May 21, 2025

Company Name: Tokyo Cosmos Electric Co., Ltd.
Representative: Yoshiki Iwasaki, Representative Director, President
(Code No.: 6772 Tokyo Stock Exchange Standard Market)
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Notice Regarding the Opinion of the Board of Directors' Meeting of the Company on the Shareholders' Proposal from Seisei Co., Ltd.

We have received a shareholder's proposal (hereinafter referred to as the "Proposal") regarding one agenda item for the 68th Ordinary General Meeting of Shareholders of the company scheduled to be held on June 24, 2025, from Seisei Co., Ltd. (hereinafter referred to as "Seisei Co., Ltd." or the "Proposer"), which is a shareholder of the company. However, at the Board of Directors meeting held on May 21st, we have resolved to oppose the Proposal. The details are as follows.

Attachment

Shareholder Proposal Agenda item 1 Election of Three (3) Directors (excluding Directors who are members of the Audit Committee)

1 Summary of the Proposal

To elect the following three individuals as directors (excluding directors who are members of the Audit Committee).

Director Candidate: Li Xiu Peng
Director Candidate: Hisashi Okochi
Director Candidate: Haung Sheng Liao

2 Reasons for the proposal

In the midst of significant changes in the business environment, we cannot expect the current management team, which is conservative and lacks initiative, to enable the Company to respond to these changes. The current management team announced its second medium-term management plan in April last year, setting numerical targets for sales and other items, but no specific action plans have been announced, and shareholders are unable to verify the progress of these plans. In addition, although some production and sales activities are being carried out at our consolidated subsidiary established in China, we cannot say that we are fully leveraging its strengths. Furthermore, our efforts toward M&A, which we believe would be effective for our growth, are insufficient. The current management team lacks a sufficient understanding of capital efficiency and financial efficiency, and the company's operations remain inefficient. In order to overcome this situation, we need to appoint new directors with specialized knowledge and a pioneering spirit. The brief biographies of the three candidates for directors and the reasons for proposing them as candidates are as follows.

Candidate	1
Name	Li Xiu Peng (Birth date March 18, 1968)

Brief History

January 1989	Established Dalian Housei Food Co., Ltd. as Chairman
June 1997	Established Dalian Housei Catering Management Co., Ltd. as Chairman
September 2003	Co-founded Dalian Tamura Plastic Co., Ltd. as Vice Chairman
January 2007	Appointed Chairman of Dalian Housei Food Co., Ltd.
December 2008	Appointed Chairman of Dalian Nitto Plastic Co., Ltd.
April 2010	Appointed Chairman of Asahi Keiki Co., Ltd. (current position)
April 2010	Appointed Chairman of Dalian Asahi Keiki Co., Ltd. (current position)
August 2010	Representative Director of Seietsu Co., Ltd.

June 2011	Chairman of the Board of Directors of Ikuyo Co., Ltd.
September 2012	Chairman of the Board of Directors of Shinmei Electric Co., Ltd. (current position)
September 2013	Chairman of the Board of Directors of Tamadai Co., Ltd. (current position)
October 2015	Chairman of the Board of Directors of Kyowa DC Co., Ltd. (current position)
August 2015	Chairman of the Board of Directors, Housei Japan Co., Ltd. (current position)

(Important Concurrent Positions)

Chairman of the Board of Directors, Asahi Keiki Co., Ltd.
Chairman of the Board of Directors, Dalian Asahi Keiki Co., Ltd.
Chairman of the Board of Directors, Shinmei Electric Co., Ltd.
Chairman of the Board of Directors, Tamadai Co., Ltd.
Chairman of the Board of Directors, Kyowa DC Co., Ltd.
Chairman of the Board of Directors, Housei Japan Co., Ltd.

Number of Shares Owned in the Company: 0 shares

Candidate 2
Name Hisashi Okochi
(Birth date May 26, 1965)

Brief Personal History

April 1988	Joined Mitsui Bank, Ltd. (now Mitsui Sumitomo Bank, Ltd.)
July 1998	Joined NEC Corporation
April 2000	Joined Taisho Pharmaceutical Co., Ltd.
April 2007	Joined Yakult Co., Ltd.
June 2007	Passed all subjects of the U.S. Certified Public Accountant Examination (Delaware Board of Accountancy)
December 2008	Joined Nihon Densan Corporation (now Nidec Corporation)
July 2019	Passed Certified Fraud Examiner Examination

(Important Concurrent Positions)

President and CEO of Shinmei Electric Co., Ltd.

Number of Shares Owned in the Company: 0 shares

Candidate 3
Name Huang Sheng Liao
(Birth date August 5, 1962)

Brief history

February 1980	Joined Dalian Electric Machinery Factory
June 1994	Joined Dalian Nisshin Oil Co., Ltd.
March 2008	Joined Dalian Housei Investment Co., Ltd.

April 2016	Director and Deputy General Manager of Shanghai Shenmei Electric Co., Ltd. Deputy General Manager and Head of the Management Department (current position)
April 2016	Director, Deputy General Manager, and Head of the Management Department of Taicang Shinmei Electronics Co., Ltd. (current position)
April 2024	Director of Shinmei Electric Co., Ltd. (current position)

(Important Concurrent Positions)

Director, Deputy General Manager, and Head of the Management Department of Shanghai Shinmei Electric Co., Ltd.
Director, Deputy General Manager, and Head of the Management Department of Taicang Shinmei Electronics Co., Ltd.
Director of Shinmei Electric Co., Ltd.

Number of Shares Owned in the Company: 0 shares

*There are no special interests between each candidate for director and the Company.

[Reasons for nominating as a candidate for director]

① Mr. Li Xiu Peng

Mr. Li established his own company in 1989 and has over 20 years of experience in company management in China and Japan. This experience includes the manufacturing and sales of electronic components, and particularly at Shinmei Electric Co., Ltd. (as originally stated), he has served as the representative director of a corporate group comprising 1,000 employees and overseas subsidiaries for many years and continues to be involved in business operations related to Japan, China, and East Asia. With his extensive experience, global perspective, and flexible thinking that is not bound by the past, he has made significant contributions to the growth of multiple corporate groups.
Based on this experience and approach, he is expected to provide appropriate advice to our company's management, strongly guide our operations, and significantly contribute to the expansion and development of our business.
For the above reasons, we propose the appointment of Mr. Li as a member of the Board of Directors.

② Mr. Hisashi Okochi

Mr. Okochi has worked for listed companies in Japan for over 25 years and has been involved in corporate management as President and Representative Director of Shinmei Electric Co., Ltd. since 2016. Shinmei Electric Co., Ltd. is a specialized manufacturer of electronic components such as switches, solenoids, and relays, and has a sales network overseas. We believe that his experience in corporate management at Shinmei Electric

Co., Ltd. will be highly valuable to our company. Additionally, through his experience in banking and corporate accounting departments, he possesses deep expertise in financial accounting and has a proven track record of improving capital efficiency and financial efficiency in the companies he has managed.
Based on his experience and perspective, we expect him to provide appropriate advice on our company's management, bring about a paradigm shift in our corporate governance, and significantly contribute to the expansion and development of our business.
For the above reasons, we propose the appointment of Mr. Okochi as a member of the Board of Directors.

③ Mr. Huang Sheng Liao

Mr. Huang has worked for companies in the manufacturing industry in both Japan and China for over 30 years and has led the management of a Japanese subsidiary in China for over 20 years as a director equivalent to a Japanese board member. He has extensive experience in marketing and labor management in China and is skilled at reaching consensus in situations involving various conflicting interests. Additionally, he possesses a deep understanding of Japanese and Chinese culture and corporate management.
It is expected that Mr. Huang will leverage his background to fully utilize the potential of our company's operations in China and significantly contribute to the efficiency and optimization of our company's management.
For the above reasons, we propose the appointment of Mr. Huang as a member of the Board of Directors.

Seisei Co., Ltd. Shareholder Proposal Contents – End

Opinion of the board of directors' meeting about Shareholder Proposal

The Board of Directors of the Company opposes this proposal.

1. Summary of our opinion

The shareholder proposal submitted by Seisei Co., Ltd. (regarding the appointment of directors) is presumed to be aimed at enabling China Dalian Housei Enterprise Group (hereinafter referred to as “Housei Group”) to interfere in the management of our company, based on the background of the proposed director candidates and other factors described below.

However, as explained below, our company believes that there is no synergy between our company and the Housei Group, and that the proposal made by the proposer does not contribute to our company's mid- to long-term growth or enhancement of corporate value but rather harms our corporate value. Therefore, we oppose this proposal.

The reasons for our opinion are detailed in the following section “2. Reasons for the Opinion,” but the summary is as follows.

⑴ The substantive purpose and intent of the proposer's proposal are unclear.

The three director candidates listed in this shareholder proposal are all executives of subsidiaries under the umbrella of a corporate group based in Dalian, China (Housei Group, details to follow), and it is inferred that the substantive purpose of this shareholder proposal is to enable the Dalian Housei Group to exert significant influence over the management of the Company. However, important points that the proposer should have explained to our shareholders, such as the business policies of the Dalian Housei Group, have not been disclosed to our company at all to date. Furthermore, the reasons cited for this shareholder proposal are highly abstract, stating that the company's management is inefficient and that appointing the proposed board members is necessary to address this situation. The company has doubts about the true intentions of the actual proponents behind this proposal and the specific objectives that the three proposed board members aim to achieve.

⑵ Synergies with the proposer or the Housei Group are low

We have determined that there are few synergies between our future growth strategy and the Housei Group. Furthermore, the knowledge and experience of the

proposed candidates are not compatible with our business, and, in particular, we cannot expect Mr. Li Xiu Peng to be substantially involved in our management.

⑶ No specific business discussions have taken place

Our company and the proposer have held several discussions to explore business cooperation, but based on the course of these discussions, it does not appear that the proposer has seriously considered a business alliance with our company, and we do not believe that this shareholder proposal is intended to establish a serious business alliance or similar relationship.

⑷ The ineligibility of the candidate for director

During the discussions mentioned in ③ above, Mr. Li Xiu Peng, who is the representative and chairman of the Housei Group and also a candidate for this proposal, stated that he had little knowledge of our company's business operations, specifically production and manufacturing, and that he had a lack of familiarity with the management of Japanese companies, which led him to step down from the management of a listed Japanese company. We believe that Mr. Li Xiu Peng (currently based in Dalian) would find it difficult to substantively participate in the management of our company as a director and make appropriate management decisions.

For the reasons outlined above, our company opposes the proposal for the appointment of the above officers.

2. Reasons for Our Opinion (Specific Points)

(1) Nature of the Shareholder Proposal Based on the Attributes of the Proposer and Candidate Directors

The representative director of Seisei Co., Ltd., which submitted this shareholder proposal, Mr. Huang Sheng Bo , has a personal relationship with Mr. Li Xiu Peng, who is the representative and chairman of China Dalian Housei Enterprise Group [1] (Housei Group) (engaged in food services, food processing, real estate, plastic molding, etc.), and is also a candidate for director in this shareholder proposal serves as the representative director of Housei Japan Co., Ltd. [2] [3] (located in Kawasaki City, Kanagawa Prefecture, hereinafter referred to as “Housei Japan”), a related company of the Housei Group in Japan, and is believed to be responsible for investment and acquisition strategies targeting Japanese companies in accordance with the intentions of the Housei Group (Mr. Li Xiu Peng). Additionally, the proposer itself is also suspected to be a related company of the Housei Group.

[1] Mr. Li Xiu Peng established Dalian Housei Food Company in Dalian, Liaoning Province, China, in January 1989. Subsequently, the company expanded its business operations into various fields, including food processing, real estate, plastic molding, die casting, metal processing, electronic component manufacturing, and mold development and production (Housei Japan Co., Ltd. Business Overview and Roles: https://houseijapan.com/gaiyou/).

[2] Housei Japan Co., Ltd. Company Overview: https://houseijapan.com/jigyou/

[3] Housei Japan provides management guidance and support to its affiliated companies (Housei Japan Co., Ltd. Business Overview and Roles:), and its domestic group companies include Shinmei Electric Co., Ltd., Asahi Keiki Co., Ltd., Kyowa Die Casting Co., Ltd., and Tamadai Co., Ltd. (Housei Japan Co., Ltd. Domestic Group Companies).

As one of the domestic group companies of Housei Japan, there was formerly a listed company called Shinmei Electric Co., Ltd. [4] (located in Kawasaki City, Kanagawa Prefecture; currently delisted). The director candidates proposed by the shareholders in this proposal, Mr. Li Xiu Peng, Mr. Hisashi Okochi, and Mr. Huang Sheng Liao, have all served as representatives or directors of the same company. Additionally, Mr. Huang Sheng Bo and Mr. Li Xiu Peng have previously served concurrently as advisors and (representative) directors, respectively, at Ikuyo Co., Ltd. (7273 / Standard Market) [5] .

As outlined above, given the personal relationships between Mr. Huang Sheng Liao, the representative director of the proposer (Seisei Co., Ltd.), and Mr. Li Xiu Peng, the chairman of the Housei Group, as well as the fact that individuals serving as representative directors or directors of Housei Group's affiliated companies in Japan are candidates for directors in this shareholder proposal, this shareholder proposal is likely to reflect the management policies and intentions of the Housei Group. If the aforementioned candidates are elected as directors, involvement in decision-making is aligned with the Housei Group's management policies and the execution of business operations are anticipated. However, important points that the proposer should explain to our shareholders, such as the capital relationship between Dalian Housei Group, which is closely related to the proposer, and the proposer, as well as the Housei Group's management policies, have not been disclosed to us to date.

[4] Shinmei Electric Co., Ltd. Corporate Website: https://www.shinmei-e.co.jp/

[5] Ikuyo Co., Ltd. Securities Report (83rd Fiscal Year):
https://www.ikuyo194.co.jp/files/topics/190_ext_01_2.pdf

⑵ Lack of specificity in the proposer's arguments

The proposer has explained that the current management team is conservative and lacks initiative, and that it is necessary to appoint new directors with specialized knowledge and a pioneering spirit. In support of this, the proposer cites the absence of specific action plans in the second mid-term business plan announced by the company in April 2024, the failure to fully leverage the strengths of the consolidated subsidiary established in China, insufficient efforts in M&A, and the current management team's inadequate understanding of capital efficiency and financial efficiency. However, we first note that the proposer's criticisms are highly abstract and do not include specific issues or proposals for improvement.

(3) There is no synergy between the proposer and the Housei Group.

The proposer states as if the appointment of the candidate for the shareholder proposal as a director will resolve the management issues pointed out by the proposer. Furthermore, as mentioned above, this shareholder proposal appears to be an attempt to interfere with or influence the management of our company based on the management policies and intentions of the Housei Group. However, for the reasons stated below, we have determined that there is no synergy between our company and the Housei Group. Additionally, as will be explained later, we would like to note that we have not received any specific proposals for business alliances based on concrete plans from the proposer or the Housei Group.

① Differences in business strategy and direction

Since fiscal 2020, we have been shifting our management focus from sales-oriented to profit-margin-oriented and have taken decisive steps to set appropriate prices and restructure distribution channels based on our brand, thereby shifting from a price-competitive market to one focused on value-added products. As a result, we have achieved an operating profit margin of around 10% for the past three fiscal years, transforming ourselves into a lean and efficient company. Building on this sustained high profit margin, we have designated the three-year period from the 2024 fiscal year to the 2026 fiscal year as the “Growth Investment Period” in our Second Mid-Term Business Plan disclosed in April 2024. This period will be followed by the “Growth and Expansion” phase from the 2027 fiscal year to the 2029 fiscal year (planned period for the Third Mid-Term Business Plan), during which we will implement initiatives such as “enhancing technological development capabilities”, “creation and acquisition of new technologies,” and “expansion of core technologies” to explore new business areas. Given the scale of our operations, such growth investment initiatives are only feasible under the premise of maintaining high profit margins.

In contrast, the main strengths of the Housei Group are considered to lie in “production that prioritizes price competitiveness through cost reductions in China” and

“utilization of networks in China.” This is understood as a business model that focuses on repeated investments in the scaling of production itself, such as production technology and production methods. However, as mentioned earlier, our company is currently prioritizing investments in the development of new technologies and is shifting toward a business model that places greater emphasis on profit margins rather than mass production. As a result, the business directions of the two companies are significantly different. If a candidate for director who is expected to strongly reflect the business philosophy and approach of the Housei Group is appointed and becomes involved in decision-making, there is a strong concern that this could hinder the profit-oriented business model that the company has previously promoted, as well as the Second Mid-Term Business Plan based on this model, which includes growth investments.

② **Differences in Target Sales Channels**

Our variable resistors and automotive electrical components are specialized products that we have been selling to specific customers based on our long history and proven track record. As mentioned above, we maintain high profit margins by supplying high value-added products. Sales and profit margins for automotive electrical components are mainly derived from transactions with Japanese automobile manufacturers and their parts suppliers.

In the sale of automotive-related products, it is essential to conduct meticulous timing adjustments that take into account both the four- to five-year production cycle and the product development schedules of automobile manufacturers and their parts suppliers. Timely collaboration with these companies is indispensable for maintaining ongoing transactions, developing new products, and ultimately securing sales and high profit margins that support our business operations. In contrast, the Chinese market features numerous local automobile manufacturers, and the parts suppliers serving this market are not only required to provide added value but also face intense price competition, making China one of the most fiercely competitive markets in the world.

Furthermore, considering the current international situation, economic conditions, and security concerns centered on the United States and China, as well as their potential impact on product prices and supply chains across various industries, the Company has decided to shift its focus from expanding sales channels in the Chinese market to markets seeking high-value-added, high-quality products that leverage our brand. This includes not only the Japanese market, which has been our primary supply destination, but also the European and American markets, where we will allocate more management resources. As part of the “growth investment” outlined in our second medium-term management plan, we are considering specific measures to acquire the human resources and form partnerships with overseas companies necessary to realize the above overseas strategy.

③ **Development Capabilities**

As mentioned above, in our second medium-term management plan, we have designated the three-year period from fiscal 2024 to fiscal 2026 as a “growth investment period” and are working to strengthen our technological development capabilities, create and acquire new technologies, and discover new areas through the expansion of elemental technologies. In contrast, the main strengths of the Housei Group are considered to be “low-cost production in China” and “its network in China.” In terms of development capabilities, we do not expect to be able to leverage the development capabilities and technical human resources necessary to support the creation of new businesses and the development of new products, which we have identified as one of the top priorities for growth investment in our future growth and expansion, through partnerships with the Housei Group.

Based on the above three reasons, we have determined that there is no synergy to be expected between our business and the Housei Group as suggested in the shareholder proposal of Seisei Co., Ltd.

Furthermore, if our company were to receive management support from the Housei Group and shift its business strategy to focus on production technology, production methods, and price competitiveness, this would necessitate abandoning the profit-margin-focused management policy that our company has diligently built up over the years. This could also result in a 180-degree reversal of the growth investment strategy we are currently advancing under our Second Mid-Term Business Plan, potentially reverting our company to its previous vulnerable state. In such a scenario, the value of our company would be significantly impaired.

(4) Based on past discussions with the proposer, it is considered that this shareholder proposal is not intended to achieve synergistic effects in business operations.

This shareholder proposal appears to be intended to promote synergies in the business, as evidenced by references to the experience of the proposed director candidates in the electronic components industry. However, based on the course of discussions between the proposer and our company to date, it appears that this shareholder proposal is not intended to promote a sound business alliance, but rather has some other purpose.

On November 4, 2021, we received a visit from Mr. Huang Sheng Bo, Representative Director of the proposer (Seisei Co., Ltd.), and Mr. Junichi Hashiguchi, then President and CEO of Housei Japan Co., Ltd. During the meeting, we were informed that Mr. Li Xiu Peng, Chairman of the Housei Group, expressed interest in Japan's electronic components business and holds approximately 4% of our shares; however, no specific proposals for business collaboration were made.

Subsequently, in September 2023, we received an inquiry from the proposer and

held a meeting with Mr. Li Xiu Peng, representative of the Housei Group. During the meeting, Mr. Li Xiu Peng stated that he himself was not well-versed in production and manufacturing, and that he had reservations about managing Japanese companies, which was why he had stepped down from his previous role at a listed Japanese company. Based on such statements, we believe that Mr. Li Xiu Peng (currently based in Dalian), who lacks expertise in production and manufacturing—the core of our business—and has expressed reservations about managing Japanese companies, would find it difficult to substantively participate in our company's management as a board member and make appropriate management decisions.

In September 2024, we held another meeting with Mr. Li Xiu Peng and Mr. Huang Shengbo, the representative director of the proposer. During the meeting, while Mr. Li Xiu Peng and Mr. Huang Shengbo made some mentions of a business alliance between our company and the Housei Group, no further specific proposals or discussions regarding the details of such a business alliance were made. Additionally, the proposer did not ask any questions about our production facilities, production materials, or specific production processes. On the other hand, during the same meeting, Mr. Huang Shengbo mentioned that he had been approached by other shareholders of our company regarding the sale of the shares held by the proposer but had declined the offer. He also stated that the proposer was considering acting as a white knight and, in such a case, would like to send a representative to serve as the CEO of our company.

Following that, at the request of the proposer, we met with Mr. Huang in February 2025; however, at that time, no specific proposals regarding business alliances or similar arrangements were made.

The shareholder proposal submitted to our company on April 22, 2025, was made abruptly under such circumstances.

As for our company, we have doubts about whether the proposer has genuine interest in our business itself, given that the proposer has repeatedly mentioned business alliances without proposing any concrete measures, while simultaneously suggesting since September 2024 that other shareholders are showing interest in acquiring our company and proposing to send a representative director from the proposer or the Housei Group.

We believe that the shareholder proposal made by the proposer is not at all a proposal considering business synergies from a business company, but rather an act aimed at threatening the management of our company, which is listed on the Tokyo Stock Exchange Standard Market, under some other purpose or intention. It goes without saying that such behavior could hinder the enhancement of our corporate value.

(5) The candidates for the shareholder proposal are unqualified.

All of the director candidates for the shareholder proposal are directors of companies affiliated with the Housei Group, a corporate group based in the People's

Republic of China. Mr. Li Xiu Peng is listed in his resume as the chairman of a major company within the Housei Group, and the proposer has stated that he is a representative of the Housei Group. Additionally, Shinmei Electric Co., Ltd., where Mr. Hisashi Okochi serves as representative director and Mr. Huang Sheng Liao serves as a director of the Japanese subsidiary and chairman of the Chinese subsidiary, has been a subsidiary of the Housei Group since 2012.

Furthermore, given that Mr. Li Xiu Peng holds a position overseeing the Housei Group within China, we believe it is unlikely that he will be able to conduct management that is closely aligned with the local operations in Japan.

Furthermore, as mentioned earlier, during our previous meetings with the company, it was acknowledged that the individual in question lacks detailed knowledge of production and manufacturing, is not skilled in managing Japanese companies, and therefore voluntarily stepped down from the management of a listed Japanese company. Based on this, it is inferred that the individual is effectively unable to substantively participate in the management of our company.

For the reasons outlined above, we believe that the candidate proposed for the board of directors in this shareholder proposal does not possess sufficient knowledge or experience related to our company's business and is therefore not suitable for the position.

3. Conclusion

For the reasons stated above, the Board of Directors of the Company opposes the shareholder proposal submitted by Seisei Co., Ltd.

End