

**Condensed Transcript of Q&A Session Regarding Financial Results Presentation for the Fiscal Year Ended March 31, 2026 and Management Plan for the Fiscal Year Ending March 31, 2027**

Date: April 28, 2026 (Tuesday) 16:00–17:30

**General**

Q. With regard to capital measures and shareholder return policies, what is the likelihood that a total return ratio of 50% will be sustained? Also, what is the ideal level for the equity ratio and what level should Fuji Electric target for return on equity (ROE)?

A.

• Future capital measures and shareholder return policies will be considered as part of the process of formulating the financial and capital strategies to be included in the next medium-term management plan. As for the likelihood that a total return ratio of 50% will be sustained, we will examine the ideal approach toward cash allocation with consideration for factors such as acceleration of M&A activities and other growth strategies as well as share buybacks.

• We do not believe that simply increasing the equity ratio would constitute an appropriate form of management. Accordingly, we will be looking to effectively control financial leverage with the aim of maintaining our issuer rating of A.

• Looking ahead, Fuji Electric will be targeting a ROE of 15%.

Q. Does the management plan for the fiscal year ending March 31, 2027 account for the potential impacts of the conflicts in the Middle East?

A.

• In the first quarter of the fiscal year ending March 31, 2027, we have been successful at absorbing the impacts of rising costs for logistics and raw materials. However, we will have to carefully examine the potential impacts of a prolongation of the conflicts.

**Energy**

Q. In the forecast for factors to affect consolidated operating profit in the fiscal year ending March 31, 2027, it was explained that roughly 60% of the ¥30.7 billion projected boost to operating profit to be associated with increases in sales and production volumes will be attributable to the Energy segment. Why, then, is operating profit in the Energy segment only expected to increase by ¥11.5 billion year on year?

A.

- Factors behind the forecast include increases in personnel expense, depreciation and amortization, R&D expenses, and other fixed costs. The operating margin in the Energy segment is anticipated to show a slight year-on-year increase, and we will be targeting improvements in this margin going forward.

Q. What is the forecast for orders in the fiscal year ending March 31, 2027?

A.

- We project that orders in the power generation business will decrease by around 10% year on year due to the absence of the large-scale orders recorded in the previous fiscal year.

- Overall orders in the energy management business are expected to be relatively unchanged year on year. Specifically, orders for storage battery systems are forecast to increase by around 30% while orders for substation equipment decrease by about 10% due to the absence of the large-scale orders recorded in the previous fiscal year.

- As for the power supply and facility systems business, we anticipate a year-on-year increase in orders of around 15% to 20%. At the moment, inquiries regarding data centers are surpassing expectations, and we will thus continue to assess our forecasts going forward.

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

A.

- In the power supply and facility systems business, we anticipate that data center-related orders will increase 20% to 30% year on year while data center-related sales rise by around 30%. We are also seeing rises in the backlog of data center-related orders, and we are therefore committed to translating this backlog into sales.

Q. Is it correct to assume that the capital investments in Malaysia announced today will enable Fuji Electric to secure the production capacity it will need to accommodate the data center-related demand projected to be seen going forward?

A.

- Given the current level of data center-related demand inquiries, it is possible that we might see deficiencies in production capacity in the fiscal year ending March 31, 2028. To ensure that we are able to respond to the robust demand associated with data centers, we intend to adjust our prior plans to sell older factories so that we can continue production at such factories. A flexible approach will be taken toward our production system going forward.

Q. What type of progress is being seen in data center projects in the North American market?

A.

• We have completed registration as a vendor for customers. Business negotiations and safety certification processes are being advanced side by side. We expect to obtain certification and start receiving orders in June 2026 and then to begin shipments around November of this year.

Q. What are Fuji Electric's sales targets for data center projects in North America?

A.

• As customers are also allocating resources to other regions, we do not expect any significant increases in North American data center-related sales volumes to be seen until the fiscal year ending March 31, 2028, although forecasts for the fiscal year ending March 31, 2027 include a small amount of sales volume from the North American market. We plan to continue steadfast efforts targeting this market so that we can seize opportunities for growing our business. Also, we are currently receiving a lot of inquiries from regions other than North America, such as Asia and Oceania. Accordingly, we will be exploring a wide range of options in the pursuit of business growth.

Q. I understand that domestic storage battery manufacturers with which the Company has strong business relationships are projecting a large increase in orders. Given this outlook, what is the forecast for storage battery system operations?

A.

• We have had success in growing our operations through deliveries of bundles that combine the storage batteries of storage battery manufacturers with power conditioning systems and other products of Fuji Electric. We hope to continue to achieve growth through such collaboration going forward.

### **Industry**

Q. Could you please examine for what regions and applications sales volume growth is anticipated in the factory automation component and ED&C component sales forecasts for the fiscal year ending March 31, 2027?

A.

• For factory automation components, we are seeing demand for increasing inverter efficiency and capacity from manufacturers of cooling systems, compressors, and other devices in conjunction with the trend toward larger data centers. Inquiries have been on the rise thanks to this demand. Fuji Electric has been ramping up its initiatives amid changes in the markets in which it is able to solicit the specifications of its differentiated products. We also recognize that there will be a need for managing the water used to cool servers in AI data centers. At the same time, we have been witnessing an increase in demand for flowmeters and other measuring instruments in

overseas markets such as Taiwan, and this demand is expected to continue to grow going forward.

- In India, Fuji Electric received large-scale smart meter orders from two customers in the fiscal year ended March 31, 2026, and we plan to begin shipments based on these orders in the fiscal year ending March 31, 2027.

- Sales of ED&C components to domestic manufacturers of semiconductor production equipment and other machinery began recovering in the third quarter of the fiscal year ended March 31, 2026.

### **Semiconductors**

Q. What are your thoughts regarding the reorganization being seen in the domestic power semiconductor industry? Also, have there been any changes in your relationships with major Japanese Tier 1 manufacturers?

A.

- We have no intention of denying the trend toward reorganization seen in the domestic power semiconductor industry. Fuji Electric will examine any possible opportunities for collaboration that might prove beneficial. At the moment, however, there have not been any significant changes with regard to our situation. Going forward, we will carefully chart our course based on our situation and with an emphasis on relationships with existing customers.

- In past fiscal years, we have had the opportunity to jointly apply for government subsidies together with major Japanese Tier 1 manufacturers, and we are engaged in collaborative ventures aimed at growing sales volumes. There has been no change in our strong relationships with such manufacturers.

Q. The forecast for the operating margin in the fiscal year ending March 31, 2027 seems a bit worrisome. What factors might cause performance in the second half of the fiscal year ending March 31, 2027 to improve in comparison to the first half? Also, what is the outlook for the fiscal year ending March 31, 2028 and beyond?

A.

- Fuji Electric's operating environment is currently incredibly challenging, and this has been resulting in a consistently low operating margin. We therefore aim to return the operating margin to a level around 15% under the next medium-term management plan.

- Demand for industrial semiconductors for data center applications and for factory automation applications, primarily those related to semiconductor production, has been on the rise since the fiscal year ended March 31, 2026, and we expect this trend to continue in the fiscal year ending March 31, 2027 and beyond. The Company also aims to grow sales by developing devices that respond to customer needs.

- As for automotive semiconductors, we anticipate an upturn in performance to be seen in the second half of the fiscal year ending March 31, 2027 as a result of the transactions with customers that can be expected based on contracted amounts as well as higher sales volumes for SiC devices. The increases in SiC device sales volumes are expected to continue in the fiscal year ending March 31, 2028 and beyond, and we have been witnessing a rise in projects in which we have been able to successfully convince customers to adopt Fuji Electric's specifications. Initiatives aimed at receiving orders will continue going forward.

- In addition to the benefits of higher sales volumes for industrial and automotive semiconductors, our forecasts also incorporate the improvements to operating profit anticipated from the benefits of efforts to transfer the rises in raw material prices to product selling prices. These benefits are projected to begin appearing in the second half of the fiscal year ending March 31, 2027.