

12 May 2026

Dear All

Company Name	SANYO SHOKAI LTD.
Name of Representative	Shinji Oe Representative Director Chief Executive Officer and President (Code: 8011 Tokyo Stock Exchange Prime)
Contact	Yoshihiro Taniuchi General Manager IR & PR Strategy Corporate Management Headquarters (TEL: 03-6380-5623)

## The Recommendation Report by Institutional Shareholder Services Inc. on the Proposals for the 83rd Annual General Meeting of Shareholders

Sanyo Shokai Ltd. (the “Company”) hereby announces that the Company has recognised that Institutional Shareholder Services Inc. (“ISS”), a proxy advisory firm, has issued a recommendation report (the “Report”) regarding each proposal scheduled to be presented at the Company’s 83rd Annual General Meeting of Shareholders (the “AGM”) to be held on 28 May 2026, recommending “Against” the shareholder proposal regarding dividends of surplus (Proposal No. 4) and recommending “For” the Company Proposal No. 1 (Appropriation of Surplus).

In the Report, ISS points out that the additional cash outlay for the special dividend requested in the shareholder proposal (1,200yen per share) represents an excessive demand equivalent to 52.6% of the total net cash. Furthermore, ISS objectively evaluates the Company’s track record of continuously increasing dividend payments in recent years and recommends “Against” such shareholder proposal, which calls for excessive cash outflows that could undermine the Company’s financial soundness and medium- to long-term growth investment.

The Company regards ISS's recommendation in the Report as substantive support from ISS for the Company’s approach to capital policy and shareholder returns.

As stated in “Opinion of the Company’s Board of Directors” in the Notice of the 83rd AGM, for enhancing the Company’s medium- to long-term corporate value and shareholder interests, the Company believes that it is necessary not merely to achieve an apparent improvement in capital efficiency through a temporary reduction in equity, but to strengthen the Company’s sustainable profitability that leads to improved market valuation, namely "earning power."

Specifically, the Company aims to maintain and further improve ROE to exceed the cost of shareholders’ equity through the execution of various measures set in the Medium-Term Business Plan, while also improving PBR by raising investors’ expectations for future growth.

The Company’s Board of Directors is confident that, rather than pursuing excessively short-term return policies, increasing the certainty of profit growth and sustainably improving corporate value through growth investment such as the growth of existing businesses, the development of new brands, overseas expansion, and M&A, will, as a result, lead to the maximisation of medium- to long-term shareholder value.

The Company kindly asks the shareholders to refer to the Notice of the 83rd AGM and other disclosures from the Company, and appreciates your understanding of the opinion of the Company’s Board of Directors.