

Feb. 10th, 2023

To all our shareholders

Publicly Listed Fujitec Co. Ltd. (6406)
Representative; President & CEO Mr. Takao Okada

Our Opinion on Institutional Shareholder Services Inc.'s Voting Recommendations on the Agenda Items to be Proposed at the Extraordinary General Meeting of Shareholders.

As announced in the “Notice Concerning the Board of Directors' Position on the Agenda Item to be Submitted by the Company and the Agenda Items Proposed by a Shareholder for the Upcoming Extraordinary General Meeting of the Shareholders” (“the Press Release”) dated January 20, 2023 and the “Notice of Convocation of Extraordinary General Meeting of Shareholders” (“the Convocation Notice”) dated February 9, 2023, Agenda Item No. 1, which is a management proposal (“the Management Proposal”) and Agenda Items No. 2 through No. 7, which are shareholder proposals (“the Shareholder Proposals”), will be placed on the agenda at Our Extraordinary General Meeting of Shareholders (“the Extraordinary General Meeting of Shareholders”) scheduled to be held on February 24, 2023, following the shareholder proposal submitted by Oasis Japan Strategic Fund Ltd. (“the Shareholder Proponent.”) With respect to these proposals, Institutional Shareholder Services Inc. (“ISS”), a proxy voting advisory firm, has issued a report (the “ISS Report”) recommending voting “AGAINST” the Management Proposal and voting “FOR” the Shareholder Proposals.

Our Board of Directors are in support of the Management Proposal and are opposed to the Shareholder Proposal. The details of our Board's opinion are set forth in the Press Release, the Convocation Notice, and the January 30th, 2023, press release entitled “Statement on Oasis’ claims and its request for an Extraordinary Shareholders’ Meeting” and the “Supplemental material regarding our statement on Oasis’ claims” (“Our Opinion Material”).

We held an engagement meeting with ISS prior to the issuance of the ISS Report in order to accurately convey our opinions and concerns regarding the Shareholder Proponent and the Shareholder Proposal to ISS. However, ISS issued its Report based on information we consider biased toward the Shareholder Proponent, without considering any part of the explanations or facts given in our meeting with them, nor the opinions of our Board of Directors, and we express our regret towards the judgement of ISS and provide our view on the ISS Report as follows.

1. ISS Report Voting Recommendations

【Management Proposal】

Agenda Items No. 1 and 1.2 : Recommends voting AGAINST both proposals

【Shareholder Proposals】

Agenda Items No.2 – No.7 : Recommends voting FOR all proposals.

2. Our Opinion on this Extraordinary General Meeting of Shareholders:

On February 3, 2023, we held an engagement meeting with ISS regarding the Extraordinary General Meeting of Shareholders and express our views to them on (1) the sloppy proposal submitted by the Shareholder Proponent to acquire management control of our Company, (2) the background and reasoning of Mr. Takakazu Uchiyama's

appointment as Chairman Emeritus, and (3) the Related-Party Transactions. However, there is no reference to this dialogue in the ISS report, and in order to avoid misleading our stakeholders about the facts due to ISS's views, we would like to express our views again.

① Our views on the flawed Shareholder Proposals Aimed At Acquiring Management Control of our Company's Management

The Shareholder Proposal to replace all Outside Directors is a plan to effectively seize control of the management of Our Company, where Outside Directors make up two-thirds of our Board of Directors. This in itself is a serious proposition - however, in the process of preparing the Shareholder Proposal, a series of Director Candidates withdrew themselves from candidacy, there were changes to the reasons provided for submitting the proposal, and in fact, the content of the Shareholder Proposal was changed 4 times in total. Thereafter, the Shareholder Proponent has given no specific explanation as to the reason for the changes, and to top it off, claims that the reason the Director Candidates withdrew was due to pressure exerted by our Company. This is a baseless claim, and the Shareholder Proponent's assertion is hard to overlook, and it is difficult to believe that the Shareholder Proposal is based on serious consideration of improving our Company's corporate value. These aspects have not been taken into consideration in the ISS report.

We have interviewed each of the Director Candidates included in the Shareholder Proposal, and upon making skill matrix comparisons between the Director Candidates proposed by the Shareholder Proponent and our current Outside Directors, it is clear that our current Outside Directors clearly have the experience and knowledge that our Company needs. In regard to the Director Candidates in the Shareholder Proposal, their knowledge of our Company's business is shallow and the 2 Director Candidates that have experience in our industry have no experience or knowledge of our main area of operation, Japan, and other parts of Asia, which is where we plan to grow business in our mid-term plan. In addition, we have received a great deal of information regarding past troubles concerning each of the Director Candidates, including litigation cases. We have expressed our opposition to the Director Candidates proposed by the Shareholder Proponent and the related compensation proposals, as we are unable to determine that any of the Director Candidates have the necessary qualifications to serve as Directors of our Company, as we are a Publicly Listed Company on the Tokyo Stock Exchange with Prime Market listing status.

② Mr. Takakazu Uchiyama's Appointment as Chairman Emeritus

We made the decision to withdraw the proposal to appoint Mr. Uchiyama as a Director following the decision to establish a Third-Party Committee to investigate Related-Party Transactions, which was decided after much internal discussion as well as input from shareholders. We felt it would be logical for Mr. Uchiyama to not be involved in management during this investigative period. The reason for our appointment of former President, Mr. Takakazu Uchiyama ("Mr. Uchiyama"), whom the Shareholder Proponent considers to be problematic, as Chairman Emeritus, was to minimize the impact on our business during this period of time.

Our Company is involved in the manufacturing, installation and maintenance of elevators and escalators, where safety and reliability are the keystone of business. Our products support crucial infrastructures of cities and people from around the around, and therefore, naturally, relationships and mutual trust with our customers, employees, and other stakeholders is of the utmost importance. Mr. Uchiyama has been leading our business for 20 years since he assumed the position of President, and

we believe that if he were to leave the company suddenly, the negative impact on our business would be too great. We have decided to appoint Mr. Uchiyama to the position of Chairman Emeritus in order to limit the damage to the continuity of our business and the relationship with our customers and business partners.

This Chairman Emeritus position is not a management position, nor does it fall under the category of Director or Executive officer; it is solely an advisory position. Though there was much internal discussion about the title, we decided that "Chairman Emeritus" was the most appropriate title to set in order to minimize concern among our stakeholders and to mitigate damage to our business and performance.

③ Related-Party Transactions

With regard to the Related-Party Transactions by the founding family as pointed out by the Shareholder Proponent, as announced on May 30, 2022, we appointed the law firm Nishimura & Asahi (one of the largest firms in Japan), who specializes in investigative cases such as this one, to conduct an investigation into the Related-Party Transactions. Nishimura & Asahi confirmed that "there are no legal or corporate governance related issues with respect to any of the transactions."

Although we and Nishimura & Asahi Law firm have not had a business-client relationship for many years, and despite the fact that the lawyer in charge of the investigation has never provided any legal services to us before, some of our stakeholders have voiced concerns about the independence between our Company and Nishimura & Asahi Law firm. Therefore, in August 2022, based on the opinions we had received from our stakeholders, and in order to dispel any doubts, we established an Independent Third-Party Committee to conduct an additional investigation. We take this situation very seriously and apologize for any inconvenience or concern it may have caused and will let you all know the investigation results as soon as they are made available.

3. Superficial Analysis of the ISS Voting Recommendation Report

① (i) Insufficient Analysis of Voting Recommendations Regarding Each Director Candidate

As the ISS Report lists voting recommendations for each of the proposals at the Extraordinary General Meeting of Shareholders, it is extremely regrettable for us that ISS has determined that our governance is deficient at this time despite the ongoing investigation by the Third-Party Committee. In addition, while the ISS Report lists across-the-board voting recommendations on all Director Candidates included in the Management Proposal and in the Shareholder Proposal, the ISS Report does not take into account each Director Candidate's background, knowledge and skill matrix as it should and we must say that the ISS Report is littered with short-sighted judgment.

None of the six candidates has experience as an outside director of a listed company, and it is highly questionable whether the candidates will contribute to improving the governance of the Company. Two of the candidates are women who overlap in legal skills since they are both licensed attorneys in the U.S (no license in Japan), and the other two candidates have experience in the elevator industry, but they served as executives at the same company in the same North American region during the same time period. The balance of the six individuals is not sufficient in terms of the skills and experience matrix, nor do we believe that they have the skills and experience to contribute to enhancing our corporate governance. However, the ISS Report does not consider or mention the suitability of the candidates' skill matrix or whether each of

these candidates is the desirable talent to improve the governance of our Company.

We believe that Mr. Iwasaki, who has experience as a manufacturing company executive and Outside director at other companies, and Ms. Kaifu, who has experience in Silicon Valley and knowledge of start-up companies, are more necessary now than before in order for us to be able to build a more effective Board of Directors in order to achieve our mid-term management plan "Vision24." However, within the ISS report, there is no opinion on the balance or appropriateness of the entire composition of the Board of Directors, let alone the skills of each candidate, and this can only be considered a biased judgment based on the sole opinion of the Shareholder Proponents.

② 2 Inconsistent Information on the ISS Report Concerning the June 2022 Annual Meeting of Shareholders

In the ISS Report, ISS asserted its view that the current Outside Directors of our Company failed to curb Mr. Uchiyama's influence on the Board of Directors and recommended voting FOR Proposal 2, the proposal to dismiss our current Outside Directors. However, ISS issued a report recommending voting FOR the proposals to nominate all of the current Outside Directors at the June 2022 Annual Meeting of Shareholders. The Outside Directors subject to the proposal at the Annual Meeting of Shareholders in June 2022, and the Outside Directors subject to the dismissed proposal at this Extraordinary General Meeting of Shareholders are one and the same. Despite that, ISS made completely opposite voting recommendations less than a year later. Based on the above, we believe that ISS did not conduct its own analysis, but simply relied on Oasis' assertions when it made its voting recommendations.

③ Deviation From Its Own Guidelines

Despite the fact that ISS's guidelines stipulate that when a proposing shareholder proposes to replace the board, the shareholder should submit a management plan, for which ISS would base its recommendation, in this case, the proposing shareholder has not submitted a management plan. Even with no management plan, ISS has decided to recommend voting to replace the board, which deviates from their own guidelines. Considering that the voting recommendations on the ISS report are based on fragmented information, we consider it extremely regrettable that their decision is wholly biased toward the proposing shareholder and does not take into account the future of our Company. The fact ISS deviates from their guidelines question the validity of their report.

④ Mistaken Firm Comparison:

In analyzing our operating income, ISS had included Hitachi Building Systems, Ltd. as a comparison. However, Hitachi Building Systems' business includes large business in air conditioning systems and lighting equipment, which is a different business segment from ours, and therefore is not a comparable company. ISS's selection of the company as a valid comparison is a point inaccurate research, and its analysis, is misleading to stakeholders.

4. Our Request for You to Consider When Exercising Your Voting Rights

If, as ISS has recommended, the Shareholder Proposals submitted by the Shareholder Proponent are approved, and the replacement of all of our Company's Outside Directors is implemented, then our Company's management rights will have been, in effect, stolen. The construction industry to which we belong is characterized by the importance of trust

gained from long-term business relationships, and we believe that the loss of management control to the Shareholder Proponent, an activist fund in Hong Kong, would have a serious impact on our business continuity.

We respectfully request that all of our shareholders exercise their voting rights at this Extraordinary General Meeting of Shareholders after carefully considering our views included in this Press Release regarding the ISS Report, the Convocation Notice, our Opinion Materials, as well as after giving due consideration toward understanding our efforts to enhance our corporate value.

For the details of our Board's opinion, please refer to our position material available on our Company's website. <https://www.fujitec.com/>