# Preparation for the Fukuda Denshi Ordinary General Shareholders' Meeting

*Shareholders must confront Chairman Fukuda's misconduct, vote against his enablers and chart a fresh start for Fukuda Denshi*



June 15, 2026

Kaname Capital

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# Executive Summary

**A call to exercise your voting rights**

- **Opposing the election of 3 candidates:** Kaname Capital calls on shareholders to oppose, at the 79th Ordinary General Meeting scheduled for June 26, 2026, the election of **Chairman Kotaro Fukuda, Director Kazuo Genchi, and outside director nominee Masashi Fukuda.**. These three candidates will nullify the board's governance function. To enhance Fukuda Denshi's corporate value, Chairman Fukuda's influence must be removed and the board's effectiveness restored.

**Fukuda Denshi's corporate value**

- **Long-term stable growth:** While rooted in Japan's domestic medical-device market, Fukuda Denshi has steadily grown revenue on the strength of its nationwide sales channel. By raising the share of in-house products and consumables, its operating margin has reached roughly 19%, boasting a level of profitability superior to peers.
- **Governance discount:** Despite operational strengths, Fukuda Denshi's share price has long been left undervalued in the market. We believe the cause is persistent governance failure. In fact, the **second-generation founding-family Chairman Fukuda holds over 20% of the shares and has served as Representative Director for more than 40 years.** Under his direction, the company has suffered related-party conflicts of interest with the founding family and self directed excessive compensation. Through engagement we sought explanations and improvements, but meetings with Chairman Fukuda, President Shirai, and outside directors were all refused. Left with no choice, from 2023 **we submitted shareholder proposals for three consecutive years**, and in 2024 **we filed a shareholder derivative lawsuit totaling roughly ¥54.0 billion.**
- **56% / ¥180 billion + more of upside:** Since we began escalating in 2023, Fukuda Denshi's valuation has partially corrected. However, improved governance and a right sized balance sheet can deliver a further **56% (roughly ¥180 billion in market cap) of upside**. In addition, we believe a new management team freed from Chairman Fukuda's tyranny can create even greater value through aggressive growth investment.

**Turning misconduct into an opportunity for a fresh start**

- **The misconduct uncovered is the tip of the iceberg:** We have long criticized Chairman Fukuda's appropriation of the company. Following our independent investigation, the Company has for the first time admitted a lack of oversight resulting in expense misconduct by Chairman Fukuda. Yet the amount acknowledged is far too small—roughly ¥150 million over 10 years—and the Company is trying to force a close with his repayment. We must not forget that Chairman Fukuda also faces **numerous other allegations of misconduct and opaque past transactions.**
- **A third-party committee investigation is needed:** Despite our repeated requests, the Company stubbornly refuses to set up a third-party committee, which itself demonstrates the **board's dysfunction**. Moreover, **outside auditor Mr. Goto, who led the investigation, abruptly resigned**, suggesting problems with the investigation structure and potentially a lack of confidence in the conclusion.
- **A lesson from history:** Fukuda Denshi underwent a large-scale national tax audit in the 1960s, but founder Takashi Fukuda turned it to advantage and built the company's foundation for growth. Now is the time to confront Chairman Fukuda's appropriation of the company, remove **the festering buildup of long-standing founding-family control**, and pursue **a fresh start toward the future.**

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Opposition to Three Director Candidates: Kotaro Fukuda, Kazuo Genchi, Masashi Fukuda

Fukuda Denshi's Discount Factors and Upside

Our Investigation into Chairman Fukuda's Improper Use of Expenses

Problems with the Company's Response and 6 New Allegations of Misconduct

Appendix - Our Shareholder Derivative Lawsuit

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# We oppose the election of Kotaro Fukuda, Kazuo Genchi, and Masashi Fukuda at the 79th AGM

Shareholders should demand the board uncover and rectify Chairman Fukuda's self-dealing; both amount & degree of undermined governance

**Reappointment of Director**



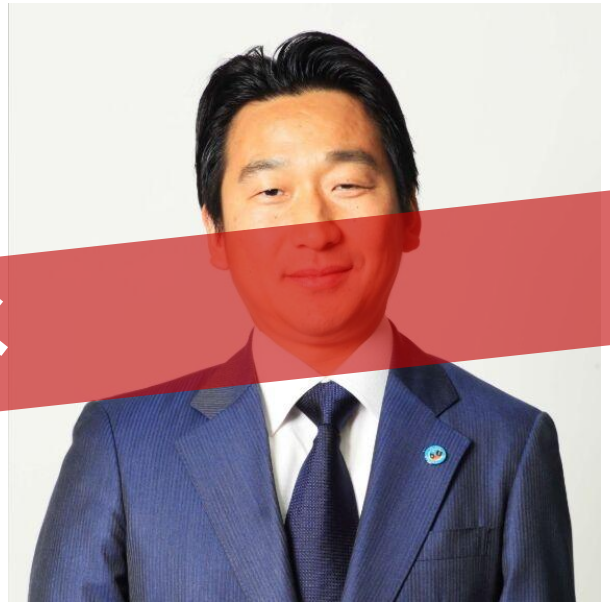
Candidate No. 1
**Kotaro Fukuda**
**Chairman & CEO**

**Reappointment of Director**



Candidate No. 4
**Kazuo Genchi**
**Managing Director**

**New Appointment of Outside Director**



Candidate No. 11
**Masashi Fukuda**
**Outside Director Nominee**

**VOTE AGAINST ×**

Source: Company filings

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# Three Candidates We Feel are Unfit to be Seated

## Kotaro Fukuda

### 2nd Generation

Directs the tacit toleration of mixing public and private interests, nullifying all governance

### Examples

Long-standing related-party conflicts of interest, overriding the compensation committee to self direct his excessive payments, designed the HQ for exclusive underground parking, lavish spending on entertainment expenses, instructions to falsify internal procedures, etc.

## Kazuo Genchi

### A loyal confidant

His contribution to the business is modest; he retains his position by deferring to Chairman Fukuda

### Examples

The reason he was promoted from a regional sales subsidiary all the way to the head-office board is unclear. Meanwhile he actively hosts the "*imoni-kai*" gatherings of people close to Chairman Fukuda and the company car club's "driving events".

## Masashi Fukuda

### Compromised oversite

Although presented as independent, he is wholly dependent on Chairman Fukuda both financially and personally

### Examples

He owes a great debt to Chairman Fukuda regarding the soccer team he manages, publicly calling the Chairman his "GODFATHER." He also serves as an auditor of the foundation the Chairman established.

The board's self-cleansing function still does not work.
Shareholders must oppose the election of these 3 individuals and restore the board's effectiveness

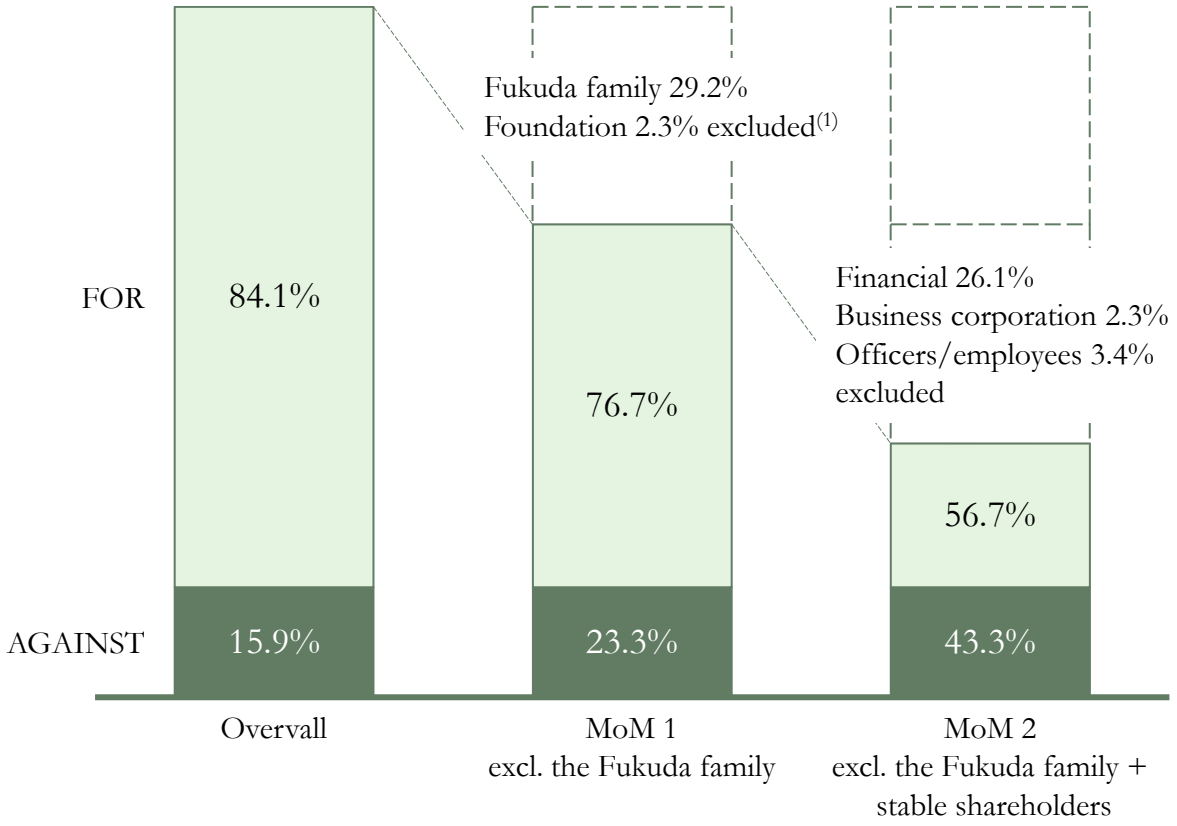
Source: Kaname Capital

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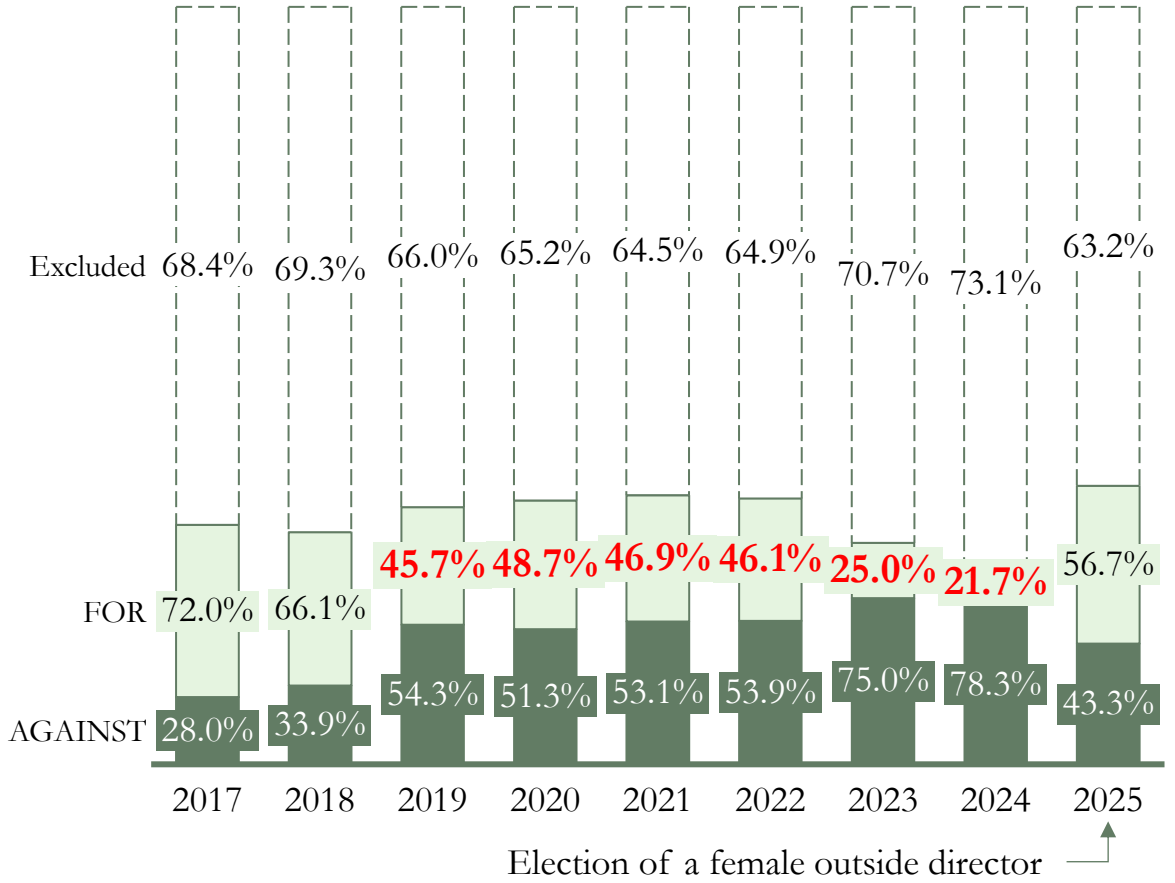
# Chairman Fukuda Majority of Minority Support Rate Has Recently Been Well Below 50%

Fukuda only received 21.7% support from return seeking shareholders in 2024

## MoM-based approval rate for Chairman Fukuda (June 2025 AGM)




## MoM 2-based approval rate for Chairman Fukuda over time




(1) The excluded percentages show influence as a share of votes cast. Through our inspection of voting results, we confirmed that all these shareholders voted in favor of the Company's proposals

Source: Bloomberg, extraordinary reports

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# Financial Institutions Control ~24.5% of the Vote and Should Acknowledge Their Failure

Banks have an obligation to prevent rather than enable Chairman Fukuda's misconduct and vote accordingly

| | Financial institution | Voting units | Ratio |
|---|---|---|---|
| NISSAY | Nippon Life Insurance | 15,050 | 5.18% |
| 東京きらぼしFG | Tokyo Kiraboshi FG | 13,900 | 4.78% |
| MUFG | Mitsubishi UFJ FG | 13,550 | 4.66% |
| MIZUHO | Mizuho FG | 10,420 | 3.59% |
| ほくほくフィナンシャルグループ | Hokuhoku FG (Hokuriku Bank) | 10,000 | 3.44% |
| 77 BANK | 77 Bank | 4,000 | 1.38% |
| 東京海上ホールディングス | Tokio Marine HD | 2,748 | 0.95% |
| ちば興銀 | Chiba Kogyo Bank | 1,600 | 0.55% |
| | **Total (8 firms)** | **71,268** | **24.53%** |

Source: Bloomberg

Combined voting ratio of the 8 major financial institutions
**~24.5%** (71,268 units)

## Why financial institutions' votes matter

- **They overlooked the misconduct:** Some financial institutions were close to Chairman Fukuda—invited to his garage or given Tokyo Dome tickets—and thus had chances to detect the misconduct but let it pass.
- **They also abdicated proper voting:** These institutions consistently voted for Company proposals and against shareholder proposals, without examining individual items, failing to vote appropriately.
- **A rigorous response is required:** These institutions bear responsibility for enabling Chairman Fukuda's misconduct and impairing corporate value. As we show, the Company's investigation has many problems, some explicitly reveal their enabling activity, meaning they must respond rigorously when voting this year.

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# Mr. Kazuo Genchi: Extremely Limited Business Contribution

His most notable role is thought to be organizing racing events and active in ingratiating himself with Chairman Fukuda

## SNS post by a famous ex-racer who attended Fukuda Denshi's "driving event"

[redacted]

...

Show translation

今日は筑波サーキットでフクダ電子の走行会です(o^^o)




12:40 PM · Oct 1, 2020

Source: Kaname Capital, X posts

- **"Favoritism appointment" with no objective track record:** No business achievements can be found for Director Genchi, and multiple Company insiders point out that he "does no substantive work"—casting serious doubt on his qualifications as an executive director.
- **"Courtier politics" of currying favor with Chairman Fukuda:** The "*imoni-kai*" social gatherings of executives close to Chairman Fukuda are said to be hosted by Tohoku-born Mr. Genchi. He is also said to participate actively in the company car club's "driving events" (where, reportedly, famous ex-racers are paid large honoraria in cash)

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# Mr. Masashi Fukuda: Fundamentally Conflicted and Undeserving of a Board Seat

Ten years of mutual courtship and grooming to become his GODFATHER – no independence to be found here

## Chairman Fukuda has provided continuous sponsorship for over 10 years to the soccer team Mr. Masashi Fukuda manages

"And above all, **the "Fukuda Denshi" logo on our chests**. An exceptional chest sponsorship for a Tokyo-league club—and by the very Fukuda Denshi of "Fukuda Denshi Arena". **I cannot thank Chairman Kotaro Fukuda enough.**"
—Masashi Fukuda (TUFC official, December 2015)

"I went to the Bunkyo-based **Chairman Kotaro Fukuda of Fukuda Denshi to ask on the spot**. "I want to build a club like this—could you help?" And **he said, "Sounds interesting, count me in",** and Fukuda Denshi became our uniform's chest sponsor"
—Masashi Fukuda (Sports Communications, December 2017)

"**This is our 10th year of support from Fukuda Denshi—thanks to the Chairman's kindness**, I was, undeservedly, given the chance to step onto the "*Fukuari*" pitch"
—Masashi Fukuda (TUFC official, May 2024)

Notes: Quotes translated from the original Japanese statements
Source: TUFC official, Sports Communications




At the Fukuda Denshi Hall, when the Tokyo United FC / Bunkyo LB Ladies 2017 season launch event (manager Masashi Fukuda) was held, a "GODFATHER" supporters' banner featuring Chairman Fukuda's face was unveiled)

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# Both Kazuo Genchi and Masashi Fukuda Serve on Chairman Fukuda's Sports Foundation

As officers (councilor/auditor), they already have one foot in Chairman Fukuda's personal and public interest, blurring the line between the two

## Directors, Auditors and Council Members

| | |
|---|---|
| Representative Director | Kotaro Fukuda<br>Fukuda Denshi Co., Ltd. — Representative Director and Chairman |
| Director | Kohzo Tashima<br>Japan Football Association — Honorary Chairman; FIFA Council Member |
| | Aguri Suzuki<br>Arnex Co., Ltd. — Representative Director; former F1 racer |
| Auditor | Makoto Takashima<br>Certified Tax Accountant |
| | Masashi Fukuda<br>Certified Public Accountant; Japan Football Association — Auditor |
| Councilor | Mitsuaki Tsuchiya<br>Japan Industrial Club — Chairman |
| | Hirotoshi Komatsu<br>Autostock D Co., Ltd. — Director |
| | Akira Takeda<br>SMBC Nikko Securities Inc. — Private Banking Dept. 3, General Manager |
| | Kazuo Genchi<br>Fukuda Denshi Co., Ltd. — Managing Director |
| | Yuji Yamanashi<br>Tokyo Kiraboshi Lease Co., Ltd. — Part-time Auditor |

Note: Translated from Japanese. Personal names may not reflect the individuals' official English spellings
Source: Kotaro Fukuda Sports Promotion Foundation (public-interest incorporated foundation)

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# Fukuda Denshi: Leading Medical-device Specialist Founded in 1939
## Dominant domestic competitiveness particularly in cardiovascular and respiratory products

## Basic Information

- Fukuda Denshi (the "Company") was founded by Takashi Fukuda in 1939. A pioneer of domestic medical devices, it developed Japan's first domestically made electrocardiograph.
- Develops, manufactures, and sells cardiovascular medical devices (electrocardiographs, patient monitors, AEDs, ultrasound diagnostic systems, etc.) and home-care medical devices. It holds the top domestic share in electrocardiographs.
- Tokyo Stock Exchange Standard Market (listed in 1982). Market cap of roughly ¥315.3 billion(1). Consolidated revenue of ¥139.7 billion; operating margin of 19.0% (FY26/3).
- **Chairman & CEO Kotaro Fukuda (2nd generation) is the largest shareholder (20.6%(2)) and has held the Representative Director position for 40 years since 1985.**

## Company History

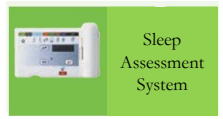



(1) As of May 29, 2026. Market cap adjusted for treasury shares
(2) Combined holdings of Century Sangyo and Chairman Fukuda
Source: Company website, corporate brochure, SPEEDA

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# Broad Lineup of Leading Cardiovascular and Respiratory Products

## Enviable business portfolio and strong margins across all segments

| | Physiological diagnostic equipment | Patient monitoring equipment | Medical treatment equipment | Consumables and other products |
|---|---|---|---|---|
| FY26/3 revenue (overseas) | ¥26.9bn (¥3.6bn) | ¥9.3bn (1.3bn) | ¥63.7bn (-) | ¥39.8bn (¥2bn) |
| Revenue mix | 19.3% | 6.7% | 45.6% | 28.5% |
| Segment margin (%) | ¥4.4bn (16.2%) | ¥1.7bn (18.3%) | ¥13.9bn (21.9%) | ¥6.6bn (16.6%) |
| **Product examples** |  Ultrasound Diagnostic System<br> Blood Pressure and Pulse Wave Analysis System<br> ECG System<br> Holter ECG Analysis System<br> Holter Recorder<br> EEG System |  Bedside Monitor<br> Central Monitoring System<br> Cardiac Rehabilitation |  Pacemaker<br> Catheter<br> Manual Defibrillator<br> Oxygen Concentrator<br> Sleep Assessment System<br> Bi-level Positive Airway Pressure Unit | ECG/Electrodes<br> Sensor Gel Pads 101S<br>ECG/Others<br> Aker Clip TEV-46<br>Paper<br> A-1000 Series High-Sensitivity Thermal Recording Paper<br>AED/Others<br> Battery Pack (for use with the HDF-3700) |

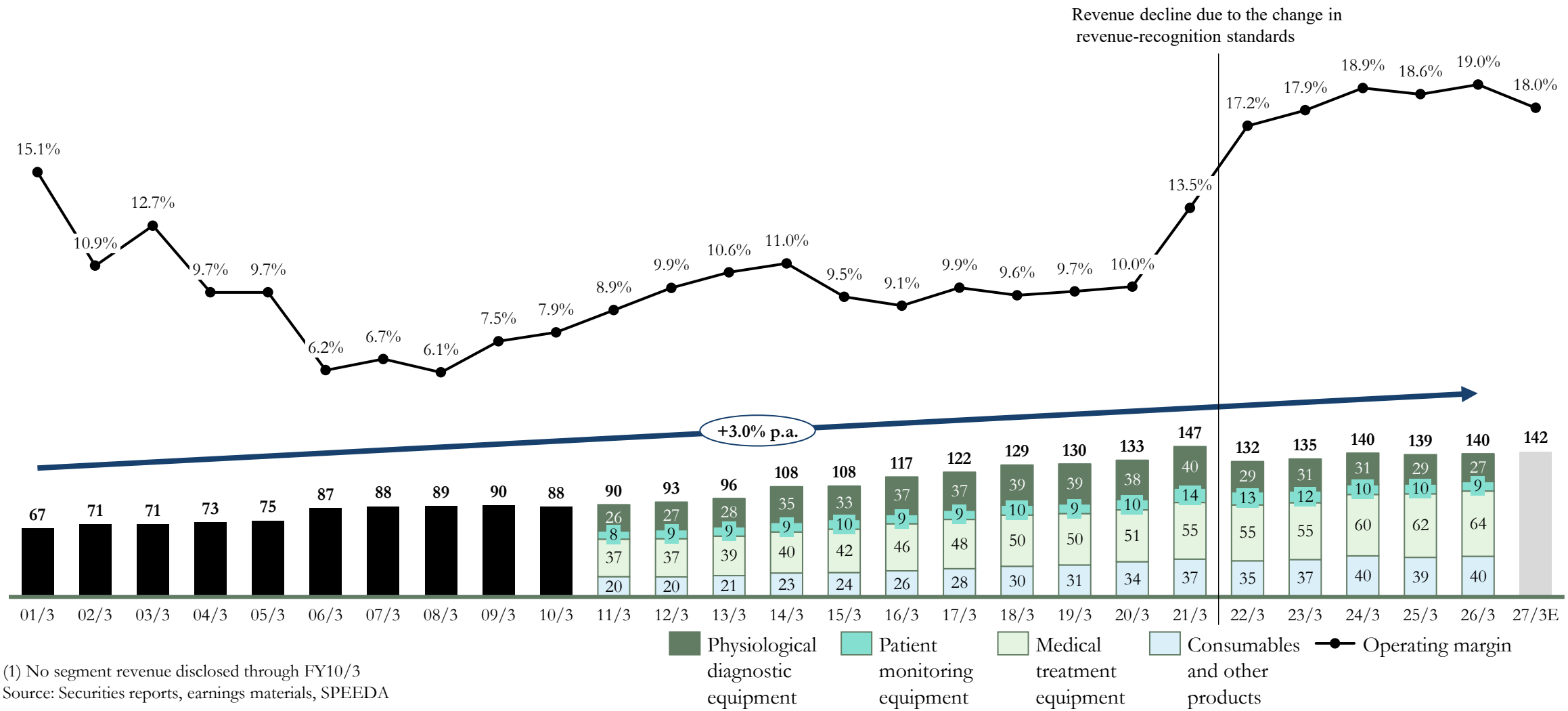
Source: Securities reports, corporate brochure, SPEEDA, Fukuda Colin

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# Strong Domestic Sales Channels Have Driven 2x Revenue Growth

Over this period, operating margins have expanded into the 19% range

## Trend in revenue and operating margin by segment (¥bn)(1)

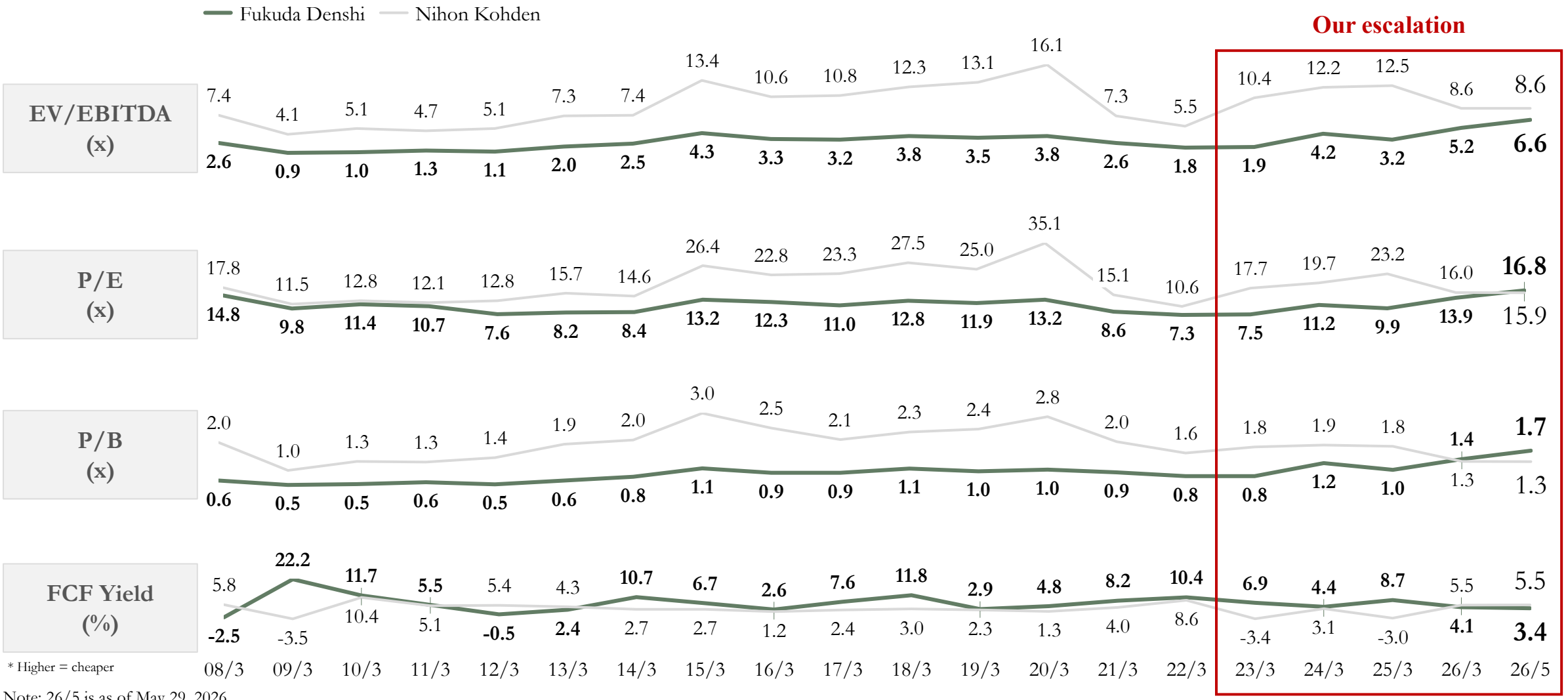



(1) No segment revenue disclosed through FY10/3
Source: Securities reports, earnings materials, SPEEDA

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# Despite Growth and High Profitability Fukuda Denshi Suffers a Governance Discount

## Persistent discount to Nihon Kohden with upside correction that started in 2023 owing to our engagement




* Higher = cheaper

Note: 26/5 is as of May 29, 2026

Source: Securities reports, SPEEDA

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# Governance Discount

Despite higher profits than Nihon Kohden, it has long traded cheaply: Entrenched Leadership, Standard Market, Poison Pill, Self Dealing, etc

## Business comparison

| | FUKUDA | NIHON KOHDEN |
|---|---|---|
| FY2/3 overseas revenue ratio | 2.6% | **38.6%** |
| Revenue CAGR (FY22/3-FY26/3) | 1.4% | **3.5%** |
| Operating margin (avg. FY22/3-FY26/3) | **18.3%** | 10.3% |
| ROE (avg. FY22/3-FY26/3) | **10.9%** | 10.4% |
| ROIC[1] (avg. FY22/3-FY26/3) | **10.1%** | 7.9% |

* Reflects the difference in overseas expansion

## Governance comparison

| | FUKUDA | NIHON KOHDEN |
|---|---|---|
| Founding-family control | **Tenure 40 years; 20.6% held** | Management only (minimal shareholding) |
| Conflicts of interest with the founding family | **Numerous** | None identified |
| Listing market | **TSE Standard** | TSE Prime |
| Outside-director ratio[2] (excl. auditors) | **Under half (4/10)** | Half (4/8) |
| Management transparency / disclosure | **Problematic disclosure stance; limited cost-of-capital awareness** | Proactive disclosure; high cost-of-capital awareness |
| Takeover defense | **Yes (continued in 2024)** | No (abolished in 2019) |

Even accounting for expectations of overseas growth, it is hard to explain why Fukuda Denshi, superior in profitability and efficiency, is so deeply undervalued. **Governance reform is precisely the means to close this gap**

(1) Calculated using invested capital (interest-bearing debt + net assets)
(2) Calculated over the term through the June 2026 AGM
Source: Company earnings materials, securities reports, corporate-governance report, SPEEDA

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# Starting 2019 We Tried Conventional Engagement for 3 Years

Denied access to Independent Directors, we were forced to escalate our concerns as shareholder proposals and a derivative lawsuit

## History of engagement

**Friendly**

- 2019 – 2022: Since beginning our investment in 2019, over 3 years we requested explanations of opaque transactions, sought meetings, and submitted written questions, but all meetings with Chairman Fukuda, President Shirai, and outside directors were refused, and no reasonable answers were given to our written questions

**Escalation**

- 5/22: Expressed governance concerns by letter
- 7/22: Met with Director Kuno
- 4/23: Submitted shareholder proposal
- 6/23: Attended general meeting
- 11/23~2/24: Inspected board minutes
- 4/24: Submitted shareholder proposal
- 6/24: Attended general meeting
- 7/24: Filed shareholder derivative lawsuit
- 4/25: Submitted shareholder proposal
- 6/25: Attended general meeting
- 3/26: Sent investigation report to audit firm
- 4/26: Sent investigation report to auditors

**At the Ordinary General Meeting President Shirai single-handedly answered every question, never letting Chairman Fukuda or the outside directors speak**

* During this period we held ongoing meetings with cross-shareholders (banks, life insurers, etc.). We also obtained information on internal misconduct and harassment from several parties

## Past shareholder proposals

(1) Abolition of the "Basic Policy on Countermeasures Against Large-Scale Acquisitions of Fukuda Denshi Shares (Takeover Defense)" → MoM 2 approval 83.7%

(2) Partial amendment of Articles (new provisions on countermeasures against large-scale acquisitions) → MoM 2 approval 81.7%

(3) Method for determining individual director compensation

(4) Partial amendment of Articles (new provisions on the method for determining director compensation)

(1) Election of 2 directors → MoM 2 approval 44.6%

(2) Revision of director compensation

(3) Removal of the cap on outside-director compensation → MoM 2 approval 42.8%

(4) Raising employee wage levels (not tabled by the Company, being an advisory resolution)

(5) Abolition of the "Basic Policy on Countermeasures Against Large-Scale Acquisitions of Fukuda Denshi Shares (Takeover Defense)" (not tabled by the Company, being an advisory resolution)

(1) Partial amendment of Articles (establishment of a Nomination & Compensation Advisory Committee)

(2) Partial amendment of Articles (composition of the Nomination & Compensation Advisory Committee)

(3) Partial amendment of Articles (referral of employee compensation to the Nomination & Compensation Advisory Committee)

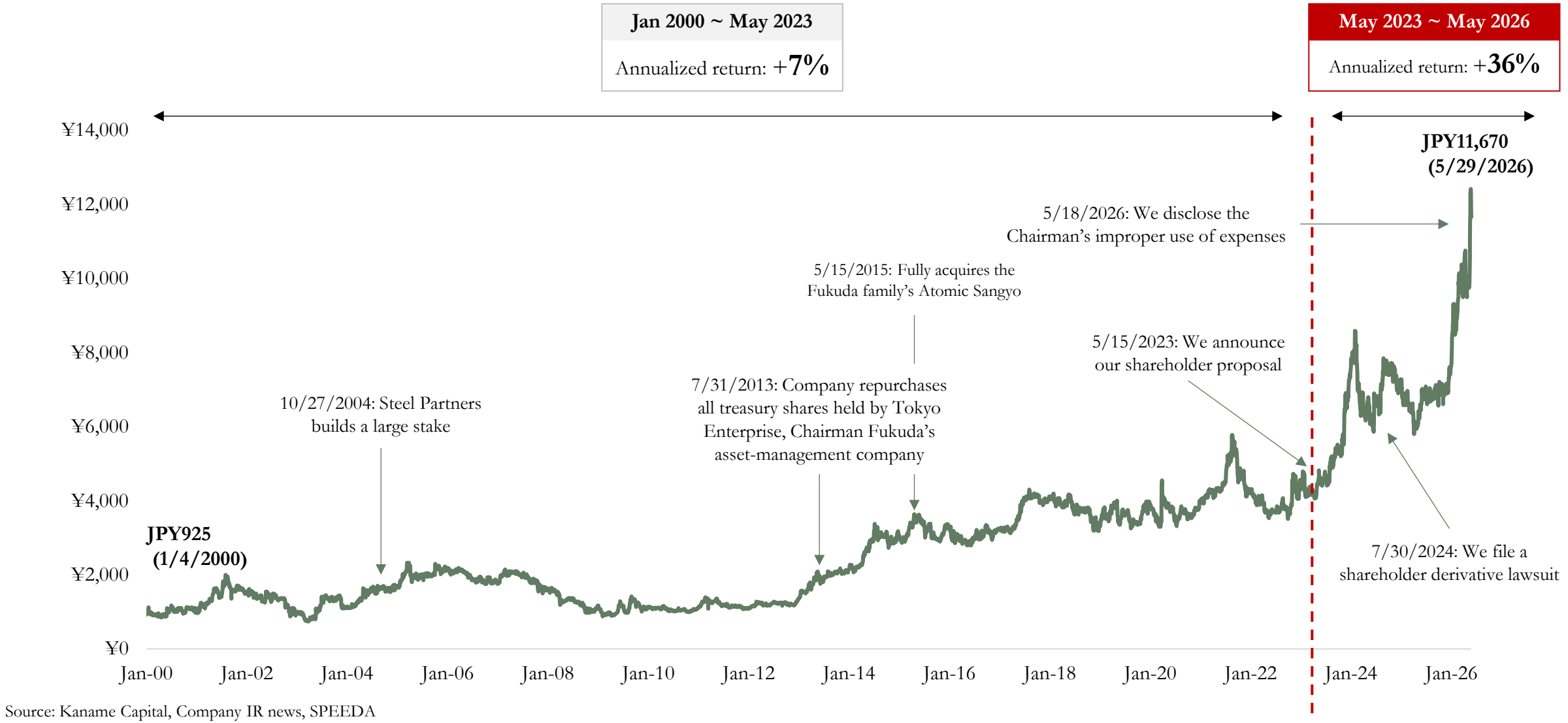
(4) Partial amendment of Articles (referral of succession planning to the Nomination & Compensation Advisory Committee)

Source: Kaname Capital, extraordinary reports

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# The Market Appears Hopeful for the Positive Impact of our Engagement

The share-price return languished at a market-like 7% p.a., but partially rerated during our escalation, from May 2023 it rose to 36% p.a.

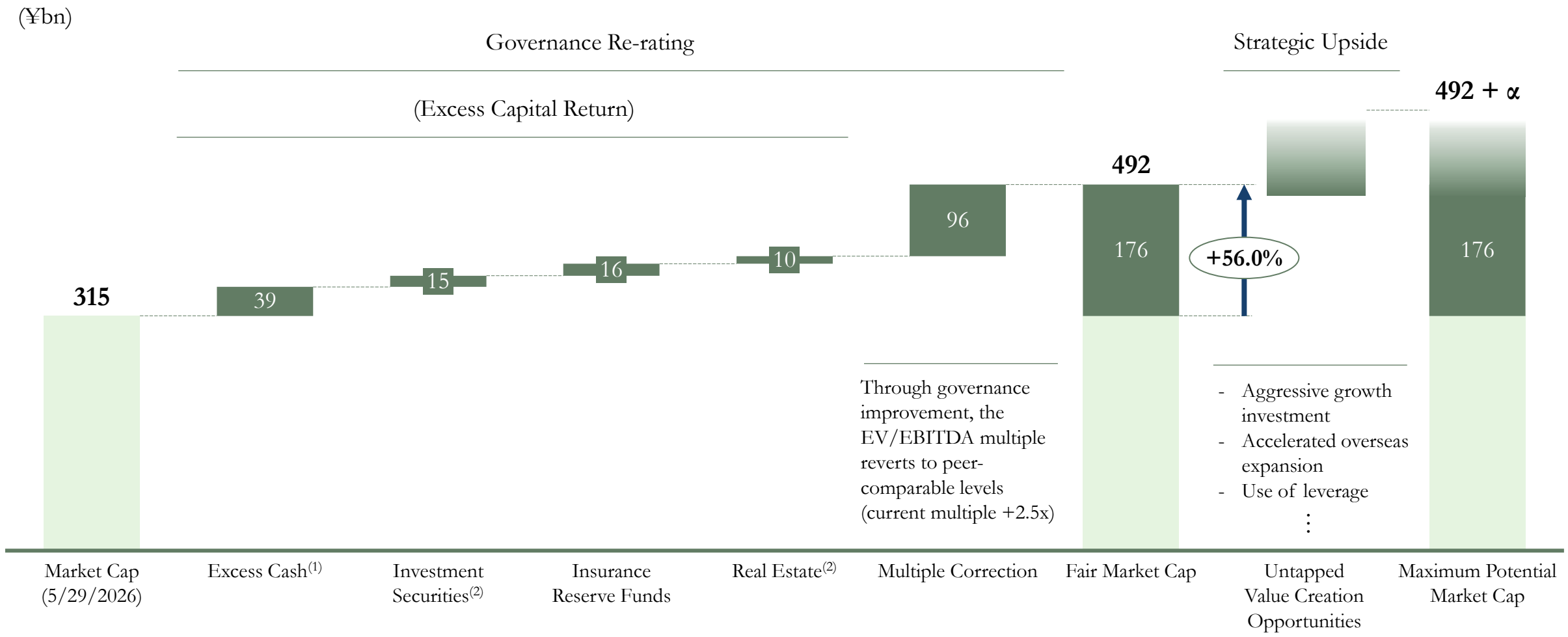



Source: Kaname Capital, Company IR news, SPEEDA

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# We see +56% Upside from Here

## Governance upgrade, including release of excess capital, plus strategic upside from new management freed from Chairman Fukuda's tyranny




(1) Excess cash ¥39bn (from net cash ¥62.2bn, deducting 2 months of revenue ¥23.3bn as required working capital) is assumed not to be fully reflected in the current market cap due to the governance discount
(2) ¥22bn of investment securities sold; after-tax proceeds assumed at ¥ 15bn. Real-estate unrealized gains based on an appraisal we commissioned
Source: Kaname Capital, SPEEDA, securities reports

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# Fukuda Denshi Needs Quality Management Now to Overcome Three Risks

A focused pivot to growth investment is essential for the next chapter of the company

### ① Saturation of the domestic medical-device market



The domestic market is mature and saturated; price competition and reimbursement revisions leave limited room for growth

### ② Sales dependence / weak product development



With entrenched management and a sales-heavy structure, product development and innovation are weak

### ③ Underinvestment in talent and IT



Insufficient talent development/hiring and IT/DX investment is eroding competitiveness and productivity

## Needed measures: renew governance and execute growth investment under a new management structure

**① Renew governance**
Remove Chairman Fukuda's influence

→

**② Build a new management structure**
Overhaul the entrenched management that defers to Chairman Fukuda

→

**③ Execute growth investment**
Reassess the balance sheet; ramp up capital allocation to talent, IT, overseas expansion, and more
and beyond

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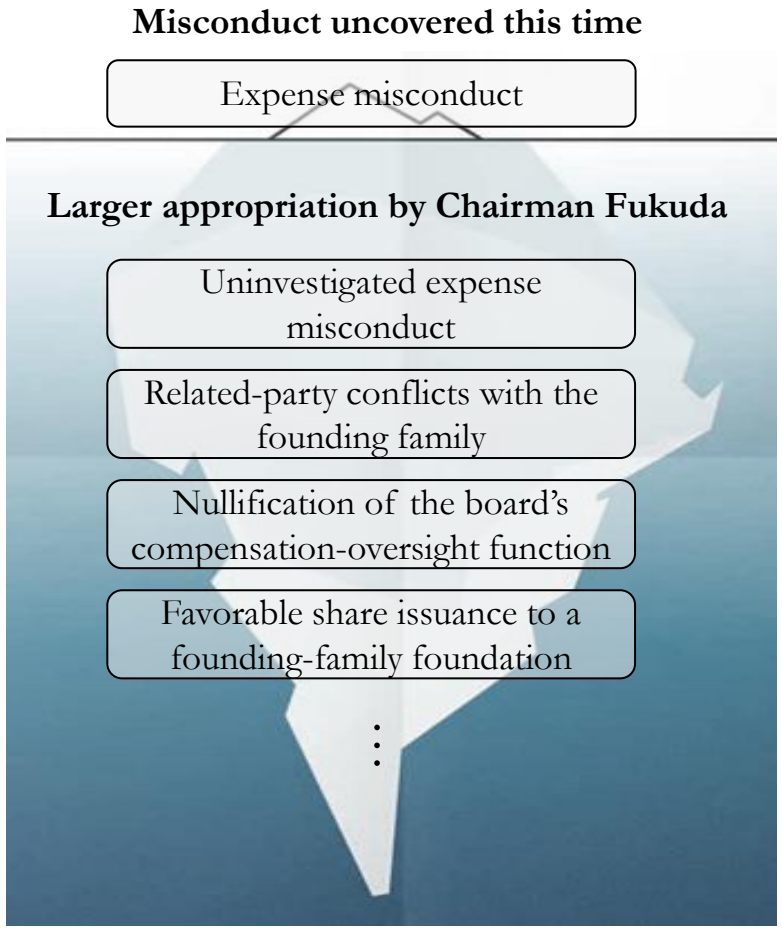
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# Confessed Expense Misconduct is the Tip of the Iceberg

The alarming failure of internal controls should lead to the establishment of a third-party committee to clean up the company

## The misconduct uncovered is the tip of the iceberg




- **The expense misconduct draws the eye, but we must not look away there:** The exclusive use of the underground garage and charging premium wine at private dinners that we flagged draw the eye, but these are only surfacings of the misconduct and appropriation Chairman Fukuda has carried out. We must not forget that he has controlled the company over many years, structurally.
- **A third-party committee investigation to advance the derivative lawsuit:** As larger appropriation by Chairman Fukuda, our derivative lawsuit flags **1) transactions with Atomic Sangyo (approx. ¥50bn), 2) illegal excessive compensation (approx. ¥2.4bn), and 3) a favorable share issuance to the foundation (approx. ¥2.0bn)** (see Appendix). Establishing a third-party committee to uncover Chairman Fukuda's nullification of governance would also lead to uncovering this larger appropriation.

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# Kaname's Independent Investigation Uncovered Misconduct by Chairman Fukuda

After repeatedly seeking a proper investigation without a good-faith response, on May 18 we released our investigation report

## Timeline of the expense misconduct (2026)

- 3/02 We reported to Azusa Audit Corp. After discussion, **the audit firm argued it could not investigate directly and decided to relay the contents to the auditors**
- 4/07 Azusa Audit Corp. delivered its investigation report to the auditors
- 4/22 **Emailed a meeting request to auditor Mr. Goto (a lawyer); no response**
- 5/01 Re-sent a meeting-request email to all auditors → Mr. Goto called and verbally agreed to coordinate a meeting date
- 5/08 Auditor Mr, Goto emailed a progress update, but **gave no answer about the meeting**, so we requested one again
- 5/14 The Company disclosed the misconduct (investigation period stated as April 10 to May 14). **It never responded to our meeting requests**
- 5/15 Released earnings summary. Booked the refund as extraordinary income and **did not restate prior financial statements**
- 5/18 We requested a re-investigation by a third-party committee. Released the investigation report and related materials
- 5/21 The Company replied individually that **it would not conduct a third-party committee investigation (re-investigation)**
- 5/22 We rebutted and again demanded a re-investigation. At that day's earnings briefing, asked about possible criminal liability, **President Shirai stated, "there is no illegality".**
- 5/29 The Company replied individually that **its prior stance on re-investigation was unchanged**
- 6/03 The Company disclosed "Recurrence-Prevention Measures (Detailed Version)"




Source: Kaname Capital, Company disclosures, Nikkei

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# Finding ① — Privatization of the HQ Underground Garage

The ¥8.2bn newly built head-office building's basement was designed as private-car storage





- Chairman Fukuda's vehicles, 30–40 of them, kept continuously in the head-office basement
- Mostly luxury cars, sports cars, and classic cars
- General employees effectively barred

> “
> I designed the underground garage so many private cars could be parked
> The head office is my castle
>
> —remarks by Chairman Fukuda (at the time) ”

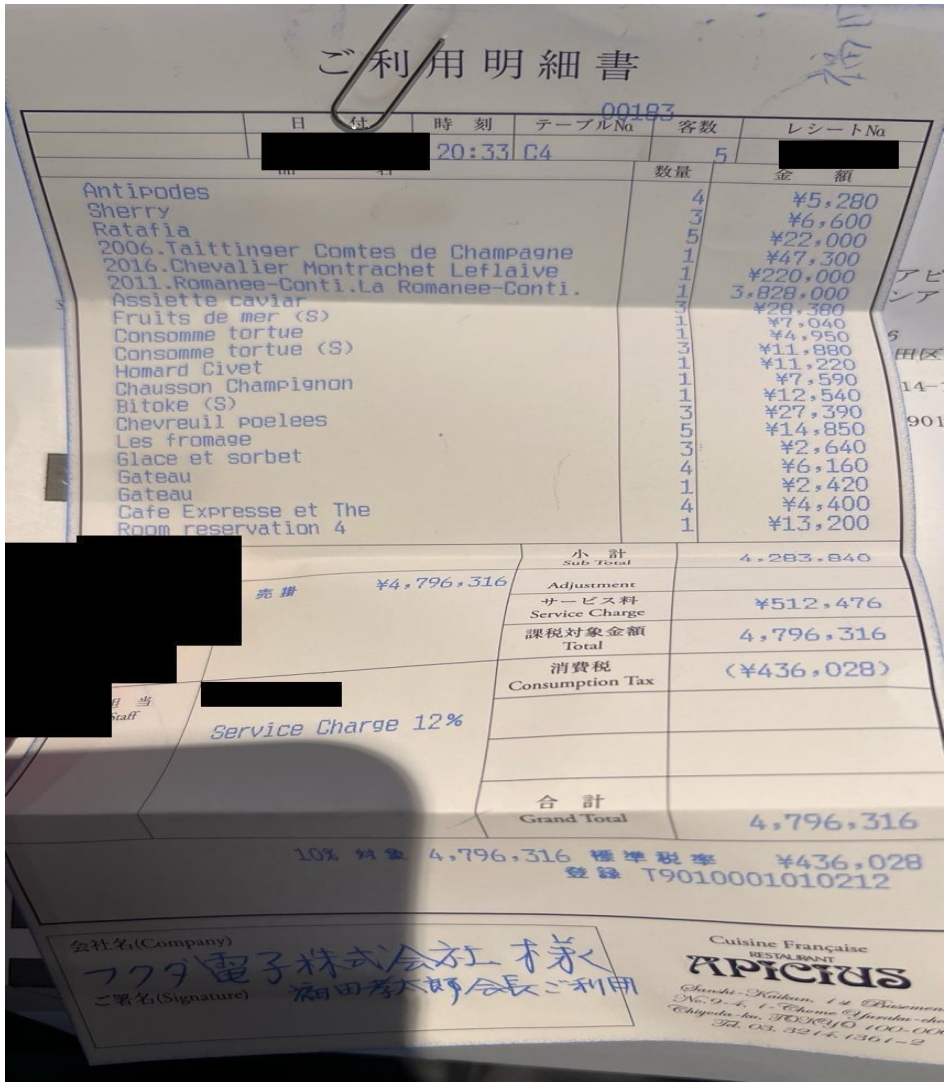
Note: The Company argues company cars are also parked there, so there is no “exclusive use”. But as the photos show, the basement is filled with cars apparently belonging to the Chairman; a few company cars do not dispel the charge that he occupies it exclusively

Source: Kaname Capital

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# Finding ② — Use of Expenses for Private Dinners

¥3.8 million of premium wine opened with "friends" then falsified as business and charged to the Company




- Over ¥4mn for a private dinner at "Apicius" in Yurakucho was expensed
- Dining costs in the millions of yen a few times a year, and amounts over ¥400k settled even more frequently
- Attendee falsification almost every time (dozens per month). Correct settlements only about twice a month

> "When the Romanee-Conti was expensed, the price was so high. I remember being shocked that this was being expensed"
>
> —testimony of a whistleblower

Note: The Company argues Chairman Fukuda personally bore these dining costs and that no facts amounting to false accounting were confirmed. But if he bore them personally, there is no reasonable explanation for why the receipts were routed through internal expense claims

Source: Kaname Capital

© Kaname Capital

# Finding ③ — Private Diversion of Tokyo Dome VIP Seats

## Tickets distributed via false reporting to private acquaintances



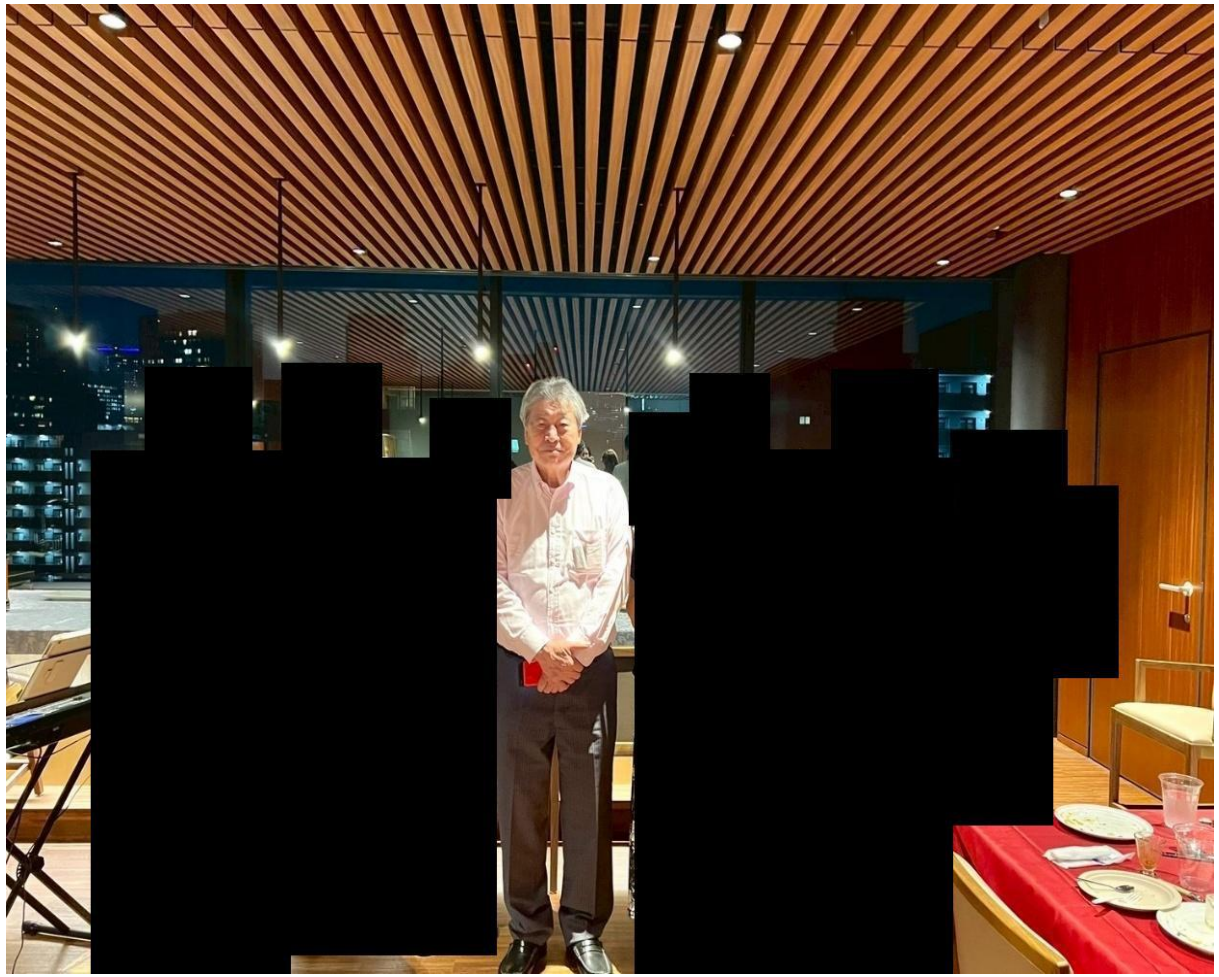
- Many of the Yomiuri Giants VIP season-seat tickets distributed to private acquaintances
- The secretariat reported names different from the actual recipients, concealing it continuously

> “Most recipients were people unrelated to work, such as the Chairman's old friends. When the ticket costs were expensed, names different from the actual recipients were recorded”
>
> —testimony of a whistleblower

Source: Kaname Capital

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# Findings ④⑤ — 8th floor of the head office and appropriation of the personal driver: a private bar counter was installed, and the driver was used privately



- The Chairman's long-cherished sushi counter and bar counter were installed on the 8th floor of the head office
- Sake and furusato-tax meat stored in the cold room—nothing work-related at all
- The personal driver was used continuously for transporting private cars, shopping, moving, and carrying home appliances into his residence

> "On the 8th floor, the Chairman's long-cherished sushi counter and bar counter were installed. Internal attendees were often only the sales-division head close to the Chairman; the rest were people the Chairman was privately close with"
>
> —testimony of a whistleblower

Source: Kaname Capital

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# Two weeks After Releasing the Investigation Report, 6+ New Allegations Emerged

Multiple sources came forward with evidence of other abuses, discrediting the internal efforts of the company (details on pp. 37–43)

## New allegations of misconduct

### A. Non-business Yamagata trips: suspected charging of hot-spring trips and sake purchases to the company

- Chairman Fukuda and several secretariat staff regularly took hot-spring trips and sake-buying trips on Company expenses, processed as "business trips"
- Solo sake-buying trips by a secretary also bec
- Along the way they sometimes watched races

**→ We ask for a full investigation o**

Chairman Fukuda's sake collection and a deliver





Source: Image: Company insiders, Yamagata Prefecture website, Spor

© Kaname Capital

## New allegations of misconduct

### B. Use of chartered helicopters: suspected expensing of Chairman Fukuda's private travel

- Chairman Fukuda owns a car garage in Oyama-cho, Shizuoka, under his personal company Tokyo Enterprise
- To travel to that garage, he used a helicopter from Tokyo Heliport in Shinkiba and charged the cost to Company expenses
- Information also indicates use from Tokyo Heliport to Suzuka Circuit in Mie
- By our research, the round-trip fare from Tokyo Heliport to Fuji Speedway is about ¥700k, and to Suzuka Circuit over about ¥2mn(1)

**→ We ask for a full investigation of helicopter use and verification of business purpose and actual usage**






(1) Fares vary by aircraft, schedule, passenger count, and luggage. For one-way use, ferrying the aircraft is required, so the fare is roughly the same as round-trip
Source: Images: DAINANA, Google Map, Okidoki (from the FLY TEAM website)

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...

# The Company claims ¥154mn of improper use and tries to close the matter with Chairman Fukuda's repayment alone, but the investigation is plainly inadequate against the reality of governance failure

*** The Company found the misconduct spanned "at least the past 10 years", but Chairman Fukuda has been Representative Director for over 40 years since 1985. There is no reasonable basis for the "10-year" cutoff; it is merely a convenience**

| Item | Company-acknowledged amount | Problem |
|---|---|---|
| **Underground garage** | ¥75.47mn | Our estimate, based on rent, is ¥720mn, roughly 10x the Company's figure. The Company minimizes this as parking fees for 28 cars |
| **Private dining** | ¥23.22mn | Given dining over ¥1mn several times a year and over ¥400k dozens of times a month, the acknowledged figure is just the tip of the iceberg. The Company's account (none over ¥1mn; over ¥400k about a dozen times) contradicts its own figure |
| **Private ticket distribution** | ¥38.81mn | Given an annual contract fee of ¥7.8mn+ (4-seat box~) ×multiple years, the acknowledged scope is extremely limited |
| **Private use of the driver** | ¥16.98mn | The basis for the scope and amount of private use is opaque |
| **8th-floor exclusive space** | Not stated<br>(6/3 disclosure: ¥0) | Not stated at all in the initial disclosure. The 6/3 disclosure treats it as not pursued, calling it "not socially unreasonable" |
| **Total** | **¥154.49mn** | **< ¥720mn (the underground garage alone already exceeds the Company's acknowledged total)** |

**Uncovering the truth requires a comprehensive re-investigation by an independent third-party committee**

Source: Company disclosures, Kaname Capital

© Kaname Capital

Opposition to Three Director Candidates: Kotaro Fukuda, Kazuo Genchi, Masashi Fukuda

Fukuda Denshi's Discount Factors and Upside

Our Investigation into Chairman Fukuda's Improper Use of Expenses

**Problems with the Company's Response and 6 New Allegations of Misconduct**

Appendix - Our Shareholder Derivative Lawsuit

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# Our demand for a third-party committee was met with the release of self serving “Recurrence-Prevention Measures (Detailed Version)”

## Timeline of the expense misconduct (2026)

- 3/02 We reported to Azusa Audit Corp. After discussion, **the audit firm argued it could not investigate directly and decided to relay the contents to the auditors**
- 4/07 Azusa Audit Corp. delivered its investigation report to the auditors
- 4/22 **Emailed a meeting request to auditor Mr. Goto (a lawyer); no response**
- 5/01 Re-sent a meeting-request email to all auditors → Mr. Goto called and verbally agreed to coordinate a meeting date
- 5/08 Auditor Mr, Goto emailed a progress update, but **gave no answer about the meeting**, so we requested one again
- 5/14 The Company disclosed the misconduct (investigation period stated as April 10 to May 14). **It never responded to our meeting requests**
- 5/15 Released earnings summary. Booked the refund as extraordinary income and **did not restate prior financial statements**
- 5/18 We requested a re-investigation by a third-party committee. Released the investigation report and related materials
- 5/21 The Company replied individually that **it would not conduct a third-party committee investigation (re-investigation)**
- 5/22 We rebutted and again demanded a re-investigation. At that day's earnings briefing, asked about possible criminal liability, **President Shirai stated, “there is no illegality”.**
- 5/29 The Company replied individually that **its prior stance on re-investigation was unchanged**
- 6/03 The Company disclosed “Recurrence-Prevention Measures (Detailed Version)”

Reprint


FUKUDA DENSHI

2026年5月14日

各　位

会社名　フクダ電子株式会社
代表者名　代表取締役社長　白井 大治郎
（コード：6960、東証スタンダード市場）
問合せ先　社長室 経営企画部
（TEL. 03-5684-1558）

当社代表取締役会長による経費の不適切利用等と再発防止策に関するお知らせ

このたび、当社代表取締役会長 福田 孝太郎（以下「対象者」）による下記の経費の不適切利用等（以下「本不適切利用等」）に関する事実が判明いたしました。本不適切利用等につきましては、監査役会が、対象者による経費の不適切利用等に関する情報を入手したことから、直ちに、当社から独立した外部専門家の助力を得て、事実調査を実施した結果、判明したものとなります。

当社は、今後、このような不適切利用等が生じることのないよう、本日、下記のとおり再発防止策を策定・実施することを取締役会で決議いたしましたので、お知らせいたします。

また、本不適切利用等に係る費用につきましては、下記のとおり、当社は対象者との間で、速やかにその全額を弁済することを等を内容とする弁済契約を締結しており、今後、当該弁済契約に基づいてその全額の弁済を受けることになります。

当社の株主の皆さま、お取引先の皆さまをはじめとする関係者の皆さまには、多大なご迷惑とご心配をおおかけしますことを深くお詫び申し上げます。当社は、策定した再発防止策を徹底し、今後は役職員が一丸となって信頼の回復に努めてまいります。


Kaname Capital

2026 年 5 月 18 日

フクダ電子株式会社
取締役会及び監査役会　御中

最終 2026 年 5 月 14 日付け開示に対する第三

拝啓　貴社におかれましては益々ご清祥のこととお慶

弊社カナメ・キャピタル（以下「弊社」）は、2019
株主です。弊社は、2026 年 4 月 7 日付で貴社の会計
して、貴社監査役会に対し、貴社代表取締役会長・福
財産の私的利用等に関する調査結果報告書（以下「弊

貴社が 2026 年 5 月 14 日付けで公表した「当社代表
防止策に関するお知らせ」（以下「本件開示」）は、
確認するものであり、貴社監査役会が、独立第三者
力者である福田会長に対する調査の必要性を認めて
確認されたことについて、弊社として一定の評価をし

もっとも、本件開示の内容においては、貴社調査の
いずれにおいても重大な不足が認められ、また、貴社
過去 10 年にわたり当社内で検知されることなく継続し
めて不十分であると考えております。よって、弊社は
に対し、日本弁護士連合会「企業不祥事における第三
策定、同年 12 月 17 日改訂、以下「日弁連ガイドライ
調査の実施等を要求いたします。

調査結果報告書
（初期調査）

2026 年 4 月 7 日

最高坂井法律事務所・外国法共同事業
Kaname Capital, L.P.代理人弁護士　中野　真


Kaname Capital

2026 年 5 月 22 日

フクダ電子株式会社
取締役会及び監査役会　御中

当社より、弊社が提出した対話期間で
答書」（以下「回答書」）を受領いた
の情報と矛盾する点を多く含んでおり
かつて第三者委員会の設置の必要であ

フクダ電子の白井社長、会長の経費不正「違法性ないと認識」

株主掲示板　＋フォローする

2026年5月22日 20:55

保存


白井大治郎

決算説明会に登壇したフクダ電子の白井大治郎社長（22日、東京都文京区）


FUKUDA DENSHI

2026年6月3日

各　位

会社名　フクダ電子株式会社
代表者名　代表取締役社長　白井 大治郎
（コード：6960、東証スタンダード市場）
問合せ先　社長室 経営企画部
（TEL. 03-5684-1558）

再発防止策（詳細版）の策定に関するお知らせ

当社は、2026年5月14日付で公表した「当社代表取締役会長による経費の不適切利用等と再発防止策に関するお知らせ」のとおり、監査役会が当社から独立した外部専門家の助力を得て実施した調査の結果、当社代表取締役会長 福田 孝太郎（以下「対象者」）による経費の不適切利用等（以下「本不適切利用等」）の存在が認められた旨の報告を受けました。

当社は、上記プレスリリースにおいて再発防止策の概要を公表しておりましたが、監査役会が作成した調査報告書（本プレスリリースにおいて「調査報告書」といいます）において指摘された原因分析及び再発防止策の提言を真摯に受け止め、その後も、取締役会等において協議・検討を重ねてまいりました。その結果、本日開催の取締役会において、すでに公表した施策に加え、下記のとおり追加の再発防止策（詳細版）を決議いたしましたので、お知らせいたします。

株主、投資家の皆様をはじめ、関係者の皆様に多大なるご迷惑とご心配をおかけしておりますことを、改めて心よりお詫び申し上げます。当社は本件を厳粛に受け止め、信頼回復に向けて全力で取り組んでまいります。

Source: Kaname Capital, Company disclosures, Nikkei

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# The Board of Auditors Report Contain Six Serious Defects

## The first three defects: structure, scope and conclusions

### Rebuttal to the Board of Auditors report

1. Investigation structure (independence)
2. Investigation scope and methods
3. Points on individual improper uses

### Rebuttal to the Recurrence-Prevention Measures (Detailed Version)

4. The board's reactive response
5. Inadequate sanctions
6. Sham governance response

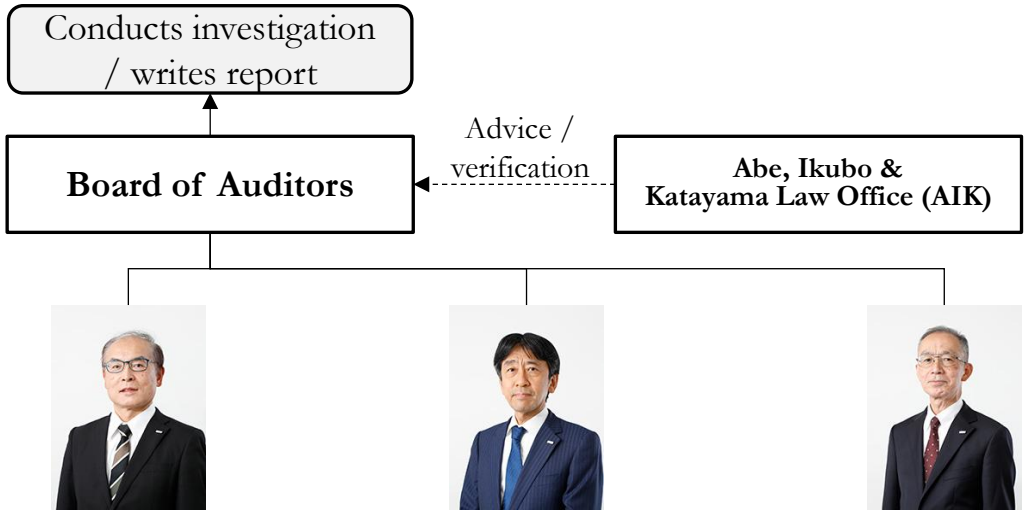
Source: Kaname Capital

© Kaname Capital

# 1 False Claims of "an investigation aided by independent outside experts"

The investigators were a former HR authority (Otagaki), a main-bank alumnus (Hiroe), and an auditor with 13 years' tenure (Goto)

## The investigation structure






**Mr. Yoshitaka Otagaki**
From Tokyo Tomin Bank (now Kiraboshi Bank). Joined the Company as HR & General Affairs head in **2012, full-time auditor since 2020**



**Mr. Keiji Goto**
Former police bureaucrat. Active as a lawyer; outside auditor of the Company in **2007–2010. Outside auditor again since 2016 (resigned June 1, 2026)**



**Mr. Noboru Hiroe**
From Tokyo Tomin Bank (now Kiraboshi Bank). After serving as the bank's HR head, a school-corporation director, etc., outside auditor of the Company since **2020**

**! [1] Kiraboshi Bank is the Company's long-standing main bank**
**[2] We sent the outside-lawyer-prepared misconduct report to Mr. Goto and others and requested meetings multiple times, but none ever took place**

## The Company's claim

- 6/3 release claimed "we conducted the investigation with the aid of outside experts independent of the Company"
- The Board of Auditors includes 2 outside auditors and received outside-lawyer advice

⇒ Described as an objective fact-finding aided by independent outside experts

## Our rebuttal

- AIK in fact only "advised / verified"; the investigating and fact-finding body was the Board of Auditors
- The lead investigator, full-time auditor Mr. Otagaki, was the long-time HR & General Affairs head—so psychological safety for ordinary employees to testify is not assured. Indeed, interviewees' statements diverge from what we know, and understated figures are common

Source: Company disclosures

© Kaname Capital

# Resignation of Mr. Goto Prior to the Company June 3rd Rebuttal is Concerning and Un-explained

Goto is an expert on compliance and corporate-scandal response, but his abrupt resignation effective 6/1 needs to be clarified

## 6/4 independent-officer filing

**独立役員届出書**

1．基本情報

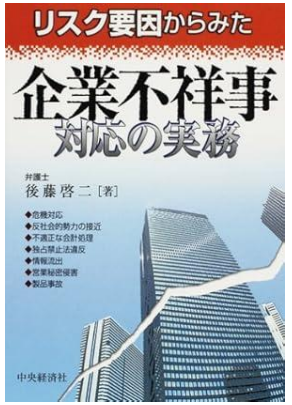
| | | | |
|---|---|---|---|
| 会社名 | フクダ電子株式会社 | コード | 6960 |
| 提出日 | 2026/6/4 | 異動（予定）日 | 2026/6/1、2026/6/26 |
| 独立役員届出書の提出理由 | ・社外監査役の後藤啓二氏が2026年6月1日付で辞任し、これに伴い、同日、補欠監査役の藤戸久寿氏が社外監査役に就任したため。<br>・2026年6月26日開催の定時株主総会に社外役員の選任議案が付議されるため。 | | |
| ☑ 独立役員の資格を充たす者を全て独立役員に指定している（※1） | | | |

## Examples of Mr. Goto's writings










Source: Company disclosures

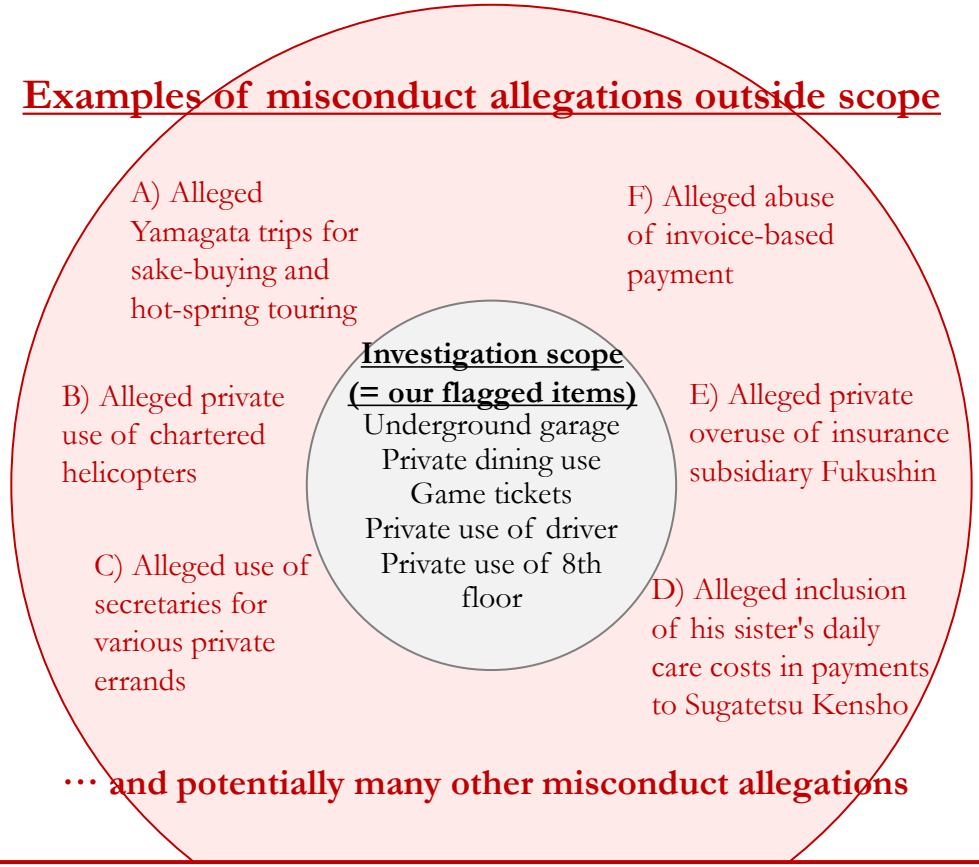
- **Mr. Goto's resignation is likely a signal of concern about the investigation structure:** He resigned effective 6/1, just before the Company disclosed the Board of Auditors report on 6/3, suggesting he may have had concerns about the report or the Recurrence-Prevention Measures (Detailed Version)
- **We request that Mr. Goto exercise his right to state opinions at the Ordinary General Meeting:** For an outside auditor to resign in such circumstances while the Company issues no release at all can only be called insincere. Under Companies Act Article 345, Paragraph 4, Mr. Goto has the right to state opinions at the Ordinary General Meeting, and we ask that he state his reasons for resigning at the 6/26 AGM

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# 2 The Investigation Merely Addressed What Kaname Found, But Looked No Further

No comprehensive investigation to uncover the full picture was conducted, and the methods were unnaturally limited

## Limited investigation scope




## Comparison of investigation methods

| Third-party committee commonly used investigation methods[1] | | Status at the Board of Auditors |
|---|---|---|
| ① Interviews with relevant parties<br>Hearings with a wide range of relevant parties | △ | Only partial hearings; the interviewee list is undisclosed |
| ② Digital forensics<br>Analysis of email, chat, and other electronic data | ✗ | Not mentioned as conducted |
| ③ Questionnaire survey<br>Surveys of employees and others | ✗ | Not mentioned as conducted |
| ④ Setting up a hotline<br>Establishing and publicizing an internal reporting channel | ✗ | No mention of setting up/publicizing an information-gathering channel for this investigation |
| ⑤ Scrutiny of relevant materials<br>Scrutiny of minutes, contracts, accounting data, etc. | △ | Only the accounting department's extraction of specific accounts—not comprehensive document scrutiny |

Despite receiving outside-law-firm advice, that the scope and process stopped at this level
makes it impossible to rule out that consideration for specific parties was prioritized over uncovering the truth

(1) Compiled by us as a general flow of scandal response, based on the methods and public materials disclosed by each law firm
Source: Company disclosures

© Kaname Capital

# Recent Cases at Sanrio and YKK AP Reveal Shift in Best Practices for 3rd Party Investigations

Fukuda Denshi's inability to conduct a genuine investigation suggests board disfunction

| Steps in a proper scandal response[1] | Sanrio | YKK / YKK AP | FUKUDA |
|---|---|---|---|
| ① Detecting the trigger | ● Internal report (US-subsidiary staff) | ● Improper expense handling found after announcing director candidates | ● The president and several directors knew but tolerated it; not found internally, it surfaced through our flagging |
| ② Initial response / evidence preservation | ● Initial investigation with outside-law-firm support | ● Continued investigation to grasp the facts | ● Evidence preservation was deficient—no usage records on the Company side, parking periods and ticket recipients unidentifiable |
| ③ Independent investigation structure | ● Special investigation committee chaired by an outside director + outside lawyers/accountants | ● Special investigation committee composed solely of outside experts | ● No independent third-party committee; a self-run investigation by the same Board of Auditors that had not audited adequately |
| ④ Suspension / clarifying responsibility / removing conflicts of interest | ● Target directors suspended → resigned same day. President and EVP also returned compensation | ● The Chairman and other targets to withdraw candidacy / retire | ● No resignation or suspension of the Chairman. Room to stay on with repayment only. Sanctions for the president and others who tolerated it are also unclear |
| ⑤ Recurrence-prevention measures | ● Proposals down to system design—aggregate-amount concept, dual reporting, etc. | *Investigation still ongoing. Results and recurrence-prevention measures to be disclosed promptly after it ends* | ● Centered on rule-making and training; concrete measures left to a future "Renewal Committee (tentative)". Effectiveness unverified |
| ⑥ Disclosure | ● Published with the full investigation report attached | | ● No independent third-party investigation report exists |

(1) Compiled by us as a general flow of scandal response, in light of the principles in "Principles for Responding to Corporate Scandals" published by the Japan Exchange Regulation

Source: Disclosures of each subject company

© Kaname Capital

# New Allegations of Misconduct

## Through multiple tips, we have identified 6 new allegations of misconduct

The following are additional allegations based on information sent to us by Company insiders and others after the investigation report was published, showing that the Company's investigation does not capture the full picture of the misconduct

A. Non-business Yamagata trips: suspected charging hot-spring trips and sake-buying with the secretariat head to Company expenses

B. Use of chartered helicopters: suspected that the Company routinely bore Chairman Fukuda's private travel costs

C. Suspected use of a secretary for various private errands—managing the Chairman's personal real estate, preparing to open a private restaurant, selecting his furusato-tax gifts, and more

D. Payments to Sugatetsu Kensho Co., Ltd. ("Sugatetsu Kensho"): suspected of having the Company bear his sister's care costs via a vendor

E. Abuse of an insurance subsidiary: suspected of receiving benefits beyond normal employee welfare via the subsidiary each time he bought a luxury car

F. Invoice-based payment to a sushi restaurant: suspected of hiding private dinners from the investigation by using invoice payment rather than dining claims

We ask the Company to verify the facts on each item and fully disclose the results to shareholders. In particular, A is important as an allegation that could negate the independence of the secretariat head, an interviewee in the Company's investigation

Source: Kaname Capital

© Kaname Capital

# New Allegations of Misconduct

## A. Non-business Yamagata trips: suspected charging hot-spring trips and sake-buying with the secretariat head to Company expenses

- Chairman Fukuda and several secretariat staff regularly took hot-spring trips and sake-buying trips on Company expenses, processed as "business trips"
- Solo sake-buying trips by a secretary also became routine, aimed at procuring specific brands such as "Juyondai" (Takagi Shuzo)
- Along the way they sometimes watched races at the SUGO circuit in Miyagi. Company expenses were applied to these sightseeing/entertainment trips

**→ We ask for a full investigation of Yamagata trip expenses and confirmation of business purpose**

Chairman Fukuda's sake collection and a delivery scene (provided by a Company insider)













Source: Image: Company insiders, Yamagata Prefecture website, Sportsland SUGO official site

© Kaname Capital

# New Allegations of Misconduct

## B. Use of chartered helicopters: suspected expensing of Chairman Fukuda's private travel

- Chairman Fukuda owns a car garage in Oyama-cho, Shizuoka, under his personal company Tokyo Enterprise
- To travel to that garage, he used a helicopter from Tokyo Heliport in Shinkiba and charged the cost to Company expenses
- Information also indicates use from Tokyo Heliport to Suzuka Circuit in Mie
- By our research, the round-trip fare from Tokyo Heliport to Fuji Speedway is about ¥700k, and to Suzuka Circuit over about ¥2mn(1)

**→ We ask for a full investigation of helicopter use and verification of business purpose and actual usage**







(1) Fares vary by aircraft, schedule, passenger count, and luggage. For one-way use, ferrying the aircraft is required, so the fare is roughly the same as round-trip

Source: Images: DAINANA, Google Map, Okidoki (from the FLY TEAM website)

© Kaname Capital

# New Allegations of Misconduct

## C. Suspected use of a secretary for various private errands

- The full process when Chairman Fukuda buys real estate in Tokyo, Nasu, Okinawa, etc.—selection, on-site checks, purchase
- Regular maintenance of the Chairman's villa on Ishigaki Island
- Mowing, cleaning, and other maintenance of the Chairman's garage in Oyama-cho, Shizuoka
- Buying ingredients and tableware when the Chairman hosts private parties at that Oyama-cho garage
- Opening preparations and sake procurement when the Chairman opens a personal restaurant in Hongo, Bunkyo
- Caring for the Chairman's sister, tending the predecessor's grave, etc.
- Selecting and processing the Chairman's furusato-tax gifts, etc.
- Buying and installing the gym equipment the Chairman keeps on the 8th floor of the head office
- Carrying furniture, appliances, and tableware into the Chairman's home
- Accompanying the Chairman to hospital, picking up medication, etc.

**→ He has staff perform even more private errands than the private use of the driver. We ask for the full picture to be uncovered and the Company's losses calculated**







Source: Multiple Company insiders. Images: Ishigaki City website, Photo AC materials

© Kaname Capital

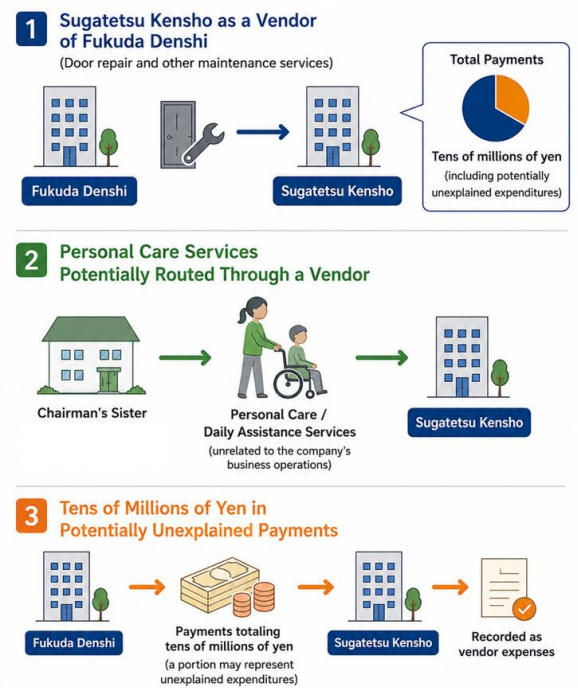
# New allegations of Misconduct

## D. Payments to Sugatetsu Kensho: suspected of having the Company bear his sister's health care costs

- Sugatetsu Kensho is said to be a contractor that frequently does carpentry such as door repairs for Chairman Fukuda
- Information indicates that while the Chairman's sister was alive, he housed Sugatetsu Kensho's representative in the same building to provide her daily care
- Payments from the Company to Sugatetsu Kensho reach tens of millions of yen, possibly including the sister's care and assistance costs

**→ We ask for a full investigation of the payment breakdown to Sugatetsu Kensho and confirmation of the actual work**




Note: The illustrative flow was generated by ChatGPT
Source: Kaname Capital, Sugatetsu Kensho

© Kaname Capital

# New Allegations of Misconduct

## E. Abuse of an insurance subsidiary: suspected excess benefits for luxury car purchases

- Subsidiary Fukushin Co., Ltd. ("Fukushin") introduces insurance to Company employees as a non-life insurance agency
- Each time Chairman Fukuda bought a luxury car, the application was made via Fukushin, possibly with continuous benefits beyond the scope of normal employee welfare

**→ We ask for a full investigation of Chairman-Fukuda-related insurance contracts via Fukushin and confirmation that the terms were appropriate**

| | |
|---|---|
| **Company name / head-office location / capital** | Fukushin Co., Ltd. / 3-39-4 Hongo, Bunkyo-ku, Tokyo / ¥10mn |
| **Company history** | Jun 1964 Established as Ika Sangyo Shinko Co., Ltd.<br>Nov 1982 Renamed Fukushin Co., Ltd.<br>Apr 2021 Takahiko Kanno became Representative Director |
| **Purpose** | (1) Non-life insurance agency<br>(2) Life-insurance solicitation business<br>(3) Ownership, leasing, management, and sale of real estate<br>(4) Sale of office equipment, office supplies, and daily sundries<br>(5) Management of recreation and welfare facilities<br>(6) Management of vending machines and restaurants<br>(7) Any business incidental or related to the foregoing |
| **Representative Director** | Takahiko Kanno |
| **Revenue**[1] | Under ¥50mn |
| **Employees**[1] | Under 10 |

(1) LBC corporate-information estimate

Source: Kaname Capital, registry records

© Kaname Capital

# New Allegations of Misconduct

## F. Invoice payments to sushi restaurants: suspected concealment of private dinners from the investigation

- At "Sushi Suzuki" in Hongo and "Kizushi" near the University of Tokyo, the Chairman reportedly never paid on site no matter whom he dined with; instead, later an invoice was sent to the Company
- Because of invoice payment, no evidence of individual dinners remains, so they may have fallen outside this Company investigation. If the investigation overlooked this, it further deepens doubts about its comprehensiveness and thoroughness

**→ We ask for a full investigation of payment records at both restaurants and confirmation of whether and how they were expensed**





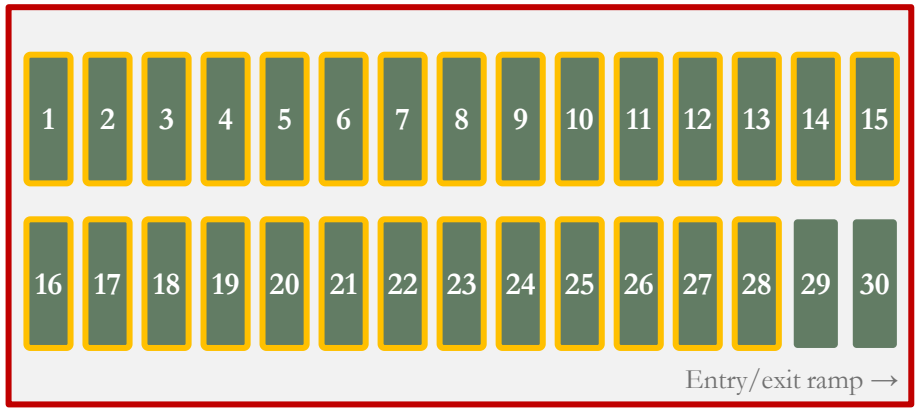
Note: Photos obtained through our on-site investigation
Source: Kaname Capital

© Kaname Capital

# 3-1 Underground-garage Issue is Minimized as Merely Unbilled Parking Fees for 28 Cars

The root problem is Chairman Fukuda using company funds to care out a dedicated parking area for his personal use to his specific specs

## Image (estimated) of the underground garage and related testimony




> "(The head office is) my castle"
> "I designed the underground garage so many private cars could be parked"
>
> —remarks by Chairman Fukuda (at the time)

> "No employee has ever seen the underground garage"
> "Employees don't even know the entrance to the underground garage"
> "At the Chairman's direction, they tested the ramp angle so low-clearance cars could be parked"
>
> —employee testimony

## Board of Auditors' view

- Since about 90 people have entry authorization, it deemed this not the Chairman's exclusive floor and limited the scope to parking-space use
- With no usage records, the actual number of cars and the period cannot be identified
- Deeming it most likely the most widely used, it assessed damages as rent for 28 spaces (the yellow area)

⇒ Framed as a problem of "unbilled rent for 28 parking spaces after completion"

## Our rebuttal

- The essence is not "unbilled parking fees for 28 cars" but the substantive appropriation of the underground garage (the entire red-area floor)
  - Per multiple informants, the garage may have been designed assuming the Chairman's private-car use, but the construction history was not investigated
  - It denies exclusive use citing about 90 authorized people, but security-camera footage, entry/exit logs, and party hearings were not used. Denying exclusive use without confirming actual usage is poorly grounded
- On damages as parking fees, the Board of Auditors assumes only 30 spaces, but testimony exists that 30–40 cars were used in practice, including aisles

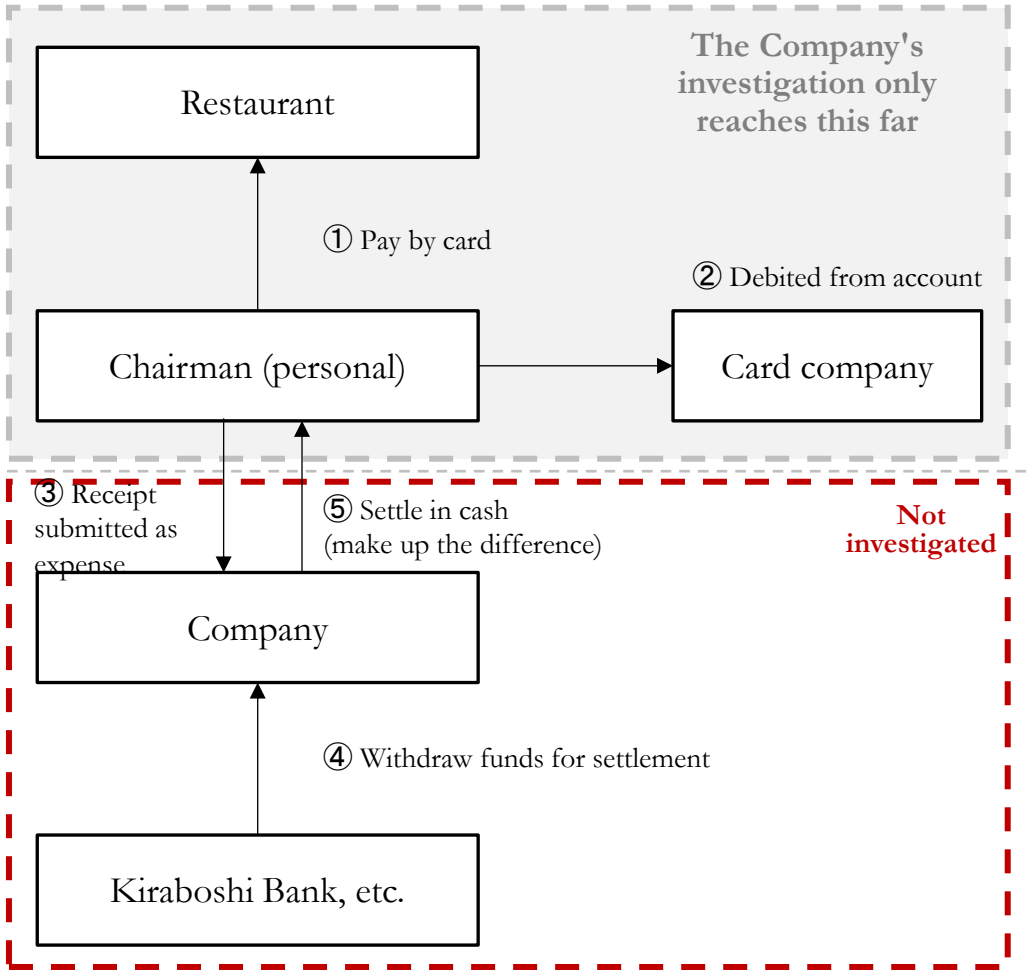
Source: Kaname Capital, Company disclosures

© Kaname Capital

# 3-2 Cash Settlement "Backflow" Was Not Investigated

The claim that Chairman Fukuda's luxury was "personal expense" are unsubstantiated and premature

## Dining-expense settlement scheme (estimated)




## The Company's claim

- No materials confirming the Company bore the dining costs were found
- Chairman Fukuda explained he "paid by transfer from his own personal account", and the transfer history was confirmed

⇒ Concludes it was the Chairman's personal expense, with no Company cost

## Our rebuttal

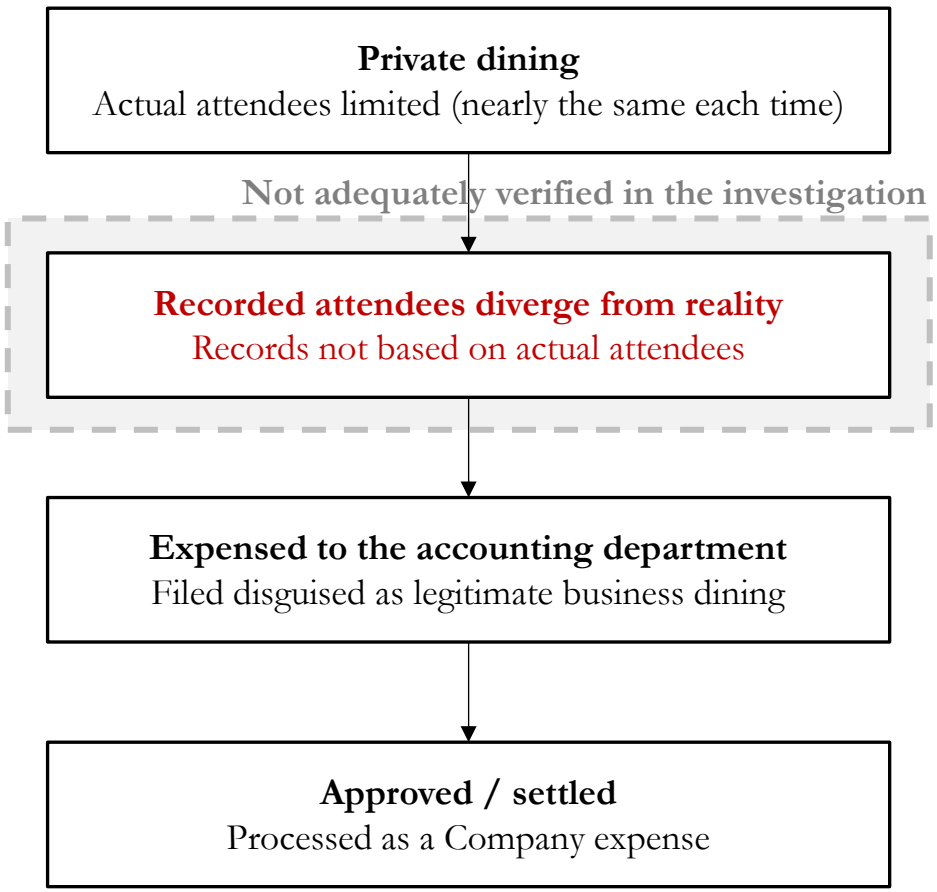
- An informant testifies that "Chairman Fukuda settled the costly dining expenses by receiving cash in Kiraboshi Bank envelopes" (while all other officers used bank transfers, the Chairman alone was apparently special)
- This only appears so when scrutinizing the transfer history; it may deliberately overlook the fact of cash recycling
- The interviewees should therefore be widened to accounting staff, and the Company's cash-management records investigated—but the Company has not done so

Source: Kaname Capital, Company disclosures

© Kaname Capital

# 3-3 Dining-attendee Falsification Suggests the Existence of Organized Improper Expense Processing

## Attendee-falsification scheme (estimated)




## Board of Auditors' view

- 400k+ dining: business relevance recognized from attendee names; on checking with the secretariat head, there was no falsification and actual attendees were recorded
- 400k- dining: the secretariat head sometimes did not confirm attendees with the Chairman and recorded inferred attendees from the restaurant name

⇒ In neither case was a fact of the Chairman "explicitly and actively instructing" found

## Our rebuttal

- The "no falsification" conclusion relies on confirming with the very person who made the records, lacking independent verification (self-serving)
- "Recording by inference" already means records not based on actual attendees—equivalent to falsification
- A long-standing practice = naturally seen as the Chairman's blanket instruction
- Primary information such as schedules and actual/altered attendees needs investigation
- Potentially fraud or aggravated breach of trust

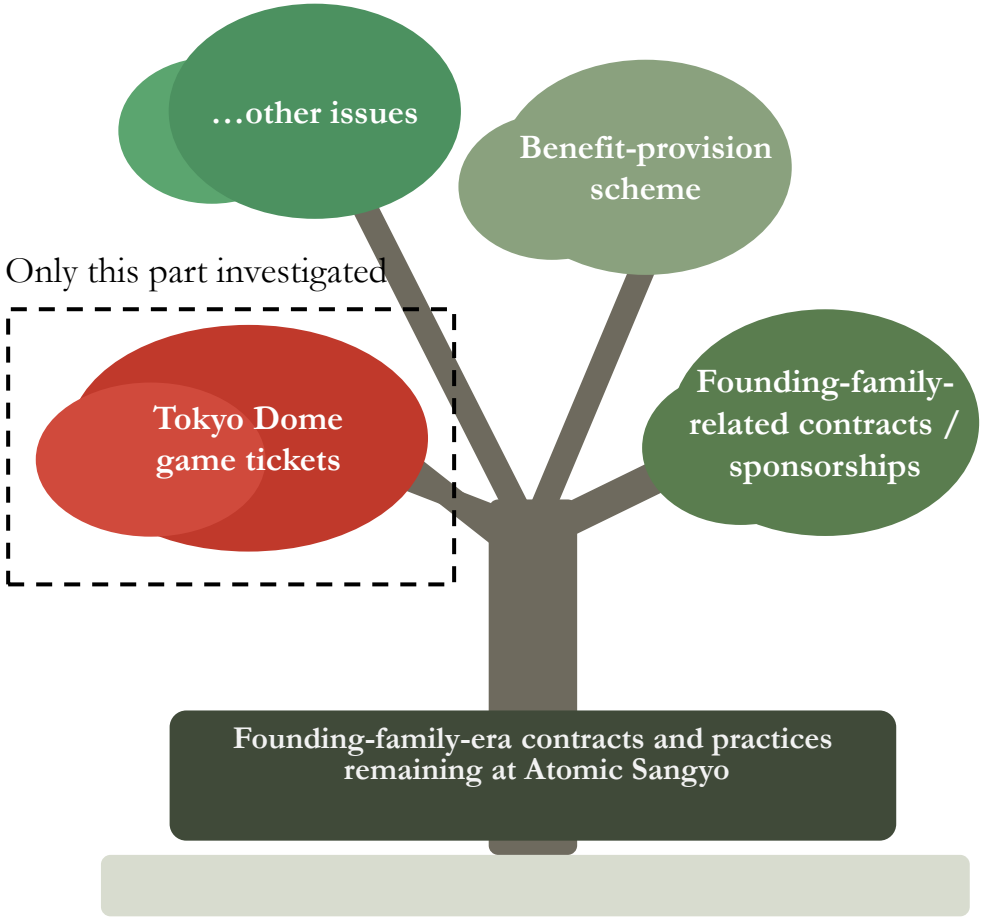
Source: Kaname Capital, Company disclosures

© Kaname Capital

# 3-4 The Real Nature of the Tokyo Dome Ticket Problem Remains Uninvestigated

Atomic Sangyo paid for tickets when skimming money out of the Company but charged to the company after the merger

## Misconduct allegations regarding Atomic Sangyo




## Board of Auditors' view

- Investigated private use of Tokyo Dome suite-access rights and game tickets
- Estimated private-use amounts from distribution records, etc.

⇒ Framed as a Tokyo Dome game-ticket issue

## Our rebuttal

- The essence is not Tokyo Dome game tickets but that founding-family-era contracts remained at Atomic Sangyo, fully acquired in 2015
- The Tokyo Dome contract may be just the tip of the iceberg; the existence of other founding-family-related contracts and benefit-provision schemes should also be investigated
- It also needs verifying whether the governance strengthening and conflict-of-interest resolution that were the aims of full acquisition were actually achieved

Source: Kaname Capital, Company disclosures

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# 3-5 An Investigation that Relies Solely Upon the Word of the Chairman

The 8th floor and driver issues were both investigated but conclusions based on the Chairman Fukuda's own account

## Board of Auditors' view / logic

### Driver use

No objective records

↓

Hearings with the Chairman and driver

↓

About half is private use

↓

Estimate the damages

### Head office 8th-floor use

Reception room with bar counter
+ training equipment

↓

Equipment also intended for business use

↓

A shared facility, not exclusive

↓

No specific private benefit

↓

No problem

## Our rebuttal

- Both rely heavily on the Chairman's or related parties' accounts, lacking objective-evidence corroboration
- Without adequately confirming actual usage, it concludes the private-use ratio and whether there was private benefit

**Investigation actually needed**

**Private use of the driver**

- Cross-check against the Chairman's schedule
- Check materials submitted by the staffing agency
- Verify whether instructions were given to hide private use

**Head office 8th floor**

- Confirm design/fitting history
- Analyze entry/exit logs
- Investigate actual users and usage frequency

No confirmation of objective evidence corroborating actual usage was done; the Board of Auditors' conclusion cannot be said to have uncovered the reality

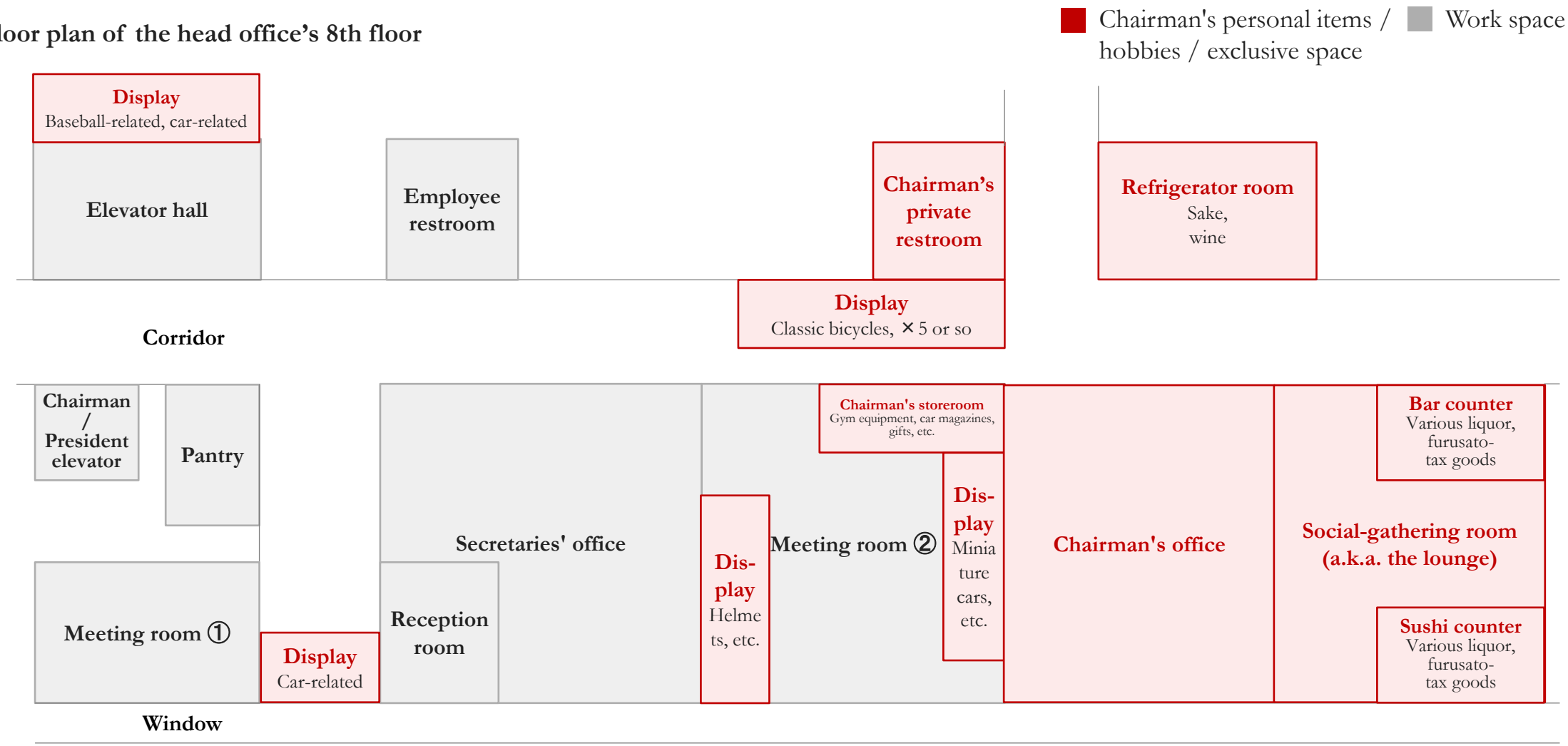
Source: Kaname Capital, Company disclosures

© Kaname Capital

# Stylized 8th Floor Map: 50% of HQ 8th floor appears to be the Chairman's exclusive space

With baseball uniforms, car engines, miniature cars, and classic bicycles displayed throughout, it has become a "hobby floor"

**Floor plan of the head office's 8th floor**




Source: Compiled by Kaname Capital from multiple testimonies

© Kaname Capital

# The Board of Auditors Report Contain Six Serious Defects

The second pillar of defects: reactive response, inadequate sanctions, sham governance upgrade

## Rebuttal to the Board of Auditors report

1. Investigation structure (independence)
2. Investigation scope and methods
3. Points on individual improper uses

## Rebuttal to the Recurrence-Prevention Measures (Detailed Version)

4. The board's reactive response
5. Inadequate sanctions
6. Sham governance response

Source: Kaname Capital

© Kaname Capital

# 4 The Board of Auditors' Own Proposals Were Slowly Implemented

## Board of Auditors

**May 14: Board of Auditors report shared internally on a pre-disclosure basis**

- Majority of outside directors
- Fukuda Denshi Renewal Committee (tentative)
- Root-cause analysis
- Recurrence-prevention measures
- Disclosure to stakeholders

About 20 days

## Board of Directors

**June 3: Company discloses the Recurrence-Prevention Measures (Detailed Version)**

- Rubber-stamps the Board of Auditors' proposals
- Most of the content overlaps with the Board of Auditors' proposals

- The Board of Auditors had presented concrete reform proposals as of May 14
- The board did not disclose or implement them for about 3 weeks
- It appears to have rubber-stamped them only after public pressure grew, showing the board's delayed recognition of the problem

Source: Kaname Capital, Company disclosures

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# 5 Lack of Proportionality of the Penalty

The board found Chairman Fukuda's "responsibility extremely grave" yet imposed sanctions premised on his staying in office

## The board's findings and sanctions

**3．関係者の報酬の自主返納**

当社は、本日開催の取締役会において、本不適切利用等に関する役員に対する処分について、以下のとおり決議いたしました。

3－1　対象者については、代表取締役会長の立場にあったにもかかわらず、公私混同と評価される本不適切利用等が行われており、その責任は極めて重大であることから以下の処分と致します。

代表取締役会長　：役員報酬　６０％自主返納　６ヵ月間

3－2　その他の取締役ならびに常勤監査役については「代表取締役会長を含む取締役による公私混同の防止策の構築」が不十分であり、その経営責任を明確化する必要性から以下の処分と致します。

代表取締役社長　：役員報酬　４０％自主返納　３ヵ月間
常務取締役　　：役員報酬　３０％自主返納　３ヵ月間
取締役※　　：役員報酬　１０％自主返納　３ヵ月間
常勤監査役　　：役員報酬　１０％自主返納　３ヵ月間
※社外取締役を除く

## ! The gravity of the finding and the sanction diverge markedly

- **Sanctions premised on staying in office**
  - Found Chairman Fukuda's responsibility "extremely grave"
  - Yet the chairmanship is retained, with no change in authority
- **Sanctions with no real pain**
  - The sanction is only a return of 60% of compensation for 6 months
  - **Wholly inadequate given compensation of ¥400mn/year, seemingly far above his actual work**
- **A governance contradiction**
  - Found "grave responsibility" yet did not even discuss whether he should stay

Source: Kaname Capital, Company disclosures

© Kaname Capital

# 6 Adding Masashi Fukuda Raises Serious Doubts About Independence

Chairman Fukuda has seemingly bought his allegiance with a decade of patronage

## Mr. Masashi Fukuda's profile

Beyond the profile in the convocation notice, since 2013 Mr. Masashi Fukuda has managed the soccer team Tokyo United FC (formerly Keio BRB / formerly LB-BRB TOKYO)

| 氏名（生年月日） | 略歴、地位、担当及び重要な兼職の状況 |
|---|---|
| 福田 雅（ふくだ まさし）<br>(1975年5月9日生)<br>新任<br>社外<br>独立 | 2002年10月　税理士法人中央青山（現　税理士法人プライスウォーターハウスクーパース）入社<br>2005年3月　日興シティグループ証券株式会社（現　シティグループ証券株式会社）入社<br>2006年5月　公認会計士登録<br>2009年10月　組織再編に伴い日興コーディアル証券株式会社（現SMBC日興証券株式会社）へ移籍<br>2015年1月　一般社団法人 CLUB LB&BRB 代表理事（現任）<br>2015年10月　みずほ証券株式会社入社　投資銀行本部　マネージングディレクター<br>2016年4月　公益財団法人日本サッカー協会監事<br>2018年6月　公益財団法人東京都サッカー協会理事<br>2022年6月　みずほ証券株式会社退職<br>文京区教育委員会教育委員（現任）<br>2022年7月　JAG国際エナジー株式会社（現　株式会社エネウィル）監査役（現任）<br>株式会社東京ユナイテッドグループ代表取締役（現任）<br>2024年6月　公益財団法人東京都サッカー協会監事（現任）<br>2024年9月　日本女子プロサッカーリーグ監事（現任）<br>2026年3月　公益財団法人日本サッカー協会理事（現任）<br>【選任理由及び社外取締役として期待される役割】<br>福田雅氏は、長年にわたり公認会計士及び金融機関で培った高い見識に加え、取締役として経営を担う経験を有しております。<br>その見識や経験を活かし、取締役の職務執行に対する監督、助言等いただくことを期待し、社外取締役候補者として適任と判断しました。 |

## For the soccer team Mr. Masashi Fukuda manages, Chairman Fukuda has provided continuous sponsorship for over 10 years

"And above all, **the "Fukuda Denshi" logo on our chests**. An exceptional chest sponsorship for a Tokyo-league club—and by the very Fukuda Denshi of "Fukuda Denshi Arena." **I cannot thank Chairman Kotaro Fukuda enough.**"

—Masashi Fukuda (TUFC official, December 2015)

"I went to the Bunkyo-based **Chairman Kotaro Fukuda of Fukuda Denshi to ask on the spot**. "I want to build a club like this—could you help?" And **he said, "Sounds interesting, count me in,"** and Fukuda Denshi became our uniform's chest sponsor"

—Masashi Fukuda (Sports Communications, December 2017)

"**This is our 10th year of support from Fukuda Denshi**…**thanks to the Chairman's kindness**, I was, undeservedly, given the chance to step onto the "Fukuari pitch"

—Masashi Fukuda (TUFC official, May 2024)

Notes: Quotes translated from the original Japanese statements
Source: AGM convocation notice, TUFC official, Sports Communications

© Kaname Capital

# Masashi Fukuda Courted the Chairman and Gave Up Any Pretense of Independence

## Anyone who hails Chairman Fukuda as his "GODFATHER" surely fails the test




During Chairman Fukuda's remarks, a surprise cheering banner featuring Chairman Fukuda's face and the words "GODFATHER" was unveiled.




Our "GODFATHER", Kotaro Fukuda, Chairman of Fukuda Denshi, proposed the toast.

Notes: Text translated from the original Japanese statements
Source: TUFC official

© Kaname Capital

# Masashi Fukuda's Team Events, Chairman Fukuda always Front and Center

This relationship might make for a strong soccer team, may even be positive for branding, but it necessarily leads to weak public governance

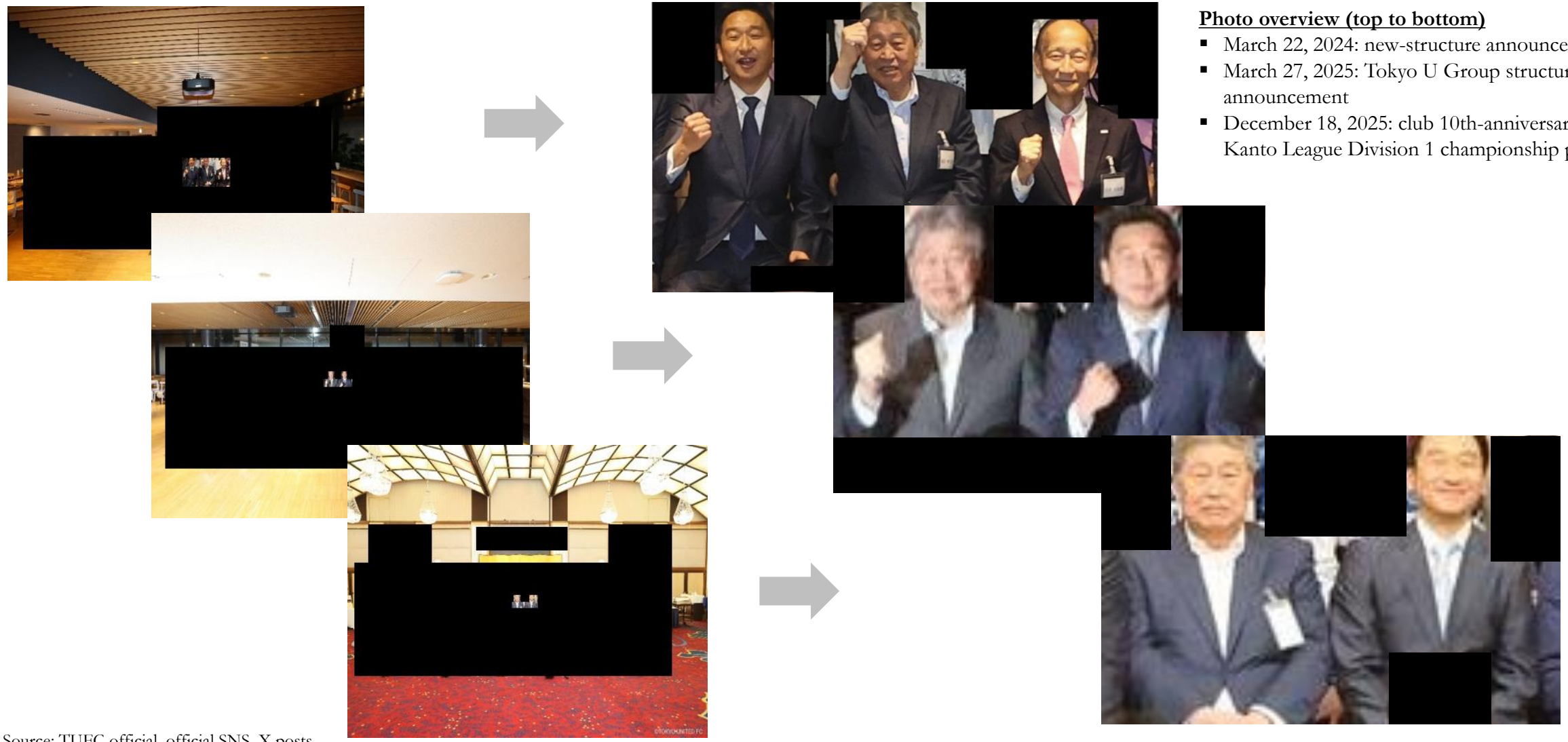


**Photo overview (top to bottom)**

- March 22, 2024: new-structure announcement
- March 27, 2025: Tokyo U Group structure announcement
- December 18, 2025: club 10th-anniversary & Kanto League Division 1 championship party

Source: TUFC official, official SNS, X posts

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# Summary of the Company's response to the misconduct: it merely minimizes the problem and prolongs the current regime—not measures that enhance corporate value

1

## Closing it with a mere ¥150mn

The Company has a history of large profits flowing to the founding family—past related-party transactions with the Fukuda family and excessive compensation to Chairman Fukuda. Yet now, without a thorough investigation of the past, it tries to close the matter with about ¥150mn in repayment by Chairman Fukuda and only a forward-looking policy

2

## Doling out improvements piecemeal

Against our demand for a third-party committee investigation and sanctions on Chairman Fukuda, the Company—premised on his staying—doles out improvements piecemeal: first a pay cut and ¥150mn repayment, then a majority of outside directors in FY27/3. There is no resolve to fundamentally transform now

3

## Not a fresh start toward the future

The Company has long been forced into deference and tacit toleration despite awareness of misconduct. This stems from entrenched officer appointments topped by Chairman Fukuda, Representative Director for 40 years. The Company must elect new management and, rather than merely drafting recurrence-prevention measures, show what kind of company a reborn Fukuda Denshi aims to be and pursue a fresh start

© Kaname Capital

# History Lesson 1: Chairman Fukuda's Forgotten Pledge

40 years ago Fukuda pledged to "eliminate lax management and build a vibrant workplace." Where is that man?

**1985 — words at his inauguration as president**

"Eliminate lax management and build a vibrant workplace"

"For all-hands management to work, each person must be able to debate frankly. I will take the lead in listening to internal voices"

—Chairman Fukuda, who became president at 40



福田孝会長，福田孝太郎社長就任式典
(昭和60年７月31日)

**2026—40 years later, today**

**Numerous misconducts and allegations**

- Privately occupies the underground garage with 30–40 luxury cars
- Calls the Hongo office "my castle" and favors only confidants who tolerate his appropriation
- Opens premium wine on expenses and serves it to acquaintances unrelated to work
- Distributes Tokyo Dome VIP season seats to private acquaintances
- Installs a private sushi counter and bar counter at the head office
- Uses the personal driver continuously for shopping, moving, carrying appliances, and other private errands
- Expenses hot-spring trips and sake-buying as business trips
- Has the Company bear his sister's care costs via a vendor
- Uses an insurance subsidiary for private benefit each time he buys a luxury car
- A culture of deference has spread even to regional sales subsidiaries

⋮

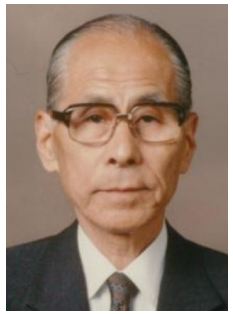
Source: Half a Century with the Electrocardiograph: Fukuda Denshi 50-Year History

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# History Lesson 2: The Forgotten Philosophy of Founder Takashi Fukuda

Founder learned the pain of a tax audit created the opportunity for growth and credibility

## Founder Takashi Fukuda's philosophy (50-Year History)



*"We learned much, and greatly, from the tax audit. We ended up paying a large back-tax, but what we learned was … incomparably greater"*

*"The company is not mine alone as owner. It is the property of all employees—a community of shared fate and profit. I must raise it into a company where all participate and act with a sense of community"*

- Used a large-scale audit in the late 1950s–early 1960s (250 inspectors, 7 years) as a catalyst to strengthen management control
- Sublimated a roughly 2-year management vacuum caused by the founder's serious illness into an all-hands management philosophy
- Grew the company with an attitude of turning hardship into fuel for growth
- Actively pursued regional and social contribution, received various decorations, and was named an honorary citizen of Inzai City

## Second-generation Taketaro Fukuda's stance



*Takashi Fukuda's philosophy is not practiced at all under second-generation Taketaro Fukuda. He refuses to face problems and rejects dialogue, causing management stagnation*

- Contrary to "the company is the property of all employees", private use of company assets and expenses is routine
- The opposite of "a workplace where all can debate frankly" — he demands deference and tacit toleration and consistently refuses dialogue with shareholders
- Unlike his predecessor who turned crisis into fuel for growth, he refuses investigation and persists with "sham" measures
- Rather than leaving a growth foundation for the next generation, he entrenches management, drafts no succession plan, hoards huge cash, and takes no risk for the future

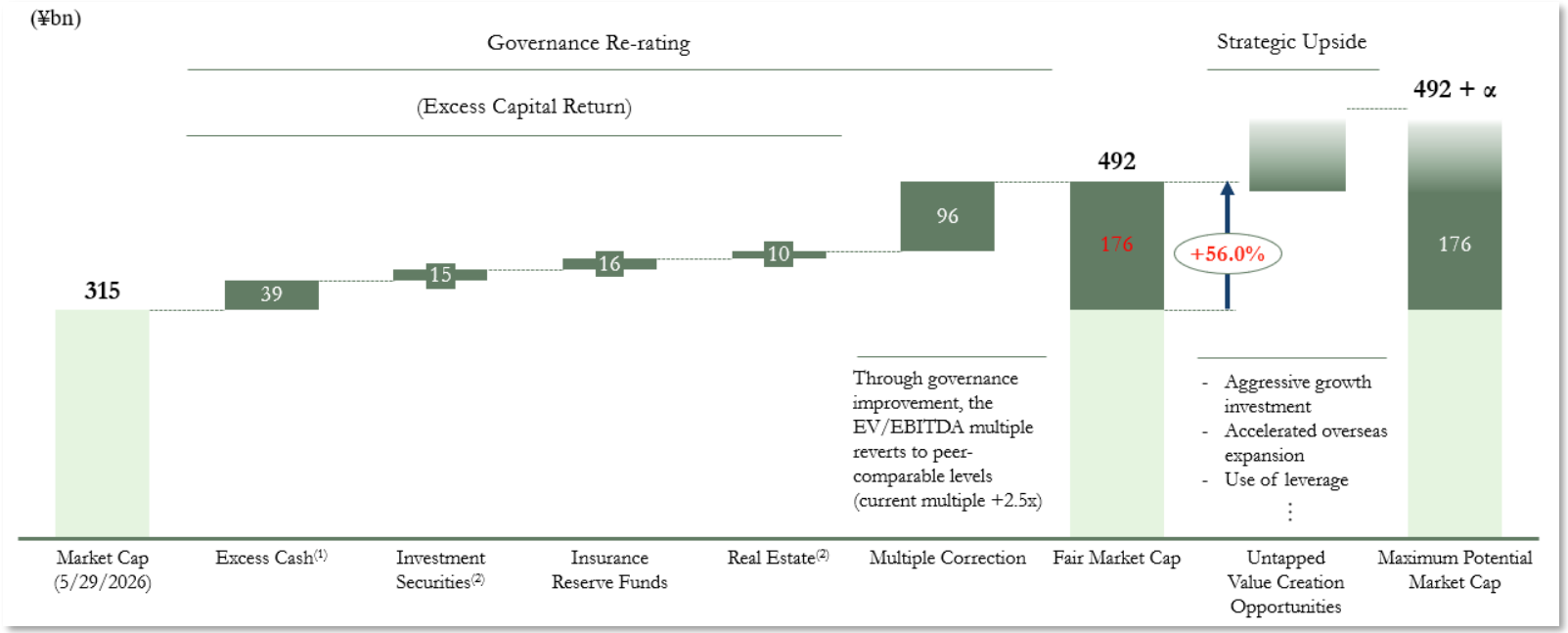
Source: Half a Century with the Electrocardiograph: Fukuda Denshi 50-Year History; Inzai City website

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# If the Company Pursues Governance Improvement It Can Unlock at Least 56% / ¥180 Billion of Value

We further look forward to corporate-value creation by a new management team beyond that

Reprint




- The Company must establish a third-party committee and uncover the full picture of Chairman Fukuda's misconduct
- The Company must dismantle the structure of entrenched officers and deference to Chairman Fukuda and install new management
- With the board's self-cleansing function not working, we judge that Fukuda Denshi needs intervention by public authorities, and we intend to raise the matter with the police, tax authorities, the stock exchange, and financial authorities

© Kaname Capital

Opposition to Three Director Candidates: Kotaro Fukuda, Kazuo Genchi, Masashi Fukuda

Fukuda Denshi's Discount Factors and Upside

Our Investigation into Chairman Fukuda's Improper Use of Expenses

Problems with the Company's Response and 6 New Allegations of Misconduct

Appendix - Our Shareholder Derivative Lawsuit

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# 2024: Filed a Shareholder Derivative Lawsuit Seeking Approx. ¥54bn in Damages

Improper transfer of shareholder value from the company to Fukuda Kotaro via a merger with a family-controlled "tunnel company."

## Background to the filing

We conveyed our concerns as a shareholder to Company staff and repeatedly requested meetings with Chairman Fukuda himself and the outside directors, but they never answered our points directly or agreed to meet. Judging there was no prospect of correction, we filed a shareholder derivative lawsuit seeking damages of about ¥54.0 billion for the harm done to the Company

## Illegal acts by Chairman Fukuda and others that we allege

**① Improper transfer of profit via Atomic Sangyo**

approx. ¥26.5bn (when issued; approx. ¥50.0bn at market value when filing)
Shares issued to the founding family as consideration for the subsidiary acquisition

**② Illegal excessive compensation to Chairman Fukuda**

¥140mn → ¥430mn
Arbitrary setting of excessive compensation

**③ Favorable share issuance to the founding-family foundation**

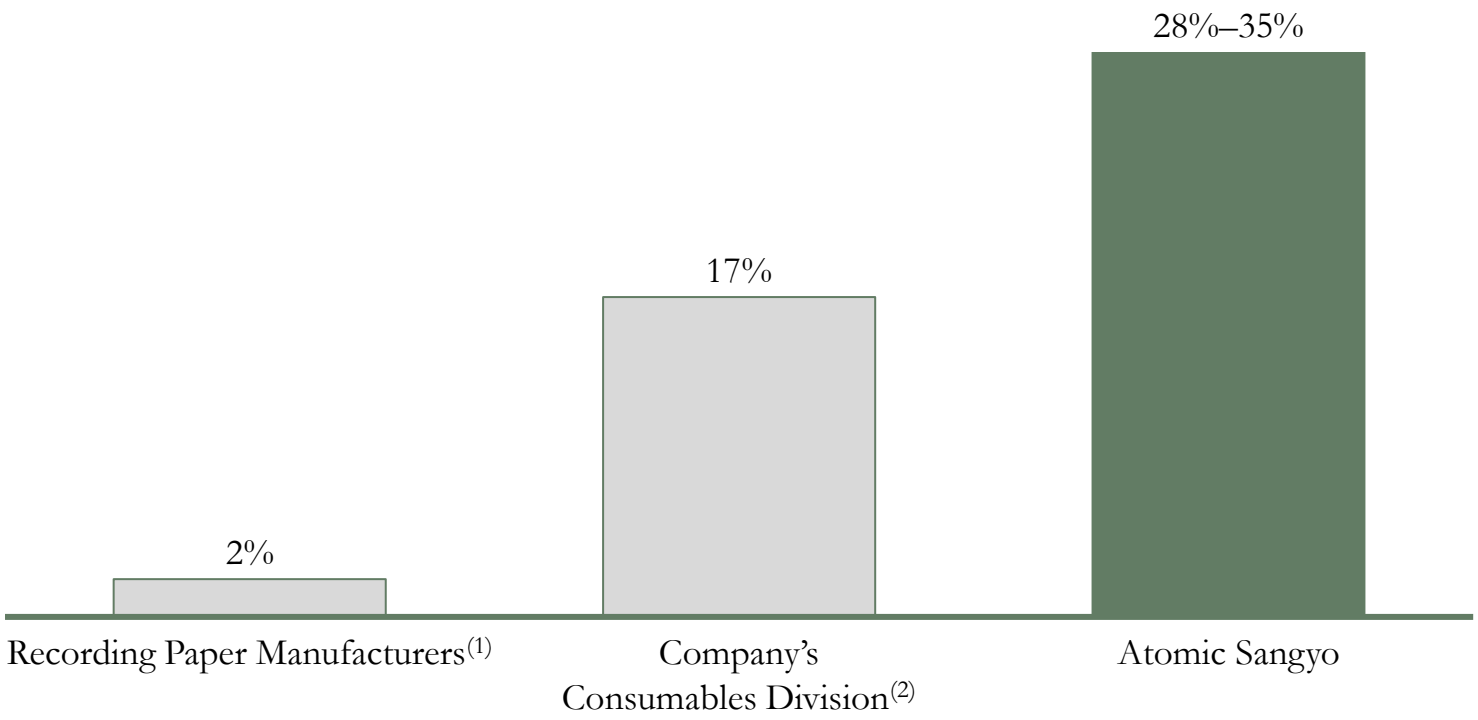
approx. ¥900mn (when issued; approx. ¥2.0bn at market value when filing)
1 share at 1 yen — effectively a free transfer

Source: Kaname Capital, Company disclosures

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# ① Improper profit transfer to the founding family via Atomic Sangyo: buying recording paper at 1.5x market price and a high-priced acquisition

## Comparison of operating margins




(1) Using Kokusai Chart Co., Ltd., a paper-products specialist making and selling medical recording paper, as an example
(2) FY3/24 actual
Note: Information that formed the basis of the original filing
Source: Kaname Capital, Company disclosures

### Relationship

Atomic Sangyo was founded in 1964. Before 2015 the Fukuda family held 100%. About 70% of its revenue depended on transactions with the Company

### Improper transaction price

The Company kept buying recording paper from Atomic Sangyo at about 1.5x the price of substitutes. Against peers' 2% margin, Atomic Sangyo's was 28–35%

### High-priced full acquisition

In 2015, fully acquired via share exchange. On an inflated valuation premised on the improper transactions, the Company acquired Atomic Sangyo at a value equivalent to ¥26.5bn

### No fairness opinion obtained

The share-exchange ratio was calculated by MID Structures, but no fairness opinion was obtained

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# ② Illegal excessive compensation to Chairman Fukuda: raised the director-compensation cap by 178% under a pretext at odds with reality, with about 90% taken by the Chairman and President

## Chairman Fukuda's compensation over time (¥mn)

| | Chairman Fukuda's Compensation | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Total Comps | Base Comps | Bonus | Performance-linked Comps | Total Comps of Internal Directors | Chairman Fukuda's Share of Total Comps | Comps Ceiling for Directors | Consolidated Operating Profit | Consolidated Ordinary Profit | Average Annual Salary (JPY) |
| FY2015/3 | 136 | 116 | 20 | – | 260 | 52.31% | 360 | 10,303 | 11,371 | 7,803,373 |
| FY2016/3 | 141 | 120 | 21 | – | 241 | 58.51% | 360 | 10,649 | 10,934 | 7,439,547 |
| FY2017/3 | 154 | 122 | 31 | – | 254 | 60.63% | 360 | 12,062 | 12,201 | 7,505,851 |
| FY2018/3 | 190 | 132 | 57 | – | 291 | 65.29% | 360 | 12,334 | 12,713 | 7,768,737 |
| FY2019/3 | 232 | 146 | 75 | 11 | 350 | 66.29% | 600 | 12,645 | 13,288 | 7,778,765 |
| FY2020/3 | 278 | 157 | 110 | 10 | 424 | 65.57% | 600 | 13,283 | 13,647 | 7,801,076 |
| FY2021/3 | 349 | 165 | 170 | 13 | 547 | 63.80% | 600 | 19,811 | 20,264 | 7,730,962 |
| FY2022/3 | 452 | 199 | 240 | 13 | 706 | 64.02% | 1,000 | 22,708 | 23,422 | 8,152,466 |
| FY2023/3 | 434 | 228 | 195 | 10 | 713 | 60.87% | 1,000 | 24,093 | 25,081 | 8,477,222 |

Total compensation ¥136mn → ¥434mn (3.2x); bonus ¥20mn → ¥195mn (10x)
Increased consistently regardless of profit rises or falls

Note: Information that formed the basis of the original filing
Source: Kaname Capital, Company disclosures

### Monopoly over compensation decisions

In June 2012, on moving from President to Chairman, a change to the authority rules re-delegated the power to set director compensation to the Chairman. At that point no written compensation-calculation standard

### Raised the cap himself

Raised the director-compensation cap in stages: ¥360mn → ¥600mn (2019) → ¥1.0bn (2021), widening the cap while increasing his own pay

### Monopoly over-compensation

About 90% of the increased cap went to just two people—the Chairman and President Shirai (peaking at 95% in FY3/2019~FY3/2022). The added headroom went to the founding family and existing management, not external independents

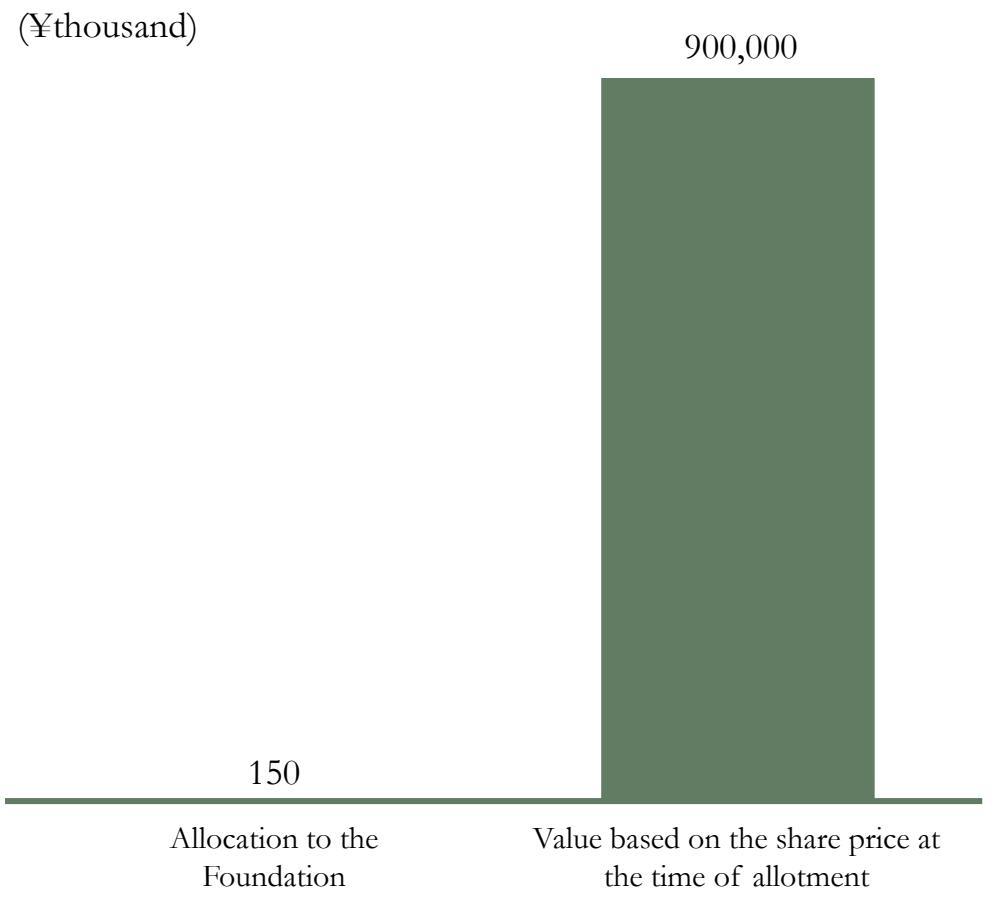
### Divergence from performance

Over the same period operating profit rose 2.3x, while employee wages were roughly flat until COVID, with annual raises of 4–5% only recently

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# ③ Favorable share issuance to the founding-family foundation under the pretext of social contribution: an effectively free transfer of ¥900mn-equivalent at ¥1/1 share

## The reality of the favorable issuance




Note: Information that formed the basis of the original filing
Source: Kaname Capital, Company disclosures

### Overview of the allotment

In May 2016, 150,000 common shares (300,000 after split) were allotted to the Fukuda Memorial Foundation for Medical Technology Promotion (a public-interest incorporated foundation) at ¥1 per share—effectively a free transfer of about ¥900mn at market value

### Relationship between the foundation and the founding family

Taketaro Fukuda is a director, Shuichi Fukuda a councilor, Masaaki Sugiyama an auditor. Located within the Company's premises, it received the endowment of its basic assets and donations for operating funds

### Function as a stable shareholder

The foundation votes fully for Company proposals and fully against shareholder proposals at every AGM, contributing to the continuation of founding-family control

### Legal issues

It constitutes a provision of benefit aimed at building a stable-shareholder base and, with procedural defects, is illegal. Absent a system to exclude directors' influence, an effectively free allotment of treasury shares constitutes a provision of benefit

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