



May 18, 2026

Fukuda Denshi Co., Ltd.
Board of Directors and Board of Statutory Auditors

Re: Demand for Establishment of an Independent Third-Party Committee and Comprehensive Reinvestigation in Response to Your Disclosure Dated May 14, 2026

This letter has been prepared in both Japanese and English. In the event of any inconsistency between the two language versions, the Japanese version shall prevail.

Dear Members of the Board of Directors and Board of Statutory Auditors,

Kaname Capital, L.P. (“Kaname”) has been a shareholder of your company since January 2019. In April 2026, we submitted to your Board of Statutory Auditors, through your accounting auditor Yūgen Sekinin Azusa Audit Corporation (“the Audit Firm”), an investigation report (“Our Report”) documenting strong evidence of systematic, long-duration abuse of company assets by your Representative Director and Chairman, Kotaro Fukuda (“Chairman Fukuda”). The evidence indicates that Chairman Fukuda and the cadre of enablers around him have collectively forgotten Fukuda Denshi’s corporate purpose of serving the medical community and treat the governance norms of a publicly listed company with hostile disdain.

Your May 14, 2026 disclosure (the “Disclosure”) substantially confirms the facts identified in Our Report. We commend your Board of Statutory Auditors for admitting and disclosing the Chairman’s misconduct — but we categorically reject the framing that he has been held accountable, or that stakeholders have been made whole.

Below, we set out the specific deficiencies in your investigation and the five actions we require. We request a written response to this letter no later than **Thursday, May 21, 2026**. We are giving the Board of Statutory Auditors the opportunity to try again — this time, to do its job: commission a genuine third-party investigation, establish the facts, and restore the trust of the medical community and the financial markets that this company has lost.

1. Failures of the Board of Statutory Auditors

The Disclosure contains serious deficiencies in all four dimensions that matter: the amounts recognized, the scope of facts and period investigated, the analysis of root cause, and the independence of the body investigating. The disciplinary measures are not commensurate with a structural problem that has continued, unchallenged, for at least ten years. We address each deficiency below.

(1) Understatement of Recognized Amounts



Across the three categories your company recognizes — parking, entertainment, and tickets — your stated amounts represent only a fraction of the benefit Chairman Fukuda has extracted.

Your company recognizes the private use of the headquarters underground parking garage as 28 vehicles over 58 months, totaling ¥75,471,827. That figure is a gross understatement. Our Report identified 30 to 40 personal vehicles continuously parked there. Access is restricted by security to Chairman Fukuda and certain secretaries, indicating that the garage was reserved for his personal vehicles from the outset. The Board of Statutory Auditors failed to account for the fact that the entire basement was used exclusively by him. Based on the registered floor area (1,756 m² / 531 tsubo) and the average rental rate for large buildings in Tokyo's 23 wards (¥28,409 per tsubo per month), the benefit conferred since March 2022 is approximately ¥720 million. Your recognized amount captures roughly one-tenth of the actual figure.

The same pattern holds for entertainment expenses. Your company has recognized ¥23,225,873 over the past ten years — an average of approximately ¥2.32 million per year. That figure cannot be reconciled with the evidence in Our Report: over ¥4 million in misappropriation from a single private dinner at the French restaurant Apicius. A single 2011 Romanée-Conti consumed that evening cost approximately ¥3.8 million on its own — more than the list price of a standard Fukuda Denshi 12-lead electrocardiograph used in clinics across Japan and approximately five months' wages for the average Fukuda Denshi employee.¹ Informant testimony, supported by photographic evidence, establishes that fraudulent claims for dinners over ¥1 million occurred several times each year, that claims over ¥400,000 occurred dozens of times per month, and that reimbursement forms listing the true attendees were submitted only approximately twice per month. Your recognized amount is plainly incompatible with the objective evidence.

Sports tickets follow the same pattern. The annual contract fee for Tokyo Dome VIP viewing seats is approximately ¥7.8 million for a 4-person suite and ¥15.6 million for an 8-person suite. Your recognized amount of ¥38,816,368 therefore corresponds to only three to five seasons of contract fees, even though we understand the VIP season ticket contract between your company and Yomiuri Shimbun Tokyo Head Office Co., Ltd. has been in place for substantially longer.

(2) Convenient Framing of the Scope of Facts and Investigation Period

Your investigation found nothing we had not already documented. Yet Our Report was, by design, preliminary — based on one informant's testimony and the documents that informant happened to retain. It was the floor, not the ceiling. To treat it as the outer boundary of Chairman Fukuda's

¹Calculation based on the average annual employee compensation of ¥9,199,487 (including bonuses and non-standard wages) disclosed in Fukuda Denshi's Annual Securities Report (有価証券報告書) for the fiscal year ended March 31, 2025, on a parent-company basis. ¥3,828,000 ÷ ¥9,199,487 ≈ 5.0 months.



misuse of company assets is to use one whistleblower's recollection to define the universe of harm.

The investigation period suffers from the same convenience. The Disclosure limits Chairman Fukuda's misconduct to "at least the past ten years," even though he has served as Representative Director for more than forty years since August 1985. The investigation thus covers approximately one-quarter of his tenure. The ten-year cut-off has no factual basis — it is an arbitrary line, and a convenient one.

(3) Absence of Investigation into the Root Cause

The Disclosure describes the conduct as "used for private purposes" or "where the business-related nature is unclear or questionable." That language buries what occurred. The Disclosure does not mention the active concealment that defines this conduct: the false reporting of dinner attendees on monthly expense reimbursement forms, month after month, for at least ten years. This is not "inappropriate use of funds," but a deliberate and systematic falsification of expense documentation, the active concealment of potentially unlawful transactions, and a sustained breach of fiduciary duty by the Representative Director. There are no "honest mistakes" here, just longstanding cynical privatization of public assets.

The absence of root-cause analysis is a fatal flaw. Unless your company can explain how this conduct continued unchallenged for at least ten years — which internal control, audit, and compliance systems failed, and which actors enabled it — the recurrence-prevention measures announced in the Disclosure are window dressing.

(4) Lack of Independence of the Investigating Body

Misconduct by a sitting Representative Director requires investigation by a body independent of him. We indicated this in Our Report. An independent third-party committee is necessary for three reasons: (i) several outside statutory auditors and outside directors have long-standing personal relationships with Chairman Fukuda; (ii) the compliance department that oversees the internal reporting hotline reports up to Chairman Fukuda himself; and (iii) since 2010, the JFBA Guidelines have been the established Japanese best-practice standard for cases of this kind.

The Board of Statutory Auditors does not clear that bar. Two of its three members are former bankers from primary business-partner banks. The third is reportedly a long-standing friend of Chairman Fukuda. The body that investigated the Chairman is, on its face, not independent of him.

Despite that conflict, your company conducted only a Board of Statutory Auditors investigation. The Disclosure does not name the external specialists who purportedly assisted the Board, identify who appointed them, state who bore their cost, describe their scope of work, list the



evidence to which they had access, or specify the period they covered. None of these omissions is incidental. Our legal counsel requested a meeting with the statutory auditors in April 2026, following submission of Our Report; that meeting did not take place. No interview with any informant was conducted before the Disclosure was issued.

The Board of Statutory Auditors' investigation cannot reasonably be regarded as having been conducted with independence from Chairman Fukuda, and stakeholders cannot take its findings at face value. The JFBA Guidelines prescribe investigation by a third-party committee precisely to prevent this outcome. An independent third-party reinvestigation is the only remedy.

2. The Five Actions We Require

For the reasons set out above, we require the following five actions from your Board of Directors and Board of Statutory Auditors:

(1) Hold a press conference at which the Board of Statutory Auditors' findings, the recognized facts, and the basis for its conclusions are explained on the record and subjected to questioning. As a medical device manufacturer that derives a substantial portion of its revenue from the national health insurance system and the public medical infrastructure funded by Japanese citizens, this company owes accountability not only to its shareholders but to the patients, healthcare professionals, and citizens whose contributions underwrite its business.

(2) Establish a third-party committee constituted under the JFBA Guidelines and conduct a comprehensive reinvestigation covering the full 40-year period of Chairman Fukuda's tenure as Representative Director (from August 1985) — not the procedurally convenient ten-year window the Company has chosen. Committee member appointments must be made through a process wholly independent of Chairman Fukuda and the executive departments under his supervision.

(3) Correct all past securities reports — including director-compensation and related-party-transaction disclosures — and amend the corresponding tax filings, consistent with the reinvestigation's findings.

(4) Provide a candid and substantive account in the current fiscal year's internal control report (内部統制報告書) of how the internal control, audit, and compliance systems of Fukuda Denshi permitted Chairman Fukuda's conduct to continue unchallenged for at least ten years. Without this, the recurrence-prevention measures announced in the Disclosure are cosmetic.

(5) Reconsider the management responsibility of Chairman Fukuda and of President Daijiro Shirai, who has been in a position to know what was occurring for many years and who looked the other way. The disciplinary actions announced in the Disclosure — voluntary return of officer



compensation — are not commensurate with the duration, scale, and structural character of the conduct at issue. They should be reconsidered in light of the reinvestigation's findings.

3. Response and Next Steps

We respectfully request that your company submit a written response to this letter no later than **Thursday, May 21, 2026**.

Despite our clearly stated willingness in Our Report to work collaboratively with your company, the Board of Statutory Auditors chose instead to publish these wholly inadequate findings without any engagement with us whatsoever. We find this deeply regrettable and can only characterize it as a failure of good faith. It is for this reason that we have determined to release this letter and the accompanying press release to the public as of today.

If we do not receive a response by that deadline, or if the response does not comply with the five demands set out above, we will pursue redress by every means available and entitled to us — including the exercise of our rights as shareholders and every legal application available to us in judicial proceedings.

Please also be advised that, should we not receive a satisfactory response by the above deadline, we anticipate that members of the press will have numerous questions regarding this matter at your earnings call scheduled for Friday, May 22, 2026 at 4:00 p.m.

In conclusion, we remind the Board and Statutory Auditors that a medical device manufacturer exists, first and foremost, to serve the medical professionals and patients who depend on it. For the better part of four decades, Chairman Fukuda has run Fukuda Denshi as if it existed to serve him. The Disclosure does not refute our longstanding concerns or Our Report — it confirms both, in writing, on just two pages. What Kaname Capital now demands of Fukuda Denshi's Board of Directors and Board of Statutory Auditors is the complete dismantling of the structure that made it possible for so much damage to be done by such a small cadre of enablers, all under Chairman Fukuda's orchestration. You have already admitted the problem, now please do your job and resolve it.

Respectfully yours,

Thomas O. Rodes
Chief Investment Officer

Nao Makino
Head of Research

Kaname Capital, L.P. 201 Washington Place, 26th Floor, Boston, MA 02108