



June 13, 2024

TRANSLATION

Company: Macnica Holdings, Inc.
3132; TSE Prime Market
Representative: Kazumasa Hara,
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Supplementary Information on Proposal No. 4 for Approval at the 9th Annual General Meeting of Shareholders

We have obtained information that Institutional Shareholder Services, Inc. ("ISS") has issued a report (the "Report") recommending against Ms. Yukie Sugita as a candidate for Proposal No. 4, "Election of Three (3) Directors who are Audit and Supervisory Committee Members" and recommending against election of the 9th Annual General Meeting of Shareholders to be held on June 26, 2024. ISS's recommendation is based on concern about Ms. Sugita's independence.

Macnica believes that Ms. Sugita has sufficient independence from the Company and is suitable as a candidate for Outside Director as an Audit and Supervisory Committee Member. The reasons for Ms. Sugita's nomination as a director and her expected role are stated on page 63 of the "Notice of the 9th Annual General Meeting of Shareholders, and Reference Materials". However, we would like to reiterate our position on the matter as follows.

We would ask our shareholders and investors for their understanding of our position on this Proposal.

1. What ISS Recommends Against

In this Report, the recommendation against the nomination of Ms. Yukie Sugita, candidate No.3 for Proposal No. 4, "Election of Three (3) Directors who are Audit and Supervisory Committee Members" is expressed on grounds that Ms. Sugita's previous employment at Ernst & Young Shin Nihon LLC, our current accounting auditor, violates ISS's independence standards.

2. Macnica's Position

For the following reasons, the Company believes that Ms. Sugita is not lacking in the necessary independence and is a suitable candidate to serve as an Outside Director who is a member of the Audit and Supervisory Committee of the Company.

The Company has notified the Tokyo Stock Exchange that Ms. Sugita is an independent officer unlikely to raise conflicts of interest with ordinary shareholders, as stipulated by the Exchange. If Proposal No. 4 is approved at the 9th Annual General Meeting of Shareholders, Ms. Sugita will be reappointed as an outside director and independent auditor of the Company.

(1) The Company's view on ISS's counter recommendation

ISS recommends voting against the proposal for the appointment, claiming that she lacks independence solely on the fact that she previously worked at Ernst & Young Shin Nihon LLC, our current accounting auditor.

Ms. Sugita has worked at Ernst & Young Shin Nihon LLC until September 2018, leaving the firm approximately six years ago. During her tenure at the firm, she was not involved in the accounting or auditing of the Company, including predecessors Macnica, Inc. and Fuji Electronics Co., Ltd. Furthermore, she has not been involved in any operational or financial policy of the firm since her departure, and there is no conflict of interest between her previous role at the firm and her duties as an Outside Director of the Company. In addition, she satisfies the independence criteria stipulated by the Tokyo Stock Exchange and the Company's own independent standards for Outside Directors.

For the reasons stated above, the Company believes that Ms. Sugita's independence has been sufficiently demonstrated.

(2) Reasons for nominating Yukie Sugita as a candidate for Outside Director and a member of the Audit and Supervisory Committee and her expected role

Based on her professional knowledge and experience gained as a certified public accountant as well as her experience in supporting listings of companies and serving as outside officer, the Company has nominated her as a candidate for Outside Director able to audit and supervise the Company's overall business execution as an Audit and Supervisory Committee member. Ms. Sugita is currently an Outside Audit & Supervisory Board Member of the Company, and her term of office as an Outside Audit & Supervisory Board member will be one year at the conclusion of the 9th Annual General Meeting of Shareholders.

We anticipate that Ms. Sugita's experience will continue to be extremely valuable in supervising and auditing external Group management, and therefore she has been nominated as a candidate for Outside Director and member of the Audit and Supervisory Committee of the Company.