Fuji Electric
Innovating Energy Technology

Energy Business Strategies for FY2025

Energy Business Group

May 27, 2025

I am Kawano from the Energy Business Group. I will now present our business strategy for the energy segment. Thank you for listening today.

Contents

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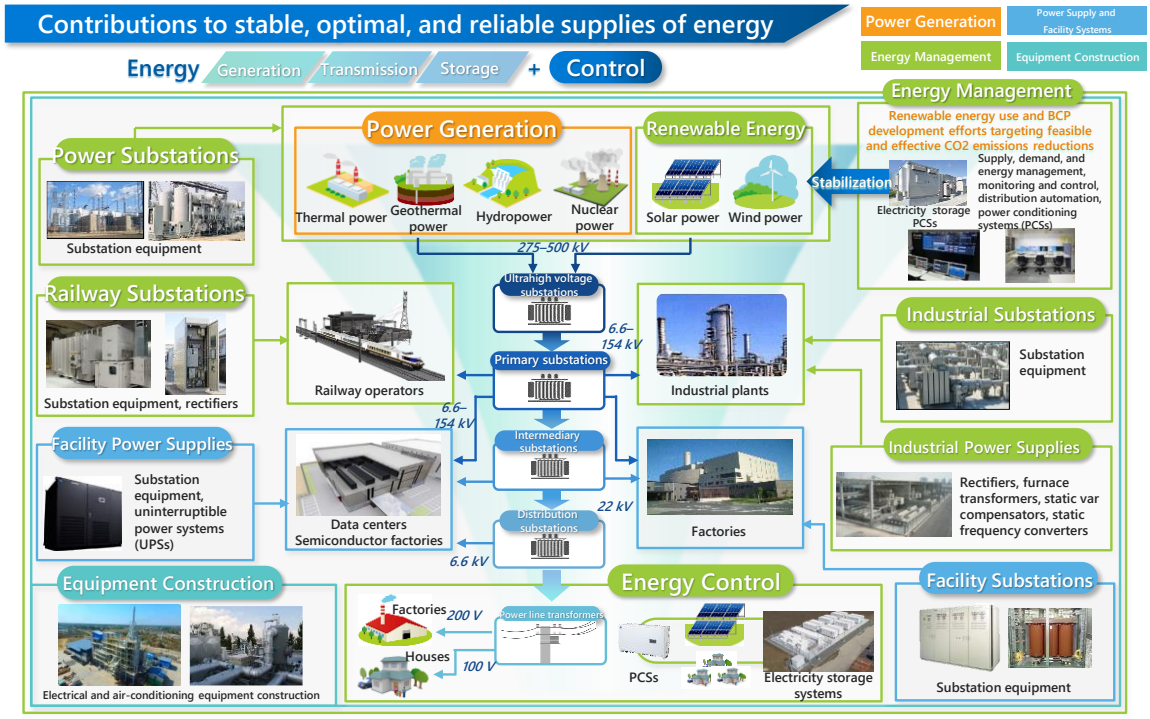
**Let me begin with an overview of the business.
Next, I will review business performance in FY2024.
Finally, I will explain our FY2025 business plan, including specific initiatives and targets.**

1 Business Overview

Business Overview



This slide presents an overview of the energy business.
Our mission is to contribute to the stable, optimized, and reliable supply of energy, with a focus on four core business pillars.
In the power generation business, we support power generation infrastructure through the design, manufacture, and sale of power generation equipment. From this fiscal year, we have also integrated with nuclear power operations.
The energy management business is focused on ensuring stable power supply through substation equipment and energy control systems.
In the facility power supply systems business, we supply critical IT infrastructure, such as uninterruptible power systems (UPSs,) to build safe and highly dependable systems.
In equipment construction, we offer high-quality construction that leverages advanced construction technologies.
Our ability to respond swiftly to diverse market needs and technological innovations stems from this broad business portfolio.

Business Overview

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Contributions to stabilization, optimization, and reliable supply of power

Equipment Construction
(Domestic sales: 99%: Overseas sales 1%)*

Plant construction (electrical equipment)

Wiring and structure construction (electrical equipment)

Air-conditioning equipment construction

Power Supply and Facility Systems
(Domestic sales: 62%: Overseas sales 38%)*

Leading domestic share

Uninterruptible power systems (UPSs)

Leading domestic share

Molded transformer

Switchgears and controlgears

Skid systems
(Transformers + Inputs + UPSs + Outputs)

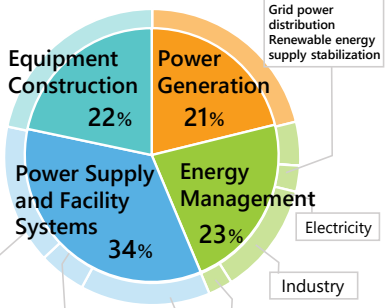
FY2024 Net Sales ¥1,123.4 billion

Energy (32%)	Industry (36%)	Semi-conductors (21%)	Food & beverage Distribution (10%)	others

Net sales

FY2024 Results ¥354.3 billion

(Domestic sales: 74%: Overseas sales 26%)*



Power Generation
(Domestic sales: 71%: Overseas sales 29%)*

No. 1 global share*

Leading domestic share

Geothermal power generation facilities

Hydropower generation facilities

Nuclear power-related equipment
Fuel handling equipment and waste treatment equipment

Energy Management
(Domestic sales: 79%: Overseas sales 21%)*

Solar power generation systems

Energy management systems

Power conditioning systems (PCSs)

Large-capacity rectifiers (industrial power supplies)

Large-capacity transformers (power transformation)

Substation equipment (industrial power transformation)

* Shares represent estimates by Fuji Electric based on FY2024 performance.
Note: Percentages of total net sales figures represent FY2024 results and are calculated before deduction and adjustment for inter-segment sales.

In FY2024, Fuji Electric recorded consolidated net sales of ¥1.1234 trillion, of which the energy business accounted for ¥354.3 billion, or 32%. The overseas sales ratio was 26%.

As shown here, our major customers span electric power companies, public infrastructure providers, railway operators, general industry, data centers, and semiconductor manufacturers.

Each business's main products are listed here, covering power generation plants, energy management, power supply and facility systems, and equipment construction.

2 Review of FY2024

Next, I will review the segment's performance in FY2024, highlighting key results and challenges.

Review of FY2024

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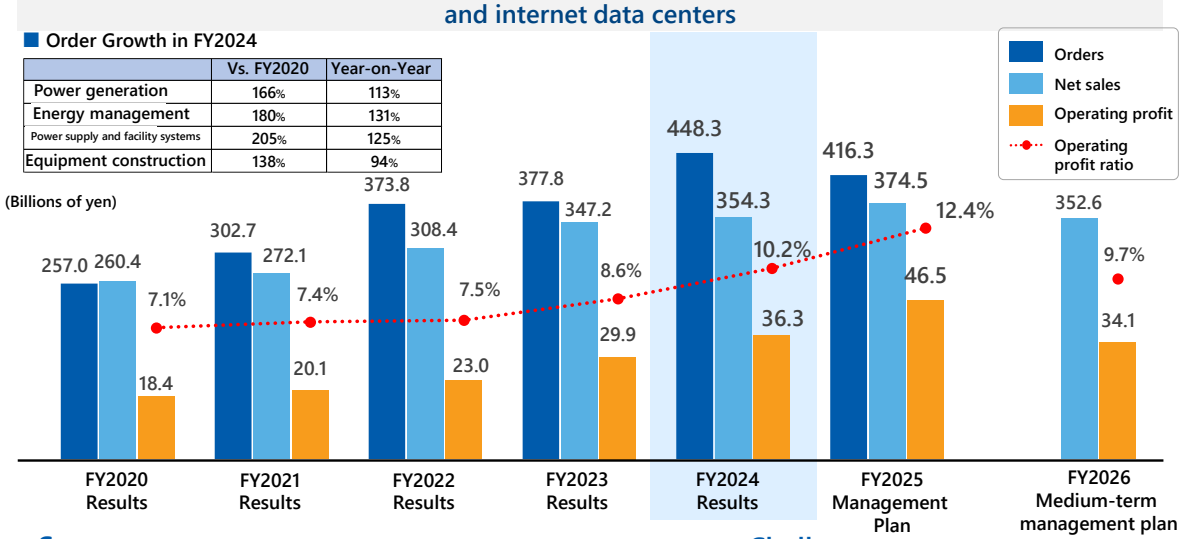
Massive growth in orders against backdrop of increased capital investment in renewable energy and internet data centers

■ Order Growth in FY2024

	Vs. FY2020	Year-on-Year
Power generation	166%	113%
Energy management	180%	131%
Power supply and facility systems	205%	125%
Equipment construction	138%	94%



Successes

- Increases in orders for power generation, transformer, internet data center, and other equipment
- Net sales and operating profit surpassing targets of FY2026 medium-term management plan in FY2024

Challenges

- Enhancement of large-scale project management
- Augmentation of substation equipment production capacity

Note: Performance figures for FY2023 and before are produced through a simple conversion of past figures to reflect the business reorganization undertaken in FY2025 and thus should be used for reference purposes only.

This graph shows trends in orders, sales and operating profit from FY 2020.

Orders increased significantly across all segments, especially in power generation, substation equipment, and IDC-related systems, supported by growing capex for renewable energy and data centers.

Both net sales and operating profit exceeded our FY2026 medium-term targets during FY2024.

From FY2025 onward, we aim to monetize our backlog of orders and further scale the business by accumulating more orders. To achieve this, we aim to enhance profit by strengthening management of large-scale projects, and to further increase production capacity.

3 Management Plan for FY2025

Now I will explain our FY2025 business plan.

Market Trends

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Ongoing growth in various subsegments projected as a result of accelerated decarbonization initiatives and rising electricity demand stimulated by digital transformation efforts

Subsegment	Market Trends (FY2025)		
Power generation	Renewable energy, decarbonization	• Consistent demand among Pacific Rim and other countries developing geothermal power sources • Ongoing demand for scrap and build projects targeting aged equipment and significant attention directed toward pumped-storage hydroelectric power generation • Growing investment in decarbonization-related power generation equipment	
Energy management	Energy management	• Rising needs for grid stabilization systems due to spread of renewable energy use • Rapid growth in grid storage battery sales as a result of adoption in various markets • Declining sales of large-scale nuclear power generation systems	
	Transmission & Distribution Systems	• Continuous and growing demand for upgrades to equipment installed during time of Japanese economic miracle • Rising demand for decarbonization of existing production processes (electrification, fuel conversion)	
Power supply and facility systems	Data centers	• Robust internet data center equipment demand driven by digital transformation and accelerated AI use • Consistent needs for construction and expansion of small and large-scale data centers	
	Semiconductor factories	• Ongoing investment in constructing and expanding production facilities to bolster and decentralize production capacity	

Note: Equipment construction market trends are described in the sections for the respective subsegments.

This is the Market trends.

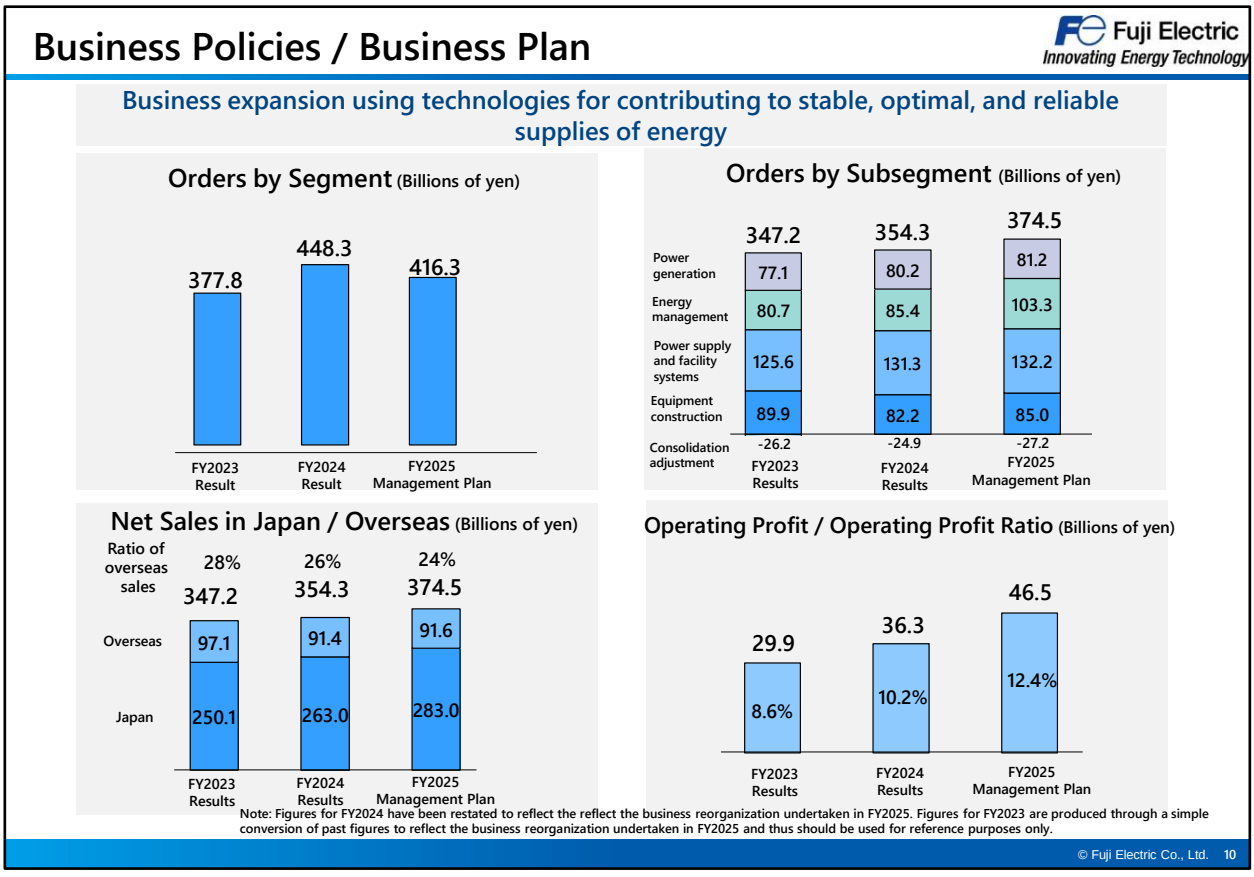
As for overall trends in markets related to our business, we forecast growth in demand supported by accelerated decarbonization efforts and progress on digitalization.

In the power generation business, we expect firm demand to continue, particularly for geothermal and hydro power generation equipment, driven by growing interest in renewable energy carbon-free power generation systems.

In energy management, we anticipate rising demand for grid stabilization and rapid growth in the grid battery storage market as renewable energy expands.

For substation systems, we expect consistent and stronger demand for facility upgrades and greater demand related to decarbonization.

In power supply and facility systems, we expect sustained demand from data centers for facility construction and expansion, driven by AI and digitalization trends.
In semiconductors, we anticipate continued investment in new and expanded production facilities, prompted by moves to expand production capacity and decentralize production sites.



Business policies and business plans

We forecast orders of ¥416.3 billion in FY2025, maintaining a level above ¥400 billion for a second consecutive year. Although this represents a ¥32 billion decline year-on-year, it reflects the absence of large projects booked in FY2024.
We estimate net sales to rise to ¥374.5 billion in FY2025, up ¥20.1 billion year-on-year, driven mainly by strong growth in the energy management business.
While forex effects will reduce sales in power supply and facility systems by several billion yen compared with the previous fiscal year, we expect the business to remain brisk, especially in terms of IDC-related demand.
We target operating profit of ¥46.5 billion and an operating profit ratio of 12.4%, aiming for a significant year-on-year improvement by prioritizing profitability in management decisions.

Priority Measures

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Business Policies

- Pursuit of growth by targeting growing energy markets and rising green transformation and digital transformation demand
- Timely development of competitive products
- Ongoing enhancement of manufacturing systems and augmentation of production capacity (energy management, power supply and facility systems)

Priority Measures

Power generation	・Expansion of decarbonization, renewable energy, and after service businesses
Energy management	・Development of competitive products and utilization of engineering capabilities to grow system businesses
Power supply and facility systems	・Expansion of domestic and overseas internet data center and semiconductor businesses
System solutions	・Expansion of system businesses through integrated operation with equipment construction business
Production capacity augmentations	・Augmentation of production capacity in conjunction with growth in substation equipment demand

Our business policies are to:
・Pursue growth by targeting growing market and rising green transformation and digital transformation demand
・Ensure timely development of competitive products
・Continue strengthening manufacturing and expanding production capacity

Details about each priority measure are shown on the next few slides.

Priority Measures—Power Generation

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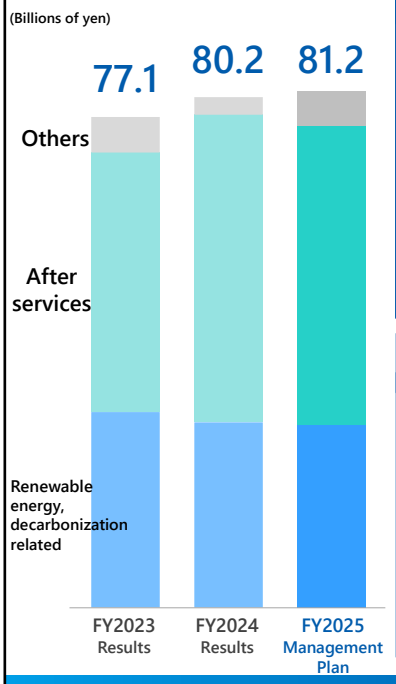
Power Generation Business Sales



Growth of decarbonization and renewable energy businesses including long-term decarbonization power source auction projects

- Expansion of scope of operations in geothermal field
  - Promotion of sales through offerings with wider range of capacities
  - Development of new products and functions
- Steady advancement of thermal and geothermal power plant, nuclear fuel cycle, and other large-scale projects
- Fuel conversion (ammonia, hydrogen), hydrogen fuel cells, energy storage systems, innovative next-generation reactors

Enhancement of products and proposals to drive growth in after service sales

- Enhancement of proposals involving diagnosis technologies, peripheral equipment, expanded maintenance plans, etc.
  - Response to needs for increased facility reliability amid tight supply–demand balance
  - Promotion of aging and lifespan diagnosis for improving operating efficiency ofequipment
- Expansion of pumped-storage hydropower generation and other hydropower generation scrap and build projects

For the power generation business, we aim for sales to be in line with the previous fiscal year.

Priority measures include expanding the decarbonization and renewable energy business and enhancing solution proposals to drive growth in after-sales services.

For expanding the decarbonization and renewable energy business, we will widen our geothermal offerings and steadily execute large-scale projects, while reinforcing the competitive edge of our products in new areas, such as fuel conversion and energy storage systems.

In order to expand after-sales services, we aim to enhance our proposals for customers with advanced diagnostics, equipment peripheral to power generation, and augmented maintenance programs.

Priority Measures—Energy Management

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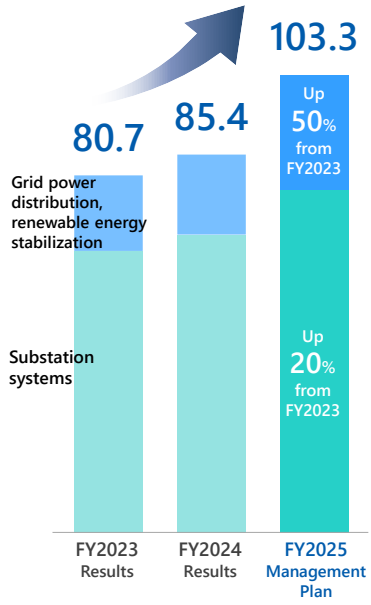
Energy Management Business Sales

(Billions of yen)



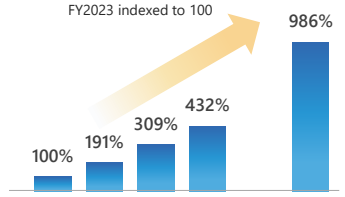
Enhancement of comprehensive renewable energy proposals centered on storage battery systems

■ Comprehensive proposals encompassing renewable energy, storage battery systems, and EMSs

- Growth of orders by supporting customers in shortening construction periods and achieving decarbonization

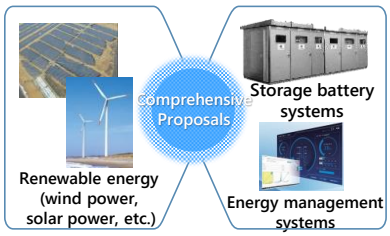
Grid Storage Battery System Market Served by Fuji Electric (※)

FY2023 indexed to 100



※ Handout materials for the 3rd Expert Working Group on GX Implementation Assumed based on the Cabinet Secretariat (November 8, 2023)

Comprehensive renewable energy system proposals



Reinforcement of substation system operations experiencing growing demand

■ Expansion of operations by quickly introducing new products

- Green transformation, eco-friendly, and global-specification products

■ Growth taking advantage of upgrade demand

145 kV global specification gas insulated switchgear

FR3 transformer

In the energy management business, we aim for a significant year-on-year increase in sales.

Our priority measures are to strengthen comprehensive proposals related to renewable energy, centered on battery storage systems, and reinforce the substation system business amid expanding demand.

We view battery storage systems as a market with strong growth potential and will combine renewable energy, storage battery systems, and EMS to offer integrated proposals. We aim to expand orders by maximizing our strengths in a broad range of business fields in this segment.

For substation systems, which is a core business in energy management, we aim to drive further growth through early market launches of new products and by capturing renewal demand.

Priority Measures—Power Supply and Facility Systems

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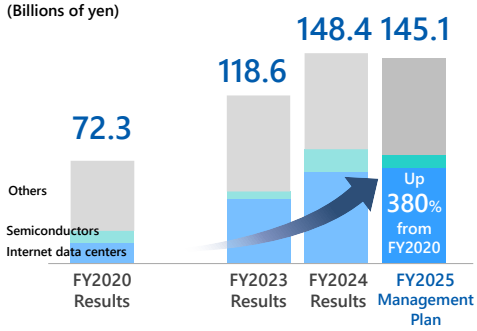
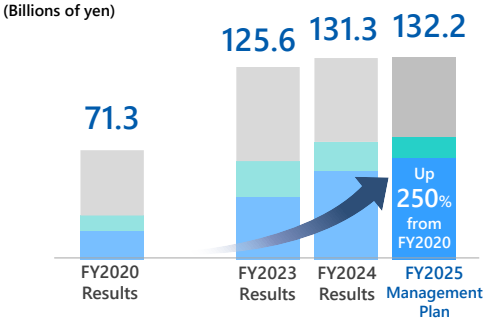
Power Supply and Facility Systems Orders

(Billions of yen)



Power Supply and Facility Systems Sales

(Billions of yen)



Growth in Internet Data Center-Related Orders

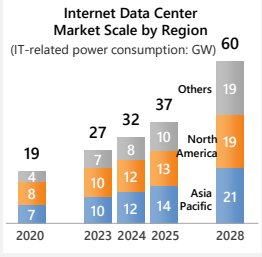
Enhancement of capacity to obtain orders by combining product development and new technologies from the customer's perspective

Customer Needs

- Larger capacities, less space requirement
- Shortened construction periods
- Improved ease of maintenance and operation

Market Trends

- Ongoing growth in internet data center-related investment



New Product Development and New Technology Adoption

Unit-Type Large-Capacity UPSs

- Compact design achieved through high density
- Improved ease of maintenance made possible by unit design

Container-Type Skid Systems

Skid systems
(Transformers + Inputs + UPSs + Outputs)

- Shortening of on-site construction period by handling certain processes in factories (assembly, testing)
- Improvement of equipment reliability

Expansion of coverage in North American market

* Source: Global Data Centre Colocation & Interconnection, Structure Research Ltd., 2024

 14

In power supply and facility systems, we expect sales in FY2025 to exceed the previous year's levels, even accounting for forex effects, in light of the favorable market conditions.

The priority measure is to expand IDC-related orders.
We will focus on expanding orders in the IDC market, which shows growth potential, through customer-oriented product development and adoption of new technologies.

Customer needs have been increasing for larger capacities and less space requirements, shortened construction periods and better maintainability. We intend to expand the business further by addressing these needs with large-capacity UPS units, skid systems, and containerized solutions.

Additionally, we are working to expand service coverage in North America amid worldwide growth in the IDC market.

Priority Measures—Growth of System Solutions

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Expansion of system businesses through integrated operation with equipment construction business

Fuji Electric's System Solutions

Internet Data Center Systems


UPSs


Substation equipment


Air-conditioning equipment construction

Comprehensive Renewable Energy Systems


Renewable energy (wind power, solar power, etc.)


Storage battery systems


Energy management systems

Priority Measures

Enhancement of one-stop solutions

- Supply of solutions integrating processes including product development, manufacturing, construction, and maintenance

Coordination with growth fields and maximization of sales volumes

- Reciprocal utilization of sales channels and customer networks established in growth markets and focus industries
- Differentiation through solicitation of competitive edge and integrated negotiations for taking part in larger projects

Equipment Construction
(Fuji Electric Engineering & Construction)

- Electrical and air-conditioning equipment construction

Major Products

Clean Electricity

- Thermal power
- Wind power
- Hydropower
- Fuel cells
- Solar power

Electricity Transmission

- Transformers
- Circuit breakers
- Switchboards
- PCSs

Equipment Support

- Uninterruptible power systems (UPSs)
- Monitoring and control systems

Energy Efficiency

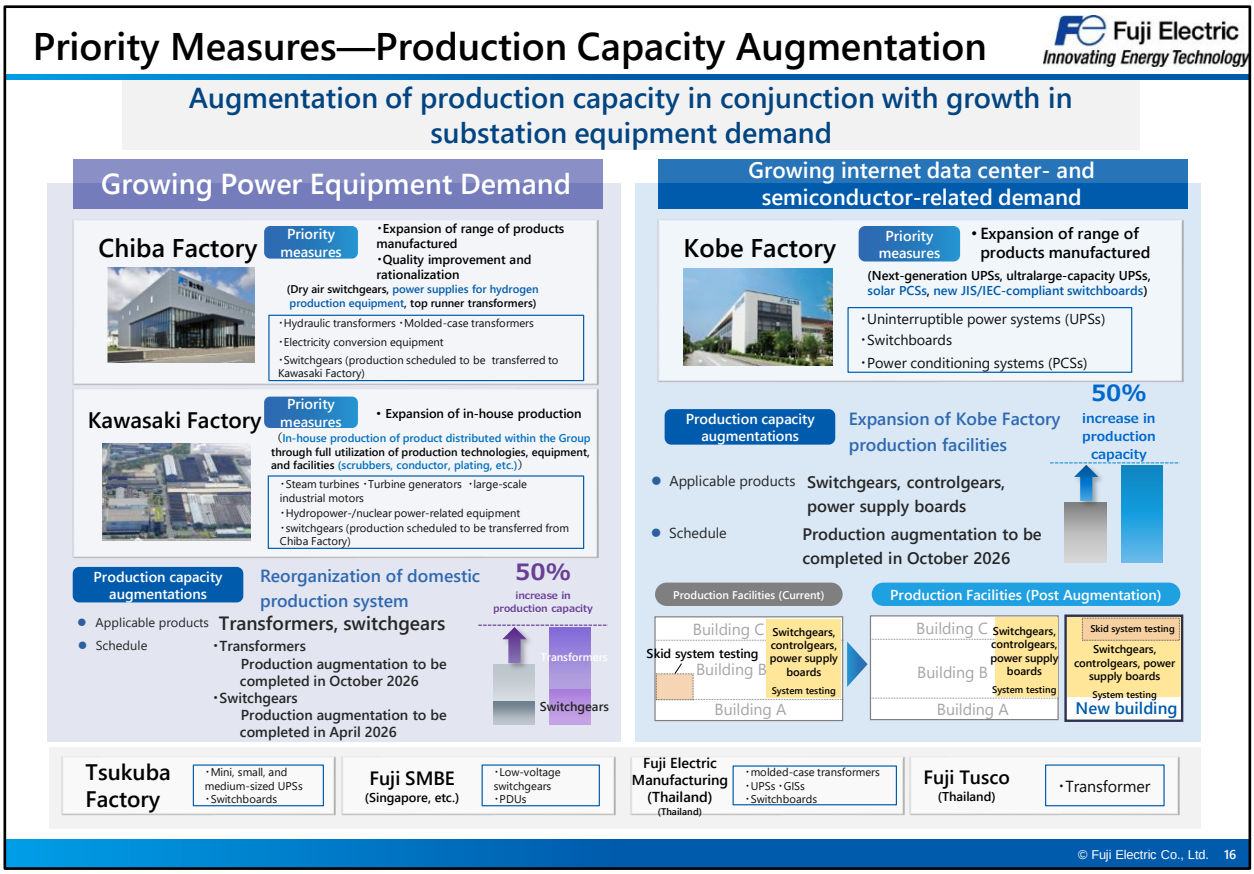
- Energy management systems
- Electricity storage systems

As a priority measure, we will accelerate the expansion of system solutions.

Starting in FY2025, we have integrated the equipment construction business into the energy business to enable unified operations and expand the system solutions business further.

This allows us to strengthen our one-stop solutions, such as IDC systems and comprehensive systems for renewable energy, in addition to equipment construction in the wide range of business fields in this segment.

In promising growth fields, we will foster collaboration across businesses to maximize volume and differentiate ourselves from the competition by leveraging our competitive advantages.



Fuji Electric is expanding production capacity to address growing demand and its current order backlog through FY2024.
To sharpen our manufacturing capabilities, we will continue to broaden the product lineup and promote in-house production and automation at each production site.

In response to rising demand for power equipment, we are restructuring production systems at the Chiba and Kawasaki factories.

We plan to raise production capacity by 50% by FY2026 for transformers (Chiba factory) and switchgears (Kawasaki factory).
To meet increasing demand from IDCs and semiconductors, we are also expanding production facilities at our Kobe factory.
By FY2026, we plan to boost production capacity for switchgears and power supply boards by 50% at the Kobe factory.
These measures will help us accommodate large-scale orders anticipated in the future.

Capital Investment / Research and Development

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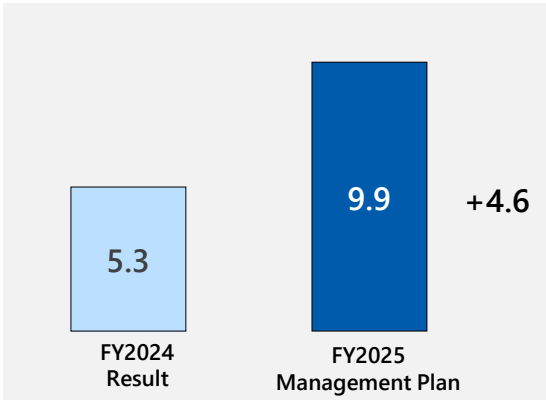
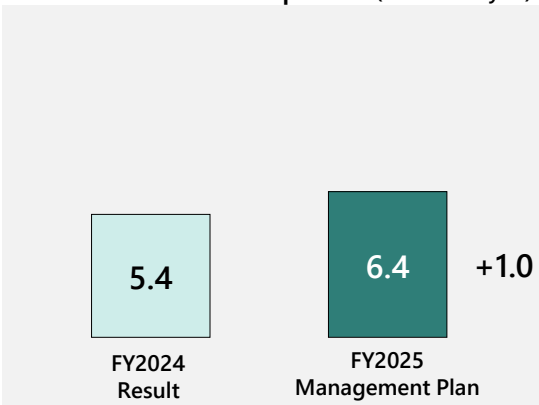
Capital Investment (Billions of yen)



■ Energy Management
Augmentation of substation equipment production facilities

■Energy Management and Power Supply and Facility Systems
Upgrades to development and testing equipment

Research and Development (Billions of yen)



■ Power Generation / Energy Management
・Carbon neutrality and eco-friendly products
(Electricity storage systems, energy management systems, dry air switchgears, hydrogen fuel cells, power supplies for hydrogen production equipment)
・Global products
(Transformers, molded-case transformers, GISs, solar PCSs, switchgears and control gears)
■ Power Supply and Facility Systems
・Expansion of series long lifespan and next-generation UPSs

Note: The R&D expenditure figures above represent expenditures that have been allocated to segments based on theme and may therefore differ from figures contained in consolidated financial reports.

Lastly, we turn to our capital investment and R&D plans.

Fuji Electric plans capital investment of ¥9.9 billion in FY2025, up ¥4.6 billion from FY2024.
Major investments include expanding production capacity for substation equipment in the energy management business and updating development and testing facilities in energy management and power supply and facility systems.

R&D expenditure is budgeted at ¥6.4 billion, a ¥1.0 billion increase year-on-year.
We will focus on developing carbon-neutral and environmentally friendly solutions as well as globally competitive products.

That concludes my presentation. Thank you.

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