

Company Name: Fuji Electric Co., Ltd.
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Announcement Regarding the Transfer of Treasury Stock through Third-Party Allotment Accompanying Introduction of Performance-Related Share-Based Remuneration Plan

Fuji Electric Co., Ltd., announced today that the transfer of shares treasury stock via third-party allotment was approved at a meeting of the Board of Directors held on October 31, 2024. This decision was made in reflection of the approval of the introduction of performance-related share-based remuneration plan as part of officer compensation at the 148th Ordinary General Meeting of Shareholders held on June 25, 2024. For more information on the performance-related share-based remuneration plan, please refer to “Item 3: Introduction of a Performance-Related Share-Based Remuneration Plan for Directors” on page 29 of “NOTICE OF CONVOCATION OF THE 148th ORDINARY GENERAL MEETING OF SHAREHOLDERS.”*

* NOTICE OF CONVOCATION OF THE 148th ORDINARY GENERAL MEETING OF SHAREHOLDERS

https://www.fujielectric.co.jp/common-resource/ir/gl_data/20240603.pdf

1. Reason for Introduction of Performance-Related Share-Based Remuneration Plan

The performance-related share-based remuneration plan was introduced for the purpose of clarifying the link between the Company’s share price and the remuneration of directors (excluding outside directors) and executive officers (referred to collectively as “directors, etc.” hereinafter) and raising the desire of these individuals to contribute to the improvement of medium- to long-term performance and increases in corporate value from the perspective of shareholders.

2. Overview of Performance-Related Share-Based Remuneration Plan

The details of the performance-related share-based remuneration plan are as follows.

- (1) Based on the Officer Share Remuneration Rules established in line with the limits approved at the General Meeting of Shareholders, directors, etc. are granted a number of points based on factors including the Company’s business performance. Compensation is then paid via a trust fund (referred to as “the Trust” hereinafter) established based on the plan at a determined timing each year in the form of a number of shares of the Company’s stock determined based on the number of points granted or an amount of money equivalent to market value of said shares. One share of common stock is granted for each one point, and an upper limit of 97,000 points (42,000 for director compensation and 55,000 for executive officer compensation) has been set for each fiscal year. Restrictions on the transfer of the allocated shares are put in place during the term of service of directors, etc. based on contracts with individuals.

- (2) The shares to be allocated under the plan are acquired, either from the stock market or through receipt of shares of treasury stock transferred by the Company, by the Trust using funds paid in advance thereto by the Company.

3. Overview of Transfer of Treasury Stock

The Company has resolved to transfer shares of treasury stock to be received by the Trust in accordance with the performance-related share-based remuneration plan. Details are as follows

(1)	Date of transfer	November 20, 2024 (Wednesday)
(2)	Type and number of shares to be transferred	Common stock, 291,000 shares
(3)	Transfer price	¥ 7,971 per share
(4)	Total transfer price	¥ 2,319,561,000
(5)	Recipient of transfer	Custody Bank of Japan (Trust Account E)
(6)	Other details	Transference of treasury stock conditional upon the start of effectiveness of the Securities Registration Statement as described in Financial Instruments and Exchange Act

4. Purpose and Reason for Transference of Treasury Stock

To facilitate the implementation of the performance-related share-based remuneration plan, shares of treasury stock will be transferred to the Trust Account E of Custody Bank of Japan (trustee entrusted by Trust trustee Mizuho Trust & Banking Co., Ltd.) via third-party allocation.

The number of shares of treasury stock to be transferred will be equivalent to the number of shares projected to allocated to directors, etc. during the trust period designated in the Officer Share Remuneration Rules (the fiscal years ending March 31, 2025–2027), and will represent 0.19% of the total number of issued and outstanding shares of 149,296,991 on September 30, 2024, or 0.20% of the total number of voting rights of 1,425,697 on September 30, 2024 (both numbers rounded to third figure after decimal point).

5. Overview of the Trust

- (1) Name: Stock Beneficiaries' Trust
- (2) Consignor: Fuji Electric Co., Ltd.
- (3) Trustee: Mizuho Trust & Banking Co., Ltd. (Entrusted trustee: Custody Bank of Japan)
- (4) Beneficiaries: Directors, etc. fulfilling conditions as a beneficiary as described in Officer Share Remuneration Rules
- (5) Trust manager: Designated third-party free of conflict of interest
- (6) Trust type: Trust of money other than money trust (specified trust)
- (7) Date of trust agreement: November 20, 2024
- (8) Date of trust commencement: November 20, 2024
- (9) Trust period: November 20, 2024–Undesignated (trust to continue so long as performance-related share-based remuneration plan is in effect)

6. Basis for and Details of Calculation of Transfer Amount

The transfer price was determined using the closing price for shares of the Company's stock on the Tokyo Stock Exchange of ¥ 7,971 on October 30, 2024, the business day before the meeting of the Board of Directors at which the transfer was resolved.

The closing price for shares of the Company's stock on the business day before the meeting of the Board of Directors at which the transfer was resolved was chosen because it was judged to be a rational indicator of the appropriate value of the Company in the stock market.

The transfer price of ¥ 7,971 is equivalent to 98.10% of ¥ 8,125 (the average closing price of the one-month period ending with the business day before the meeting of the Board of Directors at which the transfer was resolved), 98.44% of ¥ 8,097 (the average closing price of the three-month period ending with the business day before the meeting of the Board of Directors at which the transfer was resolved), and 92.03% of ¥ 8,661 (the average closing price of the six-month period ending with the business day before the meeting of the Board of Directors at which the transfer was resolved). Given the above, the transfer price for shares of the treasury stock was judged to be rational and not unduly beneficial to either party.

The 5 Audit & Supervisory Board members (of which 3 are outside Audit & Supervisory Board members) that attended the meeting of the Board of Directors at which the transfer was resolved have made statements indicating their opinion that the aforementioned transfer price is not unduly beneficial to either party.

7. Procedures Required as Part of Corporate Norms

The transfer of shares of treasury stock is (1) in an amount that represents less than 25% of the ratio of voting rights and (2) does not involve a change of controlling shareholder, and therefore does not require the receipt of the opinion of an entity who has a specific degree of independence from the management or confirmation of the intent of shareholders pursuant to Rule 432 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.