

## **Notice regarding conclusion of agreement on shares of an affiliated company of Fujitsu Limited (Fujitsu General Limited)**

**Kawasaki, Japan, January 6, 2025** — The board of directors of Fujitsu Limited (hereinafter the “Fujitsu”) today has resolved to approve a basic transaction agreement (hereinafter the “Basic Transaction Agreement”) with Paloma Rheem Holdings Co., Ltd. (hereinafter the “Offeror”), regarding a series of transactions aimed at making the shares of an affiliated company of Fujitsu which is Fujitsu General Limited (hereinafter “FUJITSU GENERAL”) private (hereinafter the transactions shall be collectively referred to as the “Transactions”). The Transactions involve (i) The non-application to the tender offer by the Offeror for the common shares of FUJITSU GENERAL (hereinafter the “Shares of FUJITSU GENERAL” and the tender offer, the “Tender Offer”); (ii) Procedures for the share consolidation (hereinafter the “Share Consolidation”) to be conducted by FUJITSU GENERAL to make Fujitsu and the Offeror the only shareholders of FUJITSU GENERAL if the Offeror is not able to acquire all of the Shares of FUJITSU GENERAL (excluding the Shares of FUJITSU GENERAL held by Fujitsu (hereinafter the “Fujitsu Sale Shares”) and the treasury shares held by FUJITSU GENERAL) through the Tender Offer; (iii) The provision of funds to FUJITSU GENERAL by the Offeror (hereinafter the “Financing”), and a decrease in the amounts of the stated capital, capital reserve, and retained earnings reserve of FUJITSU GENERAL (hereinafter the “Capital Decrease, Etc.”) for the purpose of procuring funds and a distributable amount necessary for conducting FUJITSU GENERAL’s acquisition of the Fujitsu Sale Shares; and (iv) The transfer of the Fujitsu Sale Shares as Fujitsu agrees to the share repurchases of FUJITSU GENERAL (hereinafter the “Share Transfer”). The Basic Transaction Agreement was concluded today.

After the Share Transfer, FUJITSU GENERAL will no longer be an equity-method affiliate of Fujitsu. For details of the Transactions, please refer to FUJITSU GENERAL’s timely disclosure material “Notice Concerning the Opinion in Support of the Planned Commencement of the Tender Offer for Shares of the Company by Paloma · Rheem Holdings Co., Ltd., and Recommendation to Tender the Shares” dated today.

### 1. Reasons for and Methods of the Transfer

Fujitsu established its corporate purpose—to “make the world more sustainable by building trust in society through innovation”—in 2020. Since then, using this purpose as a starting point, Fujitsu has envisioned its ideal state as a global technology company while eyeing future social changes. It has been comprehensively transforming itself from an information and communication technology company, into a digital transformation (hereinafter “DX”) company that creates innovations leveraging digital technology and data. In addition, Fujitsu has set forth four key strategies in its

Medium-Term Management Plan (FY2023 to FY2025) announced on May 24, 2023. The four strategies are: “Business Model and Portfolio Strategy,” “Customer Success/Regional Strategy,” “Technology Strategy,” and “People Strategy.” The Share Transfer is intended to accelerate portfolio transformation efforts in line with the “Business Model and Portfolio Strategy,” and Fujitsu intends to further enhance its corporate value by allocating the cash assets acquired through the Share Transfer to investments in growth areas such as Service Solutions centered on highly profitable digital and cloud services, including Fujitsu Uvance, and to shareholder returns.

FUJITSU GENERAL was established in January 1936 as Yao Shoten Ltd. with the main business of purchasing and selling phonographs and electrical appliances. It then changed its name to Yao Electronics Ltd. in August 1942 and merged with Yao Radio Electronics Ltd. in November 1947 to expand its business of manufacturing and sale of radios, wireless devices and loudspeakers. Thereafter, FUJITSU GENERAL built the Kawasaki Factory (now the Kawasaki Headquarters) in November 1955 and began manufacturing televisions and home electrical appliances. In November 1966, FUJITSU GENERAL changed its name to General Ltd. Subsequently, FUJITSU GENERAL formed a capital and business alliance with Fujitsu in September 1984 and changed its name to Fujitsu General Limited in October 1985.

Currently, FUJITSU GENERAL Group (meaning the corporate group consisting of FUJITSU GENERAL, 44 consolidated subsidiaries and two equity method affiliated companies; the same applies hereinafter) is principally engaged in the development, manufacture, sale, and service of products and components in both the Air Conditioner Business and the Tech Solutions Business. FUJITSU GENERAL Shares were listed on the Tokyo Stock Exchange in September 1955 and later moved to the Prime Market of the Tokyo Stock Exchange due to the market category review by the Tokyo Stock Exchange in April 2022. Air conditioners from FUJITSU GENERAL Group's main business, which utilize heat pump technology (note) and inverter technology, are not only used around the world as a clean necessity that offers excellent energy efficiency, comfort, and safety, but are also expected to contribute to limiting climate change as alternative products to appliances that burn fossil fuels for heating and hot water, and the market is expected to expand over the medium to long term. The Tech Solutions Business is also expected to expand in the future, driven by social demands for enhanced disaster response capabilities and the need for smaller, more energy-efficient electronic devices. On the other hand, the global situation and economic conditions are becoming more uncertain due to changes in consumer behavior and intensifying competition in various markets, as well as conflicts in various regions, rising global inflation such as soaring raw material prices, monetary policies of various countries, and exchange rate trends. In addition, as an urgent management issue, FUJITSU GENERAL must further strengthen its ability to respond to possible changes in the external environment, such as supply chain disruptions and rapid changes in the market environment.

Under these circumstances, FUJITSU GENERAL Group aims to contribute to the realization of a sustainable society through the implementation of its corporate philosophy "–Living together for our

future– Through innovation and technology, we deliver a brighter future with peace of mind to our customers and societies around the world." and will promote the various measures to ensure business continuity and risk tolerance under unpredictable circumstances, as well as to achieve medium- to long-term business growth and development.

(Note) This technology transfers heat from the atmosphere via a refrigerant. It is a core technology for air conditioners and is being used not only in air conditioners but also in water heaters and other equipment because it produces a large amount of heat energy with a small amount of power input.

FUJITSU GENERAL's significance and affinity to Fujitsu have decreased due to Fujitsu's business strategy of transforming itself into a DX company. Therefore, as a major shareholder of FUJITSU GENERAL, Fujitsu has considered how it should treat its shares in FUJITSU GENERAL, including the possibility of selling part or all of the shares. Taking the opportunity that Fujitsu established a department dedicated to examining an optimum group formation in February 2020, Fujitsu and FUJITSU GENERAL started discussing FUJITSU GENERAL's capital policy. Fujitsu externally announced that it positions FUJITSU GENERAL as a non-core business and that it is considering specific ways to increase Fujitsu's corporate value, such as by a carve-out of the business or equity/business partnerships, at its financial results briefing for the first half of the fiscal year ended March 31, 2023, under the heading "Initiatives to Achieve Desired Business Portfolio." FUJITSU GENERAL carefully considered various options, including a capital and business alliance with a new partner while confirming Fujitsu's intention, so that any change to the ownership structure would maximize the interests of FUJITSU GENERAL's minority shareholders and increase its corporate value further under terms reasonably acceptable to Fujitsu. Based on the judgment that it is desirable for multiple buyer candidates showing strong interest in FUJITSU GENERAL's business to go through bidding procedures to maximize shareholders' interests and accelerate the future growth of FUJITSU GENERAL, Fujitsu and FUJITSU GENERAL launched a bidding process around December 2022 with the participation of multiple strategic companies and private equity funds, including the Offeror. After selected buyer candidates conducted due diligence on FUJITSU GENERAL, Fujitsu and FUJITSU GENERAL comprehensively considered the candidates' proposals on FUJITSU GENERAL's capital policy. However, Fujitsu and FUJITSU GENERAL did not receive any legally binding offers from any candidates, due to the emergence of some business issues at FUJITSU GENERAL as represented by the downward revision of FUJITSU GENERAL's earnings forecast, while the stock price of FUJITSU GENERAL soared due to certain media reports. Therefore, in mid-December 2023, Fujitsu decided to terminate the bidding process described above upon consultation with FUJITSU GENERAL. After that, FUJITSU GENERAL has focused on examining its management and business issues and implementing measures.

Under these circumstances, Fujitsu met the Offeror in early September 2024 based on an approach by the Offeror, and the Offeror showed strong interest in turning FUJITSU GENERAL into its wholly-owned subsidiary. In the middle of the same month, Fujitsu received, from the Offeror, a legally non-

binding letter of intent (hereinafter, the “LOI”) proposing to make FUJITSU GENERAL its wholly-owned subsidiary. Fujitsu judged that the proposed terms and other details of the LOI would be worth considering in light of economic rationality, deal’s speed and probability of deal realization. Accordingly, in early October 2024, Fujitsu told the Offeror that it would actively consider the deal proposed in the LOI for turning FUJITSU GENERAL into the Offeror’s wholly-owned subsidiary and started discussing specifics with the Offeror. At the time of reaching the decision to start the discussion with the Offeror, Fujitsu also considered actively conducting a market check by such methods as sounding out other buyer candidates who may be interested in FUJITSU GENERAL’s business but decided to go ahead with the bilateral discussion with the Offeror over turning FUJITSU GENERAL into the Offeror’s wholly-owned subsidiary and the sale of the Fujitsu Sale Shares in light of factors such as the following: (i) Conducting an active market check may prolong the consideration period, heightening the risk of repeated termination of consideration by Fujitsu of the sale of its shares in FUJITSU GENERAL depending upon FUJITSU GENERAL stock price trends; (ii) Proceeding with the bilateral discussion with the Offeror was considered reasonable given that the LOI was sufficiently considerable in light of economic rationality, deal’s speed and probability of deal realization and that the possibility of other buyer candidates besides the Offeror emerging with specific, sincere, and legally binding proposals would not be high even if another active market check was conducted not long after the aforementioned bidding process that was carried out for about a year starting from mid-December 2022; and (iii) An indirect market check will be considered to fully function given that a relatively long period of time is secured from the deal announcement concerning the Transactions to the launch of the Tender Offer because a waiting period of about six months is assumed until obtaining clearance under domestic and foreign competition laws, etc. for the Offeror to turn FUJITSU GENERAL into its wholly-owned subsidiary. Subsequently, on October 29, 2024, Fujitsu and FUJITSU GENERAL received from the Offeror a legally binding final proposal. After a continued discussion with the Offeror over specific terms of turning FUJITSU GENERAL into its wholly-owned subsidiary and the sale of the Fujitsu Sale Shares, the Basic Transaction Agreement was signed today.

The following are provided in the Basic Transaction Agreement: (i) If the preconditions set forth in the Basic Transaction Agreement are satisfied (or waived by the Offeror), the Offeror shall execute the Tender Offer and Fujitsu shall not tender for the Fujitsu Sale Shares in the Tender Offer; (ii) If the Tender Offer is consummated and the Offeror fails to acquire all of the Shares of FUJITSU GENERAL (excluding the treasury stock held by FUJITSU GENERAL and the Fujitsu Sale Shares) in the Tender Offer, the Offeror and Fujitsu shall request FUJITSU GENERAL to hold a general meeting of shareholders at which the matters necessary to implement the Share Consolidation shall be put on the agenda, and shall exercise their voting rights in favor of such agenda; (iii) After the Offeror and Fujitsu own all of the Shares of FUJITSU GENERAL (excluding treasury stocks held by FUJITSU GENERAL) as a result of the Share Consolidation, the Offeror shall implement the Financing, and FUJITSU GENERAL shall implement the Capital Decrease, Etc., in order to secure the amount available for funds and distributable amount necessary for FUJITSU GENERAL to

acquire the Fujitsu Sale Shares; (iv) On the effective date of the Capital Decrease, Etc., Fujitsu shall transfer all of the Fujitsu Sale Shares to FUJITSU GENERAL by means of the Share Transfer for an aggregate consideration equal to the transfer price per share of the Share Transfer (hereinafter the "Share Transfer Value") of 1,995 yen multiplied by the number of the Fujitsu Sale Shares less the number of shares to be purchased by the Offeror as fractional shares upon the Share Consolidation; and others.

## 2. Reasonableness of the Transfer Value

In the Transactions, considering the fact that Fujitsu is expected to be subject to the provisions of the Corporation Tax Act regarding the exclusion of deemed dividends from gross profits with respect to the Share Transfer, the amount calculated as Fujitsu's net take-home amount after tax in the event of the Share Transfer at the Share Transfer Value is set to be equal to the net take-home amount that would be obtained if Fujitsu accepted the Tender Offer at the Tender Offer price (hereinafter the "Tender Offer Price"). Therefore, Fujitsu does not benefit as compared to the minority shareholders of FUJITSU GENERAL. Since such pricing will fairly and appropriately realize the interests of Fujitsu and the minority shareholders of FUJITSU GENERAL, as well as enhance the fairness and certainty of execution of the Transactions and contribute to the interests of Fujitsu and its shareholders, it has been agreed that the Share Transfer Value shall be 1,995 yen and the Tender Offer Price shall be 2,808 yen.

## 3. Outline of FUJITSU GENERAL

(1)	Company Name	FUJITSU GENERAL LIMITED	
(2)	Address	3-3-17, Suenaga, Takatsu-ku, Kawasaki, Kanagawa, Japan	
(3)	Representative	Koji Masuda, President & CEO	
(4)	Business Description	Development, manufacture, and sale of, and provision of services related to, products and components in the air conditioners, information & telecommunication equipment, and electronic devices.	
(5)	Capital	18,260 million yen	
(6)	Date Established	January 15, 1936	
(7)	Major Shareholders and Percentage of Shares Held (as of September 30, 2024) <sup>(Note)</sup>	Fujitsu Limited	44.02%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	7.25%
		Custody Bank of Japan, Ltd. (Trust Account)	3.26%
		MSIP CLIENT SECURITIES	2.05%
		BOFAS INC SEGREGATION ACCOUNT	1.91%
		Mizuho Bank, Ltd.	1.91%
		Morgan Stanley MUFG Securities Co., Ltd.	1.83%
		JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	1.56%
		JPMorgan Securities Japan Co., Ltd	1.21%

	Goldman Sachs Japan Co., Ltd. BNYM	1.09%	
(8) Relationship between the Parties	Capital	Fujitsu owns 44.02% of FUJITSU GENERAL's total number of shares outstanding (excluding treasury stocks).	
	Personnel	The President & Representative Director and a Director of FUJITSU GENERAL are former employees of Fujitsu, and another Director is concurrently serving as Corporate Executive Officer of Fujitsu. In addition, a member of FUJITSU GENERAL's Audit & Supervisory Board concurrently is concurrently serving as a member of Fujitsu's Audit & Supervisory Board.	
	Business	Between Fujitsu and FUJITSU GENERAL, there are transactions related to FUJITSU GENERAL's contract manufacturing of telecommunication equipment for Fujitsu and its sales and the like to Fujitsu. There are no other noteworthy business relationships.	
(9)	Consolidated financial performance and consolidated financial condition in the most recent three fiscal years (unit: million yen)		
Fiscal year ended	March 31, 2022	March 31, 2023	March 31, 2024
Net assets	131,454	139,570	146,579
Total assets	268,633	298,390	275,634
Net assets per share (yen)	1,205.43	1,272.80	1,324.12
Net sales	284,128	371,019	316,476
Operating profit	8,444	15,098	5,747
Ordinary profit	11,402	17,432	14,375
Profit attributable to owners of parent	3,722	8,694	3,067
Earnings per share (yen)	35.57	83.04	29.29
Dividends per share (yen)	32.00	34.00	36.00

(Note) “(7) Major shareholders and percentage of shares held” are based on the status of major shareholders described in FUJITSU GENERAL's 106th first-half financial report submitted on November 1, 2024.

#### 4. Outline of the Offeror

(1) Company Name	Paloma Rheem Holdings Co., Ltd.
(2) Address	Marunouchi Trust Tower Main 7F, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo, Japan
(3) Representative	Hiroaki Kobayashi, Representative Director and President

(4)	Business Description	Formulation and execution of group-wide business strategies and governance functions	
(5)	Capital	100 million yen	
(6)	Date Established	October 2, 2023	
(7)	Major Shareholders and Percentage of Shares held	KMT Asset Management, Ltd.	46.9% <sup>(Note)</sup>
		General Incorporated Foundation Paloma Environmental Technology Development Foundation	24.0% <sup>(Note)</sup>
		Public Interest Incorporated Foundation Kobayashi Scholarship Foundation	19.9% <sup>(Note)</sup>
(8)	Relationship between the Parties	Capital	N/A
		Personnel	N/A
		Business	N/A
		Status of related parties	N/A

(Note) The shareholding ratios in "Major Shareholders and Percentage of Shares held" are the ratios expressed as a percentage (rounded to one decimal place) of the number of shares held to 140,152 shares, the total number of issued shares of the Offeror (the sum of 78,613 shares of common shares and 61,539 shares of non-voting class shares with dividend preference rights).

5. Number of Shares to Be Transferred, Transfer Price, and Status of Shares Held before and after Transfer

(1)	Number of Shares Held before Transfer	46,121,000 shares (Number of voting rights: 461,210) (Percentage of voting rights held: 44.05%) <sup>(Note 1)</sup>
(2)	Number of Shares to Be Transferred	46,121,000 shares <sup>(Note 2)</sup> (Number of voting rights: 461,210)
(3)	Transfer Price	92 billion yen <sup>(Note 3)</sup>
(4)	Number of Shares Held after Transfer	0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0%)

(Note 1) The percentage of voting rights held is a percentage of 1,047,090, the total number of voting rights held by all shareholders as of September 30, 2024, as stated in FUJITSU GENERAL's 106th first-half financial report submitted on November 1, 2024.

(Note 2) The number of shares to be transferred as a result of the Share Transfer will be the number of the Fujitsu Sale Shares less the number of shares to be purchased by the Offeror as fractional shares as a result of the Share Consolidation.

(Note 3) The total transfer price for the Share Transfer is expected to be the amount obtained by multiplying the Share Transfer Value by the number of the Fujitsu Sale Shares less the number of shares to be purchased by the Offeror as fractional shares as a result of the Share Consolidation. Please note that the amount stated above is a reference value calculated by multiplying the Share Transfer Value by the number of the Fujitsu Sale Shares.

## 6. Schedule

(1)	Date of Resolution by the Board of Directors	January 6, 2025
(2)	Date of Conclusion of the Basic Transaction Agreement	January 6, 2025
(3)	Period of the Tender Offer	Because the Tender Offer is expected to require a certain period of time for necessary procedures and actions based on domestic and foreign competition laws, etc., the commencement date of the Tender Offer is expected to be in early July 2025, as aimed for by the Offeror, but the commencement date of the Tender Offer is affected by the period required for procedures by domestic and foreign competition authorities, etc. The Tender Offer period is expected to be 21 business days.
(4)	Share Consolidation	Scheduled to be implemented after completion of settlement of the Tender Offer
(5)	Share Transfer	Scheduled to be implemented after the completion of the Share Consolidation

## 7. Future Outlook

The impact on Fujitsu's non-consolidated and consolidated financial results for the fiscal year ending March 31, 2026 if the Share Transfer is executed in the fiscal year ending March 31, 2026, subject to the consummation of the Tender Offer is as follows:

- Impact on the non-consolidated financial results

Fujitsu expects to record approximately 80 billion yen as gain on sales of subsidiaries' and affiliates' stocks (extraordinary income).

- Impact on the consolidated financial results

The impact on the consolidated financial results for the fiscal year ending March 31, 2026, has been omitted as it is immaterial (meaning it meets the criteria as Minor).

Fujitsu expects that the Share Transfer will not have an impact on its non-consolidated and consolidated financial results for the fiscal year ending March 31, 2025.

(Note) Fujitsu has prepared the impact on financial results described above based on judgment obtained from currently available information to it, and actual financial results may differ from the forecasted values due to various factors.



**Press Contacts:**

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**About Fujitsu**

Fujitsu's purpose is to make the world more sustainable by building trust in society through innovation. As the digital transformation partner of choice for customers in over 100 countries, our 124,000 employees work to resolve some of the greatest challenges facing humanity. Our range of services and solutions draw on five key technologies: Computing, Networks, AI, Data & Security, and Converging Technologies, which we bring together to deliver sustainability transformation. Fujitsu Limited (TSE:6702) reported consolidated revenues of 3.7 trillion yen (US\$26 billion) for the fiscal year ended March 31, 2024 and remains the top digital services company in Japan by market share. Find out more: [www.fujitsu.com](http://www.fujitsu.com).