

**Condensed Transcript of Q&A Session Regarding Business Strategy Meeting for the  
Fiscal Year Ending March 31, 2027**

Date: May 27, 2026 (Wednesday) 13:30 – 16:30

**General**

Q. We are currently seeing reorganization in the power semiconductor industry. Given this trend, do you expect Fuji Electric to enjoy any advantages from the fact that it deals in power semiconductors, which it is able to use to create high-value-added products through synergies with power electronics?

A.

• We expect that the line between power electronics technologies and power semiconductor technologies will become increasingly blurred. This situation means that there are advantages to the Company possessing both of these technologies. However, this does not mean that we will be avoiding partnership with other companies. When examining potential partnerships, we will do so based on an unbiased evaluation of both the advantages and disadvantages of the arrangement in question.

• In regard to power semiconductors, as we branch out from general-purpose areas, we expect to find ourselves increasingly involved in areas like automotive semiconductors in which we work with partners and increase the value of our offerings.

Q. What sort of challenges will be faced in improving the operating profit ratio during the period of the next medium-term management plan?

A.

• Our policy of emphasizing profitability in management will not change under the next medium-term management plan. Our basic approach will be to generate profit through sales growth while enhancing our business constitution to improve profit margins. In the fiscal year ending March 31, 2027, we project that the only subsegment to have an operating profit ratio that remains in the single digits will be components, but we anticipate that profitability will improve as demand recovers.

**Energy**

Q. What are the risks of further increases to costs in plant and system projects?

A.

• We have learned the lessons from past projects that have ended in massive losses, and these lessons have inspired us to make ongoing improvements to our risk management system. We have thereby achieved steady improvements in profitability. Accordingly, we have frameworks in place to minimize the risk of future increases in the costs of plant and system projects. Specifically, when receiving an order, we define

escalation provisions designed to split the risk of rising material prices with the customer. In addition, transaction prices that incorporate risks are proposed, and other steps are taken to ensure reliable earnings based on rigorous risk management.

Q. Based on your outlook for the supply–demand balance going forward, when do you expect order backlog to start to decline?

A.

- Given the rises in demand and the lead times required for projects, we expect orders to continue to be placed ahead of fulfillment until around 2030. As a result, the upward trend in order backlog will be a constant over the foreseeable future. In the power generation business, we have already received orders for projects that will not contribute to sales until the fiscal year ending March 31, 2031 or later.

Q. Various companies are aggressively investing in supply capacity increases in order to accommodate the rising power demand. Are there any signs that a supply glut may occur and place downward pressure on prices?

A.

- Price competition is intensifying in relation to data center projects due to the entry of overseas rivals into the market. Fuji Electric seeks to combat this trend by enhancing its competitiveness through means such as the strengthening of development and manufacturing capabilities and reductions to costs.

Q. In the United States, we are seeing pushes to use geothermal power as a baseload power supply. What business opportunities will this trend create for Fuji Electric?

A.

- We have not recently seen any major developments with regard to geothermal power generation projects in the United States. However, we are receiving a lot of inquiries regarding such projects for Asia.

Q. Net sales in the energy management business increased by 22% year on year in the fiscal year ended March 31, 2026. What is the likelihood that this growth will continue going forward and what type of potential do you see for improving profitability?

A.

- Sales of storage battery systems are still growing, and we anticipate that the current strong trend in sales growth will be sustained until around 2030.

- We will continue efforts to grow profits going forward. However, we are currently benefiting from extraordinary factors, such as the 10-year replacement timing for power conditioning systems for solar power equipment. When considering the possibility of competition intensifying, we see a risk that the rate of improvement in profit margins might slow.

Q. Are the profit margins currently being seen in the energy management business sustainable?

A.

• Replacement projects for power conditioning systems for solar power equipment will have tapered off by the fiscal year ending March 31, 2028. At same time, however, we are starting up new storage battery system construction projects. Although it is true that the decline in after-sales service projects for solar power generation systems may result in a temporary decrease in profitability, we expect to continue to receive enough orders to secure a baseline level of profit. Looking ahead, if we can take advantage of the storage battery system replacement demand set to emerge a few years from now, it will likely contribute to improvements in medium- to long-term profit margins.

Q. What business opportunities and risks might emerge for Fuji Electric should data centers increasingly adopt high-voltage DC power or should companies begin moving away from traditional data centers to focus more on data centers for learning or reasoning AI?

A.

• We believe that data centers in general, both AI data centers and more conventional data centers, will continue to increase going forward, and we thus plan to develop our operations with an eye to serving both. AI data centers will likely be using increasingly high voltage electricity. Fortunately, Fuji Electric has a lineup of circuit breakers capable of accommodating such high voltages, and we will thus be proposing these to customers.

• Fuji Electric plans to develop solid state transformers and other products for AI data centers. However, these efforts will require us to research customer needs and trends related to such factors as voltage and capacity and to formulate an outlook based on this research. Accordingly, we are investigating possible options with the goal of releasing such products in 2028 or 2029.

Q. Can we expect Fuji Electric to expand its customer base in the data center business?

A.

• We have been successful in growing our base of customers in both Japan and overseas. As a result, we have been seeing an increase in the number of data center projects being developed together with customers overseas. This increase has been particularly large in Thailand, and we have thus been bolstering the staff of our factory in Thailand so that we can conduct production at a full capacity. Once we have received our first order from a customer, it is more likely that we will get subsequent orders when they choose to augment their facilities. Accordingly, we feel that Fuji Electric's future prospects are growing with regard to both new and existing customers.

### **Industry**

Q. Is the recovery of FA Components the most pronounced in markets related to

semiconductors and AI?

A.

• Your assessment of the markets is correct. In the ED&C components business, we have also been witnessing a recovery trend in demand for machine tools and robots that has continued since the second half of the fiscal year ended March 31, 2026. Furthermore, inquiries from the oil and gas sectors of the United States began rising in the first quarter of the fiscal year ending March 31, 2027.

Q. What portions of the total sales of the Industry segment are attributable to internet data centers and to semiconductors?

A.

• Semiconductors account for more than 10% of the total sales of the Industry segment. Internet data centers, meanwhile, are only associated with a few percent of sales, but we aim to get this figure into the double digits.

• In regard to internet data centers, inquiries related to large-capacity inverters have been on the rise, and a significant portion of these inquiries has been from the United States. We are also seeing changes in the needs associated with liquid cooling of measuring instruments. In response to these changes, we will be working to promote use of Fuji Electric's specification, and these efforts are anticipated to contribute to sales growth.

Q. What are the reasons for Fuji Electric's entry into the highly competitive mobility field?

A.

• Fuji Electric is able to differentiate itself from competitors with automotive inverters equipped with its power semiconductors. We have been successful in encouraging use of our specifications due to our ability to provide more-compact offerings. Accordingly, we plan to develop our operations in this field by focusing solely on automotive inverters.

Q. What are your ejector cooling system sales targets by region, and by when do you expect these targets to be accomplished? Also, what issues might be faced in spreading use of ejector cooling systems?

A.

• We aim to achieve sales of ejector cooling systems that are at least in the tens of billions. We expect it to take two or three years for our systems to receive approval. As such, a full-scale rollout of these systems will not be seen until 2029 or later.

• Large-scale data center operators will need to upgrade their air-conditioning systems in the future, and Fuji Electric has been promoting the use of its specifications with this regard to domestic business operators since 2024. Meanwhile, we are working with air-conditioning engineering partners in preparation to undertake such initiatives

overseas.

### Semiconductors

Q. What challenges must be overcome to recover the Semiconductors segment's operating profit ratio to 15% and how does Fuji Electric plan to approach these challenges?

A.

- The Semiconductors segment requires large amounts of capital investment, meaning that sales growth is of utmost importance. Sales of industrial semiconductors have been growing over the past several years, and we expect this trend to continue going forward. As for automotive semiconductors, we will be dedicating efforts to approaching new customers and encouraging adoption of Fuji Electric's specifications.

- We also recognize the need to improve productivity through rationalization. One step toward this end was the closure of our production line for small-diameter Si devices in Malaysia undertaken in the fiscal year ended March 31, 2026. In the future, we have plans to conduct production of 8-inch Si and SiC devices at the Matsumoto Factory in order to heighten productivity while lowering costs. We look to commence mass production of 8-inch SiC devices during the period of the next medium-term management plan.

Q. What portion of total sales in the Semiconductors segment are attributable to products for data centers and what fields are being targeted with these projects. Do you see any business opportunities with regard to the transition to higher voltage resistance and DC power at data centers?

A.

- At the moment, less than 10% of industrial semiconductor sales are attributable to products for data centers. We are currently in the process of developing products targeting the uninterruptible power supply system and air-conditioning equipment fields. Fuji Electric is anticipated to see increased business opportunities if there is progress in the transition to higher voltage resistance and DC power at data centers.

- Industrial semiconductor inquiries related to renewable energy and other storage battery applications are projected to grow beginning in the fiscal year ending March 31, 2027.

Q. Is the rising demand for products for data center applications causing a tight supply-demand balance for power semiconductors?

A.

- Demand for industrial semiconductors has been favorable thanks to a recovery trend. However, we are able to use shared clean rooms for front-end processing of both automotive and industrial semiconductors. Considering our production capacity, we do not feel as though we are facing a tight supply-demand balance.

Q. What is the target for adoption of new automotive semiconductor products? Also, how feasible do you feel it is that transaction volume forecast will be achieved?

A.

- The transactions proposed by customers at this point in time are as displayed in the presentation materials.
- The exact scale of sales of Fuji Electric's automotive semiconductor products will depend on the sales of the vehicles that incorporate those products. Nevertheless, we plan to take full advantage of the volume of transactions described in the presentation materials, and we expect to be able to grow sales past that point.
- The transaction volume described in the presentation materials refers to those projects for which mass production is slated to begin in the fiscal year ending March 31, 2027 and does not include those projects for which mass production has already begun.

Q. What is the outlook for sales of automotive semiconductors in the fiscal year ending March 31, 2028 and beyond?

A.

- We will formulate our sales forecasts during the process of preparing the next medium-term management plan. However, we anticipate that inventory adjustment among customers will continue going forward due to the impacts of customer buyouts associated with minimum volume commitments. As such, we do not project a significant recovery in sales during the fiscal year ending March 31, 2028. Demand should recover once the inventory adjustment phase has concluded.
- As vehicles employing Fuji Electric products are currently being replaced with new models, we are in somewhat of a down period in terms of sales. Nonetheless, production of electrified vehicles continues to increase. The demand for electrified vehicles is rising due to the challenges to procuring crude oil and the rising prices thereof created by worsening conditions in the Middle East. If this situation were to continue, it is likely that we will see rapid growth in demand for products for electrified vehicle applications.

### **Food and Beverage Distribution**

Q. Could you please offer some details on the price revisions cited as one of the reasons for the year-on-year change in operating profit in the Food and Beverage Distribution segment projected to be seen in the fiscal year ending March 31, 2027?

A.

- The service price revisions to be implemented in the fiscal year ending March 31, 2027 account for the impacts of rises in personnel expenses and raw material prices. Our forecasts also incorporate increases to the value of vending machines to be used in bids in the fourth quarter of this fiscal year.

Q. Will it be possible for Fuji Electric to maintain, or maybe even grow, its current 80% share in the domestic vending machine market? Given that the number of vending machines in the Japanese market is declining, will the Company be able to sustain the current level of sales over the medium to long term by growing its market share?

A.

- Including Fuji Electric, there are currently only two Japanese vending machine manufacturers. The recent growth of our market share has been the result of our high-value-added proposals and enhanced partnerships. We expect to be able to maintain this share into the future.

- Currently, there are around 2 million vending machines in operation in Japan. If we assume that these vending machines are used for 20 years, this means that there will be demand for replacing about 100,000 vending machines each year. Beverage manufacturers view vending machines as an important sales channel that functions as a piece of social infrastructure in times of disaster and under other conditions. We are thus committed to capitalizing on the consistent demand from these companies. At the same time, Fuji Electric is expanding into business areas that are peripheral to customer supply chains with the goal of maintaining, or ideally growing, the scale of its sales.

Q. What sort of potential do you see in the Indian vending machine market?

A.

- We see a potential in Indian market in consideration of the scale of its economic and population growth. Fuji Electric is therefore looking to expand its operations in this market via partnership with general trading companies, beverage manufacturers, and vending machine operators.

Q. Is Fuji Electric applying the heating and cooling technologies it has developed for vending machines to its ejector cooling systems and other operations?

A.

- Our heating and cooling technologies include both heat pump cycle and ejector pump cycle technologies. Vending machines use heat pump cycle technologies, and these technologies are being utilized to develop more energy-efficient vending machines. The ejector pump cycle technologies we developed in the earlier days of our vending machine development have remained a part of our R&D portfolio and are now being used in ejector cooling systems and other data center products.