

For Immediate Release

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**Japan Smaller Capitalization Fund, Inc. Announces Initiatives to Enhance
Shareholder Value**

**10% ANNUAL RATE LEVEL DISTRIBUTION POLICY
CONDITIONAL TENDER OFFER FOR 10% OF OUTSTANDING SHARES**

NEW YORK, June 6, 2025: Japan Smaller Capitalization Fund, Inc. (the “Fund”) (NYSE: JOF) today announced that its Board of Directors (the “Board”) has approved two initiatives aimed at addressing the Fund’s trading discount. These initiatives include a level distribution plan and a conditional tender offer. The Board believes these actions reflect the Fund’s ongoing commitment to enhancing shareholder value, delivering competitive performance, and providing consistent distributions to long-term shareholders.

The plan (the “Plan”) includes (i) implementation of a Level Distribution Plan (the “LDP”) to pay monthly distributions at a 10% annual rate to provide more of the Fund’s total return in the form of distributions, and (ii) a conditional tender offer (the “CTO”) of 10% of its outstanding shares.

Level Distribution Plan

The Board has approved a Level Distribution Plan under which the Fund will pay monthly distributions at an annualized rate of 10% of the Fund’s Net Asset Value (“NAV”) as of May 31, 2025. The Fund is declaring a monthly distribution of \$0.0887 per common share for each of July, August and September.

The Fund’s distribution details are as follows:

Record Date	Ex-Dividend Date	Payment Date	Distribution Amount
July 15, 2025	July 15, 2025	July 31, 2025	\$0.0887
August 15, 2025	August 15, 2025	August 29, 2025	\$0.0887
September 15, 2025	September 15, 2025	September 30, 2025	\$0.0887

The LDP is intended to provide shareholders with a constant, though not guaranteed, fixed rate of distribution each month. In approving the LDP, the Board considered, among other factors, the potential impact of the LDP as a tool to narrow the discount to NAV at which the Fund’s shares have historically traded, the Fund’s ability to sustain the LDP, and the possibility that making regular distributions could enhance liquidity for common shareholders and potentially attract new investors.

Distributions will be made primarily in cash but under the Fund's dividend-reinvestment plan, distributions will be made in Fund shares unless a shareholder has elected to receive cash. Shares held with a broker-dealer will receive distributions in cash.

Under the LDP, distributions may be derived from any combination of: (i) net investment income, (ii) realized capital gains, and/or (iii) a return of shareholder capital. The actual composition for each fiscal year will be reported to shareholders on Form 1099-DIV after year-end. Estimates provided in any monthly notice or in this press release are not intended for tax-reporting purposes and should not be relied upon as such.

The Fund cannot predict what effect, if any, the LDP will have on the market price of its shares, or whether such market price will trade at a narrower or wider discount to NAV compared to levels prior to the Plan's adoption.

Conditional Tender Offer

In addition to the LDP, the Board approved a Conditional Tender Offer. The Fund will launch a tender offer for 10% of its outstanding shares, provided that the Fund's shares trade at an average daily market price discount of 9% or greater to NAV during the nine-month measurement period beginning on July 1, 2025 and ending on March 31, 2026 (the "Measurement Period"). At the end of the Measurement Period, the Fund will announce additional details about the tender offer, as appropriate.

In approving the CTO, the Board considered, among other factors, that a rules-based approach gives shareholders clear, time-bounded relief if the discount persists, the complementary nature of the CTO with the LDP, the reinforcement of the Fund's commitment to shareholder-friendly capital management, and the offer of meaningful liquidity to shareholders. There can be no guarantee that these benefits will occur or that any improvement will continue.

The Board may terminate or modify the parameters of the Plan at any time without prior notice to the Fund's shareholders if circumstances warrant. The amendment or termination of the Plan could have an adverse effect on the market price of the Fund's common shares.

To assist the Board in its evaluation of the LDP, the CTO, and other potential corporate actions, the Fund engaged an unaffiliated financial adviser with significant closed-end fund expertise. The professional fees associated with this limited-duration engagement will be borne by the Fund and are expected to result in a short-term increase in the Fund's expense ratio.

Investment Outlook

While overall earnings growth is expected to be higher in the United States, the Japanese market is expected to have growth rates comparable to the United States in most sectors besides the Industrials sector. Nomura Asset Management Co., Ltd. ("NAM") believes Return on Equity ("ROE") is on an upward trend in Japan, supported by improvements in profit margins and revenue growth. NAM expects share buybacks and dividend increases will continue to raise the financial

leverage. With ongoing corporate reforms, there is a potential for ROE to rise further. Japan remains one of the most attractive markets for individual stock selection due to a lack of coverage.

Continued Focus on Long-Term Value

Today's announcement represents the Fund's objective to deliver competitive performance and stable distributions to shareholders. The Board and Nomura Asset Management U.S.A. Inc. ("NAM-U.S.A.") remain committed to delivering long-term value creation and addressing the interests of our shareholders.

About the Fund

The Fund invests primarily in the securities of smaller capitalization companies in Japan and is designed for investors seeking long-term capital appreciation. The Manager of the Fund is NAM-U.S.A., which is based in New York. NAM-U.S.A. is a subsidiary of NAM, which is one of the largest investment advisory companies in Japan in terms of assets under management and serves as the investment adviser to the Fund.

Forward Looking Statements

Certain information discussed in this press release may constitute forward-looking statements within the meaning of U.S. federal securities laws. Although the Fund and NAM-U.S.A. believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, the Fund and NAM-U.S.A. can give no assurance that their expectations will be achieved. Forward-looking information is subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those projected.

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