

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

May 26, 2023

To all parties concerned

Company: Fujitec Co., Ltd.
(Stock Code 6406)
Representative: Takao Okada
President and CEO
Contact: Kosuke Sato
Operating Officer,
General Manager of Finance HQ
(TEL 072-622-8151)

Notice of Filing of a Lawsuit against the Company

Fujitec Co., Ltd. (the “Company”) hereby announces that Mr. Takakazu Uchiyama (“Mr. Uchiyama”), the Company’s shareholder, has publicly disclosed that he had filed a lawsuit against the Company. As the Company has not yet received the complaint as of today, the following information is based on the content of the complaint disclosed by Mr. Uchiyama.

1. The Court to Which the Lawsuit was Filed, and Date and Time of Filing

- (1) Court: the Otsu District Court Hikone Branch
- (2) Filing date of the lawsuit: May 9, 2023

2. Content of the Lawsuit

The plaintiff requests a declaration of invalidity of each of the resolutions to (i) elect Ms. Kaoru Umino, Director, as the Chairperson of the Board of Directors of the Company and (ii) select Mr. Kazuhiro Mishina, Director, Mr. Torsten Gessner, Director, and Ms. Ako Shimada, Director, as the members of the Nomination and Compensation Advisory Committee, which were adopted at the meeting of the Board of Directors held on March 24, 2023, and the resolution to (iii) dismiss Mr. Uchiyama from the office of Chairman of the Company and terminate any contracts between the Company and Mr. Uchiyama, which was adopted at the meeting of the Board of Directors held on March 28, 2023.

3. View of the Company

While the plaintiff argues the invalidity of resolutions adopted at the meetings of the Board of Directors based on (i) violation in convocation procedures of the meeting of Board of Directors; (ii) absence of interpreters; and (iii) participation by directors who had special conflicts of interest in taking of the resolutions, the Company believes that the plaintiff’s arguments lack factual and legal grounds as described below, such as being based on unique views that contradict the prevailing interpretation of the Companies Act of Japan, and therefore there is no room for the plaintiff’s claim to be accepted by the court.

(1) Procedural Defect (Violation in Convocation Procedure)

The plaintiff argues that, while the Articles of Incorporation of the Company provide that the meetings of the Board of Directors shall be convened by a director previously designated by the Board of Directors, and such director shall serve as the chairperson of such meetings, since the “director previously designated by the Board of Directors” had been dismissed at the Extraordinary General Meeting of Shareholders, it was required to designate a director by whom the meetings of the Board of Directors should be convened at any meeting of the Board of Directors that was held before the meeting of March 24.

However, under the Companies Act, in principle, each director has the authority to convene a meeting of the Board of Directors. In the present case, as the Company had fallen into a situation where there was no “director previously designated by the Board of Directors,” it is considered to be a normal interpretation of

the Companies Act that, in such situation, it is understood that the principle that each director is entitled to convene a meeting of the Board of Directors prevails. If the plaintiff's argument is assumed to be correct, there would have been no directors to convene any "meeting of the Board of Directors that was held before the meeting of March 24," and, as a consequence, any such meeting of the Board of Directors could not be held anyway. Therefore, it can be said that the argument of the plaintiff is self-contradictory and preposterous.

(2) Procedural Defect (Absence of Interpreters)

The plaintiff argues that the resolutions of the Board of Directors are defective on the ground that, at the meeting of the Board of Directors of the Company held on March 24, 2023, simultaneous interpreters left the meeting before its conclusion because the meeting took longer than originally scheduled, and thereafter, the meeting fell into disorder as some of the directors spoke in English as they liked without any simultaneous interpreter.

However, after the simultaneous interpreters left the meeting, efforts were made to ensure that each director could understand the contents of deliberation in such manner that directors who could speak English provided interpretation, as necessary, to the non-Japanese director who did not understand Japanese. Therefore, the argument that part of the directors spoke in English as they liked and the meeting fell into disorder is groundless. In reality, necessary and sufficient discussions were conducted in a situation where each director could sufficiently understand the opinions of others, and therefore, there was no such defect as is argued by the plaintiff.

(3) Procedural Defect (Adoption of Resolution in which the Directors who Had Special Conflicts of Interest Participated)

On the ground that the matters resolved at meetings of the Board of Directors overlap part of the matters demanded by the shareholder that had proposed candidates for directors at the Extraordinary General Meeting of Shareholders of the Company held in February 2023, the plaintiff argues that outside directors elected at that Extraordinary General Meeting of Shareholders had special conflicts of interest with respect to such matters.

However, directors elected through the shareholder proposal bear the duty of care of a prudent manager and duty of loyalty toward the Company and not toward any specific shareholder. They have been performing their duties as directors of the Company independently from any shareholder, and it has never been the case that they act for the benefit of any specific shareholder as argued by the plaintiff. In addition, a special conflict of interest under the Companies Act is generally understood to mean a personal conflict of interest under which faithful performance of the duty of loyalty toward a company is considered to be typically difficult. For example, a director who intends to carry out any transaction by himself/herself with a company is understood to have a special conflict of interest with respect to the resolution of the board of directors approving such conflicting interest transaction. The outside directors of the Company, however, did not have any personal conflict of interest in the foregoing sense with respect to any of the matters for resolution by the Board of Directors seen as a problem by the plaintiff. The plaintiff's argument is based on his unique views that contradict the prevailing interpretation of the Companies Act.

4. Future Prospects

The Company has not yet received the complaint as of today. Upon receipt of the complaint, the Company is going to present its arguments to the court. The Company believes that there is no room for the claims by the plaintiff in this lawsuit, which lack factual and legal grounds as described above, to be accepted by the court. Therefore, the Company currently considers that any decision making by the Company's corporate organs or the Company's business result will not be affected by the lawsuit. Even so, the Company is going to make a prompt announcement if any matter that should be disclosed occurs in the course of the court proceedings.

End