



This document is a translation to
the original Japanese document

Statement on Oasis' claims and its request for an extraordinary shareholders' meeting

January 30, 2023

Fujitec Co., Ltd.
(TSE Prime: 6406)



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On February 9, 2023, Fujitec will celebrate its **75**th anniversary.

We would like to express our sincere gratitude to all our stakeholders who have supported the company and its management throughout the years, and ask for your continued support. Thank you.

Introduction

To our stakeholders,

We express our sincerest apologies for your concerns, and related media reports and rumors, regarding our business strategy and corporate governance, stemming from unfounded statements and/or engagement with a specific shareholder.

In December 2022, Oasis Japan Strategic Fund Ltd. (herein “Oasis”) requested the convocation of an extraordinary meeting of shareholders to (1) dismiss ALL (six) outside directors of Fujitec Co., Ltd. (herein the “Company”), who were recently appointed at the annual meeting of shareholders held in June 2022; (2) appoint six* outside director candidates proposed by Oasis, and (3) introduce stock-price-linked incentives applicable to outside directors.

In the past, the Company refrained from actively and publicly refuting Oasis’ claims, believing, as we have always done, that it is essential to privately engage and take suggestions from all shareholders, including Oasis, and to make improvements where necessary, to continuously increase corporate value.

However, we have decided to publicize our opinions to keep Oasis accountable for their claims and actions, and to protect the interests of all our shareholders and to preserve corporate value and corporate governance of the Company.

* Since Oasis’ initial proposal, 2 candidates have withdrawn and 1 candidate was added, therefore revising the number of total outside director candidates from 7 to 6.

Introduction (2)

After careful evaluation of Oasis' proposal, for the reasons below, we have grave concerns about the proposal and about Oasis, regarding its legitimacy and true motives. Therefore, we are skeptical on whether the proposal are really in the best interest of the Company and its stakeholders.

- In 2011, Oasis and Oasis' Chief Investment Officer Seth Fischer were reportedly punished (with a sanction of HKD 7.5 million*, the highest ever levied on an individual at the time**) under the cooperation of the Securities and Exchange Surveillance Commission of Japan and the Securities and Futures Commission (SFC) of Hong Kong owing to allegations of market manipulation related to shares of Japan Airlines Co., Ltd.
- Oasis campaign documents, past statements and publicly released materials, have factual errors owing to inadequate research, and/or arbitrary assertions and misrepresentations by Oasis with regard to the Company (business, governance system, and shareholder returns compared with competitors).
- Certain claims by Oasis (i.e corporate governance, diversity) lack consistency with the status quo and policies of other companies held and or invested by Oasis, to which Oasis has a direct influence.
- The process, content, and sincerity of Oasis' shareholder proposals are flawed

The Company opposes all of Oasis' shareholder proposals.

Regarding the related party transactions brought forth by Oasis, a third-party independent investigation committee has been established – this investigation is currently underway, and the Company is fully cooperating.

We ask our shareholders to read this document and other related materials (see below link), and kindly ask for continued support.

* Approximately ¥130 million, assuming the HKD/JPY exchange rate as of January 11, 2023.

** Source: <https://www.fsa.go.jp/sesc/kouen/kouenkai/20120302/02.pdf> (page 20~)
https://www.fsa.go.jp/sesc/news/c_2011/2011/20110915-1.html

See our website for additional supplemental material. <https://www.fujitec.com/announcement/3082>

Our Statement on the Proposals

Fujitec opposes all of Oasis' shareholder proposals

	Proposal	Content	Fujitec's position
1	Fujitec's proposal Proposal 1	Election of two outside directors	Approve
2	Shareholder proposal Proposal 2	Dismissal of ALL six outside directors	Oppose
3	Shareholder proposal Proposal 3	Election of six outside directors	Oppose
4	Shareholder proposal Proposal 4	Determination of individual basic compensation for outside directors	Oppose
5	Shareholder proposal Proposal 5	Granting post-delivery stock compensation to outside directors	Oppose
6	Shareholder proposal Proposal 6	Granting post-delivery stock compensation with stock price conditions to outside directors	Oppose
7	Shareholder proposal Proposal 7	Granting post-delivery stock compensation with stock price conditions to directors (excluding outside directors)	Oppose

O A S I S

1

Fujitec's formulation and execution of corporate strategy has problems - therefore the new medium-term management plan cannot be achieved

2

Fujitec's corporate governance is flawed

3

As a result of these aforementioned factors, Fujitec has fallen behind in shareholder returns, compared with competitors

4

To improve this situation, current outside directors should be replaced with new outside directors selected by Oasis, and there should be stock-price based incentive schemes for these directors

Why We Oppose Oasis' Shareholder Proposals

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1 Misrepresentation	Fujitec's formulation and execution of corporate strategy has problems - therefore the new medium-term management plan cannot be achieved	 Inaccurate, Unfounded
2 Misrepresentation	Fujitec's corporate governance is flawed	 Inaccurate, Unfounded
3 Misrepresentation	As a result of these aforementioned factors, Fujitec has fallen behind in shareholder returns, compared with competitors	 Inaccurate, Unfounded
4 Disagree	To improve this situation, current outside directors should be replaced with new outside directors selected by Oasis, and there should also be stock-price based incentive schemes for these directors	 Raises Concern, Questionable

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1. Regarding Oasis' Claims on Business Strategy

Regarding Oasis' Claims on Business Strategy

Oasis' claim

Fujitec's formulation and execution of corporate strategy has problems - therefore the new medium-term management plan cannot be achieved



Fujitec's Position: The Facts



Record of "delivering on promises"

We have achieved quantitative targets set in past medium-term management plans by steadily executing strategic initiatives, and therefore have a track record of "delivering on promises" we have committed to shareholders



Outperforming competitors in growth rates of key financial indicators

Through the formulation of appropriate business strategies and its steady execution, we have outperformed competitors in regards to growth rates in key financial indicators, such as net sales, operating income, EBITDA, and net profit



Positive feedback from the markets regarding our medium-term management plan

Our new medium-term management plan "Vision 24" was formulated and revised with reference to the opinions and advice of our shareholders. Upon its release, we have received high praise and positive reviews from many investors

● Record of “delivering on promises”

Outperforming competitors in growth rates of key financial indicators

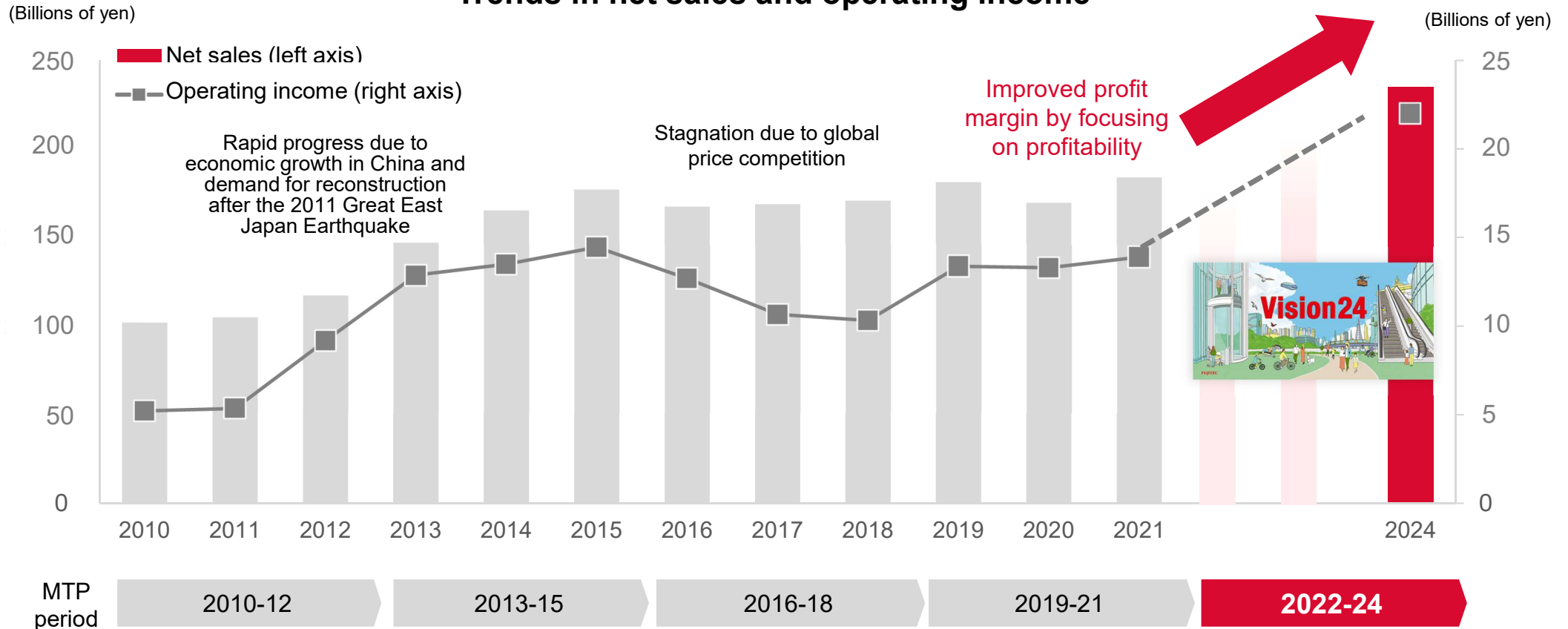
Positive feedback from the markets regarding our medium-term management plan

Fujitec's Steady Growth Trajectory



- Through earning **the trust of our customers** since our founding, our business has gradually expanded, by the formulation of appropriate business strategies, the steady execution of initiatives, and the release of safe and reliable products and services based on high professional ethics
- We aim to advance with the new medium-term management plan “Vision 24” announced in the fall of 2022

Trends in net sales and operating income



Fujitec’s Record of “Delivering on Promises”

- Excluding the three-year medium-term management plan from fiscal 2016 to fiscal 2018 *, when Japanese companies in general suffered poor performance due to factors such as the slowdown of the Chinese economy, we have a track record of “delivering on promises” committed to in our medium-term management plans.

		FY2012	FY2015	FY2018*	FY2021
Net sales	Target	¥120.0 billion	¥160.0 billion	¥200.0 billion	¥180.0 billion
	Record	¥117.5 billion	¥177.1 billion	¥170.8 billion	¥187.0 billion
	Achieved	▲	✓	×	✓
Operating income	Target	¥8.0 billion	¥12.8 billion	¥16.0 billion	¥13.0 billion
	Record	¥9.2 billion	¥14.4 billion	¥10.3 billion	¥13.8 billion
	Achieved	✓	✓	×	✓
Operating income margin	Target	6.7%	8.0%	8.0%	7.2%
	Record	7.8%	8.2%	6.0%	7.4%
	Achieved	✓	✓	×	✓
ROE	Target	—	—	—	8.0% or more
	Record	—	—	—	9.1%
	Achieved	—	—	—	✓

* Aggregate of 849 publicly listed companies shows a decrease in profit for the first time in three years in fiscal 2018.
<https://www.nikkei.com/article/DGXMZ044697930S9A510C1MM8000/> (Nikkei Online Edition, May 13, 2019)

Record of "delivering on promises"

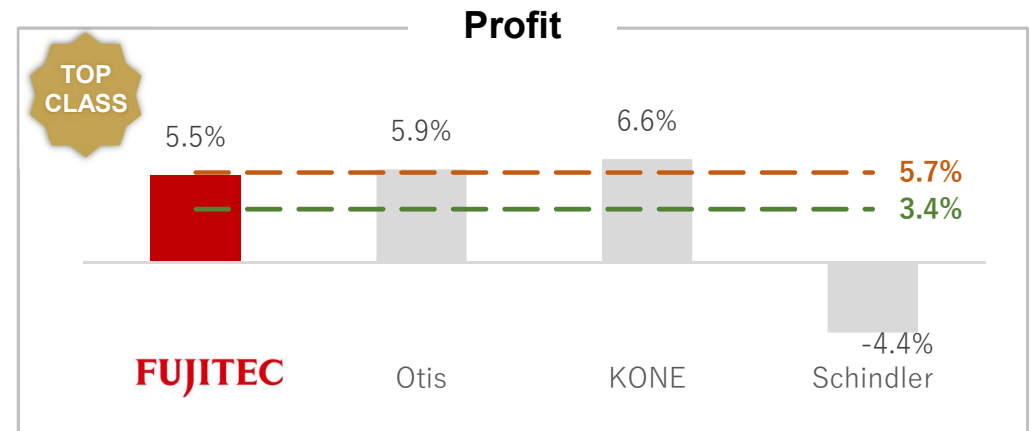
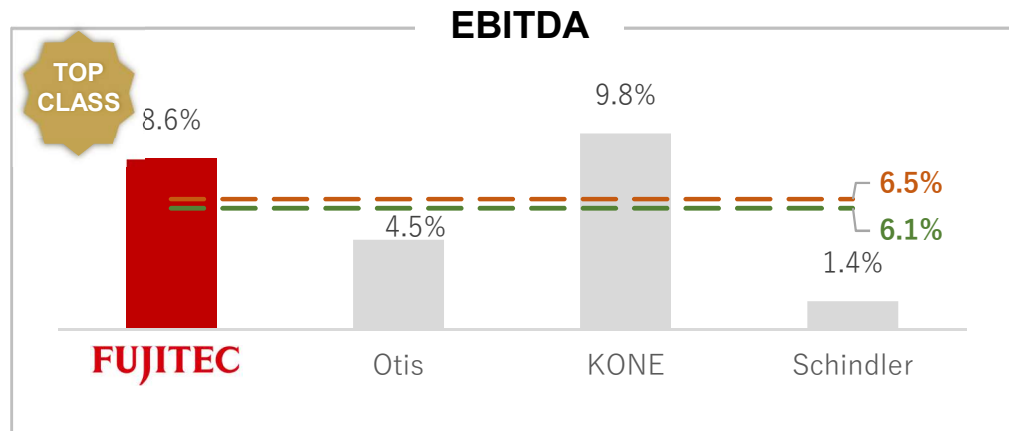
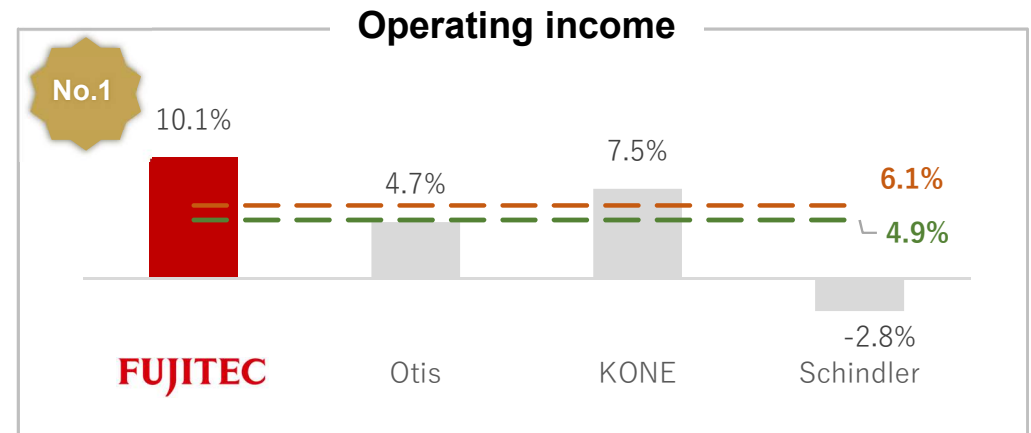
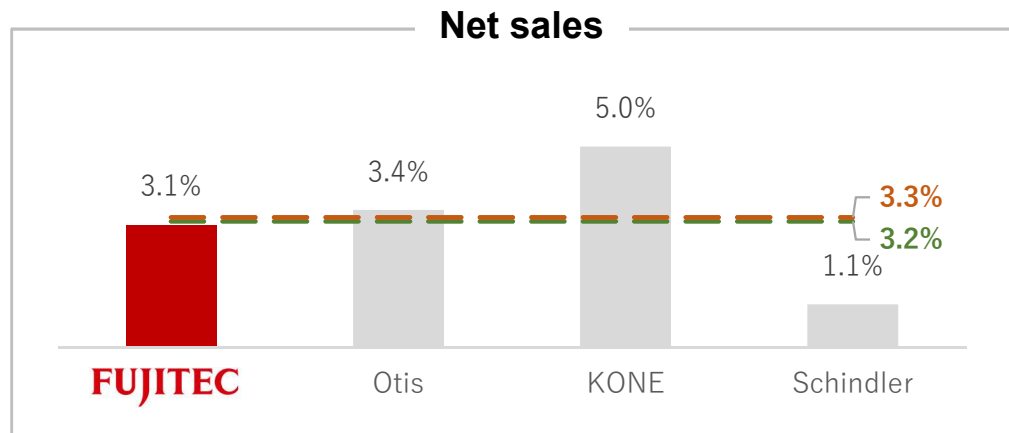
● **Outperforming competitors in growth rates of key financial indicators**

Positive feedback from the markets regarding our medium-term management plan

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CAGR Comparison: Last Three Years

- In net sales, Fujitec's three-year compound annual growth rate (CAGR) has remained comparable to that of competitors. However, our operating income, EBITDA, and profit have ranked in the top tier in comparison to competitors.
- In operating income, for which Oasis has previously disapproved, we have achieved relatively high growth rates compared to our competitors for the past three-year and five-year periods.



Source: Company disclosure documents

Note: Each company's CAGR is calculated retroactively from fiscal 2021 (fiscal years ending in December for Otis, KONE, and Schindler, but fiscal 2022 figures have yet to be announced at this time)

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----- Average value - - - - Median value

Record of "delivering on promises"

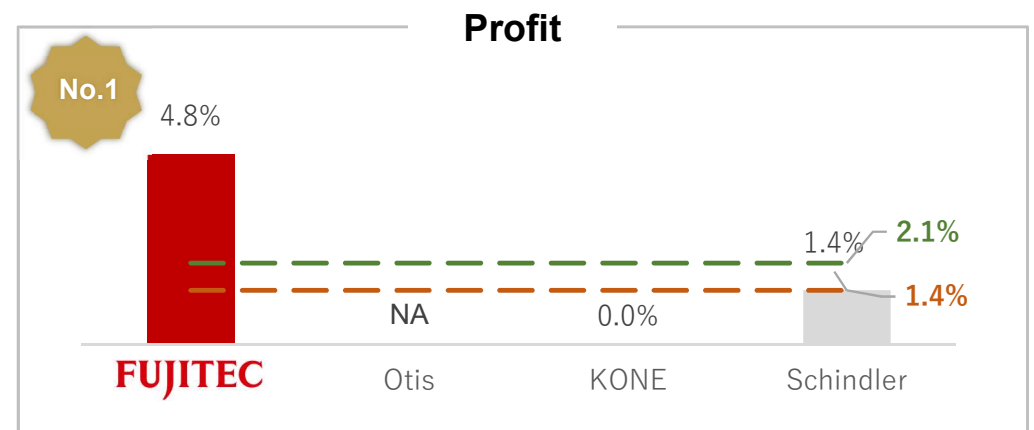
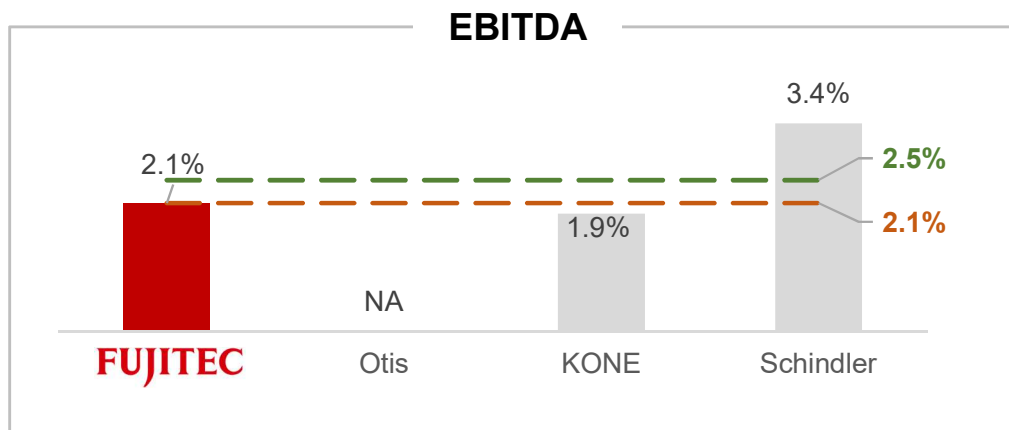
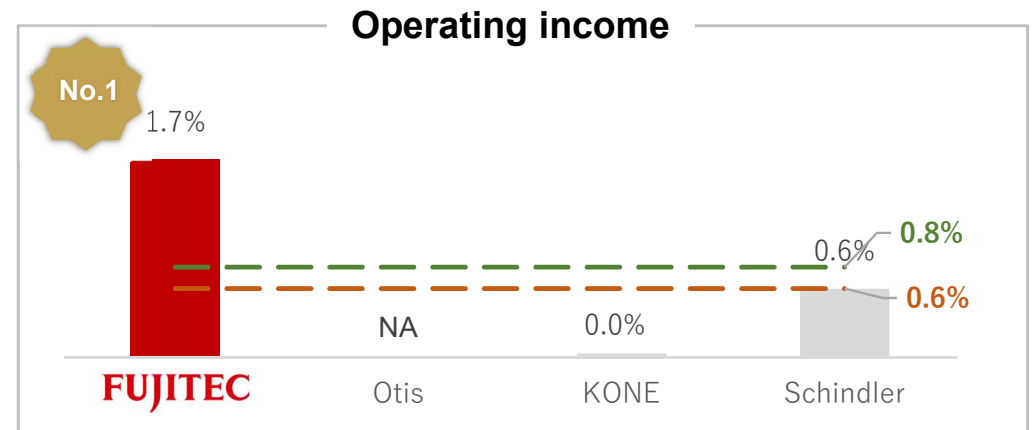
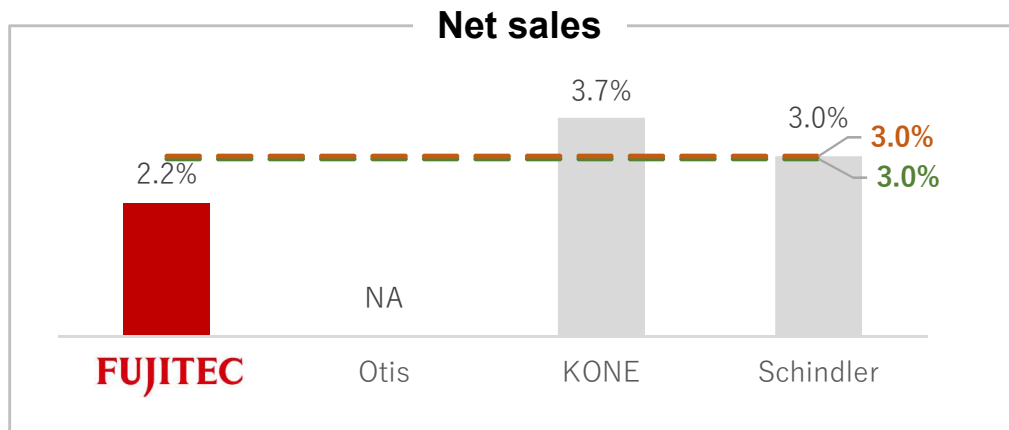
● **Outperforming competitors in growth rates of key financial indicators**

Positive feedback from the markets regarding our medium-term management plan



CAGR Comparison: Last Five Years

- Fujitec's five-year CAGR is slightly lower than that of their competitors in terms of net sales, but is comparable in terms of EBITDA and overwhelmingly high in terms of operating income and profit.
- In operating income, for which Oasis has previously disapproved, we have achieved relatively high growth rates compared to our competitors for the past three-year and five-year periods.



Source: Company disclosure documents

Note: Each company's CAGR is calculated retroactively from fiscal 2021 (fiscal years ending in December for Otis, KONE, and Schindler, but fiscal 2022 figures have yet to be announced at this time)

----- Average value - - - - - Median value

Our Commitment to the Medium-term Management Plan, “Vision 24” **FUJITEC**

- (1) Margin improvement and (2) capital policy/capital reinvestment are points in our business strategy that have been noted for improvement by some investors including Oasis. Taking these comments into consideration, we have set ambitious targets for both (1) and (2), and the entire management team is determined to achieve these targets.

Upside from FY2021 to FY2024 targets

Strategies to Raise Operating Income **FUJITEC**

All Regions	Cost Reduction	<ul style="list-style-type: none"> Leverage quality gains and expand production to provide cost reduction Promote development of modernization equipment Optimize equipment, techniques, and skills to raise cost reduction for installation and maintenance projects Reduce maintenance costs through analytical remote monitoring and the accelerated use of IIoT Revitalize production capacity with operational efficiency Revitalize production capacity with operational efficiency (Operational excellence)
Japan	Expand Aftermarket	<ul style="list-style-type: none"> Expand modernization business to improve profits Expand maintenance business by securing more installation and modernization projects
China	Expand New Installations	<ul style="list-style-type: none"> Expand new installations business, strengthen exports
Asia	Expand New Installations	<ul style="list-style-type: none"> Expand the range of models and grow exports to expanding regions
North America	Expand New Installations	<ul style="list-style-type: none"> Promote standard models of machineless elevators to expand business Pursue efficiency gains and cost reduction through installation techniques and upskilling
North America	Expand Aftermarket	<ul style="list-style-type: none"> Expand modernization business for conventional rope-type and hydraulic elevators

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CAPEX Plan **FUJITEC**

• We plan to execute a positive CAPEX plan to change gears for the next phase of growth

Investments for Business Growth	Approx. ¥10 billion
<ul style="list-style-type: none"> Capture demand in growth markets: Strengthen production systems to meet increased demand in China and other Asia for new business growth Expand modernization business: Develop an after-sales and technology centers for elevators and escalators 	
Investments for Profitability Gains	Approx. ¥8 billion
<ul style="list-style-type: none"> Cost reduction in procurement and manufacturing: Establish technical analysis center and produce parts to improve quality and reduce lead time Expand the use of IIoT: Expand the use of AI and IIoT to improve maintenance efficiency, reduce costs, and stabilize new business Global human resource development: Establish field engineers training facilities 	
Investments to Promote ESG	Approx. ¥5 billion
<ul style="list-style-type: none"> Strengthen disaster prevention measures: Strengthen remote monitoring center functions and DCU Low-carbon, energy conservation, and environmental measures: Strengthen environmental measures at business locations 	
Investments in Equipment and Facilities Upgrades	Approx. ¥10 billion
<ul style="list-style-type: none"> Upgrade production equipment and facilities: Upgrades of existing equipment, machinery, and plants 	
Cumulative Total CAPEX Plan	Approx. ¥38 billion

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	FY2021 records	FY2024 targets	Upside
Net sales	¥187.0 billion	¥235.0 billion	+25.7%
Operating income	¥13.8 billion	¥22.0 billion	+59.4%
Operating income margin	7.4%	9.4%	+2.0 ppt
ROE	9.1%	12.0%	+2.9 ppt

“Vision 24” Have Received Positive Feedback by Investors

- Our medium-term management plan, “Vision 24,” including the revisions made in the supplementary version, have been highly praised by many domestic and foreign institutional investors.

Released on December 22, 2021: Initial version



The initial version mainly showed financial targets for the final fiscal year, breakdowns by segment, business strategies by segment, and high-level investment plans/capital allocation policy.



Dynamic updates

Released on March 1, 2022: Supplementary version



The supplementary version includes a waterfall analysis of differences from financial targets for the final fiscal year, detailed investment plans, and detailed capital allocation policy.

Company A, global long-only investor

We are very pleased with the content you released this time. You considered shareholders’ opinions. We especially appreciate the clear capital allocation policy for the next three years. Two months after the announcement in December, we received the supplementary materials, and we think it really shows the effort and quality of everyone on the team.

Company B, global long-only investor

The supplementary version of “Vision 24” discloses the details of the medium-term management plan and the improvement of capital allocation policy and corporate governance, which we found to be very encouraging. Additionally, we would like to express our sincere gratitude to you for providing supplementary explanations, for efforts to make improvements, and for your commitment to make improvements.

Company C, global hedge fund

We believe you have made a significant turn to where you can improve your management on your own. In December 2020, your Nomination and Compensation Committee was also established, and you have made a future strategic direction for the company. We are grateful that you have provided the direction for earnings recovery in each business area.

Company D, global hedge fund

The share buyback and cash flow plan show the effort and Fujitec’s modernization. We believe this is a big shift.

2. Regarding Oasis' Claims on Our Governance System

Regarding Oasis' Claims on Our Governance System

Oasis' claim

Fujitec's corporate governance is flawed



Fujitec's Position: The Facts

✓ We are a leader in Corporate Governance

We have continued to reform our governance and **are one of the most advanced companies in Japan in terms of governance, based on quantitative evaluation points such as the ratio of outside directors and the ratio of female officers.**

✓ Appropriate response to Oasis' allegations regarding related party transactions

With regard to the related party transactions of the founder's family pointed out in the materials published by Oasis in May 2022, **an investigation of those transactions performed by Nishimura & Asahi LPC with the results released in May 2022 concluded that there were no problems in terms of legal or corporate governance issues.** Based on opinions expressed by shareholders and other stakeholders, **an investigation is currently being conducted by a third-party committee that is independent from the Company, and the Company is offering its full cooperation to the investigation.**

✓ We are committed to furthering our governance system

Although we currently have a strong governance structure, **to further our governance system,** (1) we submit proposals for further evolution of governance (changes to our organizational design) at the annual meeting of shareholders to be held in June 2023, and (2) ahead of this, **we propose the election of two new outside director candidates with complementary skills to our current team of directors.**

History of Fujitec's Governance Reforms

- As shown in the table below, the Company has a history of continuously executing governance reforms.
- We actively conduct IR/SR meetings (more than 150 per year) to hear the opinions of investors.

April 2006	<ul style="list-style-type: none"> • Revised the term length of office for directors (two years ⇒ one year)
November 2015	<ul style="list-style-type: none"> • Formulated our “Corporate Governance Guidelines”
June 2019	<ul style="list-style-type: none"> • Increased the ratio of outside directors on the Board of Directors by increasing the number of outside directors by two (total of five) (43%⇒56%) • Appointed one female director • Disclosed our skill matrix
February 2021	<ul style="list-style-type: none"> • Established the Nomination and Compensation Committee (Majority of committee members are independent outside directors, and an independent outside director serves as the chair)
June 2021	<ul style="list-style-type: none"> • Added one female director, for a total of two (11%⇒22%) • Introduced a restricted stock compensation plan
December 2021	<ul style="list-style-type: none"> • Disclosed initiatives/plans for our capital allocation policy and strengthening governance system in the new medium-term management plan “Vision 24”
March 2022	<ul style="list-style-type: none"> • Reduction in cross-shareholdings. The ratio to net assets declined from 8.4% as of the end of March 2018 to 5.5% as of the end of March 2022 (significantly lower than both ISS and Glass Lewis standards)
June 2022	<ul style="list-style-type: none"> • Appointed an outside director as the chair of the Board of Directors • Increased the ratio of outside directors on the Board of Directors by adding two outside directors (total of six) (56%⇒67%) • Further enhanced the skillset of the Board of Directors with appointment of new directors • Abolished takeover defense measures with prior warnings

Fujitec's Advanced Governance System

- The average ratio of outside directors on the Board of Directors of TOPIX index companies is approximately 40% - Fujitec's ratio is approximately **67%**, well exceeding the average.
(Out of approximately 2,150 TOPIX index companies, approximately 320 companies have a majority of outside directors on their Board of Directors.)
- Fujitec has an extremely high ratio of female directors at approximately **22%**, and the Company is among the top **13.3 percentile** of TOPIX index companies.
- Additionally, because **75%** of the Audit & Supervisory Board is made up of outside members, we believe that among Japanese companies we have an advanced governance system.

Fujitec's ratio of outside
directors



67 % (6 out of 9)

TOPIX index

Top **3.8** percentile

Fujitec's ratio of female
directors



22 % (2 out of 9)

TOPIX index

Top **13.3** percentile

Fujitec's ratio of outside
members of the Audit &
Supervisory Board



75 % (3 out of 4)

TOPIX index*

Top **29.1** percentile

Source: Published materials

*Calculated only for companies with company auditors

We Meet All Standards of Major Proxy Voting Advisory Companies

- Fujitec has met the standards for **all** of the key governance-related issues set by ISS and Glass Lewis, the major proxy voting advisory companies, in their “voting advisory standards.”

Comparison of key governance-related items in the “voting advisory standards” set by major proxy voting advisory companies with Fujitec’s current situation

		ISS counter standards	GLASS LEWIS Glass Lewis counter standards
Capital productivity (ROE, etc.)	Meets ISS/GL standards	Average of less than 5% for the past five years, no improvement trend	No clear quantitative criteria
Excessive holding of cross-shareholdings	Meets ISS/GL standards	Cross-shareholdings of 20% or more of net assets	Cross-shareholdings of 10% or more of net assets
Outside directors	Meets ISS/GL standards	Outside directors are less than one-third of all directors, or there are less than two outside directors	The total number of independent officers on the Board of Directors and the Audit & Supervisory Board is less than one-third, and there are less than two independent outside directors
Diversity of the Board of Directors	Meets ISS/GL standards	No female director*	None
Outside members of the Audit & Supervisory Board	Meets ISS/GL standards	Does not meet ISS independence criteria	Less than one-third of outside members of the Audit & Supervisory Board are independent
Takeover defense measures	Meets ISS/GL standards	Introduction and renewal of takeover defense measures (poison pills)	Introduction and renewal of takeover defense measures (poison pills)

Sources: “2022 Proxy Voting Guidelines Benchmark Policy Recommendations” (ISS), “2022 Guidelines/An Overview of the Glass Lewis Approach to Proxy Advice” (Glass Lewis)

*Scheduled to be introduced by ISS from February 2023

Diverse Set of Skills and Experience

- Fujitec's Board of Directors have, not only formal titles but also practical skills and experience, including in corporate management, corporate finance, and legal affairs, and have served as executives at Japan's major publicly listed companies.

Career summary and skill matrix of Fujitec's directors

Experience and knowledge of corporate management (main points)

	Position	Career summary	Independence	Corporate management/Management strategy	Global	Technology	Finance/Accounting	Legal/Compliance	Risk management	Sustainability	Governance	M&A/Capital market
Okada	Representative Director, Chief Executive Officer, and Nomination and Compensation Advisory Committee Member	1976: Joined the Company 2012: Director 2020: Representative Director and Executive Vice President 2022: Representative Director and President (current)	—	✓	✓	✓		✓		✓	✓	
Asano	Representative Director, and Senior Executive Operating Officer	1977: Joined the Company 2017: Director and General Manager of Field Engineering HQ (current)	—	✓	✓	✓					✓	
Tsuchihata	Director, and Senior Executive Operating Officer	1984: Joined the Company 2013: Executive Vice President of Fujitec America, Inc. 2021: General Manager of Finance HQ (current)	—	✓	✓	✓	✓				✓	
Sugita	Director, and Nomination and Compensation Advisory Committee Member	1977: Entered the Economic Planning Agency 2001: Director of Gifu Prefecture 2009: Professor at Nagoya University 2015: Professor at Ritsumeikan University, etc.	✓	✓	✓				✓		✓	
Yamazoe	Director, Chair of the Board of Directors, and Nomination and Compensation Advisory Committee Member	1978: Joined Marubeni Corporation 2018: Vice Chairman of Marubeni Corporation, etc.	✓	✓	✓		✓				✓	✓
Endo	Director	1981: Joined Honda Motor Co., Ltd. 2013: Full-time Corporate Auditor of Honda Motor Co., Ltd., etc.	✓	✓	✓		✓				✓	
Indo	Director	1985: Joined Daiwa Securities Co. Ltd. 2016: Senior Executive Director of Daiwa Institute of Research Ltd. 2020: Outside Director of Tokyo Gas Co., Ltd. (current) 2021: Outside Director of Ajinomoto Co., Inc. (current), etc.	✓	✓			✓	✓		✓	✓	✓
Mishina	Director	2004: Professor at Kobe University, Graduate School of Business Administration (current) 2012: Outside Director of Nichirei Corporation 2019: Advisory Board Member of NTT Data Corporation, etc.	✓	✓	✓				✓	✓	✓	
Oishi	Director	Attorney, Outside Director of Paltac Corporation (current), etc.	✓	✓				✓	✓		✓	
Iwasaki	Director (candidate)	1974: Joined Tokyo Denki Kagaku Kogyo K.K. (currently, TDK Corporation) 2015: Outside Director of SBS Holdings, Inc. (current) 2016: Outside Member of the Board of Directors, Renesas Electronics Corporation (current)	✓	✓	✓			✓	✓		✓	✓
Kaifu	Director (candidate)	2020: Outside Director of TECHMATRIX CORPORATION (current) 2021: Outside Director of Harmonic Drive LLC (current)	✓	✓	✓	✓					✓	

*For details on current outside directors, see pages 25-27 of the supplemental material. For details on outside director candidates, see page 27 of this material.

Supplemental material: <https://www.fujitec.com/announcement/3082>

Comparing the Proposals via Skill Matrix

- As shown below, Fujitec's current outside director skill matrix is well balanced, and will be further strengthened by the addition of two new candidates.
- Oasis' outside director candidates have little-to-no experience as officers or executives of publicly listed companies, and lack skills required for corporate governance.

Experience and knowledge of corporate management (main points)

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	Independence	Experience as outside director of publicly listed company	Corporate management/ Management strategy	Global	Technology	Finance/ Accounting	Legal/ Compliance	Risk management	Sustainability	Governance	M&A/ Capital market
Sugita	✓	✓	✓	✓				✓		✓	
Yamazoe	✓	✓	✓	✓		✓				✓	✓
Endo	✓	✓	✓	✓		✓				✓	
Indo	✓	✓	✓			✓	✓		✓	✓	✓
Mishina	✓	✓	✓	✓				✓	✓	✓	
Oishi	✓	✓	✓				✓	✓		✓	
Iwasaki	✓	✓	✓	✓			✓	✓		✓	✓
Kaifu	✓	✓	✓	✓	✓					✓	

*For details on Fujitec's current outside directors, see pages 25-27 of the supplemental material. For details on Fujitec's outside director candidates, see page 27 of this material. supplemental material: <https://www.fujitec.com/announcement/3082>

OASIS

	Independence	Experience as outside director of publicly listed company	Corporate management/ Management strategy	Global	Technology	Finance/ Accounting	Legal/ Compliance	Risk management	Sustainability	Governance	M&A/ Capital market
Asami	✓		✓	✓	✓	✓		*3			✓
Graninger	✓		✓	✓		✓	*4	*4		*4	✓
Umino	✓			✓			✓*5	✓			
Wilson*1	*2		✓								
Shimada	✓			✓			✓*5	✓			
Gessner*1	*2		✓	✓							

*For details on Oasis' outside director candidates, see pages 33-35 of the supplemental material. <https://www.fujitec.com/announcement/3082>

- *1: Considering their overlapping work experience in the ThyssenKrupp Group, and the fact that they were executives in the same region at the same time, their skill sets overlap greatly.
- *2: They are currently consulting for hedge funds and competitors in the elevator and escalator space, and if they have done consulting for specific shareholders of Fujitec, this can be considered a problem from the point of view of neutrality.
- *3: Mr. Asami has been subject to multiple lawsuits, both past and present.
- *4: In the past, Mr. Graninger was subject to pay cuts due to governance violations (administrative disposition) at a subsidiary when serving as Executive Vice President of Shinsei Bank.
- *5: Neither Ms. Umino nor Ms. Shimada has a legal qualification in Japan, only in the U.S.

Independent Third Party Evaluation of Fujitec's Governance System **FUJITEC**

- Results showed that we outperformed publicly listed companies of the same size and attributes in all items of the “Corporate Governance Survey” by Sumitomo Mitsui Trust Bank, one of the largest comprehensive surveys of corporate governance in Japan.
- The survey is conducted under the supervision of Kunio Ito, Director of Hitotsubashi University CFO Education and Research Center, who is famous for the “Ito Review” and is a leader of corporate governance reform in Japan.
- We consider this survey to be a more detailed and unbiased analysis/evaluation that is much more reliable than the one-sided evaluation by an overseas third-party organization, which Oasis cites as relevant.

“Governance Index Score” of Fujitec and the group of companies for comparison in the “Corporate Governance Survey® 2022”

	FUJITEC	Company Type I (298 companies)	Company Type II (172 companies)	All companies (1,879 companies)
(1) Sustainability management	3.2	2.4	2.4	1.4
(2) Effectiveness of the Board of Directors	2.6	2.3	2.5	1.7
(3) Utilization of outside directors	3.1	2.7	2.8	2.3
(4) Transparency in nominating officers	2.8	2.1	2.2	1.5
(5) Transparency of executive compensation	2.4	2.4	2.7	1.7
(6) Dialogue with shareholders and investors	3.2	2.7	3.0	1.7

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

Note: “Company Type I” is a group of companies with a market capitalization of ¥100 billion or more, but less than ¥500 billion.

“Company Type II” is a group of companies with a foreign ownership ratio of 30% or more.

Our View on Related Party Transactions

FUJITEC

- Regarding various suspicions concerning related party transactions indicated by the proposing shareholder in the materials published in May 2022, as announced in the May 30, 2022 “Notice Concerning Board of Directors’ Resolution in relation to Shareholder’s Assertion,” on the same date, Fujitec’s Board of Directors concluded that there were no legal or corporate governance issues.
- **Furthermore, related party transactions are being investigated by a third-party committee that is independent from Fujitec. Fujitec is fully cooperating with the investigation by the third-party committee, and will sincerely respond to the results and recommendations made by the third-party committee.**



Confirmation results and response status

- According to the investigation of those transactions performed by Nishimura & Asahi LPC (released in May 2022), **there were no problems in terms of legal or corporate governance issues.**
- Based on opinions expressed by shareholders and other stakeholders, **an investigation is currently being carried out by a third-party committee that is independent from the Company.**

Further Strengthening Our Governance System

- As explained earlier, the Company has an advanced governance system in place and although Oasis' allegations on related party transactions regarding the founding family is misrepresented, as promised to our shareholders, in our new medium-term management plan, "Vision 24," we will continue to further strengthen our governance system.
- At the annual meeting of shareholders to be held in June 2023, we plan to submit proposals for further evolution of governance, including changing the organizational design to a company with an audit and supervisory committee or a company with a nomination committee, etc. Prior to holding the extraordinary meeting of shareholders, we would like to propose the election of two new outside directors who have outstanding skills which complement and further balance the current Board.
- If the election of two additional members are approved, the skill matrix of Fujitec's Board of Directors will be enhanced and its governance will be further strengthened.

Measures promised in "Vision 24"

Improving the effectiveness of the operation of the Board of Directors

Strengthening the support system for providing information to outside directors

Enhancing stakeholder communication

Decreasing cross-shareholdings*

Additional measures

NEW
Proposal of two new outside director candidates for the purpose of further strengthening governance (this extraordinary meeting of shareholders)

NEW
Proposal to change the organizational design to a company with an audit and supervisory committee or a company with a nomination committee, etc. (planned proposal)
(annual meeting of shareholders to be held in June 2023)

*Trends in cross-shareholdings (ratio to net assets): Decreased from 8.4% in March 2018 to 5.5% in March 2022 (significantly lower than both ISS and Glass Lewis standards)

New Outside Directors Proposed by Fujitec

- We propose Jiro Iwasaki and Michi Kaifu as new outside director candidates.
- In addition to their exceptional skills and abilities, both candidates have a diverse range and great wealth of achievement and experience. We believe they are the best qualified to make our Board of Directors and, by extension, our governance system stronger and more robust.

Candidate number 1



Jiro Iwasaki

Date of birth: December 6, 1945

New

Outside

Independence

Career summary, positions, responsibilities and significant concurrent positions:

- Mar. 1974 Graduated from Graduate School of Economics, Yokohama National University
- Apr. 1974 Joined Tokyo Denki Kagaku Kogyo K.K. (currently, TDK Corporation)
- Jun. 1996 Director, General Manager of Human Resources, TDK Corporation
- Jun. 1998 Director and Senior Vice President, Executive Officer of Recording Media & Solutions Business Group, TDK Corporation
- Jun. 2006 Director and Executive Vice President, Senior Executive Officer of Administration Group, TDK Corporation
- Mar. 2008 Audit and Supervisory Board Member, GCA Savvian Corporation (currently, Houlihan Lokey, Inc)
- Jun. 2009 Director and Senior Vice President, Executive Officer of Strategic Human Resources and Administration Division, JVC KENWOOD Holdings, Inc. (currently, JVC KENWOOD Corporation)
- Mar. 2011 Audit and Supervisory Board Member, SBS Holdings, Inc.
- Apr. 2011 Professor at Teikyo University, Faculty of Economics/ Department of Business Administration
- Mar. 2015 Outside Director, SBS Holdings, Inc. (to the present)
- Mar. 2016 Outside Director (Full-time Audit and Supervisory Committee Member), GCA Savvian Corporation (currently, Houlihan Lokey, Inc.)
- Jun. 2016 Outside Member of the Board of Directors, Renesas Electronics Corporation (to the present)

Reasons for selection as an outside director candidate and summary of expected roles:

Mr. Iwasaki has served as Director and Executive Vice President of TDK Corporation and as a director of publicly listed companies, so he has a wealth of experience and deep insight. In addition, he has experience as an outside director/auditor of several publicly listed companies and as a university professor. We judge that based on these experiences and knowledge, he will be able to offer useful suggestions and advice on the overall management of the Company.

Skills

Corporate management, global, compliance, risk management, governance, M&A

Candidate number 2



Michi Kaifu

Date of birth: March 12, 1960

New

Outside

Independence

Career summary, positions, responsibilities and significant concurrent positions:

- Mar. 1983 Graduated from the Hitotsubashi University Faculty of Social Sciences
- Apr. 1983 Joined Honda Motor Co., Ltd.
- Jun. 1989 Graduated from Stanford Graduate School of Business (MBA)
- Sep. 1989 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
- May 1996 Joined NextWave Telecom Inc.
- Aug. 1998 CEO, Started ENOTECH Consulting, Inc. (to the present)
- Feb. 2020 Adjunct instructor, Waseda Business School (Graduate School of Business and Finance)
- Jun. 2020 Outside Director, TECHMATRIX CORPORATION (to the present)
- Jul. 2021 Outside Director, Harmonic Drive LLC (to the present)
- Sep. 2021 Visiting Professor, Education for Academic and Global Learners in English (EAGLE), Seikei University (to the present)

*Has written books about Big Data and Silicon Valley

Reasons for selection as an outside director candidate and summary of expected roles:

Ms. Kaifu resides in the U.S., and manages a consulting company that she herself founded, providing research analysis and advice based on her knowledge and experience earned over more than 20 years regarding the IT industry and venture start-ups in both Japan and the U.S. We judge that based on the wealth of knowledge she has cultivated through these experiences, she will be able to offer useful suggestions and advice from a global perspective, especially in the technology field.

Skills

Global, IT/technology, governance

3. Regarding Oasis' Claims on Shareholder Returns

Regarding Oasis' Claims on Shareholder Returns

Oasis' claim

As a result of these aforementioned factors, Fujitec has fallen behind in shareholder returns, compared with competitors



Fujitec's Position: The Facts

✓ We have outperformed competitors in Total Shareholder Return (TSR)

As a result of management efforts including our business strategy and execution, as well as governance reform and strengthening as mentioned earlier, **in terms of total shareholder return (TSR), which is the most important indicator of return for shareholders, Fujitec has outperformed all competitors that Oasis is claiming as being superior to Fujitec in the past one year, three years, five years, and 10 years.**

✓ We are leaders among TOPIX index companies in TSR

- In TSR, **we have not only exceeded TOPIX (the Tokyo Stock Price Index) in all of the above periods, but we are also consistently in the top 25 percentile of TOPIX index companies**, and therefore believe we have been able to make a certain level of return to our shareholders.
- We rank among the top 12.5 percentile of TOPIX index companies in terms of dividend payout ratio – which is currently 59.5%

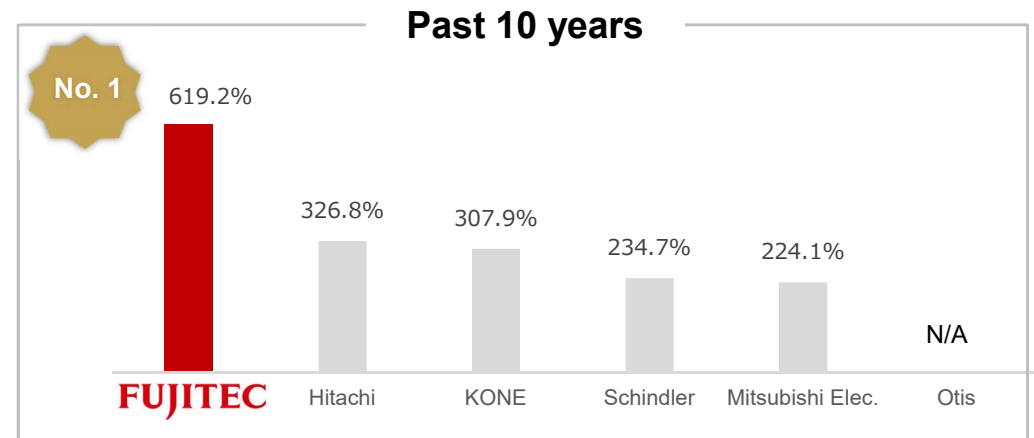
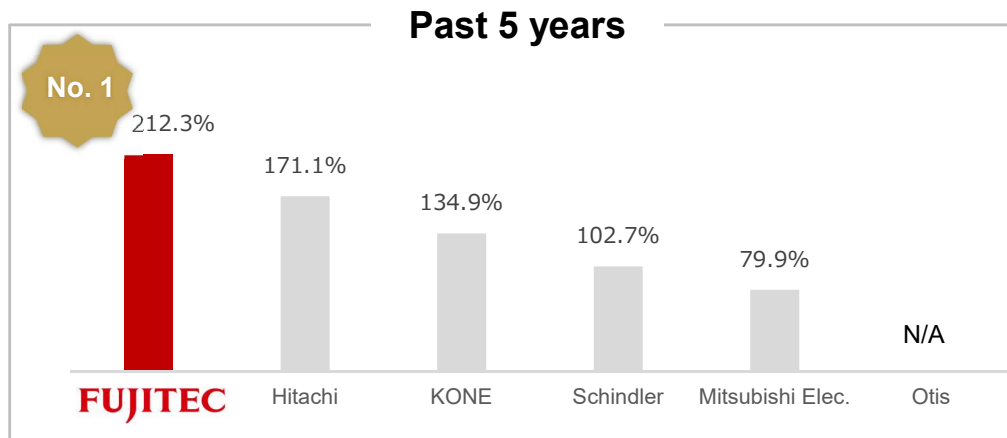
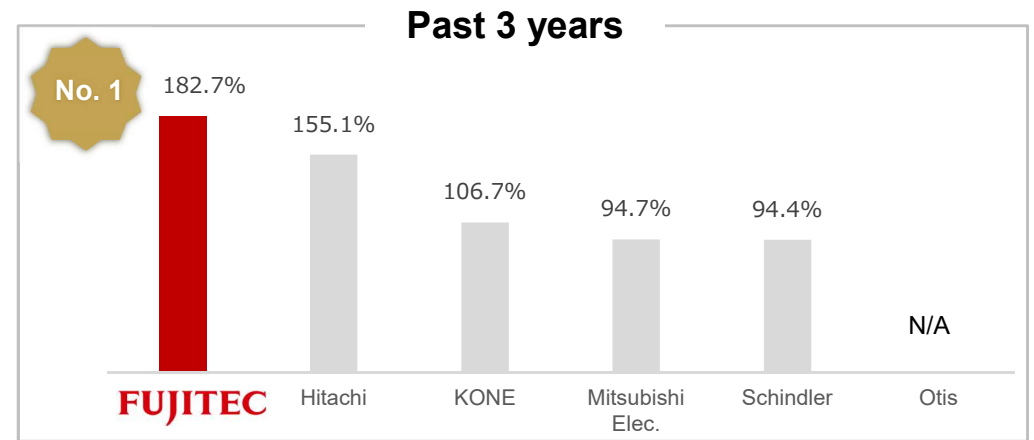
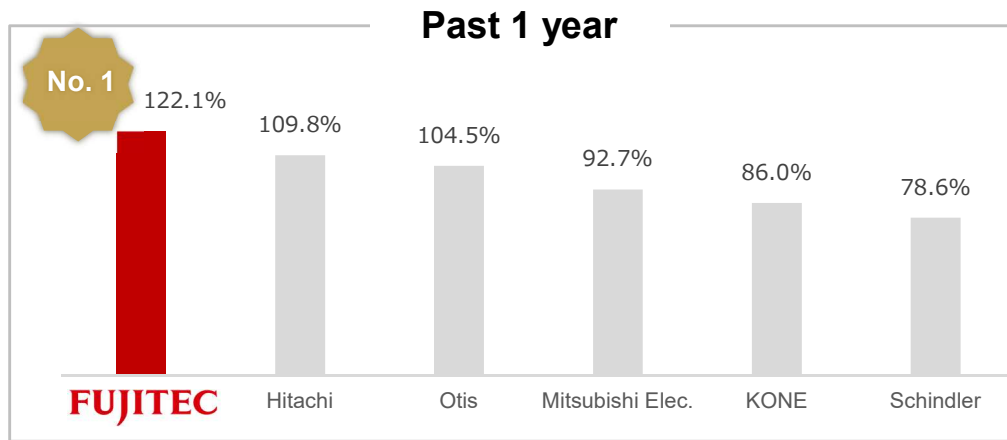
● We have outperformed competitors in Total Shareholder Return (TSR)

We are leaders among TOPIX index companies in TSR



TSR Comparison: Fujitec vs. Competitors

- In the past 1, 3, 5, and 10 years, Fujitec's TSR has outperformed Otis Worldwide Corporation, KONE Oyj, Schindler Holding, Hitachi, and Mitsubishi Electric (main competitors of Fujitec that Oasis mentions in its published documents).

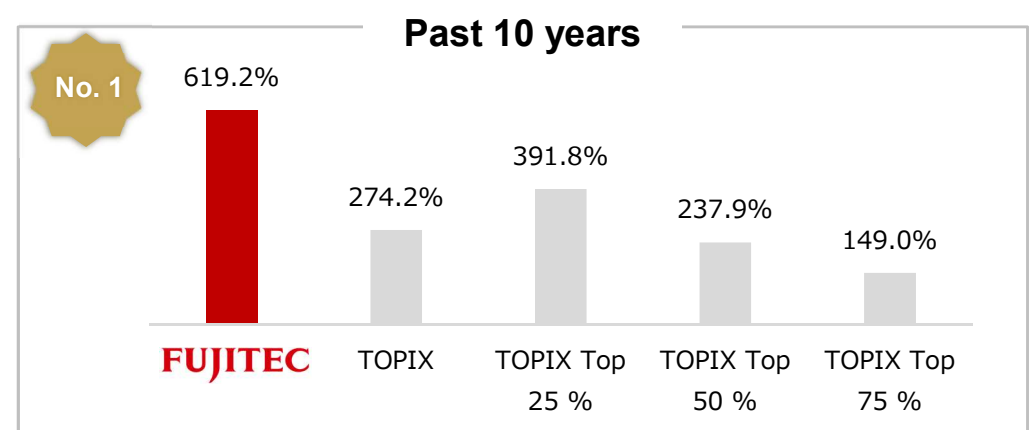
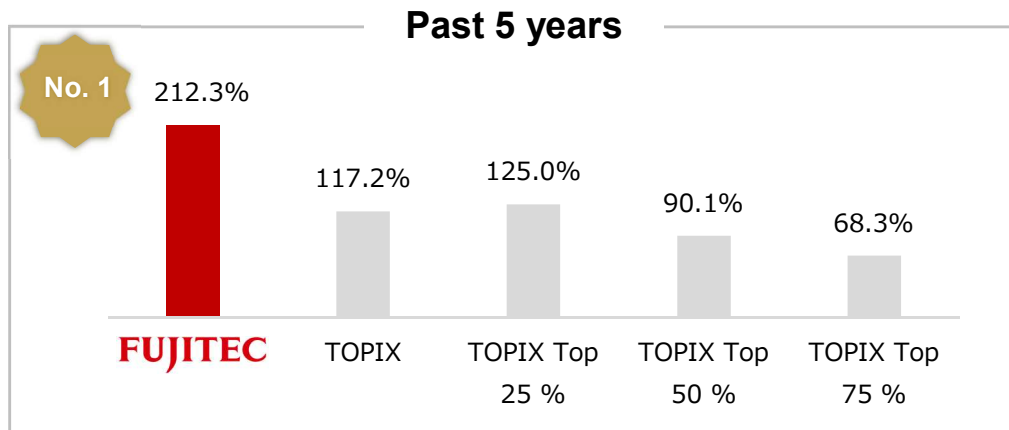
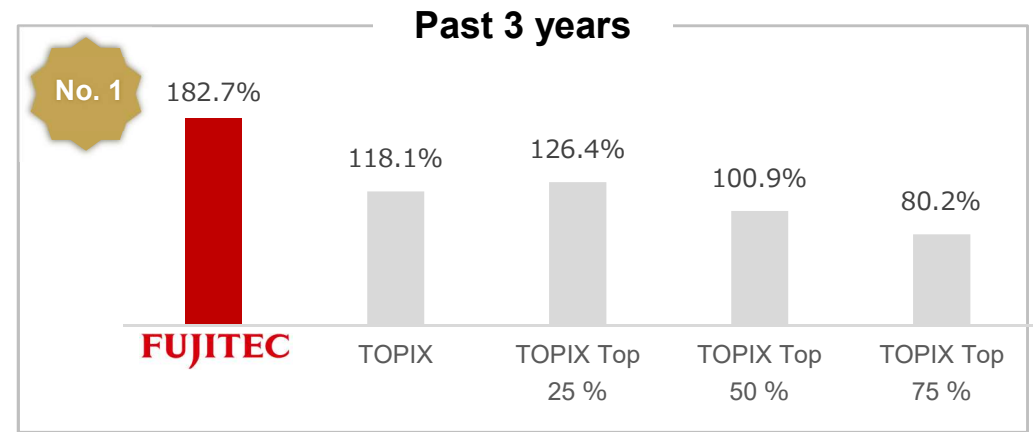
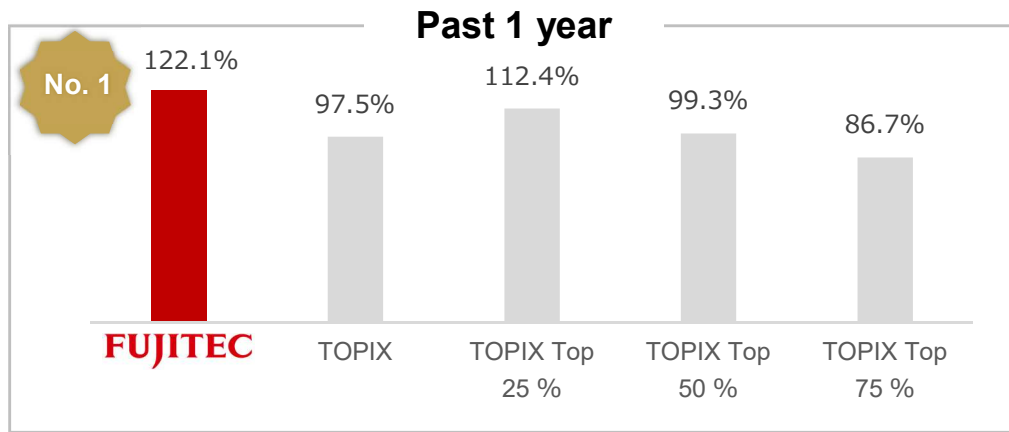


Source: S&P Global Market Intelligence

Note: As of December 31, 2022 (Otis listed in April 2020)

TSR Comparison: Fujitec vs. TOPIX

- Fujitec's TSR has also exceeded TOPIX index companies over the past 1, 3, 5, and 10 years. Additionally, it is consistently in the top 25 percentile of TOPIX index companies.



Source: S&P Global Market Intelligence

Note: As of December 31, 2022

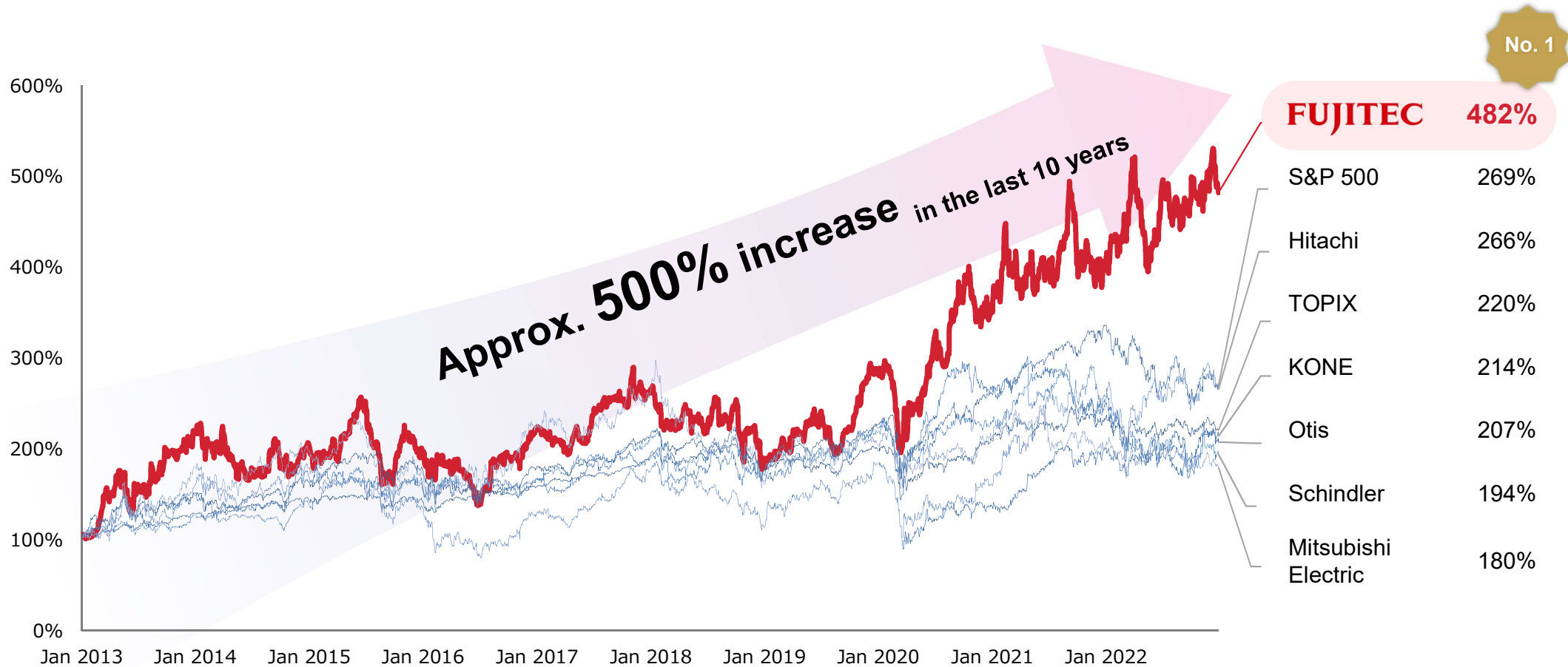
We have outperformed competitors in Total Shareholder Return (TSR)

● We are leaders among TOPIX index companies in TSR



Our Share Price Performance

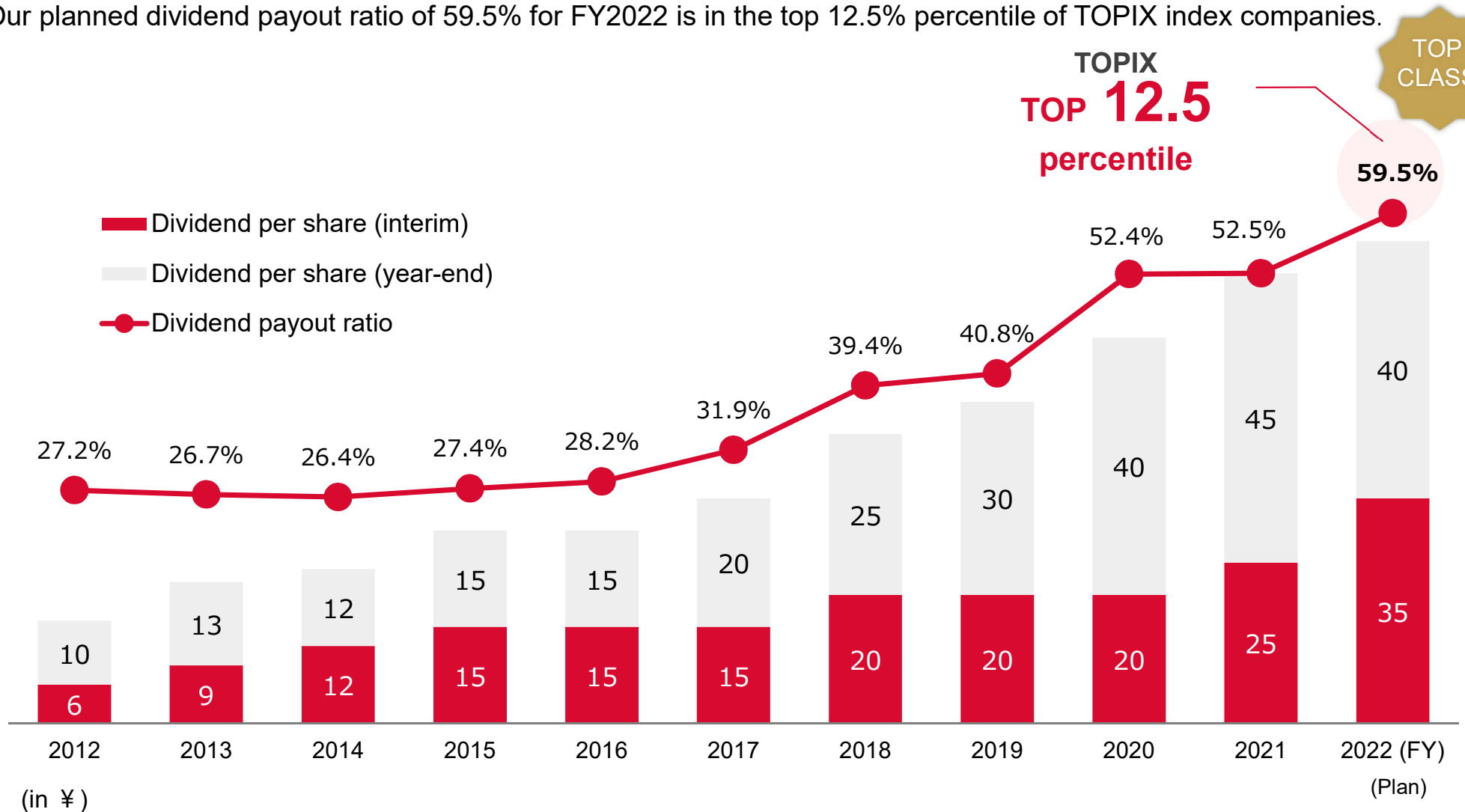
Fujitec's stock price has increased approx. 500% in the last 10 years, outperforming both global and domestic competitors and indices.



Note: As of December 31, 2022. Estimated by indexing the stock price as of December 31, 2012 as 100%. (For Otis only, estimated based on the April 2020 listing date as 100%)
Source: S&P Global Market Intelligence

Our Commitment to Shareholder Returns via Dividends

- Over the past 10 years, the dividend payout ratio has increased from 27.2% to 52.5%, with the dividend total increasing every year, from ¥16 to ¥70.
- Our planned dividend payout ratio of 59.5% for FY2022 is in the top 12.5% percentile of TOPIX index companies.



4. Our View on the Shareholder Proposals

Our View on the Shareholder Proposals

Oasis' claim

To improve this situation, current outside directors should be replaced with new outside directors selected by Oasis, and there should be stock-price-linked incentive schemes for these directors



Fujitec's Position: The Facts

✓ **Factual errors and misrepresentation in Oasis' preconceived notion**

In the previous sections, our explanation was based on the fact that **all of the previous claims made by Oasis regarding Fujitec's (1) business, (2) governance, and (3) stock price compared with competitors are inaccuracies or arbitrary distortions of information by Oasis.**

✓ **Concerns/doubts on Oasis' outside director candidates**

- As mentioned earlier, **in light of the factual errors and misrepresentation of Oasis' presentation, and also with the flawed shareholder proposal process, we are suspicious of the qualification, genuine and independent commitment of Oasis' candidates to Fujitec.**
- Furthermore, Oasis' outside director candidates **(1) lack experience in corporate management/management strategy/governance development and operation at publicly listed companies, and (2) may have the potential conflicts.**

✓ **Incentive proposals that go against governance standards**

The stock-price-linked compensation for outside directors proposed by Oasis may threaten the independent governance of outside directors and create conflicts of interest, going against the standards of governance to which Fujitec has long adhered.

● Factual errors and misrepresentation in Oasis' preconceived notion

Concerns/doubts on Oasis' outside director candidates

Incentive proposals that go against governance standards

Inaccuracies and Misrepresentation by Oasis

FUJITEC

● The facts, rationale, and premise of Oasis' shareholder proposals are inaccurate and deceptive.

OASIS

FUJITEC

1

Fujitec's formulation and execution of corporate strategy has problems - therefore the new medium-term management plan cannot be achieved



**Inaccurate,
Unfounded**

**Record of "delivering on promises"
Outperforming competitors in growth rates of key financial indicators
Positive feedback from the markets regarding our medium-term management plan**

2

Fujitec's corporate governance is flawed



**Inaccurate,
Unfounded**

**We are a leader in Corporate Governance
Appropriate response to Oasis' allegations regarding related party transactions
We are committed to furthering our governance system**

3

As a result of these aforementioned factors, Fujitec has fallen behind in shareholder returns, compared with competitors



**Inaccurate,
Unfounded**

**We have outperformed competitors in Total Shareholder Return (TSR)
We are leaders among TOPIX index companies in TSR**

Suspicion and Distrust in Oasis' Motives and Proposal

- We have suspicions about and distrust in Oasis' proposal as, (1) there are inaccuracies in Oasis' claims and statements due to Oasis' inadequate research, and/or arbitrary misleading by Oasis, (2) there are inconsistencies and contradictions to Oasis' corporate governance stance given their track record with other public companies, and (3) Oasis' shareholder proposal process and content are flawed.
- Under these circumstances, regarding the outside director candidates proposed by Oasis, two candidates (Ms. Fukada and Ms. Kaneko) have in fact withdrawn immediately after the shareholder proposal was made by Oasis, creating doubt about the candidates' qualifications and commitment to Fujitec.

Oasis' track record

1 A survey of Oasis' past shareholder proposals for the election of directors, etc. shows that **there are no cases in which Oasis has taken a stance of strongly emphasizing diversity.**

2 **At Raysum Co., Ltd. and Sun Corporation,** where Oasis has dispatched directors and acquired majority shares, **there are no female directors on the boards of directors.**

Oasis' claims to be concerned about corporate governance appear to be inconsistent.

*For details, see page 30 of the supplemental material <https://www.fujitec.com/announcement/3082>

Oasis' numerous revisions to its Proposal

- 12/1/2022 Oasis launched a campaign website and published proposal materials titled "Protect Fujitec" (English version).
- 12/5/2022 Fujitec received a letter from Oasis regarding its request for the convocation of an extraordinary meeting of shareholders.
- 12/22/2022 **Fujitec received the first revision.**
 - **Withdrawal of Ms. Fukada and additional proposal for Ms. Shimada**
 - **Change of claimant (due to not meet the shareholding requirements)**
 - **Major changes in reason for convocation (including the career summary of candidates)**
- 12/27/2022 **Fujitec received the second revision.**
 - **Revision of the reason for convocation**
- 12/31/2022 **Fujitec received the third revision.**
 - **Withdrawal of Ms. Kaneko (changed the number of the candidate proposed from seven to six)**
 - **Revision of Mr. Gessner's career summary**
- 1/4/2023 **Fujitec received the fourth revision.**
 - **Revision to the description of the reason for convocation**

As the process of this shareholder proposal has been conducted with such carelessness, doubts arise whether the proposal and its candidates' commitment are genuine.

Oasis' Questionable Shareholder Proposal Process



As shown below, Oasis' process for its shareholder proposal has been conducted carelessly, creating doubt as to whether the proposals were actually considered for the purpose of improving Fujitec's corporate value

1. Of the 7 outside director candidates initially proposed, 1 candidate withdrew their candidacy after just a week. Afterward, Oasis suddenly added another candidate.
2. In the following week, another candidate withdrew their candidacy, to which after, Oasis revised the number of outside director candidates to 6.
3. Based on the "Practical Guidelines for Corporate Governance Systems" published by the Ministry of Economy, Trade and Industry, Fujitec requested reference letters, but at present has received no answers that enable us to determine the candidates appropriateness.

12/1/2022	<ul style="list-style-type: none"> • Oasis' attorney (Attorney Kawamura of Atsumi & Sakai (law firm), hereinafter referred to as Mr. Kawamura) sent us an email requesting the convocation of an extraordinary meeting of shareholders and informed us that arrangements had been made for individual shareholder notices (with the request for convocation of extraordinary meeting of shareholders dated December 1). • Oasis launched a campaign website and published materials titled "Protect Fujitec" (English version).
12/5/2022	<ul style="list-style-type: none"> • Fujitec received a letter from Oasis regarding the request for the convocation of an extraordinary meeting of shareholders.
12/7/2022	<ul style="list-style-type: none"> • Oasis updated its campaign website and published "Protect Fujitec" (Japanese version). • The description of Ms. Fukada, who was an outside director candidate in the Oasis proposal, was deleted (the English version of the proposal was revised in the same way and replaced).
12/9/2022	<ul style="list-style-type: none"> • Mr. Kawamura sent an email to Fujitec's attorney informing us of the following: (1) Oasis would like to make only Oasis Japan Strategic Fund a claimant as the claim of Oasis Investments II Master Fund Ltd. does not meet the claim requirements of 3% and more for six months; (2) Oasis intends to withdraw the candidacy of Ms. Fukada; (3) In place of Ms. Fukada, Oasis is holding discussions with a person who Oasis has previously interviewed to select as the candidate (and if discussions do not materialize the candidacy, the number of director candidates will be six); (4) Once Ms. Fukada's situation is confirmed, a revised proposal will be presented with regard to the executive compensation system; and (5) The contents of the previously sent convocation have not been finalized.
12/13/2022	<ul style="list-style-type: none"> • Fujitec received an email from Mr. Kawamura saying, "due to various circumstances, finalization of the content of Oasis' request to convene an extraordinary meeting of shareholders is expected to be postponed until Friday this week or early next week."
12/14/2022	<ul style="list-style-type: none"> • Fujitec sent Oasis an email requesting consent for the outside director candidate interview schedule and reference letters.
12/22/2022	<ul style="list-style-type: none"> • Fujitec received the first revision ((1) change of claimant, (2) withdrawal of Ms. Fukada, (3) additional proposal of Ms. Shimada as a candidate in place of Ms. Fukada, (4) major changes to the reason for convocation).
12/26/2022	<ul style="list-style-type: none"> • Fujitec found a number of mistakes in the request for convocation dated December 20, so we notified Oasis of these mistakes.
12/27/2022	<ul style="list-style-type: none"> • In response to what Fujitec pointed out, Oasis withdrew its request for convocation dated December 20 and sent a new request for convocation dated December 27 (second revision, change of reason for convocation) by email.
12/31/2022	<ul style="list-style-type: none"> • Fujitec received the third revision of the proposal which included ((1) withdrawal of Ms. Kaneko (no reason given), (2) revision of Mr. Gessner's career summary).
1/4/2023	<ul style="list-style-type: none"> • Fujitec received the fourth revision of the proposal (revision of the description of the reason for convocation for Proposals 4 to 7).

Repeated, Major Revisions to the Proposal by Oasis

- Shortly after Oasis requested that Fujitec convene an extraordinary meeting of shareholders, the proposal itself and reasons for convocation were significantly altered several times.
- Regrettably, no specific reason or explanation were given for the revisions, which include the withdrawal of two outside director candidates. For this, we are skeptical and disappointed of Oasis' proposals and wonder if this request for an extraordinary meeting was considered seriously.

	Initial request	Revised request
Claimant	Request made jointly by two funds – Oasis Investments II Master Fund Ltd. and Oasis Japan Strategic Fund Ltd.	Request by only Oasis Japan Strategic Fund Ltd. *The request by Oasis Investments II Master Fund Ltd. did not meet the requirements set forth in Article 297, Paragraph 1 and Article 305, Paragraph 1 of the Companies Act (must hold shares equivalent to the number of voting rights required for this request for six months).
Outside director candidates (Proposal 3)	<p>Number of candidates: 7</p> <ul style="list-style-type: none"> • Akihiko Asami • Shiori Fukada • Torsten Gessner • Clark Graninger • Yuko Kaneko • Kaoru Umino • Ryan Wilson 	<p>Number of candidates: 6 (initial 7-1+1-1)</p> <ul style="list-style-type: none"> • Akihiko Asami • Torsten Gessner • Clark Graninger • Kaoru Umino • Ryan Wilson • Ako Shimada New • Shiori Fukada Withdrawal (reason unknown) • Yuko Kaneko Withdrawal (reason unknown)
Compensation proposals (Proposals 5, 6)	<p>Compensation proposals are for only outside director candidates proposed by Oasis.</p> <p>*Does not include current outside directors</p>	<p>Compensation proposals revised to include all outside directors.</p> <p>*To include current outside directors</p>

VII.a. New Outside Directors – To Carryout the Mandate

- Only Outside Directors are proposed (see Appendix 7 for full profiles), following an extensive nomination process that has taken over 5 months with the help of an executive search firm, to address Fujitec's governance weaknesses.
- No changes to incumbent Inside Directors – ensuring stability in day-to-day operations and management continuity.
- The proposed Outside Directors will strengthen the level of independence, experience, skills, and diversity of the Board.
- The proposed new Outside Directors, as a collective, will bring the required change to Elevate Fujitec's Board to strengthen its governance on all fronts.

Despite the fact that Oasis' published materials state that it **"has undergone a large-scale nomination process that lasted more than five months,"** two outside director candidates **withdrew without giving any specific reasons.** Furthermore, materials state the directors "as a collective" even as the collective has already decreased from seven to six.

Oasis' Outside Director Candidates

- Fujitec opposes all of Oasis' outside director candidates, because (1) the candidates lack experience in corporate management/ management strategy/ corporate governance development and operation at publicly listed companies, and (2) have the possibility of potential conflicts as outside directors for Fujitec
- For further details on the reasons for opposing each candidate, see pages 33-35 of the supplemental material. (<https://www.fujitec.com/announcement/3082>)

Candidate	Career summary	Concerns about qualification as an outside director	(1) Experience in corporate management/management strategy/governance development and operation at publicly listed companies	(2) Potential conflicts
Akihiko Asami	<ul style="list-style-type: none"> • GS, Deutsche Securities, Barclays (investment bank) • Advisor of The University of Tokyo (Division for Financial Management) • Partner and advisor of UTokyo Innovation Platform Co., Ltd. (VC) • Advisor to SoftBank Corp. 	<ul style="list-style-type: none"> • Lacks experience in corporate management at a publicly listed company and has no experience as a corporate executive at a publicly listed company • During our interview, answered that he "is not subject to any lawsuits or disputes," despite the fact that the individual himself and the corporations he represents are subject to multiple lawsuits. • Answered that he left his former employer amicably, despite the fact that he filed a lawsuit against the former employer 	×	
Torsten Gessner	<ul style="list-style-type: none"> • After Otis, served as Chairman and CEO of a North American subsidiary of ThyssenKrupp • Currently advises funds as a consultant (self-employed) 	<ul style="list-style-type: none"> • Lacks experience in corporate management at a publicly listed company and has no experience as a corporate executive at a publicly listed company • Provides consulting services to private equity, hedge funds, and competitors in the elevator industry, raising concerns about his neutrality and ability to act independently for Fujitec 	×	×
Clark Graninger	<ul style="list-style-type: none"> • Lehman Brothers (investment bank) • Served as an officer at Shinsei Bank (when the bank was under the umbrella of an investment fund), APLUS (a subsidiary of Shinsei Bank), and Aozora Bank (when the bank was under the umbrella of an investment fund) 	<ul style="list-style-type: none"> • When serving as Executive Vice President of Shinsei Bank, he was subject to pay cuts due to governance violations (administrative actions and dispositions by the Financial Services Agency FSA) at a subsidiary.* 	×	
Kaoru Umino	<ul style="list-style-type: none"> • Davis Polk & Wardwell, Jones Day, DLA Piper (foreign office attorney) 	<ul style="list-style-type: none"> • Lacks experience in corporate management at a publicly listed company and has no experience as a corporate executive at a publicly listed company • Skills (lawyer) overlap with the current outside director of Fujitec 	×	
Ryan Wilson	<ul style="list-style-type: none"> • After Schindler, served as President and CEO of the Canadian subsidiary of ThyssenKrupp Elevator • Advises funds as a consultant (self-employed) • Currently serves as CEO of a unlisted company in Canada where his wife is currently serving as President 	<ul style="list-style-type: none"> • Lacks experience in corporate management at a publicly listed company and has no experience as a corporate executive at a publicly listed company • Lacks actual global experience (only has work experience in Canada) • Provides consulting services to private equity, hedge funds, and competitors in the elevator industry, raising concerns about his neutrality and ability to act independently for Fujitec 	×	×
Ako Shimada	<ul style="list-style-type: none"> • Attorney at Hancock Rothert & Bunshoft, etc. • Currently Vice President, General Counsel and Corporate Secretary of Ushio America, Inc. 	<ul style="list-style-type: none"> • Lacks experience in corporate management at a publicly listed company and has no experience as a corporate executive at a publicly listed company 	×	
Shiori Fukada	Withdrawn candidacy			
Yuko Kaneko	Withdrawn candidacy			

Compensation Proposals That Ignore Basic Corporate Governance

As explained below, Oasis' shareholder proposals regarding compensation threaten corporate value, and as a result – we **oppose all proposals (proposal 4 through 7)**

OASIS

Proposal 4
Determination of individual basic compensation for outside directors

Proposal 5
Granting post-delivery stock compensation to outside directors

Proposal 6
Granting post-delivery stock compensation with stock price conditions to outside directors

Proposal 7
Granting post-delivery stock compensation to directors (excluding outside directors)

FUJITEC

- Compensation granted to **ONLY** outside director candidates proposed by Oasis.
- This compensation will not be applied to current outside directors, which create differences in compensation among outside directors.

- Outside directors have a strong incentive to **ONLY** raise the stock price, and nothing else.
- This pay incentive structure goes against governance standards.

- Outside directors have a strong incentive to **ONLY** raise the stock price, and nothing else.
- Because the incentive is conditional only to the stock price and has no relation to business performance, it is possible the condition could be met intentionally and unnaturally by a large market purchase by some investors, which may harm market integrity.

- Current directors are already given a higher level of compensation than general executive directors.
- When combined with Proposal 6, compensation conditions for executive directors and outside directors will be the same, so outside directors will have an incentive to align themselves with executive directors, which will give rise to the concern that the independence of outside directors will be impaired and they will not serve their supervisory function.

Oppose,
as it may jeopardize our corporate value



It has been confirmed that the candidates for Proposal 1, the current outside directors, and the executive directors have no intention of receiving the compensation even if Proposal 5 to 7 are passed.

Oasis' Proposed Compensation Plan Contradicts Governance Standards

- Oasis' proposed stock-price linked compensation for outside directors endangers the independence of outside directors and conflicts with the defined role of outside directors which is to "supervise directors," contradicting governance standards.
- Furthermore, as shown below, many institutional investors oppose these incentive-type compensation packages proposed by Oasis.
- Fujitec opposes these incentive-linked compensation proposals because of the possibility of a weakened corporate governance system which in turn will erode corporate value.



Sumitomo Mitsui Trust Asset Management

Opposes if recipients of incentives include outside directors, directors who are audit and supervisory committee members, corporate auditors, outside corporate auditors, or persons who are not recognized to have a direct relationship with the improvement of business performance.



東京海上アセットマネジメント

Tokio Marine Asset Management





Opposes, in principle, if recipients of incentives include outside directors or corporate auditors (including directors who are audit and supervisory committee members).

5. Summary

Summary: Why We Oppose Oasis' Shareholder Proposals

OASIS

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1 Misrepresentation	Fujitec's formulation and execution of corporate strategy has problems - therefore the new medium-term management plan cannot be achieved	 Inaccurate, Unfounded
2 Misrepresentation	Fujitec's corporate governance is flawed	 Inaccurate, Unfounded
3 Misrepresentation	As a result of these aforementioned factors, Fujitec has fallen behind in shareholder returns, compared with competitors	 Inaccurate, Unfounded
4 Disagree	To improve this situation, current outside directors should be replaced with new outside directors selected by Oasis, and there should be stock-price-based incentive schemes for these directors	 Raises Concern, Questionable

Recommendations for Each Proposal

Fujitec opposes all of Oasis' shareholder proposals

We kindly ask shareholders to make rational decisions

	Proposal	Content	Fujitec's position
1	Fujitec Proposal Proposal 1	Election of two outside directors	Approve
		Elect two candidates as outside directors <ul style="list-style-type: none"> • Jiro Iwasaki • Michi Kaifu 	
2	Shareholder proposal Proposal 2	Dismissal of six outside directors	Oppose
		Dismiss all six current outside directors <ul style="list-style-type: none"> • Nobuki Sugita • Shigeru Yamazoe • Kunio Endo <ul style="list-style-type: none"> • Mami Indo • Kazuhiro Mishina • Kaori Oishi 	
3	Shareholder proposal Proposal 3	Election of six outside directors	Oppose
		Elect six candidates as outside directors <ul style="list-style-type: none"> • Akihiko Asami • Torsten Gessner • Clark Graninger • Kaoru Umino • Ryan Wilson <ul style="list-style-type: none"> • Ako Shimada • Shiori Fukada (Withdrawal, with no explanation of the reason) • Yuko Kaneko (Withdrawal, with no explanation of the reason) 	
4	Shareholder proposal Proposal 4	Determination of individual basic compensation for outside directors	Oppose
		Basic compensation to be ¥12.5 million	
5	Shareholder proposal Proposal 5	Granting post-delivery stock compensation to outside directors	Oppose
		Grant post-delivery stock compensation with no set stock price conditions	
6	Shareholder proposal Proposal 6	Granting post-delivery stock compensation with stock price conditions to outside directors	Oppose
		Grant post-delivery stock compensation with stock price conditions	
7	Shareholder proposal Proposal 7	Granting post-delivery stock compensation with stock price conditions to directors (excluding outside directors)	Oppose
		Grant post-delivery stock compensation with stock price conditions	

Disclaimer



This document is intended to explain and clarify the opinion of the Board of Directors regarding the shareholder proposals announced on January 20, 2023. It is not a solicitation to have Fujitec or a third party exercise voting rights on shareholders' behalf with respect to the proposals to be discussed at the extraordinary meeting of shareholders announced on the same day.

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