

January 13, 2022

〒231-8008

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FUJI SOFT INCORPORATED

President and Representative Director

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3D OPPORTUNITY MASTER FUND
Director Sai Fai Yip

Shareholder proposal

3D OPPORTUNITY MASTER FUND (hereinafter referred to as the "Proposer"), as a shareholder having held more than 1% voting rights among all voting rights held by all shareholders or more than 300 voting rights of FUJI SOFT INCORPORATED (the "Company") continuously for 6 months prior to the date hereof, hereby submit the proposals below as the subject matters as set out in No.1 below (hereinafter, "Subject Matters") and agendas as set out in No.2 below (hereinafter, "Agendas") to the 52nd Annual General Meeting of Shareholders of Toshiba which will be held in March 2022 (the "EGM") in accordance with Article 303 (2) of the Companies Act. The Proposer also requests that Toshiba notifies its shareholders of the content of the summary of proposals and reasons for proposals in accordance with Article 305 (1) of the Companies Act and Article 93 of the Enforcement Order of the Companies Act.

No.1 Subject Matters

Appointment of Two Directors

No.2. Summary of Proposed Agendas and Reasons for Proposals

(1) Summary of the agenda

Kanya Hasegawa (Japanese: 長谷川寛家, hereafter his name will be stated in Japanese) and Mr. Keiji Torii shall be appointed as Directors.

(2) Reasons for the proposal

The Board of Directors of listed companies is expected to maximize corporate value over the mid- to long-term by effectively allocating capital to investments for growth and shareholder returns. The Corporate Governance Code confirms that directors have a fiduciary responsibility to shareholders in "promoting sustainable corporate growth, increasing corporate value over the mid- to long-term, and improving earning power and capital efficiency."¹

Company's Board has not done so. Over both the one-year and ten-year period, the Company has failed to generate returns on equity capital that match the returns generate by its peers². In fact, the Company's one-year 7.4% and ten-year 5.4% returns are about half of the average of the peer returns over those periods, 14.1% and 10.7% respectively.

The Company's failure to match the returns of the peers is due to specific and unusual capital allocation decisions made by the management and Board. Instead of reinvesting capital into its core business (embedded system development and system integration) or returning excess capital to shareholders, the Board has authorized the reinvestment of profits into unrelated assets, such as commercial real estate. Over the past 20 years, the Company has deployed over 100 billion yen on such tangible fixed assets and has allocated more than cumulative net income generated in the last five years to the acquisition of tangible fixed assets (mostly real estate development) over that five-year period³. Contrary to the Company's medium-term policy to focus on core business⁴, the Company has disclosed that it plans to invest several billion yen additionally into the development of commercial real estate from 2021 to 2023.⁵

Over the past several years, analysts and other capital market participants have expressed concern over the Company's capital allocation, noting that the investment in real estate is unusual and outside of the Company's core business. Proposer has engaged with the Company on this point as well, seeking to conduct a review of the Company's capital allocation and to have the Company invest its capital into the core business (where the Company has a strong competitive advantage). The management team and Board have rejected such input and appear committed to continuing to allocate its capital into side projects that do not contribute to corporate value over the mid- to long-term.

The Proposer believes the Company's capital allocation approach is dampening corporate value. We believe the Board needs to objectively examine the Company's current balance sheet and to strengthen the effective supervisory function with respect to the future capital allocation decisions. The Proposer believes that having new independent directors with experience and expertise in capital allocation on the Board will ensure that the Board considers objectively all opportunities under effective supervision to use the Company's capital to generate sustainable growth and mid- to long-term improvements in corporate value.

Accordingly, the Proposer proposes the appointment of two persons, Mr. Kanya Hasegawa and Mr. Keiji Torii, as the outside directors of the Company. The Proposer believes that the addition of these two exceptional professionals can help the Board deliberate with respect to the Company's options on capital allocation under effective supervision and provide shareholders with confidence in the Board's decisions.

The brief personal history of the candidates is as shown in "(3) Names, brief history, etc. of the candidates." The reasons for each person's recommendation are summarized below.

- Mr. Kanya Hasegawa has nearly 20 years of experience in investing in a wide range of asset classes including credit, real estate, and listed stocks in Japan and Asia. Since 2015, he founded 3D Investment Partners Pte Ltd., and has been responsible for the management of this investment management company, as CEO and CIO. Mr. Hasegawa has engaged with a number of listed companies in Japan on corporate governance, and he has contributed to enhancing corporate value by strengthening corporate governance and improving capital efficiency with many of his portfolio companies. As an expert of corporate governance, in addition to the shareholders' perspective, he also brings the best practices adopted by some of the corporate governance leaders into the Board. Proposer is confident that he is best suited to represent the interests of minority shareholders, to address the issues the Company is facing, and to enhance the corporate value of the Company through improvements in corporate governance and capital efficiency.
- Keiji Torii has served as Deputy President and Representative Director of Mizuho Financial Group, Inc., and outside audit & supervisory board member of ITOCHU Corporation. In addition to his expertise in finance and accounting as a former banker, he has extensive experience and broad insight into the management of large Japanese companies as a director of listed companies. He has also served as Deputy President and Representative Director of Mizuho Research & Technologies, Ltd. (formerly, Mizuho Information & Research Institute, Inc.) and the special advisor to Salesforce.com, Inc., and possesses deep understanding and track record in management in the IT industry. Since Mr. Torii became a special advisor to 3D Investment Partners Pte Ltd, he has engaged in constructive dialogue with many Japanese listed companies. His deep understanding of Japanese companies as well as extensive network of relationships have unfolded many otherwise complicated corporate governance issues in Japan. The Proposer is confident that he is best suited to address the issues the Company is facing and to enhance the corporate value of the Company through realigning the interests between the management, the Board, and shareholders.

The articles of incorporation of the Company provide for a maximum number of directors as 30 and do not exceed the maximum number of directors even if any director nominees recommended by the Proposer are appointed.

(3) Name, brief personal history, etc. of the candidate

Candidates	Kanya Hasegawa	Date of birth: January 25, 1980
		Number of our shares owned: 0 shares
<p>■Brief personal history, title, position in charge, and status of important concurrent positions</p>		
2002	Joined Goldman Sachs Japan Company Ltd.	
2008	Investment Analyst, Tudor Capital Singapore Pte. Ltd.	
2010	Managing Director and Partner, Broad Peak Investment Advisers Pte. Ltd.	
2015	Founded 3D Investment Partners Pte. Ltd. , CEO and CIO (to present) (Status of important concurrent positions) CEO and CIO, 3D Investment Partners Pte. Ltd.	

Candidates	Keiji Torii	Date of birth: July 25, 1947
		Number of our shares owned: 0 shares
<p>■Brief personal history, position, position in charge, and status of important concurrent positions</p>		
1971	Joined Dai-ichi Bank, Ltd.	
1998	Outside Director, THE CIT GROUP, INC. (listed in New York Stock Exchange)	
1999	Director and General Manager for the Americas/Head of New York Branch, Dai-Ichi Kangyo Bank, Ltd.	
2000	Managing Director, Dai-Ichi Kangyo Bank, Ltd.	
2004	Deputy President and Representative Director, Mizuho Financial Group, Inc.	
2005	Deputy President and Representative Director, Mizuho Information & Research Institute Inc. (currently, Mizuho Research & Technologies, Ltd.)	
2009	Outside Audit & supervisory board member, ITOCHU Corporation	
2009	Outside Director, Tokyo Coca-Cola Bottling Co., Ltd. (currently, COCA-COLA BOTTLERS JAPAN INC.)	
2009	Special Adviser, Salesforce.com Inc.	
2017	Advisor, 3D Investment Partners Pte Ltd.	
2019	Standing Auditor, Cogent Labs Inc. (to present)	
2020	Outside Audit & supervisory board member, SYLA HOLDINGS Co.,ltd. (to present)	
2021	Special Adviser, 3D Investment Partners Pte Ltd. (to present) (Status of important concurrent positions) Standing Auditor, Cogent Labs Inc. Outside Audit & supervisory board member, SYLA HOLDINGS Co.,ltd. Special Adviser, 3D Investment Partners Pte Ltd.	

Footnotes

¹ Principle 4 of the Corporate Governance Code

² Listed companies with a market capitalization between ¥100 billion and ¥1 trillion and whose core businesses are the embedded system development and system integration business, i.e., ITOCHU Techno-Solutions, TIS, SCSK, Nihon Unisys, NS Solutions, Net One Systems, Information Services International-Dentsu, NSD, Systema, and DTS are selected as peer companies.

³ Over the past five years, we have allocated total net income of 33.8 billion yen to investment in 36.1 billion yen of tangible fixed assets.

⁴ In the 51st fiscal year annual securities report, the Company stated a medium-term policy of “Aiming to become an innovative corporate group that links ICT development to greater value for customers”, and thereby increase added value. In addition, as a mid- to long-term corporate business strategy, the Company has identified “bold initiatives for new technologies: ‘AIS-CRM’ × ‘DX,’ ”promotion of high-value-added system integration,” “enhancement of human resources and steady growth of embedded system development business,” “active promotion of product business,” and “growth and aggressive global expansion of the group as a whole.”

⁵ In the 51st Fiscal Period Annual Securities Report, as “Establishment of new important facilities, etc.”, the Company disclosed that the Company plans to invest in total of 12.8 billion yen to Shiodome Building Construction of Building A and Building B by 2023, of which 4.4 billion yen has been invested already.