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(Securities Code 6406)
June, 6, 2023

Dear Shareholders:

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

NOTICE OF THE 76TH ANNUAL MEETING OF SHAREHOLDERS

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

You are hereby cordially noticed of the 76th Annual Meeting of Shareholders of Fujitec Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

The proposals being presented at the meeting include those proposed by the Company (Agenda Items No.1 through No.2) and those proposed by the shareholders (Agenda Items No.5 through No.12). The details of the proposals are as described in “Reference Documents for the Meeting of Shareholders” of Measures for Electronic Provision. 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 22 through 32 for the dissenting opinion of the Fujitec Board of Directors.

In convening this Meeting of Shareholders, the Company has taken the measure of electronically providing information that makes up the contents of the Reference Materials for the General Meeting of Shareholders, etc. (matters to be provided electronically), and has posted it on the following website as the Notice of Convocation of the General Meeting of Shareholders.

Fujitec Website <https://www.fujitec.com/ir/stockholder>



In addition to the above, the information is also posted on the following website of the Tokyo Stock Exchange (TSE).

JPX Website <https://www2.jpex.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



(Note) On the JPX website, please search for the stock name (company name) “Fujitec” or the securities code “6406”, select “Basic Information”, then “Documents for Public Inspection/PR Information” to confirm the information.

If you are unable to attend the meeting, you may exercise your voting rights via the Internet, etc. or in writing (by mail). Please review the attached “Reference Materials for the Meeting of Shareholders” (pages 7 to 48), review the “Guide to Exercise of Voting Rights” (page 4), and exercise your voting rights by 5:25 p.m. (by the end of business hours) on Tuesday, June 20, 2023, Japan time.

1 Date and Time:

Wednesday, June 21, 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:

- Matters to be reported:
1. The Business Report, Consolidated Financial Statements for the Company's 76th Fiscal Year (April 1, 2022 - March 31, 2023) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 76th Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved: Company Proposals

- Agenda Item 1: Disposal of surplus
- Agenda Item 2: Election of nine (9) directors
- Agenda Item 3: Election of One (1) Member of the Audit & Supervisory Board
- Agenda Item 4: Election of a Substitute Audit & Supervisory Board Member
- Shareholder Proposals
- Agenda Item 5: Election of eight (8) directors
- Agenda Item 6: Partial amendment to the Articles of Incorporation (Prohibition of information provision, etc. to a specific shareholder)
- Agenda Item 7: Partial amendment to the Articles of Incorporation (Election of inspector of execution of operation)
- Agenda Item 8: Revision of the amount of remuneration for outside directors
- Agenda Item 9: Condition for the payment of remuneration for directors (Clawback clause)
- Agenda Item 10: Partial amendment to the Articles of Incorporation (Clawback clause)
- Agenda Item 11: Partial amendment to the Articles of Incorporation (Audio recording of the proceedings of the meetings of Board of Directors, etc.)
- Agenda Item 12: Disposal of surplus

4 Other Matters
related to this
Notice

- * 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 “贊 (in favor of)” for Company proposals and “否 (opposed to)” for shareholder proposals.
- Agenda Item 2, a Company proposal, proposes the election of nine (9) Directors, and Agenda Item 5, a shareholder proposal, proposes the election of eight (8) Directors. If, as a result of the vote, the number of candidates for Director with a majority of votes in favor exceeds the maximum number of eleven (11) Directors stipulated in Article 18 of the Company's Articles of Incorporation, the Company will elect up to eleven (11) Directors, beginning with the candidate with the highest number of voting rights in favor. With respect to Agenda Item 2 and Agenda Item 5, the Company has not established a maximum number of candidates for whom voting rights in favor may be exercised.
- Since Agenda Item 1, a company proposal, and Agenda Item 12, a shareholder proposal, are incompatible, please be careful not to vote in favor of both. If you vote in favor of both Agenda Item 1 and Agenda Item 12 on the Voting Rights Exercise Form, both your votes for Agenda Item 1 and Agenda Item 12 will be treated as invalid.
- If you wish to exercise your voting rights in a non-uniform manner, please notify the Company, in writing or by electronic or magnetic means, of your intention to exercise your voting rights in a non-uniform manner and the reason therefor at least three days prior to the General Meeting of Shareholders.

End

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- ◎ 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. In order to conserve resources, please bring this Notice of Convocation with you. This includes proxies who are not shareholders and non-shareholder companions to shareholders.
 - ◎ Executives and staffs of the Company will be in light attire (“Cool Biz”). The Company recommends that shareholders also attend in light attire.
 - ◎ No gifts will be provided at the meeting. Thank you for your understanding.
 - ◎ If any revisions are made to the electronic provision measures, the revised information will be posted on the respective websites where they are posted.
 - ◎ With respect to this General Meeting of Shareholders, the Company has sent a document containing information regarding electronic provision measures, regardless of whether a request for written delivery has been made. However, in accordance with the legal requirements and Article 16, Paragraph 2 of the Company's Articles of Incorporation, the following matters have not been included. This document is included in the documents audited by the Corporate Auditors and the Independent Auditor in preparing the audit report.
 - “Structures for Assuring the Appropriateness of Business Operations and Overview of Operation Status of the Structures” and “Basic Policy on Management Control” in the Business Report
 - Consolidated financial statements, including “Consolidated Balance sheets”, “Consolidated Statements of Income”, “Consolidated Statements of Changes in Shareholders’ Equity” and “Notes to Consolidated Financial Statements”
 - Financial statements, including “Balance Sheets”, “Statements of Income”, “Statements of Changes in Shareholders’ Equity” and “Notes to Financial Statements”
 - ◎ The results of the resolutions of the General Meeting of Shareholders will be published on the Fujitec corporate website noted above after the conclusion of the General Meeting of Shareholders. No written notices of the results will be issued.

Guide to Exercising of Voting Rights

Please review the “Reference Documents for the Meeting of Shareholders” of Measures for Electronic Provision, 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., Tuesday, June 20, 2023

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

Please enter your vote for or against the proposals.

Please note that voting rights cannot be exercised this time through the "Premium Benefits Club," a website exclusively for shareholders.

Please refer to page 5 for details.

- Via smart phones or tablet devices

Deadline: 5:25 p.m., Tuesday, June 20, 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., Tuesday, June 20, 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.

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.

<Attend the meeting in person>

Date and time of General Meeting of Shareholders: 10:00 a.m., Wednesday, June 21, 2023

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

<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 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 Tuesday, June 20, 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 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.5 through No.12, which have been made by Proposing Shareholder.** Shareholders who agree with the opinion of the Board of Directors of the Company are requested to exercise their voting rights for “賛 (in favor of)” the Company's proposals (Agenda Item 1 through Agenda Item 4) and “否 (opposed to)” the shareholders' proposals (Agenda Item 5 through Agenda Item 12). Refer to pages 22 through 32 for the dissenting opinion of the Fujitec Board of Directors.

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

Voting Form

QR code for the Voting Rights Exercise Website for Smartphones

Please remove this section and return it to us.

議案	第1号議案	第2号議案 (TOSHIBA)	第3号議案	第4号議案
会社提案	賛	賛	賛	賛
	否	否	否	否

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

議案	第5号議案 (TOSHIBA)	第6号議案	第7号議案	第8号議案	第9号議案	第10号議案	第11号議案	第12号議案
株主提案	賛	賛	賛	賛	賛	賛	賛	賛
	否	否	否	否	否	否	否	否

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 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.

Proposals and References

Company's Proposals (Agenda Item 1 through Agenda Item 4)

Agenda Item 1
(Company's
Proposal)

Disposal of surplus

For the disposal of surplus, the Company proposes the following.

With respect to the appropriation of profits, we consider the enhancement of profit returns to shareholders to be the most important management issue we address. Our basic policy is to balance profit distribution with investments in growth to expand our foundation for earnings.

Concerning year-end dividends, in consideration of the consolidated business results for the fiscal year under review, the Company proposes ¥40 per share, including ¥35 per share as ordinary dividend and ¥5 per share as commemorative dividend. As a result, the annual dividend will be ¥75 per share, including an interim dividend of ¥35 per share.

(1) Type of asset to be distributed

Cash

(2) Matters regarding allotment of dividends and total amount of dividends to be distributed

¥40 per share of common stock of the Company Total amount: ¥3,120,944,080

including ¥35 per share as

[ordinary dividend and]

¥5 per share as

commemorative dividend

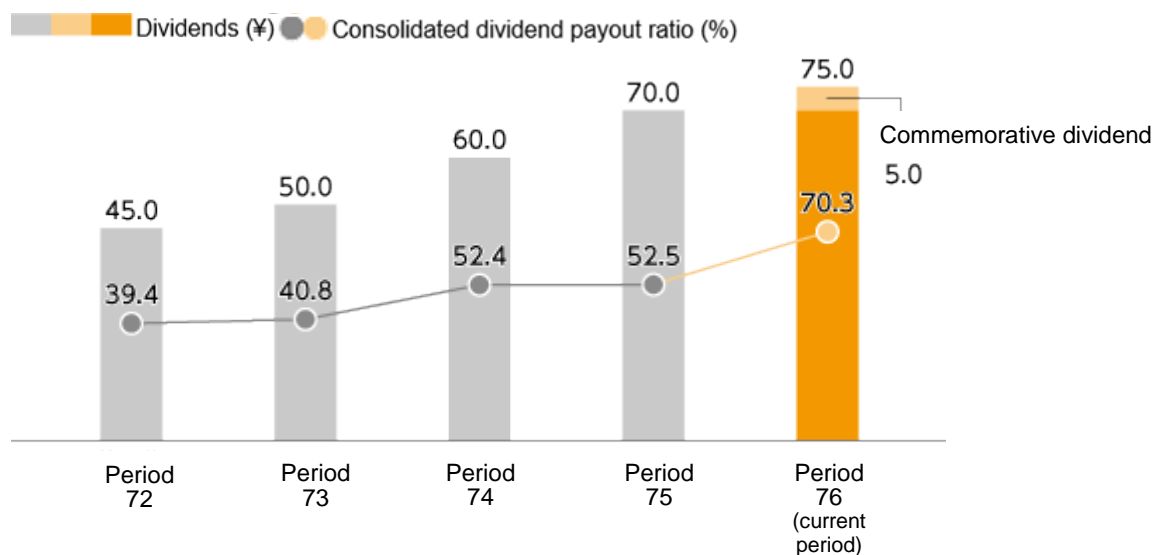
(3) Date on which dividends become effective

Wednesday, June 21, 2023

(4) Commencement date of dividend payment

Monday, July 10, 2023

(Reference) Annual dividends per share/consolidated payout ratio



Election of nine (9) directors

The terms of office of eight (8) Directors will expire at the conclusion of this meeting. Accordingly, the Company proposes to elect nine (9) Directors.

With regard to the nomination of candidates, the Nomination and Compensation Advisory Committee, which is a voluntary advisory committee to the Board of Directors and all of whose members are independent outside directors, has selected the candidates from the perspectives described below for inside and outside directors respectively. For inside directors in particular, the Nomination and Compensation Advisory Committee has searched for suitable candidates inside and outside the Company, by seeking opinions of senior executives and officers within the Company and obtaining help from globally well known outside experts, and conducted screening on the qualifications, knowledge, experience, expertise, etc., of the said candidates, not only through the biographies of each candidate, but also through interview sessions, and reported on the nomination after due deliberation. Based on the said report by the Nomination and Compensation Advisory Committee, the Board of Directors, which is chaired by an independent outside director and a majority of whose members are independent outside directors, has ultimately decided on the nomination of candidates.

Three (3) of the nine (9) candidates are internal directors responsible for the execution of operations, all of whom are currently serving as operating officers. With regard to internal directors, the nomination has been made from the perspective of their eligibility to take on the task of reforming the concentrated management structure that has continued in the Company for 75 years since its foundation, as well as their qualifications for pioneering a new future for sustainable business growth and increasing mid- to long-term corporate value based on the past performance of the Company.

The remaining six (6) candidates are outside directors, of whom one (1) is newly nominated. With regard to outside directors, the nomination has been made from the perspective of whether they share viewpoints with the Company's shareholders and other stakeholders, while objectively examining various management strategies, as well as based on their independence and expertise in providing a high level of advice and supervision of management, and on their conformity with the Company's governance reform policy, which has been implemented since the conclusion of the Extraordinary General Meeting of Shareholders in February 2023.

As described above, the candidates proposed by the Company have abundant experience and achievements in various fields within and outside Japan, knowledge and experience required for the business of the Company, a perspective on the global environment of the elevator industry conditions, and knowledge regarding corporate legal affairs, compliance, etc., and consist of an appropriate number and are well balanced in terms of skill and knowledge, as well as from the perspective of ensuring diversity in terms of gender, internationality, age and professional experience (Notes 1 and 2), while ensuring sustainable business growth, increasing mid- to long-term corporate value and strengthening the governance system.

As the shareholders proposals are put on the agenda at this meeting, after careful consideration of the Company's management policies, strategies and plans, as well as from the perspective of enhancing and strengthening the governance of the Company and facilitating communication between members small in number but highly capable, the Board of Directors currently considers a total of nine (9) directors, of which three (3) are internal directors and six (6) are outside directors, to be the necessary and sufficient number for the Company, and believes that a Board of Directors consisting of the candidates proposed by the Company is the most appropriate structure.

The candidates for directors are as follows:

No.	Name			Titles and Responsibilities
1	Masayoshi Harada	(Male)	New	Executive Operating Officer
2	Takashige Nakajima	(Male)	New	Executive Operating Officer
3	Kosuke Sato	(Male)	New	Operating Officer
4	Kazuhiro Mishina	(Male)	Reappointment	Director Chair of Nomination and Compensation Advisory Committee
5	Kaoru Umino	(Female)	Reappointment	Director Chairperson of Board of Directors
6	Torsten Gessner	(Male)	Reappointment	Director Member of Nomination and Compensation Advisory Committee
7	Clark Graninger	(Male)	Reappointment	Director
8	Ako Shimada	(Female)	Reappointment	Director Member of Nomination and Compensation Advisory Committee
9	Anthony Black	(Male)	New	

- Note 1. If all of the said candidates are approved, the proportion of foreign directors will be 33.3% (three (3) out of nine (9) directors) and the proportion of female directors will be 22.2% (two (2) out of nine (9) directors). *Rounded to one decimal place.
2. If this proposal is approved as proposed and Agenda Item 5 (shareholder proposal) is rejected, the directors' experience and knowledge in corporate management after this meeting are as set out in pages 19.

No. 1

Masayoshi Harada [■] Date of birth
January 22, 1962

New



Number of shares of the
Company held
10,175 shares

Career summary, positions, responsibilities and significant concurrent positions

March 1984	Graduated from Kyoto University of Foreign Studies Faculty of Foreign Studies
April 1984	Joined the Company
April 2009	Operating Officer
April 2012	General Manager of Osaka Region HQ, Japan Business HQ
April 2013	General Manager of Tokyo Region HQ, Japan Business HQ
October 2016	Deputy General Manager of Japan Business HQ
April 2017	Executive Operating Officer (to the present)
April 2019	President of Company subsidiary Huasheng Fujitec Elevator Co., Ltd. (to the present)
May 2019	Director of Company subsidiary Huasheng Fujitec Elevator Co., Ltd. (to the present)
April 2023	Regional Director – China (to the present)

Reasons for selection as a candidate for Director

After serving as a sales representative in Hong Kong for 20 years after the second year of joining the Company and a sales representative in Japan for 13 years, Mr. Masayoshi Harada has been responsible for generating profit at a joint venture in China. The Company has judged that he is able to lead the global business operations of the Company as a whole, while being responsible for the revolution of the Company's management structure, by utilizing his deep understanding of the business and abundant knowledge cultivated through his business experience inside and outside Japan.

(Note) There are no special conflicts of interest between Mr. Masayoshi Harada and the Company.

No. 2

Takashige Nakajima [■] Date of birth
April 12, 1968

New



Career summary, positions, responsibilities and significant concurrent positions

March 1992	Graduated from Waseda University Faculty of Science and Engineering
February 2019	Joined the Company
October 2019	General Manager of Quality Management HQ (to the present)
April 2020	Operating Officer
April 2021	Executive Operating Officer (to the present)

Number of shares of the Company held

1,526 shares

Reasons for selection as a candidate for Director

As a quality control professional, Mr. Takashige Nakajima has been consistently in charge of the management of development, manufacture, sales and after-sale service in general. As he has experience of working in Europe for 8 years in total (6 years in Belgium and 2 years in the U.K.) in his previous job, and has achieved significant improvement in the method of quality control at the Company, the Company has judged that he is able to lead the enhancement of the Company operations.

(Note) There are no special conflicts of interest between Mr. Takashige Nakajima and the Company.

No. 3

Kosuke Sato

Date of birth
December 30, 1964

New



Career summary, positions, responsibilities and significant concurrent positions

March 1988	Graduated from Osaka University School of Economics
January 2021	Joined the Company
March 2021	Auditor of Company subsidiary Fujitec Korea Co., Ltd. (to the present) Auditor of Company subsidiary Fujitec Shanghai Sourcing Center Co., Ltd. (to the present)
April 2022	Operating Officer (to the present)
April 2023	General Manager of Finance HQ (to the present) Director of Company subsidiary Fujitec America, Inc. (to the present)
May 2023	Director of Company subsidiary Fujitec Taiwan Co., Ltd. (to the present)

Number of shares of the
Company held

316 shares

Reasons for selection as a candidate for Director

As Mr. Kosuke Sato has consistently been engaged in corporate business, such as finance, business management and corporate planning, the Company has judged that he is able to promote the Company's governance revolution and lead the enhancement of its financial system and engagement.

(Note) There are no special affiliates of interest between Mr. Kosuke Sato and the Company.



Career summary, positions, responsibilities and significant concurrent positions

September 1989	Assistant Professor, Harvard University Business School
October 1995	Assistant Professor, Japan Advanced Institute of Science and Technology, Research Center for Advanced Science and Technology
April 1997	Assistant Professor, Japan Advanced Institute of Science and Technology, School of Knowledge Science
October 2002	Assistant Professor, Kobe University, Graduate School of Business Administration
October 2004	Professor, Kobe University, Graduate School of Business Administration (to the present)
June 2012	Outside Director, Nichirei Corporation
June 2013	Outside Director, Fuji Oil Co., Ltd. (currently FUJI OIL HOLDINGS INC.)
June 2015	Chairman of Nomination & Compensation Advisory Committee, Fuji Oil Co., Ltd. Substitute Audit & Supervisory Board Member, Sumitomo Metal Mining Co., Ltd. (to the present)
June 2016	Outside Director, Nippon Paint Holdings Co., Ltd.
April 2019	Advisory Board Member, NTT Data Corporation
June 2022	Director (to the present)

[Significant concurrent positions]

Professor, Kobe University, Graduate School of Business Administration
Substitute Audit & Supervisory Board Member, Sumitomo Metal Mining Co., Ltd.

Number of shares of the Company held
858 shares

Number of Board of Directors Attended
9/10

Reasons for selection as a candidate for Outside Director, and summary of expected roles

Mr. Kazuhiro Mishina received a Ph.D in Business Economics and has been mainly engaged in the MBA program as a faculty member in operations management, general management and management strategy for over 30 years in Japan and the U.S. At the Company, as the Chairman of the Nomination and Compensation Advisory Committee since March 24, 2023, he has been energetically involved in all aspects of the said Committee, including the search for and selection of candidates for inside and outside directors, and designing of remuneration. The Company expects him to continue to contribute to the expansion of the management structure and enhancement of governance. Although Mr. Kazuhiro Mishina has no past experience in corporate management, the Company has judged, for the reasons mentioned above, that he is able to appropriately carry out the duties of an Outside Director.

- (Notes) 1. Mr. Kazuhiro Mishina is a candidate for Outside Director.
2. The term of office of Mr. Kazuhiro Mishina as Director will be 1 year at the conclusion of this meeting.
3. There are no special conflicts of interest between Mr. Kazuhiro Mishina and the Company.
4. Mr. Kazuhiro Mishina is an independent director provided by Tokyo Stock Exchange, Inc., and if he is elected as originally proposed and assumes the position, he will continue to be an independent director.
5. Attendance at Board of Directors meetings held on and after June 23, 2022, as Mr. Kazuhiro Mishina was newly elected and assumed office as a Director at the 75th Annual General Meeting of Shareholders held on June 23, 2022.



Number of shares of the Company held
0 shares

Number of Board of Directors Attended
2/2

Career summary, positions, responsibilities and significant concurrent positions

September 1987 Associate, David Polk & Wardwell (New York and Tokyo) (Admitted to the New York State Bar (Second Department) in May 1988)

October 1988 Of Counsel, Paul Hastings (Tokyo)

October 1999 Partner, Paul Hastings (Tokyo)

April 2000 Registered as Gaikokuho Jimu Bengoshi, Daini Tokyo Bar Association

February 2006 Managing Director and Associate General Counsel, J.P. Morgan Securities Japan Co., Ltd.

June 2008 Partner, Jones Day (Tokyo)

January 2018 Partner, DLA Piper (Tokyo) (to the present)

February 2023 Director (to the present)

[Significant concurrent positions]

Partner, DLA Piper (Tokyo)

Member of the Board of Trustees for the charity Second Harvest Japan

Member of the board of directors (Director) of Lawyers for LGBT and Allies Network

Reasons for selection as a candidate for Outside Director, and summary of expected roles

Ms. Kaoru Umino is licensed to practice law in New York State and has experience in dealing with cross border M&A and structured finance projects at some of the largest international law firms for over 30 years, as well as the head of the legal and compliance department of a major securities firm. At the Company, as the chairperson of the Board of Directors since March 24, 2023, she has been leading the governance revolution by demonstrating her leadership. The Company expects her to provide useful suggestions and advice regarding ESG and sustainability. Although Ms. Kaoru Umino has no past experience in corporate management, the Company has judged, for the reasons mentioned above, that she is able to appropriately carry out the duties of an Outside Director.

- (Notes) 1. Ms. Kaoru Umino is a candidate for Outside Director.
2. The term of office of Ms. Kaoru Umino as Director will be 4 months at the conclusion of this meeting.
3. There are no special conflicts of interest between Ms. Kaoru Umino and the Company.
4. Ms. Kaoru Umino is an independent director provided by Tokyo Stock Exchange, Inc., and if she is elected as originally proposed and assumes the position, she will continue to be an independent director.
5. Attendance at Board of Directors meetings held on and after February 24, 2023, as Ms. Kaoru Umino was newly elected and assumed office as a Director at the Extraordinary General Meeting of Shareholders held on February 24, 2023.



Number of shares of the Company held
0 shares

Number of Board of Directors Attended
2/2

Career summary, positions, responsibilities and significant concurrent positions

October 1985	Joined Otis Elevator Company
October 1993	Business Unit Manager, Electronic Division, Otis Elevator Company
October 1997	Director, Supply Chain Management (Electronics), United Technologies Corporation
October 2003	Vice President (Supply Chain in Europe), Otis Elevator Company
January 2005	Area Director, Supply Chain Management & Logistics, Otis UK & Central Europe
October 2005	Chief Operating Officer (COO), ThyssenKrupp Elevator CENE GmbH
January 2007	Senior Vice President Manufacturing, ThyssenKrupp Elevator AG
January 2010	Chairman and CEO, ThyssenKrupp Escalator & Passenger Boarding Bridges GmbH
October 2011	Chairman and Chief Executive Officer (CEO), ThyssenKrupp North America, Inc.
February 2015	Senior Advisor and Consultant, self-employed (to the present)
February 2023	Director (to the present)

Reasons for selection as a candidate for Outside Director, and summary of expected roles

Mr. Torsten Gessner spent 20 years with Otis Elevator Company, the oldest elevator company and incumbent world market leader, in various global leadership positions and another 9 years with ThyssenKrupp Elevator AG, most recently as President and CEO of the North American Region, a company more than five times the Company's size. At the Company, as a member of the Nomination and Compensation Advisory Committee since March 24, 2023, he has been energetically involved in all aspects of the said Committee, including the search for and selection of candidates for inside and outside directors, and the designing of remuneration. Going forward, the Company expects him to make significant contributions to the growth of the Company business, by utilizing his global leadership experience in the elevator industry and the resulting network that he has built.

- (Notes)
1. Mr. Torsten Gessner is a candidate for Outside Director.
 2. The term of office of Mr. Torsten Gessner as Director will be 4 months at the conclusion of this meeting.
 3. There are no special conflicts of interest between Mr. Torsten Gessner and the Company.
 4. Mr. Torsten Gessner is an independent director provided by Tokyo Stock Exchange, Inc., and if he is elected as originally proposed and assumes the position, he will continue to be an independent director.
 5. Attendance at Board of Directors meetings held on and after February 24, 2023, as Mr. Torsten Gessner was newly elected and assumed office as a Director at the Extraordinary General Meeting of Shareholders held on February 24, 2023.



Number of shares of the Company held
0 shares

Number of Board of Directors Attended
2/2

Career summary, positions, responsibilities and significant concurrent positions

September 1991	Joined Nippon Shaft Co.
June 1997	Graduated from University of Chicago, Booth School of Business
July 1997	Joined Lehman Brothers Japan Inc.
June 2000	Joined Shinsei Bank, Ltd., Manager, Head of Credit Trading Team
September 2003	Shinsei Bank, Ltd., Senior Managing Executive Officer, Head of Institutional Banking
February 2007	Representative Director, Chairman and CEO, Aplus Co., Ltd.
November 2009	Executive Advisor to the CEO, Shinsei Bank, Ltd.
February 2011	Joined Aozora Bank, Ltd. as Managing Executive Officer, Head of Retail Banking
August 2017	Board Member, Managing Director, Chief Wealth Management Officer, WealthPark, Inc.
June 2021	Board Member, Managing Director, WealthPark Capital K.K. (to the present)
June 2022	Co-Founder, Representative Director, COO/CFO, Reboot K.K. (to the present)
February 2023	Director (to the present)
[Significant concurrent positions]	
Board Member, WealthPark Capital K.K.	
Representative Director, COO/CFO, Reboot K.K.	

Reasons for selection as a candidate for Outside Director, and summary of expected roles

Mr. Clark Graninger received a master's degree in business administration (MBA) from the University of Chicago and gained experience in management to supervise teams of selected elites for over 20 years mainly in the financial industry in Japan. At the Company, since March 24, 2023, he has been promoting the governance revolution in shareholder relations by demonstrating his leadership, and the Company expects him to contribute to the planning of measures for enhancement of the corporate value of the Company.

- (Notes)
1. Mr. Clark Graninger is a candidate for Outside Director.
 2. The term of office of Mr. Clark Graninger as Director will be 4 months at the conclusion of this meeting.
 3. There are no special conflicts of interest between Mr. Clark Graninger and the Company.
 4. Mr. Clark Graninger is an independent director provided by Tokyo Stock Exchange, Inc., and if he is elected as originally proposed and assumes the position, he will continue to be an independent director.
 5. Attendance at Board of Directors meetings held on and after February 24, 2023, as Mr. Clark Graninger was newly elected and assumed office as a Director at the Extraordinary General Meeting of Shareholders held on February 24, 2023.



Career summary, positions, responsibilities and significant concurrent positions

August 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, Christie Digital Systems
April 2017	Vice President, General Counsel and Corporate Secretary, Ushio America, Inc. (to the present)
June 2019	Board of Directors (outside director), KA Imaging Inc. (to the present)
May 2021	General Counsel, Ushio Europe (to the present)
February 2023	Director (to the present)

[Significant concurrent positions]

Vice President, General Counsel and Corporate Secretary, Ushio America, Inc.
Board of Directors (outside director), KA Imaging Inc.
General Counsel, Ushio Europe

Number of shares of the Company held
0 shares

Number of Board of Directors Attended
2/2

Reasons for selection as a candidate for Outside Director, and summary of expected roles

Ms. Ako Shimada is licensed to practice law in California State. After working for over 8 years at some of the largest law firms, she gained a wide range of experience as an in-house lawyer at major U.S. companies and the local U.S. subsidiaries of a Japanese company for 15 years in a variety of areas related to intellectual property, legal affairs, M&A and governance. At the Company, as a member of the Nomination and Compensation Advisory Committee since March 24, 2023, she has been energetically involved in all aspects of the said Committee, including the search for and selection of candidates for inside and outside directors, and the designing of remuneration. The Company expects her to contribute to the revolution of the Company's governance and the enhancement of compliance and risk management, by utilizing her abundant experience related to the group management of global companies.

(Notes) 1. Ms. Ako Shimada is a candidate for Outside Director.

2. The term of office of Ms. Ako Shimada as Director will be 4 months at the conclusion of this meeting.

3. Ms. Ako Shimada serves as Vice President, General Counsel and Corporate Secretary, Ushio America, Inc., and General Counsel, Ushio Europe. The Company and Ushio Inc., the parent company of Ushio America, Inc. and Ushio Europe have a placing and receiving order relationship (such as installation, maintenance, and etc.) related to the Company products such as elevators. Sales to the said parent company during the 76th fiscal year for the Company amounted to less than JPY 1 million.

4. Ms. Ako Shimada is an independent director provided by Tokyo Stock Exchange, Inc., and if she is elected as originally proposed and assumes the position, she will continue to be an independent director.

5. Attendance at Board of Directors meetings held on and after February 24, 2023, as Ms. Ako Shimada was newly elected and assumed office as a Director at the Extraordinary General Meeting of Shareholders held on February 24, 2023.



Number of shares of the Company held
0 shares

Career summary, positions, responsibilities and significant concurrent positions

May 1984	Graduated from Florida Atlantic University Department of Ocean & Mechanical Engineering
June 1984	Joined United Technologies Corporation
May 1991	Completed a master's degree in business administration (MBA) of University of Virginia Darden School of Business
January 2001	Worldwide Vice President, Field Operations, Environmental Health & Safety, and Quality, Otis Elevator Company United Technologies Corporation
March 2005	Managing Director, Nippon Otis Elevator United Technologies Corporation
April 2009	Senior Vice President of Operations, Fire & Security United Technologies Corporation
June 2010	Vice President of Operations - China Region, Otis Elevator Company United Technologies Corporation
February 2012	President & CEO, Otis Elevator Company, Otis China Limited Director & Chairman, Guangzhou Otis Elevator / Shanghai Otis Elevator / Beijing Otis Elevator United Technologies Corporation
March 2016	Global Vice President, Service & Field Operations, Otis Elevator Company United Technologies Corporation
January 2020	President, Service Husky Injection Molding Systems Ltd. (to the present)

[Significant concurrent positions]

President, Service, Husky Injection Molding Systems Ltd.

Reasons for selection as a candidate for Outside Director, and summary of expected roles

Mr. Anthony Black received a master's degree in business administration (MBA) from the University of Virginia Darden School of Business. As part of his 35 years of working experience at United Technologies Corporation, the parent company of Otis Elevator Company which is a global leader of the elevator industry, he had been engaged in the elevator business for 26 years. In addition to serving as the CEO of the rapidly growing China business, in particular, and globally supervising the service department, a pillar of earnings strength, he has management experience in Japan as the Managing Director of Nippon Otis Elevator. The Company expects him to contribute to the reexamination of the Company's business strategies through useful advice based on a wide range of knowledge concerning the domestic and overseas elevator industries.

(Notes) 1. Mr. Anthony Black is a candidate for Outside Director.

2. There are no special conflicts of interest between Mr. Anthony Black and the Company.










3. If he is elected as originally proposed and assumes the position, he will be an independent director provided by Tokyo Stock Exchange, Inc.

(Notes) 1. The number of Company shares held by each candidate includes his or her interest in the Company's Executive Shareholding Association as of March 31, 2023.

2. The Company entered into a liability insurance contract for officer and director liability insurance as provided in Article 430-3.1 of the Companies Act for Company and subsidiary directors and members of the Audit & Supervisory Board as insured parties. The contract covers the amount of compensation, costs of disputes, etc., in the event that an insured party is subject to a claim of liability for damages arising from the execution of his or her duties. The Company bears the cost of all insurance premiums. To ensure the proper execution of duties by the insured parties, the contract in question establishes a certain deductible amount, and any damages not reaching this deductible amount are not covered. In addition, certain exemptions exist, including the non-payment for damages caused by the commission of a crime or other violation of laws and regulations. If each candidate is elected and assumes the office of a director, he/she will be included as an insured under the contract in question. The contract is scheduled to be renewed under the same terms upon renewal.

(Reference) Composition of the Board of Directors (plan after June 21, 2023)

The candidates' experience and knowledge in corporate management are as follows.

Name										
		Masayoshi Harada	Takashige Nakajima	Kosuke Sato	Kazuhiro Mishina	Kaoru Umino	Torsten Gessner	Clark Graninger	Ako Shimada	Anthony Black
New/Reappointment		New	New	New	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	New
Positions and responsibilities at the Company		Representative Director, Executive President	Representative Director, Senior Executive Operating Officer	Director, Senior Executive Operating Officer	Outside Director, Independent Director	Outside Director, Independent Director	Outside Director, Independent Director	Outside Director, Independent Director	Outside Director, Independent Director	Outside Director, Independent Director
					Chair of Nomination and Compensation Advisory Committee	Chairperson of Board of Directors	Member of Nomination and Compensation Advisory Committee		Member of Nomination and Compensation Advisory Committee	
Experience and knowledge in corporate management	Corporate Management	●		●	●		●	●	●	●
	Corporate Strategy	●			●		●	●	●	●
	Global Business	●	●		●	●	●	●	●	●
	Technology		●				●			●
	Finance and Accounting			●			●	●		●
	Corporate Legal Affairs					●	●	●	●	●
	Compliance					●	●	●	●	●
	Risk Management	●	●		●	●	●		●	●
	Sustainability		●		●	●				
Governance	●		●	●	●	●		●		
M&A/capital market			●		●	●	●	●		

Election of One (1) Member of the Audit & Supervisory Board

Member of the Audit & Supervisory Board Satoshi Hiramitsu will expire at the conclusion of this meeting. Accordingly, the Company proposes to elect 1 Member of the Audit & Supervisory Board.

The Audit & Supervisory Board has consented to this proposal.

The candidate is as follows:

Takeharu Igaki

Date of birth
March 11, 1963

New



Career summary, positions, responsibilities and significant concurrent positions

March 1986	Graduated from the Ritsumeikan University College of Business Administration
April 1986	Joined Fujitec Co., Ltd.
May 2004	Assistant General Manager of Finance Department for Company subsidiary Huasheng Fujitec Elevator Co., Ltd.
September, 2007	Assistant Manager of Finance Department for Finance HQ
October 2009	Manager of Finance Department for Finance HQ
October 2020	Senior Manager and Manager of Finance Department of Finance HQ
April 2021	Auditor of Company subsidiary Fujitec Shanghai Technologies Co., Ltd., (to the present)*
June 2022	Substitute Audit & Supervisory Board Member (to the present)
April 2023	Advisor and Manager of Finance Department for Finance HQ (to the present)*

Number of shares of the
Company held
1,989 shares

*Scheduled to be resigned in June 2023

Reasons for selection as a candidate for Members of the Audit & Supervisory Board

He has been engaged in finance and accounting at the Company and the Company's subsidiary in China for many years. The Company has judged that he is able to perform duties as a member of the Audit & Supervisory Board appropriately by utilizing the wealth of knowledge he has cultivated

- (Notes) 1. Mr. Takeharu Igaki has been elected as a Substitute Audit & Supervisory Board Member at the 75th Annual General Meeting of Shareholders held on June 23, 2022, but the term of office of Mr. Satoshi Hiramitsu as a member of the Audit & Supervisory Board will expire at the conclusion of this meeting and Mr. Takeharu Igaki will be newly a candidate for a member of the Audit & Supervisory Board.
2. There are no special conflicts of interest between Mr. Takeharu Igaki and the Company.
3. The number of Company shares held by him includes his interest in the Company's Employee Shareholding Association as of March 31, 2023.
4. The Company entered into a liability insurance contract for officer and director liability insurance as provided in Article 430-3.1 of the Companies Act for Company and subsidiary directors and members of the Audit & Supervisory Board as insured parties. The contract covers the amount of compensation, costs of disputes, etc., in the event that an insured party is subject to a claim of liability for damages arising from the execution of his or her duties. The Company bears the cost of all insurance premiums. To ensure the proper execution of duties by the insured parties, the contract in question establishes a certain deductible amount, and any damages not reaching this deductible amount are not covered. In addition, certain exemptions exist, including the non-payment for damages caused by the commission of a crime or other violation of laws and regulations. If he is elected and assumes the office of a member of the Audit & Supervisory Board, he will be included as an insured under the contract in question. The contract is scheduled to be renewed under the same terms upon renewal.

Election of a Substitute Audit & Supervisory Board Member

In preparation for a situation where the number of Audit & Supervisory Board members falls below the number specified by law or in the Articles of Incorporation, a substitute Audit & Supervisory Board member will be appointed.

The Audit & Supervisory Board has consented to this proposal.

The candidate is as follows:

Hiroyuki Hara

Date of birth
December 28, 1962

Outside

Independence



Career summary, positions, responsibilities and significant concurrent positions

March 1985	Graduated from Kyoto Sangyo University Faculty of Business Administration
September 1988	Joined Tohmatsu Awoki & Sanwa (currently Deloitte Touche Tohmatsu LLC)
April 1992	Registered as certified public accountant
August 1993	Joined Tadashi Furumoto Certified Public Accounting and Tax Office (currently Deloitte Tohmatsu Tax Co.)
November 1993	Registered as tax accountant
June 2005	Partner, Tohmatsu Tax Co. (currently Deloitte Tohmatsu Tax Co.)
September 2020	Retired from Tohmatsu Tax Co. (currently Deloitte Tohmatsu Tax Co.)
October 2020	Director, Hiroyuki Hara Certified Public Accounting & Tax Office (to the present)

Number of shares of the Company held
0 shares

[Significant concurrent positions]

Director, Hiroyuki Hara Certified Public Accounting & Tax Office

Reasons for selection as a candidate for Outside Members of the Substitute Audit & Supervisory Board

He has been engaged in auditing and tax duty as certified public accountant and tax accountant for many years. The Company has judged that he is able to perform duties as a member of the Audit & Supervisory Board appropriately by utilizing the wealth of knowledge he has cultivated.

- (Notes) 1. Mr. Hiroyuki Hara is a candidate for substitute outside member of Audit & Supervisory Board.
2. There are no special conflicts of interest between Mr. Hiroyuki Hara and the Company.
3. He has satisfied the requirements for an independent auditor as provided by Tokyo Stock Exchange, Inc.
4. The Company entered into a liability insurance contract for officer and director liability insurance as provided in Article 430-3.1 of the Companies Act for Company and subsidiary directors and members of the Audit & Supervisory Board as insured parties. The contract covers the amount of compensation, costs of disputes, etc., in the event that an insured party is subject to a claim of liability for damages arising from the execution of his or her duties. The Company bears the cost of all insurance premiums. To ensure the proper execution of duties by the insured parties, the contract in question establishes a certain deductible amount, and any damages not reaching this deductible amount are not covered. In addition, certain exemptions exist, including the non-payment for damages caused by the commission of a crime or other violation of laws and regulations. If he assumes the office of a member of the Audit & Supervisory Board, he will be included as an insured under the contract in question. The contract is scheduled to be renewed under the same terms upon renewal.

Shareholder Proposals (Agenda Item 5 through Agenda Item 12)

Agenda Item 5 through Agenda Item 12 were proposed by the Proposing Shareholder. For the outline of and reasons for each shareholder proposal, please see the Exercise of Shareholder's Right to Make Shareholder Proposals, received on April 25, 2023 from the Proposing Shareholder, in the Exhibit, where the original text is quoted. Furthermore, please note that because the Company's proposals 1 through 4 for the Annual Meeting of Shareholders are listed as Agenda Item 1 through Agenda Item 4, what is listed as Agenda Item 1 in the attached Exhibit is listed as Agenda Item 5, and the subsequent agenda item numbers have also been shifted down.

Meanwhile, the Proposing Shareholder had proposed in section 1 of ITEM 10 of the Exercise of Shareholder's Right to Make Shareholder Proposals in the attached Exhibit that "if Fujitec or any shareholder other than us proposed a dividend of ¥100 or more per share of common stock as a distribution of surplus, ... we propose ...that dividend per share shall be the sum of the amount Fujitec or other shareholder so proposed plus ¥10" as a replacement of Agenda Item 12. However, the Proposing Shareholder explained that the said case where "a dividend of ¥100 or more per share is proposed" does not include the case where any other shareholder has made such proposal as a motion of amendment. As, at that moment, neither Fujitec nor any shareholder other than the Proposing Shareholder had proposed any dividend of ¥100 or more per share, there is no possibility for the precondition for this proposal to be fulfilled. Therefore, we approached the Proposing Shareholder to withdraw the proposal, then the Proposing Shareholder responded that if a dividend of ¥100 or more per share is not proposed as a dividend of surplus, this proposal shall have no effect. As long as there is no possibility for the precondition for the proposal to be fulfilled, it would be legally meaningless to put the proposal on the agenda, and it could cause unnecessary confusion among shareholders. Accordingly, we have decided not to put this proposal on the agenda.

The Company opposes all of the agenda items pertaining to the shareholder proposals (Agenda Item 5 through Agenda Item 12) for the reasons stated below. Please see page 24 and onward for the details of the opposing opinion regarding each agenda item.

The Proposing Shareholder claims that, as the background of the shareholder proposals, ever since the outside directors who were elected at the extraordinary general meeting of shareholders of the Company held on February 24, 2023 (the "Extraordinary General Meeting of Shareholders") assumed their office, the Company's Board of Directors has been strongly influenced by a specific shareholder and forced to accommodate the wishes of a shareholder who focuses on short-term selling of the Company's shares at their peak, and the Company's Board of Directors has not been able to conduct normal management because it is solely obsessed with measures that seek short-term profit. However, this is not the situation of the Company's Board of Directors, and the claim of the Proposing Shareholder is not true.

In other words, each outside director of the Company is not only a necessary human resource for the Company because of his/her experience and skills, but is also fully aware of his/her duty of care to the Company and committed to the Company's governance revolution from a standpoint independent from any shareholder. So, it can never happen that each outside director acts for the benefit of a specific shareholder, as claimed by the Proposing Shareholder. The claim of the Proposing Shareholder is based on groundless conjecture and is extremely unreasonable in that it attempts to mislead shareholders through manipulating their impressions.

Under the new system after the Extraordinary General Meeting of Shareholders, the Company's Board of Directors has been, in concert irrespective of inside directors or outside directors, promptly and steadily proceeding with efforts for the faithful and secure establishment of the highest level of corporate governance required for a listed company, through activities such as assumption by an outside director of the office of the chairperson of the Board of Directors, innovation of the Nomination and Compensation Advisory Committee, dismissal of Mr. Takakazu Uchiyama ("Mr. Uchiyama") from the position of Chairman, establishment of a third-party committee concerning interference directed against the candidates for directors proposed by a shareholder at the Extraordinary General Meeting of Shareholders (the "Interference"), and compliance review following the termination of investigations by a third-party committee concerning the related-party transactions and other activities involving Mr. Uchiyama or his relatives. Thus, the Company's Board of Directors has been striving to recover the trust of each of the stakeholders, including shareholders. Among the above activities, in particular, with respect to the termination of the investigations by the third-party committee concerning the related-party transactions and other activities, the third-party committee pointed out that a relationship of trust with the Company was not fostered because, among other things, the Company was not cooperative in the disclosure of materials and other matters and also that Mr. Uchiyama was not cooperative enough in the investigations. In addition, it is suspected that the

Interference took place at the Extraordinary General Meeting of Shareholders. However, all of these issues occurred while Mr. Uchiyama remained in the office of Chairman of the Company. The Company's Board of Directors is now endeavoring to correct various issues that arose at the time when Mr. Uchiyama had great influence on the Company, and strives to be reborn as a new Fujitec.

On the other hand, the shareholder proposals include a proposal for a dividend increase. This proposal pretends to be based on the analysis of the financial solvency of the Company. However, as stated below, it is different from the approach concerning the financial discipline set forth in the Company's Mid-Term Management Plan "Vision 24." Mr. Uchiyama, who led the development of "Vision 24" as the President and CEO of the Company at the time of the development thereof, should clearly understand the Company's policy towards financial solvency. Nonetheless, the Proposing Shareholder, represented by Mr. Uchiyama, drastically opposes in the shareholder proposal the policy concerning financial discipline set forth in "Vision 24." Furthermore, the Proposing Shareholder proposes a dividend increase in ITEM 10 of the Exercise of Shareholder's Right to Make Shareholder Proposals in the attached Exhibit (Agenda Item 9 Disposal of surplus (dividend with additional amount)), which is designed to always be higher than the amount of the dividend proposed by the Company, although such proposal was not put on the agenda. We consider that the Proposing Shareholder demands an excessive surplus dividend from the Company in the said proposal. This indicates that the said proposal for a dividend increase lacks consistency. In addition, the said proposal for a dividend increase is conditioned on the approval of the proposed agenda for the election of six (6) or more directors out of the proposed agenda for the election of eight (8) directors by the Proposing Shareholder. However, a surplus dividend should essentially be determined based on the capital policy/dividend policy of the Company and should not be utilized for the purpose of soliciting affirmative votes for the agenda item for the election of directors in your own proposal. Based on the foregoing, we must say that the said proposal for a dividend increase was made for the purpose of inciting shareholders' pursuit of short-term profit and contemplates gaining support for the proposal for the election of directors, which is the main objective of the Proposing Shareholder, and that the said proposal disregards the mid- to long-term enhancement of the Company's corporate value.

With respect to the Company's proposal made at this time, the Company proposes the election of inside directors who have excellent credentials and knowledge and the election of new outside directors (to increase the number), who were selected with reference to the Nomination and Compensation Advisory Committee that consists solely of independent outside directors, in order to seek the maximization of corporate value from a more globalized perspective, while paying attention to business continuity. By this proposal, the Company aims to build the most suitable governance system for the Company. Under the new system of the Board of Directors proposed by the Company, the Company's Board of Directors intends to continuously strive for the establishment of the highest level of corporate governance structure required for a listed company and for the maximization of corporate value.

Election of eight (8) directors

(i) Outline of the Agenda Item

Appointment of the following eight (8) individuals as Board Members of Fujitec:

(Candidate No. 1) Candidates for outside directors:	Kazuyoshi Kimura
(Candidate No. 2)	Tetsuya Nishikawa
(Candidate No. 3)	Daisuke Kotegawa
(Candidate No. 4)	Maiko Hagiya
(Candidate No. 5)	Nobuki Sugihara
(Candidate No. 6)	Akira Tsuda
(Candidate No. 7)	Hiroki Okimoto
(Candidate No. 8)	Kenji Uenishi

For the profile of each candidate in Agenda Item 5, please refer to the attached Exhibit.

(ii) The Company's Board of Directors' position

The Company's Board of Directors **opposes all of the proposals in this agenda item.**

(iii) Reasons for opposition

As stated in Agenda Item 2, with regard to the nomination of candidates for directors of the Company, the Nomination and Compensation Advisory Committee, which is a voluntary advisory committee to the Board of Directors and all of whose members are independent outside directors, has selected the candidates from the perspectives described below for inside and outside directors respectively. For inside directors in particular, the Nomination and Compensation Advisory Committee has searched for suitable candidates inside and outside the Company, by seeking opinions of senior executives and officers within the Company and obtaining help from globally well known outside experts, and conducted screening on the qualifications, knowledge, experience, expertise, etc., of the said candidates, not only through the biographies of each candidate, but also through interview sessions, and reported on the nomination after due deliberation. Based on the said report by the Nomination and Compensation Advisory Committee, the Board of Directors, which is chaired by an independent outside director and a majority of whose members are independent outside directors, has ultimately decided on the nomination of candidates.

Three (3) of the nine (9) candidates are internal directors responsible for the execution of operations, all of whom are currently serving as operating officers. With regard to internal directors, the nomination has been made from the perspective of their eligibility to take on the task of reforming the concentrated management structure that has continued in the Company for 75 years since its foundation, as well as their qualifications for pioneering a new future for sustainable business growth and increasing mid- to long-term corporate value based on the past performance of the Company.

The remaining six (6) candidates are outside directors, of whom one (1) is newly nominated. With regard to outside directors, the nomination has been made from the perspective of whether they share viewpoints with the Company's shareholders and other stakeholders, while objectively examining various management strategies, as well as based on their independence and expertise in providing a high level of advice and supervision of management, and on their conformity with the Company's governance reform policy, which has been implemented since the conclusion of the Extraordinary General Meeting of Shareholders in February 2023.

As described above, the candidates proposed by the Company have abundant experience and achievements in various fields within and outside Japan, knowledge and experience required for the business of the Company, a perspective on the global environment of the elevator industry conditions, and knowledge regarding corporate legal affairs, compliance, etc., and consist of an appropriate number and are well balanced in terms of skill and knowledge, as well as from the perspective of ensuring diversity in terms of gender, internationality, age and professional experience (Notes 1 and 2), while ensuring sustainable business growth, increasing mid- to long-term corporate value and strengthening the governance system. After careful consideration of the Company's management policies, strategies and plans, as well as from the perspective of enhancing and strengthening the governance of the Company and facilitating communication between members small in number but highly capable, the Board of Directors currently considers a total of nine (9) directors, of which three (3) are internal directors and six (6) are outside

directors, to be the necessary and sufficient number for the Company, and believes that a Board of Directors consisting of the candidates proposed by the Company is the most appropriate structure.

On the other hand, the Proposing Shareholder claims that “[the Proposing Shareholder] was able to elect members who could offer various approaches on how to reach the top of the world as a specialized elevator manufacturer” in the shareholder proposal. However, none of the candidates are even from the domestic elevator industry, not to mention overseas, but, as a matter of fact, three (3) are from the domestic bank and investment securities industry and two (2) are from the public sector. It is difficult to say that these candidates have the expertise and internationality sufficient to provide managerial advice and supervision in line with the business of the Company, which is a specialized elevator manufacturer approaching its 75th anniversary and approximately two thirds of the sales of which is occupied by the overseas businesses. It is also difficult to say that, in terms of each of the aspects of gender, nationality, age and professional experience, these candidates have, compared to the candidates proposed by the Company, sufficient diversity to flexibly respond to the discontinuous and rapid changes in the current business environment.

Further, the Board of Directors has received a report from the Nomination and Compensation Advisory Committee stating that it is unnecessary to elect the candidates pertaining to the shareholder proposals as directors, based on the result of interviews conducted with the candidates after obtaining help from outside experts as well as the opinions of such outside experts.

Based on the foregoing, considering matters such as the nature of the business and management environment of the Company, the Company’s Board of Directors firmly believes that the Board of Directors structure proposed by Agenda Item 2, which is the Company’s proposal, is the most suitable structure in terms of its skillset or appropriate scale, and it is not necessary to elect the candidates in this proposal as outside directors. Therefore, the Company’s Board of Directors opposes all of the proposals in this agenda.

Partial amendment to the Articles of Incorporation (Prohibition of information provision, etc. to a specific shareholder)

(i) Outline of the Agenda Item

The following Chapter and the clauses will be added to the current Articles of Incorporation.

Chapter 8: Prohibition of providing information, etc. to select shareholders

Article 41 (Prohibition of providing information, etc. to select shareholders)

- ① Directors of the Company shall not disclose, divulge or provide information obtained in the course of performing their duties to select shareholders in violation of their duty of care or duty of loyalty.
- ② Directors of the Company shall not provide any person with any pecuniary benefit in connection with the exercise of rights of a shareholder.
- ③ If any Director of the Company has come into contact with any shareholder who directly or indirectly and, together with any other shareholder who is treated as a “joint-holder” within the meaning of Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, holds one-tenth or more of the voting rights of all shareholders, the director must report at a board meeting (a) the fact of such contact and (b) any request, demand or proposal related to the business of the Company communicated by such shareholder during such contact.

(ii) The Company’s Board of Directors’ position

The Company’s Board of Directors **opposes this agenda item.**

(iii) Reasons for opposition

It is a matter of course under the Companies Act that directors shall not disclose, divulge or provide any information obtained in the course of their duties to, but not only to, a specific shareholder in violation of their duty of care or duty of loyalty. If for any reason a director of the Company provides material information that is not published, the Board of Directors shall promptly and fairly provide information to other investors in accordance with the Fair Disclosure Rule. It is also a matter of course under the Companies Act that directors shall not provide property benefits to any person in connection with the person’s exercise of shareholders’ rights. The directors of the Company will be committed to compliance with these laws and regulations.

Further, the Company has established “Policies concerning the Measures and Organizational Structures Aimed at Promoting Constructive Dialogue with Shareholders” pursuant to Principle 5.1 of the Corporate Governance Code, and has a structure in place to ensure opinions and information received from any shareholder, not only specific major shareholders, are shared with the Board of Directors and others. As the directors naturally act in accordance with this policy based on their duty of care or duty of loyalty, we do not consider it necessary to stipulate in the Articles of Incorporation that all contacts with major shareholders must be reported to the Board of Directors.

Moreover, in the shareholder proposals, the Proposing Shareholder claims that there is a possibility that some outside directors that were proposed by a specific shareholder and elected at the Extraordinary General Meeting of Shareholders may cause harmful effects, such as by providing information to such shareholder in violation of the principle of shareholder equality or taking action based on the shareholder’s intentions, and that the Company is likely suffering from such harmful effects. However, the outside directors of the Company, irrespective of the background of their election, are committed to the enhancement of the corporate governance and corporate value of the Company from a standpoint independent from the Proposing Shareholder. It is not true that the wish of a specific shareholder was accommodated. In addition, there are no circumstances to suspect divulgence of information or provision of benefits by any of the directors of the Company.

Therefore, the Company’s Board of Directors considers it unnecessary to add the above provision to the Articles of Incorporation.

Agenda Item 7
(Shareholder
Proposal)

Partial amendment to the Articles of Incorporation (Election of inspector of execution of operation)

(i) Outline of the Agenda Item

The following clauses will be added to the current Articles of Incorporation.

Article 42 (Election of inspectors for execution of business)

Any shareholder holding 1/800,000 or more of the voting rights of all shareholders may petition the court for the appointment of a corporate inspector provided by Article 358, Paragraph 1 of the Companies Act of Japan.

(ii) The Company's Board of Directors' position

The Company's Board of Directors **opposes this agenda item.**

(iii) Reasons for opposition

If the right to file a petition for the election of an inspector of execution of business is granted to the shareholders holding shares of one unit or more, such right is likely to be abused. We consider it is not appropriate because this will rather increase the possibility of damaging the interests of the Company and shareholders. In addition, as a reason for the proposal, the Proposing Shareholder claims that the Company's directors are currently acting for the benefit of the specific shareholder and expresses concerns that they are engaged in the sale of the Company, or a partial sale or outflow of the Company assets, in opposition to the long-term benefit of the Company. However, no such circumstance exists, and the proposal is based on groundless conjecture and manipulation of impressions.

Therefore, the Company's Board of Directors opposes this agenda item.

Revision of the amount of remuneration for outside directors

(i) Outline of the Agenda Item

The amount of remuneration for each outside director will be revised to be ten million (10,000,000) yen per annum as a fixed amount.

(ii) The Company's Board of Directors' position

The Company's Board of Directors **opposes this agenda item.**

(iii) Reasons for opposition

According to the reasons for the proposal, the Proposing Shareholder points out that the amount of monetary remuneration for the Company's outside directors is higher than those of other companies and that restricted stock units are granted to them in addition thereto. The Proposing Shareholder is concerned that the Company's Board of Directors may make determinations for the short-term interest in line with the wish of some shareholders and requests that the amount of remuneration should be a fixed amount of ten million (10,000,000) yen per annum per person.

However, "in order for the Company to aim for reaching the top of the world as a specialized elevator manufacturer," as claimed by the Proposing Shareholder, independent outside directors with global knowledge, sufficient experience and skills are necessary, and to recruit and maintain such excellent personnel, it is essential to prepare a remuneration plan at the level that is suitable for such skills or expected roles. In addition, outside directors are in a position to act for the common interests of all shareholders, including minority shareholders. It can be said that it is appropriate to ensure value sharing with shareholders through restricted stock units to improve the quality of management supervision by outside directors. Furthermore, at the Company, ever since the Extraordinary General Meeting of Shareholders, the Board of Directors has been, in concert irrespective of inside directors or outside directors, promptly and steadily proceeding with efforts for the faithful and secure establishment of the highest level of corporate governance required for a listed company, by growing out of the period of so-called authoritarian management by a manager from the founder's family. To this end, the outside directors are handling a considerable amount of duties at the moment. As the Proposing Shareholder claims that "even outside directors should receive remuneration that properly reflects their own performance, based on the weight of such efforts," the outside directors of the Company are, in reality, committed to the establishment of the highest level of corporate governance structure required for a listed company and the maximization of the Company's corporate value by spending a considerable amount of time from a standpoint independent from any shareholder, and as a matter of course, it is not true that they make determinations in line with the wish of a specific shareholder, as the Proposing Shareholder is concerned about.

Therefore, the Company's Board of Directors opposes this agenda item.

Agenda Item 9
(Shareholder
Proposal)

Condition for the payment of remuneration for directors (Clawback clause)

Agenda Item 10
(Shareholder
Proposal)

Partial amendment to the Articles of Incorporation (Clawback clause)

(i) Outline of the Agenda Items

Agenda Item 9

As a condition for the payment of remuneration for the directors, we propose that the following condition (clawback clause) should be stipulated.

① If a Director violates laws or regulations (including breach of duty of care or duty of loyalty), ② if a Director provides benefits to any select shareholders, or ③ if a Director provides any select shareholders with information that benefits the select shareholders, Fujitec may demand a return of, or refuse to pay, up to 50% of the amount of paid or otherwise payable compensation, as the case may be, from or to such shareholder.

Agenda Item 10

The following clause will be added as Paragraph 2 to Article 25 of the current Articles of Incorporation.

Article 25

② ① If a Director violates laws or regulations (including breach of duty of care or duty of loyalty), ② if a Director provides benefits to any select shareholders, or ③ if a Director provides any select shareholders with information that benefits the select shareholders, the Company may demand a return of, or refuse to pay, up to 50% of the amount of paid or otherwise payable compensation, as the case may be, from or to such shareholder.

(ii) The Company's Board of Directors' position

The Company's Board of Directors **opposes Agenda Item 9 and Agenda Item 10.**

(iii) Reasons for opposition

The Proposing Shareholder proposes to make the above amendment to the Articles of Incorporation, claiming that, with respect to directors elected by a shareholder proposal, such directors are "dispatched" from such shareholder and there is a risk of such directors illegally divulging internal information to the shareholder, who is a "dispatching" business operator, or receiving directions and orders from the shareholder below the surface. However, if such situation claimed by the Proposing Shareholder existed, we consider that it is appropriate for the Company to investigate such directors' liability on the grounds of the violation of the duty of care or duty of loyalty under the Companies Act, and it is not necessary to separately establish such provision in the Articles of Incorporation.

In addition, irrespective of the background of the election, the directors of the Company are fully aware that they bear the duty of care and the duty of loyalty to the Company, and there is no circumstance where information leakage or benefit provision to a specific shareholder should be a matter of concern. Furthermore, the outside directors of the Company are not "dispatched" from a specific shareholder, but as properly claimed by the Proposing Shareholder, they are executing their duties for the enhancement of the Company's corporate value with "a strong sense of ownership of how well they should promote the growth of the company." They are not engaged in "an act that may be advantageous only to a specific shareholder" and there are no such concerns.

Based on the foregoing, the Company's Board of Directors determined that it is unnecessary to establish such provision as proposed by this agenda item in the Articles of Incorporation.

Partial amendment to the Articles of Incorporation (Audio recording of the proceedings of the meetings of Board of Directors, etc.)

(i) Outline of the Agenda Item

The following provisions will be added to Article 24 of the current Articles of Incorporation as Paragraphs 2 and 3.

Article 24.

② The Company shall record all proceedings of the meetings of the Board of Directors and the Nomination and Compensation Advisory Committee and shall keep such voice recordings at its head office for ten years from the respective dates of the meetings.

③ The Company shall attach the transcripts of the voice recordings referred to in the preceding paragraph to the minutes of the meetings of the Board of Directors and of the Nomination and Compensation Advisory Committee.

(ii) The Company's Board of Directors' position

The Company's Board of Directors **opposes this agenda item.**

(iii) Reasons for opposition

A company with a board of directors is obliged to prepare minutes of the business of board of directors meetings in accordance with the Order of the Ministry of Justice (Article 369, paragraph (3) of the Companies Act, and Article 101, paragraph (3) of the Regulations for Enforcement of the Companies Act) and keep such minutes at its head office for the period of ten (10) years from the day of the board of directors meeting (Article 371, paragraph (1) of the Companies Act). Since the Company prepares minutes of meetings of the Board of Directors in accordance with these laws and regulations, and proper operation of the Board of Directors is being ensured thereby, we believe it is unnecessary to additionally provide for the audio recording of the proceedings, etc., in the Articles of Incorporation.

In addition, if every word of the business of the Board of Directors meeting is recorded by audio recording, etc., there is a concern that directors may hesitate to express their opinions frankly, fearing that a third party may take one word of the meeting and use it as a basis to accuse them of something or hold them accountable. Under such circumstances, free and vigorous discussion at the Board of Directors would be prevented, and the effectiveness of the Board of Directors would be hampered, which would be contrary to the interests of shareholders.

The Proposing Shareholder claims that, as the basis for this proposal, there is a concern that the Company's Board of Directors is conducting forceful proceedings, such as emergency proposals being made by outside directors who are under the influence of a specific shareholder, and resolutions being passed without sufficient discussion. However, there is no outside director who is under the influence of any specific shareholder, and all outside directors are independent of any shareholders and are committed to improving the Company's corporate value. Furthermore, since the Company's Board of Directors meetings have been fully deliberating and passing resolutions while ensuring appropriateness, and there have been no forceful proceedings as suggested by the Proposing Shareholder, we believe that the claims of the Proposing Shareholder in the reasons for the proposal are baseless.

Therefore, the Board of Directors of the Company opposes this agenda item.

Disposal of surplus

(i) Outline of the Agenda Item

With respect to the proposal for the election of eight (8) directors as proposed in Agenda Item 5, subject to the approval of the proposal for the election of at least six (6) of them, the disposal of surplus will be made as follows. If the Company proposes a proposal for disposal of surplus at the 76th Annual Meeting of Shareholders, since this proposal is being proposed as an alternative to the said proposal, please keep in mind that you should not vote in favor of both the Company's proposal and this proposal.

(1) Type of asset to be distributed

Cash

(2) Matters relating to allotment of dividends and total amount of dividends to be distributed

The amount of dividend per share of common shares of the Company shall be 100 yen.

The total amount in this case would be the amount obtained by multiplying the said dividend amount per share of common shares (100 yen) by the number of shares entitled to the dividend as of the record date for the voting rights at the 76th Annual Meeting of Shareholders of the Company, i.e., approximately 7.9 billion yen.

(3) Date on which dividends become effective

June 30, 2023

(4) Commencement date of dividend payment

July 10, 2023

(Note) In section 1 of ITEM 9 of the Exercise of Shareholder's Right to Make Shareholder Proposals in the attached Exhibit, the Proposing Shareholder states that if voting rights are exercised in favor of both proposals (i.e. the Company's proposal and this proposal), the vote on the proposal with the higher dividend amount shall be treated as valid. However, if voting rights are exercised in favor of both proposals, both shall be treated as void. Furthermore, although the commencement date of dividend payment is not stated in section 1 of ITEM 9 of the Exercise of Shareholder's Right to Make Shareholder Proposals in the attached Exhibit, we have added it with the consent of the Proposing Shareholder.

(ii) The Company's Board of Directors' position

The Company's Board of Directors of the Company **opposes this agenda item.**

(iii) Reasons for opposition

i. The Company has consistently given greater importance to returns to shareholders in the past and has achieved a high level of dividends in recent years.

The Company recognizes that returning profits to shareholders is one of the most important management policies, and in the Mid-Term Management Plan "Vision 24," the Company has stated a payout ratio of 50% or more and announced that it will appropriate the amount equivalent to 50% of operating cash flow, excluding dividends, to additional share buyback.

In fact, according to the "Consolidated Business Results for the Fiscal Year Ended March 31, 2023 (Japan GAAP)" released on May 12, 2023, profit attributable to owners of parent for the fiscal year ended March 31, 2023 was 8,433 million yen, net income per share was 106.67 yen, the planned dividends per year was 75 yen (including a year-end dividend per share of 40 yen), and the payout ratio was 70.3%.

The payout ratios for the fiscal years ending March 31, 2021, and 2022 were 52.4% and 52.5%, respectively, and the Company has been fulfilling its dividend policy, by carrying out its words, since it set the goal of its basic payout ratio at 50% or more in the "Future Strategic Direction Plan" released on December 4, 2020.

ii. There is a disagreement on the approach to financial solvency.

The Proposing Shareholder claims that the amount of funds that should be retained by the Company is approximately 20 billion yen, the amount of current internal reserves remaining is approximately 30 billion yen, and the amount of internal reserves, which has been increasing each fiscal year, is substantial, so even if dividends are increased, the financial solvency of the Company will not be harmed, and further business growth is possible.

However, as announced in “Vision 24,” the Company considers that we need to set aside the necessary cash in the amount equivalent to at least 100 days of net sales in line with our policy of maintaining a sound financial base to support active investment in growth areas. Given that the necessary cash level is approximately 56.9 billion yen based on the net sales for the fiscal year ending March 31, 2023 of 207,589 million yen recorded on the “Consolidated Business Results for the Fiscal Year Ended March 31, 2023 (Japan GAAP),” and that cash and deposits retained by the Company for the said fiscal year was approximately 58.3 billion yen, the Company recognizes that its funds are limited. In addition, we also believe that the proposed dividend of 100 yen per share, or the year-end dividend of a total of approximately 7.9 billion yen, which corresponds to an annual dividend of 135 yen per share, or a payout ratio of 126.6%, is at an excessive level in the current business environment where profitability continues to decline due to soaring raw material prices.

- iii. There are doubts as to whether the proposal is intended to both maintain the financial solvency and enhance returns.

The proposal by the Proposing Shareholders is conditioned upon the approval of the proposal regarding the election of eight (8) directors, six (6) or more of whom are to be elected. As discussed above, Mr. Uchiyama, who led the development of the Company’s Mid-Term Management Plan “Vision 24” and participated in the approval and resolution thereof at the Board of Directors meeting as the President and CEO of the Company at the time of the development thereof, should clearly understand the Company’s policy towards financial solvency that was stated in “Vision 24.” However, the Proposing Shareholder, represented by Mr. Uchiyama, drastically opposes in the shareholder proposal the policy concerning financial discipline published in the Mid-Term Management Plan, subject to the election of directors proposed by themselves. Furthermore, the Proposing Shareholder proposed a dividend increase in ITEM 10 of the Exercise of Shareholder’s Right to Make Shareholder Proposals in the attached Exhibit (Agenda Item 9 Disposal of surplus (dividend with additional amount)), which is designed to be always higher than the dividend amount proposed by the Company, although such proposal was not put on the agenda. We must conclude that the proposal for an excessive dividend with such content is intended to incite shareholders to pursue short-term profits and to gain support for the election of proposed directors, which is the main objective of the Proposing Shareholder.

- iv. Review of business strategies and financial strategies of the Company

Based on the foregoing, the Company’s Board of Directors opposes this agenda item, but the Company intends to review the business and financial strategies of the Company, including the current “Vision 24,” under the new Board of Directors and executive structure. The Board of Directors intends to meet the expectations of each of the stakeholders, including shareholders, by improving corporate value.

(Note) Agenda Item 12 (shareholder proposal) and Agenda Item 1 (the Company’s proposal) are incompatible. If voting rights are exercised in favor of both proposals, both shall be treated as void. Therefore, please keep in mind that you should not vote in favor of both the Company’s proposal and this proposal.

(Exhibit)

*This Exhibit contains the Exercise of Shareholder's Right to Make Shareholder Proposals in the original text submitted by the Proposing Shareholder.

April 25, 2023

〒 522-8588
591-1 Miyata-cho, Hikone City, Shiga
Fujitec Co., Ltd.
Representative Director: Mr. Takao Okada

〒 530-0001
1-1-3-914, Umeda, Kita-ku, Osaka City, Osaka
Uchiyama International Co., Ltd,
Representative Director: Takakazu Uchiyama

Exercise of Shareholder's Right to Make Shareholder Proposals

Uchiyama International Co., Ltd. (hereinafter, "we" or "our") has continuously held at least three percent (3%) voting rights (5,043,969 shares) of Fujitec Co., Ltd. (hereinafter, "Fujitec" or the "Company") for the past six months. Together with shares held by our representative director and our affiliated companies and other persons, we hold approximately 10% of Fujitec's voting rights.

As the founding family, major shareholder, and former president of Fujitec, we and our representative director have been devoted to guiding the Company to ensure and enhance corporate value and the collective interests of shareholders through adaptive governance, based on Fujitec's mission statement: "Respecting people, technologies, and products, we collaborate with people from nations around the world to develop beautiful and functional cities that meet the needs of a new age."

However, since last year, Fujitec has been dominated by Oasis Management Company Ltd. (hereinafter, "Oasis"), a Hong Kong-based Cayman Island activist fund management company, which replaced the outside directors through a [proxy] campaign and a cunning manipulation of public opinion. As a result, Fujitec's management now yields to all of Oasis' demands, which are geared towards and focus solely on facilitating a short-term exit. This situation raises serious concerns regarding the enhancement of sustainable corporate value and, ultimately, collective shareholder value through sound governance.

Moreover, this situation has recently escalated, causing turmoil within Fujitec as senior managers are forced to comply with Oasis' demands for a short-term exit. This is evident in the most recent business results, which showed that standard management practices are not being followed. For example, despite it being approximately three months since the new outside directors took office, the Company has neither revised its medium-term management plan in any manner, nor produced a new business plan. In the past few weeks, we have received numerous expressions of concern from shareholders, business partners, cooperating companies, employees, and members of the executive board, casting doubt on the normalcy of management and day-to-day business operations under the current board.

Oasis' conduct makes clear that, unlike what Seth Fisher has publicly stated, Oasis' true objective is not to improve the corporate value or governance of the Company, but rather to make a quick exit from the investment as part of its usual practice, such as a sale of the Company, as Mr. Seth Fischer himself suggested in an interview with Nikkei on April 19, 2023. Furthermore, during interviews with Nikkei and Bloomberg, Mr. Seth Fischer called for the resignation of the Company's executive directors. This demand can be viewed as part of Oasis' preparations for an exit, and if executed, such forced resignations may hinder Fujitec from conducting even its day-to-day business operations, causing further disruption within the Company. Oasis has already revealed its true nature, and, as the Japanese saying goes, its "armor is visible through the sleeves of its clothes." Oasis' domination should not be tolerated. Fujitec's elevators and escalators have been installed in numerous private and government buildings in Japan and abroad, playing a crucial role in supporting social infrastructures. We believe that a rushed sale of the company is problematic from various perspectives.

We find it deeply troubling that Oasis, holding only about 16.5% of the voting rights, currently exerts influence over the entire board of directors, effectively silencing the voices of almost all the shareholders.

As a major shareholder, we cannot condone this state of affairs and believe that there is an immediate need to appoint board members capable of rebuilding both the management and governance of Fujitec.

At present, the board of directors blindly follows Oasis' demands, which is a grave problem. Recent board resolutions suggest that the directors are not independently working to secure and enhance corporate profits and the interests of all shareholders. In order to secure and continuously improve Fujitec's corporate and shareholder value, we need to have truly independent board members.

Consequently, we are exercising our right to submit the following shareholder proposals in accordance with Article 303, Article 305, and Article 325-4, Paragraph 4 of the Companies Act of Japan and hereby request the following:

- 1 That the matters below in Item 1 shall be discussed at the 76th Annual General Shareholders Meeting of Fujitec to be held on June 21, 2023.
- 2 That the outlines and reasons for the proposals of Items 2 through 10 below shall be electronically disseminated.

ITEM 1: PURPOSE OF THE MEETING (AGENDA)

1 Proposal 1

Election of eight (8) Directors

2 Proposal 2

Partial amendments to the Articles of Incorporation (prohibit providing information to specific shareholders)

3 Proposal 3

Partial amendment to the Articles of Incorporation (election of corporate inspectors)

4 Proposal 4

Adjustment to the amount of compensation for outside directors

5 Proposal 5

Terms and conditions of compensation for the board of directors (Clawback Clause)

6 Proposal 6

Partial amendment to the Articles of Incorporation (Clawback Clause)

7 Proposal 7

Partial amendments to the Articles of Incorporation (Record proceedings of the meetings of the board of directors, etc.)

8 Proposal 8

Distribution of surplus

9 Proposal 9

Distribution of surplus (additional dividend)

ITEM 2: OUTLINE OF PROPOSAL NO. 1 AND REASONS FOR PROPOSAL

1 Outline of Proposal

Appointment of the following eight (8) individuals as Board Members of Fujitec:

Candidate for Outside Director	Kazuyoshi Kimura
Ditto	Tetsuya Nishikawa
Ditto	Daisuke Kotegawa
Ditto	Maiko Hagiya
Ditto	Nobuki Sugihara
Ditto	Akira Tsuda
Ditto	Hiroki Okimoto
Ditto	Kenji Uenishi

2 Reasons for proposal

A brief biography of the eight (8) candidates for outside directors and the reasons behind the proposal are as follows. All candidates for outside directors are independent and have been recommended by a recruiting firm. As a manufacturer specializing in elevators, we believe that we have proposed a slate of directors that can offer diverse perspectives to help us reach the pinnacle in our industry. Please note all directors nominees meet the independence criteria stipulated by Fujitec, the Companies Act, the Tokyo Stock Exchange, and ICGN.

<u>AND. NO.</u>	<u>NAME DATE OF BIRTH</u>	<u>PERSONAL HISTORY</u>
1	Kazuyoshi Kimura November 12, 1943	<p>Apr. 1967 Joined Nikko Securities Co., Ltd. (currently SMBC Nikko Securities Inc.)</p> <p>Mar. 2000 Executive Vice President of said company</p> <p>Jun. 2001 CEO of Nikko Asset Management Co., Ltd.</p> <p>Jun. 2005 Executive Chairman of Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.)</p> <p>Feb. 2007 Representative Executive Chairman of Nikko Cordial Corporation</p> <p>Jun. 2011 Outside Director of Hitachi Koki Co., Ltd.</p> <p>Jun. 2012 Corporate Auditor of SPARX Asset Management Co., Ltd.</p> <p>Jun. 2012 Outside Director of Daiwa House Industry Co., Ltd.</p> <p>Nov. 2012 Director of Bic Camera Inc.</p> <p>Nov. 2012 Director of Kojima Co., Ltd.</p> <p>Sep. 2013 Representative Director, Chairman & President Representative Executive Officer of Kojima Co., Ltd.</p> <p>Jun. 2020 Outside Director (Member of the Audit & Supervisory Committee) of SPARX Group Co., Ltd. (to present)</p> <p>Sep. 2020 Director of Kojima Co., Ltd.</p> <p>Sep. 2020 Representative Director & President of Bic Camera Inc.</p> <p>Mar. 2023 Outside Director of World Holdings Co., Ltd. (to present)</p>
2	Tetsuya Nishikawa June 1, 1947	<p>Apr. 1972 Joined the National Police Agency</p> <p>Aug. 1989 Director of Second Investigation Division, Criminal Investigation Bureau, Metropolitan Police Department</p> <p>Jan. 1991 Counselor of Criminal Investigation Department and Crime Prevention Department, Metropolitan Police Department</p> <p>Apr. 1993 Chief of Wakayama Prefectural Police Headquarters</p> <p>Mar. 1998 Chief of Niigata Prefectural Police Headquarters</p> <p>Aug. 2005 Chief Cabinet Secretary, Defense Agency</p> <p>Jan. 2007 Chief Cabinet Secretary, Ministry of Defense</p> <p>Dec. 2007 Advisor to Meiji Yasuda Life Insurance Company</p> <p>Aug. 2009 Assistant Chief Cabinet Secretary</p> <p>Nov. 2011 Advisor to Sampo Japan Insurance Inc. (formerly Sampo Japan Nippon Koa)</p> <p>Jan. 2012 Registered as an attorney at law (Dai-ichi Tokyo Bar Association) and joined Kasahara Law Office</p> <p>Jun. 2012 Outside Corporate Auditor of TAIHEI Engineering Co., Ltd. (to present)</p> <p>May 2013 Outside Corporate Auditor of SEKIDO CO., LTD. (to present)</p> <p>Jun. 2013 Outside Director of LAC Co., Ltd.</p> <p>Jun. 2014 Outside Corporate Auditor of Shimizu Corporation</p> <p>Mar. 2016 Councilor of Iwatani Naoji Foundation (to present)</p> <p>Mar. 2016 Special Advisor of Iwatani Corporation (to present)</p> <p>Jul. 2018 Auditor of Japan Institute for Space and Security (to present)</p> <p>Dec. 2018 Outside Corporate Auditor of SOKEN CO., LTD. (to present)</p> <p>Oct. 2019 Member of the Board of Shibunkai (to present)</p> <p>Jun. 2020 Member of the Board of Kodokan Judo Institute (to present)</p>

3	Daisuke Kotegawa May 3, 1951	<p>Apr. 1975 Joined Ministry of Finance</p> <p>Jun. 1979 MBA from Stanford University Graduate School of Business</p> <p>Jun. 1996 Director of Security Business Division, Securities Bureau, Ministry of Finance</p> <p>Jun. 1998 Director of Supervisory Coordination Division, Financial Supervisory Agency</p> <p>Jul. 2003 Deputy Director-General, Minister's Secretariat</p> <p>Jul. 2005 Director of Kanto Regional Finance Bureau, Ministry of Finance</p> <p>Jul. 2006 Deputy Manager of Financial Bureau, Ministry of Finance</p> <p>Jul. 2007 Representative Director of Japan to the IMF</p> <p>Feb. 2011 Research Director of The Canon Institute for Global Studies</p> <p>May 2011 Outside Director of Parco Co., Ltd.</p> <p>Apr. 2012 Outside Corporate Auditor of Stream Co., Ltd.</p> <p>May 2012 Outside Director of SEKIDO CO., LTD. (to present)</p> <p>May 2013 Outside Director of ICHIGO HOLDINGS CO., LTD.</p> <p>Apr. 2018 Outside Director of Stream Co., Ltd. (to present)</p> <p>Jan. 2019 Outside Director of Tsuneishi Holdings Corporation (to present)</p> <p>Apr. 2020 Chairman & President of Oita Prefectural College of Arts and Culture</p>
4	Maiko Hagiya January 13, 1966	<p>Mar. 1996 Registered as an attorney at law</p> <p>Apr. 1998 Vice-Chairman of Human Rights Protection Committee, Tokyo Bar Association</p> <p>Apr. 2003 Vice-Chairman of Human Rights Protection Committee, Tokyo Bar Association (second time)</p> <p>Apr. 2005 Commissioned Attorney of Discipline Committee, Japan Federation of Bar Associations</p> <p>Jun. 2010 Secretary of Japan Women's Bar Association</p> <p>Jun. 2014 Vice President of Japan Women's Bar Association</p> <p>Jun. 2019 Outside Director of Cool Japan Fund Inc. (to present)</p> <p>Jun. 2021 Chairman of Investment Committee within Cool Japan Fund Inc. , General Incorporated Association (to present)</p>
5	Nobuki Sugihara January 8, 1949	<p>1989 CEO of Belgotia BVBA</p> <p>1997 CEO of Filon SARL</p> <p>2000 CEO of ABC Diamonds BVBA</p> <p>[2005 CEO of Stardust International BVBA]</p> <p>2018 Honorary Advisor of The Chiune Sugihara Memorial Foundation, General Incorporated Association (to present)</p> <p>[CEO of Sugihara Consult BV (to present)]</p>

6	Akira Tsuda June 15, 1944	<p>Apr. 1968 Joined Nomura Securities Co., Ltd.</p> <p>Dec. 1987 Director of said company</p> <p>Jun. 1991 Managing Director of said company</p> <p>Jun. 1996 Representative Director & Senior Managing Director of said company</p> <p>Jun. 1997 Representative Director & Senior Managing Director of Japan Associated Finance Co., Ltd. (currently JAFCO Group Co., Ltd.)</p> <p>Apr. 1999 Representative Director & Executive Vice President of said company</p> <p>May 2002 CEO of Nomura Investor Relations Co., Ltd.</p> <p>Jun. 2005 Representative Director & President of Nippon Venture Capital Co., Ltd.</p> <p>Jun. 2005 Director of Hitachi Capital Corporation</p> <p>Jun. 2009 Corporate Auditor of Torishima Pump Manufacturing Co., Ltd.</p> <p>Aug. 2009 Director of TAKARA PRINTING CO., LTD.</p> <p>Jun. 2013 Board of Business Research Institute, General Incorporated Association (to present)</p> <p>Jun. 2015 Director of Torishima Pump Manufacturing Co., Ltd.</p> <p>Apr. 2018 Chairman of Japan Compliance Promotion Association, General Incorporated Association (to present)</p> <p>Jun. 2019 Outside Director of Path Corporation</p> <p>Dec. 2019 Outside Director of FCE Holdings Inc. (to present)</p> <p>Jun. 2021 Outside Director of The Kita-Nippon Bank, Ltd. (to present)</p> <p>Sep. 2021 Advisor of TAKARA PRINTING CO., LTD. (to present)</p>
7	Hiroki Okimoto June 23, 1962	<p>Apr. 1986 The Fuji Bank, Limited (currently Mizuho Financial Group)</p> <p>Apr. 1997 A.T. Kearney K.K.</p> <p>Apr. 1999 Softbank Finance (currently SBI Holdings, Inc.)</p> <p>Oct. 2004 Director & CFO of Triumph International Japan</p> <p>Feb. 2006 Director CFO of Realcom Co., Ltd. (currently Abalance Corporation)</p> <p>Jan. 2008 Executive Vice President CFO of NIWS Co. HQ Ltd.</p> <p>Aug. 2008 Director of AlixPartners Asia LLC</p> <p>Sep. 2012 President of Sunset Management LLC (to present)</p> <p>Oct. 2013 Representative Member of Anchor Management Co., Ltd. (subsequently Deloitte Tohmatsu Anchor Management)</p> <p>Aug. 2019 Partner of Boston Consulting Group</p> <p>Jun. 2020 Representative Director of Fiducia Co., Ltd.</p> <p>Apr. 2023 Outside Director, Olive Union Inc. (to present)</p>
8	Kenji Uenishi August 11, 1953	<p>Jun. 1983 Acoustic Technology Inc. (Boston, US)</p> <p>Jul. 1985 Vigyan Associates Inc. [NASA] (Virginia, US)</p> <p>Jul. 1987 Advanced Technology Research & Development Division, GE Aviation Headquarters (Ohio, US)</p> <p>Mar. 1997 GE Aviation Japan Branch</p> <p>Jan. 2008 GE Energy Asia-Pacific Region Headquarters (Asia-Pacific Region) [President]</p> <p>Oct. 2013 LIXIL Corporation [Senior Managing Director] [President of LIXIL International Inc in Singapore]</p> <p>Jul. 2017 Xacti Corporation</p>

1. There are no special conflicts of interest between any of the candidates and Fujitec. Please note all directors nominees meet the independence criteria stipulated by Fujitec, the Companies Act, the Tokyo Stock Exchange, and ICGN.
2. If Mr. Kimura, Mr. Nishikawa, Mr. Kotegawa, Ms. Hagiya, Mr. Sugihara, Mr. Tsuda, Mr. Okimoto, and Mr. Uenishi are elected as outside directors, the Company will enter into an indemnification agreement with each such director. The Company's maximum liability under such contract will be limited to the minimum liability amount stipulated by law.

(1) MR. KAZUYOSHI KIMURA

Mr. Kazuyoshi Kimura has contributed to the capital markets of Japan through service of over 40 years in Japan's financial security industry, serving as Executive Vice President of Nikko Securities Co., Ltd., President of Nikko Asset Management Co., Ltd., and President of Nikko Cordial Securities Inc. (currently SMBC Nikko Securities).

Subsequently, he worked as an outside director of both Hitachi Koki Co., Ltd. (currently Koki Holdings Co., Ltd.) and Daiwa House Industry Co., Ltd. and concurrently served as the CEO of Kojima Co., Ltd., and in 2020 was appointed as the CEO of Bic Camera, Inc., where he utilized his management skills developed during his days in the securities industry to help improve the profitability of the company, which struggled during the pandemic, and to train the successor management team.

He currently serves as the outside director of SPARX Group Co., Ltd. and World Holdings Co., Ltd.

Mr. Kimura has a thorough understanding of investor protection, including fair disclosure rules, which he has developed through his practical experience in the securities industry. He also believes that market valuation is the fair value of corporate worth. Mr. Kimura has a track record of practicing and advising on corporate governance from the perspective of sustainable growth of corporate value, which he considers to be the mission of a company, while absorbing the challenges of a changing era from the standpoint of the market and investors.

Furthermore, Mr. Kimura believes that the key driver of sustainable corporate growth is what he refers to as "improving employee engagement" and consequently has maintained a strong belief in investing in human resources.

Based on Mr. Kimura's experience and track record summarized above, we believe that Mr. Kimura will make a significant contribution to improving Fujitec's corporate governance and enhancing its corporate value over the long term, and we therefore request that he be elected as an outside director.

(2) MR. TETSUYA NISHIKAWA

After joining the National Police Agency of Japan, Mr. Tetsuya Nishikawa has led investigations on corruption cases and large-scale white-collar crime cases, and was concurrently appointed as a foreign affairs officer in the Foreign Affairs Division of the Security Bureau of the National Police Agency. After receiving training at the Ministry of Foreign Affairs of Japan, he was appointed for service at the Japanese Embassy in the Philippines, where he gathered intelligence on the affairs surrounding the last phase of the Marcos government. He also handled the investigation of cases involving insider trading and extortion involving major supermarket companies during his time as a senior commanding officer at the Criminal Investigation Bureau and Crime Prevention Bureau of the Metropolitan Police Department.

In addition, during his days as Counselor at the Defense Agency of Japan, he was in charge of cyber affairs, which had oversight over the entire IT system within the Agency. He also has experience as the head of Personnel

Education Bureau where he participated in Personnel Guidance Administration and as the Director General of Ministry of Defense where he worked on the transition of the Defense Agency to the Ministry of Defense.

He currently works as an attorney at law involved in corporate legal affairs, general civil affairs, and corporate crime-related cases.

We believe that Mr. Nishikawa's outstanding practical experience in dealing with domestic and international fraud, criminal acts and corporate scandals, as well as his ability to manage large organizations and carry out reforms, will enhance the Company's corporate governance in the areas of crisis management, scandal response, governance and legal affairs.

He was awarded The Order of the Sacred Treasure, Gold and Silver Star in the autumn of 2017.

(3) MR. DAISUKE KOTEGAWA

After joining the Ministry of Finance of Japan, Mr. Daisuke Kotegawa undertook measures to deal with the financial crisis that has plagued Japan since the late 1990s. He was in charge of the liquidation of Sanyo Securities Co., Ltd. and Yamaichi Securities Co., Ltd. as the Director of the Securities Business Division of the Ministry of Finance. He was also in charge of the partial nationalization of The Long-Term Credit Bank of Japan, Ltd. and The Nippon Credit Bank, Ltd. as the Director of the Financial Supervisory Agency of Japan. Subsequently, he established the revitalization fund for Development Bank of Japan, Inc. and the Industrial Revitalization Corporation of Japan.

He was involved in numerous international negotiations, including those relating to the World Bank's capital increase that pushed Japan's position from the 5th place to the 2nd place, the [US/Japan] Yen-Dollar Committee, the structural reform talks, the WTO financial service negotiations, the US/Japan Structural Impediments Initiative, and the establishment of the OECD transfer pricing taxation guidelines. As the Vice Chairman of the OECD Tax Committee, he organized the "Harmful Tax Competition" Committee, which is responsible for the creation of a blacklist. He also held other important positions at the Minister's Secretariat, the Budget Bureau (responsible for Ministry of Foreign Affairs and Economic Cooperation), the Tax Bureau, the Financial Bureau, and the International Bureau in the Ministry of Finance.

He also tackled the global financial crises after the collapse of Lehman Brothers as Japan's Representative Director of IMF. In particular, he chaired the final meeting for the New Arrangements to Borrowing (NAB), which led to an agreement for a \$600 billion increase of IMF resources.

He has lectured at Harvard Business School, Thammasat University Graduate School of Economics, and Lee Kuan Yew Business School, among others.

As a member of the Board of Directors, we expect Mr. Kotegawa to contribute to Fujitec's long-term sustainable growth by using his world-class international experience and outstanding practical skills across the areas of finance, business revitalization, and corporate management.

In addition, Mr. Kotegawa is fluent in Japanese and English, as well as Russian and German.

(4) MS. MAIKO HAGIYA

Ever since she registered as an attorney in 1996, Ms. Maiko Hagiya has been an active member of the Tokyo Bar Association's Human Rights Protection Committee. In 1998, she served as the Association's Vice Chair, where she focused on human rights protection activities. Since then, she has made it her passion to strive for corporate compliance based on the knowledge she gained through her activities at the Association.

In 2005, she was appointed as a contract attorney for the Japan Federation of Bar Associations' Disciplinary Lawyers Committee, where she reviewed, analyzed and reported issues of cases involving disciplinary claims against lawyers to the Japan Federation of Bar Associations.

From 2010 to 2011, she served as the secretary for the Japan Women's Bar Association and from June 2014 to May 2017, she served as the vice president of the same association (Japan Women's Bar Association is an association organized by female lawyers (female judges, prosecutors, lawyers, and jurists) to improve women's

status and networking in the law industry). Through her experience as secretary and vice president of the Association, she has worked to expand the scope of activities of female lawyers in Japan, networking with other industries, and to promote international exchange with UN-related NGO groups.

In 2019, she was appointed as an outside director for the Cool Japan Fund Inc., and she continues to serve since 2021 as the chair of the Investment Committee within Cool Japan Fund Inc., where she focuses on building and maintaining the governance and compliance of the Organization and its portfolio companies.

We expect Ms. Hagiya to make useful suggestions to Fujitec's management and governance through her extensive knowledge and experience gained from her dedication to ensuring compliance and improving the social status of women.

(5) MR. NOBUKI SUGIHARA

As the only surviving child of Chiune Sugihara, who saved many Jews from Nazi persecution by issuing "Visas for Life," Mr. Sugihara has held lectures around the world on the importance of supporting refugees and world peace. Those saved by Sugihara are called "Sugihara Survivors" and when all of their descendants are included, there are now more than 100,000 members, and Nobuki is invited to the survivors' meetings every year. Larry Silverstein of Silverstein Properties, who owns \$10 billion (¥1.3 trillion) worth of real estate (including the new World Trade Center), is [one of the survivors among his acquaintances]. There are many other prominent real estate owners [and other notables such as Leo Melamed] in the survivors' group, and based on this we can expect the further development of our global business.

After studying economics, business administration, and the Hebrew language at The Hebrew University of Jerusalem, he joined A. Moldawski in 1972, a company of diamonds in Israel. After returning to Japan and learning about the diamond market in [Japan/Israel], he expanded his activities to Ramat Gan, Antwerp, Bombay, and New York, where he was involved in the import and export of diamonds.

In 1989, he founded and served as CEO of Belgodia, a diamond mining, import/export, and venture capital company in Belgium. During his tenure as CEO, he established polishing plants in Antwerp, Newcastle, and Bangkok, and grew the company to employ 530 polishing technicians. He also established Filon SARL in Madagascar and ABC Diamonds in Belgium, serving as CEO of both companies.

Mr. Sugihara is not only an experienced international businessman, but has also worked tirelessly to support refugees and other humanitarian causes.

Based on his valuable experience, we believe that Mr. Nobuki Sugihara will contribute to Fujitec's long-term growth by providing us with the advice we need to develop our global business and by helping us formulate appropriate policies from an ESG (Environmental, Social and Governance) perspective.

(6) MR. AKIRA TSUDA

Mr. Akira Tsuda joined Nomura Securities Co., Ltd. in 1968, and while achieving outstanding sales results, he also worked energetically to nurture the next generation of employees. He was appointed as director in 1987 at the unusually young age of 43 and was appointed Executive Managing Director in 1996.

After retiring from his post as the Executive Managing Director at Nomura Securities Co., Ltd., he was appointed as the Executive Managing Director at the Japan Associated Finance Co., Ltd. (currently JAFCO Group Co., Ltd.), and thereafter was appointed as an Executive Vice-President, from which post he concentrated on assisting several start-up companies.

He also served as Director & Chairman of Nomura Investor Relations Co., Ltd. where he engaged in consulting for investor relations.

He also served as the Representative Director and President of Nippon Venture Capital Co., Ltd., a long-established venture capital firm, where he was actively involved in the management of the firm from its early stages and helped many start-ups grow. Later, he served as a director of Hitachi Capital Corporation and Takara

Printing Co. Ltd. At the Torishima Pump Manufacturing Co., Ltd., he served as a corporate auditor and has played a central role in the development of the company's compliance policies.

He currently serves as an outside director of The Kita-Nippon Bank, Ltd. and FCE Holdings, where he capitalizes on his wealth of experience as a director to strengthen the governance of both companies through his objective monitoring of their management. He also serves as the Chairman of the Japan Compliance Promotion Association, where he devotes his efforts to improving compliance in Japanese companies.

Mr. Tsuda has an outstanding record and experience in growing and developing numerous companies and promoting compliance. Based on his valuable experience, we believe that Mr. Tsuda will provide appropriate advice to Fujitec's management from an objective perspective and contribute to improving corporate value and governance.

(7) MR. HIROKI OKIMOTO

Mr. Hiroki Okimoto has extensive practical experience in business management and revitalization in a wide range of industries spanning operating companies, financial institutions and consulting firms, both within Japan and abroad. He has been deeply involved in the growth and revitalization of businesses from the standpoint of management, creditor, shareholder, and advisor.

In the advisory field, he has served as the president of a group company of Deloitte Tohmatsu and as a partner in the business revitalization practice of Boston Consulting Group. He was also seconded from Alix Partners, a U.S.-based business revitalization consulting firm, to hold interim CFO positions at domestic and overseas operating companies, where, among other things, he drafted turnaround plans and worked on improving business performance. At A.T. Kearney, he worked primarily on strategy development and implementation with financial institutions.

He also served as an executive (CEO, COO, and CFO) of several operating companies, where he established management controls and led business revitalization phases. As a manager of several startups, he took two companies public and successfully sold a consulting company he founded to the Deloitte Group.

In the financial industry, his experience includes working on real estate lending and default workouts in the U.S. at Fuji Bank (now Mizuho Bank), and venture investment screening, portfolio management, and restructuring of listed portfolio companies at SBI Holdings.

We believe that Mr. Okimoto's experience in various fields will contribute to Fujitec's capital policy and global strategy planning.

Mr. Okimoto's major business management and business turnaround achievements are as follows.

- As CFO/CRO of LDH (former Livedoor) after the Livedoor Incident, he contributed to the restructuring of the business and early dividends to shareholders through, among other things, sales of a publicly listed subsidiary worth ¥10 billion, financial restructuring including debt recovery, board management and handling activist fund shareholders.
- As CEO of Digit Brain (listed on JASDAQ at the time) during its financial distress, he implemented several restructuring steps, including the liquidation of several subsidiaries and personnel reduction of 70%, resulting in a 3.5-fold increase in market capitalization during his tenure.
- As Vice President and CFO of NIWS Co. (listed on the Second Section of the Tokyo Stock Exchange at the time), which he joined during the company's business turnaround process, he was responsible for exposing accounting fraud by the previous management team, implementing a personnel reduction, investor relations, establishing compliance policies, negotiating financial restructuring with bankers, and overseeing the process for a petition for civil rehabilitation and business transfer to new sponsors.
- Served as the president of an internet financial services company and as CFO of a start-up software company, both of which were successfully listed on the stock exchange.

(8) MR. KENJI UENISHI

Mr. Kenji Uenishi moved to the United States at the age of 21. After completing his undergraduate and graduate studies in the U.S., he worked at NASA on aerodynamic computer simulation research. He then joined General Electric's Aero Engines Division as a Technical Generalist in Research and Development where he worked for 26 years. As the GE Aviation (Aviation Engines Department)'s General Manager of the Japan Branch, he oversaw sales activities for Japanese commercial airlines, aircraft-related heavy industries, and the Ministry of Defense, and was responsible for increasing GE's aircraft engine market share among Japanese commercial airlines (primarily Japan Airlines and All Nippon Airways) from 50% to 85% over a six-year period. He also contributed to increasing the profile of GE engines in the Ministry of Defense. He is also one of the founders of a joint venture between Honda and GE (GE Honda Aero Engines LLC).

Subsequently, as President of GE Energy's Asia Pacific Region, he united a team of 3,000 people of different ethnicities, languages, and cultures to oversee the energy business in 14 countries in the Asia Pacific region, increasing sales from ¥300 billion to ¥550 billion and achieving a consistent 15% operating margin. He also nurtured a number of local leaders in Asia and successfully transformed the company from a U.S. focused global model to a regionally focused leadership model, which was recognized as a Best Practice of the company.

Mr. Uenishi has since served as a director and representative director for major Japanese housing equipment, auto parts, and precision equipment manufacturers, and in 2019 founded the Japanese office of Swiss startup PriceHubble.

We nominate Mr. Uenishi as a candidate for outside director as we expect him to provide useful advice to Fujitec's management based on his experience with international and large-scale operating companies and his knowledge gained through successful experience with global supply chains.

Mr. Uenishi is a U.S. citizen and holds a Ph.D. in Aerospace Engineering from the George Washington University's Graduate School.

ITEM 3: OUTLINE OF PROPOSAL NO. 2 AND REASONS FOR PROPOSAL

1 Outline of Proposal

The following chapter and article shall be added to the current Articles of Incorporation.

Chapter 8: Prohibition of providing information, etc. to select shareholders

Article 41 (Prohibition of providing information, etc. to select shareholders)

- ① Directors of the Company shall not disclose, divulge or provide information obtained in the course of performing their duties to select shareholders in violation of their duty of care or duty of loyalty.
- ② Directors of the Company shall not provide any person with any pecuniary benefit in connection with the exercise of rights of a shareholder.
- ③ If any Director of the Company has come into contact with any shareholder who directly or indirectly and, together with any other shareholder who is treated as a "joint-holder" within the meaning of Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, holds one-tenth or more of the voting rights of all shareholders, the director must report at a board meeting (a) the fact of such contact and (b) any request, demand or proposal related to the business of the Company communicated by such shareholder during such contact.

2 Reasons for proposal

Actions by activists may prove to benefit not only all shareholders but also all stakeholders, including employees and business partners, in terms of improving governance through healthy tension between the Company management and its shareholders, which in turn will contribute to the lasting growth of the Company.

However, not all activists are the same and some activists claim that they are protecting the interests of companies, but in reality are gaming for a short-term exit. In some cases, board members who are proposed and appointed by activists to serve their interests may provide information to such activists in violation of the principle

of equality of shareholders, or take actions based on the intentions of the activists harmful to the company's and the majority of its shareholders' best interests. In fact, there is a possibility that such harmful effects are already occurring at Fujitec.

In order to prevent such harmful effects, Fujitec's Articles of Incorporation should be amended to clarify the confidentiality obligation of board members and to require disclosure of the contents of contacts between members and activists in order to ensure the principle of equality of shareholders and to restore a healthy management. This amendment to the Articles of Incorporation will, in effect, "protect Fujitec."

ITEM 4: OUTLINE OF PROPOSAL NO. 3 AND REASONS FOR PROPOSAL

1 Outline of Proposal

The following article shall be added to the current Articles of Incorporation.

Article 42 (Election of inspectors for execution of business)

Any shareholder holding 1/800,000 or more of the voting rights of all shareholders may petition the court for the appointment of a corporate inspector provided by Article 358, Paragraph 1 of the Companies Act of Japan.

2 Reasons for the Proposal

The ultimate goal of many activists is to generate a large profit in a short period of time; as the saying goes, "turn a profit as soon as possible and sell at a high price." Since activists must sell out to achieve this goal, their interests and the long-term interests of the company do not coincide. Such activists may aim to sell the Company or divest its assets rather than to focus on improving management. We are concerned that such phenomenon is already happening at Fujitec.

In order to prevent such harmful effects, we believe it would be prudent to facilitate pursuing responsibility of wrongful activists not only by us, who currently meet the eligibility requirements of Article 358 of the Companies Act (including holding 3% or more of the total voting rights of all shareholders), but also by shareholders holding approximately one unit or more of the Company's shares.

In view of the foregoing, we are proposing an amendment to the Articles of Incorporation to relax the requirements for petitioning the appointment of a corporate inspector. This amendment to the Articles of Incorporation will contribute to the lasting growth of Fujitec.

ITEM 5: OUTLINE OF PROPOSAL NO. 4 AND REASONS FOR PROPOSAL

1 Outline of Proposal

The amount of compensation for outside directors is to be revised to a fixed amount of ¥10 million per person per year.

2 Reasons for proposal

At present, the cash compensation for the four (4) outside directors alone amounts to ¥12.5 million per person per year, which is already sufficiently high. In addition, the outside directors receive Restricted Stock Units (RSUs) (the base amount of which is ¥12.5 million per person, which is also high), which gives the compensation a reward-like aspect for complying with the short-term intentions of Oasis, a Hong Kong-based activist fund.

Considering that this compensation system tends to make the board's decisions skewed to short-term share price increases, consistent with Oasis' plans, rather than medium/long-term growth in corporate value, it is clearly inappropriate as a compensation system for outside directors. Also, considering that the market rate for annual compensation of outside directors is approximately seven (7) million yen at companies comparable to Fujitec, the current compensation system is too generous.

First of all, Fujitec's elevators and escalators are, as the Company likes to say, "important equipment entrusted with people's lives." They operate safely and comfortably because our on-site employees literally put their lives on line to install elevators and continue to perform steady and faithful maintenance. Veteran employees spend several years installing elevators in high-rise buildings. It is a dangerous task, and the job is fraught with the risk of injuries

and industrial accidents. On top of that, in Japan, an earthquake-prone country, when a major disaster hits, the entire company responds with employees rushing out for restoration work, whether during the weekends or in the middle of the night.

Fujitec's profits are generated through the steady efforts of all of its executives and employees. Naturally, in view of the significance of their role, even outside directors should receive compensation that appropriately reflects their contributions.

Therefore, we propose an adjustment to the amount of compensation for outside directors in consideration of the market rate for annual compensation of outside directors at companies comparable to Fujitec to a fixed annual amount of ¥10 million, without granting new RSUs.

ITEM 6: OUTLINE OF PROPOSAL NO. 5 AND REASONS FOR PROPOSAL

1 Outline of Proposal

It is proposed that the compensation of directors shall be subject to the following conditions (Clawback Clause).

- ① If a Director violates laws or regulations (including breach of duty of care or duty of loyalty), ② if a Director provides benefits to any select shareholders, or ③ if a Director provides any select shareholders with information that benefits the select shareholders, Fujitec may demand a return of, or refuse to pay, up to 50% of the amount of paid or otherwise payable compensation, as the case may be, from or to such shareholder.

2 Reasons for Proposal

As a general matter, there is nothing inappropriate with investor-nominated candidates becoming board members.

However, there is an inherent structural risk for directors who are "dispatched" by an activist to improperly leak internal information to, or otherwise secretly take directions from, such activist.

It is axiomatic that board members must have a strong sense of responsibility for the growth of the company. It is unacceptable for directors to take actions that favor only certain shareholders. If directors take actions that benefit only a particular shareholder, they cannot be considered to have discharged the duties for which they were compensated.

Therefore, in order to ensure that directors comply with their duty of care and duty of loyalty to Fujitec and to implement the principle of fair treatment of all shareholders, we propose that as a condition for payment of compensation to directors, if a director engages in conduct such as unfairly favoring a particular shareholder, Fujitec may demand a return of compensation.

Item 7: OUTLINE OF PROPOSAL NO. 6 AND REASONS FOR PROPOSAL

1 Outline of Proposal

The following provisions shall be added as Paragraph 2 to Article 25 of the current Articles of Incorporation.

Article 25.

- ② If a Director violates laws or regulations (including breach of duty of care or duty of loyalty), ② if a Director provides benefits to any select shareholders, or ③ if a Director provides any select shareholders with information that benefits the select shareholders, the Company may demand a return of, or refuse to pay, up to 50% of the amount of paid or otherwise payable compensation, as the case may be, from or to such shareholder.

2 Reasons for Proposal

As a general matter, there is nothing inappropriate with investor-nominated candidates becoming board members.

However, there is an inherent structural risk for directors who are "dispatched" by an activist to improperly leak internal information to, or otherwise secretly take directions from, such activist.

It is axiomatic that board members must have a strong sense of responsibility for the growth of the company. It is unacceptable for directors to take actions that favor only certain shareholders. If directors take actions that benefit only a particular shareholder, they cannot be considered to have discharged the duties for which they were compensated.

Therefore, in order to ensure that directors comply with their duty of care and duty of loyalty to Fujitec and to implement the principle of fair treatment of all shareholders, we propose that as a condition for payment of compensation to directors, if a director engages in conduct such as unfairly favoring a particular shareholder, Fujitec may demand a return of compensation.

ITEM 8: OUTLINE OF PROPOSAL NO. 7 AND REASONS FOR PROPOSAL

1 Outline of Proposal

The following provisions shall be added to Article 24 of the current Articles of Incorporation as Paragraphs 2 and 3.

Article 24.

② The Company shall record all proceedings of the meetings of the Board of Directors and the Nomination and Compensation Advisory Committee and shall keep such voice recordings at its head office for ten years from the respective dates of the meetings.

③ The Company shall attach the transcripts of the voice recordings referred to in the preceding paragraph to the minutes of the meetings of the Board of Directors and of the Nomination and Compensation Advisory Committee.

2 Reasons for proposal

At present, there is a concern that the board meetings of Fujitec are being conducted under the coercive influence of a certain activist investor, with emergency proposals being made by outside directors who are believed to be under the influence of such activist and decisions being passed without sufficient deliberation.

Board minutes have certain evidentiary value to demonstrate the process and results of board deliberation and clarify legal aspects of the proceedings. By also preserving audio recordings of the proceedings and results of the meetings of the board of directors and the Nomination and Compensation Advisory Committee, the Company would be enabling subsequent verification and scrutiny by shareholders and other third parties of the board's and committee's proceedings.

ITEM 9: OUTLINE OF PROPOSAL NO. 8 AND REASONS FOR PROPOSAL

1 Outline of Proposal

On the condition that at least six (6) out of the eight (8) director nominees proposed by Proposal No. 1 above are favorably elected at this shareholders meeting, the distribution of any retained earnings shall be as follows. In the event that Fujitec makes a proposal for the distribution of surplus at the 76th Annual General Shareholders Meeting, this proposal is made as an alternative to Fujitec's proposal. Since this proposal is an alternative to the company proposal, please be reminded not to vote in favor of both. If any shareholder casts votes in favor of both proposals, the voting right exercised for the proposal with a higher dividend shall be treated as valid.

(1) Type of dividend property

Cash

(2) Matters concerning the distribution of dividends to shareholders and the total amount thereof

The dividend shall be ¥100 per share of common stock of Fujitec.

The aggregate distribution of dividend to all shareholders, calculated by multiplying the above dividend per share of common stock (¥100) by the number of shares entitled to receive the dividend as of the record date for the voting rights at the 76th Annual General Shareholders Meeting of Fujitec, is approximately ¥7.9 billion.

(3) Effective date of the dividend distribution of surplus

June 30, 2023

2 Reasons for proposal

It is important to enhance the return of profits to shareholders in an appropriate manner, after taking into consideration the Company's business performance.

However, in order to sustain a high level of shareholder returns, the Company has to grow and have a reliable management team to achieve the growth. Based on these predicates, and after a detailed review of Fujitec's financial condition, we have determined that under the current financial situation, it is feasible to pay a dividend of ¥100 per share from retained earnings.

As a company that specializes in the elevator business, among other things, Fujitec usually needs to reserve approximately ¥10 billion for advances to business partners, such as subcontractors, and purchases of materials. Approximately ¥10 billion must also be set aside as internal funds for new businesses. After deducting other capital expenditures necessary for business growth, approximately ¥30 billion reserves are currently available. Further, in each fiscal period, Fujitec is expected to generate a substantial amount of additional reserves.

We therefore propose the year-end dividend for the current fiscal year as described above. The dividend increase will not jeopardize Fujitec's financial health and will allow for further business growth. We are committed to continuing this dividend policy for at least the next three years.

We believe that the distribution of retained earnings pursuant to this proposal will be possible only if our director candidates are elected as directors and assume the responsibility for Fujitec's management. We therefore condition this Proposal upon the approval of at least six (6) of the eight (8) candidates proposed by us in Proposal No. 1 as directors.

ITEM 10: OUTLINE OF PROPOSAL NO. 9 AND REASONS FOR PROPOSAL

1 Outline of Proposal

If Fujitec or any shareholder other than we proposes a dividend of ¥100 or more per share of common stock as a distribution of surplus during the 76th Annual General Shareholders Meeting, we propose as a replacement of Proposal No. 8 that the dividend per share shall be the sum of the amount Fujitec or other shareholder so proposed plus ¥10 on and subject to the condition that six (6) or more of the eight (8) candidates proposed by us in Proposal No. 1 are elected as directors of Fujitec.

(1) Type of dividend property

Cash

(2) Matters concerning the distribution of dividends to shareholders and the total amount thereof

The dividend per share of common stock of Fujitec shall be the sum of ¥10 and the dividend proposed, if at all, by Fujitec or any shareholder other than we, that is ¥100 or more per share.

The aggregate distributions of dividend to all the shareholders in this case will be the amount obtained by multiplying the above dividend per share of common stock by the number of shares entitled to the dividend as of the record date for the voting rights at the 76th Annual General Shareholders Meeting of Fujitec.

(3) Effective date of the dividend distribution of surplus

June 30, 2023

2 Reasons for proposal

This proposal is to eliminate control of the Company's management by certain greedy investors who seek only short-term profits and to instead secure a management team that can achieve long-term growth for Fujitec.

The dividend increase will not harm Fujitec's financial health and will allow for further business growth.

We believe that the distribution of retained earnings pursuant to this proposal will be possible only if our director candidates are elected as directors and assume the responsibility for Fujitec's management.

We believe that the directors and other members of the management team recommended by certain greedy investors oriented toward short-term profits are incapable of successfully achieving both the foregoing dividend policy and robust business operations.

We therefore condition this Proposal upon the approval of at least six (6) of the eight (8) candidates proposed

by us in Proposal No. 1 as directors.

For details of each proposal and related information, please visit the following website:

FREE FUJITEC OFFICIAL WEBSITE

<https://www.freefujitec.com/>

Consolidated Balance Sheets (As of March, 31, 2023)

(Millions of yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	159,132	Current liabilities	79,888
Cash and deposits	58,297	Notes and accounts payable-trade	18,548
Notes and accounts receivable-trade and contract assets	75,545	Electronically recorded obligations-operating	3,904
Merchandise and finished goods	4,968	Short-term debt	9,789
Work in process	3,303	Current portion of long-term debt	6
Raw materials and supplies	12,382	Accrued income taxes	1,430
Other	7,771	Provision for bonuses	2,628
Allowance for doubtful accounts	(3,135)	Provision for director bonuses	46
Fixed assets	70,966	Provision for losses on construction contracts	8,568
Property, plant and equipment	38,506	Provision for warranties for completed construction	2,086
Buildings and structures	20,068	Provision for shareholder benefit program	114
Machinery and equipment	5,644	Advances from customers	21,010
Tools, furniture and fixtures	2,739	Other	11,752
Land	7,200	Non-current liabilities	6,092
Leased assets	2,010	Long-term debt	13
Construction in progress	843	Deferred tax liabilities	173
Intangible assets	5,368	Net defined benefit liability	4,232
Goodwill	1,612	Asset retirement obligations	53
Other	3,756	Other	1,618
Investments and other assets	27,090	Total liabilities	85,980
Investments securities	10,059	Net assets	
Long-term loans receivable	1,262	Shareholders' equity	124,268
Deferred tax assets	4,850	Paid-in capital	12,533
Other	11,698	Additional paid-in capital	14,475
Allowance for doubtful accounts	(780)	Retained earnings	99,546
		Treasury stock	(2,287)
		Accumulated other comprehensive income	3,629
		Valuation difference on available-for-sale securities	2,426
		Deferred gains or losses on hedges	(127)
		Foreign currency translation adjustments	2,098
		Remeasurements of defined benefit plans	(768)
		Stock acquisition rights	35
		Non-controlling interests	16,185
		Total net assets	144,118
Total assets	230,098	Total liabilities and net assets	230,098

Consolidated Statements of Income

(April 1, 2022 to March 31, 2023)

(Millions of yen)

Account	Amount	
Net sales		207,589
Cost of sales		165,430
Gross profit		42,158
Selling, general and administrative expenses		30,538
Operating income		11,619
Other income		
Interest income	1,175	
Dividend income	235	
Foreign exchange gain	649	
Rent income	154	
Miscellaneous income	425	2,641
Other expenses		
Interest expenses	185	
Provision of allowance for doubtful accounts	571	
Commission for purchase of treasury shares	93	
Miscellaneous loss	77	928
Ordinary income		13,332
Special gain		
Gain on sales of property, plant and equipment	16	
Gain on sales of investment securities	10	
Subsidy income	268	295
Special loss		
Loss on sales of property, plant and equipment	5	
Loss on retirement of property, plant and equipment	37	
Impairment loss	1,146	
Loss on sales of investment securities	0	
Loss on valuation of investment securities	0	
Loss on valuation of shares of subsidiaries and associates	1	1,190
Profit before income taxes		12,436
Income taxes expense	2,474	
Deferred taxes expense	523	2,998
Profit		9,438
Profit attributable to non-controlling interests		1,005
Profit attributable to owners of parent		8,433

Consolidated Statements of Changes in Shareholders' Equity (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Additional paid-in capital	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of the current fiscal year	12,533	14,474	104,649	(2,267)	129,391
Change during the current fiscal year					
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Dividends from surplus			(6,427)		(6,427)
Changes in scope of consolidation			1,470		1,470
Effect of hyperinflation			(19)		(19)
Profit attributable to owners of parent			8,433		8,433
Purchases of treasury stock				(8,932)	(8,932)
Disposal of treasury stock		7		345	352
Cancellation of treasury stock		(8,567)		8,567	—
Transfer from retained earnings to capital surplus		8,560	(8,560)		—
Net changes of items other than shareholders' equity					
Total changes during the current fiscal year	—	0	(5,103)	(19)	(5,122)
Balance at the end of the current fiscal year	12,533	14,475	99,546	(2,287)	124,268

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the current fiscal year	2,475	17	(5,794)	(607)	(3,908)	35	14,964	140,482
Change during the current fiscal year								
Change in ownership interest of parent due to transactions with non-controlling interests								0
Dividends from surplus								(6,427)
Changes in scope of consolidation								1,470
Effect of hyperinflation								(19)
Profit attributable to owners of parent								8,433
Purchases of treasury stock								(8,932)
Disposal of treasury stock								352
Cancellation of treasury stock								—
Transfer from retained earnings to capital surplus								—
Net changes of items other than shareholders' equity	(49)	(144)	7,892	(161)	7,537	—	1,220	8,758
Total changes during the current fiscal year	(49)	(144)	7,892	(161)	7,537	—	1,220	3,635
Balance at the end of the current fiscal year	2,426	(127)	2,098	(768)	3,629	35	16,185	144,118

Notes to Consolidated Financial Statements

Significant matters that serve as the basis for preparing consolidated financial statements

1. Matters on the scope of consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 23

Names of major consolidated subsidiaries

Fujitec America, Inc. (USA)
Fujitec Singapore Corpn. Ltd. (Singapore)
Huasheng Fujitec Elevator Co., Ltd. (China)
Fujitec (HK) Co., Ltd. (Hong Kong)

FUJITEC ARGENTINA S.A. was included in the scope of consolidation for the current fiscal year due to its increased importance. In addition, Express Lifts Limited was included in the scope of consolidation as it became a new subsidiary following the acquisition of all its outstanding shares through FUJITEC INDIA PRIVATE LTD., a wholly owned subsidiary of the Group. Express Lifts Limited changed its name to Fujitec Express Limited on April 20, 2023.

(2) Names of major non-consolidated subsidiaries

Major non-consolidated subsidiary: Fujitec Saudi Arabia Co., Ltd. (Saudi Arabia)

Reason for exclusion from scope of consolidation

All non-consolidated subsidiaries are small in scale, with none of total assets, net sales, net income (commensurate with equity holdings), or retained earnings (commensurate with equity holdings) exerting any important influence on consolidated financial statements, and have therefore been excluded from the scope of consolidation.

2. Matters on application of the equity method

(1) Number of non-consolidated subsidiaries for which the equity method is applied, and names of major companies

Not applicable.

(2) Names of non-consolidated subsidiaries for which the equity method is not applied

Non-consolidated subsidiaries for which the equity method is not applied (Fujitec Saudi Arabia Co., Ltd., etc.), when considering indicators such as net income (commensurate with equity holdings) and retained earnings (commensurate with equity holdings), would have minor impact on consolidated financial statements if excluded from application of the equity method and, further, are not important overall. Therefore, they have been excluded from the scope of application of the equity method.

3. Matters on accounting policies

(1) Valuation standards and methods for significant assets

a. Valuation standards and methods for securities

Non-consolidated subsidiaries and affiliated companies...Moving average cost method

Other securities

- Items other than stocks, etc., with no market price Market value method (all valuation differences are reported as a component of shareholders' equity, and selling cost is calculated by the moving average method)
- Stocks, etc., with no market price Moving average cost method

b. Valuation standards and methods for derivative..... Market value method

c. Valuation standards and methods for inventories

Costs calculated mainly via the specific identification method or gross average method (values on the balance sheet are calculated by writing down the book value based on the decline in profitability).

(2) Depreciation/amortization method for significant depreciable/amortizable assets

a. Property, plant and equipment (excluding leased assets)

The straight-line method is primarily used.

Note that the most common useful life periods are as follows.

Buildings and structures	3-60 years
Machinery and equipment	2-20 years
Tools, furniture and fixtures	2-20 years

b. Intangible assets (excluding leased assets)

The straight-line method is applied.

Note that for software used in-house, the straight-line method based on the period of internal use (5 years) is used.

c. Leased assets

- Leased assets related to finance lease transactions without transfer of ownership

The straight-line method is used, the useful life is defined as the lease period, and zero residual value is assumed.

For some foreign subsidiaries, financial statements are prepared in accordance with IFRS or U.S. GAAP, and either IFRS 16 (Leases) or ASU No. 2016-02 (Leases) is applied. In accordance with IFRS 16 or ASU No. 2016-02, lessees are generally required to recognize all leases as assets and liabilities on their balance sheets.

(3) Standards for the recognition of significant allowances

- a. Allowance for doubtful accounts To prepare for bad debt expenses on receivables such as accounts receivable and loans receivable, the Company records an allowance for doubtful accounts based on the historical write-off rate for ordinary receivables. The estimated amount of unrecoverable debt is recorded based on the recoverability of individual cases for specified receivables such as debt with a possibility of default.
- b. Provision for bonuses The Company provides an allowance for the payment of bonuses to employees based on the estimated payment amount.
- c. Provision for director bonuses The Company provides an allowance for the payment of bonuses to directors at an amount based on the estimated payment amount.
- d. Provision for losses on construction contracts To prepare for future losses related to ordered work, loss is expected among the undelivered work at the end of the current consolidated fiscal year, and an estimated loss amount is recorded for work where this amount can be reasonably estimated.
- e. Provision for warranties for completed construction To cover uncharged compensation costs related to completed work, an estimated amount of uncharged compensation costs expected to occur in the future is recorded against net sales of completed work.
- f. Provision for shareholder benefit program The Company records an allowance for expenses expected to be incurred under the shareholder benefit program.

(4) Other significant matters for preparing consolidated financial statements

a. Matters on the fiscal years of consolidated subsidiaries

The fiscal year for all consolidated subsidiaries closes on December 31. In preparing consolidated financial statements, financial statements as of this day are used, making necessary adjustments for important transactions occurring between this day and the consolidated closing date.

b. Standards for recognition of significant revenue and expenses

• New installation work

The Company is engaged in the construction of new elevators, escalators, and other equipment. The Company recognizes revenue for such contracts based on the percentage of completion related to the satisfaction of performance obligations over a specified period of time. These subsidiaries measure progress based on the percentage of construction costs incurred by the end of each reporting period compared with the total expected construction costs. In addition, certain foreign subsidiaries recognize revenues from sales of equipment and installation of equipment under an integrated contract at a single point in time when the equipment is delivered to the customer, and recognize revenues related to the installation of the equipment based on percentage of completion related to the satisfaction of performance obligations over a specified period of time. These subsidiaries measure progress based on the percentage of construction costs incurred by the end of each reporting period compared with the total expected construction costs.

• Modernization projects

The Company performs modernization work on elevators, escalators, and other equipment. The Company recognizes revenue for such contracts based on the percentage of completion related to the satisfaction of performance obligations over a specified period of time. We measure the progress of completion based on the percentage of construction costs incurred by the end of each reporting period compared with the total expected construction costs.

• Maintenance

The Company provides maintenance services for elevators, escalators, and other equipment. The Company recognizes revenue for such contracts based on the percentage of completion related to the satisfaction of performance obligations over a specified period of time. We measure progress for these services based on elapsed time.

• Repairs

The Company performs repair work on elevators, escalators, and other equipment. The Company recognizes revenue for such contracts at the point in time in which work is completed.

c. Accounting treatment for defined benefits

To prepare for defined benefits for employees, an amount is recorded based on the expected amount for the current consolidated fiscal year, subtracting pension assets from defined benefit obligations.

• Method for period attribution of expected defined benefit amount

When calculating defined benefit obligations, the method of attributing expected defined benefit amounts to the period up to the end of the current consolidated fiscal year shall be based on the benefit formula.

• Method for amortization of actuarial variances and expenses for past service

Actuarial variances are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time of occurrence of each consolidated fiscal year, starting from the consolidated fiscal year following each occurrence.

Expenses for past service are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time of occurrence.

For the calculation of net defined benefit liability and defined benefit expenses, some consolidated subsidiaries have

adopted the simplified method, using the amount of payments required at the end of the period for defined benefits as defined benefit obligations.

- d. Standards for translating material foreign currency denominated assets or liabilities into Japanese currency
Receivables and payables denominated in foreign currencies are converted into yen at the spot exchange rate on the financial closing date and translation differences posted as profit or loss for the current period.
The assets and liabilities of overseas subsidiaries are converted to yen at the spot exchange rate on the financial closing date, while related revenues and expenses are converted to yen at the average rate during the period. These translation differences are posted as foreign currency translation adjustments and non-controlling interests under net assets. However, income and expenses of foreign subsidiaries in a hyperinflationary economies are translated into yen at the spot exchange rate on the financial closing date in order to apply hyperinflationary accounting. Note that in the event of significant fluctuation in exchange rates between the financial closing date of an overseas subsidiary and the consolidated financial closing date, items on the balance sheets of the overseas subsidiary will be converted into yen at the exchange rate on the consolidated financial closing date.
- e. Amortization method and amortization period of goodwill
Amortization of goodwill is done under the straight-line method over a period of 11 or 14 years.
- f. Hedge accounting method
- Hedge accounting method
In principle, treatment is done on a deferred hedge accounting basis.
 - Hedging methods and hedging targets

<u>Hedging method</u>	<u>Hedging target</u>
Foreign currency contract	Foreign currency denominated transactions
 - Hedge policy
For derivative transactions, each Company's finance department conducts transactions for the purpose of risk hedging, and hedges interest rate fluctuation risk and exchange rate fluctuation risk related to the hedging targets within a certain range.
 - Hedge effectiveness assessment method
Hedging effectiveness is assessed by comparing the cumulative changes in cash flows of the hedged items or market fluctuations with the cumulative changes in cash flows of the hedging instruments or market fluctuations on a semi-annual basis, based on the amount of change in both.

Notes on accounting estimates

The following are estimated items expected to have a particularly large impact on the Group's consolidated financial statements for the following fiscal year.

Provision for losses on construction contracts

- (1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

Provision for losses on construction contracts 8,568 million yen

- (2) Details regarding significant accounting estimates for the identified item

The Group records an estimated amount of loss in the event that, of the undelivered work at the end of the consolidated fiscal year, there is a high probability that total cost of the work in question will exceed the total revenue of work, and that the expected loss amount can be reasonably estimated. The total cost of work is calculated from available information, such as contract details and actual costs from past work with the same model. Assumptions used in this calculation will fluctuate due a variety of factors, including contract changes, construction conditions, and trends in materials/outsourcing prices. Therefore, estimates will be continuously re-verified and revised.

If these estimates are revised, or if actual manufacturing costs incurred differ from estimates, such may have a significant impact on provision for loss on construction contracts and gross profit for the next consolidated fiscal year.

Changes in accounting policies

Adoption of U.S. GAAP Accounting Standards Update ASU 2016-02, (Leases)

Effective from the fiscal year ended March 31, 2012, ASU No. 2016-02 (Leases) was adopted by Group subsidiaries that apply the U.S. GAAP. As a result, lessees generally record all leases as assets and liabilities on their balance sheets. The adoption of this accounting standard has not had a material impact on the consolidated financial statements.

Supplemental information

1.Transaction to deliver Fujitec Co., Ltd. shares to employees, etc. via trust

At a meeting held November 6, 2020, the Fujitec Co., Ltd. board of directors resolved to adopt the E-Ship Trust-Type Employee Shareholding Incentive Plan. The purpose of this plan is to incentivize employees to raise corporate value over the medium and long term, to expand employee welfare benefits, and to encourage steady Company growth by motivating employees through equity participation.

(1) Overview of the transaction

The Plan is a Trust-Type Employee Shareholding Incentive Plan (E-Ship) available to all employees who participate in the Fujitec Employee Shareholding Association (“Shareholding Association”). Under the Plan, the Company will establish the Fujitec Employee Shareholding Association Trust (“Trust”) within a trust bank with whom the Company has a business relationship. The Trust will acquire Company stock that the Shareholding Association is expected to acquire over the next five years via third party allotment, leveraging borrowings from the Company’s transaction financial institutions as the source of funds. Thereafter, the Trust will sell the Company shares in question to the Shareholding Association on an ongoing basis. If, upon the conclusion of the Trust, the Trust has accumulated an amount equivalent to a gain on sale of stock, such amount equivalent to said gain shall be distributed as residual assets to those persons meeting requirements as beneficiaries. Fujitec Co., Ltd. will guarantee the loans used to acquire company shares by the Trust. Therefore, if the Trust accumulates an amount equivalent to a loss on sale of stock and the Trust has accumulated a debt balance equivalent to such loss on the sale of company stock at the conclusion of the Trust, the company will repay the remaining debt in question.

(2) Shares of the Company remaining in the Trust

Company shares remaining in the Trust are recorded as treasury stock under net assets at the carrying value of the Trust (excluding incidental expenses). The carrying value and number of shares of treasury stock for the current consolidated fiscal year amounted to 115 million yen and 51 thousand shares, respectively.

(3) Carrying value of borrowings recorded via application of the gross method Consolidated of the current fiscal year: — million yen

2. Hyperinflation Accounting

We applied IAS 29, Financial Reporting in Hyperinflationary Economies, for adjustments in connection with the consolidation of the financial statements of Fujitec Argentina S.A., an entity included in the scope of consolidation in the current consolidated fiscal year. The economy of Argentina indicated a cumulative inflation rate exceeding 100% over a three-year period.

Notes to the consolidated balance sheets

1. Collateral assets

The following describes assets pledged as collateral and secured debts.

Notes and accounts receivable-trade and contract assets	346	million yen
Work in process	24	million yen
Raw materials and supplies	147	million yen
Buildings and structures	2,318	million yen
Machinery and equipment	75	million yen
Land	529	million yen
Total	3,441	million yen
Short-term debt	654	million yen
Long-term debt	13	million yen

2. Accumulated depreciation for property, plant and equipment 38,690 million yen

Notes for consolidated statements of income

1. Impairment loss

Significant impairment losses are as follows.

Place:	Use	Class	Impairment loss (millions of yen)
The U.K.	—	Goodwill	1,046

The Group groups its assets based on management accounting categories in which profit and loss are continuously monitored. As a result of reviewing the business plan, the Company determined that the earnings expected from the goodwill generated by the acquisition of shares in Amalgamated Lifts Limited could not be realized. Therefore, the book value was reduced to the recoverable amount, and the corresponding amount of the reduction was recorded as an impairment loss under special losses. Measurement of the recoverable amount is based on value-in-use, which is calculated by discounting future cash flows at a rate of 13.3%.

Impairment losses other than the above are omitted, as they are not material.

Notes to consolidated statements of changes in shareholders' equity

1. Class and number of shares issued

Class of stock	Balance at the beginning of the current consolidated fiscal year (thousand shares)	Increase in shares in the current consolidated fiscal year (thousand shares)	Decrease in shares in the current consolidated fiscal year (thousand shares)	Balance at the end of the current consolidated fiscal year (thousand shares)
Common stock	82,400	—	3,500	78,900

(Reasons for change)

The details of increases and decreases are as follows.

Decrease due to cancellation of treasury stock by resolution of the board of directors on February 8, 2023: 3,500 thousand shares

2. Matters on dividends

(1) Cash dividends paid

Resolution	Class of stock	Total dividend value (millions of yen)	Dividends per share (yen)	Date of record	Effective date
June 23, 2022 Ordinary General Meeting of Shareholders	Common stock	3,652	45.00	March, 31, 2022	June 24, 2022
November, 8, 2022 Board of Directors	Common stock	2,775	35.00	September, 30, 2022	December 1, 2022

(Note) Dividends for Company shares held by the Trust-Type Employee Shareholding Incentive Plan (E-Ship) amounted to 8 million yen of the total dividends approved at the ordinary general meeting of shareholders held June 23, 2022 and 4 million yen of the total dividends approved at the board of directors meeting held November 8, 2022.

(2) Dividends with a cut-off date during the fiscal year, but an effective date subsequent to the current fiscal year

We have proposed the following matters related to dividends for shareholders of common stock as an agenda item for the ordinary general meeting of shareholders to be held on June 21, 2023.

Resolution	Class of stock	Total dividend value (millions of yen)	Source of dividend	Dividends per share (yen)	Date of record	Effective date
June, 21, 2023 Ordinary General Meeting of Shareholders	Common stock	3,120	Retained earnings	40.00	March, 31, 2023	June, 21, 2023

(Note) The total amount of dividends as resolved at the ordinary general meeting of shareholders on June 21, 2023 includes dividends of 2 million yen for Company shares held as the E-Ship Trust-Type Employee Shareholding Incentive Plan.

3. Class and number of shares eligible for stock acquisition rights (excluding those for which the first day the grantee may exercise these rights has not occurred) as of the end of the current consolidated fiscal year

Common stock: 39 thousand shares

Notes on financial instruments

1. Matters on the status of financial instruments

(1) Policy on financial instruments

The Group raises capital investment funds primarily for the production, sale, installation, and maintenance of elevators, escalators, and electric transport devices through internal funds or debts. Temporary surplus is managed with highly secure financial assets, and short-term working capital is procured through internal funds or short-term debts. Derivatives are used to mitigate the risk of exchange rate and interest rate fluctuations and are not traded on speculation as a matter of policy.

(2) Details, risks, and risk management systems for financial instruments

Notes and accounts receivable-trade, which represent operating receivables, are exposed to the credit risk of business partners. For these risks, the Company has a system whereby we manage due dates and balances for each business partner in accordance with credit management rules, as well as regularly determines the credit status of its major partners. Similar management is carried out at consolidated subsidiaries. Foreign currency-denominated trade receivables arising from the Group's global business operations are exposed to exchange rate fluctuation risk. This risk is hedged using futures exchange contracts as necessary.

Stocks as part of held investment securities are exposed to market price fluctuation risk; however, these are mainly stocks for companies with which we have a business relationship. Furthermore, we are regularly checking fair market value and continuously reviewing our status of holdings in consideration of our relationships with partners.

Most trade notes and accounts payable are operating receivables that become due within one year. In addition, some of these are denominated in foreign currencies due to the import of raw materials, etc., and are exposed to exchange rate fluctuation risk. However, these constantly remain within the same scope of the balance of foreign currency-denominated

accounts receivable.

Short-term debt is mainly used for financing related to business transactions, while long-term debt is mainly used for procuring funds necessary for capital investment.

Derivatives are futures contracts for the purpose of hedging against the risk of exchange fluctuations related to foreign currency deposits. For derivative transactions, the Group conducts transactions for the purpose of risk hedging within the finance department of each Group Company. The results are reported to the Company's Finance Headquarters and the director in charge of finance. Derivative transactions are only conducted with financial institutions with high credit ratings to reduce credit risk.

(3) Supplementary information on fair values of financial instruments

Fair values of financial instruments include prices based on market prices and prices calculated rationally in the absence of market prices. As price calculations incorporate variable factors, these values may also fluctuate if different assumptions are used. For contract amounts related to derivative transactions in 2. Matters on the fair value of financial instruments, amounts do not indicate market risk related to derivative transactions.

2. Matters on the fair value of financial instruments

The following table describes the carrying amount, fair value, and gains or losses related to financial instruments on the consolidated balance sheet as of March 31, 2023.

(Millions of yen)

	Carrying value	Market value	Net balance
(1) Cash and deposits (*2)	66,373	66,229	(144)
(2) Notes and accounts receivable-trade and contract assets (Before exclusion of allowance of doubtful accounts) (*3)	59,128	56,914	(2,213)
(3) Investments securities			
Other securities	7,695	7,695	—
(4) Long-term loans receivable (Before exclusion of allowance of doubtful accounts)	1,262	1,259	(3)
Total assets	134,461	132,099	(2,361)
(1) Notes and accounts payable-trade	18,548	18,548	—
(2) Electronically recorded obligations-operating	3,904	3,904	—
(3) Short-term debt	9,789	9,789	—
(4) Long-term debt(*4)	20	18	(1)
(5) Lease obligations (*5)	2,076	1,963	(112)
Total liabilities	34,339	34,224	(114)
Derivative transactions (*6)			
Items treated under hedge accounting	(151)	(151)	—
Total derivative transactions	(151)	(151)	—

(*1) Stocks, etc., without market prices are not included in (2) *Investments securities*.

The amounts of relevant financial instruments on the consolidated balance sheet are as follows.

Classification	Carrying value on consolidated balance sheets (Millions of yen)
Unlisted stocks	118
Stocks of subsidiaries and affiliates	2,244

(*2) Cash and deposits also includes long-term time deposits (8,076 million yen on the consolidated balance sheets), which are included in other under investments and other assets on the consolidated balance sheets.

(*3) Contract assets are not included.

(*4) Current portion of long-term debt under current liabilities and long-term debt under long-term liabilities are combined.

(*5) Lease obligations included in *current liabilities, other* and *non-current liabilities, other* have been combined.

(*6) Net claims and liabilities arising from derivative transactions are presented at net value, and the total of net liabilities are shown in parentheses.

3. Matters Related to Details, etc., of the Fair Value of Financial Instruments by Level

The Company classifies the fair value of financial instruments into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 Fair Value: Fair value measured using observable inputs that are quoted prices for identified assets or liabilities in active markets

Level 2 Fair Value: Fair value measured using observable inputs other than those included within Level 1.

Level 3 Fair Value: Fair value measured using unobservable inputs.

When multiple inputs that have a significant effect on the calculation of fair value are used, fair value is classified into the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

(1) Financial instruments carried at fair value on the consolidated balance sheets

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments securities				
Other securities				
Bond	—	43	—	43
Stock	7,652	—	—	7,652
Total assets	7,652	43	—	7,695
Derivative transactions				
Currency-related derivatives	—	151	—	151
Total liabilities	—	151	—	151

(2) Financial instruments not carried at face value on the consolidated balance sheets

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Cash and deposits	—	66,229	—	66,229
Notes and accounts receivable - trade and contract assets (Before exclusion of allowance of doubtful accounts) (*)	—	56,914	—	56,914
Long-term loans receivable (Before exclusion of allowance of doubtful accounts)	—	1,259	—	1,259
Total assets	—	124,403	—	124,403
Notes and accounts payable-trade	—	18,548	—	18,548
Electronically recorded obligations-operating	—	3,904	—	3,904
Short-term debt	—	9,789	—	9,789
Long-term debt	—	18	—	18
Lease obligations	—	1,963	—	1,963
Total liabilities	—	34,224	—	34,224

(*) Contract assets are not included.

(Note) Explanation of valuation techniques used and inputs related to the calculation of fair value

Investments securities

Listed stocks are valued based on quoted market prices. Since listed stocks are traded in active markets, fair value is classified as Level 1 fair value. Bonds payable are classified as Level 2 fair value, calculated based on the present value of the estimated amount of principal and interest to be received, reflecting the likelihood of collection and discounted at a safe interest rate for the remaining period.

Derivative transactions

The fair value of forward exchange contracts is classified as Level 2 fair value, as the fair value of forward exchange contracts is based on prices, etc., provided by financial institutions with which the Company enters transactions.

Cash and deposits

Fair values of cash and short-term deposits classified as Level 2 fair value, as these items are settled over a short period of time and fair values approximate carrying value. The fair value of long-term time deposits is classified as Level 2 fair value. The fair value is based on the present value of the estimated amount of principal and interest to be received discounted by the interest rate assumed in the case of a similar new contract.

Notes and accounts receivable-trade and contract assets

Fair values are classified as Level 2 fair value, as these items are based on the present value of receivables discounted by interest rates, etc., taking into account the period until maturity and credit risk for each receivable classified by certain periods of time.

Long-term loans receivable

Fair values are classified as Level 2 fair value, calculated based on the present value of the estimated amount of principal and

interest to be received, reflecting the likelihood of collection and discounted at a safe interest rate for the remaining period.

Notes and accounts payable-trade, electronically recorded obligations-operating, and short-term debt

Fair values classified as Level 2 fair value, as these items are settled over a short period of time and fair values approximate carrying value.

Long-term debt

Fair value classified as Level 2 fair value, as fair value is calculated by discounting total principle and interest rate applicable to new similar transactions.

Lease obligations

Fair value classified as Level 2 fair value, as fair value is calculated by discounting total principle and interest rate applicable to new similar transactions.

Notes to revenue recognition

1. Disaggregation of revenues arising from customer contracts

(Millions of yen)

	Reportable segments				Total
	Japan	East Asia	South Asia	The Americas and Europe	
New Installations	25,183	48,750	9,183	9,324	92,442
Aftermarket	49,821	22,204	14,693	26,981	113,700
Other	30	1,148	246	20	1,445
Revenue from Contracts with Customers	75,035	72,103	24,123	36,326	207,589
Sales to external customers	75,035	72,103	24,123	36,326	207,589

2. Basic information for understanding revenues

(1) New Installations

The Company performs new construction of elevators, escalators, and other equipment, recognizing revenue over a specified period of time based primarily on the percentage of completion measured as a ratio of actual costs incurred compared to total cost of work. This is a contract whereby the construction work in question creates an asset that cannot be converted to another use and the contractor has an enforceable right to receive consideration for the portion of the work completed. Since costs are incurred in accordance with the actual progress of the construction, the Company has determined that it can reasonably estimate the degree of progress in satisfying the performance obligation based on inputs based on the costs incurred. Independent sales price is estimated by considering various factors such as market conditions and actual cost performance. Consideration for transactions is generally received within approximately one year from the satisfaction of performance obligations.

(2) Aftermarket

The Company provides maintenance, repair and modernization services for elevators and escalators. For maintenance work, the Company recognizes revenue over time as it charges a fixed amount based on the duration of services rendered. For repair work, the Company recognizes revenue at the point in time in which work is completed. For modernization projects, the Company recognizes revenue over a specified period of time based primarily on the percentage of completion measured as a ratio of actual costs incurred compared to estimated total cost of work. This is a contract whereby the construction work in question creates an asset that cannot be converted to another use and the contractor has an enforceable right to receive consideration for the portion of the work completed. Since costs are incurred in accordance with the actual progress of the construction, the Company has determined that it can reasonably estimate the degree of progress in satisfying the performance obligation based on inputs based on the costs incurred. The Company's modernization contracts include free maintenance services to be performed for a certain period of time after completion and delivery. The Company allocates the transaction price based on an independent sales price for such maintenance services as a separate performance obligation and recognizes revenue over time. Independent sales price is estimated by considering various factors such as market conditions and actual cost performance. Consideration for transactions is generally received within approximately one year from the satisfaction of performance obligations.

(3) Other

The Company sells products primarily to foreign customers and recognizes revenue at a point in time in which delivery is completed.

3. Information for understanding revenue for the current and next fiscal years

(1) Contract assets and contract liabilities

(Millions of yen)

	Beginning of period	Period-end balance
Claims arising from contracts with customers	52,718	59,128
Contract assets	13,629	16,416
Contract liabilities	22,693	21,010

Contract assets relate to the rights of the Company or subsidiaries to consideration for goods or services for which the Company or subsidiaries have satisfied or partially satisfied performance obligations under new installation and modernization contracts as of the balance sheet date, but for which invoices have yet to be issued. Contract assets are reclassified to accounts receivable when the Company or consolidated subsidiaries rights to the consideration become unconditional. Consideration for new installation and modernization contracts is billed on a milestone basis. Some amounts may be received prior to the satisfaction of performance obligations.

Contract liabilities represent the unearned consideration received from customers in advance of the performance of contracts for goods or services provided by the Company and its consolidated subsidiaries. Contract liabilities related to the unearned consideration are reduced as revenue is recognized for the respective contract.

Of the contract liability balance at the beginning of the period, the amount recognized as revenue during the period was 15,074 million yen.

(2) Transaction prices allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations as of March 31, 2023 was 172,848 million yen. The Company expects the remaining performance obligations to be fulfilled generally within three years. The Company applied the practical expedient method in the notes related to transaction prices allocated to remaining performance obligations. The notes do not include contracts for fixed amounts based on service time rendered for services for which revenue is recognized in accordance with Par.19 of Implementation Guidance on Accounting Standard for Revenue Recognition.

Notes on per-share information

Net assets per share	1,640.29 yen
Earnings per share	106.67 yen
Diluted earnings per share	106.62 yen

(Note) In calculating fiscal year end number of shares of common stock and average number of shares of common stock during the period used as a basis for the calculation per-share information, treasury shares deducted for said calculation include Fujitec Co., Ltd. stock held as E-Ship Trust-Type Employee Shareholding Incentive Plan.

(Note) Amounts stated in consolidated financial documents are rounded down to the nearest million yen.

Balance Sheets (As of March, 31, 2023)

(Millions of yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	30,487	Current liabilities	23,868
Cash and deposits	1,746	Notes payable - trade	9
Notes receivable - trade	1,953	Accounts payable - trade	2,563
Accounts receivable-trade	20,538	Electronically recorded obligations-operating	3,904
Merchandise and finished goods	860	Short-term debt	6,035
Work in process	159	Accounts payable - other	2,922
Raw materials and supplies	3,724	Accrued expenses	156
Prepaid expenses	322	Accrued income taxes	168
Short-term loans receivable	0	Advances from customers	1,756
Accounts receivable - other	539	Deposits received	354
Other	724	Provision for bonuses	1,555
Allowance for doubtful accounts	(83)	Provision for director bonuses	46
Fixed assets	64,143	Provision for losses on construction contracts	3,869
Property, plant and equipment	23,936	Provision for warranties for completed construction	9
Buildings	11,733	Provision for shareholder benefit program	114
Structures	188	Other	399
Machinery and equipment	2,963	Non-current liabilities	3,202
Vehicles	65	Long-term debt	1,068
Tools, furniture and fixtures	1,832	Allowance for retirement benefits	1,978
Land	6,657	Asset retirement obligations	53
Construction in progress	495	Other	102
Intangible assets	853	Total liabilities	27,071
Software	599	Net assets	
Right of using facilities	254	Shareholders' equity	65,097
Investments and other assets	39,353	Paid-in capital	12,533
Investments securities	7,814	Additional paid-in capital	14,565
Shares of subsidiaries and associates	16,198	Legal capital surplus	14,565
Investments in capital of subsidiaries and associates	9,270	Retained earnings	40,285
Long-term loans receivable	2,330	Legal retained earnings	1,337
Bankruptcy reorganization claims	1	Other retained earnings	38,948
Long-term prepaid expenses	206	Reserve for advanced depreciation of fixed assets	77
Prepaid pension expenses	704	Reserve for dividends	900
Deferred tax assets	1,406	Reserve for research and development	800
Lease deposits	1,556	General reserve	3,500
Reserve for insurance	137	Retained earnings brought forward	33,671
Other	505	Treasury stock	(2,287)
Allowance for doubtful accounts	(780)	Valuation and translation adjustments	2,426
		Valuation difference on available-for-sale securities	2,426
		Stock acquisition rights	35
		Total net assets	67,559
Total assets	94,631	Total liabilities and net assets	94,631

Statements of Income (April 1, 2022 to March 31, 2023)

(Millions of yen)

Account	Amount	
Net sales		77,507
Cost of sales		58,320
Gross profit		19,186
Selling, general and administrative expenses		17,075
Operating income		2,111
Other income		
Interest income	102	
Dividend income	15,805	
Foreign exchange gains	418	
Miscellaneous income	120	16,446
Other expenses		
Interest expenses	54	
Provision of allowance for doubtful accounts	571	
Commission for purchase of treasury shares	93	
Miscellaneous loss	17	738
Ordinary income		17,819
Special gain		
Gain on sales of investment securities	10	10
Special loss		
Loss on retirement of property, plant and equipment	22	
Impairment loss	99	
Loss on sale of investment securities	0	
Loss on valuation of investment securities	0	
Loss on valuation of shares of subsidiaries and associates	1,340	1,464
Profit before income taxes		16,365
Income taxes expense	473	
Deferred taxes expense	386	860
Profit		15,505

Non-Consolidated Statements of Changes in Shareholders' Equity

(April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity											
	Paid-in capital	Additional paid-in capital			Retained earnings							Total Retained earnings
		Legal capital surplus	Other additional paid-in capital	Total additional paid-in capital	Legal retained earnings	Other retained earnings						
						Reserve for advanced depreciation of fixed assets	Reserve for dividends	Reserve for research and development	General reserve	Retained earnings brought forward		
Balance at the beginning of the current fiscal year	12,533	14,565	—	14,565	1,337	81	900	800	3,500	33,150	39,768	
Change during the current fiscal year												
Reversal of reserve for advanced depreciation of fixed assets						(3)				3	—	
Dividends from surplus										(6,427)	(6,427)	
Net income										15,505	15,505	
Purchases of treasury stock												
Disposal of treasury stock			7	7								
Cancellation of treasury stock			(8,567)	(8,567)								
Transfer to capital surplus from retained earnings			8,560	8,560						(8,560)	(8,560)	
Net changes of items other than shareholders' equity												
Total changes during the current fiscal year	—	—	—	—	—	(3)	—	—	—	520	517	
Balance at the end of the current fiscal year	12,533	14,565	—	14,565	1,337	77	900	800	3,500	33,671	40,285	

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of the current fiscal year	(2,267)	64,600	2,475	2,475	35	67,111
Change during the current fiscal year						
Reversal of reserve for advanced depreciation of fixed assets		—				—
Dividends from surplus		(6,427)				(6,427)
Net income		15,505				15,505
Purchases of treasury stock	(8,932)	(8,932)				(8,932)
Disposal of treasury stock	345	352				352
Cancellation of treasury stock	8,567	—				—
Transfer to capital surplus from retained earnings		—				—
Net changes of items other than shareholders' equity			(49)	(49)	—	(49)
Total changes during the current fiscal year	(19)	497	(49)	(49)	—	448
Balance at the end of the current fiscal year	(2,287)	65,097	2,426	2,426	35	67,559

Notes to Non-Consolidated Financial Statements

Matters on material accounting policies

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

Subsidiaries and affiliated companies Moving average cost method

Other securities

- Items other than stocks, etc., with Market value method (all valuation differences are reported as a component of shareholders' equity, and selling cost is calculated by the moving average method)
- Stocks, etc., with no market price Moving average cost method

(2) Valuation standards and methods for inventories

Costs calculated via the specific identification method or gross average method (values on the balance sheet are calculated by writing down the book value based on the decline in profitability)

2. Method of depreciation for non-current assets

(1) Property, plant and equipment (excluding leased assets): Declining-balance method

Note that the most common useful life periods are as follows.

Buildings and structures: 3-50 years

Machinery and equipment: 2-12 years

Tools, furniture and fixtures: 2-16 years

(Petty sum depreciable assets) For petty sum depreciable assets with acquisition price between 100,000 and 200,000 yen, these are amortized with the straight-line method over a period of three years based on provisions of the Corporation Tax Law.

(2) Intangible assets (excluding leased assets): The straight-line method is used.

Note that for software used in-house, the straight-line method based on the period of internal use (5 years) is used.

(3) Leased assets

- Leased assets related to finance lease transactions without transfer of ownership
.....The straight-line method is used, the useful life is defined as the lease period, and zero residual value is assumed.

3. Accounting standards for provisions

- | | | |
|---|-----|--|
| (1) Allowance for doubtful accounts | ... | To prepare for bad debt expenses on receivables such as accounts receivable and loans receivable, the Company records an allowance for doubtful accounts based on the historical write-off rate for ordinary receivables. The estimated amount of unrecoverable debt is recorded based on the recoverability of individual cases for specified receivables such as debt with a possibility of default. |
| (2) Provision for bonuses | ... | The Company provides an allowance for the payment of bonuses to employees based on the estimated payment amount. |
| (3) Provision for director bonuses | ... | The Company provides an allowance for the payment of bonuses to directors at an amount based on the estimated payment amount. |
| (4) Provision for losses on construction contracts | ... | To prepare for future losses related to ordered work, loss is expected among the undelivered work at the end of the current fiscal year, and an estimated loss amount is recorded for work where this amount can be reasonably estimated. |
| (5) Provision for warranties for completed construction | ... | To cover uncharged compensation costs related to completed work, an estimated amount of uncharged compensation costs expected to occur in the future is recorded against net sales of completed work. |
| (6) Provision for shareholder benefit program | ... | The Company records an allowance for expenses expected to be incurred under the shareholder benefit program. |
| (7) Provision for retirement benefits | ... | To prepare for defined benefits for employees, an amount is recorded based on the expected amount of defined benefit obligations and pension assets as of the end of the current fiscal year. <ul style="list-style-type: none">• Method for period attribution of expected defined benefit amount
When calculating defined benefit obligations, the method of attributing expected defined benefit amounts to the period up to the end of the current fiscal year shall be based on the benefit formula.• Method for amortization of actuarial variances and expenses for past service
Actuarial variances are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time of occurrence of each fiscal year, starting from the fiscal year following each occurrence.
Expenses for past service are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time of occurrence.
Unrecognized actuarial gains and losses and unrecognized past service expenses are handled differently on the balance sheet than on consolidated financial statements. |

4. Standards for recognition of revenues and expenses

- New installation work

The Company is engaged in the construction of new elevators, escalators, and other equipment. The Company recognizes revenue based on the progress of completion of performance obligations for construction contracts over a certain period of time. We measure the progress of completion based on the percentage of construction costs incurred by the end of each reporting period compared with the total expected construction costs.

- Modernization projects

The Company performs modernization work on elevators, escalators, and other equipment. The Company recognizes revenue for such contracts based on the percentage of completion related to the satisfaction of performance obligations over a specified period of time. The Company measures progress based on the percentage of construction costs incurred by the end of each reporting period compared with the total expected construction costs.

- Maintenance

The Company provides maintenance services for elevators, escalators, and other equipment. The Company recognizes revenue for such contracts based on the percentage of completion related to the satisfaction of performance obligations over a specified period of time. We measure progress for these services based on elapsed time.

- Repairs

The Company performs repair work on elevators, escalators, and other equipment. The Company recognizes revenue for such contracts at the point in time in which work is completed.

5. Standards for translating foreign currency denominated assets or liabilities into Japanese currency

Receivables and payables denominated in foreign currencies are converted into yen at the spot exchange rate on the final day of the period, with translation differences recorded as profit or loss for the period in question.

Notes on accounting estimates

The following are estimated items expected to have a particularly large impact on the Company's financial statements for the following fiscal year.

Provision for losses on construction contracts

(1) Amount recorded in the financial statements for the current fiscal year

Provision for losses on construction contracts 3,869 million yen

(2) Details regarding significant accounting estimates for the identified item

The Company records an estimated amount of loss in the event that, of the undelivered work at the end of the fiscal year, there is a high probability that total cost of the work in question will exceed the total revenue of the work, and that the expected loss amount can be reasonably estimated. The total cost of work is calculated from available information, such as contract details and actual costs from past work with the same model. Assumptions used in this calculation will fluctuate due a variety of factors, including contract changes, construction conditions, and trends in materials/outourcing prices. Therefore, estimates will be continuously re-verified and revised.

If these estimates are revised, or if actual manufacturing costs incurred differ from estimates, such may have a significant impact on provision for loss on construction contracts and gross profit for the next fiscal year.

Supplemental information

Transaction to deliver Fujitec Co., Ltd. shares to employees, etc. via trust

At a meeting held November 6, 2020, the Fujitec Co., Ltd. board of directors resolved to adopt the E-Ship Trust-Type Employee Shareholding Incentive Plan. The purpose of this plan is to incentivize employees to raise corporate value over the medium and long term, to expand employee welfare benefits, and to encourage steady Company growth by motivating employees through equity participation.

(1) Overview of the transaction

The Plan is a Trust-Type Employee Shareholding Incentive Plan (E-Ship) available to all employees who participate in the Fujitec Employee Shareholding Association ("Shareholding Association"). Under the Plan, the Company will establish the Fujitec Employee Shareholding Association Trust ("Trust") within a trust bank with whom the Company has a business relationship. The Trust will acquire Company stock that the Shareholding Association is expected to acquire over the next five years via third party allotment, leveraging borrowings from the Company's transaction financial institutions as the source of funds. Thereafter, the Trust will sell the Company shares in question to the Shareholding Association on an ongoing basis. If, upon the conclusion of the Trust, the Trust has accumulated an amount equivalent to a gain on sale of stock, such amount equivalent to said gain shall be distributed as residual assets to those persons meeting requirements as beneficiaries. Fujitec Co., Ltd. will guarantee the loans used to acquire Company shares by the Trust. Therefore, if the Trust accumulates an amount equivalent to a loss on sale of stock and the Trust has accumulated a debt balance equivalent to such loss on the sale of Company stock at the conclusion of the Trust, the Company will repay the remaining debt in question.

(2) Shares of the Company remaining in the Trust

Company shares remaining in the Trust are recorded as treasury stock under net assets at the carrying value of the Trust (excluding incidental expenses). The carrying value and number of shares of treasury stock for the current consolidated fiscal year amounted to 115 million yen and 51 thousand shares, respectively.

(3) Carrying value of borrowings recorded via application of the gross method: — million yen for the current fiscal year

Notes to the balance sheets

1. Accumulated depreciation for property, plant and equipment 21,983 million yen

2. Guarantee obligations

We provide debt guarantees for loans of other companies arranged with financial institutions.

(Loan guarantee)

Fujitec Taiwan Co., Ltd.	2,058 million yen
Fujitec Korea Co., Ltd.	824 million yen
	<u>2,882 million yen</u>

(Other payment guarantees)

Fujitec America, Inc.	94 million yen
Fujitec Canada, Inc.	44 million yen
	<u>139 million yen</u>

3. Monetary receivables and payables from and to affiliated companies

Short-term monetary claims	2,041 million yen
Long-term monetary claims	2,330 million yen
Short-term monetary debt	722 million yen
Long-term monetary debt	1,068 million yen

Notes to statements of income

Transaction volume with affiliated companies

Operating revenue	2,498 million yen
Operating expenses	7,996 million yen
Volume of non-business transactions	15,653 million yen

Notes to statements of changes in shareholders' equity

Matters concerning the class and number of treasury shares

Class of stock	Balance at the beginning of the current fiscal year (thousand shares)	Increase in shares (thousand shares)	Decrease in shares (thousand shares)	Balance at the end of the current fiscal year (thousand shares)
Common stock	1,434	3,147	3,654	927

(Note) The number of treasury shares of common stock at the end of the current fiscal year was 51 thousand shares held as a trust-type employee shareholding incentive plan (E-Ship), and 876 thousand shares due to acquisition of treasury stock.

(Reasons for change)

The details of increases and decreases are as follows.

Purchase of treasury stock by resolution of the board of directors on March 1, 2022	3,147 thousand shares
Disposal of treasury stock by resolution of the board of directors on July 22, 2022	8 thousand shares
Decrease due to cancellation of treasury stock by resolution of the board of directors on February 8, 2023	3,500 thousand shares
Decrease due to sale to the Company's employee stock ownership association due to the E-Ship Trust-Type Employee Shareholding Incentive Plan	146 thousand shares

Notes on tax effect accounting

Deferred tax assets and deferred tax liabilities by major classification

Deferred tax assets

Loss on valuation of shares of subsidiaries and associates	1,465 million yen
Provision for retirement benefits	390 million yen
Provision for bonuses	476 million yen
Allowance for doubtful accounts	264 million yen
Accrued enterprise tax	27 million yen
Provision for warranties for completed construction	2 million yen
Provision for losses on construction contracts	1,184 million yen
Other	558 million yen
<u>Subtotal of deferred tax assets</u>	<u>4,370 million yen</u>

Valuation allowance (1,815) million yen

Total deferred tax assets 2,555 million yen

Deferred tax liabilities

Net unrealized gains on securities	(1,114) million yen
Deferred tax assets (reserve for advanced depreciation)	(34) million yen
<u>Total deferred tax liabilities</u>	<u>(1,148) million yen</u>

Deferred tax assets, net 1,406 million yen

Notes on related-party transactions
Subsidiaries and affiliated companies

(Millions of yen)

Class	Name of company/ organization	Ratio of voting rights held (ownership) (%)	Relationship	Details of transaction	Transaction value	Account	Period-end balance
Subsidiaries	Fujitec America, Inc.	Ownership 100.00, direct	Sale of Company products and semi-finished products Fund lending, debt guarantee Shared officers	Lending of funds (Note 1)	—	Long-term loans receivable	1,068
				Interest received (Note 1)	2	Other current assets	0
				Debt guarantee (Note 2)	94	—	—
	Fujitec (HK) Co., Ltd.	Ownership 100.00, direct	Sale of Company products and semi-finished products Fund borrowings Shared officers	Fund borrowings (Note 3)	—	Long-term debt	1,068
				Interest expenses paid (Note 3)	1	Accrued expenses	0
	Fujitec India Private Ltd.	Ownership 87.60, direct 10.40, indirect	Sale of Company products and semi-finished products	Capital increase (Note 4)	2,107	—	—
	Fujitec Saudi Arabia Co., Ltd.	Ownership 75.00, direct	Sale of Company products and semi-finished products Lending of funds	Repayment of funds	109	Long-term loans receivable (Note 5)	1,235
				Interest received (Note 1)	40	Other current assets	1

Conditions and policies for determining transactions

(Notes) 1. Interest rates for the lending of funds are reasonably determined in consideration of market interest rates.

2. The Company has guaranteed other payments, but not received any guarantee fees.

3. Interest rates for the borrowing and lending of funds are reasonably determined in consideration of market interest rates.

4. The capital increase was underwritten in full by the company.

5. The Company recorded 524 million yen as provision of allowance for doubtful accounts for this long-term loan in the current fiscal year, and the balance of the allowance for doubtful accounts at the end of the current fiscal year was 645 million yen.

Notes to revenue recognition

Basic information for understanding revenues

Same as notes to consolidated financial statements.

Notes on per-share information

Net assets per share 866.01 yen

Earnings per share 196.11 yen

Diluted earnings per share 196.02 yen

(Note) In calculating fiscal year end number of shares of common stock and average number of shares of common stock during the period used as a basis for the calculation per-share information, treasury shares deducted for said calculation include Fujitec Co., Ltd. stock held as E-Ship Trust-Type Employee Shareholding Incentive Plan.

(Note) Amounts stated in financial documents are rounded down to the nearest million yen.

Accounting Audit Report on Consolidated Financial Statements

Independent Auditor's Report

May 8, 2023

FUJITEC CO., LTD.
To the Board of Directors

Grant Thornton Taiyo LLC

Osaka Office

Designated Limited Liability Partners	Certified Public	Kenji Furuta	Ⓜ
Engagement Partner	Accountant		
Designated Limited Liability Partners	Certified Public	Tatsuya Yoshinaga	Ⓜ
Engagement Partner	Accountant		

Audit Opinion

We have audited, in accordance with Article 444(4) of the Companies Act, the consolidated financial statements of Fujitec Co., Ltd. for the period from April 1, 2022 to March 31, 2023, which consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in stockholders' equity, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the corporate group consisting of Fujitec Co., Ltd. and consolidated subsidiaries for the period related to the consolidated financial statement in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility for auditing standards is stated in "Liability of Auditors in Auditing Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and fulfill other ethical responsibilities as an auditor in accordance with the provisions on occupational ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information comprises the business report and the supplementary schedule. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit & Supervisory Board and its Members are responsible for overseeing Directors' execution of duties in the development and operation of the reporting process of the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibility of Management, Audit & Supervisory Board and its Members to Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the design, implementation, and maintenance of internal control as management determines is necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the consolidated financial statements based on the assumption of a going concern and disclosing such matters if it is necessary to disclose matters related to a going concern based on accounting principles generally accepted in Japan.

The responsibility of the Audit & Supervisory Board and its members is to oversee the execution of the directors' duties in the development and operation of the financial reporting process.

Liability of Auditors in Auditing Consolidated Financial Statements

The responsibility of the auditor is to express an opinion on the consolidated financial statements based on the audit conducted by the auditor, from an independent standpoint, with reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error. A misstatement is deemed to be material when it may occur due to fraud or error and, individually or in the aggregate, it is reasonably expected to affect the decision-making of the user of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. We will also design and implement audit procedures to address material misstatement risks. The selection and application of audit procedures are based on the judgment of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- Although the purpose of an audit of the consolidated financial statements, etc. is not to express an opinion on the effectiveness of the internal control, in performing the risk assessment, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Assess the appropriateness of fiscal policies adopted by management and their application methods, as well as the reasonableness of accounting estimates made by management and the adequacy of related footnote matters.
- Conclude whether it is appropriate for management to prepare consolidated financial statements, etc. on a going concern basis and whether, based on the audit evidence obtained, material uncertainties with respect to events or circumstances that raise substantial doubt about the Company's ability to continue as a going concern. In cases where material uncertainty regarding the going concern assumption is recognized, the Company is required to draw attention to the notes to the consolidated financial statements in the audit report, or express an opinion on the matters to be excluded in the consolidated financial statements if the notes to the consolidated financial statements regarding material uncertainty are not appropriate. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
- Evaluate whether the presentation and notes to the consolidated financial statements comply with accounting principles generally accepted in Japan, as well as whether the presentation, composition and content of the consolidated financial statements, including related notes, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising and implementing the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor shall report to the Audit & Supervisory Board and its members the scope and timing of the planned audit, important findings in the audit, including important deficiencies in the internal controls identified in the course of the audit, and other matters required by the audit standards.

The auditor will report to the Audit & Supervisory Board and its members that they have complied with the Japanese Occupational Ethics provisions for independence, and items that are reasonably considered to affect the auditor's independence, and, if safeguards are in place to eliminate or mitigate obstacles.

Interests

The Company and Consolidated Subsidiaries have no interest in the Auditing Corporation or Operating Partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

End

Independent Auditor's Report

May 8, 2023

FUJITEC CO., LTD.
To the Board of Directors

Grant Thornton Taiyo LLC

Osaka Office

Designated Limited Liability Partners	Certified Public Accountant	Kenji Furuta	Ⓔ
Engagement Partner	Accountant		
Designated Limited Liability Partners	Certified Public Accountant	Tatsuya Yoshinaga	Ⓔ
Engagement Partner	Accountant		

Audit Opinion

We have audited the financial statements of Fujitec Co., Ltd. for the 76th fiscal year from April 1, 2022 to March 31, 2023, including the balance sheet, profit and loss statement, statement of changes in shareholders' equity, individual notes, and supplementary schedules thereof (hereinafter referred to as "financial statements") in accordance with the provisions of Article 436(2)(i) of the Companies Act.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and the status of profit and loss for the period related to such financial statements in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility for auditing standards is stated in "Liability of Auditors for Auditing Financial Statements, etc." We are independent of the Company and fulfill other ethical responsibilities as an auditor in accordance with the provisions on occupational ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information comprises the business report and the supplementary schedule. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit & Supervisory Board and its Members are responsible for overseeing Directors' execution of duties in the development and operation of the reporting process of the other information.

Our audit opinion on the financial statements, etc. does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibility of Management, Audit & Supervisory Board and its Members to Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in Japan. This includes the design, implementation, and maintenance of internal controls deemed necessary by management for the preparation and fair presentation of financial statements, etc. free from material misstatement, whether due to fraud or error.

In preparing financial statements, etc., management is responsible for assessing whether it is appropriate to prepare financial statements, etc. based on the assumption of a going concern and disclosing such matters if it is necessary to disclose matters related to a going concern based on accounting standards generally accepted in Japan.

The responsibility of the Audit & Supervisory Board and its members is to oversee the execution of the directors' duties in the development and operation of the financial reporting process.

Liability of Auditors in Auditing Financial Statements, etc.

The responsibility of the auditor is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, based on the audit conducted by the auditor, and to express an opinion on the financial statements, etc. from an independent standpoint in the audit report. A misstatement is judged to be material when it may occur due to fraud or error and when, individually or in the aggregate, it is reasonably expected to affect the decision-making of users of financial statements, etc.

In accordance with auditing standards generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. We will also design and implement audit procedures to address material misstatement risks. The selection and application of audit procedures are based on the judgment of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- Although the purpose of an audit of the financial statements, etc. is not to express an opinion on the effectiveness of the internal control, in performing the risk assessment, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Assess the appropriateness of fiscal policies adopted by management and their application methods, as well as the reasonableness of accounting estimates made by management and the adequacy of related footnote matters.
- Conclude whether it is appropriate for management to prepare financial statements, etc. on a going concern basis and whether, based on the audit evidence obtained, material uncertainties with respect to events or circumstances that raise substantial doubt about the Company's ability to continue as a going concern. In cases where material uncertainty regarding the going concern assumption is recognized, the Audit Report is required to draw attention to the notes to the financial statements, etc. or, in cases where the notes to the financial statements, etc. concerning material uncertainty are not appropriate, the Company is required to express opinions on the financial statements, etc. that are excluded. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
- Evaluate whether the presentation and notes of financial statements, etc. conform to accounting principles generally accepted in Japan, as well as whether the presentation, composition and contents of financial statements, etc. including related notes, and whether the financial statements, etc. fairly present the underlying transactions and accounting events.

The auditor shall report to the Audit & Supervisory Board and its members the scope and timing of the planned audit, important findings in the audit, including important deficiencies in the internal controls identified in the course of the audit, and other matters required by the audit standards.

The auditor will report to the Audit & Supervisory Board and its members that they have complied with the Japanese Occupational Ethics provisions for independence, and items that are reasonably considered to affect the auditor's independence, and, if safeguards are in place to eliminate or mitigate obstacles.

Interests

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

End

Audit & Supervisory Board Report

Audit Report

We have audited the directors' performance of duties for the 76th fiscal year from April 1, 2022 to March 31, 2023. The method and result are as follows, and represent a unanimous opinion of all members of the Audit & Supervisory Board resulting from discussions based on audit reports drafted by each member.

1. Audit Method

- (1) The Audit & Supervisory Board established audit policy and division of duties, and received reports from each of its members about audit status and results. The board also received reports from the board of directors, other parties, and the accounting auditor regarding the execution of their respective duties, and asked for explanations as necessary. In addition, the Audit & Supervisory Board met with the president and CEO, exchanging opinions and information on audit issues. The board sponsored three-party audit liaison attended by the Audit & Supervisory Board, the accounting auditor, and the Internal Audit Office. In this liaison, parties reported and exchanged information on the status of their respective audits, strengthening cooperation in audit functions.
- (2) Each member of the Audit & Supervisory Board, in conjunction with the Audit & Supervisory Board Standard and in keeping with audit policy and division of duties, used telephones the internet, or other methods to communicate with directors, the Internal Audit Office, and other employees, striving to collect information and improve the audit environment, conducting audits using the following methods. Regarding cooperation with outside directors, we have made efforts for daily cooperation, including information exchange meetings.
 - i. Members attended important meetings, such as those of the board of directors, received reports from directors, employees, and other parties about the status of execution of their respective duties, asked for explanations as necessary, inspected important approval documents and other documents, and investigated the status of operations and assets at the head office and major business locations. Members worked to communicate and exchange information with the directors, auditors, etc. of subsidiaries, receiving business reports from these subsidiaries as necessary. Furthermore, members received reports from the Internal Audit Office about the status of execution and results of audits of major subsidiaries, asking for explanations as necessary.
 - ii. With respect to the system (internal control system) described in the business report that has been established based on resolution of the board of directors, the content of which relates to the establishment of systems as prescribed in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as a system for ensuring the execution of the duties of directors complies with laws, regulations, and the articles of incorporation, as well as to ensure the propriety of business activities in a group of enterprises consisting of the stock company in question and its subsidiaries, members received regular reports on the structure and operating status of said system from directors, employees, and other parties, asking for explanations and expressing opinions as necessary.
 - iii. With respect to the basic policy and initiatives described in the business report corresponding to Article 118, Item 3, (a) and (b) of the Ordinance for Enforcement of the Companies Act, respectively, the contents of said policy and initiatives have also been examined based on the status of deliberations at meetings of the board of directors, etc.
 - iv. We supervised and examined whether the accounting auditors maintained their independent status to ensure appropriate audit execution. We received reports from the accounting auditors regarding their performance of duties and asked for detailed explanations when necessary. We received notice from the accounting auditors that the "System to assure appropriate business performance" (stipulated in each section of Article 131 of the Rules of Corporate Accounting) as prepared appropriate and complies with "Quality management standard for the audit" (28 October 2005 Company Accounting Council). We requested detailed explanations when necessary. For major matters in the consideration of audits, members held discussions with the accounting auditor, received reports on the status of audit implementation, and asked for explanations as necessary.

In accordance with the aforementioned methods, we have reviewed the business report and supporting schedules, the financial statements (balance sheet, statement of income, statement of changes in net assets and notes to financial statements) and supporting schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements) for the fiscal year under review.

2. Result

(1) Results of the Audit of the Business Report

- i. We confirm that the business report and the supplementary schedules represent the Company's status in accordance with the law and articles of incorporation.
- ii. We did not recognize any serious facts about acts of dishonesty regarding director execution of duties or violation of the law or articles of incorporation. We will continue to closely monitor the events related to the third-party committee as described in the Business Report.
- iii. We confirm that the resolution of the board of directors regarding the internal control system is appropriate. Audit & Supervisory Board will continue to monitor the efforts of the board of directors as it reviews the Company's internal control system and implements further measures and reforms in the area of corporate governance.
- iv. There are no special matters to mention regarding the Basic Policy on Management Control described in the business report.

(2) Results of the Audit of Financial Statements and Supplementary Schedules

We confirm that the methods and results of the audit conducted by Grant Thornton Taiyo LLC were appropriate.

(3) Results of the Audit of Consolidated Financial Statements

We confirm that the methods and results of the audit conducted by Grant Thornton Taiyo LLC were appropriate.

May 9, 2023

FUJITEC CO., LTD. Audit & Supervisory Board

Member of the Audit & Supervisory Board (Standing)	Yasuo Utsunomiya	Ⓔ
Member of the Audit & Supervisory Board (Outside Audit & Supervisory Board Member)	Tatuo Ikeda	Ⓔ
Member of the Audit & Supervisory Board (Outside Audit & Supervisory Board Member)	Satoshi Hiramitsu	Ⓔ
Member of the Audit & Supervisory Board (Outside Audit & Supervisory Board Member)	Yoshiyuki Yamasaki	Ⓔ

End

Company Stock Information

■ Fiscal Year	April 1 to March 31
■ General Meeting of Shareholders	June
■ Record date	Ordinary General Meeting of Shareholders/year-end dividend: March 31 of each year Interim dividend: September 30 of each year
■ Method of public notice	Public notices are posted electronically. However, in the event that electronic public notice is not possible due to an accident or other unavoidable reason, public notices will be published in the Nihon Keizai Shimbun. Website address: https://www.fujitec.co.jp/koukoku
■ Administrator of shareholder registry and account management institution for special accounts	Sumitomo Mitsui Trust Bank, Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
■ Mailing address	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan
■ Telephone inquiries	(0120)782-031 (toll free) Hours: 9:00 - 17:00 (except Saturdays, Sundays, and holidays)

Expansion of Shareholder Benefit Program

The Company adopted a shareholder benefit program, *Fujitec Premium Benefit Club*, aiming to increase the attractiveness of investment in Company shares and to encourage shareholders to hold Company shares over the medium to long term. Shareholders holding 200 or more shares of Company stock as of the last day of March are eligible to receive shareholder benefit points, which can be exchanged for more than 5,000 different products or donated to public benefit corporations such as environmental NGOs and international NGOs through the Fujitec Premium Benefits Club.

No. of Shares Held	Points Granted		
	Initial Year	Between Two and Five Years, Continuously	Five Years and More, Continuously
200-299 shares	3,000 points	3,300 points	3,800 points
300-399 shares	5,000 points	5,500 points	6,300 points
400-499 shares	10,000 points	11,000 points	12,500 points
500-599 shares	15,000 points	16,500 points	18,800 points
600-999 shares	25,000 points	27,500 points	31,300 points
1,000 shares or more	30,000 points	33,000 points	37,500 points

[Inquiries regarding the *Fujitec Premium Benefit Club*]

Telephone inquiries: 0120-302-716

Hours: 9:00 a.m. to 5:00 p.m. (excluding weekends, national holidays, year-end, and New Year holidays)