

**CONFIDENTIAL**

Ezaki Glico Co., Ltd.  
4-6-5 Utajima, Nishi-Yodogawa-ku, Osaka, Japan 555-8502

Mr Etsuro Ezaki – President (Representative Director)

Board of Directors

5<sup>th</sup> January 2026

Dear Mr Ezaki and Members of the Board,

I am the Chairman of Rising Sun Management Ltd (“RSM”). We are advisers to Nippon Active Value Fund PLC (“NAVF”), a closed-ended UK investment trust listed on the London Stock Exchange, and NAVF Select LLC (“Select”), a US investment fund incorporated in Delaware. RSM is also affiliated with Dalton Investments, Inc. (“Dalton”), a US investor specialising in Asian and other non-US equity markets. Both RSM and Dalton are majority-owned by Rosenwald Capital Management, Inc., which is an investment vehicle controlled by James B. Rosenwald III. Under a series of agreements between these entities, NAVF, Select and Dalton often co-invest in specific Japanese companies’ common stock. When doing so, they constitute a ‘concert party’ by combining their shareholdings to engage more effectively with the managements of their mutual portfolio holdings. Currently, at year-end 2025, the concert party owned 7,608,460 shares in Ezaki Glico Co., Ltd. (“Ezaki” or the “Company”), and constituting 11.11% of the Company’s outstanding equity. All the relevant filings relating to our individual holdings have previously been made in accordance with the applicable regulations.

As one of the Company’s largest shareholders, we have a natural interest in the growth of Ezaki’s medium- to long-term corporate value and intend to continue our historically constructive dialogue. We believe that the business position and brand value you have built as one of Japan’s leading food and confectionery manufacturers still offers significant growth potential.

We are writing now to inform you of our intention to submit shareholder proposals at the upcoming Annual General Meeting of Shareholders (“AGM”), as well as sharing the rationale for making these. This letter provides advanced warning of our concerns and proposed actions for addressing them. Following Mr Etsuro Ezaki’s assumption of the duties of the Company’s President in March 2022 to coincide with your 100th anniversary, we believe sufficient time has elapsed to prove the success or failure of the new corporate direction embodied in the “Healthier days, Wellbeing for life” philosophy. Sadly, our conclusion is that largely it has failed to deliver sufficient improvements in profitability and capital efficiency.

The news is not all bad. You maintain a strong market position as a major confectionery manufacturer in Japan, and core brands such as “Pocky” and “Pretz” enjoy high recognition and

strong profitability, not only domestically, but also in overseas markets, including those of the United States and China. Examples of Japanese chocolate confectionery brands that compete globally are rare, and we are excited to note how overseas operations now account for more than half of consolidated operating profit, in our view, a sign that the Company continues to enjoy meaningful growth opportunities.

Notwithstanding this geographical performance, we regret advances in corporate value and shareholder returns have not materialised. Indeed, average ROE over the past five years has remained stuck in the 4% range. Furthermore, the ROE target of 6–8% outlined in the new medium-term management plan is disappointingly low and unambitious, both from an industry standpoint and when compared with the aspirational guidance set by the TSE.

In particular, the Health & Food Business and the Dairy Business have both experienced a continued decline in operating margins since 2020. ROA has remained below 5%, a level that cannot reasonably be deemed to cover the cost of capital. Although the new medium-term management plan states that the Company will strengthen profitability using specific ROIC targets, there has, to date, been little disclosure of concrete measures to lift these businesses above the cost of capital, nor substantive disclosure of a fundamental review of operations.

Furthermore, we recognize that the significant management incidents that have occurred in recent years are not merely issues confined to individual businesses; but instead raise doubts about the Board's overall oversight function. The suspension of shipments of chilled products caused by the ERP system failure in April 2024, and the voluntary recall of approximately six million units of chocolate confectionery in December 2025, not only affected earnings, but also suggest structural issues relating to internal controls, risk management, and quality control systems. From a shareholder's perspective, it is hard to tell if these matters have been adequately reviewed and remediated independently by the Board.

These weaknesses were clearly reflected in shareholders' voting at the last AGM held in March 2025. Approval rates for proposed directors declined significantly compared with the previous year. For the six director proposals submitted, the average approval rate declined by approximately 9.8%, while the numbers in favour of President Ezaki declined by 13% year-on-year, resulting in a final approval rate of only 77%. Shareholders are indicating the need for rapid improvements to the current management structure and to the effectiveness of the Board's oversight function.

The background to our decision to submit AGM proposals is driven by the following structural issues:

### **1. Optimising the business portfolio**

While the Nutritional Confectionery Business and Overseas Business exhibit high profitability, the Health & Food Business and the Dairy Business remain perform poorly compared with peers. We believe the Company has reached a stage at which a more decisive judgement is required in the allocation of managerial resources.

## 2. Improvement in balance sheet efficiency

At the end of September 2025, the Company held net financial assets - defined as the total of cash and deposits plus investment securities minus interest-bearing debt - of ¥106.7 billion, equivalent to approximately 33% of its market capitalization. This level of excess financial assets clearly contributes to the Company's depressed ROE.

## 3. Aligning management's perspective with shareholders' expectations

The Board members' miniscule ownership of Ezaki shares is risible. The founding family office only owns 6.5%, of outstanding shares, while Mr. Etsuro Ezaki's personal interest amounts to 0.1% and that of the Chairman, his father, a mere 0.4%. With such a demonstrably diminutive interest in the business, how can management hope to exercise the authority outside shareholders have a right to expect?

These are not short-term issues; they are structural. Given that challenges relating to business performance, capital efficiency, and governance are undeniable, we believe the Company has reached a juncture, from which it can go in one of two directions. We do not believe things can continue as they are. Management must make its choice, following which we pledge to help bring about the benefits of the chosen path. As major shareholders, it is our duty and honour to be supportive and help in any way we can. Our shareholder proposals (outlined below) will be a first step in this process.

We urge the following choices:

1. A public commitment by the Company to buying back a minimum of 10% of its outstanding shares annually for the next five years. The existing lacklustre ROE target must be increased immediately to 12%. In addition, there should be a major accumulation in the President and founding family's ownership of the Company to augment their authority. This will further facilitate an essential review across the entire business, its investments, and excess non-operational assets, with a view to setting a targeted Return on Invested Capital ("ROIC") of not less than 15% per annum. Any division or asset classes that returns less than this should be disposed of forthwith at the highest price achievable.
2. Engaging one or more leading global Private Equity firms to advise on and structure a comprehensive management buyout ("MBO"), to be carried out under the aegis of the President and founding family, in conjunction with our consortium (as we are committed to remaining involved with the de-listed company and have extensive practical experience in supporting and investing in these processes).

Whichever course is ultimately chosen, it is obvious the first thing that needs to be urgently addressed is the composition of the Board. Considering the structural challenges the Company faces with capital efficiency and its business portfolio, it is essential that the Board incorporate the perspective of external shareholders independent from management, sharing the interests shareholders generally, and skilled in the working of the capital markets. Consequently, we will be

proposing the election of two outside directors drawn from our consortium. This recommendation is more than justified by our being the Company's largest shareholder.

Our proposed outside director candidates will be experienced in the fields of investment and finance, corporate management, capital markets, and corporate governance. While bringing the perspective of a shareholder, these individuals will contribute to the common objective of sustainably increasing shareholder value, while providing constructive and independent advice and oversight to management, thereby enhancing the effectiveness of the Board.

In addition to the election of outside directors, we will submit proposals promoting our traditional values and recommendations:

- (1) Share buyback of up to 10% of the total number of issued shares
- (2) Expansion of the restricted stock compensation programme for senior management, and
- (3) Amendments to the Articles of Incorporation to recognise the Tokyo Stock Exchange's initiative to instil in management a consciousness of the cost of capital and stock price.

Collectively, these proposals are an integrated set of measures. They aim to address the Company's excess net financial assets and to engender structural challenges it to improve capital efficiency, create stronger alignment of interest between directors and shareholders, and establish a management stance that is focused on cost of capital.

We remain at your disposal to discuss the contents of this letter, and, indeed, our AGM proposals generally at any time.

Yours faithfully,



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