

Notice Regarding Conclusion of Agreement on Shares of a Consolidated Subsidiary of Fujitsu Limited (SHINKO ELECTRIC INDUSTRIES CO., LTD.)

Tokyo, December 12, 2023 — In the meeting of its board of directors held today, Fujitsu Limited has resolved to approve a basic transaction agreement (hereinafter the “Basic Transaction Agreement”) with JICC-04, Ltd. (hereinafter the “Tender Offeror”), whose outstanding shares are held entirely by JIC Capital, Ltd. (hereinafter “JICC”), a wholly owned subsidiary of Japan Investment Corporation (hereinafter “JIC”), regarding the series of transactions aimed at taking the shares of SHINKO ELECTRIC INDUSTRIES CO., LTD. (hereinafter “SHINKO”) private (hereinafter the transactions shall be collectively referred to as the “Transactions”). The Transactions involve (i) The non-application to the tender offer by Tender Offeror for the common shares of SHINKO (hereinafter the shares, the “Shares of SHINKO,” and the tender offer, the “Tender Offer”); (ii) Procedures for the share consolidation (hereinafter the “Share Consolidation”) to be conducted by SHINKO to make Fujitsu and the Tender Offeror the only shareholders of SHINKO if the Tender Offeror is not able to acquire all of the Shares of SHINKO (excluding the Shares of SHINKO held by Fujitsu (hereinafter the “Fujitsu Sale Shares”) and the treasury shares held by SHINKO) through the Tender Offer; (iii) The provision of funds to SHINKO by the Tender Offeror (hereinafter the “Financing”), and a decrease in the amounts of the stated capital, capital reserve, and retained earnings reserve of SHINKO (hereinafter the “Capital Reduction, Etc”) for the purpose of procuring funds and a distributable amount necessary for conducting SHINKO’s acquisition of the Fujitsu Sale Shares; and (iv) The transfer of the Fujitsu Sale Shares as Fujitsu agrees to the share repurchases of SHINKO (hereinafter the “Share Transfer”). The Basic Transaction Agreement was concluded today.

Please note that during the period up to the time of settlement of the Tender Offer, all of the outstanding shares of the Tender Offeror are scheduled to be transferred to JIC PEF1 Limited Partnership and JIC PEFJ1 Limited Partnership operated by JICC. In addition, during the period from the completion of the Tender Offer to the time of settlement of the Tender Offer, the Offeror will commence procedures for a capital contribution by a third-party allotment of common shares through which shares are allotted by the Offeror to the JICC Funds (any other investment limited partnership or other legal entity of which the JICC or its subsidiaries or affiliates acts as a general partner including JIC PEF1 Limited Partnership and JIC PEFJ1 Limited Partnership; hereinafter the same), Dai Nippon Printing Co., Ltd. (hereinafter “DNP”), and Mitsui Chemicals, Inc. (hereinafter “Mitsui Chemicals”; the JICC Funds, DNP, and Mitsui Chemicals are hereinafter collectively referred to as the “JICC Alliance,” and the capital contribution, the “Contribution (Common Shares)”) and procedures for a capital contribution by a third-party allotment of preferred shares (classified stock which is a non-voting shares and not attached the rights of conversion to common shares) through which shares are allotted by the Offeror to DNP and Mitsui Chemicals (hereinafter together with the Contribution (Common Shares), the “Contributions”) for the purpose of providing for the funds necessary to execute the Transactions. Please note that Hachijuni Sustainability No.1 Fund (general partner: Hachijuni Investment Co., Ltd.) is scheduled to invest in Limited Partnership in the JICC Funds as a limited partner.

The JICC Funds, DNP and MCI will respectively hold 80%, 15% and 5% of common shares of Tender Offeror after the Contributions.

Please note that as a result of the Share Transfer, SHINKO is scheduled to be removed from Fujitsu's consolidated subsidiaries. For details of the Transactions, please refer to SHINKO's timely disclosure material "Notice Concerning Expression of Opinion to Support Commencement of Tender Offer for Company Shares by JICC-04, Ltd. and Recommendation of Tender Thereto" dated today.

1. Reasons for and Methods of the Transfer

Fujitsu pursues its corporate activities to realize its purpose: to "make the world more sustainable by building trust in society through innovation," and for this, Fujitsu has set forth four key strategies that were addressed in the Medium-Term Management Plan (FY2023 to FY2025) announced on May 24, 2023. The four strategies are: "Business Model and Portfolio Strategy," "Customer Success/Regional Strategy," "Technology Strategy," and "People Strategy." The Share Transfer is intended to accelerate portfolio transformation efforts in line with the "Business Model and Portfolio Strategy," and Fujitsu intends to further enhance its corporate value by allocating the cash assets acquired through the Share Transfer to investments in growth areas such as Service Solutions centered on highly profitable cloud and digital services, including Fujitsu Uvance, and to shareholder returns.

SHINKO began its business in February 1946 as a limited partnership, Nagano Katei Denki Saisei-jo, whose main business was recycling household light bulbs. In September of the same year, it reorganized and was renamed to SHINKO ELECTRIC INDUSTRIES CO., LTD. for business expansion. In 1957, with the capital participation of Fujitsu, SHINKO developed new business in the semiconductor field, and as a leading semiconductor packaging company in the ever-advancing electronics industry, has developed, manufactured, and sold products based on a wide range of semiconductor packaging technologies. In other words, as of today the main businesses of the SHINKO Group, which is comprised of SHINKO and its nine subsidiaries, are the development, manufacturing, and sales of various semiconductor packages with top market share in the world such as flip-chip type packages, plastic BGA substrates, and leadframes, assembly and sales of ICs, and development, manufacturing, and sales of ceramic electrostatic chucks for semiconductor manufacturing equipment through its integrated production system from development and design to shipment. SHINKO aims for unlimited progress with an accurate understanding of the potential for medium- to long-term market expansion for the products and technologies of SHINKO. To meet this aim, it will become increasingly important in the future to develop technologies that anticipate market needs and to make flexible capital investments. In addition, it is anticipated that the size of the funds required for these activities will increase and in an increasingly competitive environment, SHINKO has been considering various measures, including the capital structure, while taking into consideration the interests of general shareholders of SHINKO, to realize sustainable improvement of SHINKO's corporate value, including faster decision-making, diversification of financing methods, and expansion of human capital, which is fundamental to the promotion of SHINKO's business.

For these reasons, Fujitsu and SHINKO began discussions on the specific method of the sales of the Fujitsu Sale Shares in January 2022, and have confirmed the direction to consider various options for increasing the corporate value of SHINKO, without being limited by the current capital structure, and had meetings with several potential candidates as well as took discussions intermittently with each other. Afterwards, Fujitsu proceed consideration of sales of the Fujitsu Sale Shares for several candidates that were presumed to have strong interests in business of SHINKO, as a result of specific proposal to SHINKO from Fujitsu in June 2022. After that, Fujitsu and SHINKO began to contact several potential buyers in late March 2023, and after proceeding with the bidding procedures and selecting JICC Alliance as the final candidate in late November 2023, the Basic Transaction Agreement was signed today.

The following are provided in the Basic Transaction Agreement: (i) If the preconditions set forth in the Basic Transaction Agreement are satisfied (or waived by the Tender Offeror), the Tender Offeror shall execute the Tender Offer and Fujitsu shall not tender for the Fujitsu Sale Shares in the Tender Offer; (ii) If the Tender Offer is consummated and the Tender Offeror fails to acquire all of the Shares of SHINKO (excluding the treasury stock held by SHINKO and the Fujitsu Sale Shares) in the Tender Offer, the Tender Offeror and Fujitsu shall request SHINKO to hold a general meeting of shareholders at which the matters necessary to implement the Share Consolidation shall be put on the agenda, and shall exercise their voting rights in favor of such agenda; (iii) After the Tender Offeror and Fujitsu own all of the Shares of SHINKO (excluding treasury stocks held by SHINKO) as a result of the Share Consolidation, the Tender Offeror shall implement the Financing, and SHINKO shall implement the Capital Reduction, Etc. in order to secure the amount available for funds and distribution necessary for SHINKO to acquire the Fujitsu Sale Shares; (iv) On the effective date of the Capital Reduction, Etc., Fujitsu shall transfer all of the Fujitsu Sale Shares to SHINKO by means of the Share Transfer for an aggregate consideration equal to the transfer price per share of the Share Transfer (hereinafter the "Share Transfer Value") of 4,218.1 yen multiplied by the number of the Shares less the number of shares to be purchased by the Tender Offeror as fractional shares upon the Share Consolidation; and others.

In the Transactions, considering the fact that Fujitsu is expected to be subject to the provisions of the Corporation Tax Act regarding the exclusion of deemed dividends from gross profits with respect to the Share Transfer, the amount calculated as Fujitsu's net take-home amount after tax in the event of the Share Transfer at the Share Transfer Value is set to be equal to the net take-home amount that would be obtained if Fujitsu accepted the Tender Offer at the Tender Offer Price (hereinafter the "Tender Offer Price"). Therefore, Fujitsu does not benefit as compared to the general shareholders of SHINKO. Since such pricing will fairly and appropriately realize the interests of Fujitsu and the general shareholders of SHINKO, as well as enhance the fairness and certainty of execution of the Transactions and contribute to the interests of Fujitsu and its shareholders, it has been agreed that the Share Transfer Value shall be 4,218.1 yen and the Tender Offer Price shall be 5,920 yen.

2. Outline of the Subsidiary (SHINKO) to Be Transferred

(1)	Company name	SHINKO ELECTRIC INDUSTRIES CO., LTD.		
(2)	Address	80, Oshimada-machi, Nagano-shi, Nagano, Japan		
(3)	Representative	Susumu Kurashima, Representative Director of Board, President		
(4)	Business Description	Development, manufacturing, and sales of products based on semiconductor packaging technologies		
(5)	Capital	24,223 million yen		
(6)	Date Established	September 12, 1946		
(7)	Major Shareholders and Percentage of Shares Held	Fujitsu Limited	50.02%	
		The Master Trust Bank of Japan, Ltd. (Trust Account)	9.48%	
		Custody Bank of Japan, Ltd. (Trust Account)	6.14%	
		MSIP CLIENT SECURITIES	2.23%	
		GOLDMAN SACHS INTERNATIONAL	1.59%	
		Nomura Securities Co., Ltd.	1.58%	
		JPMorgan Securities Japan Co., Ltd.	1.36%	
		The Hachijuni Bank, Ltd.	1.36%	
		CGML PB CLIENT ACCONT/COLLATERAL	1.23%	
	BOFAS INC SEGREGATION ACCOUNT	1.01%		
(8)	Relationship between the Parties	Capital	Fujitsu owns 50.02% of SHINKO's total number of shares outstanding (excluding treasury stocks).	
		Personnel	The Representative Director of Board, Chairperson of SHINKO is the former Corporate Senior Executive Vice President and Representative Director of Fujitsu, and two Directors of Board of SHINKO are former employees of Fujitsu.	
		Business	Between Fujitsu and SHINKO, there are transactions related to the delivery of SHINKO's products to Fujitsu. There are no other noteworthy business relationships.	
(9)	Consolidated Financial Performance and Consolidated Financial Condition in the Most Recent Three Fiscal Years (Unit: Million yen)			
	Fiscal year ended	March 31, 2021	March 31, 2022	March 31, 2023
	Net assets	153,393	201,997	251,014
	Total assets	240,977	319,461	386,934
	Net assets per share (Yen)	1,135.49	1,495.28	1,857.90
	Net sales	188,059	271,949	286,358
	Operating profit	23,328	71,394	76,712
	Ordinary profit	26,507	75,820	78,755

Profit attributable to owners of parent	18,018	52,628	54,488
Earnings per share (Yen)	133.38	389.58	403.32
Dividends per share (Yen)	30.00	45.00	50.00

3. Outline of the Tender Offeror

(1)	Company name	JICC-04, Ltd.	
(2)	Address	1-3-1, Toranomon, Minato-ku, Tokyo	
(3)	Representative	Osamu Itabashi, Representative Director	
(4)	Business Description	(i) Acquisition and holding of securities (ii) Any and all business including or related to the preceding item	
(5)	Capital	100,000 yen	
(6)	Date Established	September 29, 2023	
(7)	Major Shareholders and Percentage of Shares Held	JIC Capital, Ltd.	100%
(8)	Relationship between the Parties	Capital	N/A
		Personnel	N/A
		Business	N/A
		Status of related parties	N/A

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

(1)	Number of Shares Held before Transfer	67,587,024 shares (Note 1) (Number of voting rights: 675,870) (Percentage of voting rights held: 50.03%)
(2)	Number of Shares to Be Transferred	67,587,024 shares (Number of voting rights: 675,870)
(3)	Transfer Price	285.1 billion yen (Note 2)
(4)	Number of Shares Held after Transfer	0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0%)

(Note 1) The number of shares to be transferred as a result of the Share Transfer will be the number of the Fujitsu Sale Shares less the number of shares to be purchased by the Tender Offeror as fractional shares as a result of the Share Consolidation.

(Note 2) The total transfer price for the Share Transfer is expected to be the amount obtained by multiplying the Share Transfer Value by the number of the Fujitsu Sale Shares less the number of shares to be purchased by the Tender Offeror as fractional shares as a result of the Share Consolidation. Please note that the amount stated above is a reference value calculated by

multiplying the Share Transfer Value by the number of the Fujitsu Sale Shares.

5. Schedule

(1)	Date of Resolution by the Board of Directors	December 12, 2023
(2)	Date of Conclusion of the Basic Transaction Agreement	December 12, 2023
(3)	Period of the Tender Offer	Because the Tender Offer is expected to require a certain period of time for necessary procedures and actions based on foreign competition laws and investment regulatory laws, etc., the commencement date of the Tender Offer is expected to be in late August 2024 by the Tender Offeror, but the commencement date of the Tender Offer is affected by the period required for procedures by foreign competition authorities and authorities having jurisdiction over investment regulatory laws, etc. The Tender Offer period is expected to be 20 business days.
(4)	Share Consolidation	Scheduled to be implemented after completion of settlement of the Tender Offer
(5)	Share Transfer	Scheduled to be implemented after the completion of the Share Consolidation

6. Future outlook

In accordance with Fujitsu's decision to transfer all of Fujitsu Sale Shares subject to the completion of the Tender Offer and based on the Basic Transaction Agreement, Fujitsu will classify the business of SHINKO and its subsidiaries as discontinued operations in the consolidated financial results for the fiscal year ending March 31, 2025, and will record the profit or loss resulting from the business and other operations of SHINKO as profit (loss) before income taxes from discontinued operations.

The impact on Fujitsu's non-consolidated and consolidated financial results for the fiscal year ending March 31, 2025 if the Share Transfer is executed in the fiscal year ending March 31, 2025, subject to the consummation of the Tender Offer is as follows:

- Impact on the non-consolidated financial results
Fujitsu expects to record approximately 250.0 billion yen as gain on sales of subsidiaries' and affiliates' stocks (extraordinary income).
- Impact on the consolidated financial results
Fujitsu expects to record approximately 150.0 billion yen as gain on sales of subsidiaries' and affiliates' stocks (profit before income taxes from discontinued operations).

Fujitsu expects that the Share Transfer will not have an impact on its non-consolidated and consolidated financial results for the fiscal year ending March 31, 2024.

Press Contacts:

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About Fujitsu

Fujitsu's purpose is to make the world more sustainable by building trust in society through innovation. As the digital transformation partner of choice for customers in over 100 countries, our 124,000 employees work to resolve some of the greatest challenges facing humanity. Our range of services and solutions draw on five key technologies: Computing, Networks, AI, Data & Security, and Converging Technologies, which we bring together to deliver sustainability transformation. Fujitsu Limited (TSE:6702) reported consolidated revenues of 3.7 trillion yen (US\$28 billion) for the fiscal year ended March 31, 2023 and remains the top digital services company in Japan by market share. Find out more:

www.fujitsu.com.