Securities code: 6755
July 10, 2025
Start date of measures for electronic provision: July 7, 2025

To Our Shareholders:

Koji Masuda
President and CEO (Chief Executive Officer)
Fujitsu General Limited
3-3-17, Suenaga, Takatsu-ku, Kawasaki, Japan

CONVOCATION NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Please refer to the below for information about the upcoming the Extraordinary General Meeting of Shareholders (the "Meeting") of Fujitsu General Limited (the "Company").

If you do not attend the Meeting, please review the attached "Reference Materials for the Extraordinary General Meeting of Shareholders" and exercise your voting rights no later than 5:00 p.m. Monday, July 28, 2025 (Japan Standard Time), in accordance with the guidance on the following pages.
We have taken measures for electronic provision of materials for the Meeting and pursuant to the provisions of Article 325-3 of the Companies Act of Japan, have disclosed the matters subject to measures for electronic provision on the Company's website on the internet.
Please access the website at the following link, select "General Meeting of Shareholders" to confirm those matters.

The Company's website:
https://www.fujitsu-general.com/global/ir/

In addition to the Company's website, the matters subject to measures for electronic provision of materials are also disclosed on the website of the Tokyo Stock Exchange.
If you are unable to view the matters subject to measures for electronic provision of materials on the Company's website, please access the Tokyo Stock Exchange website (Search for a listed company) at the following link, enter the "Fujitsu General Limited" in "Issue Name" (Company Name) or code "6755" in "Code" and click on "Search". Select "Basic information", "Documents for public inspection/PR information", to confirm those matters.

The Tokyo Stock Exchange website:
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

Thank you very much for your cooperation.

1. **Date and Time:** Tuesday, July 29, 2025 at 10:00 a.m. (Japan Standard Time)

2. **Place:** 3-3-17, Suenaga, Takatsu-ku, Kawasaki, Japan
Hall, second floor, "Innovation & Communication Center (ICC)",
the Company headquarters

3. **Meeting Agenda:**
Matters to be Resolved:
First Proposal: Share Consolidation
Second Proposal: Partial Amendments to the Articles of Incorporation

4. **Guidance for Exercising Voting Rights:**

1) Attendance at the Meeting
Please indicate your approval or disapproval for each of the proposals on the enclosed Voting Rights Exercise Form and submit it at the venue reception.

2) Exercise of voting rights via the Internet
Please read the "Guidance for the Exercise of Voting Rights via the Internet" (on page 3-4) and exercise your voting rights no later than 5:00 p.m., Monday, July 28, 2025 (Japan Standard Time).

3) Exercise of voting rights in writing
Please indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form and send it to the Company to arrive no later than 5:00 p.m., Monday, July 28, 2025 (Japan Standard Time).

4) If your voting rights are exercised both in writing and via the Internet, we will consider the exercise via the Internet to be valid. In the event that your voting rights are exercised more than once via the Internet, we will consider the last vote to be valid.

5) If you exercise your voting rights by proxy, you may choose one party who holds voting rights of the Company as a proxy. In this case, please submit a document evidencing the proxy's power of representation as required.

6) If neither approval nor disapproval of each proposal is indicated on the Voting Rights Exercise Form, the Company will deem that you indicated your approval of the proposal.

- The Meeting will be carried out in business casual attire ("Cool Biz" in Japanese) on the day.
Your kind understanding is appreciated.
- If any amendments are made to matters subject to measures for electronic provision of materials, such amendments will be posted on the websites of the Company and Tokyo Stock Exchange mentioned on page 1.

Guidance for the Exercise of Voting Rights via the Internet

If you wish to exercise your voting rights via the Internet, we would like you to confirm the following.

1. Website for Exercising Voting Rights

   You can exercise your voting rights via the Internet by accessing and using the Company's designated website or smartphone by scanning "QR code for the Voting Rights Exercise Website for Smartphones" listed on the Voting Rights Exercise Form.
   <Website for exercising voting rights> https://www.web54.net

2. Method of the Exercise of Voting Rights

   (1) For shareholders using a personal computer
   After accessing the above website, please enter the "Voting Rights Exercise Code" and "Password" specified in the enclosed Voting Rights Exercise Form. Then, indicate your approval or disapproval of each of the proposals by following the instructions displayed on the screen.

   (2) For shareholders using a smartphone
   By using your smartphone to scan the "QR code for the Voting Rights Exercise Website for Smartphones" in the enclosed voting form, you can exercise your voting rights via the website without entering your "Voting Rights Exercise Code" and "Password". If you wish to change your vote after casting, please scan the QR code again. You will be required to enter the "Voting Rights Exercise Code" and "Password" displayed on the Voting Rights Exercise Form.

3. Handling of the Exercise of Voting Rights

   (1) The deadline for voting is 5:00 p.m., Monday, July 28, 2025 (Japan Standard Time). An early exercise of your vote would be very much appreciated.

   (2) If your voting rights are exercised both in writing and via the Internet, we will consider the exercise via the Internet to be valid. In the event that your voting rights are exercised more than once via the Internet, we will consider the last vote to be valid.

   (3) Any fees to Internet service providers and telecommunication carriers (such as access fees.) for the usage of the website for exercising voting rights shall be borne by the shareholders.

   (4) In some network environments (a personal computer or smartphone, etc.), you may not be able to exercise voting rights.

4. Handling of Password and Voting Rights Exercise Code

   (1) Password is important information to verify whether the person exercising voting rights is a legitimate shareholder. Please maintain the password as strictly confidential in the same manner as a seal or a personal identification number.

   (2) In case you commit more errors than a certain number of tries to input your password, you will not be allowed to use the password. If you would like your password to be reissued, please follow the instruction on the screen for the necessary procedures.

   (3) Voting Rights Exercise Code indicated on the Voting Rights Exercise Form is valid only for the Meeting.

5. In Case You Need Instructions to Operate Your Personal Computer, etc.

(1) In case you need instructions on how to operate your personal computer, etc., in order to exercise your voting rights, please call the following number:

A dedicated number of Stock Transfer Agent Web Support, Sumitomo Mitsui Trust Bank, Limited
Telephone: 0120 (652) 031 (Business hours: 9:00 a.m. to 9:00 p.m.; toll-free within Japan only)

(2) If you have any other inquiries, please use the following contacts:

a. Shareholders with an account at a securities company
For a shareholder who has an account at a securities company, please contact the securities company that handles your transactions.

b. Shareholders who do not have an account at a securities company (shareholders with a special account)
Stock Transfer Agency Business Planning Dept, Sumitomo Mitsui Trust Bank, Limited.
Telephone: 0120 (782) 031 (Business hours: 9:00 a.m. to 5:00 p.m. excluding Saturdays, Sundays, and public holidays; toll-free within Japan only)

6. Exercise of Voting Rights via the Electronic Voting Rights Exercise platform (for institutional investors)

Institutional investors may use the electronic voting rights exercise platform operated by ICJ, Inc. to electronically exercise the voting rights for the Meeting.

Reference Materials for the Extraordinary General Meeting of Shareholders

Proposals and Reference Information

First Proposal: Share Consolidation

1. Reasons for the Share Consolidation

As announced by the Company in the press release dated April 25, 2025, titled "Notice Concerning the Opinion in Support of the Commencement of the Tender Offer for Shares of the Company by Paloma・Rheem Holdings Co., Ltd., and Recommendation to Tender the Shares" (the "**Press Release on Company's Opinion**"), Paloma・Rheem Holdings Co., Ltd. (the "**Offeror**") had conducted, with the tender offer period from April 28, 2025, to May 28, 2025 (the "**Tender Offer Period**"), a tender offer (the "**Tender Offer**") as part of a series of transactions (the "**Transactions**") aimed at making the Company its wholly-owned subsidiary, which are predicated on the delisting of the Company Shares by acquiring all of the common shares of the Company (the "**Company Shares**") (excluding all of the treasury shares held by the Company and the Company Shares held by Fujitsu Limited ("**Fujitsu**") (number of shares held: 46,121,000 shares; ownership percentage (Note 1): 44.02%; the "**Non-Tendered Shares**")) listed on the Prime Market of the Tokyo Stock Exchange.

As announced by the Company in the press release dated May 29, 2025, titled "Notice Concerning the Results of the Tender Offer for the Shares of Fujitsu General Limited by Paloma・Rheem Holdings Co., Ltd. and the Changes in Other Affiliated Companies and the Largest Shareholder Among the Major Shareholders" (the "**Tender Offer Result Press Release**"), as a result of the Tender Offer, the Offeror successfully held 48,784,101 Company Shares (ownership percentage: 46.56%) as of June 5, 2025, the commencement date of settlement of the Tender Offer.

Note 1: "Ownership percentage" means the ratio expressed as a percentage (rounded to two decimal places) of the number of shares owned to the number of Company Shares (104,765,707 shares) as calculated by deducting the number of treasury shares (4,640,954 shares) held by the Company as of March 31, 2025 as stated in the Consolidated Financial Results for FY2024 (Ending March 2025) (based on Japanese GAAP) submitted by the Company on April 25, 2025, from the total number of issued shares of the Company as of March 31, 2025 (109,406,661 shares) as stated in the Company's Financial Results; the same applies hereinafter.

As announced in the Press Release on Company's Opinion, Fujitsu, which was the Company's largest shareholder before the successful completion of the Tender Offer, established its Purpose in 2020, as: "to make the world more sustainable by building trust in society through innovation". Since then, based on such Purpose, Fujitsu started looking ahead to future changes in society, envisioning its role as a technology company that operates globally and accelerating transformation across all fronts. As Fujitsu transformed itself from a traditional "ICT company" (Note 2) to a "Digital Transformation company" that uses digital technologies and data to drive innovation, the importance and affinity of the Company to Fujitsu in terms of the business strategy decreased, and in light of the fact that Fujitsu established a special department to consider the optimal group formation, the Company and Fujitsu started discussing the Company's capital policy in February 2020. In addition, at Fujitsu's financial results briefing for the second quarter of the fiscal year ending March 31, 2023, held in October 2022, the Company was positioned as one of Fujitsu's non-core businesses in the "initiatives to achieve desired business portfolio," and it was publicly announced that Fujitsu was specifically considering a carve-out or a capital and business alliance that would raise Fujitsu's corporate value.

Under these circumstances, in order to maximize the interests of the Company's minority shareholders and further enhance the Company's corporate value through a change in the shareholder composition on terms reasonably acceptable to Fujitsu, the Company carefully considered various options, including the possibility of a capital and business alliance with a new partner, while confirming the intentions of Fujitsu, and Fujitsu and the Company decided that in order to maximize shareholder profit and further accelerate the future growth of the Company, it would be desirable to conduct a bidding process for several candidates who have shown a strong interest in the Company's business. Based on this decision, a bidding process involving several business companies and private equity funds, including the Offeror, was initiated around December 2022, and after due diligence of the Company by the selected candidates, each candidate's proposal regarding the Company's capital policy was comprehensively reviewed. However, the bidding process ended without receiving legally binding proposals from any of the candidates, partly

due to a spike in the market price of the Company Shares caused by certain media reports, and certain business issues that came to light, such as the announcement of the downward revision to the earnings forecast.

Subsequently, as stated in "(II) Background, purpose, and decision-making process leading to the decision by the Offeror to conduct the Tender Offer" in "(2) Grounds and reasons for the opinion on the Tender Offer" in "3. Details of, and grounds and reasons for, the opinion on the Tender Offer" of the Press Release on Company's Opinion, in early September 2024, the Offeror had the opportunity to meet with Fujitsu, which led to the Company receiving a letter of intent from the Offeror on September 19, 2024 in which the Offeror proposed making the Company a wholly-owned subsidiary. The Company responded to the management interviews and due diligence in mid to late October of the same year, and on October 29, 2024, the Company received a legally binding final proposal addressed to Fujitsu and the Company. While it was necessary to respect Fujitsu's intention to sell the Company Shares, the Company considered it necessary to fully consider the impact that the delisting of the Company Shares would have on the Company's corporate value and shareholders. Therefore, the Company engaged Mizuho Securities Co., Ltd. ("**Mizuho Securities**") and Nagashima Ohno & Tsunematsu, which were also involved in the above-mentioned bidding process, as its financial advisor and legal advisor, respectively, independent of the Offeror, Fujitsu and the Company for the Transactions in early October 2024, and began specifically considering the details of the Transactions, taking into account the possibility of implementing various capital policies for the Company Shares, including whether or not to take the measures to enhance the Company's corporate value without taking the Company Shares private. In light of the fact that the Company did not receive any legally binding proposals from any of the candidates in the aforementioned bidding process, one of the reasons for which was a spike in the market price of the Company Shares in response to certain media reports, and the fact that Fujitsu indicated that the content of the proposal, including the terms of the letter of intent, was worth consideration in terms of the economic rationality, speed of the transaction and likelihood of the transaction being completed and it would not conduct a proactive market check, mainly due to concerns about the dissemination of information, the Company decided not to conduct another bidding process on the Transactions. However, the Company believed that sufficient market checks would be conducted for the Transactions considering that, as described above, Fujitsu and the Company conducted the bidding process since around December 2022, which was close to the time of the Transactions, and that, as stated by the Offeror in "(1) Details of the opinion on the Tender Offer" in "3. Details of, and grounds and reasons for the opinion on the Tender Offer" of the Press Release on Company's Opinion, while the period of the Tender Offer would be set at 20 business days, given that it was expected that a certain amount of time will be required for the procedures and steps under competition laws in Japan, the European Union, India, Saudi Arabia, and the United States, etc., the relevant period would, in effect, be longer than the minimum number of days required under laws and regulations if the period from January 6, 2025, on which the Offeror announced the planned commencement of the Tender Offer to the time of commencement of the Tender Offer was taken into account, and therefore, appropriate opportunities would be ensured for the general shareholders of the Company, including minority shareholders, to decide whether or not to tender their shares in the Tender Offer and for persons other than the Offeror to make a proposal for purchase, etc. of the Company Shares.

In addition, in light of the fact that Fujitsu, which was the Company's largest shareholder before the successful completion of the Tender Offer, was contemplating a sale of the Company Shares, which may have resulted in a transaction based on an agreement between the Company and Fujitsu, a major shareholder, or a transaction involving a squeeze-out, the Company established a special committee (the "**Special Committee**") on September 25, 2024, consisting of four members: Mr. Yoshio Osawa (independent outside director), Mr. Fumiaki Terasaka (independent outside director), Ms. Mieko Kuwayama (independent outside director), and Mr. Keiichi Nakajima (independent outside director), for the purpose of providing an opinion to the Company's board of directors in connection with the Company's consideration and decision on the transaction being considered by Fujitsu, as described in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" in "3 Matters concerning the reasonableness of the provisions regarding the matters listed in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters concerning the reasonableness of the provisions regarding the ratio of the consolidation)" below, and consulted with the Special Committee regarding the reasonableness of the purpose of the Transactions, the fairness and appropriateness of the terms and scheme of the Transactions and other matters (Mr. Keiichi Nakajima, a member

of the Special Committee, passed away on December 11, 2024, and retired as a director on the same day. The Special Committee after that date consisted of three members: Mr. Yoshio Osawa, Mr. Fumiaki Terasaka, and Ms. Mieko Kuwayama. For the composition of the members and other specific matters for consultation, please refer to "(III) Establishment of an independent Special Committee by the Company and obtainment by the Company of a report from the Special Committee" in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" in "3 Matters concerning the reasonableness of the provisions regarding the matters listed in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters concerning the reasonableness of the provisions regarding the ratio of the consolidation)" below). In addition, after taking each of the measures stated in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" in "3 Matters concerning the reasonableness of the provisions regarding the matters listed in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters concerning the reasonableness of the provisions regarding the ratio of the consolidation)" below, the Company carefully discussed and considered the terms of the Transactions based on the contents of the share valuation report obtained from Mizuho Securities, the financial advisor, and the legal advice obtained from Nagashima Ohno & Tsunematsu, the legal advisor, while giving maximum consideration to the contents of the report submitted by the Special Committee on January 6, 2025 (the "**Report Dated January 6, 2025**").

Specifically, the Company had granted the Special Committee (a) the authority to provide necessary advice on the consideration of the Transactions by the Executive Directors and other persons; (b) the authority to confirm in advance the policy with respect to discussions and negotiations with the Offeror regarding the Transactions, to receive reports on the status thereof in a timely manner, to express opinions regarding discussions and negotiations regarding the Transactions, to make recommendations and requests to the board of directors of the Company, and to discuss and negotiate directly with third parties, including the Offeror, to the extent permitted by laws and regulations, as necessary; (c) the authority to request reports and information from the Executive Directors and other persons from time to time on the progress, status of consideration, and other matters relating to the subject matters; and (d) to the extent necessary to fulfill its role, to appoint, at the Company's expense, financial advisors, third-party valuation institutions, legal advisors, and others selected or approved for the Special Committee (the "**Advisors, etc.**"), and to evaluate the Advisors, etc. of the Company, and comment on or approve (including ex-post approval) the appointment of the Advisors, etc. of the Company. The Company then received a proposal from the Offeror on October 29, 2024, setting the tender offer price at 2,753 yen per share. With respect to such a proposal, the Company consulted with the Special Committee. At the 5th Special Committee meeting held on November 28, 2024, the Special Committee received the initial share valuation results of the Company Shares from Mizuho Securities, and confirmed that, although the price proposed by the Offeror was within the range of the share valuation results and it was difficult to argue that the price proposed by the Offeror was too low from the perspective of the evaluation of the Company's corporate value, it was necessary to conduct price negotiations with the Offeror in order to maximize the interests of the minority shareholders of the Company. Thereafter, the Special Committee requested an increase in the tender offer price by a letter dated December 4, 2024, and received a response from the Offeror by a letter dated December 10, 2024, stating that the tender offer price would be increased to 2,776 yen per share. In response, the Special Committee requested a further increase in the tender offer price by a letter dated December 12, 2024, and received a response from the Offeror by a letter dated December 16, 2024, stating that the tender offer price would be increased to 2,785 yen per share. Although the Special Committee was successful in increasing the price to a certain extent through the two price increase requests described above, with the aim of further increasing the price to maximize the interests of the Company's minority shareholders, the Special Committee requested a further increase in the tender offer price by a letter dated December 18, 2024. However, the Special Committee received a response from the Offeror stating that the price proposed by the Offeror on October 29, 2024, was the best offer with no room for upward revision and that, although it had considered increasing the price in light of the Special Committee's series of requests, it could not propose a further price increase. At the 9th Special Committee meeting held on December 20, 2024, after reviewing the response from the Offeror, the Special Committee decided to continue price negotiations until just before the scheduled announcement date of the Transactions in order to maximize the interests of the minority shareholders and again requested an increase in the tender offer price by a letter dated December 20, 2024. However, the Offeror responded by a letter dated December 23, 2024, that the tender offer price

of 2,785 yen per share proposed in the letter dated December 16, 2024, was based on the highest possible valuation of the Company's corporate value, and that it could not propose a further price increase. Although the Offeror had refused to raise the price twice, the Special Committee decided that it should request the Offeror to raise the tender offer price again before making its final decision. Thereafter, on December 25, 2024, the Special Committee met with the Offeror and requested the Offeror to reconsider raising the tender offer price, including a possibility of raising the tender offer price for general shareholders by keeping the price of repurchasing shares from Fujitsu's shares low. Then, on the same day, the Offeror informed the Special Committee that, as a result of negotiations with Fujitsu, an agreement could not be reached on increasing the tender offer price for general shareholders by keeping the price of repurchasing shares from Fujitsu low. However, the Special Committee received a final proposal from the Offeror, stating that the per-share value assessment of the Company Shares would be 2,450 yen, and the tender offer price would be 2,808 yen per share by maximizing the total purchase price. Given the above negotiation process, the Special Committee determined that the tender offer price of 2,808 yen per share was the final offer price from the Offeror, and that there was no room for further negotiation.

Note 2: This is a company that provides services using information and communication technology.

In addition, the tender offer price of 2,808 yen per share of the Company Shares in the Tender Offer (the "**Tender Offer Price**") represented (i) a premium of 20.67% (rounded to two decimal places; hereinafter the same in the calculation of the premium rate) on 2,327 yen, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of December 30, 2024, which was the business day immediately preceding the announcement date of the planned commencement of the Tender Offer (January 6, 2025), (ii) a premium of 27.29% on 2,206 yen (rounded to the nearest whole number; hereinafter the same in the calculation of the simple average closing price), the simple average closing price for the preceding one-month period ending on that date, (iii) a premium of 35.33% on 2,075 yen, the simple average closing price for the preceding three-month period ending on that date, and (iv) a premium of 39.15% on 2,018 yen, the simple average closing price for the preceding six-month period ending on that date; and, as it was acknowledged that a reasonable premium had likewise been added to the Company's historical average share prices, and comparable premium levels had been added compared to the levels of premium added on the price for the preceding three-month period and for the preceding six- month period in 106 similar cases of tender offers which were announced by November 29, 2024, in which the tender offeror (including parent companies and subsidiaries) held less than 15% of the target company's shares before the tender offer (excluding management buyouts, hostile takeovers, and cases where the premium was discounted on the day before the announcement) (the "**Similar Cases**"), which cases were among the cases of tender offers to make listed companies wholly owned subsidiaries announced on or after June 28, 2019, the date of publication of the Fair M&A Guidelines by the Ministry of Economy, Trade and Industry, the Company believed that it was a fair and reasonable price that ensured the benefits that should be enjoyed by all general shareholders. Although the Company's share price temporarily declined following the announcement of the downward revision to the consolidated earnings forecast for the fiscal year ending March 2025 on October 24, 2024, the extent of the decline was limited and the share price recovered to its pre-revision level within approximately two weeks. Therefore, the Company believed that the downward revision had only a minor impact on the Company's share price.

Based on the above, the Company resolved at its board of directors meeting held on January 6, 2025, as its opinion as of that day, to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer if the Tender Offer commences.

According to the Offeror, the Offeror planned to promptly commence the Tender Offer when the conditions precedent set forth in the master transaction agreement dated January 6, 2025 entered into between the Offeror and Fujitsu (the "**Master Transaction Agreement**") (such conditions precedent, the "**Tender Offer Conditions Precedent**") were satisfied or waived by the Offeror, as announced in the "Announcement Regarding Planned Commencement of Tender Offer for the Shares of Fujitsu General Limited (Securities Code:6755) by Paloma・Rheem Holdings Co., Ltd." (the "**Offeror's Press Release Dated January 6, 2025**"). According to the Offeror, as of January 6, 2025, based on discussions with domestic and foreign law firms concerning the procedures and steps under competition laws in Japan, the European Union, India, Saudi Arabia, and the United States, etc., the Offeror

aimed to commence the Tender Offer around early July 2025. According to the Offeror, the Offeror then confirmed that all of the Tender Offer Conditions Precedent had been satisfied by April 25, 2025, and therefore decided on the same day to commence the Tender Offer from April 28, 2025, as stated in the earlier part of the Press Release on Company's Opinion.

On March 14, 2025, the Company was notified by the Offeror that, based on the status of the acquisition and implementation of all domestic and foreign permits and authorizations, etc. (Note 3) necessary to duly complete the Transactions (the "**Acquisition of Clearance**"), the Offeror expected to commence the Tender Offer in early or the middle of April 2025. On April 2, 2025, the Company was then notified by the Offeror that the Offeror intended to commence the Tender Offer on April 28, 2025, based on the assumption that the Tender Offer Conditions Precedent were satisfied (On April 7, 2025, the Company was notified by the Offeror that the Acquisition of Clearance had been completed.).

In response to this, on March 14, 2025, the Company requested the Special Committee to consider whether or not the opinion expressed by the Special Committee to the board of directors of the Company on January 6, 2025 had changed, and to report to the board of directors of the Company to that effect if the previous opinion had not changed, or to provide a revised opinion if it had changed, and the Special Committee submitted to the Company as of April 25, the Report Dated April 25, 2025 to the effect that it believed there was no need to change the contents of the report that it submitted to the board of directors of the Company on January 6, 2025 (with regard to the contents of the Report Dated April 25, 2025 (as defined in "(III) Establishment of an independent Special Committee by the Company and obtainment by the Company of a report from the Special Committee" in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" in "3 Matters concerning the reasonableness of the provisions regarding the matters listed in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters concerning the reasonableness of the provisions regarding the ratio of the consolidation)" below, hereinafter the same) and the specific activities of the Special Committee regarding the report, please refer to "(III) Establishment of an independent Special Committee by the Company and obtainment by the Company of a report from the Special Committee" in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" in "3 Matters concerning the reasonableness of the provisions regarding the matters listed in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters concerning the reasonableness of the provisions regarding the ratio of the consolidation)" below); therefore, the Company again carefully discussed and considered the details of the terms and conditions of the Tender Offer based on the contents of the Report Dated April 25, 2025 and the Company's performance and changes in the market environment since the board of directors meeting held on January 6, 2025.

As a result, as of April 25, 2025, the Company was of the view that the Tender Offer would be reasonable for the Company's shareholders given that the Transactions, including the Tender Offer, would contribute to enhancing the corporate value of the Company, that the Tender Offer Price and other terms and conditions of the Tender Offer were fair and reasonable to ensure the benefits to be enjoyed by the Company's minority shareholders, and that the Tender Offer would provide the Company's minority shareholders with a reasonable opportunity to sell the Company Shares at a price with an appropriate premium, and the Company believed that there were no factors that would require a change in its judgment regarding the Tender Offer as of January 6, 2025 that the Tender Offer would provide the Company's shareholders with a reasonable opportunity to sell their shares. Therefore, at the board of directors meeting held April 25, 2025, a resolution was again adopted to the effect that the board of directors will express an opinion in support of the Tender Offer and that it will recommend that the Company's shareholders tender their shares in the Tender Offer. In addition, as of April 25, 2025, the Company reported to the Offeror that, as of April 25, 2025, there were no material facts about the business of the Company or facts concerning the implementation of a tender offer for the Company Shares that had not been disclosed.

Please refer to "(V) Approval of all disinterested directors of the Company and opinion of all disinterested auditors of the Company that they had no objection" in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" in "3 Matters concerning the reasonableness of the provisions regarding the matters listed in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters concerning the reasonableness of the provisions regarding the ratio of the consolidation)" below for the details of the resolution at the abovementioned

Company's board of directors meeting.

In the process of reviewing the Transactions, the Company received a proposal from a third party other than the Offeror (a private equity fund) (the "**Third Party Proposal**") for a transaction that would allow the Company to acquire the Company Shares held by Fujitsu by conducting a tender offer at a tender offer price lower than the market share price (a so-called discounted TOB) on the assumption that the listing of the Company Shares will be maintained. The Company gave sincere consideration to the Third Party Proposal. However, the Company decided to cease considering the Third Party Proposal taking into account that: (a) as the Third Party Proposal was not legally binding, the Company would need to accept due diligence request in order to receive a legally binding proposal from the third party, and it will take several months before the Company receives the legally binding proposal; (b) the synergies indicated in the Third Party Proposal were not concrete compared to the synergies expected to result from the Transactions and the basis for such synergies was not sufficient, and, therefore, the Third Party Proposal could not be evaluated better than the Offeror's proposal from the perspective of enhancing the corporate value, and (c) since there was no way of selling the shares other than by participating in a tender offer for treasury shares at a price below the market price, the Third Party Proposal did not provide general shareholders of the Company, other than Fujitsu, with an opportunity to sell their shares at a reasonable price and, in addition, the level of profit expected to be provided to general shareholders while maintaining the Company's listing, if the Third Party Proposal was accepted, could not be evaluated as being better than the Offeror's proposal.

Note 3: According to the Offeror, "permits and authorizations, etc." included, but were not limited to, permits and authorizations, etc. (collectively meaning a notification under Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade or other permit, authorization, license, approval, consent, registration, notification, or any other similar act or procedure by the national government, a local government, or any other judicial or administrative agency as required by relevant laws and regulations) under competition laws of Japan, the European Union, India, Saudi Arabia, and the United States. According to the Offeror, based on the investigations conducted after the execution of the Master Transaction Agreement, the Offeror understood that there were no domestic or foreign permits and authorizations, etc. necessary to duly complete the Transactions other than the permits and authorizations, etc. required under the competition laws of Japan, the European Union, India, Saudi Arabia, and the United States.

Subsequently, as stated above, while the Tender Offer has successfully been completed, the Company determined to (i) implement a share consolidation to consolidate 11,530,250 shares of the Company Shares into one share (the "**Share Consolidation**") as stated in "(1) Ratio of the Share Consolidation" in "2. Details of the matters listed in each item of Article 180, Paragraph 2 of the Companies Act (details of the Share Consolidation)" below in order to make the Offeror and Fujitsu the only shareholders of the Company, and (ii) submit the Share Consolidation as an agenda to the Meeting as stated in the Press Release on Company's Opinion given that the Offeror could not acquire all of the Company Shares (excluding the Non-Tendered Shares and the treasury shares held by the Company) through the Tender Offer. Therefore, the Company hereby requests the shareholders to approve the Share Consolidation.
As a result of the Share Consolidation, the number of shares held by the shareholders other than the Offeror and Fujitsu will be a fraction less than one share.
For details of the Transactions, please refer to the Press Release on Company's Opinion and the Tender Offer Result Press Release.

2. Details of the matters listed in each item of Article 180, Paragraph 2 of the Companies Act (details of the Share Consolidation)

(1) Ratio of the Share Consolidation
11,530,250 shares of the Company Shares are to be consolidated into one share.

(2) Date on which the share consolidation becomes effective (effective date)
August 21, 2025

(3) Total number of authorized shares on the effective date
36 shares

3. Matters concerning the reasonableness of the provisions regarding the matters listed in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters concerning the reasonableness of the provisions regarding the ratio of the consolidation)

In the Share Consolidation, 11,530,250 shares of the Company Shares will be consolidated into one share. The Company has determined that the ratio of the Share Consolidation is appropriate, based on the following facts: the Share Consolidation is intended to make the Offeror and Fujitsu the only shareholders of the Company as part of the Transactions; the Tender Offer, as part of a series of Transactions, has successfully been completed following the circumstances as stated in "1. Reasons for the Share Consolidation"; and the facts stated below.

(1) Matters that were considered not to harm the interests of the Company's shareholders other than the parent company, etc. if there is such parent company, etc.

As the Share Consolidation shall take place as second step of the so-called two-step acquisition after the Tender Offer, considering that (i) the Offeror entered into the Master Transaction Agreement with Fujitsu, which was (a) a major shareholder, and (b) the largest shareholder before the successful completion of the Tender Offer, having the Company as an equity-method affiliate and holding 46,121,000 shares of the Company Shares (ownership percentage: 44.02%), and (ii) the Company plans to acquire the Non-Tendered Shares held by Fujitsu as treasury shares, and given that the interests of Fujitsu and the minority shareholders of the Company may not necessarily be aligned, the Offeror and the Company have taken each measure stated in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" below from the perspective of ensuring fairness in the Transactions, while avoiding arbitrariness in the decision-making regarding the Transactions, ensuring fairness, transparency, and objectivity in the Company's decision-making, and avoiding conflicts of interest.

(2) Matters concerning the method of handling a fraction less than one shares in cases where such situation is expected to occur

(i) Whether the handling under the provision of Article 235, Paragraph 1 of the Companies Act or the handling under the provision of Article 234, Paragraph 2 of the said Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the said Act is planned, and the reasons therefor

As stated in "1. Reasons for the Share Consolidation" above, due to the Share Consolidation, the number of the Company Shares held by the shareholders other than the Offeror and Fujitsu is scheduled to become a fraction less than one share.
With respect to a fraction less than one share occurring as a result of the Share Consolidation, the Company Shares equivalent to the total number of such fractional shares less than one share (If such total number includes fractions of less than one share, such fractions shall be rounded down. The same shall apply hereinafter.) will be sold, and each shareholder of the Company who holds such fractional shares will receive the proceeds from such sale in proportion to such fractions of the said shares. With regard to the sale in question, the Company plans to sell to the Offeror the Company Shares equivalent to the total number of such fractional shares less than one share with the permission of the court, in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended, hereinafter the same), as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the said Act, in light of the fact that the Share Consolidation is intended to make the Offeror and Fujitsu the only shareholders of the Company as part of the Transactions, and that a purchaser is unlikely to appear through an auction as the Company Shares are scheduled to be delisted on August 19, 2025, and such fractional shares will become shares without a market price.
If the permission of the court mentioned above is obtained as scheduled, the sales amount in such case is scheduled to be set at a price that will result in the delivery of money equivalent to the amount obtained by multiplying 2,808 yen, which is the same amount as the Tender Offer Price, by the number of the Company Shares held by the shareholders recorded in the Company's latest shareholder registry as of August 20, 2025, which is the date before the effective date of the Share Consolidation.

(ii) Name of person expected to purchase shares subject to sale

Paloma・Rheem Holdings Co, Ltd. (the Offeror)

(iii) Method by which the person expected to purchase shares subject to sale secures funds for the sale proceeds, and the reasonableness of the method

According to the Offeror, the Offeror is scheduled to cover the funds required for the acquisition of the Company Shares equivalent to the total number of fractional shares resulting from the Share Consolidation through a loan from Sumitomo Mitsui Banking Corporation ("**SMBC**").The Company has confirmed the method to secure funds of the Offeror by confirming the loan certificate dated April 25, 2025, issued by SMBC to the Offeror with respect to the loan, which was filed as an attachment to the Tender Offer Registration Statement for the Tender Offer. Further, according to the Offeror, there have been no events that would obstruct the payment of the sales proceeds for the Company Shares equivalent to the total number of fractional shares of less than one share resulting from the Share Consolidation, nor the Offeror is not aware of any possibility that such events may occur in the future.
Based on the above, the Company has determined that the method of securing funds to pay for the sale of the Company Shares equivalent to the total number of fractional shares of less than one share by the Offeror is appropriate.

(iv) Expected timing of sale and payment of sales proceeds to shareholders

The Company plans to file a petition to the court for permission for the Company to sell to the Offeror, and for the Offeror to purchase from the Company, the Company Shares equivalent to the total number of fractional shares less than one share resulting from the Share Consolidation, in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the said Act, by around early September 2025. While the timing of obtaining such permission may change depending upon such matters as the circumstances of the court, the Company plans (i) to obtain the permission of the court and, in around late September 2025, sell such Company Shares to the Offeror by way of the Offeror's purchase thereof, and thereafter, (ii) upon making preparations required to deliver the proceeds obtained by such sale to the shareholders, to sequentially deliver such sales proceeds to the shareholders in around middle of November 2025.
Taking into consideration the time period required for the series of procedures from the effective date of the Share Consolidation to the sale, as stated above, the Company has determined that the sale of the Company Shares equivalent to the total number of fractional shares less than one share resulting from the Share Consolidation, and delivery of the sales proceeds to the shareholders, are expected to be made at the respective timings.

(3) Matters concerning the amount of money expected to be delivered to shareholders as a result of fractional processing and the appropriateness of such amount

In the Share Consolidation, it is planned to deliver to all shareholders the amount equivalent to the amount obtained by multiplying the number of Company Shares to be held by all shareholders by the amount which is the same as that of the Tender Offer Price, which is 2,808 yen.
With respect to the Tender Offer Price, the Company has determined that the Tender Offer provides all shareholders of the Company with reasonable opportunities to sell shares, based on the following considerations:
(i) The Tender Offer Price was agreed upon after multiple adequate negotiations with the Offeror with the substantial involvement of the Special Committee after taking sufficient measures to ensure the fairness of the terms of the Transactions including the Tender Offer Price stated in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" below;
(ii)As stated in "(I) Obtainment by the Company of a share price valuation report from an independent financial advisor and third-party appraiser" in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" below, in the results of the value of the Company's shares calculated by Mizuho Securities in the share valuation report (the "**Company Share Price Valuation Report**") obtained by the Company from Mizuho Securities on December 30, 2024, the Tender Offer Price was above the range of the results of the market price method, and was within the range of the results of the comparable companies method and the DCF method;
(iii) Although the period, etc. for the Tender Offer was set at 20 business days in the Transactions, given that the period from the date on which the Offeror announced the planned commencement of the Tender Offer to the time of the actual commencement of the Tender Offer was long, appropriate opportunities were ensured for minority shareholders of the Company to decide whether or not to tender their shares in the Tender Offer and for persons other than the Offeror to make a proposal for purchase, etc. of the Company Shares;

(iv) Although the minimum number of shares to be purchased in the Tender Offer was less than the number of shares to be purchased by the "majority of minority," as it was understood that other measures to ensure fairness had been sufficiently implemented in the Transactions, the fact that the Offeror did not set the minimum number of shares to be purchased to the "majority of minority" would not harm the fairness of the Tender Offer;
(v) In the Transactions, as the cash consideration to be delivered upon the Share Consolidation to the shareholders is to be equal to the amount obtained by multiplying the Tender Offer Price and the number of the Company Shares held by each such shareholder, and an announcement to that effect was made at the commencement of the Tender Offer, consideration to avoid coercion had been given by ensuring that the Company's shareholders, including minority shareholders, have the opportunity to make an appropriate decision as to whether to tender their shares in the Tender Offer; and
(vi) as stated in "(III) Establishment of an independent Special Committee by the Company and obtainment of a report from the Special Committee" in "(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest" below, a determination was also made in the Report Dated January 6, 2025, obtained from the Special Committee that the fairness and appropriateness of the terms of the Transactions are ensured. In addition, the Company had confirmed that there had been no significant changes to the various conditions that form the basis for the determination of the Tender Offer Price from the time when the Company expressed an opinion in support of the Tender Offer and recommended that the Company's shareholders tender their shares in the Tender Offer on April 25, 2025, to the time when the convocation of the Meeting was decided at the meeting of the board of directors of the Company on June 30, 2025.
Based on the above, the Company has determined that the amount of money expected to be delivered to the shareholders as a result of fractional processing is appropriate.

(4) Measures to ensure the fairness of the Transactions and avoid conflicts of interest

As of January 6, 2025, and as of April 25, 2025, the Offeror did not hold any Company Shares, and the Tender Offer did not constitute a tender offer by a controlling shareholder. Furthermore, it was not planned that all or part of the management of the Company would invest directly or indirectly in the Offeror, and thus the Transactions, including the Tender Offer, did not constitute a so-called management buyout transaction. However, considering that (i) the Offeror entered into the Master Transaction Agreement with Fujitsu, which was (a) a major shareholder, and (b) the largest shareholder before the successful completion of the Tender Offer, having the Company as an equity-method affiliate and holding 46,121,000 shares of the Company Shares (ownership percentage: 44.02%), and (ii) the Company planned to acquire the Non-Tendered Shares held by Fujitsu as treasury shares, and given that the interests of Fujitsu and the minority shareholders of the Company may not necessarily be aligned, the Offeror had taken the measures stated in (I) through (VI) below from the perspective of ensuring fairness in the Transactions, excluding arbitrariness in the decision-making regarding the Transactions, ensuring fairness, transparency, and objectivity in the Company's decision-making, and avoiding conflicts of interest.
The Offeror believed that, as stated in "1. Reasons for the Share Consolidation" above, even though Fujitsu held 46,121,000 shares of the Company Shares (ownership percentage: 44.02%), if the minimum number of shares to be purchased was set to the so-called "majority of minority" in the Tender Offer, it would have created uncertainty as to whether the Tender Offer could be successfully completed, and may have also not actually be in the interests of minority shareholders who wish to tender their shares in response to the Tender Offer. For this reason, in the Tender Offer, the Offeror had not set a minimum number of shares to be purchased to the so-called "majority of minority." However, given that the measures stated in (I) through (VI) below have been implemented, the Offeror believes that the interests of minority shareholders of the Company have been sufficiently considered.
Among the matters stated below, the measures taken by the Offeror are based on the explanations received from the Offeror.

(I) Obtainment by the Company of a share price valuation report from an independent financial advisor and third-party appraiser

(i) Name of third-party appraiser and its relationship with the Company and the Offeror

In expressing its opinion regarding the Tender Offer, in order to ensure the fairness of its decision-making regarding the Tender Offer Price presented by the Offeror, the Company requested Mizuho Securities, a financial advisor and third-party appraiser independent of the Offeror, Fujitsu and the Company, to calculate the share value of the Company and perform related financial analyses, and obtained the Company Share Price Valuation Report from Mizuho Securities. Mizuho Securities is neither a related party of the Offeror, Fujitsu or the Company, nor did it have any

material interests in the Tender Offer. Mizuho Bank, Ltd. ("**Mizuho Bank**"), a group company of Mizuho Securities, conducts loan transactions, etc. with Fujitsu and the Company as part of its ordinary banking transactions and is a shareholder of the Company. However, Mizuho Securities established and implemented appropriate conflict of interest management systems, such as information barrier measures, between Mizuho Securities and Mizuho Bank in accordance with the Financial Instruments and Exchange Act (Article 36, Paragraph 2) and the Cabinet Office Order on Financial Instruments Business (Article 70- 4), and conducted the share valuation of the Company from a standpoint independent of Mizuho Bank's status as a lender and a shareholder. In light of Mizuho Securities' track record as an appraiser and the fact that appropriate measures to prevent adverse effects had been taken between Mizuho Securities and Mizuho Bank, the Special Committee had determined that the independence of Mizuho Securities in performing its duties as financial advisor and third-party appraiser for the Transactions was sufficiently assured, and that there were no particular problems regarding the Company's request to Mizuho Securities to calculate the share value of the Company Shares. In addition, the remuneration of Mizuho Securities for the Transactions included contingency fees payable upon conditions such as the completion of the Transactions. The Company appointed Mizuho Securities as its financial advisor and third-party appraiser under the above compensation structure because the Company determined that, taking into consideration the general customary practices in similar kinds of transactions, the propriety of the renumeration system that would cause the Company to incur a considerable monetary burden in the event of failure to complete the Transactions, and other factors, the independence of Mizuho Securities would not be denied by the fact that the remuneration included contingency fees payable subject to the completion of the Tender Offer.

As the Offeror, Fujitsu and the Company had taken measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, the Company did not obtain a fairness opinion from Mizuho Securities regarding the fairness of the Tender Offer Price.

(ii) Outline of valuation of the Company Shares

After considering which methods should be applied for calculating the share value of the Company among various valuation methods available, and keeping in mind that it was appropriate to evaluate the share price of the Company from various perspectives, Mizuho Securities calculated the share value of the Company by applying (i) market price method, since the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and its share price in the market exists, (ii) comparable companies method, since there are listed companies engaged in businesses relatively similar to that of the Company, allowing for an analogical inference of the share value by comparing similar companies, and (iii) DCF method in order to reflect the status of future business activities in the calculation (Note 1). The ranges of values per share of the Company Shares calculated according to the aforementioned methods were as follows.

Market price method:	From 2,018 yen to 2,327 yen
Comparable companies method:	From 1,703 yen to 3,056 yen
DCF method:	From 2,403 yen to 3,691 yen

The range of values per share of the Company Shares obtained from the market price method was 2,018 yen to 2,327 yen, which was calculated based on the following prices quoted on the Prime Market of the Tokyo Stock Exchange, by using December 30, 2024 as the record date, which was the business day immediately preceding the date of the announcement of the scheduled commencement of the Tender Offer: 2,327 yen, the closing price of the Company Shares as of the record date; 2,206 yen, the simple average closing price over the most recent one-month period ending on that date (from December 2, 2024 to December 30, 2024); 2,075 yen, the simple average closing price over the most recent three-month period ending on that date (from October 1, 2024 to December 30, 2024); and 2,018 yen, the simple average closing price over the most recent six-month period ending on that date (from July 1, 2024 to December 30, 2024).

The range of values per share of the Company Shares obtained from the comparable companies method was 1,703 yen to 3,056 yen, which was calculated through comparisons of the market share prices and financial indicators showing the profitability of the Company with those of the listed companies that were engaged in the businesses that are relatively similar to those conducted by the Company.

The range of values per share of the Company Shares obtained from the DCF method was 2,403 yen to 3,691 yen, which was derived by calculating the Company's corporate value and share value as calculated by discounting to the present value, at a certain discount rate, the free cash flow that the Company was expected to generate during

and after the third quarter of the fiscal year ending in March 2025 on the assumption of factors such as financial forecast in the Company Business Plan prepared by the Company and approved by the Special Committee and publicly released information (Note 2). It should be noted that the financial forecasts included fiscal years in which a significant increase or decrease in earnings was expected. Specifically, by the fiscal year ending March 2027, the Company plans to concentrate resources in the key markets of North America, Europe and India, focusing on the expansion of the sales teams in North America, expansion of the sales network in Europe, and the expansion of sales of high-end models in India, where the Company has a strong brand presence (such plan had been prepared before the Transactions were considered.). As a result, the Company expected operating profit for the fiscal year ending March 2025 to increase by 60.2% from the previous fiscal year (rounded to one decimal place, the same applies to the calculation of rate of increase or decrease of operating profit compared with the previous fiscal year), while free cash flow was expected to decrease by 63.5% compared to the fiscal year ended March 2024 due to the planned increase in investment in key markets, etc., as mentioned above. In the fiscal year ending March 2026, the Company expects sales to increase and margins to improve, resulting in an increase in operating income by 123.4%from the previous fiscal year. However, the Company also expects to continue to invest in its priority markets, resulting in a free cash flow deficit. In the financial year ending March 2027, when the effects of investments in key markets will be seen, the Company expects operating income to increase by 40.5% from the previous fiscal year and free cash flow to become positive. Please note that the business plan did not assume the completion of the Tender Offer, and therefore, the expected synergies from the Tender Offer were not included in the business plan.

Note 1: In calculating the share value of the Company, Mizuho Securities adopted the information provided by the Company, information obtained through interviews, publicly disclosed information and other materials without any modification in principle and did not independently verify the accuracy or completeness of such information and materials on the assumption that, among others, all of such information and materials as adopted were accurate and complete, and that there was no fact that might have a material impact on the calculation of the share value of the Company, which had not been disclosed to Mizuho Securities. In addition, Mizuho Securities did not independently evaluate or appraise and did not request any third-party institution to evaluate, appraise or assess the assets and liabilities (including derivative transactions, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Company and its subsidiaries and affiliated companies, including any analysis and valuation of individual assets and liabilities. It was assumed that the Company's financial projections referred to in the calculation have been reasonably prepared and formulated based on the best estimates and judgments available to the Company as of January 6, 2025, and that the calculation reflected information and economic conditions as of December 30, 2024.

Note 2: The Company Business Plan covered a three-year period from the fiscal year ending March 2025 to the fiscal year ending March 2027. This was because the market environment for the Company's main air conditioning business, such as the trends toward stricter regulations accompanying decarbonization in each country, is changing rapidly, and the period that the Company determined to be reasonably predictable was three years.

Since there had been no material changes in the business environment surrounding the Company or in the facts that affect the intrinsic value of the Company Shares, such as the Company Business Plan, on which the Company Share Price Valuation Report was based, from the time of the board of directors meeting held on January 6, 2025 to April 25, 2025, and taking into account the advice received from Mizuho Securities, the board of directors of the Company believed that the Company Share Price Valuation Report remained valid.

(II) Obtainment by the Company of advice from an outside law firm

As stated in "1. Reasons for the Share Consolidation" above, the Company appointed Nagashima Ohno & Tsunematsu, an outside legal advisor, and received legal advice from Nagashima Ohno & Tsunematsu including advice concerning measures to be taken to ensure the fairness of the procedures in the Transactions, various procedures of the Transactions, and the method, process, and other related matters of the Company's decision-making regarding the Transactions. Nagashima Ohno & Tsunematsu is neither a related party of the Offeror, Fujitsu or the Company, nor did it have any material interests in the Transactions, including the Tender Offer. Also, the remuneration for Nagashima Ohno & Tsunematsu included only an hourly fee to be paid regardless of the success or failure of the Transactions, and did not include contingency fees, payable subject to the successful completion of the Transactions.

(III) Establishment of an independent Special Committee by the Company and obtainment by the Company of a report from the Special Committee

In light of the fact that Fujitsu, which was the Company's largest shareholder before the successful completion of the Tender Offer, was contemplating a sale of the Company Shares, which may have resulted in a transaction based on an agreement between the Company and Fujitsu, a major shareholder, or a transaction involving a squeeze-out, the Company established the Special Committee on September 25, 2024, independent of the Offeror, Fujitsu and the Company, for the purpose of providing an opinion to the Company's board of directors in connection with the Company's consideration and decision on the said transaction being considered by Fujitsu. The Special Committee originally consisted of four members independent of Fujitsu and the Company: Mr. Yoshio Osawa (independent outside director), Mr. Fumiaki Terasaka (independent outside director), Ms. Mieko Kuwayama (independent outside director), and Mr. Keiichi Nakajima (independent outside director). As Mr. Keiichi Nakajima, a member of the Special Committee, passed away on December 11, 2024, and retired as a director on the same day, the Special Committee after that date consisted of three members: Mr. Yoshio Osawa, Mr. Fumiaki Terasaka, and Ms. Mieko Kuwayama.

In addition, the board of directors of the Company consulted the Special Committee with respect to the Transactions, including the Tender Offer (a) whether the purpose of the Transactions was reasonable (including whether the Transactions would contribute to the enhancement of the corporate value of the Company); (b) whether the fairness and appropriateness of the terms and conditions and scheme of the Transactions were ensured; (c) whether the interests of the general shareholders of the Company were adequately considered through fair procedures in the Transactions; (d) if a tender offer was used as the method of the Transactions, whether the board of directors of the Company should express an opinion in support of the tender offer and recommend that the Company's shareholders tender their shares in the tender offer; and (e) whether the decision to conduct the Transactions was not disadvantageous to the general shareholders of the Company based on (a) through (d) above (collectively, the "**Consulted Matters**") and requested the Special Committee to submit a report on these items to the Company. In making its decision on the Tender Offer, the board of directors of the Company was to respect the report of the Special Committee to the maximum extent, and had also resolved not to support the Tender Offer if the Special Committee determined that the terms and conditions of the Transactions were not appropriate. The expression of opinion on the Tender Offer was under consideration based on the assumption that the procedures for making the Company a wholly-owned subsidiary will be implemented after the successful completion of the Tender Offer. The board of directors of the Company had granted the Special Committee (a) the authority to be substantially involved in the negotiation of the Transactions (including, as necessary, to give instructions or requests to the Company with respect to the negotiation policy and to conduct negotiations on its own); (b) the authority to appoint, at the Company's expense, external advisors to the Special Committee or to appoint and approve (including ex-post approval) external advisors of the Company, if necessary; and (c) the authority to receive information necessary to consider and make a judgement in connection with the Transactions from the Company's officers and employees.

The Special Committee approved Mizuho Securities as the third-party appraiser and financial advisor of the Company, and Nagashima Ohno & Tsunematsu as the legal advisor of the Company, since there were no concerns with respect to their independence and expertise. The Special Committee also confirmed that it was able to receive their expert advice as necessary.

In consideration of the duties of the members of the Special Committee, regardless of the content of the report, a fixed remuneration was to be paid, and no contingency fees was payable subject to the successful completion of the Transactions.

The Special Committee met a total of 11 times (for a total of about 18 hours) during the period from October 22, 2024 to January 6, 2025, with all members of the Special Committee in attendance at each meeting, and carefully discussed and considered the Consulted Matters by deliberating and making decisions, etc., by e- mail and other means during the periods between meetings of the Special Committee.

Specifically, the Special Committee received an explanation from the Company regarding the purpose and significance of the Transactions, its impact on the Company's business and other matters, and conducted a question-and-answer session on these matters. The Special Committee submitted questions to the Offeror and conducted a question-and-answer session with the Offeror in letter and interview formats regarding the purpose and background of the Transactions, management policy after the Transactions, and other matters. In addition, as a precondition, the Special Committee confirmed the rationality of the contents, important preconditions, and preparation process of the Company Business Plan and approved the Company Business Plan. Further, the Special Committee received legal advice from Nagashima Ohno & Tsunematsu, legal advisor of the Company, regarding measures to ensure the

fairness of the Transactions, measures to avoid conflicts of interest and other matters related to the Transactions in general.

Moreover, as stated in "(I) Obtainment by the Company of a share price valuation report from an independent financial advisor and third-party appraiser" above, Mizuho Securities calculated the share price of the Company based on assumptions of various factors, including the financial forecasts in the Company Business Plan and publicly disclosed information, and the Special Committee received an explanation of the calculation methods used by Mizuho Securities to calculate the share price of the Company, the reasons for adopting these calculation methods, the details of the calculations using each calculation method, and important preconditions, and confirmed the rationality of these matters after a question-and-answer session and deliberation and examination.

Besides, the Special Committee received reports from the Company and Mizuho Securities from time to time regarding the Company's negotiations with the Offeror, deliberated and examined them, and expressed its opinions on the Company's negotiation policy, as necessary. Specifically, upon receiving a proposal from the Offeror regarding the Tender Offer Price, the Special Committee received a report on each proposal, heard an analysis and opinion from Mizuho Securities on the policy for responding to the proposal and negotiating with the Offeror, and then conducted its own examination based on the financial advice from Mizuho Securities. Thereafter, the Special Committee provided opinions on matters that should be discussed with the Offeror in order for the Company to achieve the significance and purpose of the Transactions and take other necessary actions, and in this way, the Special Committed was involved in the entire process of discussions and negotiations between the Company and the Offeror regarding the terms and conditions of the Transactions, including the Tender Offer Price. Furthermore, the Special Committee participated in a meeting with the Offeror together with the Company's management and conducted hearings on the Offeror's views in relation to the purpose of Transactions, etc. On December 25, 2024, the Special Committee had a meeting with the Offeror in which only the members of the Special Committee joined from the Company's side to negotiate the price and the Agreement entered into as of January 6, 2025 by the Company with the Offeror in relation to the Transactions, and the Company received a proposal from the Offeror on December 25, 2024, which included an increase in the Tender Offer Price to 2,808 yen per share. As a consequence, the Company received proposals regarding the Tender Offer Price from the Offeror six times in total, which resulted in a price increase of 2.0 % from the initial price proposal.

The Special Committee also received explanations from Nagashima Ohno & Tsunematsu several times regarding the contents of the draft of Company's Press Release Dated January 6, 2025, and confirmed that appropriate disclosure would be made.

Under the above circumstances, the Special Committee submitted the Report Dated January 6, 2025, substantially outlined below to the board of directors of the Company on January 6, 2025, with the unanimous agreement of its members as a result of careful and repeated discussions and deliberations on the Consulted Matters.

(a) Contents of the report

(i) The Transactions will contribute to the enhancement of the corporate value of the Company, and the purpose of the Transactions is reasonable.

(ii) The fairness and appropriateness of the Tender Offer Price in relation to the Tender Offer, other terms and conditions of the Transactions, and the scheme of the Transactions are ensured.

(iii) It is believed that, through the procedures relating to the Transactions, sufficient measures to ensure fairness have been taken and the interests of the general shareholders of the Company are adequately considered.

(iv) The board of directors of the Company should resolve to express its opinion in support of the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer.

(v) The decision to conduct the Transactions would not be disadvantageous to the general shareholders (including minority shareholders) of the Company.

(b) Reasons for the report

1) Whether the purpose of the Transactions is reasonable (including whether it will contribute to the enhancement of the corporate value of the Company)

[1] View of the Offeror

According to the responses to questions on the Transactions from the Special Committee to the Offeror and the draft

of the press release prepared by the Offeror regarding the scheduled commencement of the Tender Offer (Offeror's Press Release Dated January 6, 2025), an overview of the significance and purpose of the Transactions as considered by the Offeror and the synergies expected to result from the Transactions were as follows.

a. Details of the Offeror's examination of the Transactions

Due to the effects of climate change and global warming, demand for air conditioners has been growing worldwide in recent years. In addition, air conditioning and water heating are areas of energy infrastructure that are closely related to people's daily lives and account for a large proportion of household energy consumption. As a result, demand for replacement of products with those that comply with stricter regulations associated with decarbonization is expected to accelerate, and while consumers eagerly await innovation that enables reduction of greenhouse gas emissions, at the same time competition among competitors is also intensifying on a global scale. In particular, in recent years, there has been an increase in M&A among major global companies competing with the Offeror, with the aim of enabling more efficient R&D, manufacturing, and sales.

In light of this business background, the Offeror transitioned to a holding company structure on March 29, 2024, the main purpose of which was to establish a system that would enable the Offeror, as a holding company, to make strategic decisions regarding M&A and other matters quickly.

The Offeror, after transitioning to a holding company structure and having put in place the human resources and systems necessary to make strategic and expert management decisions regarding M&A and other matters, examined the possibility of conducting the Transactions by the Offeror and concluded that there were significant potential synergies, as described below.

b. Synergies expected by the Offeror from the Transactions

(i) Expansion of sales channels in North America

In North America, Rheem Manufacturing Company, Inc ("**Rheem**") and the Company already have a cooperative relationship in the North American air conditioner business, including mutual product supply and joint development. The Offeror believes that the Company becoming a member of the Offeror Group through the Transactions will enable more in-depth collaboration for the sales of a wider range of the Company's products through the Offeror Group's extensive sales channels for air conditioners and water heaters in North America. Since the current product portfolios of the two companies are such that Rheem primarily focuses on ducted air conditioners and the Company's strengths are ductless and VRF products, the Offeror believes that synergies can be created without any product competition between the two companies.

(ii) Diversification of global manufacturing and sales territories

Since the Offeror Group's air conditioner business is concentrated in the North American region, the Offeror believes that it has a complementary regional relationship with the Company, which operates businesses in Europe and Asia, including Japan, in addition to North America. Therefore, the Offeror believes that by reducing production costs and optimizing logistics by manufacturing the Company's products at the Offeror Group's manufacturing bases in North America and manufacturing the Offeror's products at the Company's manufacturing bases in Asia, etc. following the Transactions, it will be able to develop its business on a more global scale and efficiently in a manner that leverages the Company's existing business foundations without the need for complicated consolidation and elimination of manufacturing and sales bases.

(iii) Cost advantages in raw material procurement, etc.

As the scale of the business expands through the Transactions, it is expected that more efficient procurement of raw materials will become possible. In particular, since similar raw materials such as iron, copper, aluminum, semiconductors, and resins are used in water heaters and air conditioners, the Offeror believes that the Company becoming a subsidiary of the Offeror Group will enable it to realize volume benefits by increasing the volume of raw materials procured, and cost synergies through the flexible use of raw materials by each company.

(iv) Proactive investment in core technologies aimed at integrating air conditioning and water heating technologies

As energy consumption reduction in air conditioning products has become a global issue, the Offeror believes that the Company's heat pump and VRF technologies, especially inverters and compressors, which are at the core of these technologies, are extremely important technologies that will contribute to solving this issue.

Due to the emergence of heat-pump water heaters that utilize heat pumps, a fundamental technology for air conditioners, in the water heating field as well, the core technologies of air conditioners and water heaters are expected to merge in the near future. The Offeror Group plans to accelerate the development of next-generation air conditioners and water heaters more than ever by accelerating investment in the Company's core technologies and products using the cash flow generated from its existing businesses.

(v) Promoting technology development in Japan

The Offeror has positioned the global expansion of its manufacturing and research base originating in Japan as a core part of its management strategy. To this end, the Offeror aims to position Japan as a core center of technological development, or in other words, a center of excellence, by proactively cultivating human resources capable of working on a global scale and by recruiting human resources from overseas. While the Company operates globally, it has a base for development of core technologies in Japan, and the Offeror believes that the two companies will be able to promote the strengthening of technology development in Japan even more than before by working together as one.

[2] View of the management of the Company

a. Synergies expected through the Transactions

According to the explanations provided by the personnel of the Company at the hearings conducted by the Special Committee or otherwise and other explanations provided during the course of the deliberations of the Special Committee, Company expects to achieve the following synergies as a result of the Transactions.

(i) Establishment of a local production and local consumption system by utilizing the Offeror Group's manufacturing and distribution bases in North America (the United States and Mexico)

The Company Group is working to establish a global production system, which is one of its business issues. As the Offeror Group has production bases in the United States and Mexico, by joining the Offeror Group through the Transactions, the Company believes that it can accelerate local production and local consumption by utilizing these production bases, thereby enabling the Company Group to supply products to the North American market in a timely manner, reduce costs such as transportation costs, and respond to protectionist trade policies such as increased tariffs.

(ii) Acceleration (deepening) of mutual utilization of sales channels and brands, and mutual supply of products in the North American market

In the North American market, the product portfolios of the Company Group and the Offeror Group for air conditioners are complementary. The Company believes it can further expand the sales of the Company Group's products through the sales channels and brands of the Offeror Group, with which it already has a cooperative relationship, and similarly expand the sales of the Offeror Group's products through the sales channels and brands of the Company Group, as well as develop the cooperative relationship.

(iii) Entry into the heat pump water heating and heating business in North America, Japan, Australia, and other regions through joint development and production with the Offeror Group

The Company Group has identified the heat pump water heating and heating business in Europe as one of its key future businesses with high growth potential in the medium to long term. The Company Group believes that it can further expand its business by developing this business not only in the current limited areas in Europe, but also in other regions such as North America, Japan, and Australia through joint development and production with the Offeror Group and by utilizing sales channels and other forms of cooperation.

(iv) Utilization of the Offeror Group's manufacturing, development, sales, and logistics bases in Japan and collaboration in the service sector

In the Company Group's air conditioner business for Japan, the Company believes that it can expand sales channels and improve the sophistication and efficiency of manufacturing, development, and logistics by utilizing various bases of the Offeror Group in Japan.

The Company also expects to strengthen its service system and functions and increase efficiency through collaboration in the service sector.

(v) Cost reduction through joint purchasing of raw materials and parts, and joint delivery of products

Many of the raw materials and parts, etc. used by the Company's Group and the Offeror's Group are similar, such as iron, copper, aluminum, semiconductors, and resins. Therefore, the Company expects to achieve economies of scale through joint purchasing and cost reduction through joint delivery of products, etc.

b. Disadvantages that may result from the Transactions

According to the explanations given by the personnel of the Company at the hearings conducted by the Special Committee or otherwise and other explanations provided during the course of the deliberations of the Special Committee, the possible disadvantages of the Transactions were as follows.

(i) Loss of important collaborating companies due to conflicts with the Offeror's Group in Europe

The Company Group has established and maintained good relationships with many distributors in Europe over the years, and some of them are core partners of the Company Group. On the other hand, the Offeror Group is also developing its business in Europe, and conflicts are expected to arise, mainly in the field of water heating, which may adversely affect the Company Group's business in Europe.

(ii) Loss of existing distributors due to brand switchover

The Fujitsu brand is widely recognized as the product brand of the Company Group's air conditioners throughout the world, except for India and other regions, and is the source of corporate value for the air conditioner business. If, through the Transactions, a situation arises in which a smooth brand switchover cannot be performed, such as changing the brand in a short period of time without taking into account the intentions of the existing distributors, the business of the Company Group in many regions may be adversely affected due to the loss of existing distributors.

(iii) Increased burden resulting from the development plan led by the Offeror

As efforts are being made to decarbonize the world against the backdrop of global warming, the Company believes that the Company Group's heat pump and inverter technologies will make a significant contribution to solving this issue. The same technologies are also widely used in the field of water heating, and there is every expectation that the basic technologies for air conditioners and water heaters will be merged in the near future. The development requirements imposed by the Offeror Group on the Company Group through the Transactions may force the Company Group to change its development plans in the air conditioner field, which the Company Group has been pursuing in the past, and this may adversely affect the competitiveness of the air conditioner business.

(iv) General disadvantages to be expected from the privatization of the shares

If the Company Group joins the Offeror Group through the Transactions and the Company Shares are privatized, the corporate governance system and functions that the Company has maintained as a listed company and the transparency of information disclosure may become inadequate, which may adversely affect relations with various stakeholders, including employee morale, future recruitment of talented personnel, and social credibility in terms of customers and business partners.

c. Advantages that the Offeror Group may enjoy as a result of the Transactions

According to the explanations given by the personnel of the Company at the hearings conducted by the Special Committee or otherwise and other explanations provided during the course of the deliberations of the Special Committee, the possible advantages that the Offeror Group may enjoy as a result of the Transactions were as follows.

(i) Acquisition of advanced technologies not possessed by the Offeror Group, related to heat pump and inverter technologies, as well as the development and production of core components, such as compressors and motors

Amid the global trend of decarbonization in the face of global warming, the Company Group's heat pump and inverter technologies are considered to be important technologies that will contribute significantly to solving this issue. It is believed that by making the Company Group a wholly-owned subsidiary, the Offeror Group will be able to acquire, among other things, the advanced technologies related to heat pump and inverter technologies that the Company Group has developed and refined to date, including proprietary technologies, as well as those related to the development and production, and the final product development of compressors and motors, which are core components of these technologies.

(ii) Utilization of the Company Group's production bases in Thailand and China

In Thailand and China, where the Offeror Group does not have any production bases, the Company Group has production bases with advanced production technology and efficiency in the air conditioner business and has a track record and experience of many years of operation. It is believed that by utilizing these production bases, the Offeror Group will be able to expand its production capacity, increase the sophistication and efficiency of its production, and promote local production and local consumption.

(iii) Strengthening corporate governance and information disclosure systems

Since 1955, the Company, as a listed company, has been strengthening its corporate governance system and, in addition to complying with the listing rules and related laws and regulations, has been strengthening its system for the timely and appropriate disclosure of financial and non-financial information in response to the demands of various stakeholders in the Japanese stock market and global society. It is believed that making the Company a wholly-owned subsidiary of the Offeror Group will enable the Offeror Group, which is an unlisted company, to strengthen its systems, acquire and utilize human resources and know-how, thereby contributing to the improvement of information disclosure and the enhancement of corporate value.

[3] View of the Special Committee

In light of the foregoing, the Special Committee, after careful deliberation and consideration, concluded that the explanations provided by the Offeror and the Company regarding the synergies expected from the Transactions had a certain degree of specificity and are reasonable explanations.

As described in (2) b. above, although the possibility of disadvantages arising from the Transactions cannot be denied, firstly, as regards conflicts with the Offeror in Europe, given that most of the products sold by Rheem in Europe are water heaters and competition with the Company's products is limited, no significant impact was expected from the loss of existing distributors.

In addition, as Fujitsu intended to sell the Company Shares, the transition from the Fujitsu brand would have been necessary at some point if Fujitsu executed a transaction to sell the Company Shares, and such a potential disadvantage was unavoidable. In addition, in view of the fact that the Company and Fujitsu had agreed to continue to use the Fujitsu brand for the period necessary for a smooth transition of the brand, and that the Company and the Offeror had agreed to take into account the interests of not only the Company but also of the Company's existing distributors at the time of the transition of brand and that the new brand will be promoted in cooperation with the Offeror, it was reasonable to expect that the brand transition will be achieved with minimal impact on the existing distributors.

Furthermore, with regard to the increased burden resulting from the development plan led by the Offeror, although such burden may indeed temporarily increase development costs, it can also be expected that the results of the development will lead to increased sales in the future. The Offeror agreed to maintain and respect the independence and autonomy of the management of the Company Group, and it could be expected that future development plans will be discussed with the Offeror and could be achieved without placing an excessive burden on the management of the Company Group.

Moreover, with regard to the general disadvantages to be expected from the privatization of the shares, it had been agreed with the Offeror that the organizational and operational structure (including the corporate governance system and the operational structure) of the Company Group will be maintained, and the risk of the corporate governance system and its functions becoming inadequate was also considered to be limited. In addition, the Company's superiority in the recruitment market and its social credibility, which it had cultivated through its business activities over many years, were not expected to be lost as a result of the delisting.

Therefore, while the disadvantages of carrying out the Transactions were not considered to be material, the Transactions were expected to generate synergies that outweigh such disadvantages, and the Transactions were considered to contribute to the enhancement of the Company's corporate value.

2) Review of the appropriateness of the terms and conditions of the Transactions

[1] Appropriateness of the Tender Offer Price

a. Procedures for formulating business plan and its contents

The Company requested Mizuho Securities, as a third-party appraiser independent of both the Company, Fujitsu and the Offeror, to calculate the share value of the Company and received the Company Share Price Valuation Report on December 30, 2024.

Even before considering the Transactions, the Company had repeatedly reviewed the business plan for the fiscal year ending in March 2025 to the fiscal year ending in March 2027 under the new management team formed after the change of directors approved at the Company's general meeting of shareholders held on June 18, 2024. In considering the Transactions, the Company once again reviewed the contents of this business plan and prepared the Company Business Plan, which was the premise for the Company Share Price Valuation Report. The members of the Special Committee were intimately involved in the formulation of the Company Business Plan from the planning stage, and the Special Committee determined that there were no circumstances that questioned the fairness of the process of formulating the Company Business Plan, and that there were no unreasonable contents thereunder, and therefore approved the Company Business Plan.

b. Examination of valuation results

Based on the explanations provided by Mizuho Securities to the Special Committee regarding the contents of the Company Share Price Valuation Report and the question-and-answer session with the Special Committee, (i) the share price valuation methods adopted by Mizuho Securities were generally used in share price valuations for privatization transactions, and there were no unreasonable points in the reasons for adopting each valuation method, and (ii) there were no unreasonable points in the reasonableness of the valuation contents provided by Mizuho Securities. Therefore, the Special Committee determined that it is possible to rely on the Company Share Price Valuation Report in evaluating the share value of the Company.

The ranges of values per share of the Company Shares in the valuation report Company Share Price Valuation Report were as follows. The conditions precedent and matters to be noted in relation to the preparation of the Company Share Price Valuation Report and the evaluation and analysis used as the basis therefor, which were attached to the Company Share Price Valuation Report, are as stated in the note below.

Market price method:	From 2,018 yen to 2,327 yen
Comparable companies analysis:	From 1,703 yen to 3,056 yen
DCF method:	From 2,403 yen to 3,691 yen

Note: In calculating the share value of the Company, Mizuho Securities adopted the information provided by the Company, information obtained through interviews, publicly disclosed information and other materials without any modification in principle and did not independently verify the accuracy or completeness of such information and materials on the assumption that, among others, all of such information and materials as adopted were accurate and complete, and that there was no fact that might have a material impact on the calculation of the share value of the Company, which had not been disclosed to Mizuho Securities. In addition, Mizuho Securities did not independently evaluate or appraise and did not request any third-party institution to evaluate, appraise or assess the assets and liabilities (including derivative transactions, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Company and its subsidiaries and affiliated companies, including any analysis and valuation of individual assets and liabilities. It was assumed that the Company's financial projections referred to in the calculation had been reasonably prepared and formulated based on the best estimates and judgments available to the Company as of January 6, 2025, and that the calculation reflected information and economic conditions as of December 30, 2024.

The Tender Offer Price was above the range of the results of the market price method, and was within the range of the results of the comparable companies method and the DCF method, among the share valuation results of the Company Shares in the Company Share Price Valuation Report.

c. Premium analysis

The Tender Offer Price of (2,808 yen per Company Share) represented (i) a premium of 20.67 % (rounded to two decimal places; hereinafter the same in the calculation of the premium rate) on 2,327 yen, the closing price of the Company Shares on the Tokyo Stock Exchange as of December 30, 2024, which was the business day immediately preceding the date of preparation of the Report Dated January 6, 2025, (ii) a premium of 27.29% on 2,206 yen, the simple average closing price for the preceding one-month period ending on that date (rounded to the nearest whole number; hereinafter the same in the calculation of the simple average closing price), (iii) a premium of 35.33% on

2,075 yen, the simple average closing price for the preceding three- month period ending on that date, and (iv) a premium of 39.15% on 2,018 yen, the simple average closing price for the preceding six-month period ending on that date.

Compared to the median of the premium levels of 106 Similar Cases ((i) 39.60% of the closing price on the business day before the announcement; (ii) 38.07% of the simple average closing price for the preceding one-month period ending on the business day before the announcement; (iii) 40.53% of the simple average closing price for the preceding three-month period ending on the business day before the announcement; (iv) 44.89% of the simple average closing price for the preceding six-month period ending on the business day before the announcement), the above results were recognized as comparable to the premiums to the simple average closing price for the preceding three-month period ending on the preceding business day before the announcement, as well as to the simple average closing price for the preceding six-month period ending on the preceding business day before the announcement. It was undeniable that the premium to the simple average closing price for the preceding one-month period ending on the preceding business day before the announcement was lower compared to these cases. However, the closing price of the Company increased from 2,053 yen to 2,327 yen during the preceding one-month period ending on the preceding business day before the announcement, and this rate of increase (13.35%) was higher than the rate of increase of the Tokyo Stock Exchange Stock Price Index (TOPIX) during the same period. Although there were no media reports of the Transactions during this period before December 26, when the Transactions were reported in the media, there were reports suggesting that Fujitsu would be selling the Company Shares during a period close to this period, and it was reasonable to infer that the increase resulted from market participants' speculation. Therefore, it was not necessary to evaluate that the premium rate of the Tender Offer Price was unreasonably low compared to cases of other companies, merely because the premium rate to the simple average closing price for the preceding one-month period ending on the business day preceding the announcement was lower than the premium level of the Similar Cases.

d. Details of negotiations regarding the Tender Offer Price

The Company received a proposal from the Offeror on October 29, 2024, setting the Tender Offer Price at 2,753 yen per share.

At the 5th Special Committee meeting held on November 28, 2024, the Special Committee received the initial share valuation results of the Company Shares from Mizuho Securities, and confirmed that, although the price proposed by the Offeror was within the range of the share valuation results and it was difficult to argue that the price proposed by the Offeror was too low from the perspective of the evaluation of the corporate value, it was necessary to conduct price negotiations with the Offeror in order to maximize the interests of the minority shareholders of the Company.

Thereafter, the Special Committee requested an increase in the Tender Offer Price by a letter dated December 4, 2024, and received a response from the Offeror by a letter dated December 10, 2024, stating that the Tender Offer Price would be increased to 2,776 yen per share.

In response, the Special Committee requested a further increase in the Tender Offer Price by a letter dated December 12, 2024, and received a response from the Offeror by a letter dated December 16, 2024, stating that the Tender Offer Price would be increased to 2,785 yen per share.

Although the Special Committee was successful in increasing the price to a certain extent through the two price increase requests described above, with the aim of further increasing the price to maximize the interests of the Company's minority shareholders, the Special Committee requested a further increase in the Tender Offer Price by a letter dated December 18, 2024. However, the Special Committee received a response from the Offeror stating that the price proposed by the Offeror on October 29, 2024 was the best offer with no room for upward revision and that, although it had considered increasing the price in light of the Special Committee's series of requests, it could not propose a further price increase.

At the 9th Special Committee meeting held on December 20, 2024, after reviewing the response from the Offeror, the Special Committee decided to continue price negotiations until just before the scheduled announcement date of the Transactions in order to maximize the interests of the minority shareholders and again requested an increase in the Tender Offer Price by a letter dated December 20, 2024. However, the Offeror responded by a letter dated December 23, 2024 that the Tender Offer Price of 2,785 yen per share proposed in the letter dated December 16, 2024 was based on the highest possible valuation of the Company's corporate value, and that it could not propose a further price increase.

Although the Offeror had refused to raise the price twice, the Special Committee decided that it should request the Offeror to raise the tender offer price again before making its final decision, and held discussions with the Offeror on

December 25. During these discussions, the Special Committee also requested the Offeror to consider raising the tender offer price for general shareholders while keeping the purchase price of repurchasing shares from Fujitsu low. As a result of these discussions, on the same day, the Offeror made a final proposal to the Special Committee, setting the Tender Offer Price at 2,808 yen per share. Based on the above negotiation process, the Special Committee determined that the Tender Offer Price of 2,808 yen was the Offeror's final offer price and that there was no room for further negotiation.

In light of the foregoing, it was recognized that the Tender Offer Price had been determined as a result of diligent negotiations between the Company and the Offeror with the aim of ensuring that the acquisition was made on terms that are as favorable as possible to the shareholders.

e. Market check

In general terms, proactive market checks, such as bidding processes, are an effective way to ensure that transactions are as favorable as possible to general shareholders.

Fujitsu and the Company conducted a bidding process involving several companies and private equity funds, including the Offeror, from around December 2022 to solicit proposals for transactions that would enable the sale of the Company Shares held by Fujitsu. However, the bidding process ended without receiving legally binding proposals from any of the candidates. Under such circumstances, it could be considered that the proactive market check had already been completed.

Although it was possible that the Company could conduct another proactive market check in response to receiving a proposal for the Transactions from the Offeror, in light of the fact that Fujitsu indicated that the content of the proposal, including the terms of the letter of intent, was worth consideration in terms of the economic rationality, speed of the transaction and likelihood of the transaction being completed and it would not conduct a proactive market check, mainly due to concerns about the dissemination of information, and the fact that the Company did not receive any legally binding proposals from any of the candidates in the previous bidding process, one of the reasons for which was a spike in the market price of the Company Shares in response to certain media reports, the Company had concluded that it was also reasonable not to conduct another proactive market check in order to manage information thoroughly.

As described below, the period from January 6, 2025, which was the date of announcement of the schedule of the Tender Offer to the commencement of the Tender Offer was expected to be approximately six months, and during this period, opportunities for purchases, etc. of the Company Shares by parties other than the Offeror were secured, and the indirect market check was expected to function effectively.

f. Short summary

Based on the above review, the Tender Offer Price could be evaluated as fair and reasonable, considering that: (i) among the share valuation results of the Company Shares in the Company Share Price Valuation Report, the Tender Offer Price was above the range of the results of the market price method, and was within the range of the results of the comparable companies method and the DCF method; (ii) the premium level of the Tender Offer Price was not considered unreasonably low compared to cases of other companies; (iii) it was recognized that the Tender Offer Price had been determined as a result of diligent negotiations between the Company and the Offeror; and (iv) it was possible to evaluate that the Tender Offer Price was a transaction price proposed after a certain market check.

[2] Appropriateness of scheme

The scheme adopted in this Transactions, which consists of a two-step process, i.e., first, a tender offer will be made with the minimum number of shares to be purchased set at the number of shares that would result in the Offeror and Fujitsu together holding two-thirds or more of the total voting rights of the Company after the Tender Offer; and second, a squeeze-out by share consolidation will be carried out to make the Offeror and Fujitsu the only shareholders of the Company, and, after the share consolidation becomes effective, the Company will acquire all of the Company Shares held by Fujitsu, is a relatively common method of taking private a listed company that has a parent company, and any shareholders who are dissatisfied with the tender offer price, may file a petition to the court to determine the price after requesting the purchase of their shares. The Special Committee believed that the scheme of the Transactions did not contain any unreasonable aspects and was reasonable in light of the elimination of coercion in the Tender Offer as discussed in 3[7] below.

[3] Short summary

As described above, given that (i) the Tender Offer Price could be evaluated as fair and reasonable, and (ii) the scheme of the Transactions was recognized as reasonable, the terms and conditions of the Transactions were considered fair and reasonable.

3) Review of the fairness of procedures relating to the examination of the Transactions

[1] Establishment by the Company of an independent special committee, etc.

The Company established the Special Committee by resolution of the board of directors dated September 25, 2024. The Company confirmed the independence, qualifications and other aspects of the Company's independent outside directors who were candidates for members of the Special Committee, and also confirmed that they have no material interest in the Offeror or any material interest different from that of general shareholders in respect of the success or failure of the Transactions. The Company decided to appoint four members; Mr. Fumiaki Terasaka (independent outside director), Ms. Mieko Kuwayama (independent outside director), Mr. Yoshio Osawa (independent outside director), and Mr. Keiichi Nakajima (independent outside director) as members of the Special Committee (Mr. Yoshio Osawa assumed the position of Chairman of the Special Committee, and the members of the Special Committee have not changed since its establishment, except that Mr. Keiichi Nakajima passed away and retired). The Company, while receiving advice from Nagashima Ohno & Tsunematsu, explained that, among other things, in considering and negotiating the Transactions, it was necessary to take sufficient measures to ensure the fairness of the terms of the Transactions, including the establishment of the Special Committee, and that it was necessary to ensure sufficient fairness of the procedures to carefully eliminate the risks of potential conflict of interest in the Transactions, explained the role of the Special Committee and other matters, and held question-and-answer sessions. Further, in addition to his/her compensation as an outside director, each member of the Special Committee received a fixed amount of compensation for his/her duties, which did not include contingency fees payable subject to announcement or successful completion of the Transactions.

In addition, the Company resolved in the aforementioned resolution of the board of directors that, in making its decision on the Tender Offer, the board of directors of the Company would respect the report of the Special Committee to the maximum extent, and that, if the Special Committee determined that the terms and conditions of the Transactions were not appropriate, the board of directors would not support the Tender Offer and would not recommend tendering in the Tender Offer.

Further, in accordance with the aforementioned resolution of the board of directors, the Company had granted the Special Committee (a) the authority to provide necessary advice on the consideration of the Transactions by the Executive Directors and other persons; (b) the authority to confirm in advance the policy with respect to discussions and negotiations with the Offeror regarding the Transactions, to receive reports on the status thereof in a timely manner, to express opinions regarding discussions and negotiations regarding the Transactions, to make recommendations and requests to the board of directors of the Company, and to discuss and negotiate directly with third parties including the Offeror to the extent permitted by laws and regulations, as necessary; (c) the authority to request reports and information from the Executive Directors and other persons from time to time on the progress, status of consideration, and other matters relating to the subject matters; and (d) to the extent necessary to fulfill its role, to appoint, at the Company's expense, the Advisors, etc. selected or approved for the Special Committee, and to evaluate the Advisors, etc. of the Company, and comment on or approve (including ex-post approval) the appointment of the Advisors, etc. of the Company.

As described above, the Special Committee was an independent special committee within the Company, and had been granted the authorities necessary to function effectively in the process of reviewing the Transactions, and it was believed that it had, in fact, functioned effectively.

[2] Obtainment by the Company of a Share Price Valuation Report from an independent third-party valuation institution

In making its statement of opinion regarding the Tender Offer, the Company obtained the Company Share Price Valuation Report from Mizuho Securities. Please note that the remuneration for Mizuho Securities in relation to the Transactions included a fixed remuneration to be paid regardless of the success or failure of the Transactions, as well as contingency fees, which would be payable subject to certain conditions, such as the successful completion of the

Transactions, including the Tender Offer. Furthermore, although the Company did not obtain a fairness opinion from Mizuho Securities regarding the fairness of the Tender Offer Price, there was no question as to the fairness of the procedures because the interests of the Company's minority shareholders had been adequately considered, taking into account the measures to ensure fairness taken for the purpose of considering the Transactions and other matters.

[3] Obtainment by the Company of Expert advice from independent financial advisor

In order to ensure the fairness and appropriateness of the decision-making of the Company's board of directors regarding the Transactions, the Company appointed Mizuho Securities as a financial advisor independent of the Company, Fujitsu and the Offeror, and received expert advice from a financial perspective, including advice on the measures to be taken to ensure the fairness of the procedures for the Transactions and the method and process of the Company's decision-making regarding the Transactions.

Furthermore, according to Mizuho Securities' explanation, Mizuho Securities is not a related party of the Company or the Offeror, and had no material interest in the Transactions, including the Tender Offer.

[4] Obtainment by the Company of Expert advice from independent legal advisor

In order to ensure the fairness and appropriateness of the decision-making of the Company's board of directors regarding the Transactions, the Company appointed Nagashima Ohno & Tsunematsu as a legal advisor independent of the Company, Fujitsu and the Offeror, and received expert advice, including legal advice on the measures to be taken to ensure the fairness of the procedures for the Transactions and the method and process of the Company's decision-making regarding the Transactions.

Furthermore, according to Nagashima Ohno & Tsunematsu's explanation, Nagashima Ohno & Tsunematsu is not a related party of the Company, the Offeror or Fujitsu, and had no material interest in the Transactions, including the Tender Offer. The remuneration for Nagashima Ohno & Tsunematsu was to be calculated by multiplying the hourly fee by the operating hours regardless of the success or failure of the Transactions, and did not include contingency fees, which would be payable subject to the successful completion of the Transactions.

[5] Establishment of an independent deliberation framework by the Company

From the viewpoint of eliminating the risk of potential conflicts of interest in relation to the Transactions, the Company established a system within the Company to examine, negotiate, and make decisions regarding the Transactions from a standpoint independent of the Offeror and Fujitsu.

Specifically, since the initial approach of the Offeror on September 19, 2024 regarding the Tender Offer, the Company decided, from the perspective of eliminating the risk of potential conflicts of interest, not to involve Mr. Ryuichi Kubota and Mr. Yoichi Hirose, two officers of the Company who concurrently served as, or assumed the duties of, officers or employees of Fujitsu in the negotiation process between the Company and the Offeror regarding the terms and conditions of the Transactions, including the Tender Offer Price.

In addition, Mr. Koji Masuda and Mr. Toshiyuki Kawanishi, the two officers transferred from Fujitsu to the Company in April 2024, were considered acceptable for participation in the project team, including limited participation in the Special Committee, based on the following considerations: (a) they are in a position to lead or be intimately involved in the formulation of the Company's management strategy and business plan, and their participation in the project team is considered essential to the review and evaluation of the Offeror's acquisition proposal from the standpoint of enhancing corporate value as compared to stand-alone corporate value enhancement initiatives; (b) Fujitsu is the seller of the Company Shares in the Transactions and the degree of conflict of interest between Fujitsu and the Company's general shareholders is not as great as in a transaction in which the parent company or major shareholders are the acquirer; (c) the officers transferred from Fujitsu do not currently assume the duties of officers or employees of the Fujitsu Group, do not plan to return to the Fujitsu Group in the future, and are not in a position to receive instructions from the Fujitsu Group; and (d) the officers transferred from Fujitsu are not involved in any way in the Transactions on the side of the Fujitsu Group, or in a position to be so involved.

However, from the viewpoint of eliminating the risk of potential conflicts of interest in relation to the Transactions as much as possible, the Company had determined to take the following measures.

- The officers transferred from Fujitsu will not conduct any direct negotiation or other communication with the Fujitsu Group or Offeror in connection with the Transactions (negotiations with Offeror will be conducted in the name of the Special Committee).
- If the Special Committee determines that any issue has arisen or is likely to arise from the perspective of fairness due to the involvement of an officer transferred from Fujitsu, the Special Committee may make recommendation for the discontinuation or correction of the involvement of such officer transferred from Fujitsu, and may also restrict his participation in the Special Committee itself.
- If Mr. Koji Masuda and Mr. Toshiyuki Kawanishi participate in the Special Committee, arrangements for the following actions or other similar actions will be made to ensure that the Company is able to provide external explanations for the proceedings of meetings, taking into consideration the independence of the Special Committee.
  - At a meeting of the Special Committee, distinguish between (a) agenda items to determine whether management strategy and other Transactions will contribute to the enhancement of corporate value and (b) agenda items to determine the terms of the Transactions and secure the interests of general shareholders; and establish a system that allows Mr. Koji Masuda and Mr. Toshiyuki Kawanishi to participate in deliberations limited to (a) only.
  - Even if they participate in the deliberations of the Special Committee, their involvement shall, in principle, be limited to providing explanations to the Special Committee members from the perspective of the Company's management strategy, serving only as explainers and observers and, in some cases, stating opinions of the executive side.
  - After the session in which they participated, the Special Committee will have another session (in the place where they left) for deliberations only by the members of the Special Committee (and the observers who are not officers transferred from Fujitsu).

As described above, a system for examining, negotiating and making decisions regarding the Transactions from a position independent of the Offeror and Fujitsu had been established within the Company.

The system for examining the Transactions was established after confirming the opinions of the Special Committee from the perspectives of independence and fairness.

[6] Tender Offer Period

The Tender Offer Period for the Tender Offer was set at 21 business days; however, given that, as of January 6, 2025, it was expected that a certain amount of time would be required for the procedures and steps under competition laws in Japan, the European Union, India, Saudi Arabia, and the United States, etc., the relevant period was in effect longer than the minimum number of days required under laws and regulations if the period from the date on which the Offeror announced the planned commencement of the Tender Offer, to the time of commencement of the Tender Offer was taken into account, and therefore, appropriate opportunities were ensured for the general shareholders of the Company, including minority shareholders, to decide whether or not to tender their shares in the Tender Offer and for persons other than the Offeror to make a proposal for purchase, etc. of the Company Shares (opportunities for indirect market check).

[7] Elimination of coercion

The scheme of the Transactions was designed to ensure the implementation of the squeeze-out after the completion of the Tender Offer by setting the minimum number of shares to be purchased in the Tender Offer, which was the first step of the Transactions, so that the Offeror, along with Fujitsu would hold two-thirds or more of the total voting rights of the Company after the completion of the Tender Offer. In addition, the cash consideration to be delivered to the Company's shareholders who are subject to the squeeze-out is scheduled under the squeeze-out procedures to be equal to the Tender Offer Price multiplied by the number of the Company Shares held by each such shareholder, and an announcement to that effect was made at the commencement of the Tender Offer. Therefore, it is believed that coercion was avoided by ensuring that the Company's shareholders, including minority shareholders, have the opportunity to make an appropriate decision as to whether to tender their shares in the Tender Offer.

[8] Short summary

As described above in [1] to [7], the foregoing measures to ensure fairness have been taken in the review of the Transactions, and therefore, it is believed that fair procedures have been followed in the review of the Transactions, and that the interests of the Company's shareholders have been adequately considered in such procedures.

As Fujitsu held 46,121,000 shares of the Company Shares (ownership percentage: 44.02%) in total, if the minimum number of shares to be purchased was set to the so-called "majority of minority" in the Tender Offer, it would have created uncertainty as to whether the Tender Offer could be completed, and may have also not actually be in the interests of minority shareholders of the Company who wish to tender their shares in response to the Tender Offer. In addition, the Special Committee had determined that the fact that the Offeror has not set a minimum number of shares to be purchased to the so-called "majority of minority" in the Tender Offer did not mean that appropriate measures to ensure fairness had not been taken, in light of the fact that, among other things, it was understood that other measures to ensure fairness have been sufficiently implemented.

4) Summary

As described in 1. to 3. above, the Tender Offer contributed to the enhancement of the corporate value of the Company, the terms and conditions of the Tender Offer were fair and reasonable, and fair procedures had been implemented. Therefore, the Special Committee determined that the Company should resolve to express its opinion in support of the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer, and that the decision to conduct the Transactions would not be disadvantageous to the general shareholders (including minority shareholders) of the Company.

In the process of reviewing the Transactions, the Company received a proposal from a third party other than the Offeror (private equity fund) for a transaction that would allow the Company to acquire the Company Shares held by Fujitsu on the assumption that the listing of the Company Shares will be maintained. However, receipt of the Proposal did not preclude the Company from adopting a resolution to express its opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer, taking into account that: (a) as the Proposal was not legally binding, the Company would need to accept due diligence request in order to receive a legally binding proposal from the third party, and it would take several months before the Company receives the legally binding proposal, (b) the synergies indicated in the Proposal were not concrete compared to the synergies expected to result from the Transactions and the basis for such synergies was not sufficient, and, therefore, the Proposal could not be evaluated better than the Offeror's proposal from the perspective of enhancing the corporate value, and (c) the Proposal did not provide general shareholders of the Company, other than Fujitsu, an opportunity to sell their shares at a reasonable price and, in addition, the level of profit expected to be provided to general shareholders while maintaining the Company's listing, if the Proposal was accepted, could not be evaluated as being better than the Offeror's proposal.

Subsequently, on March 14, 2025, the Company was notified by the Offeror that, based on the status of the Acquisition of Clearance, the Offeror expected to commence the Tender Offer in early or the middle of April 2025. On April 2, 2025, the Company was then notified by the Offeror that the Offeror intended to commence the Tender Offer on April 28, 2025, based on the assumption that the Tender Offer Conditions Precedent were satisfied (On April 7, 2025, the Company was notified by the Offeror that the Acquisition of Clearance had been completed.). Therefore, on March 14, 2025, the Company requested the Special Committee to consider whether or not the opinion expressed by the Special Committee to the board of directors of the Company on January 6, 2025 had changed, and to report to the board of directors of the Company to that effect if the previous opinion had not changed, or to provide a revised opinion if it had changed.

In response, the Special Committee met on March 21, 2025, and April 25, 2025, with all members of the Special Committee in attendance at each meeting, and carefully discussed and considered whether or not the opinion expressed by the Special Committee to the board of directors of the Company on January 6, 2025, had changed by deliberating and making decisions, etc., by e-mail and other means during the periods between meetings of the Special Committee. Specifically, the Special Committee examined the above-mentioned consulted matters by confirming the facts regarding whether any material changes in circumstances that could affect the Transactions have occurred since January 6, 2025. As a result, the Special Committee confirmed that there were no circumstances that would require a change in the contents of the Report Dated January 6, 2025, and that there was no need to change the opinion expressed in the Report Dated January 6, 2025, and submitted the report to that effect to the board of directors of

the Company with the unanimous agreement of its members ("**Report Dated April 25, 2025**"). In addition, according to the Report Dated April 25, 2025, at the time of the submission of the Report Dated January 6, 2025, it was expected that the period from the date on which the planned commencement of the Tender Offer was announced, to the time of commencement of the Tender Offer would be approximately six months, taking into account the time required to complete the Acquisition of Clearance, and therefore, the Special Committee had determined that, during this period, appropriate opportunities would be ensured for persons other than the Offeror to make a proposal for purchase, etc. of the Company Shares and that indirect market checks would be expected to function effectively, however, according to the Offeror, the actual completion of the Acquisition of Clearance had been accelerated compared to the original estimate and, as a result, the commencement of the Tender Offer was accelerated by approximately two and a half months compared to the original estimate. However, according to the Report Dated April 25, 2025, if the period from the date on which the planned commencement of the Tender Offer was announced, to the time of commencement of the Tender Offer was taken into account, the relevant period was in effect be longer than the minimum number of days required under laws and regulations, and therefore, appropriate opportunities were ensured for the general shareholders of the Company, including minority shareholders, to decide whether or not to tender their shares in the Tender Offer and for persons other than the Offeror to make a proposal for purchase, etc. of the Company Shares (opportunities for indirect market check). In addition, according to the Report Dated April 25, 2025, the period for purchases etc. in connection with the Tender Offer had been shortened from the originally planned 21 business days to 20 business days, but this was not expected to have any impact on the above conclusions.

(IV) Establishment of an independent deliberation framework by the Company

Since the initial approach of the Offeror on September 19, 2024 regarding the Tender Offer, the Company had been negotiating the terms and conditions of the Transactions, including the Tender Offer Price, between the Company and the Offeror. Mr. Ryuichi Kubota and Mr. Yoichi Hirose, two officers of the Company who concurrently served as or assume the duties of officers or employees of Fujitsu, had not been involved in the negotiations, from the perspective of eliminating the risk of potential conflicts of interest in the Transactions, including the Tender Offer.

In addition, Mr. Koji Masuda, Mr. Toshiyuki Kawanishi, the two officers transferred from Fujitsu to the Company in April 2024, were considered acceptable for participation in the project team, including limited participation in the Special Committee, based on the following considerations: (a) they are in a position to lead or be intimately involved in the formulation of the Company's management strategy and business plan, and their participation in the project team is considered essential to the review and evaluation of the Offeror's acquisition proposal from the standpoint of enhancing corporate value as compared to stand-alone corporate value enhancement initiatives; (b) Fujitsu is the seller of the Company Shares in the Transactions and the degree of conflict of interest between Fujitsu and the Company's general shareholders is not as great as in a transaction in which the parent company or major shareholders are the acquirer; (c) the officers transferred from Fujitsu do not currently assume the duties of officers or employees of the Fujitsu Group, do not plan to return to the Fujitsu Group in the future, and are not in a position to receive instructions from the Fujitsu Group; and (d) the officers transferred from Fujitsu are not involved in any way in the Transactions on the side of the Fujitsu Group, or in a position to be so involved.

In addition, the Special Committee determined that there were no issues as to the independence and fairness of the system for reviewing this transaction.

(V) Approval of all disinterested directors of the Company and opinion of all disinterested auditors of the Company that they had no objection

Until January 6, 2025, based on the content of the Company Share Price Valuation Report and the legal advice received from Nagashima Ohno & Tsunematsu, the board of directors of the Company carefully discussed and deliberated whether the Transactions including the Tender Offer would contribute to the enhancement of the Company's corporate value and whether the terms and conditions of the Transactions including the Tender Offer Price were appropriate, while giving maximum respect to the content of the Report Dated January 6, 2025, obtained from the Special Committee.

As a result, as stated in "1. Reasons for the Share Consolidation" above, the board of directors of the Company was of the view that the Tender Offer would be fair and reasonable for the Company's shareholders given that the Transactions including the Tender Offer would contribute to enhancing the corporate value of the Company, that the Tender Offer Price and other terms and conditions of the Tender Offer were reasonable to ensure the benefits to be enjoyed by the Company's minority shareholders, and that the Tender Offer would provide the Company's minority shareholders with a reasonable opportunity to sell the Company Shares at a price with an appropriate

premium, determined that the Tender Offer would provide the Company's shareholders with a reasonable opportunity to sell the shares, and, resolved at its meeting held on January 6, 2025, as its opinion as of that day, to express its opinion in support of the Tender Offer as the opinion of the Company and recommend that the Company's shareholders tender their Company Shares in the Tender Offer if the Tender Offer commences. According to the Offeror, the Offeror planned to promptly commence the Tender Offer when the Tender Offer Conditions Precedent are satisfied or waived by the Offeror, as announced in the Offeror's Press Release Dated January 6, 2025, and as of January 6, 2025, based on discussions with domestic and foreign law firms concerning the procedures and steps under competition laws in Japan, the European Union, India, Saudi Arabia, and the United States, etc., the Offeror aimed to commence the Tender Offer around early July 2025. According to the Offeror, the Offeror then confirmed that all of the Tender Offer Conditions Precedent have been satisfied by April 25, 2025, and therefore decided on the same day to commence the Tender Offer from April 28, 2025, as stated in the earlier part of the Press Release on Company's Opinion.

On March 14, 2025, the Company was notified by the Offeror that, based on the status of the Acquisition of Clearance, the Offeror expected to commence the Tender Offer in early or the middle of April 2025. On April 2, 2025, the Company was then notified by the Offeror that the Offeror intended to commence the Tender Offer on April 28, 2025, based on the assumption that the Tender Offer Conditions Precedent were satisfied (On April 7, 2025, the Company was notified by the Offeror that the Acquisition of Clearance had been completed.).

In response to this, on March 14, 2025, the Company requested the Special Committee to consider whether or not the opinion expressed by the Special Committee to the board of directors of the Company on January 6, 2025 had changed, and to report to the board of directors of the Company to that effect if the previous opinion had not changed, or to provide a revised opinion if it had changed, and the Special Committee submitted to the Company on April 25, 2025, the Report Dated April 25, 2025 to the effect that it believed there was no need to change the contents of the report that it submitted to the board of directors of the Company on January 6, 2025 (with regard to the contents of the Report Dated April 25, 2025 and the specific activities of the Special Committee regarding the report, please refer to "(III) Establishment of an independent Special Committee by the Company and obtainment by the Company of a report from the Special Committee" above); therefore, the Company again carefully discussed and considered the details of the terms and conditions of the Tender Offer based on the contents of the Report Dated April 25, 2025 and the Company's performance and changes in the market environment since the board of directors meeting held on January 6, 2025.

As a result, as of April 25, 2025, the Company was of the view that the Tender Offer would be reasonable for the Company's shareholders given that the Transactions, including the Tender Offer, would contribute to enhancing the corporate value of the Company, that the Tender Offer Price and other terms and conditions of the Tender Offer were fair and reasonable to ensure the benefits to be enjoyed by the Company's minority shareholders, and that the Tender Offer would provide the Company's minority shareholders with a reasonable opportunity to sell the Company Shares at a price with an appropriate premium, and the Company believed that there are no factors that would require a change in its judgment regarding the Tender Offer as of January 6, 2025 that the Tender Offer would provide the Company's shareholders with a reasonable opportunity to sell their shares. Therefore, at the board of directors meeting held on April 25, 2025, a resolution was again adopted to the effect that the board of directors would express an opinion in support of the Tender Offer and that it would recommend that the Company's shareholders tender their shares in the Tender Offer. In addition, as of April 25, 2025, the Company reported to the Offeror that, as of the same date, there were no material facts about the business of the Company or facts concerning the implementation of a tender offer for the Company Shares that had not been disclosed.

The resolution to express the above opinion was unanimously adopted at the board of directors meeting of the Company, at which five of the eight Directors of the Company, excluding Mr. Koji Masuda, Mr. Toshiyuki Kawanishi, and Mr. Ryuichi Kubota, participated in the deliberations and resolution. Among the three auditors of the Company, two auditors of the Company, excluding Mr. Yoichi Hirose, who concurrently served as an auditor of Fujitsu, attended the above board of directors meeting of the Company and expressed their opinion that they had no objection to the adoption of the above resolution.

Since Mr. Ryuichi Kubota concurrently served as an executive officer of Fujitsu, he did not participate in any deliberation or resolution at the above board of directors meeting, nor did he participate in any discussion or negotiation with the Offeror and Fujitsu regarding the Transactions on behalf of the Company, from the perspective of avoiding any possibility of conflict of interest and ensuring the fairness of the Transactions. Mr. Koji Masuda and Mr. Toshiyuki Kawanishi, who were transferred from Fujitsu to the Company in April 2024, and did not concurrently serve as officers of Fujitsu, did not participate in the deliberation and resolution from the perspective of more carefully avoiding the possibility of conflict of interest and ensuring the fairness of the Transactions. As described in "(IV) Establishment of an independent deliberation framework by the Company" above, Mr. Koji

Masuda and Mr. Toshiyuki Kawanishi were considered acceptable for participation on the project team with a limited involvement in the Special Committee. Similarly, Mr. Yoichi Hirose, who concurrently served as an auditor of Fujitsu, did not participate in any deliberation at the above board of directors meeting, nor did he participate in any discussion or negotiation with the Offeror and Fujitsu regarding the Transactions on behalf of the Company, from the perspective of avoiding any possibility of conflict of interest and ensuring the fairness of the Transactions.

(VI) Obtainment by the Offeror of a share price valuation report from an independent third-party appraiser

In order to ensure the fairness of the Tender Offer Price, the Offeror requested BofA Securities Japan, Co., Ltd. ("**BofA Securities**"), which is a financial advisor and third-party appraiser independent of the Offeror, Fujitsu and the Company, to evaluate and analyze the share price of the Company and obtained the share valuation report (the "**Offeror Share Price Valuation Report**") from BofA Securities on December 30, 2024. BofA Securities is not a related party of the Offeror, Fujitsu or the Company, nor did it have material interests in the Tender Offer. In addition, according to the Offeror, given that the Offeror had determined that(i) there were no significant changes to the assumptions affecting the Offeror Share Price Valuation Report even in light of the circumstances during the period from the time of obtaining the Offeror Share Price Valuation Report to April 25, 2025 and (ii) there had been no particular change in the business environment surrounding the Company Group or the industry, the Offeror did not obtain a new share price valuation report on the value of the Company Shares. Since the Offeror made determinations regarding, and decided, the Tender Offer Price after comprehensively taking into consideration factors stated in "(2) Grounds and reasons for the opinion on the Tender Offer" in "3. Details of, and grounds and reasons for, the opinion on the Tender Offer" of the Press Release on Company's Opinion and having discussions and negotiations with the Company, the Offeror did not obtain a fairness opinion from BofA Securities regarding the fairness of the Tender Offer Price or the Tender Offer and BofA Securities expressed no such opinion.

Please refer to "(II) Obtainment by the Offeror of a share price valuation report from an independent third-party appraiser" in "(3) Matters related to the valuation" in "3. Details of, and grounds and reasons for the opinion on the Tender Offer" of the Press Release on Company's Opinion for the details of the Offeror Share Price Valuation Report.

4. Disposal of important property, incurrence of major obligations, or any other event that has material impact on the status of company property that have occurred in relation to the Company after the end of the last fiscal year

(1) The Tender Offer

As stated in "1. Reasons for the Share Consolidation" above, the Offeror successfully held 48,784,101 shares of the Company Shares (ownership percentage: 46.56%) as of June 5, 2025, which was the commencement date of settlement of the Tender Offer, as a result of the Tender Offer with the tender offer period from April 28, 2025 to May 28, 2025.

(2) Cancellation of treasury shares

The Company determined at the board of directors meeting held on June 30, 2025, to cancel all of 4,706,761 treasury shares held by the Company as of August 20, 2025 (equivalent to all of the treasury shares held by the Company as of June 19, 2025). Such cancellation of treasury shares is made on the condition that the proposal for the Share Consolidation is approved and resolved as originally proposed at the Meeting, and the total number of issued shares of the Company will be 104,699,900 shares.

Second Proposal: Partial Amendments to the Articles of Incorporation

1. Reasons for Amendments

(1) If the first proposal, "Share Consolidation," is approved and resolved at the Meeting as originally proposed and the Share Consolidation becomes effective, the total number of authorized shares of the Company Shares will be reduced to 36 shares in accordance with the provision of Article 182, Paragraph 2 of the Companies Act. To clarify this point, this partial amendment will be made to Article 6 (Total Number of Authorized Shares) of the Articles of Incorporation on the condition that the Share Consolidation becomes effective.

(2) If the first proposal, "Share Consolidation," is approved and resolved at the Meeting as originally proposed and the Share Consolidation becomes effective, the total number of issued shares of the Company Shares will be 9shares and it will no longer be necessary to stipulate shares less than one unit. Therefore, on the condition that the Share Consolidation becomes effective, in order to abolish the provisions which currently stipulate one unit of the Company Shares as 100 shares in relation to the share unit number of the Company, the entire text of Article 8 (Share Unit), Article 9 (Rights Relating to Shares Less than One Unit), and Article 10 (Additional Purchase of Shares Less than One Unit) of the Articles of Incorporation will be deleted, and the article numbers will be renumbered accordingly.

(3) If the first proposal, "Share Consolidation," is approved and resolved at the Meeting as originally proposed, the Company Shares will be delisted upon the implementation of the Share Consolidation, and only the Offeror and Fujitsu will become the shareholders of the Company. As a result, the provisions regarding the record date of an Ordinary General Meeting of Shareholders and systems for the provision of materials for Ordinary General Meetings of Shareholders in electronic format will no longer be necessary. Therefore, on the condition that the Share Consolidation becomes effective, the entire text of Article 15 (Record Date of Ordinary General Meeting of Shareholders) and Article 17 (Measures, etc. for the Provision Information in Electronic Format) of the Articles of Incorporation will be deleted, and the article numbers will be renumbered accordingly.

2. Details of Amendments

The details of the amendments mentioned above are as follows. Such amendments relating to this proposal shall become effective on the effective date of the Share Consolidation, August 21, 2025, on the condition that the first proposal, "Share Consolidation," is approved and resolved as originally proposed and the Share Consolidation becomes effective.

(Underline indicates amendments)

Current Articles	Proposed Amendments
(Total Number of Authorized Shares) Article 6: The total number of authorized shares that may be issued by the Company shall be 200 million (200,000, 000).	(Total Number of Authorized Shares) Article 6: The total number of authorized shares that may be issued by the Company shall be 36.
Article 7 (Omitted)	Article 7 (Not amended)
(Share Unit) Article 8: The share unit of the Company shall be one hundred (100) shares.	(Deleted)
(Rights Relating to Shares Less than One Unit) Article 9: Each shareholder may not exercise any rights, other than the following rights, with respect to the relevant shares less than one unit held by it: 1 The rights listed in each item of Article 189, Paragraph 2 of the Companies Act.	(Deleted)

2 The right to make demands in accordance with Article 166, Paragraph 1 of the Companies Act. 3 The rights to be allotted shares for subscription and/or share options for subscription corresponding to the number of shares the shareholder holds. 4 The right to make demands provided in the following article.	
(Additional Purchase of Shares Less than One Unit) Article 10: The Company's shareholders may request the Company to sell the number of shares that would constitute one unit of shares if combined with the number of shares less than one unit held by the said shareholders, in accordance with the provisions of the Share Handling Regulations. However, this shall not apply if the Company does not hold the shares subject to such demand.	(Deleted)
Article 11 to Article 14 (Omitted)	Article 8 to Article 11 (Not amended)
(Record Date of Ordinary General Meeting of Shareholders) Article 15: The record date of voting rights at the Company's Ordinary General Meeting of Shareholders shall be March 31 every year.	(Deleted)
Article 16 (Omitted)	Article 12 (Not amended)
(Measures, etc. for the Provision of Information in Electronic Format) Article 17: (i) When the Company convenes a shareholders' meeting, it shall take measures for the provision of information that constitutes the content of reference materials for the shareholders' meeting, etc. in electronic format. (ii) With respect to items for which the measures for the provision of information in electronic format will be taken, the Company may exclude all or some of the items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who have requested the delivery of paper-based documents by the record date of voting rights.	(Deleted)
Article 18 to Article 48 (Omitted)	Article 13 to Article 43 (Not amended)

End