

Business Strategies for FY2026

Fuji Electric Co., Ltd.

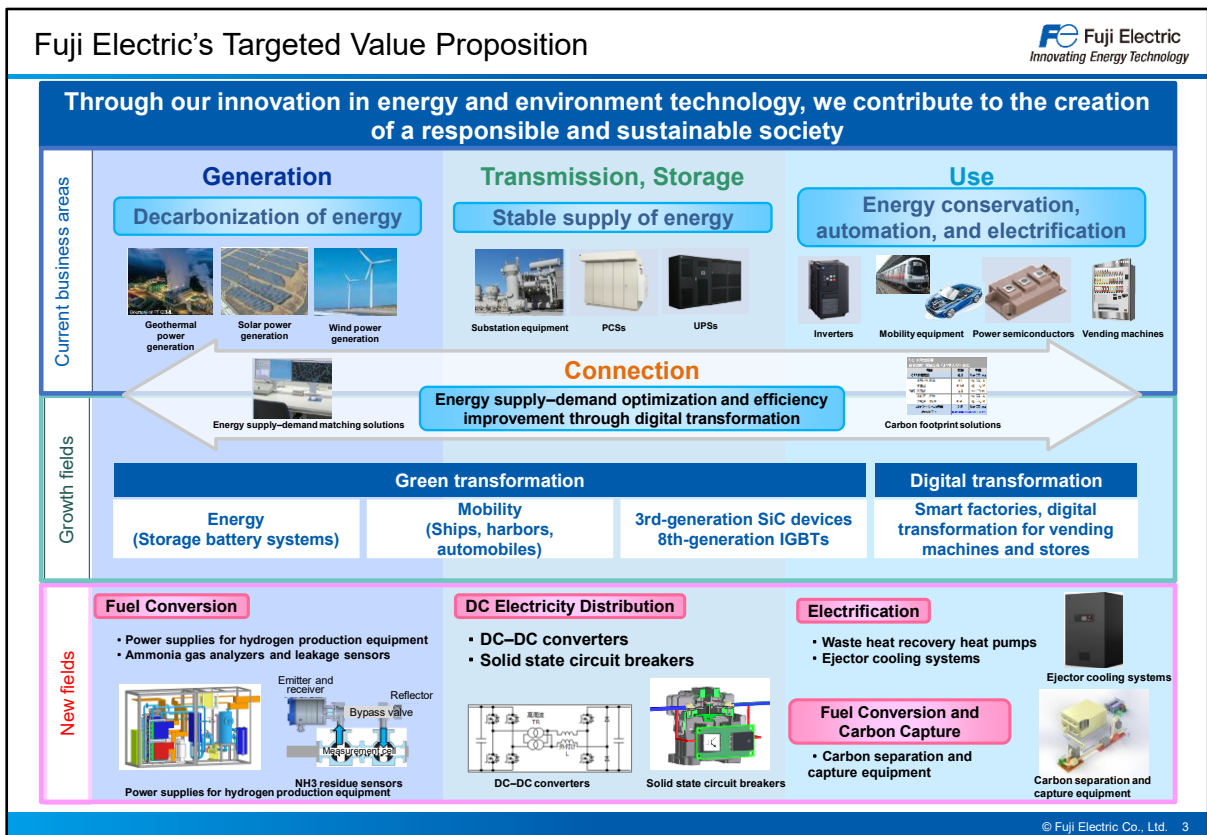
May 27, 2026

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I'm Shiro Kondo, the President and COO.

Thank you very much for joining us today. Today, we are explaining business strategies for FY2026, but as you've heard in the presentations from each business so far, we've touched on various topics that look a bit further ahead than just FY2026. This is partly because discussions regarding our next medium-term management plan are gradually moving forward. With that in mind, I'd like to share our thoughts on a company-wide level.

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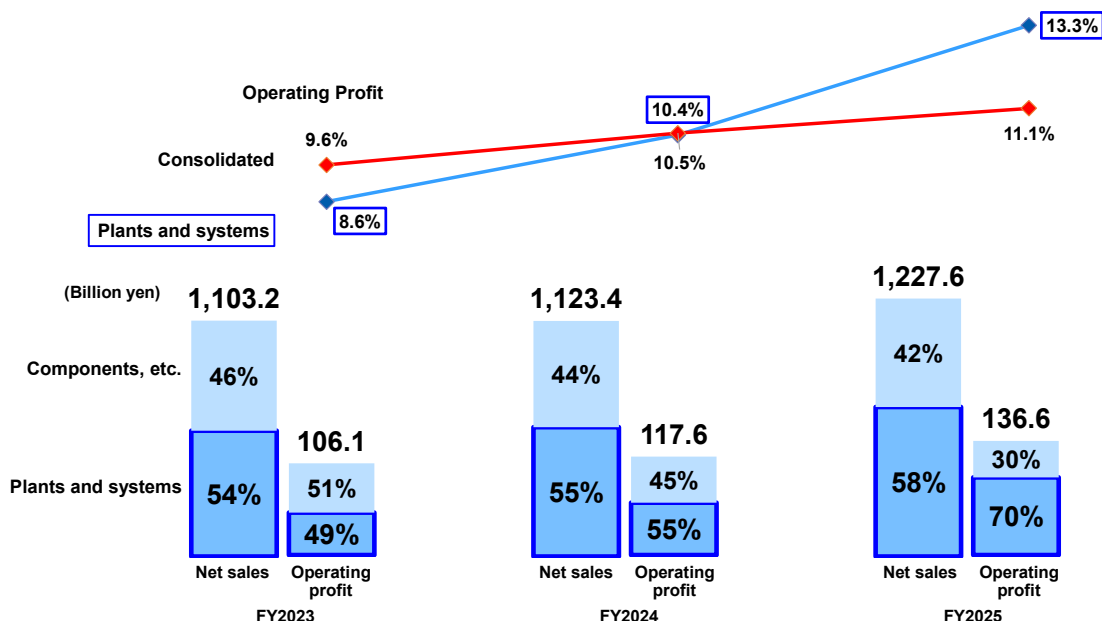


Well, this is actually something I mentioned when we announced the medium-term management plan, but Fuji Electric's value proposition consists, first, of our energy generation business centered on power generation, and second, the stable supply of energy. This is the scope of the Energy Business.

On to the demand side, we provide energy conservation, automation, and electrification. These are covered by the Industry Business and Food and Beverage Distribution Business—Semiconductors supporting its foundation. Furthermore, we connect the supply side of energy to the demand side, primarily through the use of digital technology, to optimize energy operations. This represents Fuji Electric's current value proposition, shown on the left side of the slide as "Current Business Areas."

We plan to expand this in response to the demands of the times and our customers' needs. Moving down the slide, you'll see "Growth Fields" and "New Fields." The Growth Fields are where we expect to start reaping the benefits within the next three years, i.e. by fiscal year FY2026. Beyond that, some initiatives may take until FY2030 or even FY2035, depending on the project and are referred to as the "New Fields," and we plan to expand the value Fuji Electric provides in these fields.

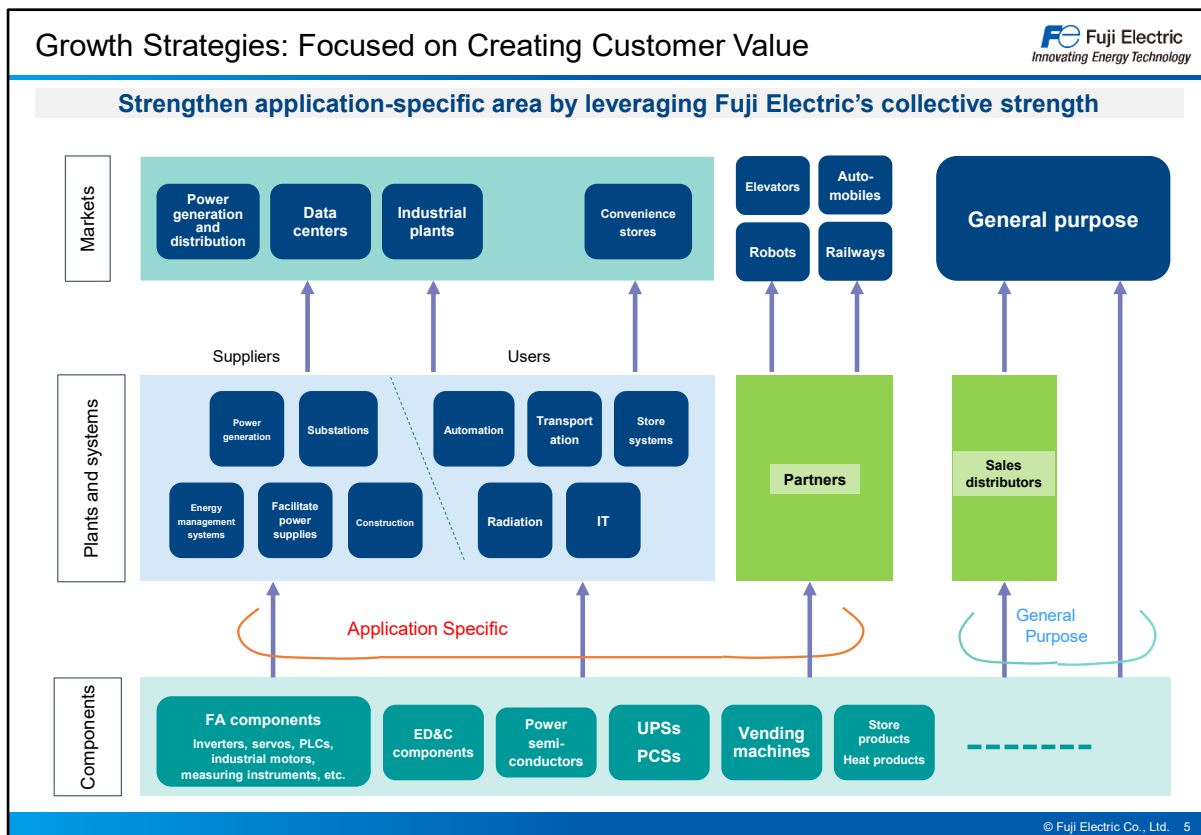
As explained earlier—by different businesses—examples such as storage battery systems, the electrification of mobility, and new semiconductor devices. are being introduced sequentially. Looking further ahead, we have the transition to hydrogen and ammonia fuels, as well as DC electricity distribution which was taken up in the discussion about data centers today. We are finally launching the "electrification shift" with new products.

Break down of Net sales and operating profit by plant and systems/components


Notes

1. Performance figures for FY2023, FY2024, and FY2025 have been restated to reflect the business reorganization undertaken in FY2026.
2. Percentages of total net sales are calculated before deduction and adjustment for inter-segment sales.

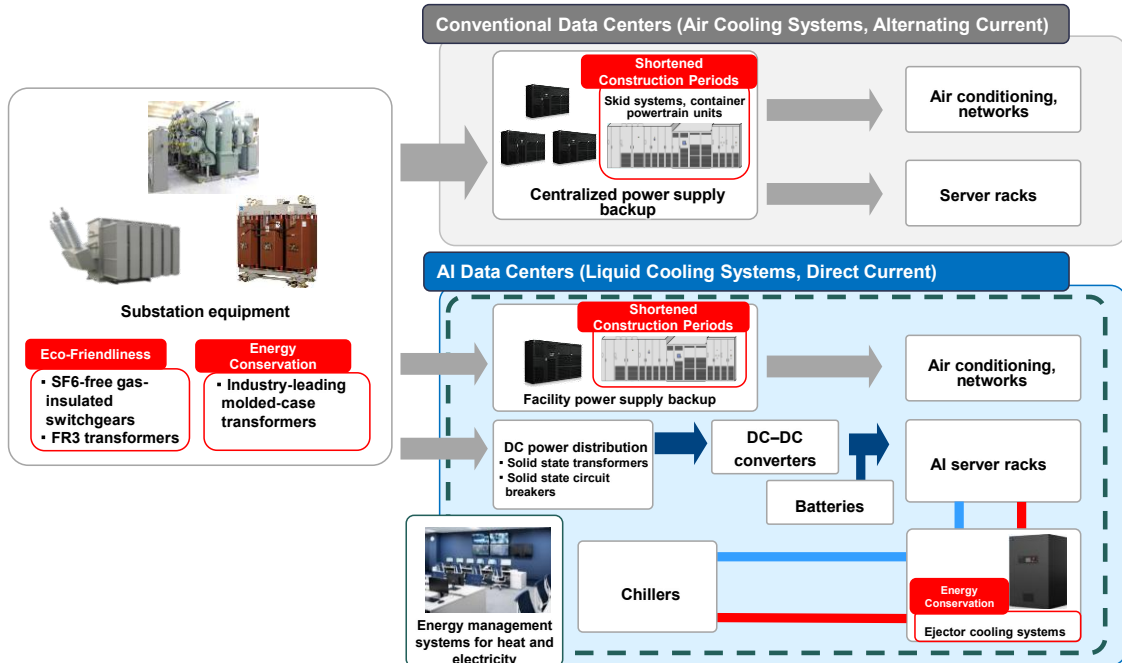
Regarding this shift in our business structure—which we actually presented back in April—the profitability of our Plant and Systems business has been increasing significantly. In FY2023, the Plant and Systems business accounted for 54% of Fuji Electric’s total sales of just over 1.1 trillion yen, generating roughly half of the 106.1 billion yen in operating profit. By FY2025, while its share of sales saw only a slight increase, it has generated 70% of total operating profit. So, as the business environment changes with the times, Fuji Electric’s business structure has also evolved.



Now, the underlying reason for this is that Fuji Electric has been focusing on creating customer value. In fact, we began developing new products with customer value at the very center of our approach over ten years ago. As a manufacturer, Fuji Electric uses its products—the components listed at the bottom—as a foundation. By skillfully combining these, we create value for our customers. In the so-called end-user markets, such as power generation, transmission, distribution, and data centers shown on the left side of this slide, we have been installing various plant and systems in both supply and demand sides with the goal of serving these end-user markets. Another very important point is the middle section here, where we partner with other companies. Fuji Electric doesn't manufacture elevators or cars. Therefore, we partner with elevator manufacturers, automotive manufacturers, and robotics manufacturers—these partner companies—to help them decisively win in their respective markets using Fuji Electric's components, our areas of expertise.

On the far right is the so-called general-purpose market, including general-purpose inverters, general-purpose motors, general-purpose PLCs and general-purpose semiconductors—this market is also very important. However, as many of you have pointed out, Chinese companies are gradually entering this space and on the long run, the market size that we are targeting is likely to shrink.

Therefore, leveraging Fuji Electric's Collective strength we intend to focus on application-specific markets, shown on the left hand side of the slide, to grow the business further.

Comprehensive solutions backed by collective strength of Fuji Electric's business divisions


One example is data centers. We received several questions today already regarding data center solutions. We intend to continue pursuing a strategy of providing total solutions that span across Fuji Electric's business groups and segments.

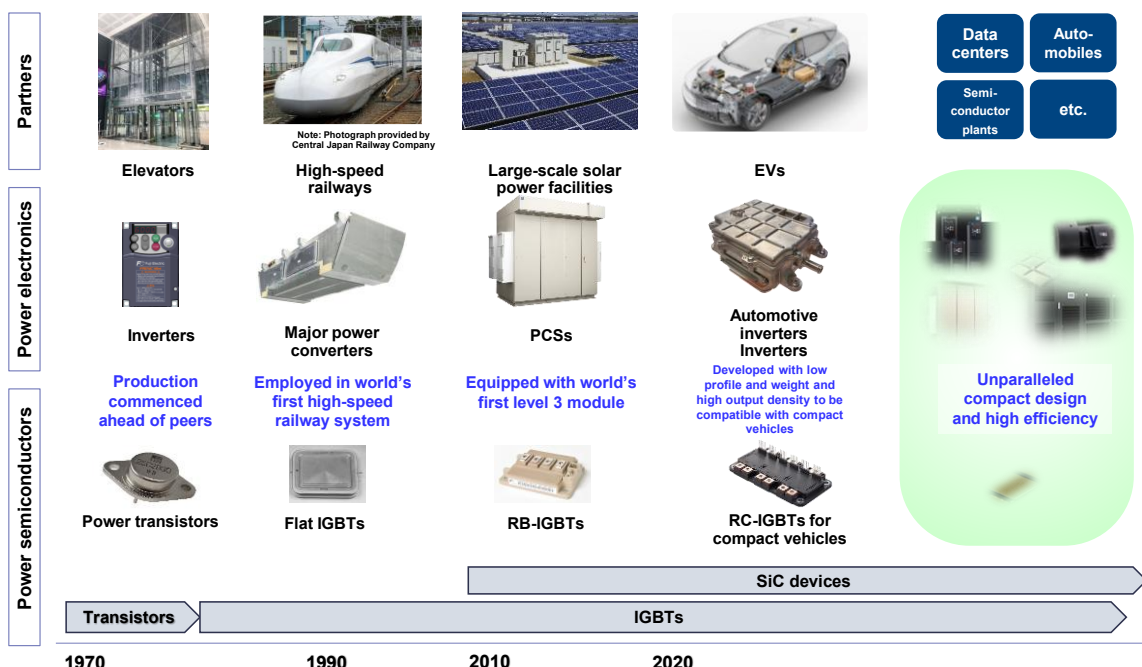
As you all know, up until now, our Energy business has been the core of our operations for us to expand our business by firmly addressing customer needs in Environmental initiatives, energy conservation, and shorter cycle times.

Moving forward, the biggest challenge will be how to cool systems. We're addressing liquid and water cooling systems —and earlier, we discussed various technologies including ejector cooling systems, flow meters, and inverters of Industry business that does not emit harmonics, among others. We plan to fuse Fuji Electric's Energy and Industrial Businesses' technologies.

And looking even further ahead, DC power distribution will become a reality. It looks like it might take a little more time, but once solid-state transformers and semiconductor circuit breakers emerge, this will naturally require the strength of our Semiconductor business, and the technology for current interruption of ED&C Components will also come into play. In this area, to repeat, Fuji Electric is thinking in terms of providing total solutions that span across businesses.

Fuji Electric's Collective Strength: Synergies between Power Electronics and Power Semiconductors

Contributions to more energy-efficient, compact, and lighter products and systems for customers



And another point—one that is actually quite historically significant for Fuji Electric—is the synergy between Power Electronic and Power semiconductors. Looking back at our history, in the 1970s, Fuji Electric took the lead in commercializing power semiconductors and used them to develop a full line of inverters, including power transistors. After that, based on the flat IGBT, we developed the world's first power conversion system for the Shinkansen. Using a very specialized device called reverse blocking IGBT, we developed the world's first PCSs which includes level 3 modules and expanded into the large-scale mega solar business.

Earlier, Industry Business touched on initiatives related to compact cars—specifically, RC-IGBTs for compact cars and automotive inverters.

There's one key point here.

For a long time, our Semiconductor team handled everything up to the packaging, which was used by the Power-Electronic team to develop new products.

However, for this compact car application, the boundaries between those teams have blurred somewhat. Power-Electronic engineers is now been deeply involved right from the packaging stage, and as a result of our collaborative efforts to determine how best to leverage each other's technologies, we've created this solution for compact cars, that results in acquiring a competitive advantage.

And looking even further ahead—it is not shown on the slide—because we're not quite at the stage where we can announce it yet. We are currently developing something that will achieve overwhelming miniaturization, high efficiency and switching speed. A few years ago, we formed a single research team combining Power Electronic engineers with Semiconductor engineers, and the results of that effort are about to bear fruit. We would like to utilize our collective strength without hesitation to advance business further.



Another important point is our R&D strategy. To ensure that the cycles continue to roll, we will continue to advance “rolling strategy” in the growth field.

We talked about current, new and growth fields, when we talked about value proposition. This slide, is divided into four quadrants. On the horizontal axis, the bottom left represents existing fields and the right side represents new markets. On the other hand, the vertical axis represents our current status—whether we have already entered the market, have not yet entered, or are in the process of developing it. The bottom left is the “existing field,” and of course, where we will continue to put various new products. The area highlighted in blue represents the “growth fields.” which includes global products, products aligned with the Green Transformation (GX), and products enabled by the full utilization of digital technology. Various examples of these have already been discussed.

In the “new fields,” we have the “electrification of heat” technology which will finally enter into the growth fields. These existing and growth fields—while they currently support Fuji Electric’s new product sales—by fiscal year 2025, the growth field’s share of total new product sales has already reached around 50%. We assess that what we envisioned has been realized to a certain extent.

Contribution to reductions in CO₂ emissions through utilization of unused heat energy

◆ Steam-Generating Heat Pumps

(To be launched in August 2026)

- **An Industry First: Generating Steam with Heat Pump Technology**
- **Contribution to reductions in fuel costs and CO₂ emissions** by recovering energy from waste warm water
- **Customers**
Food and Beverages, semiconductors, chemicals, automobiles



◆ Ejector Cooling Systems

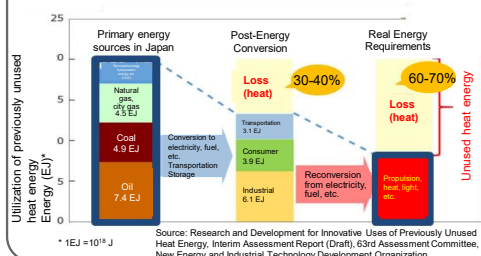
(To be launched in June 2026)

- **World's first: compressor-free cooling system**
- **Unparalleled energy savings (up to 85%)** by reusing waste heat energy
- **Customers**
Data centers, semiconductors, beverages, automobiles

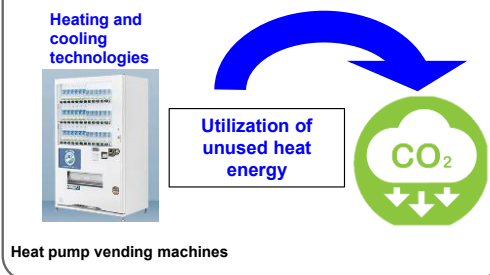


Energy Loss-Related Challenges

More than half of energy from primary sources effectively lost



Fuji Electric's Approach



Regarding rolling in the growth field, one of the key examples—a symbolic one, really—is a electrification of heat. Our ejector cooling system, for instance, became quite the topic of conversation after it was featured in various newspapers. Another product—a 150-degree steam-generation heats pump—will also be released in August 2026. Since cooling for AI data centers is a hot topic right now, it might sound like we developed this cooling system targeting that opportunity. But that is not so. This technology cannot be developed overnight. It all started with the question of how to utilize waste heat—specifically, the idea of “what should we do with all this heat we’re discarding?” We’ve been developing this technology diligently for many years, and it just so happens that it’s now being applied to cooling AI data centers and similar facilities.

Thank you for the excellent question earlier. Well, exactly—the technology from our vending machines is being put to use here, and we have also transferred the heat-based manufacturing expertise from our Mie Plant to our Tokyo Plant, a result of leveraging our collective strengths to bring it to the market. That concludes my discussion on our basic business strategy.

Pursuit of ongoing growth as a company that can generate a virtuous cycle of growth and shareholder returns

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Results	FY2026 Management Plan
Profit attributable to owners of parent (billion yen)	58.7	61.3	75.4	92.2	98.0	105.0
Dividends per share (yen)	100	115	135	160	200	-
Interim dividends (yen)	45	55	60	75	91	107
Year-end dividends (yen)	55	60	75	85	109	-
Dividend payout ratio	24.3%	26.8%	25.6%	24.9%	30.1%	30%
Total share buybacks (billion yen)	-	-	-	-	-	21.0
Total return ratio	24.3%	26.8%	25.6%	24.9%	30.1%	50%

Finally, I'd like to say a few words about shareholder returns. Our goal is to be a company that pursue ongoing growth that can generate a virtuous cycle of growth and shareholders returns.

Regarding strengthening of shareholder returns, as I mentioned in April, we will commit to a dividend payout ratio for FY2025 of 30%. And for FY2026, we stated that we would maintain a total return ratio of 50% and provide shareholder returns, including share buybacks. By the way, the share buyback was completed on May 25th, exactly as planned.

Back in April, I was asked whether we would continue this 50% total return ratio.

I replied then that we hadn't decided yet, but I would like to express our commitment that we will firmly strengthen shareholder returns.

On the other hand, if we were to keep the total return ratio at 50% indefinitely, would that mean our ROE would rise steadily? Given our current profitability, that wouldn't be the case.

Before we make any announcement on the next medium term management plan, planned for next year, I'd like to take some time to consider exactly what growth strategies, investments, and shareholder return measures we'll implement. I'd like to conclude my presentation with a commitment that we will properly return value to our shareholders.

Thank you very much once again for attending today.

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