

April 7, 2023

To all parties concerned

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(Stock Code 6406)
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Notice Concerning the Opinion of the Board of Directors and the Completion of Additional Third-Party Investigation Concerning the Dismissal of Former Chairman Uchiyama, Etc.

Please be advised of the following matters.

1. Opinion of the Board of Directors Regarding the Dismissal of Former Chairman Uchiyama
As announced in *Notice Concerning Change in Personnel (Resignation of Chairman)*, published March 28, 2023, the Fujitec Co., Ltd. ("Company") Board of Directors dismissed Mr. Takakazu Uchiyama ("Mr. Uchiyama") as chairman, effective March 28, 2023.

The reasons behind this dismissal are threefold:

- (1) As announced in *Notice Concerning Board of Directors' Resolution in relation to the Implementation of an Additional Investigation by the Third-Party Committee*, published June 17, 2022, the Company appointed a third-party committee to conduct additional investigations into related-party transactions and other activities identified by certain shareholders. The third-party committee indicated that Mr. Uchiyama did not provide his full cooperation with the investigation.
- (2) The Company withdrew a proposal to nominate Mr. Uchiyama as a candidate for director immediately prior to the 75th Annual Meeting of Shareholders held June 23, 2022. Rather, the Company appointed Mr. Uchiyama to the position of chairman after the meeting. This action created the appearance that Mr. Uchiyama retained a certain degree of influence over the Company without the acknowledgment of the general meeting of shareholders, and may have given rise to doubts of a violation of the basic principle of corporate governance under which the general meeting of shareholders is entitled to the right to appoint Company managers.
- (3) The Company has reached a point generally in which the succession and advice received from Mr. Uchiyama in terms of business continuity is complete.

We also announced that the board of director resolution in the meeting referenced above was approved unanimously by our directors, both internal and outside.

The board will make further efforts to ensure corporate governance is of the highest standard required of a publicly traded company.

2. Completion of Investigation by Third-Party Committee

As announced in *Notice Concerning the Third-Party Committee*, published August 10, 2022, the Company formed the third-party committee referenced above, chaired by attorney Hideaki Kobayashi. The Company executed an agreement with said third-party committee, the term of which extended through the end of December 2022. The Company included a clause that the term of said Committee could be extended by agreement of both parties if the matters delegated had not been completed as of the end of December 2022. On April 2, 2023, the Committee informed the Company that the term of the agreement would not be extended (in other words, the agreement would not be renewed).

According to the third-party committee, the reasons for the Committee's decision not to extend (not renew) the term of the agreement, in general, were as follows:

(1) Inability to establish a relationship of trust with the Company in light of the following factors:

a. The Company was uncooperative in disclosing materials, facilitating interviews, etc.

For example, materials requested for disclosure on November 4, 2022 and November 25, 2022 were only disclosed on December 29, immediately prior to the end of the agreement term, with no prior communication regarding estimated time of disclosure. While the Committee requested an interview with Mr. Uchiyama on December 8, 2022, the Company waited until December 21 to inform the Committee that an interview could be arranged on December 27 or 28, immediately prior to the end of the agreement term, with no prior communication regarding having received said request. Further, the Committee indicated that conducting interviews was difficult due to lack of knowledge of the whereabouts of retired individuals. However, the forensic investigation conducted by the third-party committee revealed that an individual within the Company had in fact been in contact with said retirees.

b. Actions taken by the Company regarding the expiration of the term of the agreement term raised doubts about the integrity of the Company.

The Committee indicated in early December 2022 that completing the investigation prior to December 31 would be difficult due to the lack of cooperation by the Company. The Company indicated that it would decide at a board meeting to be held in January whether to continue the agreement and that the investigation was not expected to be conducted until a new agreement was reached on or after January 1. Meanwhile, an interview with Mr. Uchiyama was set and documents were disclosed immediately prior to the end of the agreement term.

c. Interference by the Company in the content of the investigation report

Despite an agreement that the right to draft the investigation report belonged to the third-party committee exclusively, on January 23, 2023, an e-mail was sent by the Company interfering with the content of the investigation report, and thereafter the Company denied having interfered with the content of the investigation report.

(2) The Committee no longer believed the Uchiyama family would cooperate with the investigation

In order to conduct a real investigation, it is essential to obtain cooperation from Mr. Uchiyama and the affiliated companies he represents (hereinafter referred to as "Related Parties"), but not only did we not obtain sufficient cooperation from the Related Parties, as they did not respond to our request to provide materials, we also received a warning letter dated December 27, 2022, from the affiliated company represented by Mr. Uchiyama, stating that legal action would be taken depending on how the third-party committee responds to the investigation. The third-party committee was not fully cooperated with the company. In addition, there were reports that Mr. Uchiyama announced his intention to file a civil lawsuit against certain shareholders who made statements that triggered the investigation. Under such circumstances, the Committee was not confident it could obtain appropriate cooperation from the related parties.

However, in light of the points above indicated by the third-party committee, the Company believes that the committee's decision not to extend the agreement term (not renew the agreement) was regrettable, but unavoidable.

The Company intends to use the lessons learned during the investigation, including the scope of the investigation, approach, and points raised in to the Company's response, to strengthen governance further in the future.

The Company wishes to add here that, in addition to the efforts to date to improve corporate governance, the dismissal of Mr. Uchiyama from his position will not result in any related-party transactions with the Uchiyama family that should cause concern to shareholders in the future.

End