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May 30, 2022

To all parties concerned

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

Notice Concerning Board of Directors' Resolution in relation to Shareholder's Assertion

Fujitec Co., Ltd. (the "**Company**") has received assertions from its shareholder, a manager to funds, Oasis Management Company Ltd. (herein after, "**Shareholder**"), that there are corporate governance issues in relation to related party transactions and other actions between the Company and President and CEO Takakazu Uchiyama and his related interests, referenced in the materials disclosed on May 19, 2022 (herein after, "**Transaction**").

The Company's board of directors held an extraordinary board of directors meeting on May 29, 2022, and came to the conclusion that there are no legal or corporate governance issues in relation to all of Transactions, and made a resolution to that effect, after taking into consideration investigations conducted by expert external lawyers and the results of discussions held in the board of directors meetings and meetings exclusive to outside directors, as well as other deliberations and considerations.

Notwithstanding, the Company's board of directors believes that the fact that the public information and disclosed materials caused certain shareholders to have suspicions about the Company's present and past related party transactions, should be taken very seriously. In order not to cause our shareholders to have the same suspicions in the future, the Company's board of directors, under the initiative of the Company's outside directors, intend to implement further improvements to the overall corporate governance system, not limited to the management and supervision of related party transactions, as soon as possible.

The sequence of events regarding the investigation and the results are as follows:

1. Sequence of events regarding investigation etc.

① Initiation of the investigation and framework

The Company received a letter requesting investigations into the related party transactions from the Shareholder on March 14, 2022. Most of what has been raised by the Shareholder on May 19, 2022, was raised in this letter, except in relation to the suspicion of Takakazu Uchiyama's personal use of the Company employee for his house's gardening work.

After immediate and thorough investigation of the relevant transactions and materials within the Company, it was found that all of the transactions were conducted under appropriate procedures, such as, in the case of transactions that required board of directors' approval, the approval was resolved by the members of the board of directors, without the participation of the member(s) with special conflict of interest. Further, there were no concerns raised by the auditors and tax offices.

However, given concerns of illegal conduct raised by a shareholder, all directors and auditors considered and decided that it was desirable for someone independent from the Company to confirm the facts, and that therefore decided that it would be appropriate for the Company's outside directors to conduct an investigation with the assistance of external expert lawyers.

With the approval of directors including outside directors and all auditors of the Company, on April 1, 2022, the Company decided to put two outside directors, Nobuki Sugita and Shigeru Yamazoe, in charge of this investigation, and engaged Kaku Hirao, a lawyer from Nishimura and Asahi who is an expert in these types of investigations, to conduct legal analysis on the investigation of relevant facts and the results of such investigation.

To note, Mr. Hirao has never engaged in any legal matters of the Company, and the Company considers him as an independent expert for the purposes of this investigation. There has not been advisory relationship for years between the Company and Nishimura and Asahi, the firm that Mr. Hirao works at.

② Method of investigation

In accordance with instructions from Mr. Sugita and Mr. Yamazoe, Mr. Hirao along with supporting lawyers conducted thorough reviews of materials relevant to the Transaction, such as board of directors meeting minutes, and interviews of related persons, including Takakazu Uchiyama.

③ Report to the board of directors' meeting

In the board of directors meeting held on April 15, 2022, Mr. Sugita and Mr. Yamazoe reported the results of the investigation to date, to the effect that, with respect to any of the transactions, they did not find that the Company dispensed with legally required procedures, or that there were any breach of director's duty of care on the part of the Company directors. There were questions and requests from the directors and auditors to further clarify the details of the facts, and Mr. Sugita and Mr. Yamazoe confirmed that they would conduct further investigations on such areas.

In the board of directors meeting held on May 13, 2022, Mr. Sugita and Mr. Yamazoe reported that they conducted further investigations on the points raised at the board of directors meeting held on April 15, 2022, and explained that the conclusion had not changed from that reported in that board of directors meeting. The Company directors and auditors held the general understanding that there were no legal issues in relation to any of the Transactions, and made requests to further clarify the details of the facts.

In the board of directors' meeting held on May 29, 2022, Mr. Sugita and Mr. Yamazoe reported that they conducted further investigations on the points raised at the board of directors' meeting held on May 13, 2022, and after deliberation, it was confirmed that none of the Transactions had legal or corporate governance issues, and the final investigation report was approved.

Takakazu Uchiyama did not participate in the deliberation of each of the abovementioned board of directors meetings, as he had a potential special conflict of interest.

④ Engagement with the Shareholder

The Company responded to the Shareholder in writing, via its representing lawyer, that according to the investigation conducted to date, most of the transactions raised in the Shareholder's assertion are lawful and appropriate, and were taken in accordance with applicable laws and procedures.

Further, the Company's representing lawyer conveyed to the Shareholder's representing lawyer, that a confidentiality pledge would be necessary for a more specific response, because specific information could be internal information subject to confidentiality. However, the Shareholder's representing lawyer has rejected the provision of a confidentiality pledge.

Also, responding to the Shareholder's request, the Company has proactively engaged with the Shareholder to have constructive conversations. President and CEO Takakazu Uchiyama has held two meetings, and two outside directors of the Company have held one meeting each, with the Shareholder since March 14, 2022 to this date.

2. Disclosure of investigation results

In receiving the final investigation report from Mr. Hirao, the board of directors of the Company hereby disclose the disclosure version of the report as attached.

Please note that certain proper nouns used in the investigation report produced by lawyers have been redacted in this disclosure.

End

To Fujitec Co., Ltd.
Mr. Nobuki Sugita, Director
Mr. Shigeru Yamazoe, Director

May 29, 2022
Kaku Hirao, Esq.
Nishimura & Asahi

Investigation Results

On May 19, 2022, Oasis Management Company Ltd. (“Oasis”) made public disclosure, in relation to Fujitec Co., Ltd., (“Fujitec”) of materials entitled “Details of Related-Party Transactions and Governance Issues (“Issues”)¹ and detailed materials entitled “Protect Fujitec” (“Detailed Materials”)². From mid-March 2022, Oasis pointed out to Fujitec some of the issues detailed in the Issues and Detailed Materials; in response to this, on April 1, 2022, Fujitec decided to have outside directors carry out an investigation of the facts with my support. As instructed by the outside directors, I examined board of directors meeting minutes and other related materials provided by Fujitec and interviewed Fujitec-related persons. Since April 8, 2022, I have reported to the outside directors successively of the progress of the investigation, and have moved forward with the investigation as instructed by the outside directors. It should be noted that I have never served as counsel for Fujitec previously. An overview of the facts learned through the investigation is as follows.

¹ There are six issues pointed out: (1) purchase of real property for personal use; (2) the loan of a large sum of money by Fujitec to a corporation held by President Uchiyama; (3) inexplicable payment of rent by Fujitec to a corporation held by the Uchiyama family; (4) inexplicable sale of company interests to a corporation held by President Uchiyama; (5) suspicion that Fujitec bought the relevant property in order to make up for investment losses by a corporation held by President Uchiyama; and (6) payment of fees to a personal tax advisor with close relations with two related companies of the Uchiyama family.

<https://www.protectfujitec.com/related-party-transactions-and-governance-issues-jp>

² There are eight issues pointed out: (1) Uchiyama family related companies, (2) the suspicion that Fujitec acquired an ultra-luxury apartment for the private use of the Uchiyama family; (3) the loan of a large sum of cash to a corporation held by President Uchiyama; (4) unclear payment of rent by Fujitec to a corporation held by President Uchiyama; (5) sale by Fujitec to a corporation held by President Uchiyama of shares in an unlisted company; (6) the suspicion that Fujitec purchased the property in order to make up for investment losses incurred by a corporation held by President Uchiyama; (7) the suspicion that a tax accountant running his own office with close personal relations with a company held by the Uchiyama family was hired by Fujitec and paid a fee; and (8) the suspicion that President Uchiyama used a Fujitec employee to do yardwork at his home.

<https://static1.squarespace.com/static/628452ce917b956ad3d21980/t/6285de49d2d2700b13049949/1652940381918/Protect+Fujitec+%28jpn%29.pdf>

Part 1. Transaction Relating to Domus Motoazabu No. 104 (related to Issues, Section 1; Detailed Materials, Sections 1, 2)

1. Acquisition of Domus Motoazabu No. 104 and execution of lease agreement

On February 14, 2013, Fujitec executed a purchase and sale agreement for Domus Motoazabu Room No. 104 with an unrelated third party (*yugen kaisha*).

At that time, Fujitec had been planning to make a full-fledged entry into the Tokyo metropolitan area market, and thought it would utilize Domus Motoazabu No. 104 as a reception facility for the president himself to make sales, in order to improve the Company's presence in the Tokyo metropolitan area. Fujitec also determined that in order to actively carry out reception activities, it would be necessary to have a residence for the president, who would be a host of the receptions, next to the reception area, and so divided Domus Motoazabu No. 104 into a reception area and a residential area and asked Takakazu Uchiyama to reside in the residential area of Domus Motoazabu No. 104. Takakazu Uchiyama and his family complied with this request and decided to reside in the residential area of Domus Motoazabu No. 104, paying a set rent.

The acquisition price for Domus Motoazabu No. 104 was 290,000,000 yen, which was within the range of a property appraisal by a well-established real estate agency. The rent for the residential area of Domus Motoazabu No. 104 was calculated taking into account the amounts considered to be standard rent for residences leased to officers under the Income Tax Law Basic Circulars.

The matter of acquiring Domus Motoazabu No. 104 was put before the board of directors on February 8, 2013, and the resolution passed without the participation of Takakazu Uchiyama, who had a potential conflict of interest.

Following the acquisition in 2013, Fujitec used the reception area of Domus Motoazabu No. 104 in a continuous manner as a reception facility; this can be confirmed from objective materials. During that time, Takakazu Uchiyama and his family lived in the residential area of Domus Motoazabu No. 104.

2. Sale of Domus Motoazabu No. 104

On June 28, 2021, Fujitec executed a purchase and sale agreement for Domus Motoazabu No. 104 and the movable property therewithin, with Santo Kabushiki Kaisha ("Santo"), whose representative director was Yusuke Uchiyama.

The reasons for the sale of Domus Motoazabu No. 104 were one, that eight years had passed since its acquisition, and the initial objective of strengthening sales made by the president himself in order to improve the company's presence in Tokyo metropolitan area had been attained and two, just at that time the COVID-19 situation made reception-type sales activities difficult.

The sale price for Domus Motoazabu No. 104 was 368,935,000 yen, the average of two real estate appraisals obtained from two well-established real estate agencies, plus 2,873,241 yen, the book price as of the end of March 2021 for the movables within the property, for a sum total of 371,808,241 yen.

The matter of selling Domus Motoazabu No. 104 was put before the board of directors on May 12, 2021, and the resolution passed without the participation of Takakazu Uchiyama, who had a potential conflict of interest.

Part 2. Loan to Kabushiki Kaisha Uchiyama International (“Current UI”) (related to Issues, Sections 1, 2; Detailed Materials, Section 3)

1. Loan to Seiwa Kaihatsu Kosan Kabushiki Kaisha (“Seiwa Kaihatsu Kosan”; Current UI)

(1) Background to Loan to Seiwa Kaihatsu Kosan (Current UI)

A. Land Sale between Fujitec and Seiwa Kaihatsu Kosan

In its settlement for the term ended 1989 (42nd Term), Fujitec was expected to record a net loss of roughly 3 billion yen; in order to compensate for this and strengthen Fujitec’s financial status to put the company on a sound financial footing, Fujitec decided to sell land it owned (78 and 80, Usubohonmachi 1-chome, Nishi-ku, Osaka; the “**Land**”), which it had been using as its Osaka Branch (Sales Headquarters), at a price 10% higher than the assessed price (the “**Land Sale**”). In order to continue using the Land after the Land Sale as its Osaka Branch (Sales Headquarters), it decided to execute a lease agreement for the Land with Seiwa Kaihatsu Kosan (“**Lease Agreement**”). The Land Sale and the Lease Agreement were approved by resolution of the board of directors dated June 30, 1989; Shotaro Uchiyama, who was representative director and president at the time and had a potential conflict of interest, did not participate in the resolution.

Meanwhile, in order to raise the money to purchase the Land in the Land Sale, Seiwa Kaihatsu Kosan borrowed 3.5 billion yen from A bank and 3.0 billion yen from B bank, for a loan total of 6.5 billion yen (the “**Borrowings**”).

Subsequently, on September 20, 1989, the Land Sale closed and on September 21, Fujitec and Seiwa Kaihatsu Kosan executed the Lease Agreement.

B. Fujitec Guarantee Option Submission and Full Guarantee following the Land Sale

Upon request from A bank and B bank, and with the approval resolution of the board of directors

dated February 19, 1999, Fujitec submitted a guarantee option to both banks. Shotaro Uchiyama, who was representative director and president at the time and had a potential conflict of interest, did not participate in the resolution.

Subsequently, upon request of B bank, and with the approval resolution of the board of directors dated February 22, 2002, Fujitec converted the guarantee option provided to A bank and B bank into a full Guarantee. Shotaro Uchiyama, who was honorary chairman of the board at the time and had a potential conflict of interest, did not participate in the resolution.

(2) Loan to Seiwa Kaihatsu Kosan (Current UI)

At the board of directors meeting held August 28, 2003, Fujitec resolved to relocate the Osaka Branch (Sales Headquarters) from the Land to Namba Parks, Parks Tower (2-10-70 Nambanaka, Naniwa-ku, Osaka).

In order to utilize the Land more effectively in conjunction with this relocation, at the above board of directors meeting, approval was given to Fujitec's repurchase of the Land for 1,023,000,000 yen, the amount indicated in an appraisal, from Seiwa Kaihatsu Kosan and Yugen Kaisha Uchiyama International ("**Land Repurchase**"). At the same board of directors meeting, approval was given to making a loan to Seiwa Kaihatsu Kosan of 4,100,000,000 yen, with a repayment deadline of September 30, 2005, Seiwa Kaihatsu Kosan's real property and negotiable securities (valuation of 4,107,000,000 yen) as collateral, and an interest rate of the external procurement cost *plus* 0.1% (the "**Loan**"). The purpose of the Loan was the repayment of the Borrowings which Seiwa Kaihatsu Kosan bore when making the Land Purchase, but because Fujitec was guaranteeing the Borrowings, as discussed in (1)B above, causing Seiwa Kaihatsu Kosan to repay the Borrowings also had the result of extinguishing Fujitec's guarantee obligations. Kenji Otani³ ("Mr. **Otani**"), who was chairman of the board at the time, and Takakazu Uchiyama, who was Fujitec representative director and president at the time, both had a potential conflict of interest and did not participate in the resolution.

Subsequently, both the Land Repurchase and the Loan were executed on September 30, 2003.

2. Extension of the Loan Repayment Deadline

Upon request from Seiwa Kaihatsu Kosan, Fujitec, at the board of directors meeting held November 12, 2004, approved extending the repayment deadline for the Loan until September 30, 2008. Both Mr. Otani, who was chairman of the board at the time and Takakazu Uchiyama, who was Fujitec representative director and president at the time, had a potential conflict of

³ Mr. Otani was a relative of Shotaro Uchiyama.

interest and thus did not participate in the resolution.

Following this, upon request from the Current UI, Fujitec on multiple occasions passed board of directors resolutions extending the Loan payment deadline. Specifically, at the September 29, 2008 board of directors meeting, a resolution was passed extending the repayment deadline until September 30, 2011; at the July 14, 2011 board of directors meeting, a resolution was passed extending the repayment deadline until September 30, 2014; and at the August 7, 2014 board of directors meeting, a resolution was passed extending the repayment deadline until September 30, 2017. At these board of directors meetings, when resolutions approving extension of the Loan deadline were passed, the financial conditions and cash flow etc. of the Current UI was examined. Takakazu Uchiyama, who was representative director and president at the time and had a potential conflict of interest, did not participate in any of the resolutions.

The Current UI made repayments of the Loan to Fujitec, of 450,000,000 yen in March 2006, of 1,750,000,000 in September 2006, of 200,000,000 yen in December 2013, and of 1,700,000,000 in March 2015.

Part 3. Transaction relating to Takanawa Building (formerly Tokyo FIT) (related to Issues, Sections 3, 4; Detailed Materials, Sections 1, 4, 5)

1. In Takanawa Building (formerly Tokyo FIT) Securitization Scheme; Commencement of Lease

Fujitec had been leasing the Takanawa Building (formerly Tokyo FIT; 2-85 Takanawa, Minato-ku, Tokyo) from the Current UI and using it as a Safe Net Center⁴ in the Tokyo area; around early September 2006, the Current UI decided to securitize the Takanawa Building in a transaction where management and disposal of the land and building of the Takanawa Building would be entrusted to C trust bank, the beneficial interest relating to such trust would be transferred to a *godo kaisha* SPC, equity contributions to such *godo kaisha* would take the form of tokumei kumiai contributions based on a tokumei kumiai agreement and contributions from a limited liability intermediate corporation (the source of funds being the funds contributed by the relevant tokumei kumiai investor). Meanwhile, Fujitec, around June 2006, received a proposal from A bank and C trust bank for participation in the Takanawa Building securitization scheme and continuation of the lease for the Takanawa Building, and at the August 10, 2006 board of directors meeting, after reviewing the merits and demerits, Fujitec approved the participation in the Takanawa Building securitization scheme. Both Mr. Otani, who was chairman of the board at the

⁴ A facility with elevators in operation 24 hours a day, 365 days a year, where in times of emergency the conditions within elevators can be confirmed using maintenance cameras, and if there are passengers in an elevator, rescue arrangements are made promptly.

time and Takakazu Uchiyama, who was Fujitec representative director and president at the time, had a potential conflict of interest and thus did not participate in the resolution.

Subsequently, on September 21, 2006, in conjunction with such resolution, Fujitec made a tokumei kumiai investment in Takanawa FT Investment Godo Kaisha, which was established as the SPC in the Takanawa Building securitization scheme (“SPC”) and contributed funds to Takanawa FT Investment Yugen Sekinin Chukan Hojin (later to become Takanawa FT Investment Ippan Shadan Hojin).

Fujitec also executed a fixed-term building lease agreement / real property management agreement (monthly rent 1,050,000 yen (tax not included)) with C trust bank.

2. Investment in the Takanawa Building Securitization Scheme; Continuation of Lease

Regarding the Takanawa Building securitization scheme, because the refinancing conditions for the SPC were in place by around July 2011, Fujitec had to decide whether to continue investment in the Takanawa Building securitization scheme and whether to continue Takanawa Building lease. At the board of directors meeting held July 14, 2011, after the merits and demerits of continuing the investment and lease were deliberated, and a resolution approving continuation of the investment in the Takanawa Building securitization scheme and the Takanawa Building lease was passed. Takakazu Uchiyama, who was Fujitec representative director and president at the time and had a potential conflict of interest, did not participate in the resolution.

In accordance with this resolution, on September 30, 2011, Fujitec executed a new fixed-term building lease agreement / real property management services agreement for the Takanawa Building (monthly rent 14,997,000 yen⁵ (tax excluded)) with C trust bank.

3. Termination of Investment in Takanawa Building Securitization Scheme and Lease Agreement

At the Fujitec board of directors meeting held August 7, 2014, a resolution approving the transfer to the Current UI of the tokumei kumiai interests at the valuation amount of 178,695,000 yen and the fund contribution portion at the contribution amount of 3,750,000 yen, taking into account the redevelopment conditions in the Tokyo area and Fujitec’s resulting business conditions in conjunction therewith. Takakazu Uchiyama, who was Fujitec representative director and president at the time and had a potential conflict of interest, did not participate in the resolution.

⁵ However, the actual rent paid per one month was 14,682,000 yen (14,997,000 yen rent *less* service fees to C trust bank of 315,000 yen).

Subsequently, on September 30, 2014, Fujitec executed the transfer of such interests etc. to the Current UI. It is noted that because as a result of such transfer of interests etc., the lease agreement for the Takanawa Building fell into a related-party transaction though there were no changes in actual conditions of the lease in conjunction with the transfer, the rent amount for related-party transactions went from 54 million yen for the term ended March 2014 to 141 million yen for the term ended March 2015, an increase of 88 million yen, representing the six months of rent based on the lease from October 2014 until March 2015. The rent amount for related-party transactions went from 141 million yen for the term ended March 2015 to 229 million yen for the term ended March 2016, an increase of 88 million yen; this is because, regarding the rent paid based on the above lease, a six-month portion was recorded for the term ended March 2015, but for the term ended March 2016, a full-year portion of rent was recorded, resulting in an increase of 88 million yen, the sum total of six months of rent.

Following the transfer of such interests etc., Fujitec continued the fixed-term building lease agreement / real property management agreement with C trust bank, but because the SPC sold the trust beneficial interests to the Takanawa Building securitization scheme to a third party and was to transfer such trust beneficial interest to such company by March 29, 2019, Fujitec and C trust bank amicably terminated such agreement as of the end of March 2019.

Part 4. “Hisho Dormitory”, Urban Well Ibaraki-related Transaction (related to Issues, Section 3; Detailed Materials, Sections 1, 4)

In 1982, Fujitec executed a lease agreement for the First Hisho Dormitory with the Current UI’s predecessor, Seiwa Kaihatsu Kosan, and in 1985, Fujitec executed a lease agreement for the Second Hisho Dormitory from an unrelated third party (*kabushiki kaisha*). Fujitec allowed its employees to use these buildings as company dormitories.

On September 30, 2007, because the First and Second Hisho Dormitories had deteriorated with age, Fujitec terminated these lease agreements, and on December 28, 2007, executed a lease agreement with the Current UI for 50 rooms at Urban Well Ibaraki (monthly rent 4,130,000 yen (50 dormitory spaces portion 3,750,000 yen; consultation room portion 374,000 yen)⁶. The rent charged to Fujitec for Urban Well Ibaraki was the same level as rent charged to third parties other than Fujitec.

With the termination of the lease agreements for the First and Second Hisho Dormitories and the Urban Well Ibaraki lease agreement⁷, Fujitec expected an annual reduction in rent, etc. of

⁶ At that time, 39 out of 50 rooms were expected to be used, and as of October 1, 2021, 43 out of 50 rooms were in use.

⁷ At the same time, a Fitwill Hikone use agreement was also executed.

42,000,000 yen and an annual reduction of 18,000,000 yen through elimination of meals for employees, for a total annual reduction in expenses of 60,000,000 yen.

The matter of the Urban Well Ibaraki lease was approved at the November 6, 2007 board of directors meeting. Both Mr. Otani, who was chairman of the board at the time and Takakazu Uchiyama, who was Fujitec representative director and president at the time as well as the representative of the Current UI, had a potential conflict of interest and thus did not participate in the resolution.

Subsequently, Fujitec obtained the information that rent had fallen for the portions of Urban Well Ibaraki other than the portion rented by Fujitec. Thus, on December 6, 2013, Fujitec executed a building lease amendment agreement regarding the Urban Well Ibaraki lease agreement with the Current UI, under which monthly rent was reduced from 4,130,000 yen (50 dormitory spaces portion 3,750,000 yen; consultation room portion 374,000 yen) to monthly rent 4,022,000 yen (50 dormitory spaces portion 3,656,000 yen; consultation room portion 366,000 yen) ⁸.

On October 1, 2021, Fujitec executed an agreement amending the Urban Well Ibaraki lease agreement with Santo, which had succeeded to the position of lessor from the Current UI, under which the number of premises covered changed from 50 rooms and one consultation room to five rooms and one consultation room (total monthly rent 731,600 yen; no change in per-room rent) ⁹.

Regarding both the 2013 rent reduction and the 2021 agreement amendment (change in number of rooms) were approved by board of directors resolutions in which Takakazu Uchiyama, who was Fujitec representative director and president at the time and had a potential conflict of interest, did not participate (Mr. Otani had resigned his position as director).

Part 5. Transaction Relating to Fitwill Hikone (related to Issues, Section 5; Detailed Materials, Sections 1, 6)

1. Execution of Facility Use Agreement with Fitwill Hikone

Fitwill Hikone was originally operated by the Social Insurance Health Project Foundation as the Hikone Health Insurance Center, “Peare Hikone”, but it was slated for closure in March 2007. In the fall of 2006, Hikone citizens gathered signatures for a petition calling for operations to

⁸ The monthly rent that Fujitec for one room in the employee dormitory portion Fujitec was renting, prior to the above reduction, was 75,120 yen per room (3,750,000 yen ÷ 50 (rooms)), and after the above reduction, was 73,120 yen per room (3,656,000 yen ÷ 50 (rooms)); this approached the rent levels for Urban Well Ibaraki in the advertisements of other companies at that time (from 67,000 yen to 73,000 yen).

⁹ With this lease amendment, persons leaving the Urban Well Ibaraki company dormitory moved to different properties that Fujitec leased (no confirmation has been made of whether the lessors have relations with Fujitec); their monthly rent was from 64,500 yen to 92,000 yen, and thus was on the same level as the monthly rent of 73,120 yen per one room of the Urban Well Ibaraki company dormitory portion rented by Fujitec.

continue. Under such circumstances, the Current UI took over the land and building and in April 2007, continued operations of the facility as “Fitwill Hikone”.

In December 2007, for the purpose of the employee welfare benefits, Fujitec executed a facility use agreement with the Current UI.

The matter of execution of the facility use agreement was put before the board of directors on November 6, 2007 and the resolution was approved as well as the representative of the Current UI. Both Mr. Otani, who was chairman of the board at the time, and Takakazu Uchiyama, who was Fujitec representative director and president at the time had a potential conflict of interest and thus did not participate in the resolution.

At the board of directors meeting, it was explained that the facility use fee was decided in the light of guidance from nearby facilities and was a reasonable amount.

2. Acquisition of the Fitwill Hikone Business

On September 15, 2009, Fujitec acquired the sports culture business, including the land and building, of Fitwill Hikone, from the Current UI.

Regarding the purpose of acquiring the Fitwill Hikone business, at the August 5, 2009 board of directors meeting, it was explained that the purpose was (i) to effectively use the facilities as part of welfare benefits to improve the health of employees, and (ii) to contribute to local society as part of corporate citizenship activities. Further, at this board of directors meeting, it was explained that while the primary purpose of acquiring Fitwill Hikone was not to make profit but to enhance employee welfare benefits and to contribute to local residents, it was necessary to adequately manage and monitor profitability so that the facility does not become a major burden to the Fujitec business. It should be noted that Fujitec received a request from the mayor of Hikone to take over operation of Fitwill Hikone, because Fitwill Hikone contributed to the welfare benefits of Hikone citizens.

The acquisition price for the Fitwill Hikone business was the real estate assessment price for the land and building *plus* an amount equal to the book value of other fixed assets as of the end of August 2009.

The matter of acquisition of the Fitwill Hikone business was submitted to the August 5, 2009 board of directors meeting and the September 15 board of directors meeting (written resolution), and was approved without the participation of Takakazu Uchiyama, who was the Fujitec representative director and president at the time (Mr. Otani had resigned his position as director)¹⁰.

¹⁰ At the ordinary general meeting of shareholders held on June 25, 2009, a proposal to amend the Articles of Incorporation was approved, which included the addition of sports and cultural facilities to FUJITEC's business purpose.

3. Ending of Fitwill Hikone Business and Sale of Land and Building

Under the COVID-19 situation, Fujitec determined that it would be difficult to continue the Fitwill Hikone business, and ended operations as of the end of December 2021.

Subsequently, on January 11, 2022, Fujitec executed a purchase and sale agreement for the Fitwill Hikone land and building with a third party (Social welfare corporation) with no relations with Fujitec. The sale price for the Fitwill Hikone land and building was roughly the same as the amount in the real property appraisal.

Under the Fujitec Board of Director Rules, the sale of the Fitwill Hikone land and building does not require a board of directors resolution, given the amount.

Part 6. Mr. Yoshinori Shinohara (“Mr. Shinohara”) (related to Issues, Section 6, Detailed Materials, Section 7)

In 2013, because Fujitec’s tax accountants at that time were aging, Fujitec executed a new tax advisory agreement with Mr. Shinohara etc.¹¹, thus changing advisor tax accountants¹². Mr. Shinohara is a certified public accountant who has experience working at a top accounting firm as deputy director, representative partner, etc., and also had experience as the outside auditor of other companies, but his fee under the advisory agreement with Fujitec was 120,000 yen a month.

Since 2013, Mr. Shinohara and others have been providing tax audit support to Fujitec.

The Osaka Ekimae Tax Accountant Firm where Mr. Shinohara serves as representative partner executed advisory agreements relating to tax consultations with both the Current UI and Santo¹³; the execution of these advisory agreements happened after Fujitec executed an advisory agreement with Mr. Shinohara etc.; no confirmation has been made of any fact indicating that the advisory agreement with Mr. Shinohara falls under a director’s conflict-of-interest transaction, any fact that what the Detailed Materials pointed out as being possible, namely, that “against the backdrop of Mr. Shinohara having a relationship with the Uchiyama family, Fujitec hired him with a fee” or that “in place of the Uchiyama family, Fujitec has been paying Mr. Shinohara fees that the Uchiyama family companies should pay”.

Part 7. Work in the Garden at Takakazu Uchiyama’s House

The Detailed Materials raise “the concern that Fujitec is paying an employee a salary to do

¹¹ Fujitec has a contract with another tax accountant besides Mr. Shinohara.

¹² Fujitec has an advisory agreement with another tax accountant regarding transfer pricing tax regimes.

¹³ The establishment of Santo was in 2015, after Mr. Shinohara etc. executed agreements with Fujitec in 2013.

private work for the Uchiyama family”, pointing out the possibility that a current Fujitec employee was doing yardwork at the house of Takakazu Uchiyama during work hours, and Fujitec was paying this employee’s salary. However, no such facts are found.

Takakazu Uchiyama had asked this individual to do yardwork at his house, paying expenses etc., independent from Fujitec.

This individual’s yardwork has continued since April 2018 up to the present; the employment agreement between Fujitec and this individual terminated as of June 20, 2021; during the period when this individual worked part-time at Fujitec (June 1, 2016 to June 30, 2021), this individual performed the yardwork outside of work hours.

The light truck appearing in a photograph in the Detailed Materials is the property of the individual.

End