

**Condensed Transcript of Q&A Session Regarding Financial Results Presentation for
the Three Months Ended June 30, 2025**

Date: July 31, 2025 (Thursday) 16:00–17:00

General

Q. How did performance in the three months ended June 30, 2025 compare with internal forecasts?

A.

- Net sales in the three months ended June 30, 2025 surpassed internal forecasts by more than ¥1 billion while operating profit was several billions yen higher than expected.

Q. Did orders in the Energy and Industry segment exceed forecasts for the three months ended June 30, 2025?

A.

- Orders in the Energy segment were not quite 10% higher than forecast in the three months ended June 30, 2025. Although this outcome is partially due to the changes in the time at which certain orders were incurred, we can also thank higher-than-expected orders in the power generation business and the power supply and facility systems business.

- In the Industry segment, we saw substantially higher-than-forecast orders in the IT solutions business. When excluding this business, Industry segment orders were around 10% higher than forecast due to orders received in the factory automation components business and the automation systems business.

Q. Will the favorable order trends seen in the Energy and Industry segment continue? Also, why has the Company chosen not to revise forecasts for the second half of the fiscal year ending March 31, 2026?

A.

- Given the trends seen in the three months ended June 30, 2025, we expect that the favorable order trends witnessed in the Energy and Industry segment will continue. However, we also must recognize that, by the nature of Fuji Electric's business, investment by customers tends to be concentrated in the latter parts of fiscal years. We therefore must be very cautious when assessing the customers' approaches toward investment, especially when considering the impacts of the reciprocal tariffs implemented by the United States and Japan.

For this reason, we have chosen not to revise our initial forecasts for the second half of

the fiscal year.

Energy

Q. Why did the operating profit ratio for the Energy segment show a year-on-year improvement, and will this trend continue?

A.

- The main reasons behind the improvement in the operating profit ratio for the Energy segment were cost reductions and productivity increases in manufacturing operations. Net Sales in the fiscal year ending March 31, 2026, will primarily be the result of orders received in previous fiscal years. Nevertheless, we have seen success improving the operating profit ratio through means such as shortening construction periods and reflecting the rising raw material prices in price proposals.

- We will continue these efforts as we proceed to amass orders throughout the fiscal year ending March 31, 2026. We therefore expect to be able to maintain the current trends in sales and operating profit ratio.

Looking ahead, there is some concern with regard to increases in raw materials, but we will look to combat these concerns with improvements to our manufacturing operations.

Q. What were the reasons behind the 23% year-on-year increase in net sales achieved in the energy management business in the three months ended June 30, 2025? Will this strong performance continue going forward?

A.

- The increase in net sales achieved in the energy management business in the three months ended June 30, 2025 was a result of favorable performance in sales of products for power, industrial, and railroads' substation applications in substation system business.

The favorable trends in orders are expected to contribute to sales going forward, and we therefore expect that strong performance will continue in the energy management business.

Q. Why types of trends are being seen with regard to data center-related orders? Also, what is your outlook for these orders over the medium to long term?

A.

- Favorable order trends have been ongoing in the Asian market. In Japan, however, competition for orders is intensifying, despite the continuous investment by foreign companies, due to market entries by overseas manufacturers.

- We are currently preparing to develop operations targeting the North American market in the medium to long term.

Q. What is the forecast for net sales in the power supply and facility systems business in the fiscal year ending March 31, 2026?

A.

- Net sales in the power supply and facility systems business in the second quarter of the fiscal year ending March 31, 2026 are expected to surpass forecasts due to the ahead-of-schedule recording of projects that were planned to record in the third quarter.

- In addition, year-on-year growth in sales is anticipated in the six-month period ending September 30, 2025.

- As for the second half of the fiscal year, we will formulate forecasts after assessing the order trends seen leading up to September 2025.

Industry

Q. Why did net sales and operating profit in the Industry segment surpass forecasts in the three months ended June 30, 2025?

A.

- The primary reason for the forecast-surpassing performance in the Industry segment was the strong performance of the IT solutions business. In this business, we were able to benefit from large-scale orders from the academic sector, including those associated with the 2nd GIGA program, as well as those from other sectors. The higher-than-anticipated operating profit was due half to the net sales growth and half to the profitability improvement measures implemented in the fiscal year ended March 31, 2025. Projects related to the 2nd GIGA program are advancing ahead of schedule in the IT solutions business, and we therefore anticipate that full-year performance in this business will also surpass forecasts.

Q. A higher hurdle has been set for the factory automation components business in the fiscal year ending March 31, 2026. How was progress in this business in the three months ended June 30, 2025.

A.

- Orders, including upfront orders, in the factory automation components business were 10% higher than forecast.

- Net sales slightly surpassed forecasts due to sales centered on overseas operations amid strong performance for measuring instruments in Europe and compact power supply devices in India.

- Operating profit was also a tad higher than anticipated.

Q. What sort of business opportunities and challenges does the automation systems business face in the United States?

A.

- The greatest business opportunity for the automation systems business in the United States is the promotion of sales of high-voltage inverters, especially given the anticipated demand associated with liquefied natural gas and other pipelines.

- The challenges for this business come in the form of competition with Chinese manufacturers. To combat this competition, we are moving forward with the development of new products that feature 30% lower costs, and we will be looking to promote sales of these products in the U.S. market in the fiscal year ending March 31, 2027 and beyond.

Q. What is the size of one-time expenses in the automation systems business?

A.

- The one-time expenses in the automation systems business amount to approximately ¥1.0 billion.

Semiconductors

Q. How were orders in the Semiconductor business in the first quarter of the fiscal year ending March 31, 2026 in comparison to forecasts and how do you expect second-quarter orders to compare to those received in the first quarter?

A.

- First-quarter orders for industrial semiconductors benefited from robust demand centered on semiconductors for renewable energy applications supported by the subsidies offered by the Chinese government.

In the second quarter of the fiscal year ending March 31, 2026, we expect that orders for industrial semiconductors will be on par with the first quarter given that renewable energy-related demand is anticipated to continue a little longer.

- As for automotive semiconductors, first-quarter orders were up as certain orders that would normally be incurred in the second quarter were recorded ahead of schedule. In the second quarter, orders are expected to decrease by 5% or 6% in comparison to the first quarter due to demand declines and inventory adjustment by customers.

Q. What is the forecast for demand in the Semiconductor business in the second half of the fiscal year ending March 31, 2026?

A.

- In regard to industrial semiconductors, we need to be cautious with regard to the conclusion of the subsidies offered by the Chinese government and the return to normal levels of demand for factory automation components.

- As for automotive semiconductors, we expect that sales of both SiC devices and IGBTs in the second half of the fiscal year ending March 31, 2026, will surpass those in the six-month period ending September 30, 2025. The rise in IGBT sales, specifically, will be due to customers scaling back inventory adjustments.

- We intend to formulate our forecasts for industrial and automotive semiconductor demand in the second half of the fiscal year based on the potential impacts of these factors on performance.

Q. Operating environment trends seem to be heading in a positive direction for Fuji Electric given factors such as the reduction in the tariffs imposed by the United States and the discontinuation of policies favoring battery-electric vehicles. What is your forecast for the Semiconductor business six months and a year into the future?

A.

- In the second half of the fiscal year ending March 31, 2026, it is possible that Fuji Electric will feel the impacts of downturns in performance at customers in Europe and the United States. Conversely, we project that demand associated with hybrid-electric vehicles will be slightly higher than originally expected. Accordingly, we do not foresee any significant deviations from our initial forecasts.