

**Condensed Transcript of Q&A Session Regarding Financial Results Presentation for  
the Nine Months Ended December 31, 2025**

Date: January 29, 2026 (Thursday) 16:00–17:10

**General**

Q. Is there any possibility that performance might exceed forecasts in the fiscal year ending March 31, 2026?

A.

• If foreign exchange rates remain around the current level, it is possible that net sales in the fiscal year ending March 31, 2026 might surpass the full-year forecast by more than ¥10 billion while operating profit comes to be more than ¥1 billion higher than anticipated.

In addition, we expect that cost cuts will buoy operating profit by more than ¥1 billion.

Q. What impacts will the soaring raw material prices have on operating profit in the fiscal year ending March 31, 2026?

A.

• The soaring raw material prices reduced operating profit by more than ¥4 billion in the nine months ended December 31, 2025 and are expected to lower fourth-quarter operating profit by more than ¥1 billion, resulting in an overall reduction of more than ¥5 billion on a full-year basis in the fiscal year ending March 31, 2026.

Particularly notable increases are being seen in the prices for copper and silver. We are the process of transferring these increases to product selling prices. However, there will be some disparity between the timings at which the impacts of the price increases and benefits of the transference are felt.

Q. What operating environment factors present concern with regard to forecasts for the fiscal year ending March 31, 2027, and what steps are being taken to combat these factors?

A.

• We anticipate that Fuji Electric will feel the effects of the high raw material costs as well as the emerging business impacts associated with changes in relations between Japan and China.

Steps are being taken to minimize the impacts of the high raw material-costs by transferring these impacts to product selling prices. However, there will be a need to carefully monitor the trends that appear in the fiscal year ending March 31, 2027 and beyond.

## **Energy**

Q. What were the reasons behind the ¥23.3 billion year-on-year increase in orders in the Energy segment in the third quarter of the fiscal year ending March 31, 2026]?

A.

- When accounting for the delays in the recording of certain power generation orders, it could be said that orders increased by more than 100% year on year.

- In the energy management business, orders for storage battery system-related operations grew by more than 200%, while a slight decrease was seen in transformer system-related orders due to project delays.

- Orders in the power supply and facility systems business are slightly behind schedule. However, large-scale orders were received in January 2026, and we anticipate that orders will continue to increase going forward.

Q. What trends are currently being seen in order backlog in the Energy segment?

A.

- On a non-consolidated basis, Fuji Electric's Energy segment order backlog was up roughly 30% year on year on December 31, 2025. Looking at consolidated overseas subsidiaries, Fuji SMBE Pte. Ltd. witnessed a 10% year-on-year increase in order backlog attributable to its ability to take advantage of the growth in data center demand among overseas customers.

Q. Why did the third-quarter operating profit ratio rise to 14.7%, compared with 11.5% in the six months ended September 30, 2025? Also, how likely is it that these profitability improvements will be sustained?

A.

- Improvements in profitability are being seen in all subsegments of the Energy segment.

Projects for which under the percentage-of-completion method, final deliveries tend to be concentrated toward the end of December and March, which results in a concentration of sales during these periods. The rise in the operating profit ratio you refer to is a result of the increase in sales volume associated with this trend coupled with improvements to profitability attributable to heightened manufacturing productivity.

- Our full-year target for the profit ratio is 14%, and we look to achieve further improvements in the operating profit ratio during the fourth quarter with this target serving as our base.

Q. What are the factors behind the year-on-year increase of ¥5.4 billion projected for operating profit in the Energy segment in the fourth quarter of the fiscal year ending March 31, 2026?

A.

- Factors behind the projected year-on-year increase in Energy segment operating profit in the fourth quarter of the fiscal year ending March 31, 2026, include the absence of the provision for loss recorded in the power generation business in fourth quarter of the fiscal year ended March 31, 2025. Another factor is the anticipated ongoing improvements to profit in the strong-performing energy management and power supply and facility systems businesses. We are working to secure profit in excess of the current forecast.

Q. How is the progress of entering into data center business in North America?

A.

- While there have been slight delays in the acquisition of standard certification on the road to acquiring orders, progress is within the scope of our initial plans. At the earliest, it is possible that we might start to receive orders around the end of the fiscal year ending March 31, 2026.

### **Industry**

Q. What trends are being seen with regard to low-voltage inverter inventories and orders in the Industry segment?

A.

- We have been taking steps to reduce inventories levels at market since the beginning of the fiscal year, and inventories at dealers and major customers are returning to normal levels.

- Orders showed a year-on-year increase in September 2025, but once again began to decline in October and November. Another increase in orders was then seen in December. We expect orders to recover in conjunction with customers' production plans going forward.

- Demand seems to have bottomed out in Japan, and a favorable trend in orders has continued since December 2025. Specifically, we have witnessed increases in data center-related orders and other orders from semiconductor equipment manufacturers as well as orders from switchgear and controlgear manufacturers placed in advance of rises in the prices of copper wire.

- Overseas, we face opaque conditions in China, but we believe that production trends among customers have taken a positive turn.

- We will carefully monitor conditions at customers as we seek to gauge demand trends going forward.

## **Semiconductors**

Q. Why were third-quarter orders in the Semiconductors segment higher than the orders received in the second quarter of the fiscal year ending March 31, 2026?

A.

- In regard to industrial business, demand was up for products for factory automation applications while flat growth was seen in orders for renewable energy-related products.
- Orders for automotive business, meanwhile, were up due to higher demand for SiC devices, increased demand from customers in Europe and the United States, and the start of production of products for new customer.

Q. What is the outlook for Semiconductor segment orders in the fourth quarter of the fiscal year ending March 31, 2026?

A.

- We expect that fourth-quarter orders for both industrial business and automotive business will be around the same level as seen in the third quarter when excluding the impacts of foreign exchange influences.
- We project a slight decline in orders for industrial business for renewable energy applications in China due to the impacts of the Chinese New Year. Meanwhile, a small increase is anticipated in orders of industrial business for numerical control and servo applications in Japan.
- There will likely be a slight decrease in orders for automotive business from Europe and the United States as a result of the advance orders received in the third quarter of the fiscal year ending March 31, 2026. Conversely, we forecast an increase in demand for SiC devices.

Q. How did third-quarter operating profit in the Semiconductors segment compare with internal forecasts?

A.

- When excluding foreign exchange influences, third-quarter operating profit in the Semiconductors segment was down in comparison to internal forecasts as a result of decline in net sales.

Q. What are the forecasts for operating profit in the fourth quarter of the fiscal year ending March 31, 2026 and in the fiscal year ending March 31, 2027?

A.

- Operating profit in the fourth quarter of the fiscal year ending March 31, 2026 is projected to surpass the amount of operating profit recorded in the third quarter. One

factors behind this outcome will be the increase in net sales, when excluding foreign exchange influences. Other factors include the benefits of decline in costs of capital accompanying the receipt of subsidies for capital investments related to 6-inch SiC devices and revisions to selling prices centered on products for customers in Europe and the United States.

- In the fiscal year ending March 31, 2027, operating profit is expected to be impacted by the rising prices of copper, silver, and other materials. We are currently in the process of formulating our targets for fiscal year ending March 31, 2027, but it feels safe to assume that we will not see an operating profit around the same level as that of the fourth quarter of the fiscal year ending March 31, 2026.

Q. What are the portion of net sales in the Semiconductors segment to be accounted for by SiC devices and what are the forecast of profitability of these devices?

A.

- Sales of SiC devices in the fiscal year ending March 31, 2026 are expected to be nearly double the amount from the previous fiscal year and represent roughly 10% of automotive semiconductor sales. SiC devices are anticipated to account for more than 20% of net sales in the automotive Semiconductors segment in the fiscal year ending March 31, 2027.

- Margin for SiC devices are anticipated to show year-on-year improvements going forward.

Q. What trends are being seen in inventories at Fuji Electric and at customers?

A.

- The Company has been able to effectively control its inventories.
- Customers have amassed a certain degree of inventories for automotive semiconductors and semiconductors for factory automation applications, and we project that a bit of time will be required before these inventories can return to normal levels. While the level of automotive semiconductor inventories varies by customer, we understand that customers have amassed inventories on a global scale.

Q. What is the outlook for demand in the fiscal year ending March 31, 2027?

A.

- We cannot anticipate significant growth in demand for industrial semiconductors for renewable energy applications if the Chinese government does not issue subsidies. Demand for industrial semiconductors for factory automation applications is showing a gradual recovery, and we project growth in demand for semiconductors for numerical control and servo applications in particular.

- As for automotive semiconductors, Fuji Electric's SiC modules are being employed in new models of vehicles, and we expect to begin producing modules for these vehicles in the second half of the fiscal year ending March 31, 2027. However, it will take some time for net sales to recover considering the discontinuation of older vehicles employing our products as well as the inventory adjustment trends being seen centered on customers in Europe and the United States.

Q. What amounts of capital investment are projected for the fiscal years ending March 31, 2026 and 2027?

A.

- In the fiscal year ending March 31, 2026, we plan to invest almost ¥40 billion in 6-inch and 8-inch SiC devices and other applications. Investment in 6-inch SiC devices is nearly complete, and we therefore do not expect the fiscal year ending March 31, 2027 to see any significant rises in investment amounts in comparison to the fiscal year ending March 31, 2026.