



July 28, 2021

For Immediate Release

Company Name: FUNAI ELECTRIC CO., LTD.  
Name of Representative: Koji Bando,  
Chairman and CEO  
(Code: 6839, TSE First Section)  
Contact Person: Kyo Otani,  
General Manager of Investor/Public Relations Office  
(TEL: 072-870-4395)

**Notice of Resolutions to Approve Share Consolidation and  
to Approve Abolition of the Number of Shares Constituting One Unit  
and Partial Amendment to the Articles of Incorporation**

As announced in the press release published by FUNAI ELECTRIC CO., LTD. (the “Company”) on June 18, 2021 titled “Notice of Extraordinary General Meeting of Shareholders Concerning Share Consolidation, Abolition of the Number of Shares Constituting One Unit and Partial Amendment to the Articles of Incorporation” (the “June 18, 2021 Press Release”), the Company submitted for deliberation proposals regarding a share consolidation and regarding abolition of the number of shares constituting one unit and partial amendment to the Articles of Incorporation at the extraordinary general meeting of shareholders of the Company held today (the “Extraordinary General Meeting of Shareholders”) and hereby announces that all of the proposals were approved as proposed.

As a result, shares of the Company’s common stock (the “Company’s Shares”) will be subject to the delisting criteria set out in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. (the “TSE”). After the Company’s Shares are designated as “stocks to be delisted” during the period from July 28, 2021 to August 25, 2021, they will be delisted as of August 26, 2021. Please note that after the delisting, it will not be possible to trade the Company’s Shares on the first section of the TSE.

1. Agenda Item 1 (Share Consolidation)

The Company obtained approval from the shareholders for a consolidation of the Company’s Shares (the “Share Consolidation”) as described below at the Extraordinary General Meeting of Shareholders.

- (1) Class of shares subject to consolidation  
Shares of common stock
- (2) Consolidation ratio  
11,372,500 of the Company’s Shares will be consolidated into one share.
- (3) Number of shares by which the total number of issued shares will be reduced  
34,118,603 shares
- (4) Total number of issued shares before the consolidation takes effect

34,118,606 shares

Note: Because the Company has decided to cancel 2,012,190 treasury shares on August 27, 2021 (scheduled), the “total number of issued shares before the consolidation takes effect” is the total number of issued shares after that cancellation.

- (5) Total number of issued shares after the consolidation takes effect

Three shares

- (6) Total number of authorized shares on the effective date

12 shares

- (7) Method of handling for fractions less than one share, and amount expected to be delivered to the shareholders as a result of the handling of fractions

- (a) Whether fractions will be handled in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act that apply *mutatis mutandis* through Article 235, Paragraph 1 or 2 of the Companies Act, and reason for that handling

Due to the Share Consolidation, the number of the Company’s Shares held by each of the shareholders other than Shuwa System Holdings Co., Ltd. (“Shuwa System Holdings”) and Mr. Tetsuo Funai, who was the largest and is a major shareholder of the Company (“Mr. Tetsuo Funai”), will be a fraction less than one share.

With respect to each fraction less than one share arising from the Share Consolidation, the Company will sell a number of shares equivalent to the total number of those fractional shares (with the aggregate sum rounded down to the nearest whole number) and deliver the proceeds from that sale to each of the shareholders for whom a fraction less than one share arises in proportion to such fractions. With respect to that sale, the Company intends to sell the shares with permission from a court in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act that apply *mutatis mutandis* through Article 235, Paragraph 2 of the Companies Act, taking into consideration that the Share Consolidation will be executed as part of a transaction whose purpose is to cause Shuwa System Holdings and Mr. Tetsuo Funai to be the only shareholders of the Company and that because the Company’s Shares will be delisted on August 26, 2021 and become shares without market value, it is believed that it is less likely that there will be a purchaser through auction.

If permission is obtained from a court as described above, then, as planned, the Company will set the sale amount at a price where an amount equal to the number of the Company’s Shares held by shareholders multiplied by 918 yen, which is equal to the purchase price for each of the Company’s Shares in the tender offer for the Company’s Shares and stock acquisition rights conducted during a tender offer period starting March 24, 2021 and ending May 10, 2021, will be delivered to the shareholders.

- (b) Name or company name of the person who is expected to purchase shares subject to sale

Shuwa System Holdings Co., Ltd.

- (c) Method of securing funds to pay the proceeds from sale by the person who is expected to purchase shares subject to sale, and propriety of that method

The Company confirmed that Shuwa System Holdings will be able to secure funds to make an acquisition of the Company’s Shares that corresponds to the total amount of fractional shares

arising from the Share Consolidation based on (i) a loan certificate dated March 23, 2021 from Resona Bank, Limited (“Resona Bank”) stating to the effect that Resona Bank is prepared to lend Shuwa System Holdings up to 20 billion yen and (ii) a balance certificate dated March 23, 2021 from Resona Bank stating to the effect that the balance of ordinary deposits made in the name of Shuwa System Holdings is 2,750,398,240 yen.

Based on the above, the Company has determined that the method of securing funds by Shuwa System Holdings to pay the proceeds from sale of fractional shares is appropriate.

(d) Time of sale and expected time of delivery of proceeds from sale to the shareholders

After the Share Consolidation takes effect, the Company will file a petition with a court to obtain permission to make a sale of the Company’s Shares equivalent to the total number of fractions less than one share arising from the Share Consolidation in or around mid-September 2021 in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act that apply *mutatis mutandis* through Article 235, Paragraph 2 of the Companies Act. The time when that permission will be obtained may vary depending on the status of the court or other factors, but the Company expects that after it sells the Company’s Shares around early October 2021 upon obtaining the court’s permission, and then makes necessary arrangements for delivering the proceeds from that sale to the shareholders, the Company will deliver the proceeds from that sale to the shareholders around mid-November 2021.

In light of the period necessary for the series of procedures for sale after the effective date of the Share Consolidation, the Company has determined that a sale of the Company’s Shares equivalent to the total number of fractions less than one share arising from the Share Consolidation will be made and the proceeds from that sale will be delivered to the shareholders at each of the times stated above.

The Company will deliver the proceeds from that sale to the shareholders entered in the last register of shareholders of the Company as of August 29, 2021, which is the day immediately preceding the effective date of the Share Consolidation, in the same manner as that for delivery of assets distributed by the Company. However, each shareholder who designates a securities company account as the method of receipt of dividends (the method of distribution on a pro rata basis in accordance with the number of shares) will receive the proceeds from sale in cash at the counter of Japan Post Bank or another location.

2. Agenda Item 2 (Partial Amendment to Articles of Incorporation)

The Company obtained approval from the shareholders to partially amend the articles of incorporation of the Company as described below at the Extraordinary General Meeting of Shareholders.

If the Share Consolidation takes effect, the number of authorized shares of the Company will be reduced to 12 pursuant to the provisions of Article 182, Paragraph 2 of the Companies Act. In order to clarify that point, Article 6 of the Articles of Incorporation (Total Number of Authorized Shares) will be amended subject to the Share Consolidation taking effect.

Also, if the Share Consolidation takes effect, the total number of issued shares of the Company will be three shares, and it will become unnecessary to stipulate a number of shares constituting one unit. Therefore, subject to the Share Consolidation taking effect, the provisions of Article 7 (Number of Shares Constituting One Unit) and Article 8 (Restrictions for Shareholders who hold Shares Less Than One Unit) of the Articles of Incorporation will be entirely deleted in order to abolish the provisions relating to the number of shares constituting one unit (currently

100 shares), and the remaining provisions will be renumbered accordingly.

For details of the partial amendment to the Articles of Incorporation, please refer to the June 18, 2021 Press Release.

The partial amendment to the Articles of Incorporation will take effect on August 30, 2021, which is the scheduled effective date of the Share Consolidation subject to the Share Consolidation taking effect.

3. Agenda Item 3 (Election of Two Directors (Excluding Directors who are Audit and Supervisory Committee Members))

The Company obtained approval from the shareholders regarding the election of two directors (excluding directors who are audit and supervisory committee members; the same applies in this paragraph) at the Extraordinary General Meeting of Shareholders as follows.

The Company decided to add two directors to strengthen its management systems and requested the shareholders to elect two directors designated by Shuwa System Holdings pursuant to the capital policy agreement.

The term of office of the directors elected will expire upon the expiry of the term of office of other directors in office in accordance with the provisions of the Articles of Incorporation.

The candidates for directors to be elected were as follows:

(1) Mr. Tomokazu Ueda

Date of Birth	Brief Personal History	Number of Shares Held
September 15, 1973	May 1998      Joined Andersen Consulting (currently Accenture Ltd.)	0
	March 2015      Appointed as Representative Director of Ueno Group Co., Ltd.	
	December 2015      Appointed as <b>Chairman and Representative Director</b> of Shuwa System Co., Ltd.	
	November 2016      Appointed as <b>Chairman, President and Representative Director</b> of Shuwa System Co., Ltd. (current)	
	December 2017      Appointed as President and Representative Director of Keiyashachu Co., Ltd. (current)	
	March 2018      Appointed as Representative Director of Shuwa Group Co., Ltd. (current)	
	June 2018      Appointed as Representative Director of Soken Group Co., Ltd. and Shibata Soken Yugen Kaisha (current)	
	July 2019      Appointed as President and Representative Director of Wing Corporation Kabushiki Kaisha and Kabushiki Kaisha Cradle (current)	

	September 2020	Appointed as Representative Director of Shuwa System Holdings Co., Ltd. (current)	
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(2) Mr. Koji Bando

Date of Birth	Brief Personal History	Number of Shares Held
November 23, 1953	April 1977	Joined Nippon Telegraph and Telephone Public Corporation (currently NTT Corporation)
	June 1998	Appointed as President and CEO of NTT Plala Inc.
	June 2010	Appointed as <b>President and Representative Director</b> of I-Cast, Inc.
	December 2015	Appointed as Director of Japan CableCast Inc. (current)
	May 2018	Appointed as <b>President and Representative Director</b> of Japan Contents Factory Inc.
	March 2019	Appointed as Director of East Group Holdings Inc.
	June 2019	Appointed as <b>Company Auditor</b> of TEC Information, Corp. (current)
	July 2019	Appointed as Executive Principal of NTT Plala Inc. Appointed as Executive Principal of I-Cast, Inc. Appointed as <b>Director</b> of NEXT BASE Corp. (current)
	August 2019	Appointed as Director of IG Port, Inc. (current)
	January 2021	Appointed as Director of YOSHIDUMI HOLDINGS Inc. (current)
	May 2021	Appointed as Director of JNS HOLDINGS INC. (current)
		0

4. Schedule for Share Consolidation

Date of the Extraordinary General Meeting of Shareholders	July 28, 2021 (Wednesday)
Date of designation as stock to be delisted	July 28, 2021 (Wednesday)
Last trading date of the Company's Shares	August 25, 2021 (Wednesday) (scheduled)
Delisting date of the Company's Shares	August 26, 2021 (Thursday) (scheduled)
Effective date of the Share Consolidation	August 30, 2021 (Monday) (scheduled)

End.