SANYO DENKI

May 18, 2026

To Whom It may concern

Company name:	SANYO DENKI CO., LTD.
Representative:	Shigeo Yamamoto Representative Director, Chairman of the Board & CEO (Code number: 6516, Tokyo Stock Exchange Prime Market)
Contact:	Masaki Iwayama Executive Operating Officer for Business Administration
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Notice Regarding the Opinion of the Board of Directors on the Shareholder Proposal

SANYO DENKI CO., LTD. (the "Company") has received a written notice from its shareholders (the "Proposing Shareholders") stating their intention to submit a shareholder proposal (the "Shareholder Proposal") at the 124th Annual General Meeting of Shareholders scheduled to be held in June 18th 2026; and at the Board of Directors meeting held today, the Company resolved to oppose all of the agenda items (a total of five items) related to the Shareholder Proposal. The details are described below.

1. Details of and Reasons for the Shareholder Proposal

(1) Proposing Shareholders

INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP and Strategic Capital, Inc.

(2) Proposed Agenda Items and Proposals

Proposal No. 1: Election of One Director

Proposal No. 2: Partial Amendments to the Articles of Incorporation Concerning the Term of Office of Directors

Proposal No. 3: Partial Amendments to the Articles of Incorporation Concerning the Review of Capital Policy
Proposal No. 4: Partial Amendments to the Articles of Incorporation Concerning Stock Splits
Proposal No. 5: Partial Amendments to the Articles of Incorporation Concerning a Stock Split and the Total Number of Authorized Shares in Connection with the Stock Split

(3) Summary of the Proposals and Reasons for Proposals

As described in the Attachment. Except for formal adjustments resulting from the withdrawal of one of the proposed agenda items, the relevant sections of the written proposal submitted by the Proposing Shareholders are reproduced verbatim.

2. Opinion of the Board of Directors on the Shareholder Proposal

The Company recognizes that improving capital efficiency and enhancing dialogue with shareholders, as sought by the Proposing Shareholders, are naturally important management issues. With this in mind, the Company has already initiated and strengthened multifaceted initiatives such as a review of the dividend policy, purchase of treasury shares, and stock split, while also positioning them as key priorities in the 10th Mid-term Management Plan scheduled to be announced at a later date. However, each proposal in the Shareholder Proposal lacks understanding of the Company's business and industry, and is not appropriate from the perspective of enhancing corporate value over the medium to long term. In addition, some of the proposals contain problems from the perspective of the purpose of the Companies Act and the autonomy of the Articles of Incorporation. From the perspective of its mission to protect the medium- to long-term interests of all stakeholders involved with the Company, the Board of Directors opposes all the proposals related to the Shareholder Proposal.

The Company has established its philosophy as: "We at SANYO DENKI Group Companies, aim to help all people achieve happiness, and work with people to make their dreams come true." Needless to say, this "all people" also includes shareholders and investors, and the Company has always aimed for the happiness of all people involved with the Company, including shareholders and investors.

Since the Proposing Shareholders submitted a large volume holding report in August 2024, the Company has continued sincere dialogue with the Proposing Shareholders, including 13 meetings, and site visits to the Company's main production sites, Kangawa Works and Fujiyama Works (Ueda City, Nagano Prefecture), while remaining true to its philosophy. However, it is regrettable that the Proposing Shareholders have not understood that the

Company is managed based on this philosophy or the significance of this philosophy.
The Company's Board of Directors believes that, to continuously enhance the Company's value, it is essential for the Company itself to carry out medium- to long-term growth investments, and the Company has continued to make balanced investments in research and development, capital expenditure, and human resources, thereby building on its 100-year history.
In addition, the 10th Mid-term Management Plan also considers various growth investments, including investment in cutting-edge technology fields, expansion of production capacity, and investment in human resources. Even in an era of unprecedented rapid increases in investment related to AI and data centers, dramatic growth in the semiconductor market, conflicts over energy, and other events that cannot be predicted at all, the Company's corporate activities will continue based on its philosophy to focus on the idea of steady growth and giving it back to the future, while carefully monitoring all developments and being conscious of balance.

Below, the Company presents its individual views on each of the proposed agenda items.

(1) "Election of One Director"

The Company's Board of Directors opposes this proposal.
Tsuyoshi Maruki, a candidate for director proposed by the Proposing Shareholders in this proposal, currently serves as CEO & Representative Director of one of the Proposing Shareholders. The fund managed by one of the Proposing Shareholders is a major shareholder holding approximately 17% of the Company's issued shares as of the proposal date. The Company has engaged in dialogue with the Proposing Shareholders on multiple occasions, including with Mr. Maruki, and the Proposing Shareholders have never indicated any intention to have the candidate elected as a director. Therefore, this proposal came to the Company unexpectedly, and we are very surprised.
Needless to say, directors owe a duty of care and a duty of loyalty to the Company and are required to act in the best interests of the Company. However, Mr. Maruki, in his position as CEO & Representative Director of one of the Proposing Shareholders, is inherently placed in a dilemma in situations where the investment returns of the fund he operates (i.e., the interests of the Proposing Shareholders' clients) conflict with the long-term interests of all the Company's shareholders.
Note that the Proposing Shareholders state regarding Mr. Maruki that "the candidate is not scheduled to be notified to the Tokyo Stock Exchange as an independent director and is

expected to serve as a part-time outside director," but the reason for deliberately nominating him rather than as an independent outside director embodying the "independent perspective" required by Japan's Corporate Governance Code is not clear.

In addition, the Proposing Shareholders claim that the Company's Board of Directors "lacks individuals with knowledge of capital markets." However, this claim is also not based on facts. The Company's current Board of Directors consists of inside directors with deep expertise in manufacturing and global business, as well as independent outside directors with diverse backgrounds in law, finance, ESG, and other areas, thereby providing a balanced supervisory and deliberative function over management as a whole.

For example, in the timely disclosure dated March 26, 2025, the Company announced its recognition of the current status of PBR and specific policies for improving ROE, and on March 19, 2026, the Company revised its dividend policy with a target payout ratio of 50% and updated its shareholder return policy including purchase of treasury shares. These actions demonstrate that the Board of Directors is seriously engaged in management that is conscious of cost of capital and stock price, and the Proposing Shareholders' claim that "the perspective of capital markets is lacking" does not reflect the actual situation of the Company and is more of an impressionistic argument.

Moreover, as disclosed on April 15, 2026, the Company has established a voluntary Nomination Committee as an advisory body to the Board of Directors and will continue to examine and implement measures to further strengthen its corporate governance system.

(2) "Partial Amendments to the Articles of Incorporation Concerning the Term of Office of Directors"

The Company's Board of Directors opposes this proposal.

Article 332, Paragraph 1 of the Companies Act provides that the term of office of directors shall be within two years in principle, and the two-year term of office is a legal and justifiable institutional choice. Although the Proposing Shareholders claim that "the opportunity for shareholders to exercise this right is half that of other listed companies," there are still a certain number of TSE Prime-listed companies that have two-year terms of office for their directors. At this point, a two-year term does not deviate from market rules.

The Company's business is global manufacturing for the provision of high-performance cooling fans, servo motors, UPS, and other products, and continuity of medium- to long-term management judgment is essential for technology development, capital investment, and building customer relationships. In fact, the Company is promoting investments to capture the market opportunity of expanding AI data center demand and dramatic growth in the semiconductor market, and such medium- to long-term investments can only be realized through stable management judgment that is not swayed by annual performance evaluations. Since the appropriate term of office for directors can change depending on the business environment, at this Annual General Meeting of Shareholders, the Company judges a two-year term to be appropriate, but for the General Meeting of Shareholders next year when the current directors' terms expire, the Company are considering shortening the term from two years to one year in light of the opinions of shareholders and investors as one option.

Note that all the current directors were elected as directors of the Company for a two-year term at the 123rd Annual General Meeting of Shareholders held on June 19, 2025, with the support of the more than 90% of shareholders other than the Proposing Shareholders, and their terms are still in effect at the 124th Annual General Meeting of Shareholders scheduled for June this year. If this proposal is approved at the General Meeting of Shareholders and the amendment to the Articles of Incorporation takes effect, the current directors will retire upon expiration of their terms, and until newly elected directors assume office, they will remain in the position of directors and hold their rights and obligations in a provisional status. For a TSE Prime-listed company, proposing to place directors and by extension the Board of Directors in such an unstable position is not appropriate. From the perspective of management continuity, rather than forced shortening of terms of office through amendment of the Articles of Incorporation, the Board of Directors should autonomously consider the appropriate term of office in light of the business environment and the company's actual circumstances.

(3) "Partial Amendments to the Articles of Incorporation Concerning the Review of Capital Policy"

The Company's Board of Directors opposes this proposal.

This proposal would require the Board of Directors to "deliberate, at least once a year, on the evaluation and target level of KPIs relating to financial soundness, as well as the evaluation and policy toward capital allocation, and disclose the resulting shareholder return policy" in the Articles of Incorporation.

However, the formulation and disclosure of capital policy and shareholder return policy are matters within the exclusive authority of the Board of Directors in the execution of business, and codifying this in the Articles of Incorporation requires careful consideration of the relationship with the Companies Act's institutional design and allocation of authority. In addition, the Articles of Incorporation define the basic organizational and operational rules of the Company, and incorporating specific business execution processes or disclosure obligations as provisions in the Articles of Incorporation would blur the scope of autonomy in the Articles of Incorporation and distort the concept of institutional design in the Companies Act. In Japan, shareholder proposers often submit matters concerning business execution in the form of amendments to the Articles of Incorporation, but the fact that essentially any proposal can be proposed if it takes the form of an amendment to the Articles of Incorporation is questionable in itself.

In addition, the Company has already implemented autonomous initiatives addressing the concerns raised in this proposal. Accordingly, no explicit statement in the Articles of Incorporation is required.
On March 26, 2025, the Company announced “Initiatives to Strengthen Management Focused on Cost of Capital and Stock Performance,” while reconfirming (1) management that emphasizes free cash flow, (2) a target ROE of 10% or higher, and (3) management that emphasizes operating profit margin, and disclosed its recognition of the current status of PBR (approximately 0.8 to 1.0 times; as of the end of March 2026, it has risen to over 1.2 times) and improvement policies. On March 19, 2026, as an update to the above announcement, the Company declared to revise its dividend policy with a target payout ratio of 50% and to continue the 10% ROE target, disclosed its assumed cost of shareholder capital, and announced its shareholder return policy. Furthermore, the Company is continuously expanding opportunities for dialogue with shareholders and investors through the expansion of small meetings and individual meetings. Moreover, in the 10th Mid-term Management Plan, the Company plans to disclose the trend of the cost of shareholder capital, recognition of issues, and policies for addressing them.
These initiatives autonomously implement the substance of the “review and disclosure of capital policy” sought by the Proposing Shareholders, and obligating such actions through the Articles of Incorporation could impede the autonomous and flexible business judgment of the Company’s Board of Directors.
Note that the Proposing Shareholders view the Company’s equity ratio of 77% as an issue. However, the Company’s equity ratio is a reasonable level as a management foundation that continuously supports its global manufacturing and sales system and technology development investment in preparation for unpredictable changes in an era where anything can happen, and financial soundness is one of the essential competitive advantages for the Company in aiming to become a “leading global brand,” a point the Proposing Shareholders have disregarded. The Company’s Board of Directors considers financial soundness to be one of the necessary management judgments for the Company to maintain stable operations

over the medium to long term in the face of increasing uncertainty about the future.

(4) "Partial Amendments to the Articles of Incorporation Concerning Stock Splits" and "Partial Amendments to the Articles of Incorporation Concerning a Stock Split and the Total Number of Authorized Shares in Connection with the Stock Split"

The Company's Board of Directors opposes this proposal.
Article 183, Paragraph 2 of the Companies Act stipulates that a stock split is a matter to be resolved by the Board of Directors. The "amendment to the Articles of Incorporation" (Proposal No. 4) to enable a stock split to be resolved by the General Meeting of Shareholders, and the "five-for-one stock split" (Proposal No. 5) based on that provision, intentionally attempt to circumvent the allocation of authority under the Companies Act and are not appropriate in the first place. The timing, ratio, and conditions of a stock split should be left to the comprehensive judgment of the Board of Directors, taking into account the stock market situation, shareholder composition, actual liquidity, financial condition, and other factors, and it is not suitable for a uniform resolution at a General Meeting of Shareholders.
In addition, the Company has already implemented a three-for-one stock split with September 30, 2025, as the record date. This was the result of the Board of Directors recognizing the need to improve stock liquidity and making a judgment on the appropriate timing and ratio.

The Proposing Shareholders claim that "even after the split, the investment unit remains in the 300,000–500,000 yen range and cannot be said to be at a level easily accessible to individual investors," and further calls for a five-for-one split. However. the effect and appropriate ratio of a stock split are matters that should be comprehensively considered based on actual stock market conditions, liquidity, shareholder composition, the Company's business scale, and other factors, and prescribing a fixed "five-for-one split" in the Articles of Incorporation would significantly impair management flexibility.

(5) Conclusion

As stated above, each proposal in the Shareholder Proposal lacks reasonable grounds and the content is not appropriate. Therefore, the Board of Directors opposes all of them.
As shown in the examples below, the Board of Directors has already been considering many of the issues raised by the Proposing Shareholders and is proceeding with management in

a timely and appropriate manner. We would like to ask our shareholders and investors to please review this information again.

March 2025	Initial announcement of “Initiatives to Strengthen Management Focused on Cost of Capital and Stock Performance” (disclosure of current PBR and ROE situation and improvement policy) (updated in March 2026)
May 2025	Implementation of purchase of treasury shares
August 2025	Implementation of 1Q small meeting for the fiscal year ended March 31, 2026
October 2025	Implementation of three-for-one stock split (improvement of liquidity)
January 2026	Implementation of 2Q small meeting for the fiscal year ended March 31, 2026
February 2026	Implementation of 3Q small meeting for the fiscal year ended March 31, 2026
March 2026	Revised dividend policy to a payout ratio of around 50%. Declared continuation of 10% ROE target. Announced updated shareholder return policy including purchase of treasury shares
April 2026	Announcement of the establishment of a voluntary Nomination Committee (to improve independence and transparency in the selection of director candidates)
April 2026	Announcement of dividend increase

(Attachment) Details of the Shareholder Proposal

Notice

3-33-1, Minami-Otsuka, Toshima-ku, Tokyo
SANYO DENKI CO., LTD.
Mr. Shigeo Yamamoto, Representative Director, Chairman of the Board & CEO

April 15, 2026
ONE NEXUS WAY, CAMANA BAY, GRAND CAYMAN, KY1-9005 CAYMAN ISLANDS
Shareholder of the Company
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP
Standing proxy
Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo, Mizuho Bank, Ltd. Settlement & Clearing Services Department,
and
2-17-22, Akasaka, Minato-ku, Tokyo
Shareholder of the Company Sender
Strategic Capital, Inc. Tsuyoshi Maruki, CEO & Representative Director

INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP and Strategic Capital, Inc. (the "Proposing Shareholders," both of whom have continuously held 300 or more voting rights of SANYO DENKI CO., LTD. ("the Company") for more than six months), hereby request as follows pursuant to Article 303, Paragraph 2, Article 305, Paragraph 1, and Article 325-4, Paragraph 4 of the Companies Act. Receipt slips for individual shareholder notices will be mailed separately.

1. To make the following proposed agenda items the purpose of the meeting at the Company's 124th Annual General Meeting of Shareholders.
2. To take electronic provision measures for the following proposed agenda items, the content of the proposals (the preamble in Section 2 and all of 1 to 6), and the reasons for the proposals.

Section 1 Proposed Agenda Items

1. Election of One Director

2. Partial Amendments to the Articles of Incorporation Concerning the Term of Office of Directors
3. Partial Amendments to the Articles of Incorporation Concerning the Review of Capital Policy
4. Partial Amendments to the Articles of Incorporation Concerning Stock Splits
5. Partial Amendments to the Articles of Incorporations Concerning a Stock Split and the Total Number of Authorized Shares in Connection with the Stock Split

Section 2 Content of the Proposals

For the following proposals 2, 3, 4, and 5 (the "Articles of Incorporation Amendment Proposals"), in the event that approval or rejection of the Articles of Incorporation Amendment Proposals and other agenda items (including company-proposed items) at this Annual General Meeting of Shareholders requires formal adjustments (including not limited to correction of shifts in article numbers) to the chapters or articles described as the Articles of Incorporation Amendment Proposals, the provisions of the Articles of Incorporation Amendment Proposals shall be read as the provisions after the necessary adjustments. For detailed explanations of each of the following shareholder proposals, please refer to https://stracap.jp/english/6516-SANYODENKI.pdf or the campaign website link at the top right of the Strategic Capital, Inc. website at https://stracap.jp/english/. Note that, unless otherwise stated as non-consolidated, all company figures stated in each shareholder proposal are based on the consolidated financial statements.

1. Election of One Director

Appoint one director (candidate: Tsuyoshi Maruki).

[Name (Date of birth)]

Tsuyoshi Maruki (July 23, 1959)

[Past experience]

April 1982: Joined Nomura Securities Co., Ltd.; August 1999: Vice President and Director, M&A Consulting, Inc.; May 2006: CEO & Representative Director, Mac Asset Management, Inc.: February 2010: CEO & Representative Director, TNP Strategic Capital, Inc.: September 2012: CEO & Representative Director, Strategic Capital, Inc. (current position)

[Significant concurrent positions]

CEO & Representative Director, Strategic Capital, Inc.

[Number of shares of the Company held]

0 shares

[Reason for selection as candidate for Director]

As major shareholders of the Company, the Proposing Shareholders strongly desire that the Company's shareholder value be enhanced through management that takes the cost of capital into account, just as the Boards of Directors of the Company do. However, the Company's Board of Directors is composed of persons from the Company itself, as well as from business companies, banks, and legal practice, and lacks individuals with knowledge of capital markets. In other words, although the Company's Board of Directors is expected to enhance shareholder value, it cannot be said that it is sufficiently equipped with the perspective of capital markets and shareholders.

Therefore, the Proposing Shareholders are confident that the candidate, based on the knowledge of capital markets gained through his work at Nomura Securities Co., Ltd. and his subsequent experience both as the head of an investment management firm and an investment professional up to the present, can contribute to the enhancement of the Company's shareholder value, and thus newly nominates him as a candidate.

(Notes)

1. The candidate serves as CEO & Representative Director of Strategic Capital, Inc., one of the Proposing Shareholders. As of the end of March this year, the Proposing Shareholders collectively hold a total of 6,349,200 shares of the Company.
2. As of March 31 this year, the Proposing Shareholders' total shareholding represents 17% of the Company's issued shares. Therefore, the proportion of total voting rights exceeds 10%. Accordingly, the candidate is not scheduled to be notified to the Tokyo Stock Exchange as an independent director and is expected to serve as a part-time outside director.
3. There are no other special interests between the candidate, the Proposing Shareholders, and the Company.

2. Partial Amendments to the Articles of Incorporation Concerning the Term of Office of Directors

The purpose of this proposal is to change the term of office of directors from two years to one year. The current Article 22 of the Articles of Incorporation shall be amended as follows.

(The amended parts are underlined)

Current Articles of Incorporation

(Term of Office)

Article 22 The term of office of directors shall expire at the conclusion of the Annual General Meeting of Shareholders for the last fiscal year ending within <u>two years</u> after their election.

Proposed Amendments

(Term of Office)

Article 22 The term of office of directors shall expire at the conclusion of the Annual General Meeting of Shareholders for the last fiscal year ending within <u>one year</u> after their election.

3. Partial Amendments to the Articles of Incorporation Concerning the Review of Capital Policy

This proposal requests the Company's Board of Directors to periodically verify and disclose whether financial soundness and capital policy are in an appropriate state and policy from the perspective of enhancing shareholder value. The following provision shall be newly added to the current Articles of Incorporation.

Chapter 7 Review of Capital Policy

(Review of Capital Policy)

Article 45 The Board of Directors shall, at least once a year and from the perspective of enhancing shareholder value, deliberate on the evaluation and target level of key indicators relating to financial soundness, as well as and the evaluation and policy toward capital allocation based on these indicators, and shall disclose both a summary of such evaluations and the resulting shareholder return policy.

4. Partial Amendments to the Articles of Incorporation Concerning Stock Splits

The following provision shall be newly added to the current Articles of Incorporation.

Chapter 8 Stock Splits

(Authorization of Stock Split by General Meeting of Shareholders)

Article 46 The Company may carry out a stock split by a resolution of the General Meeting of Shareholders.

5. Partial Amendments to the Articles of Incorporations Concerning a Stock Split and the Total Number of Authorized Shares in Connection with the Stock Split

(1) Subject to approval and adoption of "Proposal No. 5: Partial Amendments to the Articles of Incorporation Concerning Stock Splits," the Company shall carry out a stock split of its common shares as follows.

(a) Split ratio: 5 shares for each share

(b) Record date of the split: The date three weeks after the business day following the date of this Annual General Meeting of Shareholders

(c) Effective date of the split: The day after the record date

(2) Pursuant to Article 184, Paragraph 2 of the Companies Act, Article 6 of the Company's Articles of Incorporation shall be amended as follows on the effective date of the stock split.

Current Articles of Incorporation
(Total Number of Authorized Shares)
Chapter 6 The total number of authorized shares of the Company shall be 150,000,000 shares.
Proposed Amendments (The amended parts are underlined)
(Total Number of Authorized Shares)
Chapter 6 The total number of authorized shares of the Company shall be 750,000,000 shares.

Section 3 Reasons for Proposals

1. Election of One Director

The Company has continued to disregard capital markets in various respects.
In terms of information disclosure, although customers have publicly stated that the Company's products are installed in data centers for generative AI, state-of-the-art rear-door heat exchangers, and DLC-type servers capable of mounting eight B200 units, the Company has made no disclosure whatsoever.
In terms of capital policy, the Company excessively avoids interest rate burdens and has not utilized interest-bearing debt, lacking recognition that shareholders' equity is far more costly capital than interest-bearing debt, resulting in an equity ratio of 77%.
A brokerage firm's research reports explicitly state "effective management policies conscious of stock price," "enhancement of IR," and "improvement of governance" as upsides, and "continued low awareness of stock price" as a downside, which is an evaluation unfit for a listed company.
Had the Company's Board of Directors possessed knowledge of capital markets, such an evaluation would not have occurred. Therefore, the Proposing Shareholders request the election of a representative of one of the Proposing Shareholders who is well-versed in capital markets as a director.

2. Partial Amendments to the Articles of Incorporation Concerning the Term of Office of Directors

This proposal calls for shortening the term of office of directors from two years to one year.
The election of directors is an important opportunity for shareholders to express their evaluation of directors through the exercise of voting rights. However, the Company sets directors' terms at two years, meaning the opportunity for shareholders to exercise this right is half that of other listed companies. In other words, at the Company, the opportunity for

shareholders to evaluate directors through the exercise of rights is restricted compared to other listed companies.
Furthermore, the current situation in which the Company maintains a two-year term without explaining any unique reasons specific to the Company for doing so inevitably leads to the assessment that the Board of Directors is disregarding shareholders.
Therefore, the term of office of directors should be set at one year to improve governance by strengthening oversight through annual shareholder evaluations.

3. Partial Amendments to the Articles of Incorporation Concerning the Review of Capital Policy

The Company has achieved high levels of business competitiveness, growth, profitability, and cash flow generation. However, because the Company's awareness of capital policy is weak, its ROE lags behind that of peer companies despite comparable profit margins, and as a result, the value of the business is not fully reflected in its stock price.

(Net profit margin / Equity ratio / ROE)
The Company: 7.9% / 77% / 7.5%
NIDEC CORPORATION: 6.3% / 51% / 10.4%
YASKAWA Electric Corporation: 7.0% / 58% / 8.6%
DELTA ELECTRONICS (JAPAN), INC.: 10.8% / 41% / 22.4%

The Company makes no mention whatsoever of any specific measures to improve capital efficiency, which is the greatest challenge for enhancing shareholder value, in its disclosures regarding the cost of capital, and this is nothing more than a superficial analysis and evaluation that deviates from investors' perspectives, as referred to by the Tokyo Stock Exchange ("TSE"). To correct this situation, the Board of Directors should deliberate on the appropriate form of capital policy and continuously disclose specific shareholder return policies.

4. Partial Amendments to the Articles of Incorporation Concerning Stock Splits

The Company implemented a three-for-one stock split with September 30, 2025 as the record date. However, even after the split, the acquisition price of the Company's shares in a trading unit has remained in the range of 300,000 to 500,000 yen, which cannot be said to be at a level easily accessible to individual investors. According to Japan Exchange Group, as of the end of September 2025, listed companies with an investment unit of less than 300,000 yen accounted for 79% of the total. In addition, in the April 2025 “Results of ‘Study Group on Small-Size Investments’,” the TSE suggested that an investment unit of approximately 100,000 yen is desirable for individual investors.

A stock split promotes expansion of the investor base and improvement of liquidity, thereby contributing to the improvement of the market evaluation of the Company’s shares. However, given the situation in which the Company does not voluntarily implement stock splits, the Proposing Shareholders request that the implementation of a stock split and the split ratio be made subject to resolution at the General Meeting of Shareholders so that a stock split can be carried out flexibly under shareholder initiative.

5. Partial Amendments to the Articles of Incorporations Concerning a Stock Split and the Total Number of Authorized Shares in Connection with the Stock Split

For the same reasons as the preceding proposal, the Proposing Shareholders request the implementation of a five-for-one stock split.