



Briefing of Financial Results for FY2024 Management Plan for FY2025

Fuji Electric Co., Ltd.
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Hello. This is Kondo of Fuji Electric. Thank you for joining us for the briefing on the FY2024 full-year financial results and the FY2025 management plan. I will start by providing a review of FY2024 and share our outlook for FY2025.

**Record highs set for net sales, operating profit, and profit attributable to owners of parent,
 Operating profit ratio of more than 10% achieved**

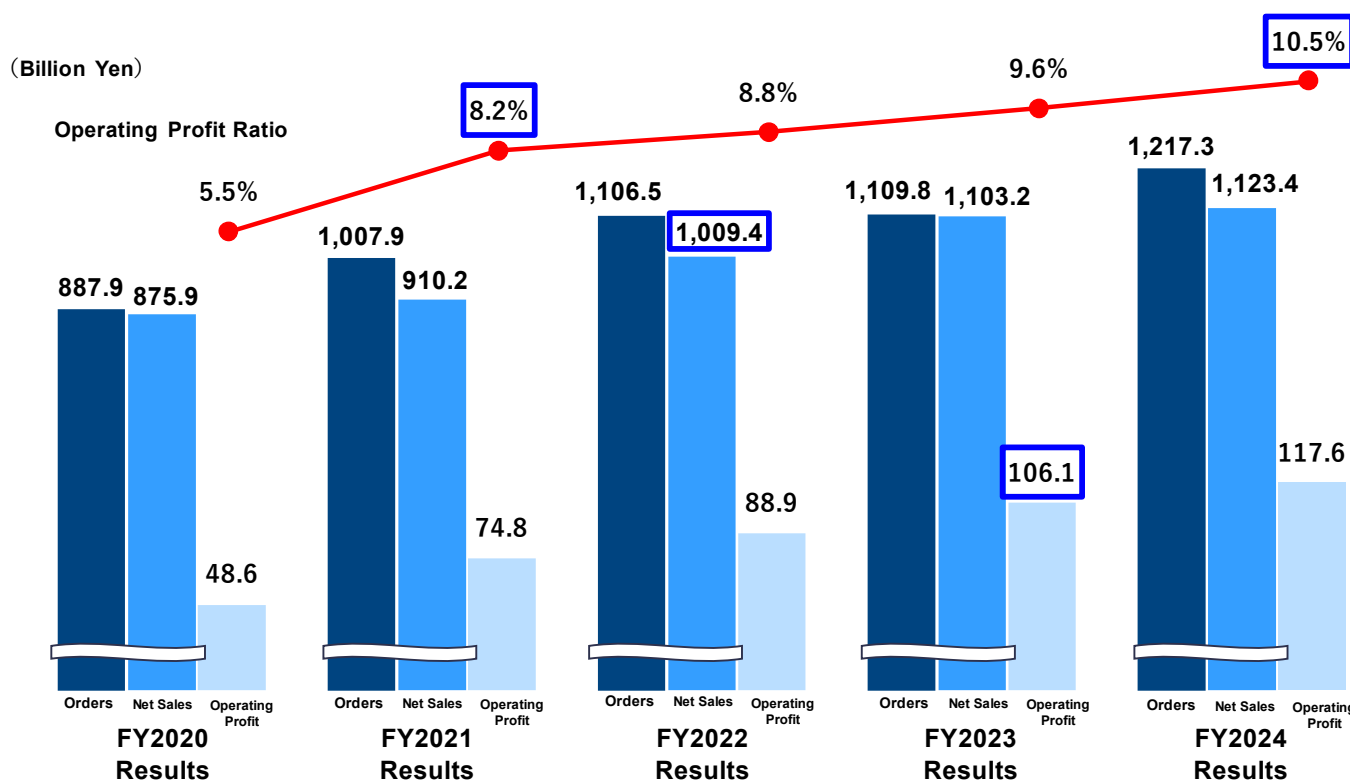
	FY2023	FY2024	Change
Net Sales	¥1,103.2 billion	¥1,123.4 billion	+¥20.2 billion
Operating Profit	¥106.1 billion	¥117.6 billion	+¥11.6 billion
(Operating Profit Ratio)	9.6%	10.5%	+0.9%
Profit Attributable to Owners of Parent	¥75.4 billion	¥92.2 billion	+¥16.9 billion
(Ratio of Profit Attributable to Owners of Parent to Net Sales)	6.8%	8.2%	+1.4%
ROE	13.5%	14.3%	+0.8%
ROIC	11.5%	12.9%	+1.4%

FY2024 marks the first year of our three-year medium-term management plan spanning until FY2026.

Detailed explanations of the figures will follow later, so I will focus on the key points for now.

Thanks to your support, we achieved record-highs for Net Sales, operating profit, and profit attributable to owners of parent. The key focus of our operations for the FY 2024 was to aim for an operating profit ratio exceeding 10%, a target we achieved successfully.

Steadily achieved the targets



As you know, FY2020 was marked by the COVID-19 pandemic, and FY2021 saw US-China trade friction. There were various challenges over the years, however, at Fuji Electric, we have set targets each year with the determination to overcome these challenges and have been working toward that end. In FY2021, we achieved an operating profit ratio of over 8%, and in the FY2022 we surpassed 1 trillion yen in net sales. And for the FY2023, we set the ambitious goal of achieving an operating profit of over 100 billion yen for the first time. For FY2024, we have set a target of exceeding 10% operating profit ratio, reflecting our commitment to profit-focused management.

**Energy
Industry**
■ Plant Systems

The robust demand continues due to the expansion of energy demand and decarbonization.

(Renewable energy-related, new installations for IDC and semiconductor factories, update of aging equipment)

Orders also progressed well

■ Components

Due to the disruption of the balance between supply and demand after COVID-19, the recovery of demand has been delayed

Semiconductors
■ The growth of electrified vehicle market was lower than expected
■ The demand for renewable energy remains strong
**Food and
Beverage
Distribution**
■ Growth in performance due to the expansion of high value-added products and the respond to the issuance of newly designed paper currency

Indeed, we feel that the tide has been turning in FY2024. The previous mid-term management plan had FY2023 as its final year, but the Semiconductors segment and component sectors, which had been driving growth in terms of profits and volume, have begun to show signs of weakness. In FY2024, we believe that the plant system and Food and Beverage Distribution segment were able to offset that, contributing to the performance we have achieved.

As you are aware, the plant systems is facing a significant increase in energy demand, and investments in Green Transformation initiatives aimed at decarbonization are also progressing steadily. Orders for FY2024 are already looking very promising, and we are also seeing a steady influx of orders for FY 2025 and beyond. The Food and Beverage Distribution segment faced significant challenges during the COVID-19 pandemic. However, since that time, we have been working to shift our focus from quantity to quality, delivering high-value-added products that clearly communicate their value to customers and ensuring that we receive appropriate payment for these products. This strategic shift has borne fruit and contributed to our current performance.

On the other hand, regarding components business, particularly FA components centered on low-voltage inverters for the industrial sector, the supply-demand balance has been severely disrupted on an annual basis triggered by the COVID-19 pandemic, resulting difficulties in eliminating inventories in the market. Additionally, as you are aware, the Semiconductors segment, particularly the electric vehicle (EV) business, has seen slower-than-expected growth in pure EV adoption. This has brought to light the challenge of how to respond to such situation beyond the FY2025, making FY2024 a pivotal year in this regard.

FY2026 Mid-Term Management Plan

Pursuit of ongoing improvements in corporate value and contributions to society through adaptation to changing times

No change to Companywide targets

Management Plan for FY2025

Market Trends

- The energy demand is rising due to the establishment of new AI data centers and semiconductor manufacturing facilities
- Changes in the pace of efforts toward decarbonization
- The impact of U.S. trade policy requires close attention

Basic Policy

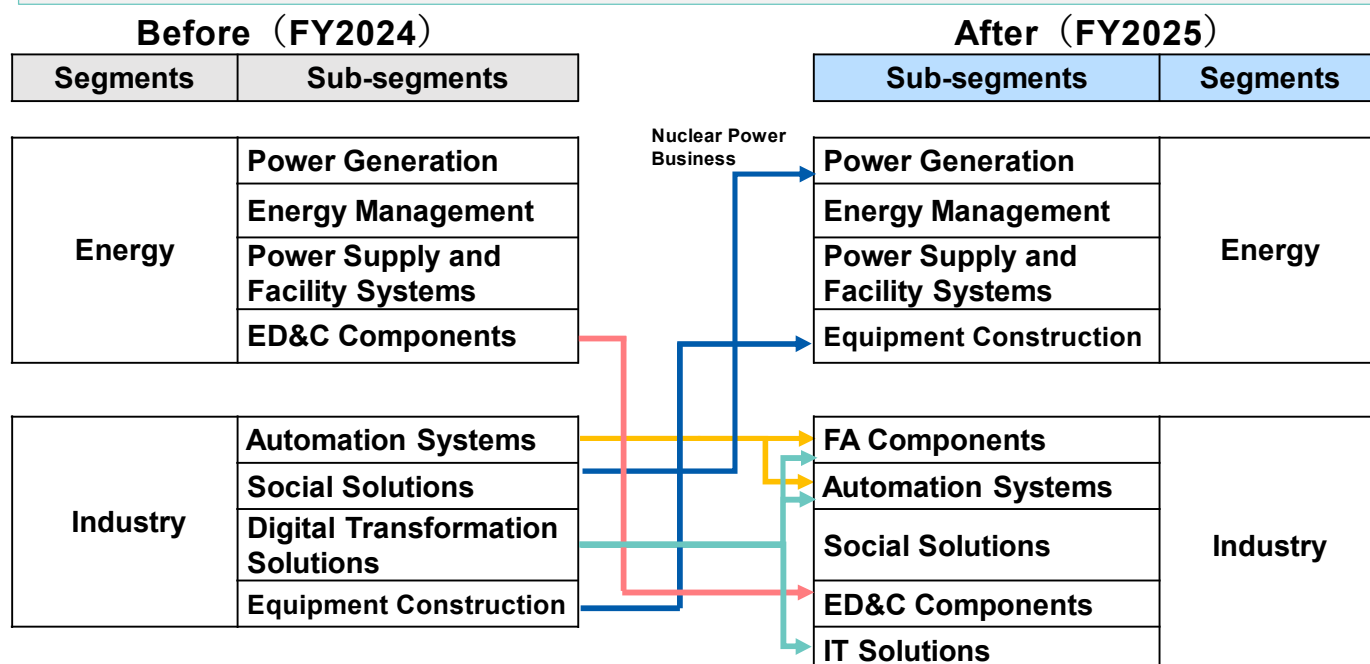
- Amid increasing uncertainty, enhance the adaptability to change and advance the profit-oriented management outlined in the mid-term management plan
- Building a production system that adapts to changes in demand, executing optimal and timely investments aimed at increasing production capacity, and striving to enhance productivity through the use of digital technology.
- The power electronics business of Energy and Industry segments will serve as the core driving force to drive the performance

Based on this, here is our management plan for FY 2025. In our mid-term management plan, which ends in FY 2026, we aim to adapt to the changing times and contribute to society in a sustainable manner, thereby improving our corporate value on an ongoing basis. We intend to move forward with this goal in mind. Although we have stated that we will not change our company-wide targets, we will focus particularly on achieving an operating profit ratio of 11%. With this as a premise, for FY2025, despite various challenges, we anticipate that energy demand will significantly increase due to market trends such as the establishment of new AI data centers, and the expansion of semiconductor manufacturing facilities. Additionally, efforts toward decarbonization are gaining momentum. While some initiatives are slowing down, such as electric vehicles (EVs), others are accelerating. We will strive to respond effectively to these changes through our management strategies.

Against this backdrop, our basic policy is to enhance our adaptability to change amid increasing uncertainty and to continue to promote profit-oriented management as outlined in our mid-term management plan beyond FY 2025. One key point in this effort is the enhancement of production capacity. We aim to build a production system that aligns with changes in demand, invest in production capacity expansion in a timely manner, and advance the use of digital technologies and other innovations to improve productivity.

Segment Changes in FY2025

- **Strengthening Energy Plant Business**
- **Enhancing the creation of real value through digital utilization and expansion of software business**
- **Strengthening proposal and sales capabilities through the synergy of FA components and ED&C Components**



Before giving explanations following our basic policy, I would like to explain the segment changes made in FY2025.

First, the strengthening of the energy plant business involves improving on-site capabilities and strengthening project management. To this end, we will integrate nuclear power business to power generation subsegment of Energy segment and transfer equipment construction to the Energy segment in order to generate synergies.

Next, regarding the use of digital technology, at Fuji Electric, our core approach is to engage in solid activities in the field with our customers. Until now, we have consolidated our digital teams into a single unit working on Digital Transformation solutions, but we are now considering integrating the team responsible for creating real value, as mentioned earlier, into FA components and automation systems, while expanding our software business through IT solutions. Finally, we aim to integrate ED&C Components into Industry segment and leverage the synergy between FA components and ED&C components to enhance our proposal and sales capabilities. With this in mind, we have revised our segment structure.

Based on these considerations, the next step will be to evaluate the sales and operating profit plans for the FY 2025.

Net Sales and Operating Profit by Segment for FY2025 (YoY Comparison)

Higher net sales and profit due to the growth in Energy and Industry which compensated the lower sales and profit in Semiconductors and Food and Beverage Distribution segments

(Billion yen)

	FY2024 Results			FY2025 Management Plan			Change		
	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio
Energy	354.3	36.3	10.2%	374.5	46.5	12.4%	20.1	10.2	2.2%
Industry	400.0	34.0	8.5%	413.5	40.5	9.8%	13.5	6.5	1.3%
Semiconductors	236.8	37.1	15.7%	223.0	21.5	9.6%	-13.8	-15.6	-6.0%
Food and Beverage Distribution	111.5	13.9	12.5%	105.0	12.0	11.4%	-6.5	-1.9	-1.0%
Others	56.1	3.8	6.7%	58.0	4.0	6.9%	1.9	0.2	0.2%
Total	1,123.4	117.6	10.5%	1,140.0	118.0	10.4%	16.6	0.4	-0.1%

Note: Figures for FY2024 performance reflect the business reorganization undertaken in the FY2025.

Regarding the numbers, I will explain them in detail later, but the Semiconductors segment is facing some challenges, which are being offset by the Energy and Industry segments, resulting in nearly flat net sales and profit growth. Looking ahead to the FY2026, when we aim for an operating profit ratio of 11%, I would like to briefly explain how we view these numbers. At the time we formulated the mid-term management plan for FY2026, the operating profit ratio for the Energy and Food and Beverage Distribution segments were 10.1% and 10.0%, respectively, meaning that these two segments had already achieved their targets in FY 2024. Additionally, the Industry segment achieved an operating profit ratio of 9.8%, representing a 1.3-point improvement from the previous year, and we aim to increase this by another 1 point by FY 2026, which is well within our reach. The challenge lies in Semiconductors segment, where the mid-term management plan targets a profit ratio of 15.9%. However, given the uncertainty of achieving this by FY2026, we aim to offset this through improvements in Energy, Industry, and Food and Beverage Distribution segments, targeting an overall profit ratio of 11%. With this in mind, we plan to proceed cautiously in FY2025.

	Priority Measures
Energy	<ul style="list-style-type: none"> ■ Growth in orders achieved by taking advantage of rising energy demand and decarbonization needs ■ Production capacity enhancement, productivity improvement ■ Continuous Enhancement of Project Management
Industry	<ul style="list-style-type: none"> ■ Improvements to earnings power and capital efficiency through integration of sales and production in component businesses ■ Enhancement of comprehensive plant automation, energy saving, and electrification ■ Expansion of Business in India (Smart meters)
Semiconductors	<ul style="list-style-type: none"> ■ Ongoing investment in production capacity increases (management of investment speed based on demand) ■ Consistent basis in R&D investments ■ Growth of Renewable Energy Area
Food and Beverage Distribution	<ul style="list-style-type: none"> ■ Growth in sales of new high-value-added products that contribute to customer value creation ■ Exploration of and enhancement of earnings power in restaurant, food product, distribution, and other new fields

Next, I would like to discuss the priority measures for fiscal 2025. As I mentioned earlier, we will focus on expanding orders in Energy segments in response to growing energy demand and decarbonization needs. To support this expansion, we will enhance production capacity and improve productivity. We have already announced an investment to increase production in Kobe, and we plan to invest in increasing substation system to expand capacity.

Next is Industry segment. We have created a sub-segment called FA Components, and within this sub-segment, we have integrated sales and production in component business, to accelerate management speed and improve earnings power and capital efficiency. This is the challenge we will take on in FY 2025. Additionally, in the plants, we believe that our ability to offer both energy efficiency and electrification in addition to automation is one of Fuji Electric's strengths. We aim to propose these solutions to our customers and provide them as total solutions. Overseas, we are seeing significant business growth centered in India. In the FY2025, we plan to fully ramp up production of smart meters. We aim to grow in this manner.

As I mentioned earlier, we have been focusing on creating customer value in the Food and Beverage Distribution sector. We will continue to make steady progress in this area in FY2025, while also expanding into new fields such as restaurant, food product and distribution. We aim to leverage the core technologies of food distribution, such as Mechatronics control and thermal management, to make various proposals and grow these businesses.

Finally, regarding Semiconductors segment, the situation is challenging currently, but I believe that during difficult times, it is important to look ahead. We do not anticipate that the broader trends toward electrification of mobility will come to a halt. In that sense, we intend to continue investing in line with demand, maintaining proper speed control, while also continuing research and development without slowing down. The most important thing is for Fuji Electric to be able to win when the market recovers. With that goal in mind, we will proceed with our efforts over the next year.

To be enthusiastic, ambitious and sensitive 2026

Ongoing Improvement of Corporate Value

Adaptability, Imagination, and Creativity

Enthusiasm - The eagerness to contribute to society by creating new technologies and product
Ambition - The determination and spirit to set high goals and continuously pursue them
Sensitivity - The kindness to appreciate and care for our customers, colleagues and families

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Finally, looking ahead to FY2026, we will strive to be enthusiastic, ambitious, and sensitive.

FY2024 marked the 101st anniversary of founding of Fuji Electric, and under the slogan of returning to our roots and moving forward steadily, we will further hone our ability to adapt to change, make ongoing improvement of corporate value, and reaffirm imagination and creativity. We believe that imagination is crucial for Fuji Electric as a company to provide value to our customers and make contribution to society. We believe that this imagination is of utmost importance, and we will pursue it diligently to ensure that FY2025 also achieves solid profits. That concludes my remarks. Thank you very much.

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