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(Securities Code 6406)
February 9, 2023

Dear Shareholders:

Takao Okada
Representative Director, President and CEO
Fujitec Co., Ltd.
591-1, Miyata-cho, Hikone, Shiga, Japan

Notice of Convocation of Extraordinary General Meeting of Shareholders

We would like to express our sincere appreciation for your continued support and patronage.

You are hereby cordially notified of Extraordinary General Meeting of Shareholders of Fujitec Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

This Extraordinary General Meeting of Shareholders is to be held in response to a request from a proposing shareholder (“Proposing Shareholder,” below), and the proposals on the agenda include the Company's proposal (Agenda Item No.1) and shareholder proposals (Agenda Items No.2 through No.7). The details of the proposals are as described in “Reference Documents for the Meeting of Shareholders”. The Fujitec Board of Directors is opposed to Agenda Items No.2 through No.7, which have been made by Proposing Shareholder. Refer to pages 12 through 30 for the dissenting opinion of the Fujitec Board of Directors.

In the interest of preventing the spread of COVID-19, we ask that shareholders exercise their voting rights in advance via the Internet or in writing (postal mail) and refrain from in-person attendance on the day of the General Meeting of Shareholders.

Please review the attached “Reference Documents for the Meeting of Shareholders” (pages 7 to 53), review the “Guide to Exercise of Voting Rights” (pages 4 to 6) and exercise your voting rights by 5:25 p.m. on Wednesday, February 22, 2023, Japan time.

1. Date and Time: Friday, February 24, 2023, at 10:00 a.m. Japan Time
(registration begins at 9:00 a.m.)
2. Place: Big Wing Hall at the Head Office located at
591-1, Miyata-cho, Hikone, Shiga, Japan
3. Meeting Agenda:
 - Proposals to be resolved:
 - Company Proposals
 - Agenda Item 1: Appointment of the two (2) directors
 - Shareholder Proposals
 - Agenda Item 2: Dismissal of six (6) directors (Nobuki Sugita, Shigeru Yamazoe, Kunio Endo, Mami Indo, Kazuhiro Mishina, and Kaori Oishi)
 - Agenda Item 3: Appointment of six (6) directors
 - Agenda Item 4: Determination on the amount of base remuneration for each individual outside director
 - Agenda Item 5: Granting Stock-based Compensation to outside directors
 - Agenda Item 6: Granting Stock-based Compensation with Stock Price Conditions to outside directors
 - Agenda Item 7: Granting Stock-based Compensation with Stock Price Conditions to directors (excluding outside directors)

An overview of the proposals by Proposing Shareholder is as provided in the “Reference Documents for the Meeting of Shareholders”, below.
4. Other Matters related to this Notice
 - Article 18 of the Company's Articles of Incorporation stipulates that the number of directors of the Company shall not exceed 11 individuals. However, Company Agenda Item No.1 proposes the election of two directors, while Shareholder Agenda Item No.2 proposes the dismissal of six directors, and Shareholder Agenda Item No.3 proposes the election of six directors. Depending on the results of the election or dismissal related to proposal, it is possible that the number of directors may exceed the maximum limit stipulated in our Articles of Incorporation. As a general rule, in these cases, the Company will elect the candidates for director who receive a majority of votes in favor, including votes cast via the internet, etc., or in writing (by regular mail). However, if voting results in a number of directors exceeding the maximum number of 11, the Company will elect the candidates for director in order of the number of votes in favor, beginning with the candidate for director receiving the highest number of votes in favor. With respect to Agenda Item 1 and Agenda Item 3, the Company has not established a maximum number of candidates for whom voting rights in favor may be exercised.
 - If there is no indication of a vote in favor of or opposed to any of the proposals, the Company will treat such as an indication of “賛 (in favor of)” for Company proposals and “否 (opposed to)” for shareholder proposals.

End

©Due to the abundance of misinformation from the Proposing Shareholder about this proposal, the Company prepared a slide presentation in addition to disclosure materials to provide shareholders with a visual and easy-to-understand picture of the situation. Use the following QR code or see our corporate website to learn more (<https://www.fujitec.com/>).



We believe that if approved, the shareholder proposals will cause damage to Fujitec corporate and shareholder value. Please review the materials in this convocation notice and via the QR code above or our corporate website for more regarding our position on the shareholder proposals. Thank you.

- ©If attending in person, please submit the enclosed voting rights exercise form to the reception desk at the venue. Please note that non-shareholders are not permitted to attend the general meeting. This includes proxies who are not shareholders and non-shareholder companions to shareholders.
- ©Executives and staffs of the Company will be wearing masks to prevent the spread of COVID-19. We ask all shareholders attending the meeting to wear masks and to cooperate with hand disinfection and temperature checks on admission.
Shareholders who are not feeling well, including those who are exhibiting a cough or fever, may be asked to refrain from entering the venue.
- ©No gifts will be provided at the meeting. Thank you for your understanding.
- ©Any revisions to “Reference Documents for the Meeting of Shareholders” will be posted to the Fujitec corporate website (<https://www.fujitec.com/ir>).
- ©The results of the resolutions of the Extraordinary General Meeting of Shareholders will be published on the Fujitec corporate website noted above after the conclusion of the Extraordinary General Meeting of Shareholders. No written notices of the results will be issued.

Guide to Exercising of Voting Rights

Please review the attached Reference Documents for the Meeting of Shareholders on and after page 7, and exercise your voting rights by using one of the following methods.

<Exercise of voting rights prior to the meeting of shareholders>

- Via personal computer, etc.

Deadline: 5:25 p.m., Wednesday, February 22, 2023

Voting Rights Exercise Website: <https://www.web54.net>

Please enter your vote for or against the proposals.

Please refer to page 5 for details.

- Via smart phones or tablet devices

Deadline: 5:25 p.m., Wednesday, February 22, 2023

Please use a smartphone or a tablet device to scan QR Code displayed at the Voting Rights Exercise Form.

Please refer to page 5 for details.

- Exercise of voting rights via post

Deadline: Received by 5:25 p.m., Wednesday, February 22, 2023

Please indicate your vote for or against the proposals on the Voting Rights Exercise Form and return it so that it arrives by the exercise deadline.

<Attend the meeting in person>

Date and time of General Meeting of Shareholders: 10:00 a.m., Friday, February 24, 2023

Please bring the enclosed Voting Rights Exercise Form and submit it to the reception desk.

Handling of voting rights exercised in duplicate

- (1) If voting rights are exercised in duplicate both in writing and via the internet, etc. (including those exercised by smartphones or tablet devices), the voting rights exercised via the internet, etc. (including those exercised by smartphones or tablet devices), shall be deemed valid.
- (2) If voting rights are exercised multiple times via the internet, etc. (including those exercised by smartphones or tablet devices), the most recent votes exercise will be deemed valid.

<For institutional investors>

Other than exercising your voting rights via internet, voting rights may also be exercised via the Electronic Voting Rights Exercise Platform operated by ICJ, Inc. (only when registered in advance).

For any inquiries, please contact the shareholder registry administrator below:

Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Web Support

Inquiries about how exercising voting rights via PC:

0120-652-031 (hours of operation: 9:00 a.m. to 9:00 p.m.)

Any other inquiries:

0120-782-031 (hours of operation: 9:00 a.m. to 5:00 p.m.;
excluding weekends and holidays)

<Exercise voting rights via personal computer, etc. (Voting Rights Exercise Website)>

(i) Access Voting Rights Exercise website: <https://www.web54.net>

(ii) Enter your Voting Rights Exercise Code.

Enter the Voting Rights Exercise Code as indicated on the Voting Rights Exercise Form.

(iii) Enter your password

Enter the password as indicated on the Voting Rights Exercise Form.

Follow the guidance on the screen, and enter your vote for or against the proposals.

*Connection fees, telecommunications fees, etc. incurred when utilizing the Voting Rights Exercise Website shall be borne by the shareholder.

*Depending on the internet usage environment, subscribed services or the device model, Voting Rights Exercise Website may not be available.

<Exercise by smart phones or tablet devices>

(i) Access Voting Rights Exercise website for smartphones

Use a smartphone or a tablet device to scan the log-in QR code for the Voting Rights Exercise Website for Smartphones, displayed at the lower right of the enclosed Voting Rights Exercise Form.

*QR Code is a registered trademark of DENSO WAVE INCORPORATED

(ii) Visit Voting Rights Exercise Website

Follow the guidance on the screen, and enter your vote for or against the proposals.

When you visit the website on the displayed URL, the Voting Rights Exercise Website screen will open.

You may exercise voting rights by smartphones or tablet devices once only.

To change your vote after exercising your voting rights by smartphones or tablet devices, please refer to *Exercise voting rights via personal computer, etc.* above, enter Voting Rights Exercise Code and password as indicated on the Voting Rights Exercise Form, and then execute your vote again.

* You can access to the Voting Rights Exercise Website above by scanning the QR code.

A request from Fujitec regarding the Extraordinary General Meeting of Shareholders

If you do not plan to attend the Extraordinary General Meeting of Shareholders in person, please send your voting form so that it reaches us by 5:25 p.m. on Wednesday, February 22, 2023. When exercising your voting rights, please confirm the details of the proposals, etc. as described in “Reference Documents for the Meeting of Shareholders” before exercising your voting rights.

The following is an example of how to indicate “賛 (in favor of)” or “否 (opposed to)” a proposal on the voting form.

Example of how to indicate “賛 (in favor of)” or “否 (opposed to)” on the voting form

Agenda Item No.1 is a proposal from the Fujitec Board of Directors.

Agenda Items No.2 through No.7 are proposals made by shareholders.
The Fujitec Board of Directors opposes the shareholder proposals.

QR code for the Voting Rights Exercise Website for Smartphones

Please remove this section and return it to us.

Indicate your approval “賛 (in favor of)” or disapproval “否 (opposed to)” of each proposal.

- ▶ If you are in favor of the proposal: Write ○ in the “賛 (in favor of)” column
- ▶ If you do not agree with the proposals: Write ○ in the “否 (opposed to)” column

If you **agree with** the Company's proposal and the opinion of Fujitec Board of Directors, fill out the form as indicated on the right.

会社提案		株主提案						
議案	第1号 (下欄)	第2号 (下欄)	第3号 (下欄)	第4号	第5号	第6号	第7号	
賛	○	○	○	○	○	○	○	
否	○	○	○	○	○	○	○	

If a ○ mark appears in **both “賛 (in favor of)” and “否 (opposed to)” columns** of the voting form as shown to the left, the vote will be declared **invalid**.

* If there is no indication of a vote in favor or opposed to any of the proposals, the Company will treat such as an indication of “賛 (in favor of)” for Company proposals and “否 (opposed to)” for shareholder proposals.

Reference Documents for the Meeting of Shareholders Proposals and Matters for Reference

<Company's proposal>

Agenda Item 1: Appointment of the two (2) directors

Director Candidate Jiro Iwasaki

Director Candidate Michi Kaifu

To date, the Company has continuously worked to improve corporate governance through engagement and input/advice from shareholders and investors.

As a result, the Company has been able to not only maintain an extremely high standard in its governance structure as indicated by the proportion of outside directors (six out of nine directors = 67% which is in the top 3.8% percentile of TOPIX constituents), and proportion of female directors (two out of nine directors = 22% which in the top 13.3% percentile of TOPIX constituents) on its board of directors, and proportion of outside corporate auditors (three out of four corporate auditors = 75% which is in the top 29.1% percentile of TOPIX constituents) on its audit & supervisory board, but has also been able to establish a progressive corporate governance system, by appointing to its board of directors, individuals with a high degree of hard skills such as corporate management, corporate finance, and legal affairs, and those with experience as officers at Japan's leading listed companies or high-level government or public roles as outside directors, thereby having a balanced board which possess the highest level of knowledge and experience in Japan.

Building on the current progressive corporate governance system, the Company was in the process of considering modifications to its structure to further strengthen its governance by establishing board committees such as an audit committee or a nominating committee, etc., or by appointing new outside directors, and, to this effect, the Company was considering to put forth a proposition at the upcoming annual general meeting of the shareholders in June 2023.

However, since the Company will now be holding an Extraordinary General Meeting of Shareholders and in the continued interest of strengthening governance, we have decided to move up a portion of the plan and take this opportunity to propose the appointment of two new outside directors who possess superior qualities and skills to complement the current skills of the board.

The details of the candidates are as follows.

Candidate No.	Name (Date of birth)	Employment history, position, and responsibilities, and status of material concurrent positions	Number of Company shares owned
1	Jiro Iwasaki (Born December 6, 1945) Male	<p>1974 March Competed master's course of Yokohama National University Graduate School of Business Administration</p> <p>1974 April Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)</p> <p>1996 June Director and General Manager of Human Resources General Manager, TDK Corporation</p> <p>1998 June Director and Senior Vice President, Executive Officer of Recording Media & Solutions Business Group, TDK Corporation</p> <p>2006 June Director and Executive Vice President, Senior Executive Officer of Administration Group, TDK Corporation</p> <p>2008 March Audit and Supervisory Board Member, GCA Savvian Corporation (currently Houlihan Lokey Corporation)</p> <p>2009 June Director and Senior Vice President, Executive Officer of Strategic Human Resources and Administrations Division, JVC KENWOOD Holdings, Inc. (currently JVCKENWOOD Corporation)</p> <p>2011 March Audit and Supervisory Board Member, SBS Holdings, Inc.</p> <p>2011 April Professor, Department of Business Administration, Faculty of Economics, Teikyo University</p> <p>2015 March Outside Director, SBS Holdings, Inc. (to present)</p> <p>2016 March Outside Director (Full-time Audit and Supervisory Committee Member) (currently Houlihan Lokey Corporation)</p> <p>2016 June Outside Member of the Board of Directors, Renesas Electronics Corporation (to present)</p> <p>(Status of material concurrent positions) Outside Director, SBS Holdings, Inc. Outside Director, Renesas Electronics Corporation</p>	0 shares

Outline of Reasons for Selection of Director Candidates and Anticipated Roles

Mr. Iwasaki, who is highly experienced and deeply insightful, has held director positions at listed companies, including serving as Director and Executive Vice President at TDK Corporation, and also has experience as an outside officer at multiple listed companies and also as a university professor. The Company has determined that it can utilize Mr. Iwasaki's experience and knowledge to receive beneficial proposals and advice on management matters and corporate governance issues.

Candidate No.	Name (Date of birth)	Employment history, position, and responsibilities, and status of material concurrent positions	Number of Company shares owned
2	<p style="text-align: center;">Michi Kaifu (Born March 12, 1960) Female</p>	<p>1983 March Graduated from the Hitotsubashi University Faculty of Social Sciences</p> <p>1983 April Joined Honda Motor Co., Ltd.</p> <p>1989 June Completed MBA at Stanford University Graduate School of Business</p> <p>1989 September Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>1996 May Joined NextWave Telecom Inc.</p> <p>1998 August Chief Executive Officer, Founded ENOTECH Consulting, Inc. (to present)</p> <p>2020 February Part-time lecturer, Waseda University Business School</p> <p>2020 June Outside Director, TechMatrix Corporation (to present)</p> <p>2021 July Outside Director, Harmonic Drive LLC (to present)</p> <p>2021 September Visiting Professor, Seikei University EAGLE global education program (to present)</p> <p>(Status of material concurrent positions) CEO, ENOTECH Consulting, Inc. Outside Director, TechMatrix Corporation Outside Director, Harmonic Drive LLC Visiting Professor, Seikei University EAGLE global education program</p>	0 shares

Outline of Reasons for Selection of Director Candidates and Anticipated Roles

Ms. Kaifu, who lives in the United States and is the founder and operator of a consulting firm, provides research, analysis, and advice about the IT industry and start-up companies in Japan and in the United States by utilizing the knowledge and experience she gained over the past 20+ years. The Company has determined that Ms. Kaifu can provide beneficial proposals and advice from a global perspective, particularly in the technology field, given the rich knowledge that she has attained through her experiences.

- (Notes)
1. Mr. Jiro Iwasaki and Ms. Michi Kaifu are outside director candidates.
 2. There are no special conflicts of interest between either individual and the Company.
 3. Both individuals are independent officers pursuant to the provisions of Tokyo Stock Exchange, Inc., and would be independent officers if they were appointed and took office as originally proposed.
 4. Both individuals are new candidates for appointment.
 5. The Company has entered into officer, etc. liability insurance policies as provided in Article 430-3(1) of the Companies Act that cover the directors and statutory auditors of the Company and its subsidiaries. If there is a claim for compensation arising due to the performance of duties by the covered parties, the compensation amount, litigation expenses, etc. are to be covered by these insurance policies. In addition, so that there is no impairment of the appropriate execution of duties by the covered individuals, certain deductible amounts have been provided in these insurance policies and losses of less than these deductible amounts will not be subject to indemnification, and certain exclusions are also provided, such as no insurance money being paid for losses caused by crimes, other legal or regulatory violations, etc. Each candidate would be covered by these insurance policies if they are appointed and take office as directors. We expect that the next policy renewal will be on the same terms.

If the appointment of these two director candidates are approved, the Company believes that the skills matrix of the board of directors will be further enhanced, leading to a more balanced and superior board., as follows.

(Reference)

Skills matrix of the Company's directors if Agenda Item 1 (Company Proposal) were approved:

	Independence	Listed company outside director experience	Corporate management/management strategy	Governance	Global	Technology	Finance/accounting	Legal affairs/compliance	Risk management	Sustainability	M&A/Capital markets
Okada (Inside)	—	—	✓	✓	✓	✓		✓		✓	
Asano (Inside)	—	—	✓	✓	✓	✓					
Tsuchihata (Inside)	—	—	✓	✓	✓	✓	✓				
Sugita	✓	✓	✓	✓	✓				✓		
Yamazoe	✓	✓	✓	✓	✓		✓				✓
Endo	✓	✓	✓	✓	✓		✓				
Indo	✓	✓	✓	✓			✓	✓		✓	✓
Mishina	✓	✓	✓	✓	✓				✓	✓	
Oishi	✓	✓	✓	✓				✓	✓		
Iwasaki	✓	✓	✓	✓	✓			✓	✓		✓
Kaifu	✓	✓	✓	✓	✓	✓					

<Shareholder's Proposals (Agenda Item 2 through Agenda Item 7) >

Agenda Item 2 through Agenda Item 7 were proposed by the Proposing Shareholder, and the details of each proposal are as described starting on Page 18 and below and in the Exhibit.

The Company **opposes all of the agenda items pertaining to the shareholder proposal (Agenda Item 2 through Agenda Item 7) for the following reasons. Please see Page 18 and below for details of the opposing opinion on each agenda item.**

The Company takes all comments and suggestions from shareholders in serious regard, including those from the Proposing Shareholder to date, and, with an emphasis on improving corporate value, has taken measures to make improvements where needed. To this reason, the Company has purposely refrained from actively and publicly making statements that are critical of the claims and assertions that are being made by the proposing shareholder. However, in order to protect the interests of shareholders and all stakeholders, and therefore to preserve corporate value, the Company issued this Opposing Opinion as a public statement in response to the various misguided assertions being made by the Proposing Shareholder on January 20, 2023. We explain this again below.

For details and additional data, etc. that is the basis of the Opposing Opinion, please refer to the separate presentation materials that are disclosed on the Company's website at (<https://www.fujitec.com/>).

The Company opposes all agenda items set forth by Proposing Shareholder for the reasons described on page 18 and below, but, in addition to the agenda items themselves, in light of the following reasons, the Company also has several concerns about the Proposing Shareholder.

- It has been reported that the Proposing Shareholder and Seth Fisher, who is the Chief Investment Officer of the Proposing Shareholder, was the subject of disciplinary action by Japan's Securities and Exchange Surveillance Commission (SESC) in cooperation with Hong Kong's Securities and Futures Commission (SFC) due to suspicion of market manipulation pertaining to shares of Japan Airlines Co., Ltd. in 2011 (the penalty was HKD 7,500,000, which was the highest amount for a penalty against an individual at the time) (*).
- The various comments by the Proposing Shareholder that set forth the underlying reasons for the shareholder's proposal (business, governance structure, and returns as compared with competitors) are factually erroneous due to the lack of research by the Proposing Shareholder, or are arbitrary and misleading.
- The proposal process that the Proposing Shareholder took was irresponsible and careless, and the content of each of the agenda items are questionable at best and problematic from a corporate governance perspective.

* Source: September 15, 2011 report in the "Nihon Keizai Shimbun"

https://www.nikkei.com/article/DGXNASGC15028_V10C11A9EE2000/

* Source: Securities and Exchange Surveillance Commission website

https://www.fsa.go.jp/sesc/news/c_2011/2011/20110915-1.html

The details are as follows.

i. Regarding the various statements by the Proposing Shareholder

As background and rationale to the shareholder's proposal, the Proposing Shareholder asserts, that (A) there are problems with the Company's formulation and execution of business strategies, and thus the new medium-term management plan cannot be achieved, (B) that related-party transactions, etc. by the founding family are commonplace at the Company, and there are serious problems with the governance structure, and (C) as a result, the Company has not made sufficient returns to shareholders compared to competitors.

However, the Company believes these comments are factually incorrect due to insufficient research by the Proposing Shareholder or are arbitrary and misleading on the part of the Proposing Shareholder, as set forth below.

(A) The Company's opinion on the comments pertaining to business strategy

Since its founding, the Company has gained the trust of its customers and continues to expand its business by formulating appropriate business strategies and soundly executing on those strategies, and by providing products and services with the highest professional ethical standards. Its net sales and operating income have also grown steadily in the recent 10 years.

In addition, from the fiscal year ended March 31, 2013 until the fiscal year ended March 31, 2022, the Company's performance was "true to its commitment" and largely achieved the target values (net sales, operating income, operating income margin, and ROE) it committed to in its medium-term management plan, except for the medium-term management plan in the three-year period from the fiscal year ended March 31, 2017 until the fiscal year ended March 31, 2019 when performance was down in general for Japanese manufacturing companies as a whole mainly due to the slowdown in the Chinese economy.

Performance	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2022	Amount of increase
Net sales	117.5 billion yen	187.0 billion yen	+69.5 billion yen
Operating income	9.2 billion yen	13.8 billion yen	+4.6 billion yen

In regards to the Company's public release of the new medium-term management plan entitled "Vision 24," some investors, including the Proposing Shareholder, have pointed to (1) the improvement of margins and (2) capital allocation policy/capital reinvestment, and in response the Company has set ambitious targets to which the management team is pushing hard to achieve. Furthermore, "Vision 24," with the revised content, etc. in its supplemental disclosures, has been received highly with positive feedback by many domestic and foreign institutional investors.

We would additionally remark that the Company's average growth rate in recent years has maintained a high level compared with its competitors (Otis Worldwide Corporation and KONE Oyj, Schindler Holding). In the past three years, results for operating income, EBITDA, and net income are in the top class compared with competitors. For example, the average growth rate of the Company's EBITDA for the past three-year period is 8.6%, which exceeds the average value (6.1%) and median value (6.5%) of competitors. In addition, in the past five years, the Company's operating income and net income has overwhelmingly surpassed competitors. The average growth rate of the Company's operating income for the past five-year period is 1.7%, which is more than double the average value (0.8%) and median value (0.6%) of competitors. For detailed figures, etc., please refer to the Company's website. (<https://www.fujitec.com/>)

(B) The Company's position on the comments pertaining to the governance system

The Company has been proactively reforming its governance on an ongoing basis by, for example, by proactively increasing the number of outside directors and female directors, creating a nomination and compensation advisory committee, reducing cross-shareholdings, and abolishing the advance-warning anti-takeover defense measures.

As a result of such governance reforms, we believe that the Company can be considered as one of Japan's leading companies in terms of governance, as can be seen in the table below which sets forth quantifiable indicators.

Position, etc.	Proportion of the Company's board of directors/audit & supervisory board	Compared with TOPIX constituents
Outside directors	67% (6 of 9 outside directors)	Approx. top 3.8 percentile
Female directors	22% (2 of 9 are female directors)	Approx. top 13.3 percentile
Outside corporate auditors	75% (3 of 4 are outside corporate auditors)	Approx. top 29.1 percentile

The Company is also proud of the fact that its outside directors comprise a group of professionals who are of the highest caliber in Japan, based not only on formal standards, but also on their practical abilities and experience levels, each possessing a high degree of expertise in the areas such as corporate management, corporate finance, and legal affairs with officer-level experiences at leading listed companies in Japan.

As a result of the foregoing, Sumitomo Mitsui Trust Bank’s “Governance Survey,” which is the largest comprehensive survey of corporate governance in Japan, awarded the Company scores that exceed listed companies with the same scale and attributes in all of its items. That survey was implemented under the supervision of Kunio Ito, the Director of the CFO Education and Research Center at Hitotsubashi University, who is also well-known for the “Ito Report” driving corporate governance reform in Japan, and the Company believes that its detailed analysis and assessment is far more reliable than the one-sided assessments conducted by the foreign third-party organizations that the Proposing Shareholder cited as the reasons for why the Company’s governance system is not well regarded.

	FUJITEC	Company Type I (298 companies)	Company Type II (172 companies)	All companies (1,879 companies)
(i) Sustainability management	3.2	2.4	2.4	1.4
(ii) Effectiveness of board of directors	2.6	2.3	2.5	1.7
(iii) Utilization of outside directors	3.1	2.7	2.8	2.3
(iv) Transparency of officer names	2.8	2.1	2.2	1.5
(v) Transparency of officer compensation	2.4	2.4	2.7	1.7
(vi) Dialogue with shareholders and investors	3.2	2.7	3.0	1.7

Source: “Governance Survey® [2022]” (Sumitomo Mitsui Trust Bank, Limited)

Notes: “Company Type I” is the group of companies with a market capitalization of at least 100 billion yen and less than 500 billion yen.

“Company Type II” is the group of companies with a foreign national shareholding ratio of at least 30%.

In addition, with regard to the various allegations pertaining to related party transactions raised by the Proposing Shareholder in its published materials in May 2022, the Company’s board of directors concluded that there were no legal or corporate governance issues based on an investigation conducted by Nishimura & Asahi as communicated in the “Notice Concerning Board of Directors’ Resolution in relation to Shareholder’s Assertion” dated May 30, 2022. However, taking into account comments from shareholders, etc., the Company has commissioned an additional investigation, which is currently being conducted by an independent third-party committee. The Company is fully cooperating with the third-party committee’s investigation and will respond with sincerity to any findings of the committee. We apologize for causing concern to our shareholders, but will continue to work to further strengthen our governance structure as we have continuously done.

(C) The Company’s position on the comments on returns compared with competitors

Over the past one-year period, three-year period, five-year period, and ten-year period, the Company’s total shareholder return (TSR) has outperformed that of the Company’s competitors that are mentioned by the Proposing Shareholder in its disclosed materials (KONE Oyj, Schindler Holding AG, and Hitachi, Ltd., etc.).

TSR	FUJITEC	TOPIX	Hitachi	KONE	Mitsubishi Electric	Schindler
Past one-year period	133%	102%	114%	90%	93%	82%
Past three-year period	195%	122%	170%	109%	95%	94%
Past five-year period	227%	122%	187%	141%	83%	103%
Past ten-year period	686%	307%	358%	313%	241%	234%

Note: As of December 18, 2022

Source: S&P Global Market Intelligence

In addition, the Company’s share price has notched a nearly 500% gain over the past ten-year period (the Company’s share price as of the end of December 2022 has risen 481.8% compared with the end of December 2012), and since this more than doubles the rise in the TOPIX compared with its 220.0% rise over the same period, the Company believes that it has been able to provide shareholders with a fair level of return.

	FUJITEC	S&P500	TOPIX	Hitachi	KONE	OTIS	Schindler
Rate of increase in share price for the past ten-year period	481%	269%	220%	265%	213%	207%	194%

Note: As of December 31, 2022, and with a starting point of December 31, 2012.

Source: S&P Global Market Intelligence

As set forth above, the Company believes that these comments on returns by the Proposing Shareholder are either factual errors due to insufficient research or are arbitrary and misleading.

As stated above, the Company will be “true to its commitment” in its new medium-term management plan “Vision 24” to achieve significant growth.

- ii. The process and content of the shareholder's proposal by the Proposing Shareholder was extremely irresponsible and careless

The proposal by the Proposing Shareholder was revised repeatedly as set forth below, leading to an unusual situation in which two outside director candidates (Shiori Fukada and Yuko Kaneko) withdrew in a very short period of time. The reasons for the withdrawal of the two candidates have never been explained in detail by the Proposing Shareholder.

Taking into consideration the sloppiness of the content of the shareholder's proposal and the fact that the Proposing Shareholder never explained the reasons for the why the two outside director candidates withdrew, it is hard to believe that the shareholder's proposals are truly for the purpose of improving the Company's corporate value, as the shareholder claims.

Date of Receipt	Revisions
December 5, 2022	<ul style="list-style-type: none"> The initial request is made by Oasis Investments II Master Fund Ltd. and Oasis Japan Strategic Fund Ltd
December 22, 2022	<ul style="list-style-type: none"> Communication indicating a change where only Oasis Japan Strategic Fund's name will remain on the Request on the grounds that Oasis Investments II Master Fund Ltd. did not comply with the requirements prescribed in Article 297(1) and Article 305(1) of the Companies Act (holding shares equivalent to the necessary number of voting rights for the Request for a period of six months) <u>Withdrawal</u> of outside director candidate (<u>Shiori Fukada</u>) Addition of new outside director candidate (Ako Shimada)
December 28, 2022	<ul style="list-style-type: none"> Change in the reasons for the convocation, and alterations in the candidates' bios
December 31, 2022	<ul style="list-style-type: none"> <u>Withdrawal</u> of a second outside director candidate (<u>Yuko Kaneko</u>), and subsequent alteration of the Shareholder proposal to where the number of proposed outside director candidates is reduced from seven people to six people.
January 4, 2023	<ul style="list-style-type: none"> Change in the statements of the reasons for the convocation

< Shareholder's proposal (Agenda Item 2) >

(i) Outline of Proposal

Dismissal of six (6) directors:

Dismiss (Candidate No. 1) Nobuki Sugita, Director.

Dismiss (Candidate No. 2) Shigeru Yamazoe, Director.

Dismiss (Candidate No. 3) Kunio Endo, Director.

Dismiss (Candidate No. 4) Mami Indo, Director.

Dismiss (Candidate No. 5) Kazuhiro Mishina, Director.

Dismiss (Candidate No. 6) Kaori Oishi, Director.

(ii) Position of the Company's board of directors

The Company's board of directors opposes Agenda Item 2 (shareholder's proposal) for the following reasons.

For many years, Mr. Sugita has held important positions such as university professor of economics, etc., as well as serving in economic-related ministries and agencies. By leveraging the abundant knowledge, he has cultivated as a university professor and in government, he provides useful suggestions and advice for the management of the Company. In particular, Mr. Sugita shares the newest information on risk management, corporate strategy, and corporate governance with the Company, and he fulfills an important role for the Company from that perspective.

For many years, Mr. Yamazoe has been involved in the overall management of general trading companies and in global business management. From his experience of being stationed in the Philippines, the acquisition of Jamaica Public Service Company, and serving as a Vice-President while working at a general trading company, he has extensive knowledge of the world affairs (particularly Asia), M&A, and management. In addition, he has held positions such as chairperson of the Japan-Kazakhstan Economic Committee, vice-chairperson of the Japan-Azerbaijan Economic Committee, and vice-chairperson of the Japan-Turkmenistan Economic Committee, and is also currently serving as a member of the Audit & Supervisory Board of Mizuho Capital Partners Co., Ltd. (now MCP Partners Co., Ltd.), so he has abundant knowledge of finance. By leveraging the abundant knowledge, he has cultivated through such corporate management at general trading companies and his experience as an officer at listed companies, Mr. Yamazoe provides useful suggestions and advice for the management of the Company.

For many years, Mr. Endo has held important positions in areas such as corporate finance and accounting, etc., as well as the position of director and member of the Audit & Supervisory Board of companies doing business globally. By leveraging the abundant knowledge, he has cultivated in his roles as a director and member of the Audit & Supervisory Board of global companies, he provides useful suggestions and advice for the management of the Company.

For many years, Ms. Indo has held important positions in the financial field, including as an analyst and in areas related to company management, such as consulting. In the past, she has served as the first female officer of Daiwa Institute of Research, and she also currently serves as both outside director of Tokyo Gas Co., Ltd. and outside director of Ajinomoto Co., Inc., giving her a great deal of knowledge of corporate governance. By leveraging the abundant knowledge, she has cultivated as an analyst and an outside director of listed companies, she provides useful suggestions and advice for the management of the Company.

For many years, Mr. Mishina has been involved in research related to corporate economics, including management strategy and managerial theory, and he has held important positions such as outside director of Nippon Paint Holdings Co., Ltd. and Advisory Board Member of NTT Data Corporation. By leveraging the abundant knowledge, he has cultivated as an educator and an outside director of listed companies, he provides useful suggestions and advice for the management of the Company.

For many years, Ms. Oishi has been involved in corporate legal affairs as an attorney, and she has mainly handled litigation concerning transactions between companies and disputes related to construction and real estate. She has handled a wide variety of litigation cases to date, and she has engaged in dispute resolution across a broad range of fields, such as disputes involving real estate development and transactions, disputes over joint research and systems development, and disputes concerning product liability and employee misconduct. By leveraging the abundant knowledge, she has cultivated as an attorney and an outside director of listed companies, she provides useful suggestions and advice for the management of the Company.

The Proposing Shareholder questions the independence of Ms. Oishi because Kitahama Partners, the law firm she is affiliated with, is in a transactional relationship with Fujitec. However, Ms. Oishi has independence in light of the “Guidelines concerning Listed Company Compliance, etc.” of the Tokyo Stock Exchange.

Since, as described above, all the current outside directors have utilized their extensive knowledge to provide useful guidance and advice to the Company’s management, we believe that their dismissal is not necessary and therefore oppose the proposal for dismissal.

< Shareholder's proposal (Agenda Item 3) >

(i) Outline of Proposal

Appointment of six (6) directors:

(Candidate No. 1) Akihiko Asami, Director Candidate

(Candidate No. 2) Torsten Gessner, Director Candidate

(Candidate No. 3) Clark Graninger, Director Candidate

(Candidate No. 4) Kaoru Umino, Director Candidate

(Candidate No. 5) Ryan Wilson, Director Candidate

(Candidate No. 6) Ako Shimada, Director Candidate

Please see the Exhibit for details on each of the candidates pertaining to Agenda Item 3.

The Proposing Shareholder stated in Note 2 in the biography to the attached Exhibit that "In the event that Mr. Asami, Mr. Gessner, Mr. Graninger, Ms. Umino, Mr. Wilson and Ms. Shimada are appointed as outside directors, the Company will enter into liability limitation agreements with them." but as the Company has no provision in its articles of incorporation regarding agreements to limit liability, and an amendment of the articles of incorporation in relation to this point is not included in the subjects of this extraordinary general meeting of shareholders, it would not be possible to enter into agreements to limit liability with these individuals even if they took office as outside directors of the Company.

(ii) Position of the Company's board of directors

The Company's board of directors opposes Agenda Item 3 (shareholder's proposal) for the following reasons.

Position of the Company's board of directors on the candidates pertaining to the shareholder's proposal

First, as stated on Page 13 the comments by the Proposing Shareholder are factually erroneous or are arbitrary and misleading, and thus the appointment of the outside director candidates, coupled with the dismissal ALL of the Company's outside directors, is inappropriate since they are based on erroneous assumptions.

In addition, as stated on Page 17 and taking into consideration the withdrawal of a shareholder from the Request due to failure to comply with the requirements as prescribed in Article 297(1) and Article 305(1) of the Companies Act (holding shares equivalent to the necessary number of voting rights for the Request for a period of six months), and that the Proposing Shareholder provided no reason whatsoever for the withdrawal of two candidates (Shiori Fukada and Yuko Kaneko), both occurrences happening shortly after the Request, it is not possible for the Company to believe that the shareholder's proposal was seriously being asserted for the purpose of improving the Company's corporate value.

Additionally, after researching Proposing Shareholder's track record of director appointment proposals, etc., in the past, no examples could be found of the Proposing Shareholder taking a stance that places an importance on diversity or governance. Even at Raysum Co., Ltd. and SUNCORPORATION, where the Proposing Shareholder placed directors and acquired a majority of shares, there is no indication that the Proposing Shareholder weighed in on or secured diversity and, in that, for example, there is not even one female director on their boards of directors. Without any consistency with the Proposing Shareholder's assertions about governance, etc., it is hard to believe that the recent proposal was made for the purpose of improving corporate value or enhancing governance.

A detailed explanation of why each of the candidates in the Proposing Shareholder's proposal do not possess the qualities required to serve as a director of the Company is set forth below. In addition, they also have the following problems in common.

- Little experience in corporate management/management strategy/governance development and operation at independent listed companies (of the six candidates, only one person has experience as a director of a domestic listed company, and the subsidiary company of the company where that person worked as vice-president has received major administrative disciplinary action from Japan's Financial Services Agency. See page 24).
- The Proposing Shareholder prioritized assembling a certain number of candidates to replace ALL current outside directors and from assessing the candidate selection and their skills, cannot be thought to have seriously selected candidates to enhance the diversity and skills matrix of the Company's board of directors. For example, the skills of some candidates overlap a great deal, such as two of the six candidates being attorneys both licensed in only the US and not in Japan (and three of the seven candidates at the point before Yuko Kaneko withdrew).
- As a result of interviewing each candidate, the opinion of the Company is that, on the whole, the Proposing Shareholder's candidates (1) had extremely scant knowledge of the Company and ideas about the future, (2) have a very limited understanding of listed company governance, which would be a big step back compared with the current outside directors, (3) all of the candidates were not aware of the compensation proposal at the Extraordinary General Meeting of the Shareholders, and (4) some candidates gave responses that greatly differed from confirmed facts.
- In addition, as set forth below, the skills matrix of the Proposing Shareholder's candidates is poorly balanced, and is greatly inferior compared with the skills matrix of the Company's outside directors, including the candidates in Agenda Item 1 (Company Proposal).

Skills matrix of the Company's outside directors if Agenda Item 1 (Company Proposal) were approved:

Corporate management experience and knowledge, etc. (main points)

	Independence	Listed company outside director experience	Corporate management/management strategy	Governance	Global	Technology	Finance/accounting	Legal affairs/compliance	Risk management	Sustainability	M&A/Capital markets
Sugita	✓	✓	✓	✓	✓				✓		
Yamazoe	✓	✓	✓	✓	✓		✓				✓
Endo	✓	✓	✓	✓	✓		✓				
Indo	✓	✓	✓	✓			✓	✓		✓	✓
Mishina	✓	✓	✓	✓	✓				✓	✓	
Oishi	✓	✓	✓	✓				✓	✓		
Iwasaki	✓	✓	✓	✓	✓			✓	✓		✓
Kaifu	✓	✓	✓	✓	✓	✓					

Skills matrix using the Proposing Shareholder's candidates:

Corporate management experience and knowledge, etc. (main points)

	Independence	Listed company outside director experience	Corporate management/management strategy	Governance	Global	Technology	Finance/accounting	Legal affairs/compliance	Risk management	Sustainability	M&A/Capital markets
Asami	✓		✓		✓	✓	✓		*4		✓
Graninger	✓		✓	*3	✓		✓	*3	*3		✓
Umino	✓				✓			✓ *5	✓		
Wilson *1	*2		✓								
Shimada	✓				✓			✓ *5	✓		
Gessner *1	*2		✓		✓						

* Please see Page 33–35 of the supplementary materials regarding the Company's opinion on Oasis' assertions for details of the Proposing Shareholder's outside director candidates. (<https://www.fujitec.com/>)

*1: Their experience of working at the ThyssenKrupp Group overlaps, and given that they were in management in the same region at the same time, their skill sets overlap significantly.

*2: They are currently consulting for funds, etc., and if they have consulted for specific shareholders of the Company, it is thought there would be problems from the standpoint of neutrality.

*3: In the past, Mr. Graninger received an administrative disciplinary action from the Financial Services Agency as the vice president of Shinsei Trust & Banking and had his compensation cut.

*4: Mr. Asami has had multiple lawsuits both in the past and currently.

*5: Both Ms. Umino and Ms. Shimada have law licenses only in the United States, not in Japan.

Regarding Shareholder Proposal Candidate Akihiko Asami

Firstly, as Mr. Asami has no experience as an officer or director of a listed company, he cannot be expected to contribute to the corporate governance of the Company to the extent of being able to replace the incumbent outside directors.

In addition, Mr. Asami has filed a lawsuit against Barclays Securities Japan Limited, where he previously worked, seeking invalidation of his dismissal and the payment of unpaid wages and premium severance pay, etc. and according to the records of the lawsuit, Barclays Securities Japan Limited asserts that Mr. Asami's dismissal was warranted due to the fact that despite paying him a high level of compensation (compensation in fiscal 2011 was in excess of 200 million yen including bonuses), his work attitude and sales activities were less than favorable, with him, amongst other things, not achieving the expected results and working less than the prescribed working hours even after being demoted, going to a karate dojo during work hours, making few appointments to meet with customers and failing to acquire new customers, and demonstrating a poor attitude in internal and external meetings. This lawsuit was concluded with a settlement, but according to assertions by Barclays Securities Japan Limited, the performance assessment of Mr. Asami was extremely poor.

Furthermore, according to court records, in a separate case, Mr. Asami has filed a lawsuit seeking damages against a venture capital company in which he himself invested, alleging that the funding related to the investment constitutes fraud. In addition to belonging to the University of Tokyo Financial Management Headquarters, Mr. Asami is a partner in UTokyo Innovation Platform Co., Ltd. (UTokyoIPC), a public-private fund that invests in ventures and so forth, but despite this, he has filed a lawsuit alleging fraud against his own investee. Judging from this fact, we believe that doubts may arise as to whether he possesses investment skills or ability to make investment decisions. In addition, the existence of multiple lawsuits has been confirmed in which Dr. Eri Medical Cosmetics Co., Ltd., a company where Mr. Asami serves as representative director, is a party.

Given these facts, we believe that Mr. Asami cannot be expected to "contribute to procurement of investment projects such as M&A, evaluation of appropriate investment destinations, and negotiations" or "oversee whether the Company's funds are being optimally invested by private funds in which the Company has invested" as an outside director, which were offered as reasons for proposing his candidacy.

Furthermore, when interviewed by the directors of the Company prior to disclosure of this opinion of the Board of Directors, in response to questioning by the Board of Directors of the Company, Mr. Asami replied to the effect that he "left Barclays on good terms" and that he was "not involved in any litigation or dispute as an individual or entity."

As a result of the above court records confirmed by our company, we cannot help but conclude that Mr. Asami's departure from Barclays cannot be said to have been on good terms, and that he is involved in litigation and disputes on an individual and also a corporate basis.

Given the above, the Company has determined that Mr. Asami cannot be considered able to contribute to the Company as an outside director, and opposes his appointment as an outside director.

Regarding Shareholder Proposal Candidate Torsten Gessner

Firstly, as Mr. Gessner has no experience as an officer or director of a listed company in Japan, he cannot be expected to contribute to the corporate governance of the Company to the extent of being able to replace the incumbent outside directors.

In addition, information on Mr. Gessner's performance at ThyssenKrupp, etc. is extremely limited, and as he has not worked for a company in the past eight years, it is not clear whether he can offer advice on the governance of a modern public company. Mr. Gessner stepped down as CEO of ThyssenKrupp North America, Inc. in October 2014. The media reported that ThyssenKrupp North America, Inc. "did not say why the management change was taking place."* Therefore, it is possible that Mr. Gessner's resignation was of a different nature than that of a normal resignation such as a departure upon the expiration of the term of office.

Also, Mr. Gessner's work experience in the ThyssenKrupp Group overlaps with that of Mr. Ryan Wilson below. Given that they were senior executives in the same region at the same time, their skill sets overlap significantly.

Furthermore, as Mr. Gessner is currently engaged in consulting on the elevator industry for hedge funds, private equity and companies in the elevator industry etc., we believe that if he were to engage in consulting after being appointed as an outside director of the Company, there is the risk of making decisions that would give preferential treatment to certain shareholders and stakeholders, which poses a problem from the perspective of neutrality and independence.

Given the above, the Company has determined that Mr. Gessner cannot be considered able to contribute to the Company as an outside director, and opposes his appointment as an outside director.

*Source: Reuters report on October 10, 2014

<https://www.reuters.com/article/thyssenkrupp-usa-ceo-idUSL6N0S51W020141010>

Regarding Shareholder Proposal Candidate Clark Graninger

It was reported that Shinsei Trust & Banking Co., Ltd., a subsidiary of Shinsei Bank, Ltd. where Mr. Graninger served as executive vice president, was found by the Financial Services Agency to have serious problems with its legal compliance and management system, and was subject to administrative disciplinary actions, including the suspension of operations engaging in new businesses associated with the real estate management and disposition trust business for one year, and in response to this disciplinary action, internal disciplinary action was taken to cut Mr. Graninger's compensation by 20% for three months.*

Given that a group company that was executing business had serious problems with legal compliance and business management systems, and Mr. Graninger who has an executive at the time, was held accountable internally, the Company does not believe that he would contribute to "improving corporate governance," which was offered by the Proposing Shareholder as a reason for proposing his candidacy.

Given the above, the Company has determined that Mr. Graninger cannot be considered able to contribute to the Company as an outside director, and opposes his appointment as an outside director.

*Source: Jiji Press report on April 26, 2006

Regarding Shareholder Proposal Candidate Kaoru Umino

Firstly, as Ms. Umino has no work experience at a listed company or experience as an officer or director, she cannot be expected to contribute to the corporate governance of the Company to the extent of being able to replace the incumbent outside directors.

Ms. Umino is licensed to practice law in New York State, but considering the Company's listing status and nature of our business, Ms. Oishi, who currently serves as an outside director of the Company and is qualified as a lawyer under Japanese law, is appropriate in terms of providing the Company with professional legal and governance advice, so we see no reason why Ms. Umino should be selected as a candidate instead of Ms. Oishi.

Given the above, the Company has determined that Ms. Umino cannot be considered able to sufficiently contribute to the Company as an outside director, and opposes her appointment as an outside director.

Regarding Shareholder Proposal Candidate Ryan Wilson

Firstly, as Mr. Wilson has no experience as an officer or director of a listed company in Japan, he cannot be expected to contribute to the corporate governance of the Company to the extent of being able to replace the incumbent outside directors.

As stated in the Medium Management Plan "Vision 24," the Company intends to further expand overseas business, centered on China, India, and North America, but since Mr. Wilson has only worked within Canada, he lacks global knowledge, so we believe it is difficult to expect much of a contribution to the Company from his experience.

Also, because the Company is not actively increasing business in Canada (sales in Canada account for 2% of overall sales), and there are also no plans to prioritize Canada as a region for overseas business in the future, it is difficult to claim that Mr. Wilson's knowledge about Canada would be beneficial to the Company.

Also, Mr. Wilson's work experience in the ThyssenKrupp Group overlaps with that of Mr. Torsten Gessner above. Given that they were senior executives in the same region at the same time, their skill sets overlap significantly.

Furthermore, as Mr. Wilson is currently engaged in consulting on the elevator industry for hedge funds, private equity and companies in the elevator industry etc., we believe that if he were to engage in consulting after being appointed as an outside director of the Company, there is the risk of making decisions that would give preferential treatment to certain shareholders and stakeholders, which poses a problem from the perspective of neutrality and independence.

Mr. Wilson also currently works as CEO of Jack Cewe Construction, Ltd., where Mr. Wilson's spouse serves as President – in this regard, there is a question as to whether Mr. Wilson's current experience and position can truly offer corporate governance advice to listed public companies.

Given the above, the Company has determined that Mr. Wilson cannot be considered able to contribute to the Company as an outside director, and opposes his appointment as an outside director.

Regarding Shareholder Proposal Candidate Ako Shimada

Firstly, as Ms. Shimada has no experience as an officer or director at a listed company in Japan, she cannot be expected to contribute to the corporate governance of the Company to the extent of being able to replace the incumbent outside directors.

The Proposing Shareholder originally submitted a proposal to appoint Ms. Shiori Fukuda as an outside director, but due to Ms. Fukuda's subsequent retirement, is now recommending Ms. Shimada as an outside director candidate to replace Ms. Fukuda. In addition to this sudden swap, given that Ms. Shimada is also a U.S.-qualified lawyer like Ms. Umino above, and her skills overlap significantly, it seems as though the proposal of Ms. Shimada as candidate was a stop-gap measure carried out to match the number of people.

Also, according to the Proposing Shareholder, Ms. Shimada is concurrently serving as Vice President, General Counsel and Corporate Secretary at Ushio America, Inc. and General Counsel at Ushio Europe, so it is not clear whether Ms. Shimada, who is concurrently serving as the head of the legal affairs department for 2 companies on a full-time basis, would be able to allocate sufficient resources as an outside director of the Company.

In addition, Ms. Shimada is not licensed to practice law in Japan. Considering the Company's listing status and the nature of our business, in terms of providing the Company with professional legal and governance advice, we believe that a license to practice law in Japan is desirable, and so we see no reason why Ms. Shimada should be selected as a candidate instead of Ms. Oishi, who currently serves as an outside director of the Company.

Given the above, the Company has determined that Ms. Shimada cannot be considered qualified to be an outside director, and opposes her appointment as an outside director.

Regarding the Voting Method for Agenda Item 3

Regarding the method of voting on Agenda Item 3, the Proposing Shareholder has proposed that in the event that the proposal for dismissal in Agenda Item 2 is rejected and the proposal for the election of outside directors exceeds the maximum number of directors in the Company's Articles of Incorporation, the decision as to whether to appoint each candidate is to be made in order according to the candidate numbers pertaining to Agenda Item 3, and when the number of newly elected directors reaches the upper limit, no other candidates are to be elected.

However, from the perspective of fairly and appropriately reflecting the intentions of shareholders in the results of the election of directors with regard to Agenda Item 1 (Company's Proposal) and Agenda Item 3 (Shareholder's Proposal), at this Extraordinary General Meeting of Shareholders, such voting method will not be adopted; instead, in the event that resolutions are passed to appoint all candidates for Agenda Item 1 (Company's Proposal) and Agenda Item 3 (Shareholder's Proposal) and the number of director candidates receiving a majority of votes exceeds the limit of 11 people when added to the outside directors for whom the proposal for dismissal under Agenda Item 2 was rejected, candidates with the largest number of votes in favor shall be appointed in order of the number of votes in their favor until the limit of 11 people is reached, regardless of the candidate number.

< Shareholder's proposal (Agenda Item 4 through Agenda Item 7) >

(i) Overview of Agenda Items

Agenda Item 4: Determination on the amount of base remuneration for each individual outside director

Agenda Item 5: Granting Stock-based Compensation to outside directors

Agenda Item 6: Granting Stock-based Compensation with Stock Price Conditions to outside directors

Agenda Item 7: Granting Stock-based Compensation with Stock Price Conditions to directors (excluding outside directors)

(ii) Position of the Board of Directors of the Company

The Company's board of directors opposes all Shareholder's Proposals (Agenda Item 4 through Agenda Item 7) for the following reasons.

Opinion of the Board of Directors Common to Agenda Item 4 through Agenda Item 6

Agenda Item 4 (Determination on the amount of base remuneration for each individual outside directors), Agenda Item 5 (Granting Stock-based Compensation to outside directors), and Agenda Item 6 (Granting Stock-based Compensation with Stock Price Conditions to outside directors) are all for the benefit the Proposing Shareholder's candidates, and the Board of Directors of the Company does not consider them appropriate for corporate governance and corporate value.

That is to say, since compensation based on these proposals is subject only to the appointment of at least one of the Proposing Shareholder's candidates, they are clearly proposed only for the benefit of the Proposing Shareholder's candidates. In fact, the Proposing Shareholder's original proposal was to grant stock-based compensation only to the Proposing Shareholder's outside director candidates and not to the incumbent outside directors. Subsequently, in order to hide the fact that these compensation proposals were for the benefit of the Proposing Shareholder candidates only, the Proposing Shareholder changed the content of the proposal to granting stock-based compensation to incumbent outside directors and internal directors as well, and as a result, a contradiction arose in that while, on the one hand, the Proposing Shareholder argues that the incumbent outside directors are unsuitable as outside directors and proposed their dismissal, on the other hand, they propose to grant high stock-based compensation.

Also, if Agenda Item 4 (Determination on the amount of base remuneration for each individual outside directors), Agenda Item 5 (Granting Stock-based Compensation to outside directors), and Agenda Item 6 (Granting Stock-based Compensation with Stock Price Conditions to outside directors) are totaled up, the total amount of compensation per person would be about 23.34 million yen per year, which is significantly higher than the compensation for outside directors of an average listed company.

Based on the above, the Company has determined that Agenda Items 4 through 6 do not contribute to improving the governance of the Company, and opposes Agenda Items 4 through 6.

Agenda Item 5 Granting Stock-based Compensation to outside directors

In the granting of stock-based compensation to outside directors in Agenda Item 5, since a certain number of shares is to be issued to those who remain in office for three years from the day following the Extraordinary General Meeting of Shareholders, in order to maximize their own compensation, outside directors would have a strong incentive to only aim to raise the stock price without considering the risks, therefore harming long term corporate value and conflicts with need for oversight which is the role of outside directors. It should be noted that the Proposing Shareholder's claims are to increase Corporate Governance, which seem contradictory to this agenda item and proposal. Therefore, it can be said that Agenda Item 5 goes against the standards of governance, as it is cause for concern regarding the independence of outside directors and could conflict with the role of overseeing directors, which is expected of outside directors.

Opposition in principle to such stock-based compensation proposals is also stated in the voting standards for major domestic institutional investors. For example, Sumitomo Mitsui Trust Asset Management states that it votes "against, if the persons eligible for receiving [stock] include outside directors, directors who are audit and supervisory committee members, statutory auditors, outside auditors, or persons who are not recognized to have a direct relationship with the improvement of business performance." Also, Nomura Asset Management states that it will "in principle vote against ... if the persons eligible for receiving company stocks include ... outside directors, directors who are audit committee members or directors who are audit and supervisory committee members, statutory auditors, or any external parties who are found to be inappropriate to receive the stock incentive." And Tokyo Marine Asset Management states that it votes "as a general rule, against, if the persons eligible for receiving company stocks include outside directors and auditors (including directors who are audit and supervisory board members)."

Given the above, the Company believes that granting stock-based compensation to outside directors may distort the Company's governance system and endanger the improvement of corporate value, and opposes the proposal in Agenda Item 5.

Furthermore, the candidates in Agenda Item 1 (Company's Proposal) have confirmed that they have no intention of receiving compensation based on Agenda Item 5, even if the proposal for their appointment is approved. Also, the incumbent outside directors of the Company have confirmed that they have no intention of receiving compensation based on Agenda Item 5, even if the proposal for their dismissal in Agenda Item 2 is rejected.

Therefore, even if Agenda Item 5 is approved, compensation based on Agenda Item 5 is intended to be granted only to the outside director candidates proposed by the Proposing Shareholder (candidates in Agenda Item 3).

Agenda Item 6 Granting Stock-based Compensation with Stock Price Conditions to outside directors

Firstly, since Agenda Item 6 is stock-based compensation, it involves the same issues as Agenda Item 5, so as a matter of course it is also of a nature that is opposed by the voting standards of major domestic institutional investors.

In addition, we believe that the granting of stock-based compensation with stock price conditions in Agenda Item 6 puts to risk the independence of outside directors because it gives outside directors a strong incentive to raise the stock price even in the short term, even more than the stock-based compensation without stock price conditions under Agenda Item 5.

Furthermore, the stock price conditions for the stock-based compensation with stock price conditions in Agenda Item 6, only a certain increase in the stock price set as the condition, regardless of the performance of the Company. Therefore, at that time, some investors may intentionally fulfill the stock price conditions by placing a large number of buy orders for the Company's shares, which may harm the soundness of the market.

Furthermore, the candidates in Agenda Item 1 (Company's Proposal) have confirmed that they have no intention of receiving compensation based on Agenda Item 6, even if the proposal for their appointment is approved. Also, the incumbent outside directors of the Company have confirmed that they have no intention of receiving compensation based on Agenda Item 6, even if the proposal for their dismissal in Agenda Item 2 is rejected.

Therefore, even if Agenda Item 6 is approved, compensation based on Agenda Item 6 is intended to be granted only to the outside director candidates proposed by the Proposing Shareholder (candidates in Agenda Item 3).

Agenda Item 7 Granting Stock-based Compensation with Stock Price Conditions to directors (excluding outside directors)

We believe that the current compensation for executive directors is also at an appropriate standard considering the general compensation level for executive directors of companies listed on the Tokyo Stock Exchange, and that there is no need to grant additional stock-based compensation. Specifically, at the 75th Annual General Meeting of Shareholders held on June 23, 2022, it was resolved to set monetary compensation to an annual maximum amount of 450 million yen, and furthermore, at the 74th Annual General Meeting of Shareholders held in June 2021, to grant restricted stock, monetary compensation claims of 100 million yen or less per year (the total number of common shares of the Company to be issued or disposed of due to this is up to 200,000 shares per year) are granted.

Also, when combined with Agenda Item 6, outside directors and executive directors would also receive stock compensation with stock price conditions, but if the conditions for receiving compensation for executive directors and outside directors were to be the same, we believe that there would be an incentive for outside directors to cooperate with the executive directors, which would damage the independence of the outside directors and greatly raise concerns that the oversight function would not be effective.

Given the above, the Company believes that granting stock-based compensation with stock price conditions to executive directors may distort the Company's governance system and endanger the improvement of corporate value, and opposes the proposal in Agenda Item 7.

Also, the executive directors of the Company (directors excluding outside directors) have confirmed that they have no intention of receiving compensation based on Agenda Item 7, even if Agenda Item 7 is approved.

Based on the above, the Company opposes all proposals by the Proposing Shareholder regarding compensation (Agenda Item 4 through Agenda Item 7), as they may distort the Company's governance structure and endanger the improvement of corporate value.

End of document

(Exhibit) Demand for Notification to Shareholders of the Purpose and Agenda of the Extraordinary General Meeting of Shareholders

We quote(*) the reason for convocation, an outline of each agenda item pertaining to the shareholder's proposals, and the reasons for the proposals, which are stated in the Written Notification of Proposals and Request for an Extraordinary General Meeting of Shareholders received from the Proposing Shareholder on January 4, 2023.

*However, because Agenda Item 1 for this extraordinary general meeting of shareholders is a company proposal, the numbering of the individual agenda items pertaining to shareholder's proposals is adjusted, and candidate numbers have been added. We have also made formatting corrections such as deleting and adding paragraph numbers and unifying notation.

(Reasons for Convocation)

The Company should replace its outside directors, implement governance reforms, and raise the compensation of outside directors to ensure the Company's sustainable growth.

For many years, the current outside directors of the Company have participated in the board of directors' resolutions regarding the series of related-party transactions between the Company and Takakazu Uchiyama (or his or his family's related entities), and the Board actively endorsed the inferior corporate governance.

In addition, at the 75th annual shareholders' meeting, the current directors suddenly withdrew the Company's proposal to reappoint President Uchiyama as a director in order to escape the rejection by shareholders of the proposal to reappoint him as a director. Making matters worse, immediately after the AGM they swiftly appointed Mr. Uchiyama to the chairman position, allowing him to avoid being held accountable to shareholders. This was done without shareholders' approval, thereby allowing Mr. Uchiyama to evade accountability for the self-dealing and related-party transactions that took place over many years. The Board therefore is complicit in creating and maintaining an inadequate corporate governance structure at the Company in which Mr. Uchiyama will continue to be involved in the management.

The current outside directors have aligned themselves with the Uchiyama family. They have failed to hold Mr. Uchiyama accountable for the inappropriate and abusive related-party transactions and for his failure to provide leadership for the sustainable growth of the Company, thus prioritizing the interests of the Uchiyama family at the expense of the interests of all stakeholders, including shareholders, employees, and customers.

All of these actions are in breach of the independent director guidance as set-out by the Corporate Governance Code, as well as in "A Handbook on Practical Issues for Independent Directors/Auditors" published by the Japan Exchange Group, and the "Practical Guidelines for Independent Directors" formulated by the Ministry of Economy, Trade and Industry.

Accordingly, the Claimant recommends the following six candidates as outside director nominees to replace all six current outside directors, to significantly improve the Company's corporate governance and profitability, and to achieve sustainable growth.

In addition, in order to enhance the Company's corporate value over the medium to long term, it is essential for the Board of Directors to have diverse, talented people. The Board is expected to work together to formulate strategies and take necessary measures proactively and decisively to enhance corporate value.

Therefore, the Claimant proposes to grant to outside directors a base remuneration appropriate to their roles, as well as a medium-term incentive remuneration with a vesting period from the day following the date of this Extraordinary General Meeting of Shareholders (midnight) to the day after three (3) years have elapsed, consisting of a subsequent granting stock-based compensation without stock price conditions and a subsequent granting stock-based compensation with stock price conditions. In addition, the Claimant proposes that the Company grant to Directors other than Outside Directors, a subsequent granting stock-based compensation with stock price conditions as medium-term incentive remuneration with a vesting period of three (3) years after the conclusion of this Extraordinary General Meeting of Shareholders.

Agenda Item 2: Dismissal of Six (6) Directors

1. Outline of Proposals

Dismiss (Candidate No. 1) Nobuki Sugita, Director.

Dismiss (Candidate No. 2) Shigeru Yamazoe, Director.

Dismiss (Candidate No. 3) Kunio Endo, Director.

Dismiss (Candidate No. 4) Mami Indo, Director.

Dismiss (Candidate No. 5) Kazuhiro Mishina, Director.

Dismiss (Candidate No. 6) Kaori Oishi, Director.

2. Reasons for Proposals

- (i) Mr. Nobuki Sugita has been a member of Fujitec's Board of Directors since June 2017, throughout the period of suspicious and troubling related-party transactions with Mr. Uchiyama (or his or his family's related entities). Despite Oasis raising its concerns about and requesting a formal investigation into the related-party transactions in July 2020, Mr. Sugita failed to prevent further related-party transactions from occurring. For example, he participated in the board resolution on May 12, 2021 to sell the apartment at Domus Moto Azabu 104 to the private entity of Yusuke Uchiyama, the son of Takakazu Uchiyama, at a deep discount. Mr. Sugita also played a key role in hiring the conflicted law firm Nishimura & Asahi to present a biased investigation report that whitewashed the allegations against Mr. Uchiyama. Despite being the chairman of Fujitec's Nomination and Compensation Advisory Committee, he did not critically examine the investigation report and did not critically review agenda to reappoint Mr. Uchiyama in the meeting of Nomination and Compensation Advisory Committee dated on May 29, 2022. Mr. Sugita is also responsible for the lack of succession planning and poor nomination process.

Mr. Sugita was also directly involved in effectively conducting a coup against shareholders by appointing Mr. Uchiyama as Chairman, without any accountability, following the board resolution to withdraw his nomination as a director at the Company's AGM on June 23, 2022. In doing so, Mr. Sugita failed to stop further related-party transactions by supporting a policy that allows Mr. Uchiyama to continue to be involved in the management of the Company and potentially undertake further related-party transactions in the future.

Mr. Sugita should also be held responsible for Fujitec's evasive tactics following the allegations against Mr. Uchiyama, which include publishing false statements, presiding over a poor nomination process for the committee to conduct an investigation, and establishing an investigation framework in which the results are a foregone conclusion in favor of Mr. Uchiyama.

Furthermore, Mr. Sugita is also responsible for a lack of strategic oversight, lack of management and control, a failure to protect whistleblowers, and poor oversight of ESG.

All of these actions are in breach of independent director guidance as set-out by the Corporate Governance Code, as well as "A Handbook on Practical Issues for Independent Directors/Auditors" published by the Japan Exchange Group, and the "Practical Guidelines for Independent Directors" formulated by the Ministry of Economy, Trade and Industry.

Mr. Sugita has prioritized the interests of the Uchiyama family over the interests of general shareholders. He has failed in his role of protecting the interests of general shareholders by overseeing the egregious behavior by Mr. Uchiyama and has been complicit in protecting and promoting Mr. Uchiyama's interests above all else by appointing Mr. Uchiyama as Chair of the Company, an unelected but paid position where he can exert influence and control, but which is not accountable to shareholders.

- (ii) Mr. Shigeru Yamazoe has been a member of Fujitec's Board of Directors since June 2018, throughout the period of suspicious and troubling related-party transactions with Mr. Uchiyama (or his or his family's related entities). Despite Oasis raising its concerns about and requesting a formal investigation into the related-party transactions in July 2020, Mr. Yamazoe failed to prevent further related-party transactions from occurring. For example, he participated in the board resolution on May 12, 2021 to sell the apartment at Domus Moto Azabu 104 to the private entity of Yusuke Uchiyama, the son of Takakazu Uchiyama, at a deep discount. Mr. Yamazoe also played a key role in hiring the conflicted law firm Nishimura & Asahi to present a biased investigation report that whitewashed the allegations against Mr. Uchiyama. Despite being the member of Fujitec's Nomination and Compensation Advisory Committee, he did not critically examine the investigation report and did not critically review agenda to reappoint Mr. Uchiyama in the meeting of Nomination and Compensation Advisory Committee dated on May 29, 2022. Mr. Yamazoe is also responsible for the lack of succession planning and poor nomination process.

Mr. Yamazoe was also directly involved in effectively conducting a coup against shareholders by appointing Mr. Uchiyama as Chairman, without any accountability, following the board resolution to withdraw his nomination as a director at the Company's AGM on June 23, 2022. In doing so, Mr. Yamazoe failed to stop further related-party transactions by supporting a policy that allows Mr. Uchiyama to continue to be involved in the management of the Company and potentially undertake further related-party transactions in the future.

Mr. Yamazoe should also be held responsible for Fujitec's evasive tactics following the allegations against Mr. Uchiyama, which include publishing false statements, presiding over a poor nomination process for the committee to conduct an investigation, and establishing an investigation framework in which the results are a foregone conclusion in favor of Mr. Uchiyama.

Furthermore, Mr. Yamazoe is also responsible for a lack of strategic oversight, lack of management and control, a failure to protect whistleblowers, and poor oversight of ESG.

All of these actions are in breach of independent director guidance as set-out by the Corporate Governance Code, as well as "A Handbook on Practical Issues for Independent Directors/Auditors" published by the Japan Exchange Group, and the "Practical Guidelines for Independent Directors" formulated by the Ministry of Economy, Trade and Industry.

Mr. Yamazoe has prioritized the interests of the Uchiyama family over the interests of general shareholders. He has failed in his role of protecting the interests of general shareholders by overseeing the egregious behavior by Mr. Uchiyama and has been complicit in protecting and promoting Mr. Uchiyama's interests above all else by appointing Mr. Uchiyama as Chair of the Company, an unelected but paid position where he can exert influence and control, but which is not accountable to shareholders.

- (iii) Mr. Kunio Endo has been a member of Fujitec’s Board of Directors since June 2019, throughout the period of suspicious and troubling related-party transactions with Mr. Uchiyama (or his or his family’s related entities). Despite Oasis raising its concerns about and requesting a formal investigation into the related-party transactions in July 2020, Mr. Endo failed to prevent further related-party transactions from occurring. For example, he participated in the board resolution on May 12, 2021 to sell the apartment at Domus Moto Azabu 104 to the private entity of Yusuke Uchiyama, the son of Takakazu Uchiyama, at a deep discount. Mr. Endo ratified the Nishimura & Asahi investigation report despite its clear bias and corporate governance flaws, demonstrating a lack of critical oversight and his alignment with the Uchiyama family over general shareholders.
- Mr. Endo would have also been directly involved in effectively conducting a coup against shareholders by appointing Mr. Uchiyama as Chairman, without any accountability, following the board resolution to withdraw his nomination as a director at the Company’s AGM on June 23, 2022. Mr. Endo also failed to stop further related-party transactions by supporting a policy that allows Mr. Uchiyama to continue to be involved in the management of the Company and potentially undertake further related-party transactions in the future.
- Mr. Endo should also be held responsible for Fujitec’s evasive tactics following the allegations against Mr. Uchiyama, which include publishing false statements, presiding over a poor nomination process for the committee to conduct an investigation, and establishing an investigation framework in which the results are a foregone conclusion in favor of Mr. Uchiyama.

Furthermore, Mr. Endo is also responsible for a lack of strategic oversight, lack of management and control, a failure to protect whistleblowers and poor oversight of ESG.

All of these actions are in breach of independent director guidance as set-out by the Corporate Governance Code, as well as "A Handbook on Practical Issues for Independent Directors/Auditors" published by the Japan Exchange Group, and the "Practical Guidelines for Independent Directors" formulated by the Ministry of Economy, Trade and Industry.

Mr. Endo has prioritized the interests of the Uchiyama family over the interests of general shareholders. He has failed in his role of protecting the interests of general shareholders by overseeing the egregious behavior by Mr. Uchiyama and has been complicit in protecting and promoting Mr. Uchiyama's interests above all else by appointing Mr. Uchiyama as Chair of the Company, an unelected but paid position where he can exert influence and control, but which is not accountable to shareholders.

- (iv) Ms. Mami Indo has been a member of Fujitec's Board of Directors since June 2021, throughout the period of suspicious and troubling related-party transactions with Mr. Uchiyama (or his or his family's related entities). Ms. Indo also ratified the Nishimura & Asahi investigation report despite its clear bias and corporate governance flaws, demonstrating a lack of critical oversight and her alignment with the Uchiyama family over general shareholders.

Ms. Indo would have also been directly involved in effectively conducting a coup against shareholders by appointing Mr. Uchiyama as Chairman, without any accountability, following the board resolution to withdraw his nomination as a director at the Company's AGM on June 23, 2022. Ms. Indo also failed to stop further related-party transactions by supporting a policy that allows Mr. Uchiyama to continue to be involved in the management of the Company and potentially undertake further related-party transactions in the future. Ms. Indo should also be held responsible for Fujitec's evasive tactics following the allegations against Mr. Uchiyama, which include publishing false statements, presiding over a poor nomination process for the committee to conduct an investigation, and establishing an investigation framework in which the results are a foregone conclusion in favor of Mr. Uchiyama.

Furthermore, Ms. Indo is also responsible for a lack of strategic oversight, lack of management and control, a failure to protect whistleblowers, and poor oversight of ESG.

All of these actions are in breach of independent director guidance as set-out by the Corporate Governance Code, as well as "A Handbook on Practical Issues for Independent Directors/Auditors" published by the Japan Exchange Group, and the "Practical Guidelines for Independent Directors" formulated by the Ministry of Economy, Trade and Industry.

Ms. Indo has prioritized the interests of the Uchiyama family over the interests of general shareholders. She has failed in her role of protecting the interests of general shareholders by overseeing the egregious behavior by Mr. Uchiyama and has been complicit in protecting and promoting Mr. Uchiyama's interests above all else by appointing Mr. Uchiyama as Chair of the Company, an unelected but paid position where he can exert influence and control, but which is not accountable to shareholders.

- (v) Since joining Fujitec's Board of Directors in June 2022, Kazuhiro Mishina immediately demonstrated his alignment with Mr. Uchiyama over general shareholders. He was complicit in the effective coup against shareholders by appointing Mr. Uchiyama as Chairman, without any accountability, following the board resolution to withdraw his nomination as a director at the Company's AGM on June 23, 2022. Mr. Mishina failed to stop further related-party transactions by supporting a policy that allows Mr. Uchiyama to continue to be involved in the management of the Company and potentially undertake further related-party transactions in the future.

Mr. Mishina should also be held responsible for presiding over a poor nomination process for the committee to conduct an investigation and establishing an investigation framework in which the results are a foregone conclusion in favor of Mr. Uchiyama.

Furthermore, Mr. Mishina is also responsible for a lack of strategic oversight, lack of management and control, failure to protect whistleblowers, and poor oversight of ESG.

All of these actions are in breach of independent director guidance as set-out by the Corporate Governance Code, as well as "A Handbook on Practical Issues for Independent Directors/Auditors" published by the Japan Exchange Group and the "Practical Guidelines for Independent Directors" formulated by the Ministry of Economy, Trade and Industry.

Mr. Mishina has prioritized the interests of the Uchiyama family over the interests of general shareholders. He has failed in his role of protecting the interests of general shareholders by overseeing the egregious behavior by Mr. Uchiyama and has been complicit in protecting and promoting Mr. Uchiyama's interests above all else by appointing Mr. Uchiyama as Chair of the Company, an unelected but paid position where he can exert influence and control, but which is not accountable to shareholders.

(vi) Since joining Fujitec's Board of Directors in June 2022, Ms. Kaori Oishi immediately demonstrated her alignment with Mr. Uchiyama over general shareholders. She was complicit in an effective coup against shareholders by appointing Mr. Uchiyama as Chairman, without any accountability, following the board resolution to withdraw his nomination as a director at the Company's AGM on June 23, 2022. Ms. Oishi also failed to stop further related-party transactions by supporting a policy that allows Mr. Uchiyama to continue to be involved in the management of the Company and potentially undertake further related-party transactions in the future.

Ms. Oishi should also be held responsible for presiding over a poor nomination process for the committee to conduct an investigation and establishing an investigation framework in which the results are a foregone conclusion in favor of Mr. Uchiyama.

Furthermore, Ms. Oishi is also responsible for a lack of strategic oversight, lack of management and control, failure to protect whistleblowers, and poor oversight of ESG.

All of these actions are in breach of independent director guidance as set-out by the Corporate Governance Code, as well as "A Handbook on Practical Issues for Independent Directors/Auditors" published by the Japan Exchange Group, and the "Practical Guidelines for Independent Directors" formulated by the Ministry of Economy, Trade and Industry.

Ms. Oishi's true independence is also in question. Besides immediately aligning with Mr. Uchiyama's interests over that of general shareholders, Ms. Oishi is also a partner at Kitahama Partners, a law firm in Osaka that has worked with Fujitec before. More to the point, Fujitec's current auditor, Tatsuo Ikeda, is from Kitahama Partners, as is Fujitec's former auditor and director, Terumichi Saeki. Fujitec's close ties with Kitahama Partners should raise immediate concerns over the independence of Ms. Oishi. Additionally, as both Mr. Ikeda and Mr. Saeki were present at Fujitec during the period of the related-party transactions and allowed these to occur, it is doubtful that Ms. Oishi will be independent enough to act against her colleagues.

Ms. Oishi has prioritized the interests of the Uchiyama family over the interests of general shareholders. She has failed in her role of protecting the interests of general shareholders by overseeing the egregious behavior by Mr. Uchiyama and has been complicit in protecting and promoting Mr. Uchiyama's interests above all else by appointing Mr. Uchiyama as Chair of the Company, an unelected but paid position where he can exert influence and control, but which is not accountable to shareholders.

Agenda Item 3: Appointment of Six (6) Directors

Candidate for Director	Akihiko Asami
Same as above	Torsten Gessner
Same as above	Clark Graninger
Same as above	Kaoru Umino
Same as above	Ryan Wilson
Same as above	Ako Shimada

Biographies of the six candidates for outside directors and the reasons for proposing them as candidates are as follows.

In accordance with the provision of the Articles of Incorporation that the total number of directors shall not exceed 11, if the number of directors excluding outside directors is 3, the total number of outside directors shall be limited to 8. Therefore, if the resolution to dismiss 3 or more outside directors out of Agenda Item 2 (dismissal of 6 outside directors) is rejected, the resolution to appoint a total number of outside directors exceeding 8 will be unlawful. Therefore, Agenda Item 3 will be adopted as a resolution to appoint the number of outside directors equal to the number of outside directors obtained by subtracting the number of outside directors whose dismissal resolution was rejected from the number of outside directors set forth in Agenda Item 2. For example, if the current number of outside directors whose dismissal was rejected is three, a resolution to elect five new outside directors will be requested. In such a case, the resolution will be adopted in the order of the candidate numbers below, and when the number of newly elected directors reaches the maximum number, the resolution for the election of the remaining candidates will not be adopted.

Candidate No.	Name Date of Birth	Brief Personal History, Position, Responsibility and Important Concurrent Positions in the Company	Number of the Company's shares held
1	Akihiko Asami (Born on April 18, 1960)	<p>April 1985 Joined The Fuji Bank, Ltd. (Currently Mizuho)</p> <p>May 1996 Received Master of Business Administration (Major: Financial Engineering) from Massachusetts Institute of Technology</p> <p>May 1996 Joined Investment Banking Division, Goldman Sachs, Japan, Ltd.</p> <p>Nov. 2005 Managing Director of Investment Banking Division, Goldman Sachs, Japan, Ltd.</p> <p>June 2009 Managing Director of Global Banking Division, Deutsche Securities Inc.</p> <p>June 2011 Managing Director, Head of Corporate Finance (Coverage Head), Investment Banking Division, Barclays Securities Japan Limited</p> <p>Feb. 2014 Managing Director, Head of Investment Banking Division, and Co Country Head of Japan Investment Banking Division, Barclays Securities Japan Limited</p> <p>March 2015 Managing Director, Vice Chairman, Co Country Head of Japan Investment Banking Division, Barclays Securities Japan Limited</p> <p>Jan. 2018 Partner and Senior Advisor, Innovation Platform for The University of Tokyo (present)</p> <p>Dec. 2018 Board of Director and COO, HAPS Mobile Inc. Dec. 2018 Senior Advisor (Technology Division), Softbank Corp.</p> <p>June 2021 Senior Advisor (Business Development), Softbank Corp (present)</p> <p>April 2022 Advisor, Financial Department, The University of Tokyo National University Corporation (present)</p>	0 shares

Candidate No.	Name Date of Birth	Brief Personal History, Position, Responsibility and Important Concurrent Positions in the Company	Number of the Company's shares held
2	Torsten Gessner (Born on March 19, 1963)	<p>Oct. 1985 Joined Otis</p> <p>Oct. 1996 Director, Supply Chain Management (Electronics), United Technologies Corporation</p> <p>Oct. 2003 Vice President Supply Chain (Europe), Otis Elevator Company</p> <p>Jan. 2005 Area Director, Supply Chain Management & Logistics, Otis UK & Central Europe</p> <p>Oct. 2005 Executive Board Member, Chief Operating Officer (COO), Manufacturing, R&D and Supply Chain Management, ThyssenKrupp Elevator CENE GmbH</p> <p>Jan. 2007 Senior Vice President Manufacturing, ThyssenKrupp Elevator AG</p> <p>Jan. 2010 Chairman and CEO, ThyssenKrupp Escalator & Passenger Boarding Bridges GmbH</p> <p>Oct. 2011 Chairman and Chief Executive Officer (CEO), ThyssenKrupp North America, Inc.</p>	0 shares
3	Clark Graninger (Born on Jan. 27, 1968)	<p>Sept. 1991 Joined Nippon Shaft Co.</p> <p>July 1995 Entered University of Chicago, Booth School of Business</p> <p>June 1997 Received Master of Business Administration (Major: Finance and Accounting) from University of Chicago, Booth School of Business</p> <p>July 1997 Joined Lehman Brothers</p> <p>June 2000 Joined Shinsei Bank, Ltd, Manager, Head of Credit Trading Team</p> <p>Sept. 2003 Shinsei Bank, Ltd., Senior Managing Executive Officer, Head of Institutional Banking</p> <p>Feb. 2007 Representative Director, Chairman and CEO, Aplus Co., Ltd.</p> <p>Nov. 2009 Executive Advisor to the CEO, Shinsei Bank, Ltd.</p> <p>Feb. 2011 Joined Aozora Bank, Ltd. as Managing Executive Officer, Head of Retail Banking</p> <p>Aug. 2017 Board Member, Managing Director, Chief Wealth Management Officer, WealthPark, Inc.</p> <p>June 2021 Board Member, Managing Director, WealthPark Capital K.K. (present)</p> <p>June 2022 Co-Founder, Representative Director, COO/CFO, Reboot K.K. (present)</p>	0 shares

Candidate No.	Name Date of Birth	Brief Personal History, Position, Responsibility and Important Concurrent Positions in the Company	Number of the Company's shares held
4	Kaoru Umino (Born on May 13, 1963)	<p>Sept. 1987 Associate, David Polk & Wardwell (New York and Tokyo) (Admitted to the New York State Bar (Second Department) in March 1988)</p> <p>Oct. 1998 Of Counsel, Paul Hastings (Tokyo)</p> <p>Oct. 1999 Partner, Paul Hastings (Tokyo)</p> <p>April 2000 Registered as Gaikokuho Jimu Bengoshi, Daini Tokyo Bar Association</p> <p>Feb. 2006 Managing Director and Associate General Counsel, J.P. Morgan Securities Japan Co., Ltd.</p> <p>June 2008 Partner, Jones Day (Tokyo)</p> <p>Jan. 2018 Partner, DLA Piper (Tokyo) (present)</p>	0 shares
5	Ryan Wilson (Born on Sept. 23, 1969)	<p>May 1990 Joined Labatt Breweries of Canada</p> <p>Sept. 1994 Manager, Labatt Breweries of Canada</p> <p>June 1995 Manager, Schindler Elevator Corporation (Canada)</p> <p>June 1997 Regional Vice President, Schindler Elevator Corporation (Canada)</p> <p>May 2003 Joined Thyssenkrupp Elevator Canada Ltd. as Vice President</p> <p>Oct. 2004 Senior Vice President, Thyssenkrupp Elevator Canada Ltd.</p> <p>Sept. 2015 President and CEO, Thyssenkrupp Elevator Canada Ltd</p> <p>Nov. 2018 CEO, Jack Cewe Construction Ltd. (present)</p>	0 shares

Candidate No.	Name Date of Birth	Brief Personal History, Position, Responsibility and Important Concurrent Positions in the Company	Number of the Company's shares held
6	Ako Shimada (Born on Oct. 13, 1973)	Aug. 1999 Associate, Hancock Rothert & Bunshoft LLP March 2001 Associate, Coudert Brothers LLP May 2005 Associate, Rutan & Tucker, LLP May 2008 Senior Corporate Counsel, Apria Healthcare July 2010 Assistant General Counsel, Apria Healthcare May 2014 Assistant General Counsel and Compliance Officer, Christie Digital Systems April 2017 Vice President, General Counsel and Corporate Secretary, Ushio America, Inc. (present) June 2019 Board of Directors (outside director), KA Imaging Inc. (present) Feb. 2020 Chair, Southern California and Southwest Region, U.S. Japan Council (present) Oct. 2020 Board of Directors, Association of Corporate Counsel, Southern California Chapter (present) April 2021 Japan Board Diversity Network, Charter Member (present) May 2021 General Counsel, Ushio Europe (present)	0 shares

1. There are no special interests between the candidates and the Company.
2. In the event that Mr. Asami, Mr. Gessner, Mr. Graninger, Ms. Umino, Mr. Wilson and Ms. Shimada are appointed as outside directors, the Company will enter into liability limitation agreements with them. The maximum amount of liability under such agreements shall be the minimum liability amount stipulated by laws and regulations.

[Reason for nomination as candidate for director]

- (i) Akihiko Asami has over 39 years' experience in the finance industry. He has worked as a senior investment banker at The Fuji Bank, Ltd. (now Mizuho Bank), Goldman Sachs, Japan, Ltd., Deutsche Securities Inc, and Barclays Securities Japan Limited. He also has substantial experience in venture capital investment, including investments into technology companies at Innovation Platform of the University of Tokyo and Softbank (both present).

Utilizing his corporate finance skills, he has advised major Japanese companies on corporate actions and deals for many years. Mr. Asami has demonstrated superior corporate management skills, having managed large teams and overseeing the creation of joint ventures with other banks.

Mr. Asami's extensive experience in corporate finance, M&A and venture capital makes him an ideal candidate for Fujitec's Board. Mr. Asami can help Fujitec source, correctly value, and negotiate M&A, which is vital for Fujitec's future growth. Fujitec has little internal expertise in M&A, which has been evidenced by the Company's few completed deals despite a large M&A budget. Mr. Asami's expertise will give both Fujitec and its shareholders more confidence over undertaking larger and more transformational M&A. Importantly, his experience in venture capital investment will assist Fujitec in making the right technological investments that will propel Fujitec to the cutting-edge of technologies and keep the Company ahead of its competition. Mr. Asami could also help monitor Fujitec's investment in the private fund with SBI Investment to ensure that Fujitec's funds are invested in the best way possible.

Mr. Asami holds a bachelor's degree in economics from Waseda University and an MBA from MIT. He is fluent in Japanese and English.

- (ii) Torsten Gessner has extensive elevator industry experience, making him an exceptional independent director candidate. He also has extensive supply chain management and manufacturing experience, both of which would help Fujitec in business areas that are problematic and have led to a sharp decline in recent earnings.

Mr. Gessner's experience at Otis and ThyssenKrupp would help Fujitec with their business strategy to increase margins through a focus on the maintenance business, the highest margin part of the business, where Fujitec is not currently sufficiently focused. Additionally, Mr. Gessner's US and European experience would help guide Fujitec's international growth.

During Mr. Gessner's tenure as Chairman and CEO at ThyssenKrupp North America, a business with \$12 billion in revenues and 24,000 employees (a far larger business than Fujitec's), he increased top-line revenue by 20% and net income by over three times by increasing coordination and collaborating amongst the operating business, increasing employee alignment (a particular issue at Fujitec), and reducing accident rates.

Mr. Gessner's decades-long strong industry and management experience would bring independence, leadership and guidance to a board lacking in independent directors with these skills to help the company improve margins and grow. Mr. Gessner is fluent in English and German.

(iii) Clark Graninger is an experienced professional with over 30 years of experience in the financial world, serving in leadership positions, including as CEO of Aplus Co., Ltd. (Subsidiary of Shinsei Bank, Ltd.) and Managing Executive Officer at Aozora Bank, Ltd. He is currently a Managing Director and Member of the Board of Directors at WealthPark Capital, Inc., a fintech subsidiary of WealthPark, Inc. (wealth-park.com), a Tokyo-based property tech SaaS startup.

Prior to that, he spent almost seven years as a Managing Executive Officer at Aozora Bank Ltd., where he was Head of Retail Banking. Before Aozora Bank, Ltd., he worked for Shinsei Bank, Ltd. where he served as a Senior Managing Executive Officer, overseeing Shinsei's institutional banking business. Mr. Graninger oversaw all the distressed loan investments at Shinsei Bank, Ltd. and was responsible for approving structured finance transactions (USD5B at the peak). He was also a member of the management committee and credit committee and reviewed and voted on all major investments and loans, including those to industrial companies like Fujitec. As CEO of Aplus, he oversaw the restructuring of a USD 15 billion balance sheet to restructure the company and drove all the transactions necessary to reduce footprint and cut cost base.

Given his role in reviewing corporate credit transactions during his 20-year career in investment banking/finance, he came across numerous scandals and weak governance scenarios, including an experience where creditors forced a restructuring and reduced the founding family's influence. This experience is particularly relevant to improving Fujitec's governance.

Mr. Graninger's financial and governance experience will help Fujitec with its M&A plans as it looks to acquire companies for growth. His governance experience will help Fujitec's improve its governance. His financial experience will also help Fujitec run an improved balance sheet which will improve ROE. All of these skills will help protect and create a better Fujitec.

Mr. Graninger holds a bachelor's degree from Middlebury College and an MBA from University of Chicago's Booth School. Mr. Graninger is fluent in Japanese and English.

(iv) Kaoru Umino has more than 30 years of legal experience handling complex cross-border finance and corporate transactions in New York (Admitted to the New York State Bar) and Tokyo as Gaikokuho Jimu Bengoshi, with a focus on capital markets and structured finance. Ms. Umino has worked at some of the largest international law firms, including Davis Polk, Paul Hastings, Jones Day and DLA Piper. She has also worked inhouse at J.P. Morgan Securities Japan Co., Ltd. as a Managing Director and Associate General Counsel.

Ms. Umino has extensive experience in promoting corporate governance and will help transform Fujitec's corporate governance structure into a best-in-class governance structure. Whilst at J.P. Morgan Securities Japan Co., Ltd., Ms. Umino was head of the legal and compliance department, and her duties included the implementation of the corporate governance structure of the J.P. Morgan Securities Japan Co., Ltd. in response to regulatory requirements. In such capacity, she also handled numerous internal investigations and compliance incidents, and in her private practice continues to advise Japanese clients on regulatory and compliance matters, including anti-money laundering and anticorruption/bribery.

Ms. Umino will also help Fujitec significantly improve its ESG and diversity. She is the Asia lead for DLA Piper's sustainability and ESG initiative and a working group member of the Future of Boards global project in partnership with the University of Cambridge Institute for Sustainability Leadership focusing on governance and leadership aligned with sustainability. Additionally, Ms. Umino is a member of the board of directors of Lawyers for LGBT and Allies Network and a Member of the Board of Trustees for the charity Second Harvest Japan. Ms. Umino also led a task force for the promotion and retention of female employees during her time at J.P. Morgan and this experience will be invaluable in increasing diversity and promoting women at Fujitec.

Ms. Umino has a Bachelor of Arts, Bowdoin College, summa cum laude (Philosophy); Phi Beta Kappa and has a J.D. from Columbia University School of Law. Ms. Umino is fluent in Japanese and English.

(v) Ryan Wilson's extensive experience with Schindler and ThyssenKrupp will help Fujitec to develop new business strategies to increase profitability and growth.

Mr. Wilson has a proven track record of turnaround of acquired companies at Schindler Elevator Corporation (Canada). After eight years of management experience at Schindler, Mr. Wilson led the operations of Thyssenkrupp Elevator Canada Ltd. for over 15 years, where he restructured the company's supply chain. We believe that Fujitec's recent decline in profitability is largely supply chain related, so it is critical that the Company have a director with supply chain restructuring experience. Mr. Wilson is a valuable talent who can bring the necessary strategy and vision to Fujitec through his extensive experience and enhance competitiveness in high-profit businesses. Since becoming President, Mr. Wilson brought Thyssenkrupp Elevator Canada Ltd. from low profitability to #1 in the Canadian market by growing both sales and profits at record rates. He aggressively led an investment project in service centers and the developing of human resources to bring Thyssenkrupp Elevator Canada Ltd. to very high levels of service retention and customer satisfaction. As Fujitec continues to operate under a new installation-driven business model and is losing maintenance contracts to independent service companies, Wilson's experience with Thyssenkrupp will help address the causes of Fujitec's low retention rates by restructuring the service network and supply chain.

Mr. Wilson holds a BA in Economics from the University of British Columbia and an MBA from the same institution and is fluent in English.

- (vi) Ako Shimada has over 20 years of Intellectual Property Management (including planning of IP strategies and optimization of IP asset portfolio), legal, regulatory, M&A, and governance experience as an attorney and strategic advisor. Ms. Shimada has been deeply involved in the operations of global companies and is currently serving as Vice President, General Counsel and Corporate Secretary at Ushio America, Inc. She has substantial experience in M&A, distressed assets, governance and fiduciary duty issues in a controlling shareholder environment, as well as experience with intellectual property, data privacy, transportation regulations, employment law, corporate governance and corporate compliance. She has developed a deep expertise in identifying, evaluating, and mitigating risks as a business advisor to the board and senior management, and has successfully closed several multimillion-dollar M&A transactions for Ushio. Her strengths include advising global enterprises in various industries facing challenges and opportunities inherent in international operations. She is a Certified Information Privacy Professional (CIPP/US), a credential provided by the International Association of Privacy Professionals (IAPP).
- She will give Fujitec advice from the perspective of IP strategy, global M&A strategy and execution, global group management, risk management, compliance, governance, client management, global regulatory negotiation experience and corporate crisis management.
- She is currently Chair of the Southern California and Southwest Region of the U.S.-Japan Council, where she supports the Council by connecting diverse leaders to create a stronger U.S.-Japan relationship.
- Ms. Shimada holds J.D. from Loyola University Chicago School of Law and a B.S. from Northwestern University, and studied Journalism at the University of North Carolina at Chapel Hill. Born and raised in Japan with higher education in the U.S., she is fully bilingual in Japanese and English.

Agenda Item 4 through Agenda Item 7

Agenda Item 4: Determination on the amount of base remuneration for each individual outside directors

Agenda Item 5: Granting Stock-based Compensation to outside directors

Agenda Item 6: Granting Stock-based Compensation with Stock Price Conditions to outside directors

Agenda Item 7: Granting Stock-based Compensation with Stock Price Conditions to directors (excluding outside directors)

A. Reasons for the proposals common to Agenda Item 4 through Agenda Item 7

Agenda Item 4 through 6 seek approval of the remuneration to be granted to each outside director, subject to the approval of at least one (1) candidate for election as a new outside director, which is separately proposed.

At the 75th annual general meeting of shareholders held on June 23, 2022, the Company's Board of Directors approved monetary compensation of up to 550 million yen per year (including up to 100 million yen per year for outside directors). Furthermore, at the 74th Ordinary General Meeting of Shareholders held in June 2021, it was approved to grant monetary compensation claims of up to 100 million yen per year (total number of shares of the Company's common stock to be issued or disposed of as a result of the grant of restricted stock is up to 200,000 shares per year) to directors, excluding outside directors, for the purpose of granting them shares with restriction on transfer.

However, in order to enhance the Company's corporate value over the medium to long term, it is essential for the board of directors to secure a diverse and talented workforce and for the directors, including outside directors, to work together to formulate strategies and take necessary measures proactively and decisively to enhance corporate value.

Therefore, in addition to the aforementioned remuneration limit, the Claimant propose to grant each outside director a base remuneration appropriate to his or her role (Agenda Item 4), and a subsequent granting stock-based remuneration with no stock price condition (Agenda Item 5) and a subsequent granting stock-based remuneration with stock price condition (Agenda Item 6) as medium-term incentive compensation with a vesting period from the day following the date of this Extraordinary General Meeting of Shareholders (midnight) until the day after three (3) years have elapsed.

These proposals are based on the following ideas: (1) to set the total remuneration standard appropriate for independent directors with global knowledge, experience, and abilities; (2) to pay remuneration to outside directors in cash and the Company stock, and to set the percentage of remuneration in company stock at the same standard as that in cash; and (3) although stock-based compensation consists of (a) subsequent granting stock-based compensation (RSU), which has a three-year vesting period and is not conditional on stock price appreciation, and (b) RSU, which is conditional on stock price appreciation and can be vested if the stock price rises twenty percent (20%) above the stock price at the time of grant, the Company believes that it is appropriate to set a large percentage of RSUs with a stock price condition because the Company expects RSUs to play a role in corporate governance reforms aimed at creating shareholder value (It should be noted that RSUs are not performance-linked stock compensation with a so-called condition for achieving a certain level of corporate performance). If Agenda Item 4 through Agenda Item 6 are approved, the amount of cash remuneration per person and per year will be 12,500 thousand yen and the amount of stock-based compensation will be 10,833 thousand yen, for a total of 23,333 thousand yen.

Agenda Item 7 is to grant subsequent granting stock-based compensation with stock price conditions as medium-term incentive compensation to directors other than outside directors of the Company for the vesting period of three (3) years after the conclusion of this Extraordinary General Meeting of Shareholders.

B. Details of the subsequent granting stock-based compensation (RSU)

① Summary

The subsequent granting stock-based compensation is a stock-based remuneration that grants a predetermined number of shares of common stock or a number calculated based on a predetermined calculation method after a certain period of time has elapsed after the grant, subject to fulfillment of certain conditions.

Subject to the fulfillment of the vesting conditions, the Company shall grant the directors who have been granted the rights the base number of shares of common stock of the Company to be determined as of the date of grant of the rights after the vesting period expires.

② Vesting Conditions

The Vesting Conditions are (i) the grantee must continuously hold the position of director of the Company from the grant date to the expiration date of the vesting period and (ii) the average closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange during the twenty (20) days preceding the expiration date of the vesting period must increase by twenty percent (20%) or more compared to the closing price on the day preceding the grant date. (hereinafter, the subsequent granting stock-based compensation with only (i) the condition of term of office as a vesting condition is referred to as the "Subsequent Granting Stock-based Compensation without Stock Price Condition" and the subsequent granting stock-based compensation with (i) the condition of term of office and (ii) stock price condition as vesting conditions is referred to as the "Subsequent Granting Stock-based Compensation with Stock Price Condition.").

However, two (2) types of stock-based compensation shall be granted to outside directors: (i) stock-based compensation without the condition (ii) of the above vesting conditions (stock price condition) and (ii) the Subsequent Granting Stock-based Compensation with Stock Price Condition.

With respect to directors who are non-residents of Japan at the time of expiration of the vesting period, instead of the grant of shares of the Company's common stock, the Company shall grant cash in the amount equivalent to the base number of shares of common stock of the Company to be granted to them multiplied by the average closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange during the twenty (20) days preceding the expiration date of the vesting period.

The grant of shares after the expiration of the vesting period shall be made in accordance with the number of shares of the Company's common stock to be granted, by providing each director with monetary remuneration claims to be contributed in kind, and by receiving an allotment of shares of the Company's common stock by each director through a contribution in kind of all such monetary remuneration claims.

③ Grant date and vesting period

The grant date shall be the day following the date of this Extraordinary General Meeting of Shareholders (midnight), and the vesting period shall be the period between the grant date and the day on which three (3) years have elapsed since the grant date. However, in the event that a director is dismissed against his/her will or a proposal for reappointment as a director is rejected at the general meeting of shareholders before the expiration of the vesting period (except in the case of dismissal for violation of laws and regulations or other reasons (hereinafter referred to as "involuntary resignation")), the vesting period shall be deemed to have expired at the relevant point in time.

The Subsequent Granting Stock-based Compensation shall be granted as remuneration for the vesting period of three (3) years. The Subsequent Granting Stock-based Compensation shall be granted only once under the proposal, and will not be granted repeatedly every year or every few years.

④ Number of shares to be granted to each director (hereinafter referred to as the "Number of Shares to be Granted")

The number of shares of common stock of the Company to be granted to each Director shall be the number calculated by multiplying the base amount approved in Proposal 5 through Proposal 7 by the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange on the day immediately preceding the grant date (if no transaction is executed on that date, the closing price on the immediately preceding trading day (hereinafter referred to as the "Base Stock Price"))(fractions of less than 100 shares are rounded down.).

However, in the case of involuntary resignation, the Number of Shares to be Granted shall be the number obtained by dividing the base amount by the Base Stock Price and multiplying this by the number obtained by dividing the number of months in office from the grant date to the time of resignation (fractions less than one (1) month shall be rounded up) by thirty-six (36) (fractions less than 100 shares shall be rounded down).

⑤ Amount of monetary compensation to be granted after the expiration of the vesting period

The amount of monetary compensation claims to be granted to each director who satisfies the vesting conditions shall be calculated by multiplying the Number of Shares to be Granted by the closing price of the Company's common stock on the Tokyo Stock Exchange as of the business day immediately preceding the date of resolution by the Company's board of directors regarding the grant of the Company's common stock (if no transaction is executed on that date, the closing price on the immediately preceding trading day).

⑥ Handling in the case of reorganization or change of control

In the event that a proposal that a merger agreement under which the Company is to be dissolved, a share exchange agreement under which the Company is to become a wholly owned subsidiary, a share transfer plan, or other reorganization or change of control is approved at a general meeting of shareholders of the Company (or the board of directors' meeting if such reorganization or change of control does not require approval at a general meeting of shareholders) and becomes effective before the expiration of the vesting period, the date of such approval shall be deemed to be the expiration date of the vesting period and the Company shall grant the common stock of the Company or cash in lieu of such shares for the Number of Shares to be Granted to the directors who satisfy the vesting conditions. In the event that cash is to be granted, the amount of cash shall be calculated by multiplying the Number of Shares to be Granted in exchange for the shares of common stock of the Company by the average closing price of the common stock of the Company in regular trading on the Tokyo Stock Exchange during the twenty (20) days preceding the expiration date of the vesting period.

C. Agenda Item 4: Determination on the amount of base remuneration for each individual outside director

This proposal is to determine the amount of individual base remuneration for each newly appointed outside director, in the event that Agenda Item 3 above is approved for at least one candidate. This proposal does not seek to change the amount of base remuneration for the fiscal year ending March 31, 2023 with respect to outside directors who have been in office continuously since before this Extraordinary General Meeting of Shareholders. The amount of basic remuneration for each outside director is proposed to be 12,500,000 yen per person per year (the total amount of 75,000,000 yen in case of six (6) newly appointed outside directors) in order to allow each person to spend sufficient time in formulating management strategies and providing advice to the management team in order to enhance the Company's corporate value.

D. Agenda Item 5: Granting Stock-based Compensation to outside directors

This proposal is to grant the following Subsequent Granting Stock-based Compensation to the Company's outside directors (not limited to newly elected outside directors) with no stock price conditions in the event that Agenda Item 3 above is approved for at least one candidate.

The details of the Subsequent Granting Stock-based Compensation without Stock Price Conditions are as described above.

The base amount for each outside director shall be 12,500,000 yen per person (the total amount of 100,000,000 yen in case of eight (8) outside directors), which is the same as the amount of base remuneration in cash. However, the amount per year is approximately 4,167,000 yen because the Subsequent Granting Stock-based Compensation is granted as remuneration for the execution of duties during the first three (3) years after assuming office.

The Number of Shares to be Granted to each outside director shall be the number obtained by dividing the base amount by the Base Stock Price (any fraction less than 100 shares shall be rounded down). However, the total number of such shares shall not exceed 36,200 shares, which is the number obtained by dividing the total base amount (100,000,000 yen) in the case of eight (8) outside directors by 2,768 yen, which is the lowest closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange for the three-month period from Sept. 1 to November 30, 2022 (any fraction less than 100 shares shall be rounded up). If the number obtained by dividing the base amount by the Base Stock Price exceeds aforementioned number, such maximum number shall be allocated proportionally to the base amount for each outside director.

E. Agenda Item 6: Granting Stock-based Compensation with Stock Price Conditions to outside directors

This proposal is to grant the following Subsequent Granting Stock-based Compensation with Stock Price Condition to the Company's outside directors (not limited to newly elected outside directors) in the event that Agenda Item 3 above is approved for at least one candidate. The purpose of making the increase of the share price as a vesting condition is to further strengthen the sharing of profits with shareholders, and is not intended to grant performance-linked remuneration that is conditional on the achievement of a certain corporate performance.

The details of the Subsequent Granting Stock-based Compensation with Stock Price Conditions are as described above.

The base amount for each outside director shall be 20,000,000 yen per person (the total amount of 160,000,000 yen in case of eight (8) outside directors), which is equivalent to 160% of the amount of base compensation in cash. However, the amount per year is approximately 6,667,000 yen because the Subsequent Granting Stock-based Compensation is granted as remuneration for the execution of duties during the first three (3) years after assuming office.

The Number of Shares to be Granted to each outside director shall be the number obtained by dividing the base amount by the Base Stock Price (any fraction less than 100 shares shall be rounded down). However, the total number of such shares shall not exceed 57,900 shares, which is the number obtained by dividing the total base amount (160,000,000 yen) in the case where there are eight outside directors by 2,768 yen, which is the lowest closing price of our common stock in regular trading on the Tokyo Stock Exchange for three months from Sept. 1 to November 30, 2022 (any fraction less than 100 shares shall be rounded up). If the number obtained by dividing the base amount by the Base Stock Price exceeds such number, the aforementioned maximum number shall be allocated proportionally to the base amount for each outside director.

F. Agenda Item 7: Granting Stock-based Compensation with Stock Price Conditions to directors (excluding outside directors)

This proposal is to grant the following Subsequent Granting Stock-based Compensation to the Company's Directors (excluding outside directors; the same shall apply hereinafter in this proposal).

The details of the Subsequent Granting Stock-based Compensation with Stock Price Conditions are as described above.

The base amount for each Director shall be the same as the amount of base remuneration for each Director in fiscal 2022. However, the total amount shall not exceed 146,000,000 yen. If the total amount of base remuneration for each Director in fiscal 2022 exceeds the aforementioned amount, such maximum amount shall be allocated proportionally to the amount of base remuneration for each Director. The reason for setting the total amount at 146,000,000 yen or less is that although the total amount of base remuneration for directors for fiscal 2022 has not been disclosed, since the total amount of base remuneration for directors for fiscal 2021 was disclosed as 145 million yen, it is estimated that the amount of base remuneration for directors for fiscal 2022 would be approximately the same standard, and based on the assumption that the total amount of base remuneration would be granted at the same standard as that total, it is considered 146,000,000 yen as a reasonable maximum total amount.

The Number of Shares to be Granted to each Director shall be the number obtained by dividing the base amount by the Base Stock Price (any fraction less than 100 shares shall be rounded down). However, the total number of such shares shall not exceed 52,800 shares, which is the number obtained by dividing the maximum total amount of the base amount of 146,000,000 yen by 2,768 yen, which is the lowest closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange for the three-month period from Sept. 1 to November 30, 2022 (any fraction less than 100 shares shall be rounded up). If the number obtained by dividing the base amount by the Base Stock Price exceeds the aforementioned number, such maximum number shall be allocated proportionally to the amount of base remuneration for each director.

The number of Directors subject to this proposal at the time of the proposal is three (3).

End