

[Translation]

January 6, 2025

To whom it may concern:

Company Name: Fujitsu General Limited  
Representative: Koji Masuda, President and  
Representative Director  
(Securities Code: 6755, Prime Market of the  
Tokyo Stock Exchange)  
Contact: Toshio Kano, Corporate Vice  
President and Head of  
Corporate Communication  
Office  
TEL (044) 861-7627

Company Name: Paloma • Rheem Holdings  
Co., Ltd.  
Representative: Hiroaki Kobayashi,  
Representative Director and  
President

**Announcement Regarding Planned Commencement of Tender Offer  
for the Shares of Fujitsu General Limited (Securities Code:6755) by Paloma • Rheem  
Holdings Co., Ltd.**

This is to announce the “Announcement Regarding Planned Commencement of Tender Offer for the Shares of Fujitsu General Limited (Securities Code: 6755)” by Paloma • Rheem Holdings Co., Ltd. attached hereto today.

End

The purpose of this document is to, in accordance with Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act, make an announcement based on a request that Paloma • Rheem Holdings Co., Ltd. (the tender offeror) made to Fujitsu General Limited (the target company of the tender offer).

(Attachment)

“Announcement Regarding Planned Commencement of Tender Offer for the Shares of Fujitsu General Limited (Securities Code: 6755)” as of January 6, 2025

January 6, 2025

To whom it may concern:

Company Name: Paloma • Rheem Holdings  
Co., Ltd.  
Representative: Hiroaki Kobayashi,  
Representative Director and  
President

**Announcement Regarding Planned Commencement of Tender Offer  
for the Shares of Fujitsu General Limited (Securities Code: 6755)**

Paloma • Rheem Holdings Co., Ltd. (the “**Offeror**”) hereby announces that it decided, by a resolution of its board of directors as of today, to acquire the common shares of Fujitsu General Limited (Securities Code: 6755, listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”); the “**Target Company**,” and its common shares, the “**Target Company Shares**”) through a tender offer (the “**Tender Offer**”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “**Act**”).

Because it is 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, the Offeror plans to promptly commence the Tender Offer when the conditions precedent set out in the Master Transaction Agreement (as defined in “(1) Summary of the Tender Offer” in “1. Purpose of the Tender Offer”; the same applies hereinafter) (Note 1) (the “**Tender Offer Conditions Precedent**”), such as the completion of the aforementioned procedures and steps, are satisfied or waived by the Offeror (Note 2). As of today, the Offeror aims, based on discussions with domestic and foreign law firms concerning such procedures, to commence the Tender Offer on or around early July, 2025, but since it is difficult to accurately estimate the amount of time required for the procedures and steps of the relevant domestic and foreign authorities, the details of the schedule for the Tender Offer will be promptly announced as soon as they are decided (Note 7).

Any changes to the expected timing of the commencement of the Tender Offer will be also announced promptly.

Note 1: The Tender Offer Conditions Precedent are stipulated as follows: (i) the board of directors of the Target Company has adopted a resolution with the unanimous approval of all disinterested directors to express its opinion in support of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer, and that opinion has been publicly announced in accordance with laws and regulations and has not been changed (excluding any updates or other minor changes that are required as a matter of course due to the passage of time from today to the commencement date of the Tender Offer; the same applies hereinafter) or withdrawn, and the Special Committee (as defined in “(iii) Decision-making process and reasoning of the Target Company” in “(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer,

and management policy following the Tender Offer” in “1. Purpose of the Tender Offer” below; the same applies hereinafter), established by the board of directors of the Target Company in relation to the Tender Offer, has reported to the board of directors of the Target Company that it is appropriate for the board of directors of the Target Company to express its opinion in support of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer, and the report has not been changed or withdrawn; (ii) no judgment has been made or is likely to be made by any judicial or administrative agency that restricts or prohibits the Transactions (as defined in “(1) Summary of the Tender Offer” in “1. Purpose of the Tender Offer” below; the same applies hereinafter); (iii) Fujitsu Limited (“**Fujitsu**”) has performed and complied with, in all material respects, all of its obligations under the Master Transaction Agreement (Note 3), and Fujitsu’s representations and warranties (Note 4) are true and accurate in all material respects; (iv) the acquisition and implementation of all domestic and foreign permits and authorizations, etc. (Note 5) necessary to duly complete the Transactions (the “**Acquisition of Clearance**”) has been completed; (v) the License Agreement (as defined in “(6) Material agreements regarding the Tender Offer” in “1. Purpose of the Tender Offer” below; the same applies hereinafter) has been duly and validly executed and remains in effect; (vi) the Target Company’s MOU (as defined in “(iv) Management policy after the Tender Offer” in “(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer” in “1. Purpose of the Tender Offer” below; the same applies hereinafter) duly and validly exists, and the Target Company has performed and complied with, in all material respects, all of its obligations under the Target Company’s MOU (however, the foregoing conditions shall be deemed satisfied unless a breach of such obligations has a material adverse effect); (vii) confirmation has been obtained in writing from the Target Company that, as of the business day immediately preceding the commencement date of the Tender Offer, there is no material fact regarding the business, etc. of the Target Company (as provided for in Article 166, Paragraph 2 of the Act) that has not been publicized (as used in Article 166, Paragraph 4 of the Act) by the Target Company, except for matters relating to the Transactions including the Tender Offer to be announced on that date by the Target Company; (viii) if the Tender Offer has commenced on or after today, no circumstances have arisen in the Target Company or its consolidated subsidiaries that would allow the withdrawal of the Tender Offer pursuant to the provisions of the proviso of Article 27-11, Paragraph 1 of the Act; and (ix) no proposal for a dividend of surplus to be implemented on or after today has been approved at any shareholders’ meeting of the Target Company and no decision has been made to convene a shareholders’ meeting with that proposal as an agenda item (excluding cases where the decision to convene the shareholders’ meeting is withdrawn or the proposal is rejected at the shareholders’ meeting). Further, since the Master Transaction Agreement sets out termination events (Note 6), the Offeror will not bear an obligation to commence the Tender Offer in the event that the Master Transaction Agreement terminates. Please refer to “(6) Material agreements regarding the Tender Offer” in “1. Purpose of the Tender Offer” below for details of the Master Transaction Agreement.

Note 2: The Master Transaction Agreement stipulates that any of the Tender Offer Conditions Precedent may be waived at the discretion of the Offeror.

Note 3: Please refer to “(6) Material agreements regarding the Tender Offer” in “1. Purpose

of the Tender Offer” below for details of Fujitsu’s obligations under the Master Transaction Agreement.

Note 4: Please refer to “(6) Material agreements regarding the Tender Offer” in “1. Purpose of the Tender Offer” below for details of the representations and warranties of Fujitsu under the Master Transaction Agreement.

Note 5: “Permits and authorizations, etc.” include, but are 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.

Note 6: Please refer to “(6) Material agreements regarding the Tender Offer” in “1. Purpose of the Tender Offer” below for termination events of the Master Transaction Agreement.

Note 7: While the commencement of the Tender Offer is conditional upon the completion of the procedures and steps under competition laws in each of the jurisdictions stated above, the Offeror hereby announces, as of today, that it plans to conduct the Tender Offer prior to the public notice of commencement of the Tender Offer in light of the status of discussions with the Target Company and Fujitsu, taking into account that, it is necessary to publicly announce the implementation of the Tender Offer when carrying out the procedures under competition laws in the European Union and the United States, that it is necessary to avoid the announcement by the Competition Commission of India being made before the announcement of the Tender Offer by the Offeror in India since, when commencing the procedures under competition laws, the commencement of such procedures will be publicly announced by the Competition Commission of India, which has jurisdiction over the procedures under competition laws, and that the amount of time required for the procedures under competition laws in each of the jurisdictions stated above is difficult to be accurately estimated.

## 1. Purpose of the Tender Offer

### (1) Summary of the Tender Offer

The Offeror decided, by a resolution of its board of directors as of today, to conduct the Tender Offer to acquire all of the Target Company Shares (excluding all of the treasury shares held by the Target Company and the Target Company Shares held by 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 part of a series of transactions (the “**Transactions**”) aimed at making the Target Company a wholly-owned subsidiary of the Offeror, which are predicated on the delisting of the Target Company Shares. As of today, the Offeror does not hold any Target Company Shares.

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 Target Company Shares (104,765,761 shares) as calculated by deducting the number

of treasury shares (4,640,900 shares) held by the Target Company as of September 30, 2024 as stated in the Semiannual Securities Report for the 106th fiscal year submitted by the Target Company on November 1, 2024 (the “**Target Company’s Semiannual Securities Report**”), from the total number of issued shares of the Target Company as of September 30, 2024 (109,406,661 shares) as stated in the Target Company’s Semiannual Securities Report; the same applies hereinafter.

In the Transactions, the Offeror intends to ultimately make the Target Company a wholly-owned subsidiary of the Offeror through the following procedures:

- (A) the Tender Offer to be conducted by the Offeror;
- (B) procedures for the Share Consolidation (as defined in “(4) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called “Two-Step Acquisition”)” below; the same applies hereinafter) to be conducted by the Target Company in order to make the Offeror and Fujitsu the only shareholders of the Target Company if the Offeror is unable to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company and the Non-Tendered Shares held by Fujitsu) through the Tender Offer;
- (C) (i) the provision of funds to the Target Company by the Offeror to cover the consideration for the Share Repurchase (as defined below) (which is expected to be through a capital increase by a third-party allotment through which shares are allotted to the Offeror or through a loan to the Target Company (the “**Financing**”)) and (ii) a decrease in the amounts of the stated capital, capital reserve, and retained earnings reserve of the Target Company in accordance with Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; the “**Companies Act**”) (the “**Capital Decrease, Etc.**”) (Note 2) to be implemented by the Target Company, each to be conducted for the purpose of procuring funds and a distributable amount necessary for conducting the Target Company’s acquisition of the Target Company Shares held by Fujitsu on the condition that the Share Consolidation becomes effective; and
- (D) a share repurchase to be conducted by the Target Company, through which the Non-Tendered Shares held by Fujitsu are acquired (the “**Share Repurchase**”) (Note 3) (Note 4).

Please refer to “(4) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called “Two-Step Acquisition”)” below for details of the Share Consolidation.

Note 2: In the Capital Decrease, Etc., the stated capital, capital reserve, and retained earnings reserve of the Company will be reduced and transferred to other capital surplus and other retained earnings reserve.

Note 3: In the Share Repurchase, the Offeror decided to implement the Share Repurchase based on the belief that it is possible to both maximize the purchase price per share of the Target Company Shares in the Tender Offer (the “**Tender Offer Price**”) and ensure fairness among shareholders by increasing the amounts distributed to the minority shareholders of the Target Company, taking into consideration that it is expected that the provisions of the Corporation Tax Act (Act No. 34 of 1965; as amended) on excluding deemed dividends from gross profits will be applied in regard to Fujitsu. The Tender Offer Price and the consideration for the repurchase of treasury

shares in the Share Repurchase (per share prior to share consolidation; the “**Repurchase Price**”) are calculated so that (i) the amount calculated as the after-tax earnings of Fujitsu if the Share Repurchase were to be conducted at the Repurchase Price is equivalent to (ii) the amount of earnings that Fujitsu would receive if it were to tender its shares in the Tender Offer at the Tender Offer Price. Accordingly, Fujitsu will not receive greater benefits than the minority shareholders of the Target Company.

Note 4: While there is a possibility that the Share Repurchase will be conducted after the Share Consolidation prior to the approval of the exemption from the obligation to file an annual securities report, a tender offer of treasury shares is not planned to be conducted upon the execution of the Share Repurchase as the Share Repurchase is intended to be conducted after the delisting of the Target Company Shares, and the delisted shares will not constitute “treasury share certificates, etc.” (Article 24-6, Paragraph 1 of the Act and Article 4-3 of the Order for Enforcement of the Financial Instruments and Exchange Act), which would be subject to a tender offer of treasury shares (Article 27-22-2 of the Act).

Upon implementing the Tender Offer, the Offeror has entered into a master transaction agreement dated today (the “**Master Transaction Agreement**”) with Fujitsu, and has agreed on the terms and conditions of the Transactions, which includes that Fujitsu shall not tender any of the Non-Tendered Shares held by Fujitsu in response to the Tender Offer and that the Non-Tendered Shares shall be sold to the Target Company upon the Share Repurchase after the Share Consolidation takes effect. Please refer to “(6) Material agreements regarding the Tender Offer” below for details of the Master Transaction Agreement.

In the Tender Offer, the minimum number of shares to be purchased has been set by the Offeror at 23,722,800 shares (ownership percentage: 22.64%), and if the total number of Share Certificates, Etc. tendered in response to the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of shares to be purchased, the Offeror will not purchase any of the Tendered Share Certificates, Etc. In other words, if the total number of Tendered Share Certificates, Etc. is less than the minimum number of shares to be purchased (23,722,800 shares; ownership percentage: 22.64%), the Tender Offer will not be successful and the Transactions will not be implemented .

Conversely, as described above, given that the purpose of the Tender Offer is to make the Target Company a wholly-owned subsidiary of the Offeror by having the Offeror acquire all of the Target Company Shares (excluding treasury shares held by the Target Company and the Non-Tendered Shares held by Fujitsu), the Offeror has not set a maximum number of shares to be purchased in the Tender Offer, and if the number of tendered shares is equal to or exceeds the minimum number of shares to be purchased (23,722,800 shares; ownership percentage: 22.64%), the Offeror will purchase all of the Tendered Share Certificates, Etc.

The minimum number of shares to be purchased (23,722,800 shares; ownership percentage: 22.64%) has been set to be the number calculated by (i) subtracting the number of treasury shares held by the Target Company as of September 30, 2024 (4,640,900 shares) from the total number of issued shares of the Target Company as of September 30, 2024 (109,406,661 shares) as stated in the Target Company’s Semiannual Securities Report, (ii) multiplying the number of voting rights (1,047,657 voting rights) represented by that number of shares (104,765,761 shares) by two-thirds, (iii) multiplying

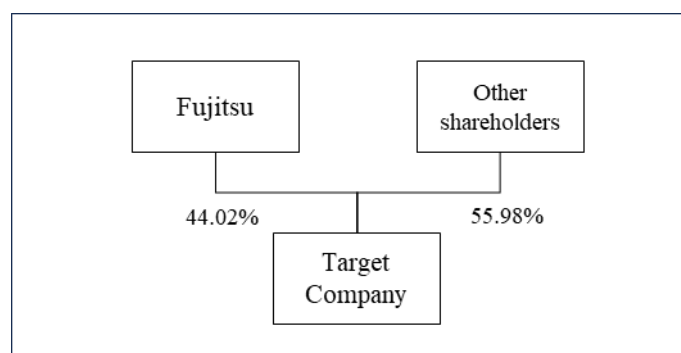
that number (698,438 voting rights, rounded up to the nearest whole number) by the share unit number of the Target Company (100 shares), and then (iv) deducting from that number (69,843,800 shares) the number of the Non-Tendered Shares held by Fujitsu as of September 30, 2024 (46,121,000 shares). The minimum number of shares to be purchased has been set because, if the Offeror is unable to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company and the Non-Tendered Shares held by Fujitsu) through the Tender Offer, the Offeror plans to request the Target Company to implement a series of procedures to make the Offeror and Fujitsu the only shareholders of the Target Company and to take the Target Company Shares private (the “**Squeeze-Out Procedures**”) after the successful completion of the Tender Offer, as stated in “(4) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called “Two-Step Acquisition”)” below, and a special resolution at the shareholders’ meeting as prescribed in Article 309, Paragraph 2 of the Companies Act would be required for implementing the Share Consolidation as part of the Squeeze-Out Procedures. Accordingly, the minimum number of shares to be purchased has been set so that the Offeror and Fujitsu will hold two-thirds or more of the number of voting rights of all shareholders of the Target Company after the Tender Offer in order to reliably carry out the Squeeze-Out Procedures.

The Offeror plans to obtain the funds required for the Transactions, including the Tender Offer, using financing from Sumitomo Mitsui Banking Corporation (the “**Settlement Financing**”).

Overall structure of the Tender Offer and the contemplated subsequent procedures

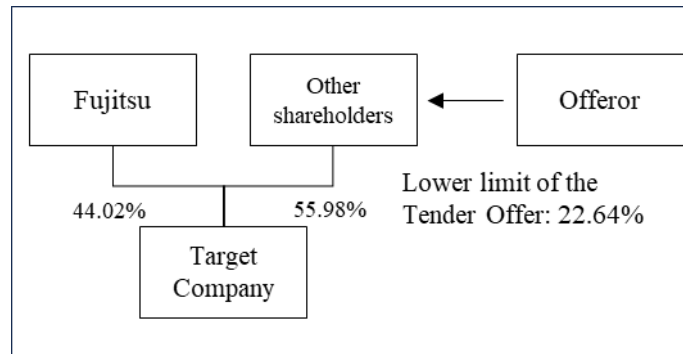
The following diagrams illustrate the overall structure of the Tender Offer and the contemplated subsequent procedures:

(i) Current status

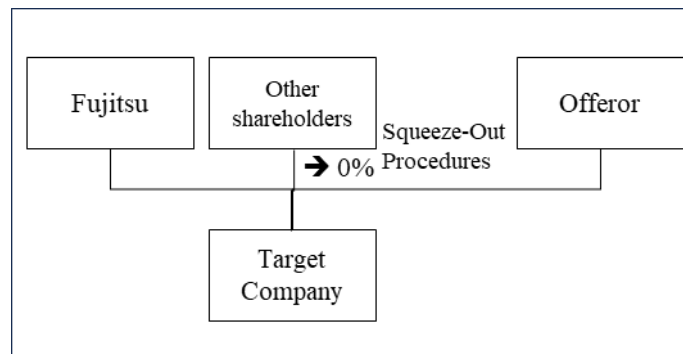


(ii) The Tender Offer

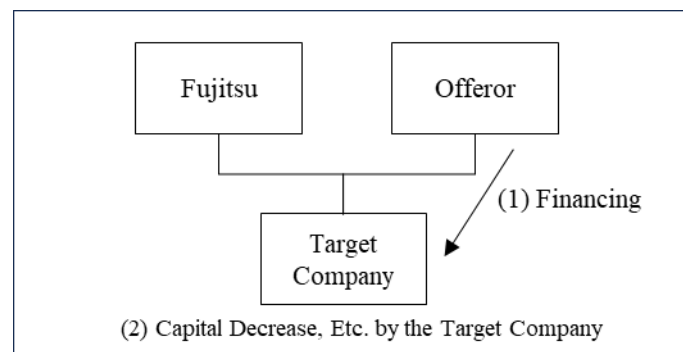




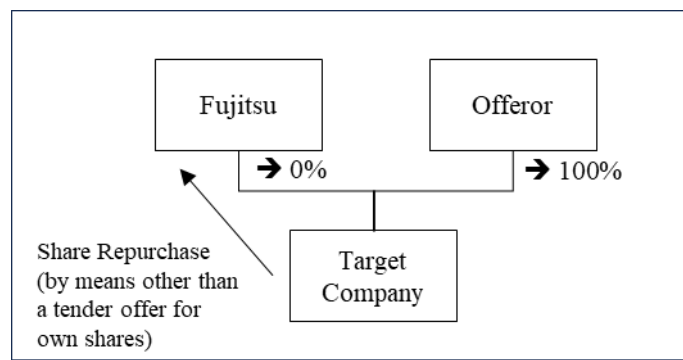
(iii) The Squeeze-Out Procedures



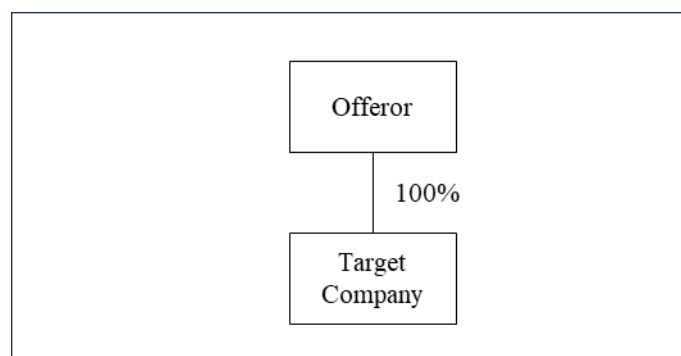
(iv) The Financing and the Capital Decrease, Etc.



(v) The Share Repurchase



(vi) After the implementation of the Transactions



According to the “Notice Concerning the Opinion in Support of the Planned Commencement of the Tender Offer for Shares of the Company by Paloma · Rheem Holdings Co., Ltd., and Recommendation to Tender the Shares” released today by the Target Company (the “**Target Company’s Press Release**”), the Target Company believes that the execution of the Transactions, including the Tender Offer, by the Offeror will contribute to the enhancement of the Target Company’s corporate value and that the Tender Offer Price is fair and reasonable, and having determined that it is therefore appropriate to recommend that the Target Company’s shareholders tender their shares in the Tender Offer, the Target Company resolved at its board of directors meeting held today, as its opinion as of that day, to express an opinion in support of the Tender Offer and recommend that the Target Company’s shareholders tender their shares in the Tender Offer, if the Tender Offer commences.

For the details of the decision-making process of the Target Company, please refer to “(iii) Decision-making process and reasoning of the Target Company ” in “(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer” below.

- (2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer

The background, purpose, and decision-making process leading to the decision to conduct the Tender Offer as well as the management policy following the Tender Offer are described below. The statements regarding the Target Company below are based on information released by the Target Company, the Target Company’s Press Release, and explanations received from the Target Company.

- (i) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer

The Offeror was established in October 2023 through a share transfer by Paloma Co., Ltd. (“**Paloma**”), and on March 29, 2024, commenced operations as a holding company with Paloma, a leading company in the gas water heater and gas stove fields in Japan, and Rheem Manufacturing Company (“**Rheem**”), which operates in the water heater and air conditioner fields mainly in North America, South America, Europe, and Australia, under its umbrella, and since then has engaged in the oversight, management, and business support with respect to the operating companies under its umbrella. The Offeror believes that, since its founding in 1911, Paloma has established a solid brand as a leading gas appliance manufacturer over a period of 112 years. The Offeror also believes that, with the acquisition of Rheem in 1988, the Offeror entered the North American market and established itself as a global leader in both the air conditioner and water heater fields. Both Paloma and Rheem leverage the experience gained over their long histories to proactively invest in growth from a medium- to long-term perspective to provide better air conditioning and hot water heating products worldwide. As of today, the Offeror has 78 subsidiaries and three affiliates (collectively, the “**Offeror Group**”).

Due to the effects of climate change and global warming, the Offeror believes that demand for air conditioners has been growing worldwide in recent years. The Offeror also believes that 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, and that, 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, the Offeror believes that 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 shifted to a holding company structure on March 29, 2024, as described above, which enabled the Offeror, as a holding company, to make flexible decisions in light of the management environment of both Paloma and Rheem, and also enabled the Offeror to expand its human resources, including the appointment of outside personnel with professional experience and knowledge necessary for strategic management decisions such as M&A at the Offeror’s level. This enabled the Offeror to establish a management structure that will enable it to execute its business strategies more quickly in a business environment that is undergoing global change.

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

Limited in October 1985. Currently, the Target Company Group (meaning the corporate group consisting of the Target Company, 44 consolidated subsidiaries and two equity method affiliated companies; the same applies hereinafter) is principally engaged in the development, manufacture, sale, and service of products and components in both the Air Conditioner Business and the Tech Solutions Business. The Target Company Shares were listed on the Tokyo Stock Exchange in September 1955 and later moved to the Prime Market of the Tokyo Stock Exchange due to the market category review by the Tokyo Stock Exchange in April 2022.

The following is an overview of each of the businesses within the Target Company Group.

(a) Air Conditioner Business

The Target Company has been in the air conditioner business since 1960, when it introduced its first-generation window-mounted cooler for homes in Japan. In 1971, the Target Company started marketing air conditioners in Kuwait, where outdoor temperature tops 50°C (122°F) during the day and clouds of dust loom over towns. In this challenging environment, the Target Company's air conditioners performed as they should have and established the brand in this Middle Eastern country. Over the past six decades, in addition to core technologies such as heat pumps (Note 1) and inverters, the Target Company has developed and used a variety of ground-breaking technologies and design innovations to make its air conditioners operate under any environment and more efficiently, and, with unique mechanism design and controlling technology to achieve high energy efficiency, the Target Company has gained high market share in Europe, Japan, the Middle East, and Oceania. Today, the Target Company is expanding its business in the U.S. and Asian markets as well. Since 1991, the Target Company has partnered with Groupe Atlantic, which includes Atlantic Societe Francaise de Developpement Thermique, a French manufacturer of water heating and heating equipment, to jointly develop heat pump water heating systems. Groupe Atlantic has become the Target Company's distributor for its air conditioning systems in France. In addition, the Target Company jointly developed products with Rheem, a group company of Offeror, started mutual OEM (Note 2) supply in 2017, and launched ducted air conditioners (Note 3) that combine Rheem products with the Target Company's energy-saving technology in August 2020.

Note 1: This technology transfers heat from the atmosphere via a refrigerant. It is a core technology for air conditioners and is being used not only in air conditioners but also in water heaters and other equipment because it produces a large amount of heat energy with a small amount of power input.

Note 2: "OEM (Original Equipment Manufacturing/Manufacturer)" refers to the manufacture of products under the brand name of the commissioning party or the company that manufactures the same.

Note 3: This is an air conditioning system that blows cool and warm air from a heating/cooling unit installed in one place in a building to each room in the building connected by ducts, and is the mainstream system in the United States.

(b) Tech Solutions Business

The Tech Solution Business consists of the Information & Communication System Business and the Electronic Device Business. In the Information & Communication System Business, the Target Company offers total solution system services, in which it proposes, manufactures, sells, and maintains firefighting systems to protect the lives and property of residents and disaster prevention systems to ensure the safety and security of people's day-to-day lives, as part of the creation of frameworks for firefighting and disaster prevention, as well as private sector systems that contribute to solving the problems of the restaurant business and other customers. In the Electronic Device Business, the Target Company has developed a solutions business focused mainly on electronic parts and semi-assembled components.

In operating the above businesses, the Target Company Group aims to contribute to the creation of a comfortable, secure, and safe society through the provision of new value to customers and society under its mission “–Living together for our future– Through innovation and technology, we deliver a brighter future with peace of mind to our customers and societies around the world.”

Air conditioners from the Target Company Group's main business, which utilize heat pump technology and inverter technology, are not only used around the world as a clean necessity that offers excellent energy efficiency, comfort, and safety, but are also expected to contribute to limiting climate change as alternative products to appliances that burn fossil fuels for heating and hot water, and the market is expected to expand over the medium to long term. The Tech Solutions Business is also expected to expand in the future, driven by social demands for enhanced disaster response capabilities and the need for smaller, more energy-efficient electronic devices. On the other hand, the global situation and economic conditions are becoming more uncertain due to changes in consumer behavior and intensifying competition in various markets, as well as conflicts in various regions, rising global inflation such as soaring raw material prices, monetary policies of various countries, and exchange rate trends. In addition, as an urgent management issue, the Target Company must further strengthen its ability to respond to possible changes in the external environment, such as supply chain disruptions and rapid changes in the market environment.

Under these circumstances, the Target Company Group aims to contribute to the realization of a sustainable society through the implementation of its corporate philosophy and will promote the following measures to ensure business continuity and risk tolerance under unpredictable circumstances, as well as to achieve medium- to long-term business growth and development.

(i) Growth of air conditioning businesses

Sales growth through contribution to customer demand by shifting resources to growing regions (U.S., Europe and India) and enhancement areas (housing industry channels in Japan), and by strengthening sales structure (strengthening relationships with sales distributors and direct sales in some regions)

(ii) Acceleration of the Tech-solutions

(a) Creating new customer value in the firefighting and disaster

- prevention areas by leveraging the Target Company’s strengths
- (b) Increasing added value in the EMS business (Note 4)
  - (iii) Improve development quality/productivity
    - (a) Strengthening cost competitiveness and optimizing inventories by building an optimized production system throughout the supply chain (optimization of domestic and overseas production, a future shift to local production for local consumption)
    - (b) Bringing products and services to market in a timely manner and achieving optimal costs by strengthening development and procurement capabilities to deliver maximum cost performance for customers
  - (iv) New business/new service creation
    - (a) Strengthening air conditioning solutions business
    - (b) Creating new customer value by expanding seamless customer contact points and utilizing data through the transformation of related services to the cloud
    - (c) Creating new businesses from the perspective of “Life Conditioner,” which means supporting sustainable and well-being life
  - (v) Strengthen business and human resources management infrastructure
    - (a) Transformation into an enhanced profitability system by strengthening the management base
    - (b) Creating a working environment where employees can work with enthusiasm, improve their skills, and achieve personal growth
    - (c) Improvement of corporate value through contributions to the creation of a sustainable society

In order to accelerate the promotion of the above measures, the Target Company Group’s business segments have been consolidated into two divisions: “Air Conditioner Business” and “Tech Solutions Business” from October 2024, and a new organizational structure has been put in place in which the CxO (Note 5) overseeing each function will be responsible for cross-company business promotion and support. Under this structure, in order to accelerate the growth of both businesses, the Target Company has launched a project involving all employees of the Target Company Group to implement initiatives to address business issues.

With these efforts, the Target Company will strive to lay the foundation for the realization of enhanced profitability and future growth.

Note 4: This is a business that carries out the production of electronic devices on a commission basis.

Note 5: This is a position responsible for cross-company business promotion and support, such as CEO (Chief Executive Officer), CTrO (Chief Transformation Officer), CSO (Chief Strategy Officer), CFO (Chief Financial Officer), and CHRO (Chief Human Resource Officer).

Through discussions with the Target Company's management in the process of reviewing the Transactions, the Offeror believes that synergies such as those below can be created through the Transactions, which will enable the long-term growth of the businesses of the Offeror and the Target Company.

(a) Expansion of sales channels in North America

In North America, Rheem and the Target Company already have a cooperative relationship in the North American air conditioner business, including a mutual product supply agreement dated August 31, 2016 and a joint development agreement dated July 31, 2020, and have conducted mutual supply of products and joint development of whole-house air conditioning systems in the North American market. The Offeror believes that the Target Company becoming a member of the Offeror Group through the Transactions will enable more in-depth collaboration for sales of a wider range of the Target 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 Target Company's strengths are ductless and VRF products (Note 6), the Offeror believes that synergies can be created without any product competition between the two companies.

(b) 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 Target 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 producing the Target Company's products at the Offeror Group's manufacturing bases in North America and producing the Offeror's products at the Target 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 Target Company's existing business foundations without the need for complicated consolidation and elimination of manufacturing and sales bases.

(c) 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 Target 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.

(d) 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 Target Company's heat pump and VRF technologies, especially inverters and compressors, which are at the core

of these technologies, are extremely important technologies (Note 7) 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 Target Company's core technologies and products using the cash flow generated from its existing businesses.

(e) 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 Target 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.

Note 6: A ductless system is an air conditioning system in which an indoor unit and an outdoor unit are installed in each room. VRF stands for "Variable Refrigerant Flow," an air conditioning system designed to adjust refrigerant flow according to the needs of individual indoor units.

Note 7: Since the energy efficiency of a heat pump is largely determined by the performance of the compressor, compressor-related technology is an important core technology for heat pumps. Inverter technology is also a mechanism for controlling the rotational speed of compressor motors, thereby reducing power consumption through precise control of air conditioner output.

(ii) Discussions among the Offeror, the Target Company and Fujitsu

As described above in "(i) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer," although a cooperative relationship already existed between Rheem, a member of the Offeror Group, and the Target Company, in light of the global trend toward decarbonization and competitors' actions in light of this trend, the Offeror decided that it was essential to collaborate with the Target Company on a larger scale and more quickly from a long-term perspective given that competition among competing companies is expected to intensify on a global scale, and the urgent need to pursue efficient R&D, manufacturing, and sales. In order to realize the collaboration with the Target Company, the Offeror concluded that the most rational choice would be to manage the Target Company from a medium- to long-term perspective by making it a wholly-owned subsidiary, rather than making it a subsidiary while maintaining the Target Company's listing and managing its business while taking into consideration the short-term interests of the Target Company's existing shareholders.

Therefore, from late July 2024, the Offeror requested an opportunity to meet with Fujitsu, the largest shareholder of the Target Company, for the purpose of explaining



the proposal to make the Target Company its wholly-owned subsidiary. The meeting was held on September 2, 2024, and after requesting Fujitsu to consider selling its shares in the Target Company, on September 13, 2024, the Offeror submitted a letter of intent to Fujitsu regarding making the Target Company its wholly-owned subsidiary. On September 19, 2024, the Offeror also submitted a letter of intent to the Target Company, proposing to make the Target Company a wholly-owned subsidiary. In response, on September 27, 2024, Fujitsu informed the Offeror that it wished to proactively proceed with the Transactions, and therefore the Offeror began discussions with Fujitsu regarding the Transactions. In addition, in order to conduct a full-fledged review of the Transactions, the Offeror appointed Mori Hamada & Matsumoto as its legal advisor on September 25, 2024 and BofA Securities Japan, Co., Ltd. (“**BofA Securities**”) as its financial advisor independent of the Offeror, Fujitsu and the Target Company on October 2, 2024. Based on the process letter received from Fujitsu on the same day, the Offeror conducted due diligence mainly in the legal and financial areas from mid to late October 2024, including management interviews with the Target Company’s management, visits to the Target Company’s overseas manufacturing bases, and interview sessions with the Target Company. Based on the results of the above management interviews and due diligence, the Offeror conducted a multifaceted and comprehensive analysis of the Target Company’s business and financial conditions, and based on the share valuation analysis reflecting such analysis, the Offeror submitted a legally binding final proposal (the “**Final Proposal**”) to Fujitsu and the Target Company on October 29, 2024, setting the share valuation per share of Target Company Shares at 2,400 yen and the tender offer price at 2,753 yen (representing a premium rate of 47.85% (rounded to two decimal places; the same applies for calculations of premium rates hereinafter) on the closing price of 1,862 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of October 28, 2024, the business day immediately preceding the date of the proposal).

Subsequently, in light of the Offeror receiving a proposal from the Special Committee on December 4, 2024, to set the tender offer price at 3,020 yen per share, based on comprehensive consideration of factors including the premium level in the case of a tender offer with the intention of going private, the level of the Target Company’s share price during the period when it was being impacted by speculative media reports regarding the Target Company’s capital policy, and the Target Company’s share valuation, the Offeror made another proposal on December 10, 2024, setting the share valuation per share of the Target Company Shares at 2,420 yen and the tender offer price at 2,776 yen (representing a premium rate of 31.63% on the closing price of 2,109 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of December 9, 2024, the business day immediately preceding the date of the proposal). On December 12, 2024, the Offeror received a request from the Special Committee to reconsider increasing the tender offer price on the grounds that the synergies that could be realized after the Transactions had not sufficiently been taken into account and that the proposal was also below the average premium level in tender offer cases with the intention of going private, and in light of this, on December 16, 2024, the Offeror made another proposal to increase the share valuation per share of the Target Company Shares to 2,430 yen and the tender offer price to 2,785 yen (representing a premium rate of 29.23% on the closing price of 2,155 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock

Exchange as of December 13, 2024, the business day immediately preceding the date of the proposal). Furthermore, on December 18, 2024, the Offeror received a request from the Special Committee to reconsider increasing the tender offer price, but on December 19, 2024, the Offeror responded that it could not make a proposal for a further price increase. Then, on December 20, 2024, the Offeror received a request from the Special Committee to reconsider increasing the tender offer price, but on December 23, 2024, the Offeror again responded that it could not make a proposal for a further price increase. Thereafter, in response to a request from the Special Committee, on December 25, 2024, the Offeror met with the Special Committee and received a request therefrom to reconsider increasing the tender offer price, and in light of this, on December 25, 2024, the Offeror made another proposal as its final proposal to increase the share valuation per share of the Target Company Shares to 2,450 yen and the tender offer price to 2,808 yen (representing a premium rate of 22.51% on the closing price of 2,292 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of December 24, 2024, the business day immediately preceding the date of the proposal). Following this, on December 26, 2024, the Offeror received a response from the Special Committee to the effect that the Special Committee had agreed to the proposal of the Offeror.

On the other hand, with respect to negotiations with Fujitsu regarding the tender offer price stated in the Final Proposal, on December 18, 2024, the Offeror received a request from Fujitsu to reconsider the tender offer price and the repurchase price, on the grounds that the tender offer price could not be accepted based on factors such as the share price trend for the Target Company Shares and from the perspective of Fujitsu being a major shareholder of the Target Company and being accountable to Fujitsu shareholders. In response, on December 20, 2024, the Offeror made another proposal, setting the share valuation per share of the Target Company Shares at 2,430 yen, the tender offer price at 2,785 yen (representing a premium rate of 17.71% on the closing price of 2,366 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of December 19, 2024, the business day immediately preceding the date of the proposal), and the repurchase price at 1,979 yen, which were the same prices proposed to the Special Committee on December 16, 2024, based on the series of requests from the Special Committee. Thereafter, on December 27, the Offeror made another proposal, setting the share valuation per share of the Target Company Shares at 2,450 yen, the tender offer price at 2,808 yen (representing a premium rate of 21.30% on the closing price of 2,315 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of December 26, 2024, the business day immediately preceding the date of the proposal), and the repurchase price at 1,995 yen, which were the same prices proposed to the Special Committee on December 25, 2024, based on the series of requests from the Special Committee. Following this, on the same day, the Offeror received a response from Fujitsu to the effect that Fujitsu had agreed to the proposal of the Offeror.

(iii) Decision-making process and reasoning of the Target Company

Fujitsu, the Target Company's largest shareholder, 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 is 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 8) to a “Digital Transformation company” that uses digital technologies and data to drive innovation, the importance and affinity of the Target Company to Fujitsu in terms of the business strategy have decreased, and in light of the fact that Fujitsu has established a special department to consider the optimal group formation, the Target Company and Fujitsu started to discuss the Target 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 Target 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 Target Company’s minority shareholders and further enhance the Target Company’s corporate value through a change in the shareholder composition on terms reasonably acceptable to Fujitsu, the Target Company has 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 Target Company decided that in order to maximize shareholder profit and further accelerate the future growth of the Target Company, it would be desirable to conduct a bidding process for several candidates who have shown a strong interest in the Target 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 Target Company by the selected candidates, each candidate’s proposal regarding the Target 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 Target 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 described in “(i) Background, purpose, and decision-making process leading to the decision by the Offeror to conduct the Tender Offer” above, in early September 2024, the Offeror had the opportunity to meet with Fujitsu, which led to the Target Company receiving a letter of intent from the Offeror on September 19, 2024 in which the Offeror proposed making the Target Company a wholly-owned subsidiary. The Target Company responded to the management interviews and due diligence in mid to late October of the same year, and on October 29, 2024, the Target Company received a legally binding final proposal addressed to Fujitsu and the Target Company. While it was necessary to respect Fujitsu’s intention to sell the Target Company Shares, the Target Company considered it necessary to fully consider the impact that the delisting of the Target Company Shares would have on the Target Company’s corporate value and shareholders. Therefore, the Target 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 Target Company for the Transaction in early October 2024, and began specifically considering the details of the Transaction, taking into account the possibility of implementing various capital policies for the Target Company Shares, including whether or not to take the

measures to enhance the Target Company's corporate value without taking the Target Company Shares private. In light of the fact that the Target 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 Target 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 the 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 Target Company has decided not to conduct another bidding process upon the Transactions. However, the Target Company believes that sufficient market checks will be conducted for the Transactions considering that, as described above, Fujitsu and the Target Company conducted the bidding process since around December 2022, which is close to the time of the Transaction, and that, while the period of the Tender Offer will be set at 21 business days, given that it is 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 will, in effect, be 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 is taken into account, and therefore, appropriate opportunities will be ensured for the general shareholders of the Target 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 Target Company Shares.

In addition, in light of the fact that Fujitsu, the Target Company's largest shareholder, is contemplating a sale of the Target Company Shares, which may result in a transaction based on an agreement between the Target Company and Fujitsu, a major shareholder, or a transaction involving a squeeze-out, the Target 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 Target Company's board of directors in connection with the Target Company's consideration and decision on the transaction being considered by Fujitsu, as described in "(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below, and consulted with the Special Committee regarding the reasonableness of the purpose of the Transaction, the fairness and appropriateness of the terms and scheme of the Transaction 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 "(iv) Establishment of an independent Special Committee by the Target Company and obtainment by the Target Company of a report from the Special Committee" in "(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below). In

addition, after taking each of the measures stated in “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below, the Target Company carefully discussed and considered the terms of the Transaction 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 today (the “**Report**”).

Specifically, the Target Company has 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 Target 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 Target 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 Target Company, and comment on or approve (including ex-post approval) the appointment of the Advisors, etc. of the Target Company. The Target 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 Target 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 Target 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 Target 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 Target 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 Target 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 Target 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 Target 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 is the final offer price from the Offeror, and that there is no room for further negotiation.

In addition, the Tender Offer Price of 2,808 yen represents (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 Target 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 is acknowledged that a reasonable premium has likewise been added to the Target Company's historical average share prices, and comparable premium levels have 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 the Similar Cases (as defined in "c. Premium analysis", "[1] Appropriateness of the Tender Offer Price", "2) Review of the appropriateness of the terms and conditions of the Transactions", "(b) Reasons for the report", "(iv) Establishment of an independent Special Committee by the Target Company and obtainment by the Target Company of a report from the Special Committee", "(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below), the Target Company believes that this is a fair and reasonable price that ensures the benefits that should be enjoyed by all general

shareholders. Although the Target 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 Target Company believes that the downward revision had only a minor impact on the Target Company's share price.

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

As described in the preamble, the Offeror plans to promptly commence the Tender Offer when the Tender Offer Conditions Precedent are satisfied or waived by the Offeror. As of today, 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 aims to commence the Tender Offer around early July 2025, but since it is difficult to accurately estimate the period required for the procedures involving relevant domestic and foreign authorities, the detailed schedule for the Tender Offer will be promptly announced as soon as it is decided.

Therefore, the Target Company resolved at the aforementioned board of directors meeting, as described in “(vi) Approval of all disinterested directors of the Target Company and opinion of all disinterested auditors of the Target Company that they had no objection”, “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below, to request the Special Committee established in relation to the Tender Offer by the Target Company to consider at the time the Tender Offer commences whether or not the opinion expressed by the Special Committee to the board of directors of the Target Company as of today has changed, and to report to the board of directors of the Target Company to that effect if the previous opinion has not changed, or to provide a revised opinion if it has changed, and to express its opinion on the Tender Offer anew based on the Special Committee's opinion at the time the Tender Offer commences.

Please refer to “(vi) Approval of all disinterested directors of the Target Company and opinion of all disinterested auditors of the Target Company that they had no objection” in “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” for the details of the resolution at the abovementioned Target Company's board of directors meeting.

In the process of reviewing the Transactions, the Target 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 Target Company to acquire the Target 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 Target Company Shares will be maintained. The Target Company gave sincere consideration to the Third Party Proposal. However, the Target Company decided to cease considering the Third Party Proposal taking into account that: (a) as the Third Party Proposal was not legally binding, the Target 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 Target 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 Target 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 Target Company's listing, if the Third Party Proposal was accepted, could not be evaluated as being better than the Offeror's proposal.

Note 8: This is a company that provides services using information and communication technology.

(iv) Management policy after the Tender Offer

As stated in "(1) Summary of the Tender Offer" above, if the Tender Offer is successfully completed, the Offeror intends to ultimately make the Target Company a wholly-owned subsidiary of the Offeror through the following procedures: (i) making Fujitsu and the Offeror the only shareholders of the Target Company through the Share Consolidation; (ii) the implementation of the Financing to be conducted through a capital increase by a third-party allotment through which shares are allotted to the Offeror or through a loan to the Target Company as well as the implementation of the Capital Decrease, Etc. by the Target Company in order to procure a distributable amount necessary for the Share Repurchase, each to be conducted for the purpose of procuring funds necessary for conducting the Share Repurchase; and (iii) the implementation of the Share Repurchase by the Target Company.

As of today, the Target Company has entered into an agreement with the Offeror regarding the Transactions (the "**Target Company's MOU**"), in which it has been agreed that (i) even after the completion of the Transactions, the Offeror will maintain and respect the Target Company Group's corporate philosophy and contribute to the enhancement of the Target Company Group's corporate value from a medium- to long-term perspective; (ii) even after the completion of the Transactions, the independence and autonomy of the management of the Target Company Group will be maintained and respected, and the organizational and operational structure of the Target Company Group as of today will be maintained; (iii) from the perspective of enhancing the feasibility of the business plan prepared by the Target Company and approved by the Special Committee for the three fiscal years from the fiscal year ending in March 2025 to the fiscal year ending in March 2027 (the "**Target Company Business Plan**"), the Target Company's management as of today will remain unchanged even after the completion of the Transactions, at least for the period covered by the Target Company Business Plan (until March 31, 2027), and the directors of the Target Company who will be newly appointed by the Offeror will be non-full-time directors only; (iv) the Offeror will cooperate in maintaining relationships and strengthening cooperation with the Target Company Group's existing customers and business partners even after the completion of the



Transactions; (v) in the transition from the “Fujitsu” brand to a new brand for the Target Company Group’s products and services required in connection with the Transactions, the Offeror will determine the new brand and work to ensure a smooth transition to, and promotion of, the new brand, while respecting the Target Company’s intentions and giving due consideration to the interests of the Target Company Group and its business partners; (vi) the Offeror will consult in good faith with the Target Company’s management regarding a change in the Offeror’s trade name after the completion of the Transactions and, if the trade name of the Target Company is changed after the completion of the Transactions, the Offeror will implement such change after consultation in good faith with the Target Company’s management and with the consent of the Target Company’s management; and (vii) in principle, the Offeror will maintain the employment of the employees of the Target Company Group for three years after the completion of the Transactions and will not change the terms and conditions of employment to the detriment of the employees of the Target Company Group (provided, however, that with regard to (ii) and (iii), it is stipulated that if changes in the organizational and operational structure of the Target Company Group or the handling of the Target Company Business Plan and the treatment of the Target Company’s management are reasonably necessary from the perspective of enhancing the corporate value of the Offeror Group, including the Target Company Group, the Offeror will consult with the Target Company’s management in good faith regarding such changes and implement such changes after consultation in good faith with the Target Company’s management).

Furthermore, the Offeror has entered into the Master Transaction Agreement with Fujitsu as of today, in which it has been agreed that Mr. Ryuichi Kubota and Mr. Yoichi Hirose, who have been assigned to the Target Company by Fujitsu as officers, will resign as of the date of the Share Repurchase.

Moreover, the Offeror is considering dispatching officers to the Target Company, but this has not yet been decided.

- (3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer

As of today, the Offeror does not hold any Target Company Shares, and the Tender Offer does not constitute a tender offer by a controlling shareholder. Furthermore, it is not planned that all or part of the management of the Target Company will invest directly or indirectly in the Offeror, and thus the Transactions, including the Tender Offer, do not constitute a so-called management buyout transaction. However, considering that the Offeror will enter into the Master Transaction Agreement with Fujitsu (which holds 46,121,000 shares of the Target Company Shares (ownership percentage: 44.02%) as of today), which is a major shareholder and the largest shareholder having the Target Company as an equity-method affiliate as of today, and given that the interests of Fujitsu and the minority shareholders of the Target Company may not necessarily be aligned, the Offeror has taken the measures stated in (i) through (vi) below from the perspective of ensuring fairness in the Tender Offer, excluding arbitrariness in the decision-making regarding the Transactions, ensuring fairness, transparency, and objectivity in the Target Company’s decision-making, and avoiding conflicts of interest.

The Offeror believes that, as stated in “(1) Summary of the Tender Offer” above, even though Fujitsu holds 46,121,000 shares of the Target Company Shares (ownership percentage: 44.02%), if the minimum number of shares to be purchased is set to the so-

called “majority of minority” in the Tender Offer, it would create uncertainty as to whether the Tender Offer could be completed, and may 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 has 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 Target Company have been sufficiently considered.

Among the matters stated below, the measures taken by the Target Company are based on the explanations received from the Target Company.

- (i) 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, which is a financial advisor and third-party appraiser independent of the Offeror, Fujitsu, and the Target Company, to analyze the share price of the Target Company and obtained a share price valuation report (the “**Share Valuation Report**”) from BofA Securities on December 30, 2024. BofA Securities is not a related party of the Offeror, Fujitsu, or the Target Company, nor does it have material interests in the Tender Offer.

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

- (a) Name of third-party appraiser and its relationship with the Target 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 Target Company requested Mizuho Securities, a financial advisor and third-party appraiser independent of the Offeror, Fujitsu and the Target Company, to calculate the share value of the Target Company and perform related financial analyses, and obtained a share price valuation report as of December 30, 2024 (the “**Target Company Share Price Valuation Report**”) from Mizuho Securities. Mizuho Securities is neither a related party of the Offeror, Fujitsu or the Target Company, nor does 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 Target Company as part of its ordinary banking transactions and is a shareholder of the Target Company. However, Mizuho Securities has established and implemented appropriate conflict of interest management systems, such as information barrier measures, between Mizuho Securities and Mizuho Bank in accordance with the Act (Article 36, Paragraph 2) and the Cabinet Office Order on Financial Instruments Business (Article 70-4)), and conducted the share valuation of the Target 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 have been taken between Mizuho Securities and Mizuho Bank, the Special Committee has determined that the independence of Mizuho Securities in performing its duties as financial advisor and third-party appraiser for the Transactions is sufficiently assured, and that there are no particular

problems regarding the Target Company's request to Mizuho Securities to calculate the share value of the Target Company Shares. In addition, the remuneration of Mizuho Securities for the Transactions includes contingency fees payable upon conditions such as the completion of the Transactions. The Target Company has appointed Mizuho Securities as its financial advisor and third-party appraiser under the above compensation structure because the Target Company has determined that, taking into consideration the general customary practices in similar kinds of transactions, the propriety of the remuneration system that would cause the Target 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 includes contingency fees payable subject to the completion of the Tender Offer.

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

(b) Outline of valuation of the Target Company Shares

After considering which methods should be applied for calculating the share value of the Target Company among various valuation methods available, and keeping in mind that it is appropriate to evaluate the share price of the Target Company from various perspectives, Mizuho Securities calculated the share value of the Target Company by applying (i) market price method, since the Target 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 those of the Target 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 Target Company Shares calculated according to the aforementioned methods are 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 Target Company Shares obtained from the market price method is 2,018 yen to 2,327 yen, which is calculated based on the following prices quoted on the Prime Market of the Tokyo Stock Exchange, by using December 30, 2024 as the reference date, which is 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 Target Company Shares as of the reference 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 Target Company Shares obtained from the

comparable companies method is 1,703 yen to 3,056 yen, which is calculated through comparisons of the market share prices and financial indicators showing the profitability of the Target Company with those of the listed companies that are engaged in the businesses that are relatively similar to those conducted by the Target Company.

The range of values per share of the Target Company Shares obtained from the DCF method is 2,403 yen to 3,691 yen, which is derived by calculating the Target 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 Target Company is 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 Target Company Business Plan prepared by the Target Company and approved by the Special Committee and publicly released information (Note 2). It should be noted that the financial forecasts include fiscal years in which a significant increase or decrease in earnings is expected. Specifically, by the fiscal year ending in March 2027, the Target 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 Target Company has a strong brand presence (such plan had been prepared before the Transactions were considered.). As a result, the Target Company expects operating profit for the fiscal year ending in 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, etc. compared with the previous fiscal year), while free cash flow is expected to decrease by 63.5% compared to the fiscal year ended in March 2024 due to the planned increase in investment in key markets, etc., as mentioned above. In the fiscal year ending in March 2026, the Target Company expects sales to increase and margins to improve, resulting in an increase in operating profit by 123.4% from the previous fiscal year. However, the Target Company also expects to continue to invest in its priority markets, resulting in a free cash flow deficit. In the financial year ending in March 2027, when the effects of investments in key markets will be seen, the Target Company expects operating profit to increase by 40.5% from the previous fiscal year and free cash flow to become positive. Please note that the business plan does not assume the completion of the Tender Offer, and therefore, the expected synergies from the Tender Offer are not included in the business plan.

Note 1: In calculating the share value of the Target Company, Mizuho Securities has adopted the information provided by the Target Company, information obtained through interviews, publicly disclosed information and other materials without any modification in principle and has not independently verified 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 Target Company, which has not been disclosed to Mizuho Securities. In addition, Mizuho Securities has not independently evaluated or appraised and has not requested 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 Target Company and its subsidiaries and affiliated companies, including any analysis and valuation of individual assets and liabilities. It is assumed that the Target Company's financial projections referred to in the calculation have been reasonably prepared and formulated based on the best estimates and judgments currently available to the Target Company and that the calculation reflects information and economic conditions as of December 30, 2024.

Note 2: The Target Company Business Plan covers a three-fiscal-year period from the fiscal year ending in March 2025 to the fiscal year ending in March 2027. This is because the market environment for the Target 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 Target Company has determined to be reasonably predictable is three years.

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

As described in "(iii) Decision-making process and reasoning of the Target Company" in "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer" above, the Target 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 Target Company's decision-making regarding the Transactions. Nagashima Ohno & Tsunematsu is neither a related party of the Offeror, Fujitsu or the Target Company, nor does it have any material interests in the Transactions, including the Tender Offer. Also, the remuneration for Nagashima Ohno & Tsunematsu is only an hourly fee to be paid regardless of the success or failure of the Transactions, and does not include contingency fees, which would be payable subject to the successful completion of the Transactions.

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

In light of the fact that Fujitsu, the Target Company's largest shareholder, is contemplating a sale of the Target Company Shares, which may result in a transaction based on an agreement between the Target Company and Fujitsu, a major shareholder, or a transaction involving a squeeze-out, the Target Company established the Special Committee on September 25, 2024, independent of the Offeror, Fujitsu and the Target Company, for the purpose of providing an opinion to the Target Company's board of directors in connection with the Target 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 Target Company: Mr. Yoshio Osawa (independent outside director), Mr. Fumiaki Terasaka (independent outside director), Ms. Mieko Kuwayama (independent outside director), and Mr. Keichi Nakajima (independent

outside director). As Mr. Keiichi Nakajima, a member of the Special Committee, passed away on December 11, 2024, and left the office 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 Target Company consulted the Special Committee with respect to the Transactions, including the Tender Offer (a) whether the purpose of the Transactions is reasonable (including whether the Transactions will contribute to the enhancement of the corporate value of the Target Company); (b) whether the fairness and appropriateness of the terms and conditions and scheme of the Transactions are ensured; (c) whether the interests of the general shareholders of the Target Company are adequately considered through fair procedures in the Transactions; (d) if a tender offer is used as the method of the Transactions, whether the board of directors of the Target Company should express an opinion in support of the tender offer and recommend that the Target Company's shareholders tender their shares in the tender offer; and (e) whether the decision to conduct the Transactions is not disadvantageous to the general shareholders of the Target 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 Target Company. In making its decision on the Tender Offer, the board of directors of the Target Company will respect the report of the Special Committee to the maximum extent, and has also resolved not to support the Tender Offer if the Special Committee determines that the terms and conditions of the Transactions are not appropriate. The expression of opinion on the Tender Offer is under consideration based on the assumption that the procedures for making the Target Company a wholly-owned subsidiary will be implemented after the successful completion of the Tender Offer. The board of directors of the Target Company has 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 Target Company with respect to the negotiation policy and to conduct negotiations on its own); (b) the authority to appoint, at the Target Company's expense, external advisors to the Special Committee or to appoint and approve (including ex-post approval) external advisors of the Target Company, if necessary; and (c) the authority to receive information necessary to consider and make a judgement in connection with the Transactions from the Target Company's officers and employees.

The Special Committee approved Mizuho Securities as the third-party appraiser and financial advisor of the Target Company, and Nagashima Ohno & Tsunematsu as the legal advisor of the Target 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 is to be paid, and no contingency fees will be 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 Target Company regarding the purpose and significance of the Transactions, its impact on the Target 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 Target Company Business Plan and approved the Target Company Business Plan. Further, the Special Committee received legal advice from Nagashima Ohno & Tsunematsu, legal advisor of the Target 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 described in "(ii) Obtainment by the Target Company of a share price valuation report from an independent financial advisor and third-party appraiser" in "(3) Matters related to the valuation" above, Mizuho Securities calculated the share price of the Target Company based on assumptions of various factors, including the financial forecasts in the Target 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 Target 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 Target Company and Mizuho Securities from time to time regarding the Target Company's negotiations with the Offeror, deliberated and examined them, and expressed its opinions on the Target 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 Target Company to achieve the significance and purpose of the Transactions and take other necessary actions, and in this way, the Special Committee was involved in the entire process of discussions and negotiations between the Target 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 Target Company's management and conducted hearings on the Offeror's views in relation to the 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 Target Company's side to negotiate the price and the Agreement and the Target Company received a proposal from the Offeror on the same day, included an increase in the Tender Offer Price to 2,808 yen per share. As a consequence, the Target Company received proposals from the Offeror for a total of 6 times for Tender Offer Price, 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 this press release concerning the Tender Offer that the Target Company planned to announce or submit and confirmed that appropriate disclosure would be made.

Under the above circumstances, the Special Committee submitted the Report substantially outlined below to the board of directors of the Target Company today, 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 Target 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 Target Company are adequately considered.
- (iv) The board of directors of the Target Company should resolve to express its opinion in support of the Tender Offer and recommend that the shareholders of the Target 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 Target 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 Target 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, an overview of the significance and purpose of the Transactions as considered by the Offeror and the synergies expected to result from the Transactions are 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 and the Target 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 Target 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 Target 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 Target 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 Target 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 Target Company's products at the Offeror Group's manufacturing bases in North America and manufacturing the Offeror's products at the Target 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 Target 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 Target 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 Target 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 Target 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 Target 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 Target Company

### a. Synergies expected through the Transactions

According to the explanations provided by the personnel of the Target 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, Target 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 Target 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 Target Company believes that it can accelerate local production and local consumption by utilizing these production bases, thereby enabling the Target 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 Target Company Group and the Offeror Group for air conditioners are complementary. The Target Company believes it can further expand the sales of the Target 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 Target 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 Target 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 Target 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 Target Company Group's air conditioner business for Japan, the Target 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 Target 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 Target Company's Group and the Offeror's Group are similar, such as iron, copper, aluminum, semiconductors, and resins. Therefore, the Target 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 Target 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 are as follows.

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

The Target 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 Target 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 Target 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 Target 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 Target 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 Target Company believes that the Target 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 Target Company Group through the Transactions may force the Target Company Group to change its development plans in the air conditioner field, which the Target 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 Target Company Group joins the Offeror Group through the Transactions and the Target Company Shares are privatized, the corporate governance system and functions that the Target 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 Target 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 are 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 Target 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 Target 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 Target 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 Target Company Group's production bases in Thailand and China

In Thailand and China, where the Offeror Group does not have any production bases, the Target 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 Target 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 Target 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 Target Company regarding the synergies expected from the Transactions have 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 Target Company's products is limited, no significant impact is expected from the loss of existing distributors.

In addition, as Fujitsu intends to sell the Target Company Shares, the transition from the Fujitsu brand will be necessary at some point if Fujitsu executes a transaction to sell the Target Company Shares, and such a potential disadvantage is unavoidable. In addition, in view of the fact that the Target Company and Fujitsu have agreed to continue to use the Fujitsu brand for the period necessary for a smooth transition of the brand, and that the Target Company and the Offeror have agreed to take into account the interests of not only the Target Company but also of the Target 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 is 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 has agreed to maintain and respect the independence and autonomy of the management of the Target Company Group, and it can be expected that future development plans will be discussed with the Offeror and can be achieved without placing an excessive burden on the management of the Target Company Group.

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

Therefore, while the disadvantages of carrying out the Transactions are not considered to be material, the Transactions are expected to generate synergies that outweigh such disadvantages, and the Transactions are

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

Even before considering the Transactions, the Target 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 Target Company's general meeting of shareholders held on June 18, 2024. In considering the Transaction, the Target Company once again reviewed the contents of this business plan and prepared the Target Company Business Plan, which was the premise for the Target Company Share Price Valuation Report. The members of the Special Committee were intimately involved in the formulation of the Target 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 Target Company Business Plan, and that there were no unreasonable contents thereunder, and therefore approved the Target 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 Target 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 are 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 are no unreasonable points in the reasonableness of the valuation contents provided by Mizuho Securities. Therefore, the Special Committee has determined that it is possible to rely on the Target Company Share Price Valuation Report in evaluating the share value of the Target Company.

The ranges of values per share of the Target Company Shares in the valuation report Target Company Share Price Valuation Report are as follows. The conditions precedent and matters to be noted in relation to the preparation of the Target Company Share Price Valuation Report and the evaluation and analysis used as the basis therefor, which are attached to the Target 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 Target Company, Mizuho Securities has adopted the information provided by the Target Company, information obtained through interviews, publicly disclosed information and other materials without any modification in principle and has not independently verified 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 Target Company, which has not been disclosed to Mizuho Securities. In addition, Mizuho Securities has not independently evaluated or appraised and has not requested 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 Target Company, its subsidiaries and affiliated companies, including any analysis and valuation of individual assets and liabilities. It is assumed that the Target Company's financial projections referred to in the calculation have been reasonably prepared and formulated based on the best estimates and judgments currently available to the Target Company and that the calculation reflects information and economic conditions as of December 30, 2024.

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

#### c. Premium analysis

The Tender Offer Price of (2,808 yen per Target Company Share) represents (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 Target 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 (today), (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 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 ((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 are 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 is 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 is lower compared to these cases. However, the closing price of the Target 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%) is 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 Target Company Shares during a period close to this period, and it is reasonable to infer that the increase resulted from market participants’ speculation. Therefore, it is not necessary to evaluate that the premium rate of the Tender Offer Price is 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 is lower than the premium level of the Similar Cases.

d. Details of negotiations regarding the Tender Offer Price

The Target 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 Target 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 is necessary to conduct price negotiations with the Offeror in order to maximize the interests of the minority shareholders of the Target 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 Target 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 Target 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 purchasing 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 is recognized that the Tender Offer Price has been determined as a result of diligent negotiations between the Target Company and the Offeror with the aim of ensuring that the acquisition is 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 Target 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 Target Company Shares held by Fujitsu. However, the bidding process ended without receiving legally binding proposals from any of the candidates. Under such circumstances, it can be considered that the proactive market check has already been completed.

Although it is possible that the Target 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 Target 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 Target Company Shares in response to certain media reports, the Target Company has concluded that it is also reasonable to not conduct another proactive market check in order to manage information thoroughly.

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

f. Short summary

Based on the above review, the Tender Offer Price can be evaluated as fair and reasonable, considering that: (i) among the share valuation results of the Target Company Shares in the Target Company Share Price Valuation Report, the Tender Offer Price is above the range of the results of the market price method, and is within the range of the results of the comparable companies method and the DCF method; (ii) the premium level of the Tender Offer Price is not considered unreasonably low compared to cases of other companies; (iii) it is recognized that the Tender Offer Price has been determined as a result of diligent negotiations between the Target Company and the Offeror; and (iv) it is possible to evaluate that the Tender Offer Price is 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 Target 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 Target Company, and, after the share consolidation becomes effective, the Target Company will acquire all of the Target 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 believes that the scheme of the Transactions does not contain any unreasonable aspects and is 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 can be evaluated as fair and reasonable, and (ii) the scheme of the Transactions is recognized as reasonable, the terms and conditions of the Transactions are considered fair and reasonable.

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

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

The Target Company established the Special Committee by resolution of the board of directors dated September 25, 2024. The Target Company confirmed the independence, qualifications and other aspects of the Target 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 Target 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 Target Company, while receiving advice from Nagashima Ohno & Tsunematsu, explained that, among other things, in considering and negotiating the Transactions,

it is 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 is 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 receives a fixed amount of compensation for his/her duties, which does not include contingency fees payable subject to announcement or successful completion of the Transactions.

In addition, the Target 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 Target Company shall respect the report of the Special Committee to the maximum extent, and that, if the Special Committee determines that the terms and conditions of the Transactions are not appropriate, the board of directors shall not support the Tender Offer and shall not recommend tendering in the Tender Offer.

Further, in accordance with the aforementioned resolution of the board of directors, the Target Company has 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 Target 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 Target Company's expense, Advisors, etc., and to evaluate the Advisors, etc. of the Target Company, and comment on or approve (including ex-post approval) the appointment of the Advisors, etc. of the Target Company.

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

[2] Obtainment by the Target 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 Target Company obtained the Target Company Share Price Valuation Report from Mizuho Securities. Please note that the remuneration for Mizuho Securities in relation to the Transactions includes 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 Target Company did not obtain a fairness opinion from Mizuho Securities regarding the fairness of the Tender Offer Price, there would be no question as to the fairness of the procedures because the interests of the Target Company's minority shareholders have 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 Target Company of Expert advice from independent financial advisor

In order to ensure the fairness and appropriateness of the decision-making of the Target Company's board of directors regarding the Transactions, the Target Company has appointed Mizuho Securities as a financial advisor independent of the Target 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 Target Company's decision-making regarding the Transactions.

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

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

In order to ensure the fairness and appropriateness of the decision-making of the Target Company's board of directors regarding the Transactions, the Target Company has appointed Nagashima Ohno & Tsunematsu as a legal advisor independent of the Target 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 Target 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 Target Company, the Offeror or Fujitsu, and has no material interest in the Transactions, including the Tender Offer. The remuneration for Nagashima Ohno & Tsunematsu is calculated by multiplying the hourly fee by the operating hours regardless of the success or failure of the Transactions, and does 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 Target Company

From the viewpoint of eliminating the risk of potential conflicts of interest in relation to the Transactions, the Target Company has established a system within the Target 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 Target Company has 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 Target Company who concurrently serve as, or assume the duties of, officers or employees of Fujitsu in the negotiation process between the Target 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 Target Company in April 2024, are 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 Target 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 Target Company Shares in the Transactions and the degree of conflict of interest between Fujitsu and the Target 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 Target Company has 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 Target 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 Target 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 has been established within the Target 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 will be set at 21 business days; however, given that it is 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 will in effect be 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 is taken into account, and therefore, appropriate opportunities are ensured for the general shareholders of the Target 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 Target Company Shares (opportunities for indirect market check).

#### [7] Elimination of coercion

The scheme of the Transactions is 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 is the first step of the Transactions, so that the Offeror, along with Fujitsu will hold two-thirds or more of the total voting rights of the Target Company after the completion of the Tender Offer. In addition, the cash consideration to be delivered to the Target 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 Target Company Shares held by each such shareholder, and an announcement to that effect will be made at the commencement of the Tender Offer. Therefore, it is believed that coercion is avoided by ensuring that the Target 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 Target Company's shareholders have been adequately considered in such procedures.

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

#### 4) Summary

As described in 1) to 3) above, the Tender Offer contributes to the enhancement of the corporate value of the Target Company, the terms and conditions of the Tender Offer are fair and reasonable, and fair procedures have been implemented. Therefore, the Special Committee determined that the Target Company should resolve to express its opinion in support of the Tender Offer and recommend that the shareholders of the Target 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 Target Company.

In the process of reviewing the Transactions, the Target Company received a proposal from a third party other than the Offeror (private equity fund) for a transaction that would allow the Target Company to acquire the Target

Company Shares held by Fujitsu on the assumption that the listing of the Target Company Shares will be maintained. However, receipt of the Proposal does not preclude the Target Company from adopting a resolution to express its opinion in support of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer, taking into account that: (a) as the Proposal is not legally binding, the Target 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 Target 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 Third Party 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 Target 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 Target Company's listing, if the Proposal was accepted, could not be evaluated as being better than the Offeror's proposal.

(v) Establishment of an independent deliberation framework by the Target Company

Since the initial approach by the Offeror on September 19, 2024 regarding the Tender Offer, the Target Company has been negotiating the terms and conditions of the Transactions, including the Tender Offer Price, with the Offeror. Mr. Ryuichi Kubota and Mr. Yoichi Hirose, two officers of the Target Company who concurrently serve as or assume the duties of officers or employees of Fujitsu, have 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 and Mr. Toshiyuki Kawanishi, the two officers transferred from Fujitsu to the Target Company in April 2024, are 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 Target 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 Target Company Shares in the Transactions and the degree of conflict of interest between Fujitsu and the Target 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 are no issues as to the independence and fairness of the system for reviewing the Transaction.

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

Based on the content of the Target Company Share Price Valuation Report and the legal advice received from Nagashima Ohno & Tsunematsu, the board of directors of the Target Company carefully discussed and deliberated whether the Transactions including the Tender Offer would contribute to the enhancement of the Target 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 obtained from the Special Committee.

As a result, as described in “(iii) Decision-making process and reasoning of the Target Company” in “(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer” above, the board of directors of the Target Company was of the view that the Tender Offer would be fair and reasonable for the Target Company's shareholders given that the Transactions including the Tender Offer would contribute to enhancing the corporate value of the Target 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 Target Company's minority shareholders, and that the Tender Offer would provide the Target Company's minority shareholders with a reasonable opportunity to sell the Target Company Shares at a price with an appropriate premium, determined that the Tender Offer would provide the Target Company's shareholders with a reasonable opportunity to sell the shares, and, resolved at its meeting held today, as its current opinion, to express its opinion in support of the Tender Offer as the opinion of the Target Company and recommend that the Target Company's shareholders tender their Target Company Shares in the Tender Offer if the Tender Offer commences. The Offeror plans to promptly commence the Tender Offer when the Tender Offer Conditions Precedent are satisfied or waived by the Offeror, and as of today, 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 aims to commence the Tender Offer around early July 2025, but it is difficult to accurately estimate the period required for the procedures involving relevant domestic and foreign authorities. Therefore, the Target Company resolved at the aforementioned board of directors meeting to request the Special Committee established by the Target Company in relation to the Tender Offer to consider at the time the Tender Offer commences whether or not the opinion expressed by the Special Committee to the board of directors of the Target Company as of today has changed, and to report to the board of directors of the Target Company to that effect if the previous opinion has not changed, or to provide a revised opinion if it has changed, and to express its opinion on the Tender Offer anew based on the Special Committee's opinion at the time the Tender Offer commences.

The resolution to express the above opinion was unanimously adopted at the board of directors meeting of the Target Company, at which five of the eight Directors of the Target Company, excluding Mr. Koji Masuda, Mr. Toshiyuki Kawanishi, and Mr. Ryuichi Kubota, participated in the deliberations and resolution. Among the three auditors of the Target Company, two auditors of the Target Company,

excluding Mr. Yoichi Hirose, who concurrently serves as an auditor of Fujitsu, attended the above board of directors meeting of the Target Company and expressed their opinion that they had no objection to the adoption of the above resolution.

Since Mr. Ryuichi Kubota concurrently serves 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 Target 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 Target Company in April 2024, and do 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 “(v) Establishment of an independent deliberation framework by the Target Company” above, Mr. Koji Masuda and Mr. Toshiyuki Kawanishi are considered acceptable for participation on the project team with a limited involvement in the Special Committee. Similarly, Mr. Yoichi Hirose, who concurrently serves 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 Target Company, from the perspective of avoiding any possibility of conflict of interest and ensuring the fairness of the Transactions.

(4) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called “Two-Step Acquisition”)

As stated in “(1) Summary of the Tender Offer” above, the Offeror intends to make the Target Company a wholly-owned subsidiary of the Offeror, and if the Tender Offer is successfully completed but the Offeror is unable to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company and the Non-Tendered Shares held by Fujitsu), the Offeror intends, promptly after the completion of the settlement of the Tender Offer, to request the Target Company to implement the following procedures and carry out a series of procedures to make the Offeror and Fujitsu the only shareholders of the Target Company.

Specifically, the Offeror will request the Target Company to hold an extraordinary shareholders’ meeting on or around late October, 2025 at which the following proposals will be submitted (the “**Extraordinary Shareholders’ Meeting**”): (i) to conduct the share consolidation under Article 180 of the Companies Act (such share consolidation, the “**Share Consolidation**”) and (ii) to make an amendment to the Target Company’s Articles of Incorporation to abolish the share unit number provisions on the condition that the Share Consolidation becomes effective. The Offeror and Fujitsu intend to approve each of the proposals above at the Extraordinary Shareholders’ Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Target Company will come to own the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders’ Meeting as of the effective date of the Share Consolidation. If, due to the Share Consolidation, the number is a fraction less than one, each shareholder of the Target Company who holds such fractional shares will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total

number of shares less than one unit (with such aggregate sum rounded down to the nearest whole number; the same applies hereinafter) to the Target Company or the Offeror as per the procedures specified in Article 235 of the Companies Act and other relevant laws and regulations.

The purchase price for the aggregate sum of the Target Company Shares that are less than one unit will be valued so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Target Company and Fujitsu) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares owned by each such shareholder. The Offeror will request the Target Company to file a petition to the court for permission to purchase such Target Company Shares on this basis. Although the ratio of the Share Consolidation of the Target Company Shares has not been determined as of today, the Offeror intends to request the Target Company to determine that the Target Company Shares held by the shareholders of the Target Company who did not tender their shares in the Tender Offer (excluding the Target Company and Fujitsu) will become shares less than one unit in order for the Offeror and Fujitsu to become the only owners of all of the Target Company Shares (excluding treasury shares held by the Target Company).

According to the provisions of the Companies Act that aim to protect the rights of minority shareholders in relation to the abovementioned procedures, if the Share Consolidation occurs and there are shares less than one unit as a result thereof, each shareholder of the Target Company may request that the Target Company purchase all such shares less than one unit held by the shareholder at a fair price, and such shareholders may file a petition to the court to determine the price of the Target Company Shares in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. As stated above, because the number of the Target Company Shares held by the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company and Fujitsu) will be less than one unit in the Share Consolidation, the shareholders of the Target Company objecting to the Share Consolidation will be able to file a petition described above. In the event that the petition described above is filed, the purchase price of the Target Company Shares will be ultimately determined by the court.

With regard to the procedures described above, it is possible that, depending on circumstances such as amendments to or the implementation and interpretation of the relevant laws and regulations by authorities, more time may be required to implement the procedures or the methods of implementation may be altered. However, even in such a case, upon the successful completion of the Tender Offer, it is intended that a method will be used whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company and Fujitsu) will ultimately receive cash consideration equal to the number of Target Company Shares held by such shareholders multiplied by the Tender Offer Price.

The specific details and expected timing for the procedures described above will be determined through consultation between the Offeror and the Target Company and then promptly announced by the Target Company once they have been determined. It is further noted that shareholders of the Target Company will not be solicited to agree to the Tender Offer at the Extraordinary Shareholders' Meeting. All shareholders of the Target Company are solely responsible for seeking their own specialist tax advice with regard to the tax consequences of tendering their shares in the Tender Offer or the procedures outlined above.

(5) Expected delisting and reasons therefor

The Target Company Shares are currently listed on the Prime Market of the Tokyo Stock Exchange as of today. However, since the Offeror has not set a limit on the maximum number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange, depending on the result of the Tender Offer.

Also, even in the event that the delisting standards are not met upon completion of the Tender Offer, if the Squeeze-Out Procedures stated in “(4) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called “Two-Step Acquisition”)” above are carried out after the successful completion of the Tender Offer, then the Offeror will be delisted through the prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange. After delisting, the Target Company Shares will no longer be traded on the Prime Market of the Tokyo Stock Exchange.

(6) Material agreements regarding the Tender Offer

(i) Master Transaction Agreement

As stated in “(1) Summary of the Tender Offer” above, the Offeror has, in connection with the Tender Offer, executed the Master Transaction Agreement with Fujitsu regarding the Transactions as of today. In the Master Transaction Agreement, Fujitsu has agreed (i) that it will not tender the Non-Tendered Shares in the Tender Offer, (ii) that it will not, directly or indirectly (including through the Target Company), contact, exchange information, make any solicitation, conduct any discussion or examination, or reach any agreement against or between any third party other than the Offeror regarding any transaction that competes, contradicts, or conflicts with the Tender Offer or impedes the implementation of the Tender Offer or for which there is a specific risk thereof (collectively, a “**Competing Transaction**”), and (iii) that if Fujitsu or the Target Company receives a proposal for a Competing Transaction from a person other than the Offeror or if Fujitsu or the Target Company becomes aware that such a proposal has been made, Fujitsu will notify the Offeror of that fact and the details of the proposal as soon as practicable, after which Fujitsu will have discussions in good faith with the Offeror on how to respond to that circumstance. However, in the case where Fujitsu receives a *bona fide* proposal in writing to conduct a tender offer that meets the requirements for an Eligible Tender Offer (as defined below) from a person other than the Offeror without any breach of Fujitsu’s obligations set out in the Master Transaction Agreement (an “**Eligible Counter Proposal**”), Fujitsu may provide information to the third party that made the Eligible Counter Proposal to the minimum extent necessary or conduct discussions with the third party to the extent practically reasonable regarding the Eligible Counter Proposal.

In addition, if, after the execution of the Master Transaction Agreement and up to the last day of the Tender Offer Period, a person other than the Offeror who has made an Eligible Counter Proposal (i) makes a legally binding proposal in writing to Fujitsu or the Target Company regarding a tender offer (including a transaction that combines a tender offer and a share repurchase in the manner as the Transactions; an “**Eligible Tender Offer**”) to acquire all of the common shares of the Target Company at an acquisition price a certain percentage or more superior to the Tender Offer Price (provided that such consideration must be in cash) (provided further that there must be no reasonable doubt as to the feasibility of the proposal

based on the certainty that all of the conditions precedent, including the obtainment of all domestic and foreign permits and authorizations, etc. necessary to duly complete the Eligible Tender Offer, will be satisfied and the certainty that funds will be procured), (ii) commences an Eligible Tender Offer, or (iii) announces the commencement of a Eligible Tender Offer ((i) through (iii) are collectively referred to as an “**Eligible Tender Offer, Etc.**”), Fujitsu may request the Offeror to consult regarding changing the Tender Offer Price and the Repurchase Price, only if Fujitsu has not breached its obligations set out in the Master Transaction Agreement. In the event that Fujitsu makes such a request to consult, (i) if the Offeror does not, by the earlier of the date on which 10 business days have elapsed since the date of the request or the day immediately preceding the last day of the Tender Offer Period, change the Tender Offer Price to an amount higher than the acquisition price for the Eligible Tender Offer and change the Repurchase Price to an amount that is in substance higher than the amount calculated based on the acquisition price for the Eligible Tender Offer that takes into account the tax effects of the Share Repurchase using the same method used in the calculation thereof, or (ii) if it is reasonably deemed that there is a high probability that Fujitsu’s implementation of the Transactions under the Master Transaction Agreement or Fujitsu’s failure to tender its shares in the Eligible Tender Offer, Etc. will constitute a breach of the duty of care of prudent management by Fujitsu’s directors, Fujitsu may tender the all of the Non-Tendered Shares in the Eligible Tender Offer (a tender of only part of them is not permitted).

Additionally, the Master Transaction Agreement sets out the conditions precedent for the Tender Offer (the “Tender Offer Conditions Precedent” set out in the preamble), the representations and warranties of the Offeror and Fujitsu (Note 1), obligations of Fujitsu (Note 2), obligations of the Offeror (Note 3), and termination events (Note 4).

Note 1: In the Master Transaction Agreement, the Offeror represents and warrants (i) its incorporation, existence, and the existence of the power necessary for the execution and performance of the Master Transaction Agreement, (ii) the validity and enforceability of the Master Transaction Agreement, (iii) the obtainment and implementation of all domestic and foreign permits and authorizations, etc. necessary to duly complete the Transactions, (iv) the absence of any conflict with laws and regulations regarding the execution and performance of the Master Transaction Agreement, (v) the absence of any bankruptcy procedures, etc., (vi) that it is not an antisocial force and has no relationship with any antisocial forces, and (vii) the procurement of funds. In addition, in the Master Transaction Agreement, Fujitsu represents and warrants (i) its incorporation, existence, and the existence of the power necessary for the execution and performance of the Master Transaction Agreement, (ii) the validity and enforceability of the Master Transaction Agreement, (iii) the obtainment and implementation of permits and authorizations, etc. and other procedures necessary for the execution and performance of the Master Transaction Agreement, (iv) the absence of any conflict with laws and regulations regarding the execution and performance of the Master Transaction Agreement, (v) the absence of any bankruptcy procedures, etc., (vi) that it does not fall under an antisocial force and has no relationship with any antisocial forces, (vii) the legal and valid ownership of the Non-

Tendered Shares, (viii) matters relating to the Target Company Shares, (ix) the accuracy of securities reports, etc. of the Target Company filed after April 1, 2022, and (x) that the Target Company Group is not an antisocial force and has no relationship with any antisocial forces.

- Note 2: In summary, Fujitsu has the following obligations under the Master Transaction Agreement: (i) not to tender the Non-Tendered Shares in the Tender Offer and not to transfer or otherwise dispose of the Non-Tendered Shares; (ii) to implement the Squeeze-Out Procedures; (iii) to ensure that the Target Company carries out a capital increase by a third-party allotment and the Capital Decrease, Etc. in connection with the Financing; (iv) to discuss and agree with the Offeror in advance on the exercise of shareholder rights by Fujitsu if a shareholders' meeting is held by the Target Company on or before the date on which the Share Repurchase is implemented; (v) to implement the Share Repurchase; (vi) to cooperate and make efforts to satisfy the Tender Offer Conditions Precedent; (vii) to make efforts to execute a license agreement regarding the trademark rights held by Fujitsu, in a form and substance reasonably satisfactory to Fujitsu and the Offeror (the "**License Agreement**"); (viii) not to solicit any officers or employees of the Target Company for a certain period after the execution of the Master Transaction Agreement; and (ix) to provide indemnification in the event of a breach of Fujitsu's representations, warranties, or obligations.
- Note 3: In summary, the Offeror has the following obligations under the Master Transaction Agreement: (i) to commence the Tender Offer on or after the date on which the Tender Offer Conditions Precedent are satisfied; (ii) to make efforts to complete the Acquisition of Clearance; (iii) to implement the Squeeze-Out Procedures; (iv) to ensure that the Target Company carries out a capital increase by a third-party allotment and the Capital Decrease, Etc. in connection with the Financing; (v) to implement the Share Repurchase; (vi) to cooperate and make efforts to satisfy the Tender Offer Conditions Precedent; (vii) to ensure that the Target Company's MOU is not changed or terminated without the prior written approval of Fujitsu; (viii) not to solicit any officers or employees of the Target Company for a certain period after the execution of the Master Transaction Agreement; and (ix) to provide indemnification in the event of a breach of the Offeror's representations, warranties, or obligations.
- Note 4: It is stipulated in the Master Transaction Agreement that the Master Transaction Agreement may be terminated by either the Offeror or Fujitsu in any of the following events: (i) the other party materially breaches any of its representations and warranties and does not remedy the breach within five business days after receiving notice of the breach; (ii) the other party materially defaults or fails to comply with any of its obligations under the Master Transaction Agreement and does not remedy the breach within five business days after receiving notice of the breach; (iii) a petition for the commencement of insolvency proceedings, etc. is filed with respect to the other party; (iv) the Tender Offer is not commenced by September 30, 2025 (unless the delay is attributable to the relevant party); (v) there is a change in the person who directly or indirectly substantially controls the Offeror through the exercise of voting rights or contractual rights or otherwise



there is a change of control with respect to the Offeror; (vi) Fujitsu tenders all of the Non-Tendered Shares in an Eligible Tender Offer for without any breach of the provisions of the Master Transaction Agreement and the Eligible Tender Offer is successfully completed. In addition, it is stipulated in the Master Transaction Agreement that the Master Transaction Agreement will automatically terminate in any of the following events: (i) the Offeror lawfully withdraws the Tender Offer in accordance with the Act or any other applicable laws and ordinances, etc.; (ii) the total number of the Tendered Share Certificates, Etc. in the Tender Offer is less than the minimum number of shares to be purchased; or (iii) the Master Transaction Agreement is terminated by the Offeror or Fujitsu.

(ii) Target Company's MOU

As described in “(iv) Management policy after the Tender Offer” in “(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer” above, in connection with the Tender Offer, the Offeror and the Target Company executed the Target Company's MOU as of today in relation to the Transactions. In the Target Company's MOU, the Offeror and the Target Company agreed on the following matters: (i) the conditions precedent to the Offeror's performance of obligations (Note 5); (ii) the obligations of the Target Company (Note 6); (iii) the obligations of the Offeror (Note 7); and (iv) agreement termination events (Note 9).

Note 5: Pursuant to the Target Company's MOU, the Offeror has the obligation to commence the Tender Offer on the condition that the Tender Offer Conditions Precedent are satisfied as of the commencement date of the Tender Offer. However, the Offeror may waive the Tender Offer Conditions Precedent at its discretion.

Note 6: In summary, the Target Company has the following obligations under the Target Company's MOU: (i) to pass a resolution to express an opinion in support of the Tender Offer and that it will recommend that the Target Company's shareholders tender their shares in the Tender Offer (the “**Opinion**”), to announce the Opinion in accordance with the laws and ordinances, etc., and not to withdraw or change, or pass a resolution that contradicts, the Opinion from the execution date of the Target Company's MOU until the expiration date of the purchase period for the Tender Offer (Note 7); (ii) to notify the Offeror in writing if the Target Company receives a proposal from a person other than the Offeror for any transaction (including a tender offer, third-party allotment, reorganization, or any other means whatsoever) that will or is likely to, compete with, contradict, or conflict with the Tender Offer or make it difficult to conduct the Tender Offer together with the details of the proposal and to discuss with the Offeror in good faith how to respond to the proposal; (iii) to cooperate in the Acquisition of Clearance; (iv) from the execution date of the Target Company's MOU until the completion of the Transactions, to conduct, and cause its subsidiaries to conduct, its or their business operations with the due care of a good manager in a manner that is substantially the same as they have been conducted until the execution date of the Target Company's MOU in all material respects and within the scope of their normal business

operations; and (v) to provide indemnification in the event of a breach of the Target Company's obligations.

- Note 7: It is stipulated in the Target Company's MOU that the Target Company may withdraw or change, or pass a resolution that contradicts, the Opinion if the Target Company receives a legally binding written proposal from a person other than the Offeror for a tender offer, a third-party allotment, reorganization, or other transaction that contains a proposal for the acquisition of the common shares of the Target Company at a price that is higher than the Tender Offer Price, and it is reasonably determined that there is a high probability that maintaining the Opinion, despite receiving such a proposal, as the opinion of the Target Company's board of directors would breach the duty of care of prudent management by the Target Company's board of directors.
- Note 8: In summary, the Offeror has the following obligations under the Target Company's MOU: (i) to commence the Tender Offer on or after the date on which the Tender Offer Conditions Precedent are satisfied; (ii) to make efforts to complete the Acquisition of Clearance; (iii) to maintain and respect the independence and autonomy of the Target Company Group's management; (iv) to respect medium- to long-term management plans of the Target Company Group and cooperate in materializing and achieving its targets; (v) to cooperate in maintaining relationships and strengthening collaboration with the existing customers and business partners of the Target Company Group; (vi) to undertake rebranding of the Target Company Group; (vii) to discuss changing the corporate name of the Offeror; (viii) to maintain employment and the terms and conditions of employment for the employees of the Target Company Group; and (ix) to provide indemnification in the event of a breach of the Offeror's obligations.
- Note 9: It is stipulated in the Target Company's MOU that the Target Company's MOU will automatically terminate if the Tender Offer is not commenced by September 30, 2025, if the Tender Offer ends without a successful completion thereof, or if the Master Transaction Agreement terminates.

## 2. Outline of the Tender Offer

### (1) Outline of the Target Company

(1) Name	Fujitsu General Limited	
(2) Address	3-3-17 Suenaga, Takatsu-ku, Kawasaki, Kanagawa	
(3) Name and Title of Representative	Koji Masuda, President & CEO	
(4) Description of Business	Development, manufacture, and sale of, and provision of services related to, products and components in the air conditioner, information & communication, and electronic device businesses	
(5) Capital	18,260 million yen	
(6) Date of Incorporation	January 15, 1936	
(7) Major Shareholders and Shareholding Ratios (as of September 30, 2024)	Fujitsu Limited	44.02%
	The Master Trust Bank of Japan (Trust Account)	7.25%
	Custody Bank of Japan, Ltd. (Trust Account)	3.26%
	MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	2.05%
	BOFAS INC SEGREGATION ACCOUNT (Standing Proxy: BofA Securities Japan Co., Ltd.)	1.91%
	Mizuho Bank, Ltd. (Standing Proxy: Custody Bank of Japan, Ltd.)	1.91%
	Morgan Stanley MUFG Securities Co., Ltd.	1.83%
	JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO (Standing Proxy: UFJ Bank Limited)	1.56%
	JPMorgan Securities Japan Co., Ltd	1.21%
	Goldman Sachs International (Standing Proxy: Goldman Sachs Securities Co., Ltd.)	1.09%

(8) Relationship between the Offeror and the Target Company	
Capital Relationship	Not applicable.
Personnel Relationship	Not applicable.
Business Relationship	There is no business relationship between the Offeror and the Target Company that needs to be stated. Rheem, which is a wholly-owned subsidiary of the Offeror, the Target Company, and their respective affiliates have business relationships through transactions related to air conditioners, etc., including mutual product supply and joint development.
Status as Related Party	Not applicable.

Note: Statements in “Major Shareholders and Shareholding Ratios as of September 30, 2024” are based on the information stated in the “Status of the Major Shareholders” in the Target Company’s Semiannual Securities Report.

(2) Schedule, etc.

The Offeror plans to commence the Tender Offer as soon as possible if the Tender Offer Conditions Precedent are satisfied or waived by the Offeror). As of today, the Offeror aims to commence the Tender Offer around early July, 2025, but since it is difficult to accurately estimate the amount of time required for the procedures involving relevant authorities in Japan and overseas, the detailed schedule for the Tender Offer will be promptly announced after it is decided. The Offeror will also promptly announce any change in the anticipated time frame for commencement of the Tender Offer.

Please note that the Tender Offer Period will be set at 21 business days because the Offeror believes that the relevant period will in effect be longer than the minimum number of days required under laws and regulations if the period from January 6, 2025, which is the date on which the Offeror announced the planned commencement of the Tender Offer, to the time of commencement of the Tender Offer is taken into account, and therefore, opportunities are ensured for the general shareholders of the Target 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 Target Company Shares.

Note: The Offeror plans to set the Tender Offer Period to ensure a period of 20 Business Days in the United States, which is the minimum number of days required for a tender offer period under the U.S. Securities Act.

(3) Price of tender offer

- (i) 2,808 yen per Target Company Share (However, the Tender Offer Price has been set based on the assumption that the Target Company will not pay a year-end dividend with a record date of March 31, 2025.)

(4) Basis for the calculation of the Tender Offer Price

- (i) Basis of calculation

In executing the Transactions, including the Tender Offer, the Offeror requested BofA Securities, which is a financial advisor and third-party appraiser independent of the Offeror and the Target Company, to evaluate and analyze the share price of

the Target Company and obtained the Share Price Valuation Report from BofA Securities on December 30, 2024. Since the Offeror made determinations regarding, and decided, the Tender Offer Price after comprehensively taking into consideration factors stated in “(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer” of “1. Purpose of the Tender Offer” above and having discussions and negotiations with the Target 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.

BofA Securities examined certain methods of calculation to be used in the Tender Offer, and as a result, used the market price analysis, the comparable companies analysis, the comparable transaction analysis, and the discounted cash flow analysis (the “**DCF Analysis**”) to evaluate and analyze the share price of the Target Company subject to the conditions precedent set out in the Note below and other certain conditions. The ranges of values per share of the Target Company Shares analyzed by using the aforementioned methods are as follows. Please refer to the Note below regarding the conditions precedent, matters to be noted, and other matters related to the preparation of the Share Price Valuation Report by BofA Securities and the evaluation and analysis used as the bases therefor.

Market price analysis: From 2,018 yen to 2,327 yen

Comparable companies analysis: From 1,662 yen to 2,875 yen

Comparable transaction analysis: From 1,495 yen to 3,286 yen

DCF Analysis: From 1,809 yen to 3,223 yen

The range of values per share of the Target Company Shares obtained from the market price analysis is 2,018 yen to 2,327 yen, which is calculated by using December 30, 2024 as the reference date, based on the following prices quoted on the Prime Market of the Tokyo Stock Exchange: 2,327 yen, the closing price of the Target Company Shares as of the reference date; 2,206 yen, the simple average closing price over the preceding 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 preceding 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 preceding six-month period ending on that date (from July 1, 2024 to December 30, 2024).

The range of values per share of the Target Company Shares obtained from the comparable companies analysis is 1,662 yen to 2,875 yen, which is calculated by analyzing the share price of the Target Company through comparisons of the market share prices and financial indicators showing the profitability of the Target Company with those of the listed companies that are engaged in the businesses that are relatively similar to those conducted by the Target Company.

The range of values per share of the Target Company Shares obtained from the comparable transaction analysis is 1,495 yen to 3,286 yen, which is calculated by comparing the transaction prices of the Target Company Shares and financial indicators that show earnings, etc. of the Target Company with those of the target companies in the publicly announced tender offers that were conducted in the past and were determined to be relatively similar to the Tender Offer.

The range of values per share of the Target Company Shares obtained from the DCF analysis is 1,809 yen to 3,223 yen, which is derived by analyzing the Target 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 Target Company is expected to generate going forward based on the future financial forecasts of the Target Company for the period from the fiscal year ending in March 2025 to the fiscal year ending in March 2032 formulated by the Offeror, taking into consideration factors such as the Target Company's business plan for the fiscal year ending in March 2025 to the fiscal year ending in March 2027, trends in the Target Company's performance during the period until the most recent fiscal year, and publicly released information. The Target Company's future financial forecasts used by BofA Securities for the DCF Analysis does not include the fiscal year in which a significant increase or decrease in profit is expected. In addition, since it is difficult to make a specific estimate of the synergy effects expected to be realized through the execution of the Transactions, the financial forecasts were not prepared on the assumption that the Transactions would be executed.

The Tender Offer Price of 2,808 yen represents (i) a premium of 20.67% on 2,327 yen, the closing price of the Target 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, 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.

Note: The above-mentioned Share Valuation Report has been delivered solely for benefit of the board of directors of the Offeror in its capacity as such in connection with and for purposes of its evaluation of the Tender Offer Price from a financial point of view. The Share Price Valuation Report does not express any opinion or view with respect to any consideration received in connection with the Transactions by the owners of any class of securities, creditors or other interested parties of any relevant party, including any disparity in the consideration received by the Target Company's shareholders and Fujitsu. The Share Price Valuation Report expresses no view or opinion as to the fairness of the Tender Offer Price or any terms or other aspects or results of the Transactions (including, but not limited to, the form or structure of the Transactions, and any contracts, arrangements, or agreements made in connection with the Transactions or other such respects). Furthermore, the Share Price Valuation Report does not express any opinion or view as to the relative merits of the Transactions in comparison to other strategies or transactions that might be available to the Offeror or in which the Offeror might engage or as to the underlying business decision of the Offeror to proceed with or effect the Transactions. In addition, pursuant to the instruction of the Offeror, BofA Securities expresses no view or opinion with respect to the Target Company, Fujitsu, or the Offeror, nor with respect to any laws, regulations, accounting, taxation, or any other aspect similar thereto concerning the Transactions, and has relied on the evaluation by the Offeror (BofA Securities

understands that the Offeror has obtained the advice required from experts with respect to the aforementioned points). Moreover, the Share Price Valuation Report does not express any opinion or view with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Transaction relative to the Tender Offer Price or any other such aspect. The Share Price Valuation Report does not express any opinion as to the prices at which the Target Company Shares will be traded at any time, including following the announcement or consummation of the Transactions.

In preparing the Share Price Valuation Report and conducting its underlying valuation analysis, BofA Securities has assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with BofA Securities and has relied upon the assurances of the management of the Offeror that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. Further, with respect to the financial forecasts of the Target Company provided by the Offeror based on the Share Price Valuation Report (the “**Financial Forecasts**”), BofA Securities has been advised by the Offeror that such forecasts have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of the Offeror as to the future financial performance of the Target Company and the evaluation of the Offeror as to the achievable future financial performance reflected therein, and BofA Securities has assumed that the analysis thereof was conducted upon the instruction of the Offeror. The Share Price Valuation Report is necessarily based on financial, economic, monetary, market and other conditions and circumstances as of the time of, and the information made available to BofA Securities as of, the date of the report (except as otherwise stated in the analysis). It should be understood that subsequent developments may affect the Share Price Valuation Report, and BofA Securities does not have any obligation to update, revise, or reaffirm such report.

As noted above, the descriptions of the analyses conducted by BofA Securities set forth above are summaries of the material financial analyses presented by BofA Securities to the board of directors of the Offeror in connection with the Share Price Valuation Report and are not comprehensive descriptions of all analyses undertaken by BofA Securities in connection with such report. The preparation of the Share Price Valuation Report and its underlying analysis is a complex process involving various judgments about the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances; therefore, BofA Securities believes that its analyses must be considered holistically and in context. BofA Securities further believes that selecting portions of its analyses and the factors considered or focusing on any information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA

Securities' analysis. The fact that any specific analysis has been referred to in the summary set out above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in such summary.

In performing its analyses, BofA Securities considered industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Offeror and the Target Company. The estimates of the future performance of the Target Company based on which BofA Securities' analyses were made are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than such estimates. BofA Securities' analyses were performed solely as part of its analysis contained in the Share Price Valuation Report and were provided to the board of directors of the Offeror in connection with the delivery of such report. BofA Securities' analyses do not purport to be appraisals or to reflect the prices at which a company or business might actually be sold or the prices at which any securities have been traded or may be traded at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Securities' view of the actual values of the Target Company.

As described above, the Share Price Valuation Report was only one of many factors considered by the board of directors of the Offeror (in its capacity) in its evaluation of the Transactions and should not be viewed as determinative of the views of the board of directors or the management of the Offeror with respect to the Transactions or the Tender Offer Price.

BofA Securities has not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the Target Company, Fujitsu, the Offeror, or any other entity, nor has it made any physical inspection of the properties or assets of the Target Company, Fujitsu, the Offeror, or any other entity. In addition, BofA Securities' analyses were based on the assumption that there were no material undisclosed liabilities on the part of or in relation to the Tender Offer or any other entity with respect to which no appropriate allowances, indemnification agreements, or other provisions have been maintained with the consent of the Offeror. BofA Securities has not evaluated the solvency or fair value of the Target Company, Fujitsu, the Offeror, or any other entity in any region or country or under any laws or regulations relating to bankruptcy, insolvency or similar matters.

BofA Securities has acted as a financial advisor of the Offeror in connection with the Transactions and will receive a fee for its services, all of which is contingent upon completion of the Tender Offer.

BofA Securities and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of



companies, governments and individuals. In the ordinary course of its businesses, BofA Securities and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of the Offeror, the Target Company, Fujitsu, and certain of their respective affiliates.

BofA Securities and its affiliates currently provide, in the past have provided, and may provide in the future, investment banking, commercial banking and other financial services to the Offeror and some of its affiliates and have received or in the future may receive compensation for the rendering of such services.

In addition, BofA Securities and its affiliates currently provide, in the past have provided, and may provide in the future, investment banking, commercial banking and other financial services (including acting as a financial advisor of Fujitsu in relation to a transaction in which Fujitsu acquired GK Software SE, which was publicly announced in March 2023) to Fujitsu, the Target Company, and some of their respective affiliates and have received or in the future may receive compensation for the rendering of these services.

BofA Securities does not provide any legal, accounting or tax-related advice.

(ii) Process of calculation

As described above in “(i) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer” under “1. Purpose of the Tender Offer,” although a cooperative relationship already existed between Rheem, a member of the Offeror Group, and the Target Company, in light of the global trend toward decarbonization and competitors’ actions in light of this trend, the Offeror decided that it was essential to collaborate with the Target Company on a larger scale and more quickly from a long-term perspective given that competition among competing companies is expected to intensify on a global scale, and the urgent need to pursue efficient R&D, manufacturing, and sales. In order to realize the collaboration with the Target Company, the Offeror concluded that the most rational choice would be to manage the Target Company from a medium- to long-term perspective by making it a wholly-owned subsidiary, rather than making it a subsidiary while maintaining the Target Company’s listing and managing its business while taking into consideration the short-term interests of the Target Company’s existing shareholders.

Therefore, from late July 2024, the Offeror requested an opportunity to meet with Fujitsu, the largest shareholder of the Target Company, for the purpose of explaining the proposal to make the Target Company its wholly-owned subsidiary. The meeting was held on September 2, 2024, and after requesting Fujitsu to consider selling its shares in the Target Company, on September 13, 2024, the Offeror submitted a letter of intent to Fujitsu regarding making the Target Company its wholly-owned subsidiary. On September 19, 2024, the Offeror also submitted a letter of intent to the Target Company, proposing to make the Target Company a wholly-owned subsidiary. In response, on September 27, 2024, Fujitsu informed the Offeror that it wished to proactively proceed with the Transactions, and

therefore the Offeror began discussions with Fujitsu regarding the Transactions. In addition, in order to conduct a full-fledged review of the Transactions, the Offeror appointed Mori Hamada & Matsumoto as its legal advisor on September 25, 2024 and BofA Securities as its financial advisor independent of the Offeror, Fujitsu and the Target Company on October 2, 2024. Based on the process letter received from Fujitsu on the same day, the Offeror conducted due diligence mainly in the legal and financial areas from mid to late October 2024, including management interviews with the Target Company's management, visits to the Target Company's overseas manufacturing bases, and interview sessions with the Target Company. Based on the results of the above management interviews and due diligence, the Offeror conducted a multifaceted and comprehensive analysis of the Target Company's business and financial conditions, and based on the share valuation analysis reflecting such analysis, the Offeror submitted the Final Proposal to Fujitsu and the Target Company on October 29, 2024, setting the share valuation per share of Target Company Shares at 2,400 yen and the tender offer price at 2,753 yen (representing a premium rate of 47.85% (rounded to two decimal places; the same applies for calculations of premium rates hereinafter) on the closing price of 1,862 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of October 28, 2024, the business day immediately preceding the date of the proposal).

Subsequently, in light of the Offeror receiving a proposal from the Special Committee on December 4, 2024, to set the tender offer price at 3,020 yen per share, based on comprehensive consideration of factors including the premium level in the case of a tender offer with the intention of going private, the level of the Target Company's share price during the period when it was being impacted by speculative media reports regarding the Target Company's capital policy, and the Target Company's share valuation, the Offeror made another proposal on December 10, 2024, setting the share valuation per share of the Target Company Shares at 2,420 yen and the tender offer price at 2,776 yen (representing a premium rate of 31.63% on the closing price of 2,109 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of December 9, 2024, the business day immediately preceding the date of the proposal). On December 12, 2024, the Offeror received a request from the Special Committee to reconsider increasing the tender offer price on the grounds that the synergies that could be realized after the Transactions had not sufficiently been taken into account and that the proposal was also below the average premium level in tender offer cases with the intention of going private, and in light of this, on December 16, 2024, the Offeror made another proposal to increase the share valuation per share of the Target Company Shares to 2,430 yen and the tender offer price to 2,785 yen (representing a premium rate of 29.23% on the closing price of 2,155 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of December 13, 2024, the business day immediately preceding the date of the proposal). Furthermore, on December 18, 2024, the Offeror received a request from the Special Committee to reconsider increasing the tender offer price, but on December 19, 2024, the Offeror responded that it could not make a proposal for a further price increase. Then, on December 20, 2024, the Offeror received a request from the Special Committee to reconsider increasing the tender offer price, but on December 23, 2024, the Offeror again responded that it could not make a proposal for a further price increase. Thereafter, in response to a request from the Special Committee, on December 25, 2024, the Offeror met with the Special

Committee and received a request therefrom to reconsider increasing the tender offer price, and in light of this, on December 25, 2024, the Offeror made another proposal as its final proposal to increase the share valuation per share of the Target Company Shares to 2,450 yen and the tender offer price to 2,808 yen (representing a premium rate of 22.51% on the closing price of 2,292 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of December 24, 2024, the business day immediately preceding the date of the proposal). Following this, on December 26, 2024, the Offeror received a response from the Special Committee to the effect that the Special Committee had agreed to the proposal of the Offeror.

On the other hand, with respect to negotiations with Fujitsu regarding the tender offer price stated in the Final Proposal, on December 18, 2024, the Offeror received a request from Fujitsu to reconsider the tender offer price and the repurchase price, on the grounds that the tender offer price could not be accepted based on factors such as the share price trend for the Target Company Shares and from the perspective of Fujitsu being a major shareholder of the Target Company and being accountable to Fujitsu shareholders. In response, on December 20, 2024, the Offeror made another proposal, setting the share valuation per share of the Target Company Shares at 2,430 yen, the tender offer price at 2,785 yen (representing a premium rate of 17.71% on the closing price of 2,366 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of December 19, 2024, the business day immediately preceding the date of the proposal) , and the repurchase price at 1,979 yen, which were the same prices proposed to the Special Committee on December 16, 2024, based on the series of requests from the Special Committee. Thereafter, on December 27, the Offeror made another proposal, setting the share valuation per share of the Target Company Shares at 2,450 yen, the tender offer price at 2,808 yen (representing a premium rate of 21.30% on the closing price of 2,315 yen of the common shares of the Target Company on the Prime Market of the Tokyo Stock Exchange as of December 26, 2024, the business day immediately preceding the date of the proposal) , and the repurchase price at 1,995 yen, which were the same prices proposed to the Special Committee on December 25, 2024, based on the series of requests from the Special Committee. Following this, on the same day, the Offeror received a response from Fujitsu to the effect that Fujitsu had agreed to the proposal of the Offeror.

(iii) Relationships with appraisers

BofA Securities, which is a financial advisor and third-party appraiser of the Offeror, is not a related party of the Offeror, Fujitsu, or the Target Company, nor does it have material interests in the Tender Offer.

(5) Number of share certificates, etc. to be purchased

Class of share certificates, etc.	Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
Common stock	58,644,761 (shares)	23,722,800 (shares)	- (shares)
Total	58,644,761 (shares)	23,722,800 (shares)	- (shares)

Note 1: If the total number of the Tendered Share Certificates, Etc. is less than the minimum

number of shares to be purchased (23,722,800 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or exceeds the minimum number of shares to be purchased, the Offeror will purchase all the Tendered Shares Certificates, Etc.

- Note 2: In the Tender Offer, the Offeror has not set a maximum number of shares to be purchased, so the number of shares to be purchased is stated as the maximum number of the Target Company Shares that can be acquired by the Offeror through the Tender Offer (58,644,761 shares). This maximum number is equal to the sum of the total number of issued shares of the Target Company as of September 30, 2024 (109,406,661 shares) as stated in the Target Company’s Semiannual Securities Report less the number of the treasury shares (4,640,900 shares) held by the Target Company as of September 30, 2024 and the Non-Tendered held by Fujitsu (46,121,000 shares).
- Note 3: Shares less than one unit are also subject to the Tender Offer. If a right to request a purchase of shares less than one unit is exercised by the shareholders in accordance with the Companies Act, the Target Company may purchase its own shares less than one unit during the Tender Offer Period in accordance with procedures required by laws and regulations.
- Note 4: The Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.
- Note 5: The figures in “Number of shares to be purchased” and “Minimum number of shares to be purchased” above are tentative figures that rely on information as of today. Due to factors including fluctuations in the number of treasury shares after the same date, actual figures in the Tender Offer may differ from the figures above. The “Number of shares to be purchased” and “Minimum number of shares to be purchased” will be finally determined prior to the commencement of the Tender Offer based on the latest information available at the time of the commencement of the Tender Offer.

(6) Changes to ownership percentages of share certificates, etc. due to the tender offer

Number of voting rights represented by share certificates, etc. held by the Offeror prior to the tender offer	0	Ownership percentage of share certificates, etc. prior to the tender offer: -%
Number of voting rights represented by share certificates, etc. held by special related parties prior to the tender offer	461,210	Ownership percentage of share certificates, etc. prior to the tender offer: 44.02%
Number of voting rights represented by share certificates, etc. held by the Offeror after the tender offer	586,447	Ownership percentage of share certificates, etc. after the tender offer: 55.98%
Number of voting rights represented by share certificates, etc. held by special related parties after the tender offer	461,210	Ownership percentage of share certificates, etc. after the tender offer: 44.02%

Total number of voting rights of all shareholders, etc. of the Target Company	1,047,090	
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Note 1: “Number of voting rights represented by share certificates, etc. held by special related parties prior to the tender offer” and “Number of voting rights represented by share certificates, etc. held by special related parties after the tender offer” states the total number of voting rights represented by share certificates, etc. held by each special related party (other than special related parties who are not considered special related parties pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Ordinance with respect to Disclosure of a Tender Offer for Share Certificates, Etc. by an Offeror other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, as amended) for the purpose of calculation of ownership percentage of share certificates, etc. under each Item of Article 27-2, Paragraph 1 of the Act). However, because share certificates, etc. held by the special related parties (excluding the Non-Tendered Shares and the treasury shares held by the Target Company) are subject to purchase, etc. in the Tender Offer, the “Number of voting rights represented by the share certificates, etc. held by special related parties prior to the tender offer” only tentatively states the number of the Target Company Shares held by Fujitsu as of today. The Offeror will confirm the number of the Target Company Shares held by special related parties before the commencement of the Tender Offer, and if it becomes necessary for the Offeror to revise the figure in the “Number of voting rights represented by share certificates, etc. held by special related parties after the tender offer,” the Offeror will disclose the revised details at the time of the commencement of the Tender Offer.

Note 2: The “Number of voting rights represented by share certificates, etc. held by the Offeror after the tender offer” is the number of voting rights represented by the number of shares to be purchased (58,644,761 shares) in the Tender Offer.

Note 3: The “Total number of voting rights of all shareholders, etc. of the Target Company” is the number of voting rights of all shareholders as of September 30, 2024 as stated in the Target Company’s Semiannual Securities Report. However, since shares less than one unit are also subject to the Tender Offer, when calculating the “Ownership percentage of share certificates, etc. prior to the tender offer” and the “Ownership percentage of share certificates, etc. after the tender offer,” 1,047,657 voting rights represented by the sum (104,765,761 shares) of the total number of issued shares of the Target Company as of September 30, 2024 (109,406,661 shares) as stated in the Target Company’s Semiannual Securities Report less the number of the treasury shares (4,640,900 shares) held by the Target Company as of March 31, 2024 is used as a denominator.

Note: 4 The figures stated in “Ownership percentage of share certificates, etc. prior to the tender offer” and “Ownership percentage of share certificates, etc. after the tender offer” have been rounded to the nearest two decimal places.

(7) Purchase price (scheduled)

164,674,488,888 yen

Note: The “Purchase price” above has been calculated by multiplying the number of shares to be purchased in the Tender Offer (58,644,761 shares) stated in “(5) Number of share certificates, etc. to be purchased” above by the Tender

Offer Price (2,808 yen per share) and is therefore subject to change if the actual number of shares to be purchased in the Tender Offer is altered due to fluctuation, etc. hereafter.

- (8) Other conditions and methods of purchase
- (i) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof

If the total number of the Tendered Share Certificates, Etc. is less than the minimum number of shares to be purchased (23,722,800 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or exceeds the minimum number of shares to be purchased (23,722,800 shares), the Offeror will purchase all the Tendered Share Certificates, Etc.

- (ii) Other matters

As with “(2) Schedule” above, the Offeror will promptly announce the “method of settlement,” the “date of public notice of commencement of the Tender Offer,” and “other conditions and methods of purchase” after these details are determined.

3. Post-tender offer policy, etc. and future outlook

For the policy, etc. after the Tender Offer, please refer to “1. Purpose of the Tender Offer” above.

4. Other matters

- (1) Agreements between the Offeror and the Target Company or its officers, and the contents thereof

- (i) Expressions of Support for the Tender Offer

According to the Target Company’s Press Release, at the board of directors meeting held today, a resolution was adopted that if the Tender Offer commences, the position of the Target Company at this time is that it will express an opinion in support of the Tender Offer and that it will recommend that the Target Company’s shareholders tender their shares in the Tender Offer.

In addition, the Offeror plans to promptly commence the Tender Offer if the Tender Offer Conditions Precedent are satisfied or waived by the Offeror, and as of today, the Offeror aims to commence the Tender Offer on or around early July 2025. However, it is difficult to accurately estimate the amount of time required for the procedures involving relevant domestic and foreign authorities. Therefore, at the aforementioned board of directors meeting, the Target Company also resolved to request the Special Committee to consider at the time the Tender Offer commences whether or not the opinion expressed by the Special Committee to the board of directors of the Target Company as of today has changed, and to report to the board of directors of the Target Company to that effect if the previous opinion has not changed, or to provide a revised opinion if it has changed, and to express its opinion on the Tender Offer anew based on the Special Committee’s revised opinion at the time the Tender Offer commences.

For details of the decision-making process of the Target Company’s board of directors, please refer to “(vi) Approval of all disinterested directors of the Target Company and unanimous opinion of disinterested statutory auditors of the Target Company that they have no objection” in “(3) Measures to ensure the fairness of

the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” under “1. Purpose of the Tender Offer” above.

- (2) Other information considered necessary for investors to decide whether to tender their shares in the tender offer
  - (i) Release of “Notice regarding Revision of Dividend Forecast for the Fiscal Year Ending March 2025 (No Dividend)”

According to the “Notice regarding Revision of Dividend Forecast for the Fiscal Year Ending in March 2025 (No Dividend)” released by the Target Company on January 6, 2025, at the board of directors meeting held on January 6, 2025, it was resolved that the Target Company will not pay out any year-end dividend with a record date of March 31, 2025, on the condition that the Tender Offer is successfully completed. For details, please refer to the said release.

## Disclaimer

### Restrictions on solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares in connection with the Tender Offer. If shareholders wish to make an offer to sell their shares in the Tender Offer, they should first be sure to carefully read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute nor form part of any offer to sell, any solicitation to sell, or any solicitation of any offer to buy any securities. In addition, neither this press release (nor any part of it) nor the fact of its distribution shall form the basis of any agreement pertaining to the Tender Offer, and may not be relied on for any such agreement in the event of the execution thereof.

### U.S. Regulations

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, which may not necessarily be the same as the procedures and information disclosure standards applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended) (the “**U.S. Securities Exchange Act of 1934**”) or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures or standards. The financial information included or referred to in this press release and its reference materials do not all conform to the U.S. accounting standards and may not be equivalent or comparable to financial statements prepared pursuant to the accounting standards of the United States. In addition, because the Offeror is a corporation incorporated outside the United States and some or all of its officers are non-U.S. residents, it may be difficult to exercise against them the rights or demands that arise under U.S. securities laws. It also may be impossible to bring an action against a corporation that is based outside of the United States or its officers in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. Furthermore, there is no guarantee that a corporation that is based outside of the United States or its subsidiaries or affiliates may be compelled to submit themselves to the jurisdiction of a U.S. court.

All procedures regarding the Tender Offer will be conducted in Japanese. All or part of the documents regarding the Tender Offer will be prepared in English; however, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

Before the commencement of the Tender Offer or during the purchase period of the Tender Offer, the Offeror and the Target Company (including its affiliates), as well as the affiliates of the financial advisors and the tender offer agent[s] of each of the foregoing, may purchase or conduct an act aimed at such a purchase, etc., of the common shares of the Target Company by means other than the Tender Offer, on their own account or the account of their client, within the scope of their ordinary business, to the extent permitted by Japanese legislation related to financial instruments and exchanges and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. In the case that information regarding such a purchase, etc., is disclosed in Japan, the person that conducted such a purchase, etc., will disclose the matter on the website of the said person in English.

### Forward-looking statements

This press release may include statements concerning future prospects such as “expect,”



“forecast,” “intend,” “plan,” “be convinced,” and “estimate,” including those concerning the future business of the Offeror and other companies and entities. These statements are based on the current business prospects of the Offeror and may change depending on future developments.

This press release includes “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Actual results may be significantly different from the predictions expressly or implicitly indicated in the forward-looking statements, due to known or unknown risks, uncertainties, or other factors. The Offeror or its affiliates cannot promise that the predictions expressly or implicitly indicated as forward-looking statements will turn out to be correct. The forward-looking statements included in this press release were prepared based on the information held by the Offeror as of the date of this press release, and unless obligated by laws or regulations or the rules of a financial instruments exchange, the Offeror or the Target Company (including its affiliates) shall not be obligated to update or revise the statements to reflect future incidents or situations.

#### Other countries

Some countries or regions may impose legal restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply therewith. The announcement, issue, or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed as a distribution of materials for informative purposes only.