in submitting statements of large-volume holdings and other issues have continued, and it has been pointed out that the effectiveness of the statement of large-volume holdings system is not being ensured. In particular, it has been pointed out that, in recent years, there have been cases where it is suspected that multiple parties have tacitly coordinated to acquire shares without being recognized as joint holders due to the difficulty of proving such coordination,” and the necessity of strengthening the statement of large-volume holdings system has been advocated.

Therefore, the Company requests a prompt explanation to the Company and its general shareholders as to whether its suspicions are justified, or if they are due to some misunderstanding on the Company’s part. Moreover, the Company’s stock price, which was 1,320 yen at the closing price on April 19 of this year, surged by 88 yen (6.67%) yesterday (April 22), the first business day after April 19, despite no specific Company-related news being published. It is unclear whether this is related to the Shareholder Proposal, but the Company wishes to remind your Company group to thoroughly manage information.

End