

May 29, 2020

To all parties concerned:

Company	Fujitec Co., Ltd. (Stock Code 6406)
Representative	Takakazu Uchiyama President and CEO
Contact	Yoshiichi Kato Director, Senior Executive Operating Officer, General Manager of Finance HQ (TEL 072-622-8151)

Announcement of Opinion of Fujitec's Board of Directors Regarding Shareholder's Proposals

Fujitec Co., Ltd. (the "Company") has been informed in writing that a shareholder intends to submit proposals (the "Shareholder's Proposals") to the 73rd Annual Meeting of Shareholders, scheduled to be held on June 23, 2020. We hereby announce the opinion of the Company's Board of Directors regarding the Shareholder's Proposals, as outlined below.

(Please note that this English translation is only for reference purpose. When there are any discrepancies between Japanese version and English translation version, the original Japanese version always prevails.)

I . Content and Reason for the Shareholder's Proposals

1. Agenda Items

- (1) Proposal 4: Revisions to a Portion of the Articles of Incorporation (Cancellation of Treasury Stock)
- (2) Proposal 5: Cancellation of Treasury Stock

2. Summary of the Agenda Items and Reasons for the Proposals

The summary of the agenda items and the reasons for the proposals are as per Attachment 1. The information shown in the attachment is taken verbatim from the Shareholder's Proposals as submitted in writing.

Note: In the following, the Shareholder's Proposal pertaining to Agenda Item 1. (1) above is referred to as the Shareholder Proposal for the Revision of the Articles of Incorporation, and the Shareholder's Proposal pertaining to Agenda Item 1. (2) above is referred to as the Shareholder Proposal for the Cancellation of Treasury Stock.

II . Opinion of the Company's Board of Directors Regarding the Shareholder's Proposals

1. Regarding the Shareholder Proposal for the Revision of the Articles of Incorporation (Proposal 4)

(1) Overview of the Shareholder Proposal for the Revision of the Articles of Incorporation

Summary of the Agenda Item

The following provision shall be newly added as Article 11 of "Chapter 3 Shareholder Meetings" to the Company's Articles of Incorporation. Articles 11 et seq. of the existing Articles of Incorporation of the Company shall each be correspondingly renumbered one higher.

Article 11. Other than the items specified by the Companies Act, the Shareholders Meeting of the Company shall be permitted to resolve matters related to the cancellation of treasury stock (including the number and type of each class of stock to be cancelled).

The clauses related to this agenda item shall be modified to reflect the formalistic changes required to account for the other agenda items in the shareholders meeting (including agenda items related to Company proposals) that are approved.

- (2) Opinion of the Company's Board of Directors

The Board of Directors opposes the Shareholder Proposal for the Revision of the Articles of Incorporation.

- (3) Reasons for Opposition

The Board of Directors considers that the Company must debate whether to hold or cancel treasury stock in the context of medium- and long-term capital policy. It is the policy of the Board of Directors to consider these matters in light of their consistency with management strategy, including the use of treasury stock to facilitate flexible capital policy in the future, such as financing and M&A.

The determination of capital policy, including the cancellation of treasury stock, is not a matter for resolution by the General Meeting of Shareholders but resolution by the Board of Directors as stipulated by the provisions of the Companies Act, which will facilitate the utilization of treasury stock in capital policy based on medium- and long-term management strategy, and as a result, will contribute to the enhancement of corporate value.

2. Regarding the Shareholder Proposal for the Cancellation of Treasury Stock (Proposal 5)

- (1) Overview of the Shareholder Proposal for the Cancellation of Treasury Stock

On the condition that Proposal 4 is approved, all of the Company's treasury stock shall be cancelled.

- (2) Opinion of the Company's Board of Directors

The Board of Directors opposes the Shareholder Proposal for the Cancellation of Treasury Stock.

- (3) Reasons for Opposition

As noted in the opinion of the Board of Directors regarding the Shareholder Proposal for the Revision of the Articles of Incorporation, the Company has recently considered whether to hold or cancel treasury stock and has determined that the cancellation of treasury stock is unnecessary at the present time.

If the Board of Directors considers using treasury stock for business investment, it will examine from multifaceted perspectives whether the business investment will contribute to medium- to long-term sustainable growth in profit. Once it finds that the business investment will contribute to common interest of shareholders, the Board of Directors will use treasury stock for business investment.

3. Supplementary Items Related to the Above Opinion of the Company's Board of Directors

(i) When treasury stock is acquired, the accounting treatment at the time of the acquisition is to deduct the treasury stock from shareholders' equity, while also deducting the number of shares from the denominator used to calculate EPS, and therefore the cancellation or non-cancellation has no subsequent effect on ROE, EPS, etc.

(ii) In the event shares are used in share exchanges, etc. for mergers and acquisitions, etc., as part of future business reorganizations, the use of treasury stock has the benefit of not incurring the cost. If new shares are issued, costs and operational burden of registration and license taxes, registrations, etc. are incurred.

(iii) The Company's Board of Directors will continue to consider the holding and cancellation of treasury stock, including formulating guidelines for the appropriate size of holdings, from the perspectives of overall business investment and capital policy.

<Attachment>

Proposal 4: Revisions to a Portion of the Articles of Incorporation (Cancellation of Treasury Stock)

1. Summary of the Agenda Item

The following provision shall be newly added as Article 11 of “Chapter 3 Shareholder Meetings” to the Company’s Articles of Incorporation. Articles 11 et seq. of the existing Articles of Incorporation of the Company shall each be correspondingly renumbered one higher.

Article 11. Other than the items specified by the Companies Act, the Shareholders Meeting of the Company shall be permitted to resolve matters related to the cancellation of treasury stock (including the number and type of each class of stock to be cancelled).

The clauses related to this agenda item shall be modified to reflect the formalistic changes required to account for the other agenda items in the shareholders meeting (including agenda items related to Company proposals) that are approved.

2. Reason for the Proposal

Although the Company retired 3.7 million shares of its treasury stock in 2018, the Company still, unnecessarily, retains almost 9 million shares, amounting to 9.98% of its shares outstanding. Treasury stock can be used for M&A, however, the Company has no clear plan to use treasury stock for M&A in the near future. If management were to voluntarily retire this treasury stock, such action would reassure shareholders that the Company’s management is focused on its capital structure and growth of corporate value. Such reassurance would reduce the Company’s cost of capital, and creating a cycle of further growth in corporate value. However, as management will not, we are compelled to propose this action as shareholders, because to retain the treasury stock impedes the Company’s potential growth. We believe that the cancellation of the treasury stock would increase corporate value for shareholders without any negative impact on the Company. Accordingly, we recommend revising the Articles of Incorporation to allow the shareholders to propose the cancellation of treasury stock. We encourage all shareholders to support this proposal as a message to the Company’s management.

Proposal 5: Cancellation of Treasury Stock

1. Summary of the Agenda Item

On the condition that Proposal 4 is approved, all of the Company’s treasury stock shall be cancelled.

2. Reason for the Proposal

Same as in Proposal 4.