



Fuji Electric Report

2024

**Contributing to the creation
of a sustainable society**



Contents

3	Profile
3	Fuji Electric’s Reason for Existence
5	Business Areas and Strengths
7	History of the Energy and Environment Businesses
9	Value Creation Process
11	Message from the Chairman of the Board and CEO
<div>By pursuing our corporate philosophy and management policies, we aim to contribute to the sustainable improvement of corporate value and the realization of a sustainable society</div> <div></div>	
15	Interview with the President and COO
<div></div> <div>We will improve corporate value by creating new businesses</div>	
19	Important Issues for Management (Materiality)
21	Review of FY2023 Medium-Term Management Plan
23	FY2026 Medium-Term Management Plan
27	Financial and Capital Strategies

29	Overview of Segments
29	Basic Information
31	Energy
33	Industry
35	Semiconductors
37	Food and Beverage Distribution
39	Cross-Functional Strategy Supporting Business Growth
39	Research and Development/Intellectual Property
43	Manufacturing and Procurement
47	Environment
53	Human Resources
57	Governance
57	Corporate Governance
67	Compliance
69	Risk Management
73	Basic Information
73	Consolidated Financial and Non-Financial Highlights
75	Corporate Data

Regarding the Fuji Electric Report

Fuji Electric Report is an integrated report that is prepared for the purpose of facilitating understanding of the Company's whole corporate activities among its stakeholders, mainly shareholders and investors, and published after its content has been reported to and deliberated by the Company's Board of Directors.


We focus on clearly communicating about our energy and environment businesses, which aim to continuously enrich our corporate value, as well as our sustainability efforts.

Period covered by the report
April 1, 2023 to March 31, 2024
* Including activities from April 2024 onward.

Organizations covered by the report
Fuji Electric Co., Ltd. and its consolidated subsidiaries

About the Front Cover

The front cover expresses our commitment to contributing to the creation of a prosperous and sustainable society that is gentle on both the global environment and people through our energy and environment businesses, which leverage our core technologies in power semiconductors and power electronics. The electronic circuits superimposed on the beautiful night sky symbolize our products and the contexts in which they are used, visually portraying Fuji Electric as a company that supports the future of children and the planet.



Disclaimer Regarding Forward-Looking Statements

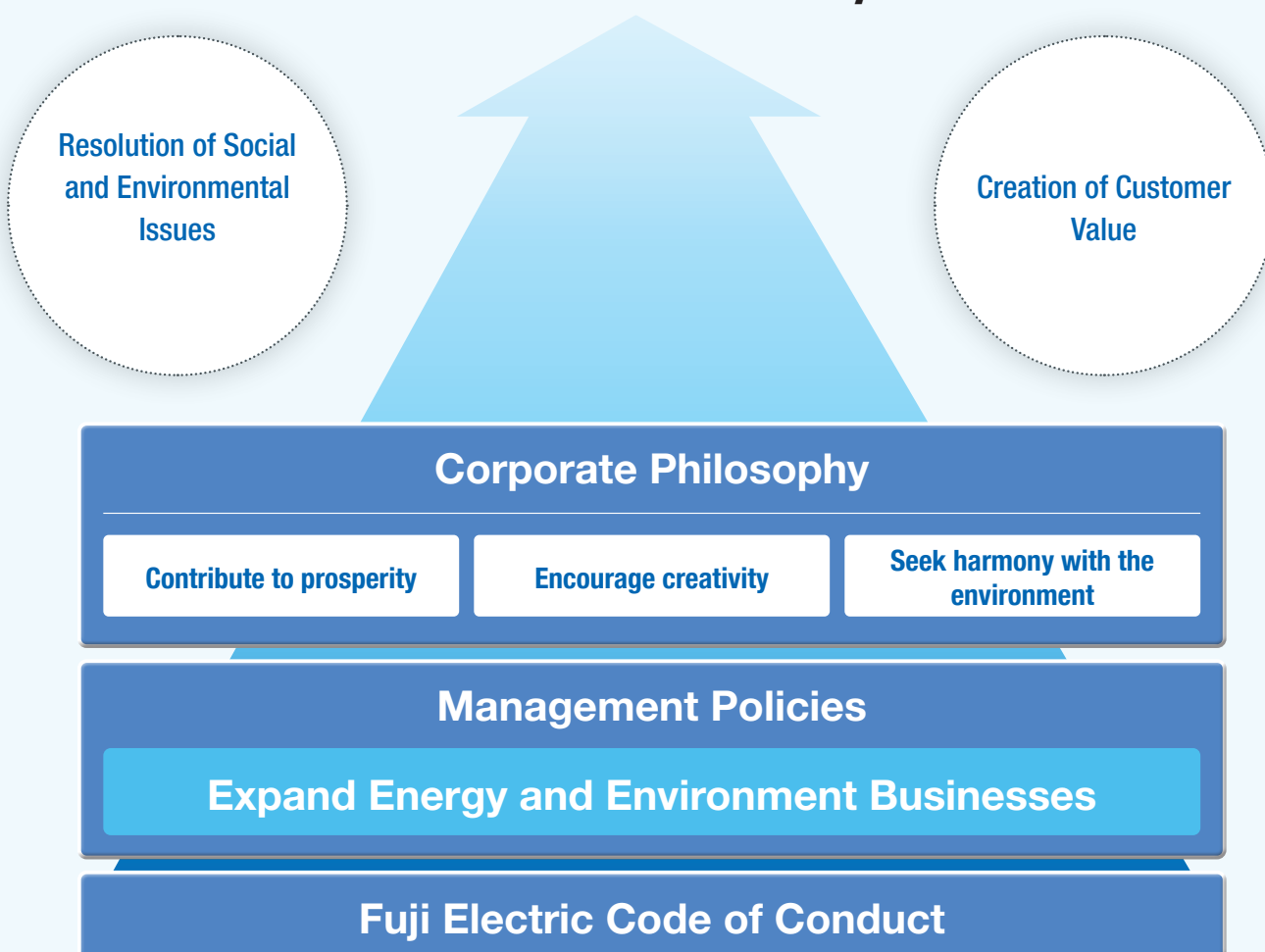
Statements made in this report regarding estimates or projections are forward-looking statements based on the Company's judgments and assumptions in light of currently available information. Actual results may differ materially from those projected as a result of uncertainties inherent in such judgments and assumptions as well as changes in business operations or other internal or external conditions. Accordingly, the Company gives no guarantee regarding the reliability of any information contained in these forward-looking statements. Investors are encouraged to also reference documents submitted by the Company in accordance with the Financial Instruments and Exchange Act of Japan and other disclosure materials.

Fuji Electric's Reason for Existence

Fuji Electric's corporate philosophy hinges on a mission to contribute to prosperity, encourage creativity, and seek harmony with the environment, while the Company's management policies are centered on the notion of contributing to society through its energy and environment businesses. By putting this corporate philosophy and management policies into practice based on its Corporate Code of Conduct, which sets forth guidelines for the conduct of employees, Fuji Electric and its employees, together with customers and business partners, will aim to resolve social and environmental issues, create customer value, develop the SDGs, and contribute to the creation of a responsible and sustainable society.



Contribute to the creation of a Responsible and Sustainable Society



Corporate Philosophy

We, Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners.

Contribute to prosperity

Encourage creativity

Seek harmony with the environment

Slogan To be enthusiastic, ambitious and sensitive.

Management Policies

1. Through our innovation in energy and environment technology, we contribute to the creation of a responsible and sustainable society.
2. Achieve further growth through our global business expansion.
3. Maximize our strengths as a team, respecting employees' diverse ambition.

Fuji Electric Code of Conduct

In order to practice our corporate philosophy to fulfill social responsibility and act with high ethical standards while understanding and complying with relevant laws, regulations, international rules, and the spirit of such regulations and rules, both domestically and abroad, Fuji Electric and its employees have defined this code as a foundation for decision-making and behavior.

- | | |
|---|--|
| 1. Respect and value all people | 6. Respect and value interaction with society |
| 2. Respect and value our customers | 7. Make global compliance a top priority |
| 3. Respect and value our business partners | 7-1. Thorough compliance |
| 4. Respect and value our shareholders and investors | 7-2. Thorough risk management |
| 5. Respect and value the global environment | 8. Top management will thoroughly practice this standard |

Further information about Fuji Electric Code of Conduct is available at our website.
<https://www.fujielectric.com/company/conduct.html>



Brand Statement

Innovating Energy Technology

Brand Promise

Through our pursuit of innovation in electric and thermal energy technology, we develop products that maximize energy efficiency and lead to a responsible and sustainable society.

Business Areas and Strengths

Our energy and environment businesses are built around four core technologies, with a focus on power semiconductors and power electronics. We have the strength to offer system solutions to customers who support industrial and social infrastructure, from the energy supply side to the demand side. Through these capabilities, we contribute to the creation of clean energy, the stable supply of energy, energy saving, and automation.

Priority SDGs to Be Addressed through Our Businesses



Spread of renewable energy use
Improvement of energy efficiency



Reduction of CO₂ emissions from industrial processes
Reinforcement of social and industrial infrastructure



Building safe and secure urban infrastructure services
Development of sustainable transport systems



Efficient use of natural resources
Rigorous management and reduction of emissions of chemical substances and waste

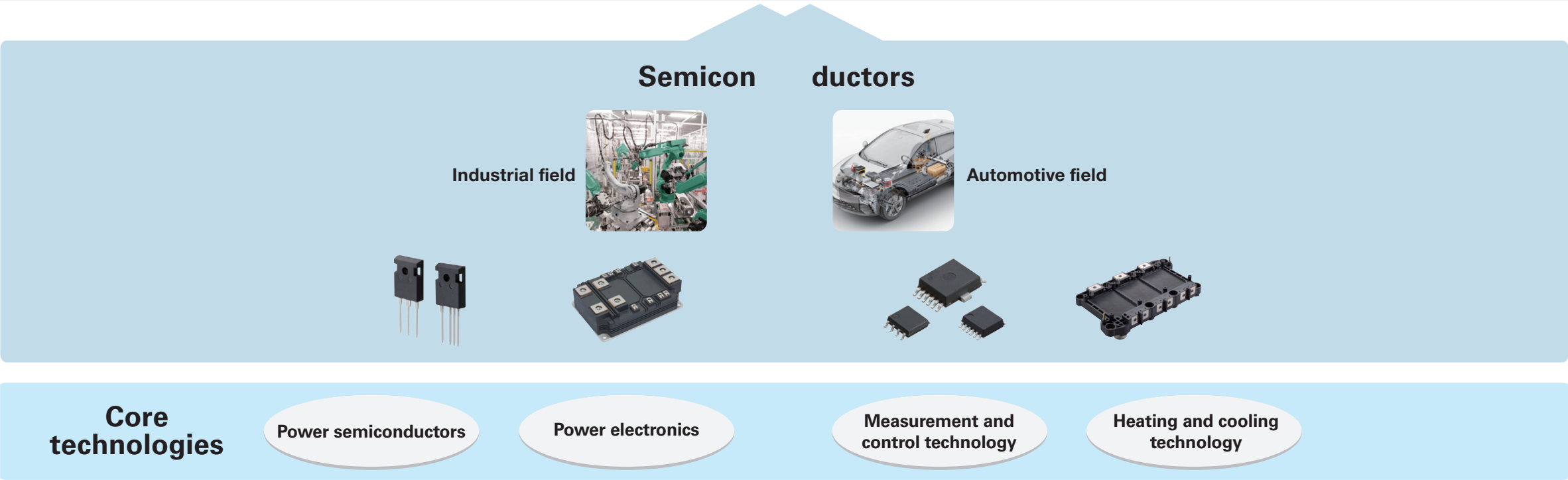
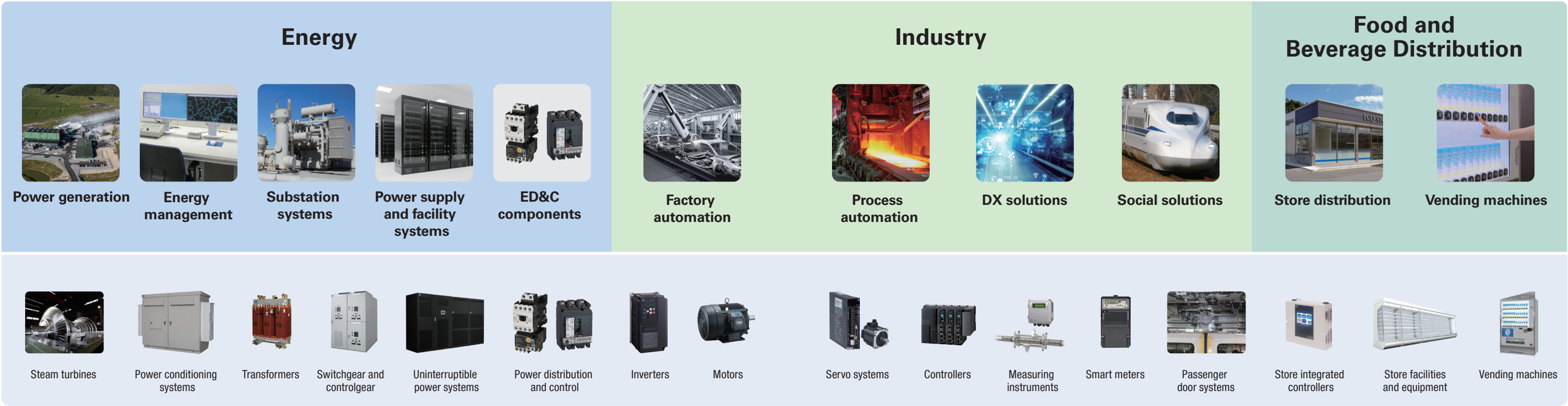


Reducing society's CO₂ emissions through products
Reducing GHG emissions during production

Energy and Environment Businesses

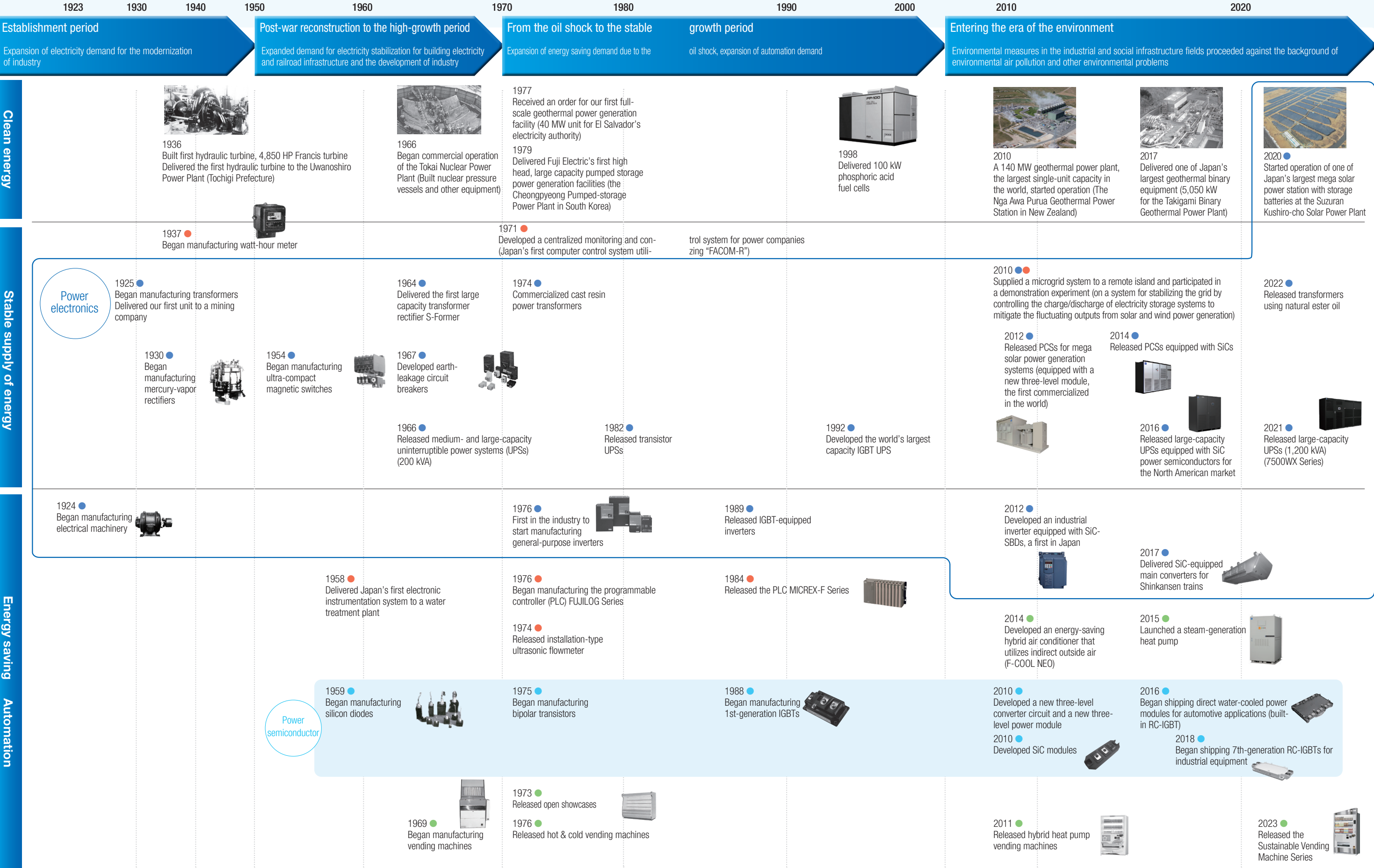
Clean energy Stable supply

Energy saving Automation



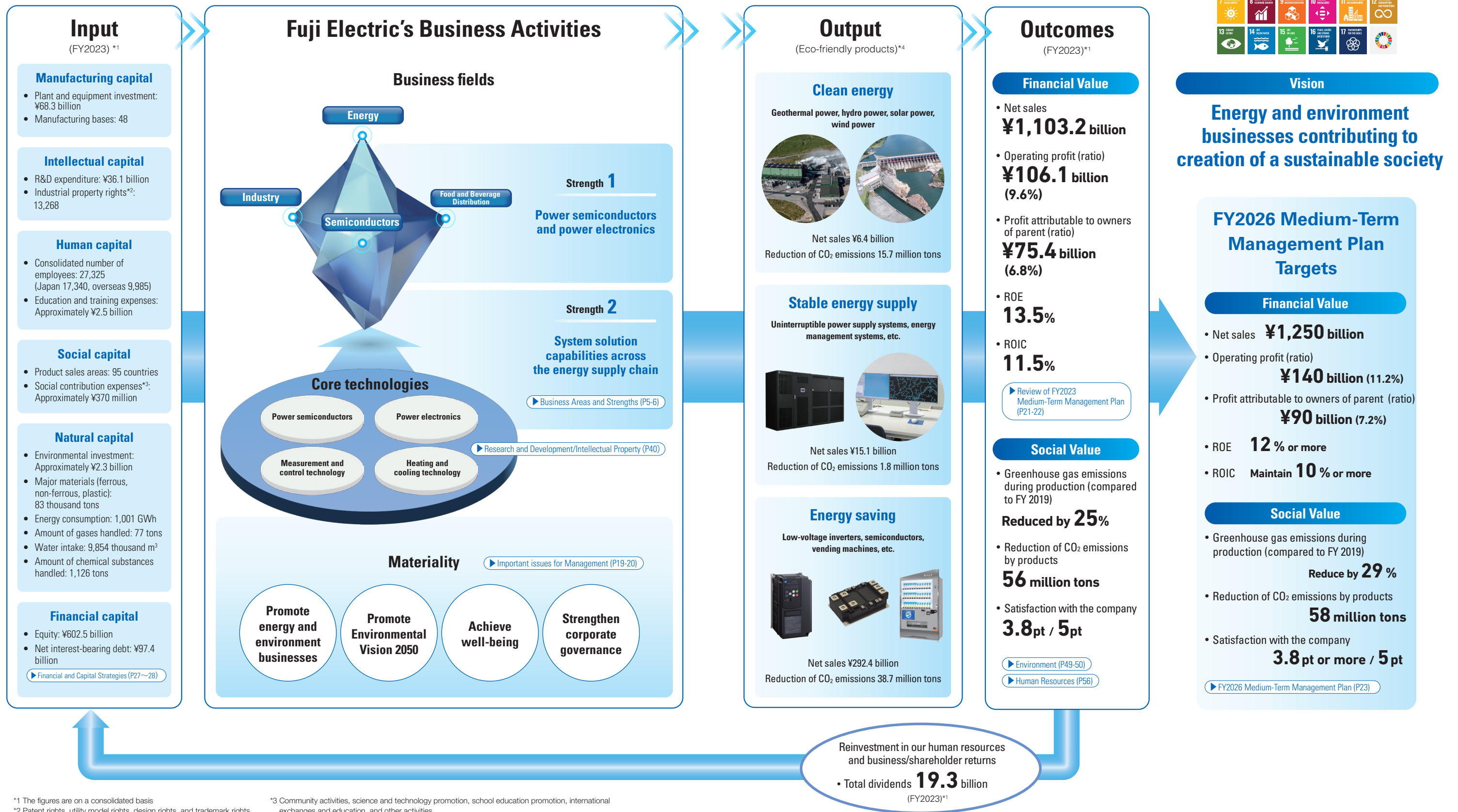
History of the Energy and Environment Businesses

Since its founding in 1923, Fuji Electric has continuously refined its core technologies, focusing on power semiconductors and power electronics. Over the years, we have developed and evolved products that contribute to clean energy, the stable supply of energy, energy saving, and automation.



Value Creation Process

Through our energy and environment businesses, Fuji Electric, as a leading company in power electronics, provides products and services that contribute to clean energy, the stable supply of energy, and energy saving. By creating both financial and social value, we aim to contribute to the creation of a sustainable society, maintain the trust of our stakeholders, and continuously enhance our corporate value.



Message from the Chairman of the Board and CEO

By pursuing our corporate philosophy and management policies, we aim to contribute to the sustainable improvement of corporate value and the realization of a sustainable society

Michihiro Kitazawa

Chairman of the Board and CEO



Toward the next 100 years

Fuji Electric celebrated its 100th anniversary in September 2023, and fiscal 2024 will mark the start of a new 100-year period. We, Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners in our corporate philosophy. Our corporate philosophy also calls on us to contribute to prosperity, encourage creativity, and seek harmony with the environment, and we have positioned contributing to society through our energy and environment businesses as a pillar of our management policies. This attitude will not change in the future.

Since its foundation in 1923, Fuji Electric has continuously refined and evolved its energy and environment technologies, excelling in power semiconductors and power electronics

that achieve the industry's top-of-the-line power conversion efficiency. In the industrial and social infrastructure sectors, we have consistently provided our customers with products that contribute to clean energy, stable supply of energy, energy saving, and automation.

We are currently taking on numerous challenges aimed at global decarbonization. As a company with core technologies and products in the energy and environment sectors, contributing to the creation of a sustainable society is our mission. As society changes, we will continue to tackle the challenges of solving problems together with customers from a wide range of industries, working toward the advancement of the SDGs and the creation of a sustainable society.

Achievement of the FY2023 Medium-Term Management Plan is a team effort

In fiscal 2019, we launched a five-year Medium-Term Management Plan called "Reiwa Prosperity 2023," which ends at the close of fiscal 2023, with the aim of achieving prosperity in the energy and environment businesses with management targets of ¥1 trillion in net sales and an operating profit ratio of at least 8%. Over the past five years, the environment surrounding Fuji Electric has changed dramatically as we have encountered situations we have never experienced before. These include U.S.-China trade friction, the COVID-19 pandemic, Russia's invasion of Ukraine, and more extreme weather events. The combined effects of these factors caused supply chain disruptions due to rising material and power prices and difficulty in procuring parts, among other problems. I believe that the fact that we have been able to minimize their impact on our business performance, despite this critical

management situation, is largely due to our efforts over the past 10 years to strengthen our teamwork and manufacturing capabilities. Recognizing that every challenge is also an opportunity, we continued to invest in plant and equipment investments and R&D expenditures in anticipation of future growth in demand in the growth fields of energy, industry, and semiconductors. I believe this has allowed us to adapt to changes in the market and expand our business performance without missing business opportunities.

To strengthen orders in the energy and industry sectors, we revamped our sales structure and worked to grow in unison with the Business Groups. Against the backdrop of advances in digitalization, demand for data centers and semiconductor factories grew in Japan and Asia, and net sales for the comprehensive electrical equipment business doubled in fiscal

2023 compared to fiscal 2018. Overseas, we have established a platform for local production for local consumption in India through M&A, and our net sales in India in fiscal 2023 were approximately five times higher than in fiscal 2018. In power semiconductors, we increased production capacity ahead of schedule as the uptake of electric vehicles advanced faster than expected and made additional investments while aiming to curb the amount invested by repurposing the discontinued magnetic disk production line for power semiconductors. In fiscal 2023, there was a fivefold increase in front-end 8-inch silicon (Si) wafer production capacity in comparison to fiscal

2018, and power semiconductor sales doubled in comparison to fiscal 2018.

As a result, in fiscal 2023, we achieved record highs in all areas with net sales of ¥1,103.2 billion, an operating profit of ¥106.1 billion (profit ratio of 9.6%), and a profit attributable to owners of parent of ¥75.4 billion, successfully surpassing a major milestone on our 100th anniversary. Furthermore, the fact that our market capitalization exceeded ¥1 trillion for the first time indicates that the results of our efforts to date and our reason for existence are being recognized by the stock market, and that expectations for further growth are increasing.

What has changed at Fuji Electric?

I would like to take a look back at how Fuji Electric's profit structure has become stronger, that is, what has changed and what we have changed in our management.

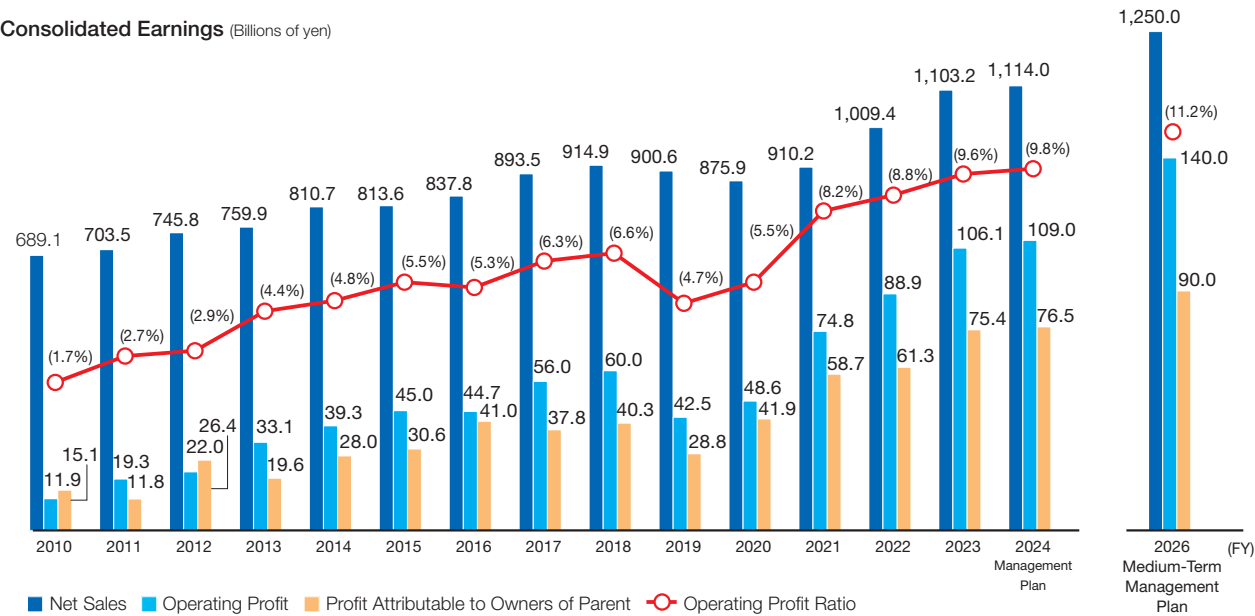
What we have changed is that we have increased employees' attachment to the Company and created an environment where they can realize their potential. To achieve this, management must change first. To make management decisions quickly and ensure that they are thoroughly communicated throughout the organization, the number of executive officers was reduced from 53 to 18, and in principle, these executive officers are the Corporate General Managers of Business Groups and General Managers of Offices who form the foundation of the organization. Next, we clarified our strengths by designating the energy and environment businesses as our business domain and the power electronics business as our core competence. We incorporated our major management targets and vision into our management policies, clearly defined medium-term targets, and shared them across the entire Group companies. Prime examples of this are our "Dream 1" initiative to achieve net sales of ¥1 trillion, and our

"Pro-7" initiative to achieve an operating profit ratio of 7%.

In management execution, we have consciously worked to ensure that the core of management remains unwavering, the targets are kept simple, and all employees can embrace them as their own. We have worked to change the mindset of our employees by continuously and directly reminding them that the targets are there to be achieved. Addressing the employees directly, we repeatedly emphasized our corporate slogan "To be enthusiastic, ambitious and sensitive" and announced that our performance results would be reflected in their compensation.

One thing that has significantly changed through these continued initiatives is the employees' mindset: Achieving the targets has instilled confidence in both the employees and the organization. Another thing that has changed is our manufacturing capabilities, which can be defined as the ability to generate profits in the factory. The source of profit lies in the factory. In-house manufacturing, automation, standardization, and production technologies are all directly linked to profits. I believe this is the result of over 10 years of accumulated effort.

Consolidated Earnings (Billions of yen)



Medium-Term Management Plan: “To be enthusiastic, ambitious and sensitive 2026”

In May 2024 we launched a three-year Medium-Term Management Plan called “To be enthusiastic, ambitious and sensitive 2026,” which ends at the close of fiscal 2026. Now that we have achieved our long-held goal of ¥1 trillion in net sales and an operating profit ratio of over 8%, I feel that we must return to the fundamentals of management and pursue sustainability management. Eagerness and lofty goals also represent a struggle against ourselves. We aim to make Fuji Electric into a global leader by leveraging our expertise in power electronics, honed over a long history, to create a fifth business pillar in the energy and environment businesses. To achieve this, it is essential that we continue to be a company that is trusted by our customers, business partners, shareholders, investors, and other stakeholders. Using the current Fuji Electric as a benchmark, we will consider what we should become in light of societal changes, clearly identify what needs to be improved and changed, and continue to evolve.

Continuing management emphasizing profit and promoting growth strategies

The targets of the FY2026 Medium-Term Management Plan now include profit attributable to owners of parent (and its ratio to net sales) and ROIC, in addition to the existing targets of net sales, operating profit (ratio), and ROE, to further underline the emphasis on profit in our management. At the core of our growth strategies to strengthen profitability are the areas we have strengthened thus far: clean energy generation, stable supply of energy, energy saving, automation, and electrification. Since the needs of our customers are constantly changing, we will further evolve our business model, which consists of power semiconductors (key devices), components of the products in which they are used, and systems that combine these. In particular, our comprehensive business, which allows us to make the most of our strengths, is built on the foundation of a relationship of trust with our customers. I am convinced that building three-way win-win relationships

among our customers, business partners, and Fuji Electric will lead to medium- to long-term growth and sustainability and ultimately contribute to society.

Over the next three years, we plan to invest approximately ¥250 billion in plant and equipment investment. We will enhance the profitability of existing businesses to generate cash and direct that cash toward investments in growth fields and the creation of businesses that will become the pillars of Fuji Electric in the future. In semiconductors, we plan to spend ¥180 billion, mainly to increase silicon carbide (SiC) production capacity. We will assess market trends in order to execute investments at the optimal time.

Our R&D, procurement, manufacturing, and business divisions will work together in a cross-functional manner to create new products and businesses, solidifying our foundation as a company with sustainable growth.

To increase profitability amid an increase in production volume, it is important to improve productivity. We will build systems and platforms that utilize digital technology and AI. Furthermore, just as in the previous medium-term management plan, where business operations emphasizing cost of capital were carried out, we plan to develop a strong business portfolio based on hurdle rate of ROIC of 10% for all segments in order to improve profits. While maintaining both growth potential and financial soundness, we aim to provide stable and continuous returns to shareholders with a dividend payout ratio of approximately 30%.

In promoting our growth strategies, we will steadily take advantage of opportunities for increased investment in the Japanese market to win orders, while at the same time expanding our energy and industry businesses, particularly in India and Southeast Asia, which are experiencing remarkable growth. M&A is also an option, and we will further expand our overseas business by further expanding local design and local production for local consumption and by introducing global products.

Promoting sustainability management

To sustainably increase our corporate value, it is essential that we continue to make unremitting efforts in accordance with our corporate philosophy and management policies. It is also essential to implement the three initiatives set forth in our FY2026 Medium-Term Management Plan: Promotion of Environmental Vision 2050, Promotion of Well-Being, and Strengthening of Corporate Governance.

The world is accelerating its efforts toward transitioning to a green society, but it is clear that there will be twists and turns along the way to the goal. To promote decarbonization throughout the entire supply chain, it is necessary to have a variety of options based on mutual understanding with stakeholders. Recognizing the circular economy perspective on the effective use of limited resources as a material issue, we will focus our management resources on developing new products and launching new businesses that contribute to CO₂ reduction in our customers’ facilities and business models. To achieve this, we will cooperate with our business partners to comply with the Ecodesign for Sustainable Products Regulation (ESPR) being implemented in Europe with the goal of building a green supply chain.

Human resources are the source of improvement in corporate value. I believe that management’s unwavering commitment to “employees first” is essential for corporate growth. By adding the perspective of employee well-being to our employee-first approach, we aim to further develop a virtuous cycle of employee growth, company prosperity, and returns to employees, shareholders, and society.

In Japan, addressing labor shortages and labor mismatches will be an important issue in the future. To secure talent, it is necessary to enhance the attractiveness of Fuji Electric and

to make people aware of its appeal. To make this happen, we must be a company and a workplace where employees work with vigor and enthusiasm. We will emphasize diversity and strive to enhance systems and operations that support employee success. We will promote the revitalization of our open application system based on business needs and prioritize the improvement of employee job satisfaction and career development through the revision of human resource benefit systems and reskilling programs. We will continue to work to increase the number of female employees in supervisory positions and to pursue the revision of workstyles and reimbursement of senior employees. Meanwhile, on the global front, we will reinvigorate our global human resource development, which had stalled due to the COVID-19 pandemic, and begin developing managerial talent and establishing compensation systems to help local operations become more independent.

In terms of strengthening corporate governance, we will focus on compliance and risk management throughout the entire Group, including our overseas subsidiaries. We will incorporate an ESG perspective into the conduct of our business and promote transparent and effective governance with the support of the entire Group. With the stock market increasingly emphasizing P/B ratios in addition to P/E ratios, Fuji Electric’s market capitalization has now exceeded ¥1 trillion. In this setting, we have introduced a performance-related share-based remuneration plan that more clearly links the remuneration of directors to the value of the Company’s shares. We aim to enhance awareness of the value of the Company’s shares and manage the business in a way that meets shareholders’ expectations.

Fuji Electric’s DNA

Our corporate slogan, “To be enthusiastic, ambitious and sensitive,” represents the DNA of our Company that we want our employees to cherish and pass on to future generations of employees. Enthusiasm means the eagerness to contribute to society by creating new technologies and products. Ambition means the determination and spirit to set high goals to share with the team and continuously pursue them. Sensitivity means the kindness to appreciate and care for our customers, colleagues and families, which is exactly the Fuji Electric DNA that our predecessors have built up and

passed down to us. This is what makes the team stronger. To maintain high aspirations and goals, it is necessary for the leaders themselves to maintain that same attitude and always share the big goals with the team. We will evolve our energy and environment businesses together with our customers and business partners, contribute to solving social and environmental issues and creating value for our customers, and continuously improve our corporate value. We look forward to the continued understanding and support of all stakeholders, including shareholders and other investors.

Chairman of the Board and CEO

Interview with the President and COO



Shiro Kondo
President and COO

We will improve corporate value by creating new businesses

Q: Please explain the positioning of the FY2026 Medium-Term Management Plan.

Adapting to change and contributing to the creation of a sustainable society

I believe that the business environment surrounding Fuji Electric will change significantly in the future. These changes—including the trend toward decarbonization to protect the global environment, the dramatic progress in the utilization of digital technology, global environmental changes, geopolitical risks, demographics changes, and workstyle reforms—bring both opportunities and risks to Fuji Electric's management. The FY2026 Medium-Term Management Plan is a stage for us to adapt to such changes in the external environment while achieving ongoing improvement of corporate value and contributions to society. Our corporate philosophy and management policies emphasize our contribution to a sustainable society through our energy and environment businesses. In pursuit of our social mission, we aim to be a leading company in power electronics, which is

our core competence.

In the energy and environment fields, as we approach 2030, the conventional mainstream energy supply system of centralized, large-scale power generation will become increasingly supplemented with decentralized local production for local consumption of energy as typified by renewable energy. Under these circumstances, from the perspective of providing value to customers and society, there will be growing needs in areas such as making clean energy mainstream, stabilization and optimization of energy supplies, and consumer-side energy saving, automation, and electrification. We will expand our business by introducing new products to meet these needs, and we will also promote initiatives with a view to creating new businesses after 2027.

Aiming to improve corporate value through management emphasizing profit

We have decided to use the period of the FY2026 Medium-Term Management Plan to advance our three-year growth strategies starting in fiscal 2024 while also preparing for future business growth. We have therefore once again adopted the basic policy of “improvement of corporate value through management emphasizing profit.” Instead of merely pursuing

business expansion, we aim to further improve profitability and achieve business growth accompanied by profits. In addition to operating profit (ratio), we will emphasize profit attributable to owners of parent (and its ratio to net sales) and direct the cash generated into growth investments through management emphasizing cost of capital.

Q. Please describe your vision for Fuji Electric.

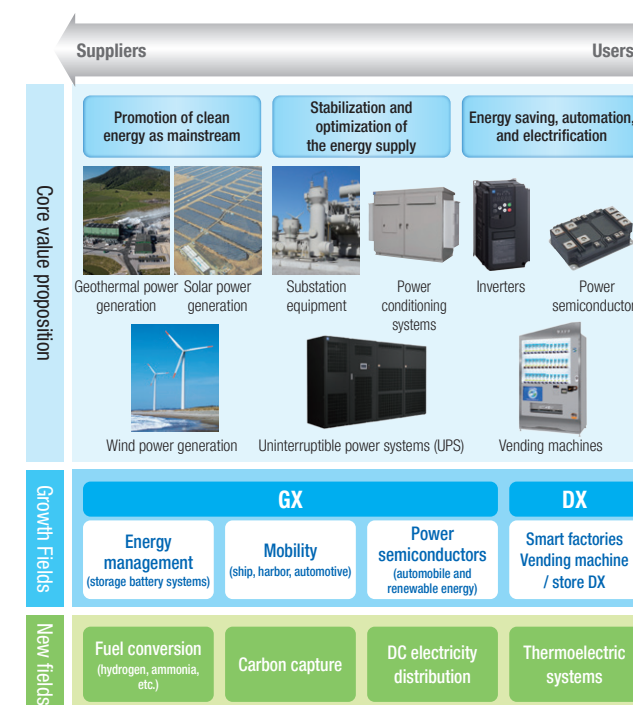
Expanding business with synergies of existing businesses and technologies and new products demanded by the times

We have the businesses and technologies to create clean energy, provide a stable supply of energy, and contribute to consumer-side energy saving, automation, and electrification. This is Fuji Electric's core value proposition.

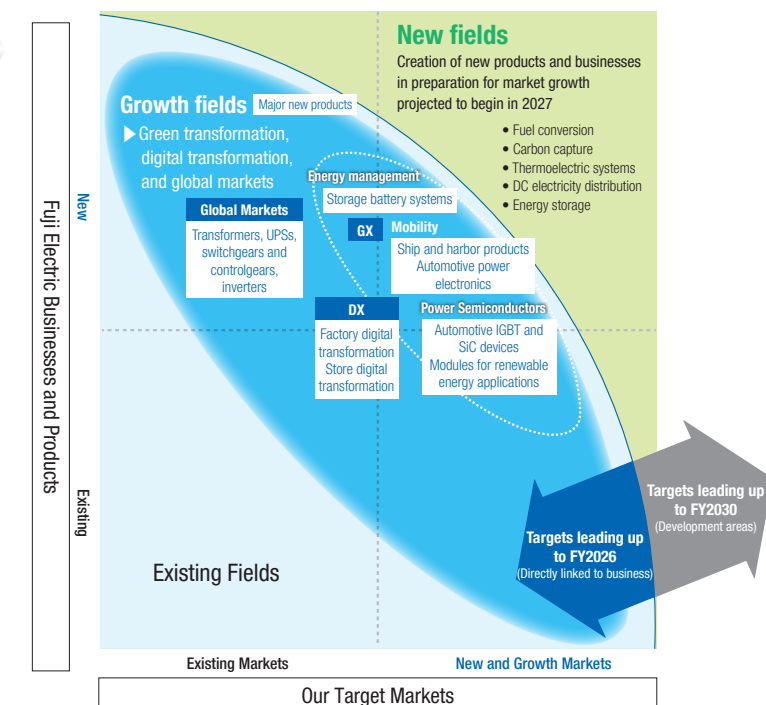
We will build on this core value to expand our value fields by leveraging synergies with our existing businesses and

technologies in line with the demands of the times. We will launch new products to achieve green transformation (GX) and use digital transformation (DX) to create new value, expanding our businesses through the creation of customer value and the solution of social issues in the energy and environment fields.

Core Value Proposition



Growth Fields and New Fields



Q. What fields are you targeting for growth by fiscal 2026?

Business expansion centered on new product launches with GX and DX as growth fields

I already mentioned expanding our value fields, but not all of these fields can necessarily be commercialized within the period of the FY2026 Medium-Term Management Plan (which covers up to fiscal 2026). Therefore, among the expansion fields we are working on, we identified those to be commercialized by fiscal 2026 as growth fields and those to be commercialized in fiscal 2027 and beyond as new fields, and formulated the medium-term management plan based on these fields.

The net sales target for the FY2026 Medium-Term Management Plan is ¥1,250 billion, an increase of approximately ¥150 billion from fiscal 2023, of which approximately half is to come from the launch of new products.

In the GX field, for example, the “comprehensive renewable energy business” consists of renewable energy systems,

energy management systems, and new products of power conditioning systems for storage batteries. We expect this business to be one of the outcomes of integrating the resources of our former power generation and energy divisions. We also aim to expand our business by focusing on the mobility sector, including electrification systems for ships and harbors, as well as silicon carbide (SiC) power semiconductor products for electrified vehicles and renewable energy. In the DX field, one highlight will be the development of the smart factories business, which aims to totally optimize productivity improvement, contribution to the environment, and facility maintenance. We will also provide operational efficiency improvements to address labor shortages in the vending machine and store distribution sectors.

Developing new global products with a focus on India and Southeast Asia

Another growth field is overseas. We aim to expand our business by enhancing added value in the form of systems, centered on new global products such as transformers, switchgears and controlgears, uninterruptible power systems (UPSs), and low-voltage inverters. Based on the principle of local production for local consumption, in addition to the localization of production and sales that has been underway, we will strengthen our localization of design (“local design”) and expand locally-led business by local subsidiaries. We will also consider utilizing M&A to strengthen our local operations.

The focus will be on India and Southeast Asia. For example, in India, smart meters are being introduced in a national project to modernize the electricity infrastructure and improve energy efficiency. Based on our extensive experience in Japan, we are entering the smart meter market and will leverage our

automation production technology in Japan to promote local production for local consumption. Similarly, in the area of steel plants, as economic growth drives greater demand for steel, we aim to expand our business mainly by utilizing local subsidiaries to expand sales of new global products.

I believe that strengthening our “local design” is key to expanding overseas development because it enables us to quickly reflect the different market needs of each country and region in our product designs. For example, we have already begun customizing inverters to suit local applications and switching to locally-sourced materials for some products at our major overseas bases. In the future, we will strengthen our human resources in design and development in order to expand the scope of target products, mainly at our focused overseas bases.

Q. What are the key points of the efforts to create new businesses in fiscal 2027 and beyond?

Creating new businesses through co-creation with partner companies

When creating new businesses, we develop strategies based on a roadmap that takes into account our future goals as well as future predictions for related technologies and markets. The New Products Development Office serves as a hub, with the sales, business, and R&D divisions working cross-functionally to consider strategies, but the key point is that we create new businesses through collaborations with companies that are partners in various ways. In the future, we aim to create new business opportunities through co-creation with our partners

based on the technological and market trends anticipated in the roadmap. Excelling in power semiconductors and power electronics, Fuji Electric’s strength is its ability to harness its measurement, control, and freezing and heating technologies to provide optimal system solutions that address customer challenges through a wide range of businesses and products, from the energy supply side to the demand side. We will leverage this strength to advance GX and DX.

Focusing on new fields such as fuel conversion, carbon capture, thermoelectric systems, and DC electricity distribution

In order to realize a decarbonized society, it is expected that small- and medium-sized decentralized energy sources will become essential in addition to the conventional large-scale centralized energy sources. Leveraging its proven track record in geothermal, hydro, and solar power generation, Fuji Electric aims to contribute to business in 2027 and beyond by focusing on clean energy such as fuel conversion and carbon capture, as well as new fields such as thermoelectric systems and DC electricity distribution. Specifically, in the field of fuel conversion, we are engaged in the development to harness hydrogen and ammonia, such as large-capacity transformer rectifiers for producing hydrogen through water electrolysis, fuel cell solutions for factories and harbors using hydrogen fuel cells, and safety instrumentation systems for hydrogen

and ammonia supply systems. In the field of carbon capture, we are working in collaboration with industry and academia to commercialize a system for separating and capturing CO₂ emitted from factories, ships, and other sources. In thermoelectric systems, we will develop waste heat recovery heat pumps and ejector cooling systems that utilize waste heat from factories and plants, which has been discarded until now, to save energy and meet the demand for waste heat utilization. DC electricity distribution has the advantage of reducing power loss in renewable energy, energy storage, and similar applications. By making full use of power semiconductor conversion technology, we will contribute to the efficient and stable supply of electricity.

Q. What initiatives are key to increasing profitability?

Improving productivity through the use of digital technology

The key to enhancing profitability is to improve productivity. In the previous medium-term management plan, under the theme of “Manufacturing IoT,” we promoted the expansion of automation and in-house production and the visualization of factory management data. Going forward, under the theme of “IoT-Linked Smart Factories” aimed at further improving productivity, we will collect, analyze, and optimize manufacturing site data in real-time, automate skill-intensive tasks and inspection processes, and promote digitization

of facilities. Furthermore, we aim to integrate supply chain management, which seamlessly manages procurement, manufacturing, and sales, with product lifecycle management, which manages product planning, sales, and services in cyberspace. Digital collaboration between design and manufacturing floors is particularly important. We hope to improve productivity by 20% compared to fiscal 2023 by increasing development efficiency and improving business processes in design, production, and procurement.

Development of strong business portfolio based on hurdle rate of ROIC of 10% for all segments in order to improve profits

In the medium-term management plan that covers up to fiscal 2026, we will focus our investments on growth areas, including plant and equipment investments and R&D investment, which will yield returns after fiscal 2027. Setting a hurdle rate of 10% ROIC for all segments, we will actively invest in growth fields of energy, industry, and semiconductors to generate profits. In the food and beverage distribution segment, where Fuji Electric enjoys an overwhelming market share and a strong competitive advantage, we aim to generate stable profits by

improving production efficiency and promoting high added value in our products. We also believe that there is a high level of synergy between our businesses, mainly on technical aspects, such as those related to decarbonization. For all of these reasons, we intend to maintain our current business portfolio. By thoroughly managing ROIC by segment and building a robust business portfolio, we will maintain ROIC of 10% or more and ROE of 12% or more on a consolidated basis even when upfront investments are required.

Q.What is your focus in achieving the FY2026 Medium-Term Management Plan and the ongoing improvement of Fuji Electric’s corporate value?

Honing our ability to adapt to change and identify challenges through dialogue


To achieve ongoing improvement of its corporate value, Fuji Electric emphasizes Adaptability to Change and the Two Drivers of Innovation, which is composed of Imagination, and Creativity.

I believe that Adaptability to Change begins with being able to sense the signs of change, and this is something that everyone should do. Next, once you sense the signs, you must consider what kind of future they might bring. On the other hand, I believe that the Two Drivers of Innovation, that is, Imagination and Creativity, will be very important elements for Fuji Electric to increase value in new fields and businesses going forward. As a prerequisite for these abilities, it is also important to hone your ability to identify challenges in the first place. Adaptability to change and the ability to identify challenges are important; to combine and strengthen both abilities, dialogue is crucial. We will repeatedly question conventional wisdom and explore new possibilities through dialogue in various combinations, including collaboration among various divisions within Fuji Electric, customers and business partners in diverse industries, and even with startup companies and universities that have technologies we do not have. By doing so, I believe that a shift in thinking will occur, leading to the discovery of ideas that have never been seen

before and new challenges.

I personally would like to maximize the potential of our employees by creating an open organization where people, regardless of their position or age, can freely exchange opinions and generate new ideas. I believe that this will form the basis for enhancing each employee’s job satisfaction and well-being. In addition, to set new targets and promote change, we will work on enhancing our human resources through manpower shifts and reskilling, while also creating an environment that supports the success of diverse human resources. To achieve ongoing improvement of corporate value, Fuji Electric will work to generate innovation in various teams both inside and outside the Company, solve social and environmental issues, and create value for our customers. In doing so, I hope Fuji Electric will continue to be a company that is trusted by our stakeholders, including customers, business partners, and shareholders.

President and COO



Important Issues for Management (Materiality)

Approach to Materiality

Fuji Electric is committed to contributing to prosperity, encouraging creativity, and seeking harmony with the environment, as outlined in our corporate philosophy. Our core management policy is to contribute to a sustainable society through our energy and environment businesses, and we proactively promote sustainability-focused management.

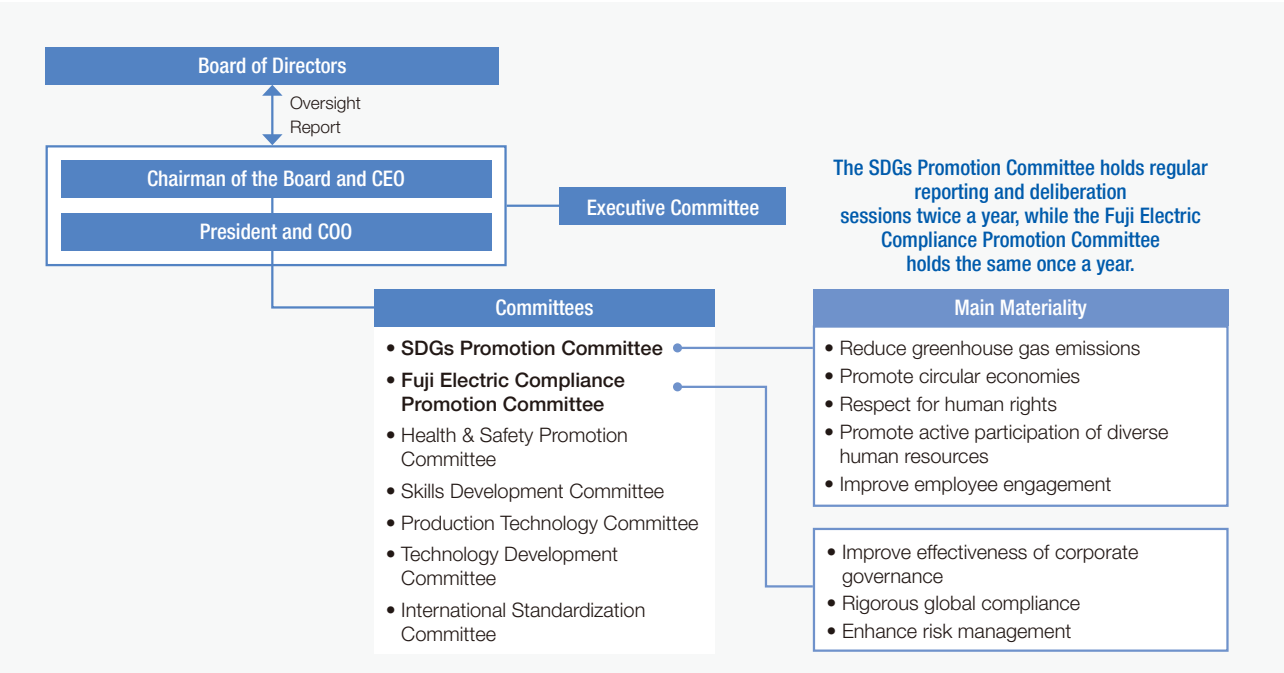
As the world changes—driven by the accelerated shift toward a decarbonized society, the advancement of digitalization, and rising geopolitical risks as well as domestic

challenges such as the declining birthrate, aging population, and shrinking workforce—we have identified the following materialities related to sustainability: The promotion of the Environmental Vision 2050, achievement of well-being, and further strengthening of governance. These initiatives are part of our efforts to promote our energy and environment businesses, which is stated in our management policies, and to enhance our management foundation aimed at sustainable corporate value growth.

Materiality Promotion System

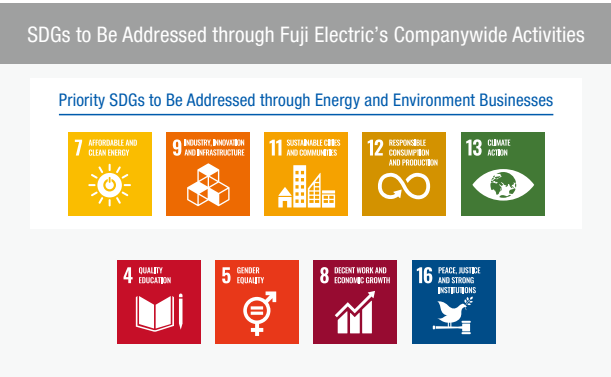
The materiality is deliberated on by committees comprised of executive officers and others from business, sales, and corporate divisions and by the divisions subject to the issues,

and as necessary they are reported and deliberated on in the Executive Committee and Board of Directors.















SDGs to Be Addressed through Companywide Activities

By assessing the link between the value created by our energy and environment businesses (clean energy, stable energy supply, energy saving, and automation) and contributions to the accomplishment of the SDGs, Fuji Electric selected five priority goals. Furthermore, four additional goals were designated as priorities in relation to the reinforcement of our operating foundation to be pursued through overall corporate activities, making for a total of nine goals.



Materiality and Key Issues

	Materiality	Key Measures			Relevant SDGs
		Targets/KPIs		Progress (FY2023 results)	
Promote energy and environment businesses	<Promote growth strategies>				
	Increase sales by introducing new products ▶ P24, 39-42	Launch new green transformation, digital transformation, and global products			    
		Net sales	Fiscal 2026: ¥1,250.0 billion	¥1,103.2 billion	
	Expand overseas businesses ▶ P24	Expand businesses through introduction of global market products and regional priority measures			
		Sales outside Japan	Fiscal 2024: ¥351.5 billion Fiscal 2026: ¥375.0 billion	¥332.4 billion	
<Further improvement of profitability> Improve productivity through the utilization of digital technology ▶ P43-44	Improve productivity using sophisticated production technologies				
	Productivity (compared to FY2023)	Fiscal 2026: increased by 20%	—		
Promote Environmental Vision 2050	Reduce greenhouse gas emissions ▶ P47-52	Reduce greenhouse gas emissions in the supply chain			   
		Greenhouse gas emissions in the supply chain (compared to FY2019)	Fiscal 2026: reduce by 45% Fiscal 2030: reduce by more than 46%	Reduce by 54%	
		Reduce greenhouse gas emissions during production			
		Greenhouse gas emissions during production (compared to FY2019)	Fiscal 2026: reduce by 29% Fiscal 2030: reduce by more than 46%	Reduce by 25%	
	Promote circular economies ▶ P47-52	Share of renewable energy (as a percentage of total electricity usage)	Fiscal 2026: reduce by 29% Fiscal 2030: reduce by 55%	6%	
		Provide energy-saving products			
		Reduction of society's CO ₂ emissions by products	Fiscal 2026: more than 58 million tons Fiscal 2030: more than 59 million tons	56 million tons	
	Established product design standards in compliance with eco-design regulations (from fiscal 2024 onwards)	—			
Achieve well-being	Achieve well-being ▶ P53-56	Effective development and dissemination of various initiatives, along with continued implementation of employee awareness surveys			  
		Satisfaction with the company	Fiscal 2026: 3.8 pt or more / 5 pt	3.8 pt / 5 pt	
		Well-being indicators	Fiscal 2026: 3.6 pt or more / 5 pt	3.5 pt / 5 pt	
	Respect for human rights	Implement human rights due diligence (every other year)			
		Fiscal 2024: Conduct at 89 locations (22 operating sites and 67 Japanese and overseas consolidated subsidiaries)		Based on the results from fiscal 2022, improvement guidance for unresolved issues was provided at one Japanese and 10 overseas sites	
	Promote active participation of diverse human resources Improve employee engagement	Promote contributions of female employees			
		Number of female employees in supervisory positions	Fiscal 2026: 450	336	
		Develop and strengthen management human resources in Japan and overseas			
		Future executive officer talent pool	Fiscal 2026: 50	38	
	Promote active participation of senior employees	General employees: Selection rate for the Selective Retirement Extension System : 85.5% Managers: Selection rate for the Senior Task System: 94.8%			
Career development support	Expanded career training programs			Enhanced the content of career training programs	
Strengthen corporate governance	Improve effectiveness of corporate governance ▶ P57-66	Continued third-party evaluation of the effectiveness of the Board of Directors and incorporated this evaluation into operations		Continuous implementation	
		Reduce cross-shareholding		Number of listed stocks held: 6 stocks (A reduction of 11 stocks compared to the end of fiscal 2022)	
	Rigorous global compliance ▶ P67-68	Expand Fuji Electric Compliance Programs		Compliance education results (example) Level-specific: 379 trainees Job-specific: 3,328 trainees	
		Ongoing compliance education Level-specific training: New directors and auditors of affiliated companies, newly appointed managers, and new employees Job-specific training: Sales divisions in Japan, overseas sales companies			
		Promote the Business Ethics Whistle-Blowing Systems			
	Number of reports submitted through the Business Ethics Whistle-Blowing Systems	—	43		
	Enhance risk management ▶ P69-72	Enhance risk responsiveness through ongoing improvements to business continuity plans (BCPs)		Developed training programs	
Strengthen project management		Established practical guidelines to prevent risks related to losses at overseas sales companies			
Strengthen information security		• Strengthened cyberattack countermeasures • Obtained certification for international standards on control system security (at two factories in Japan)			

Details about important issues for management are available on our website:
<https://www.fujielectric.com/csr/material-issues/material-issues.html>



Review of FY2023 Medium-Term Management Plan

The FY2023 Medium-Term Management Plan, which started in fiscal 2019, aimed to establish foundations for sustainable growth as its core policy, with net sales of ¥1 trillion and an operating profit ratio of 8% or more, and under this plan, we pursued three key initiatives: to promote growth strategies, to further improve profitability, and to continuously reinforce our operating foundation.

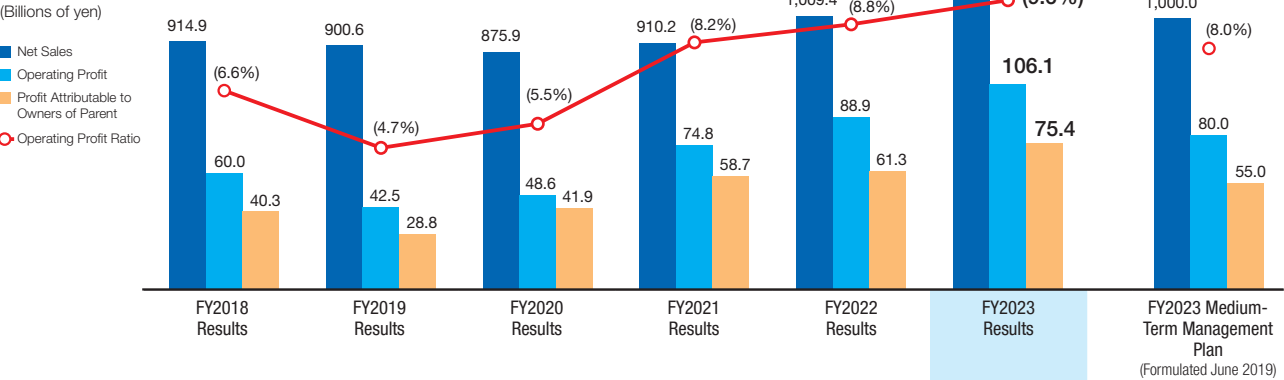
Throughout the FY2023 Medium-Term Management Plan period, the business environment remained unstable due to ongoing trade friction between the US and China, the spread of COVID-19, and geopolitical challenges such as the prolonged conflict between Russia and Ukraine as well as increasing tensions in the Middle East. In response to these significant environmental changes, we continued to respond to customer demands by addressing risks, including those associated with difficulties in procuring materials and rising raw material costs, by implementing strategies such as purchasing from multiple suppliers, optimizing our global production system, and increasing our in-house production capabilities. Additionally, to meet growing demand, we expanded our power semiconductor production capacity at our production bases both in Japan and overseas. We also made efforts to strengthen production capabilities, including enhancing our development and testing

facilities to accommodate the increasing number of orders and sales volume, in the comprehensive electrical equipment business that particularly targets data centers and semiconductor factories. Furthermore, we enhanced profitability through business structural reforms in areas that have profitability challenges, such as the ED&C components and vending machine businesses.

As a result, in fiscal 2023, we achieved record highs in net sales, operating profit, the operating profit ratio, and profit attributable to owners of parent for two consecutive years, with operating profit exceeding ¥100 billion for the first time in the Company's history. The targets set in the FY2023 Medium-Term Management Plan were met ahead of schedule, with the operating profit ratio achieved two years early and net sales reaching the target one year ahead of the plan.

By segment, the Energy, Industry, and Semiconductors segments drove overall performance, significantly surpassing the net sales and operating profit targets set in the FY2023 Medium-Term Management Plan. Although the Food and Beverage Distribution segment did not meet its net sales target due to the impact of the COVID-19 pandemic, it successfully achieved its operating profit target through improved profit structure driven by business structural reforms and the introduction of new products.

Consolidated Business Performance Trends



ROE	12%	8%	11%	13%	12%	13%	11%
ROA	4%	3%	4%	5%	5%	6%	5%
Equity Ratio	37%	37%	40%	42%	44%	47%	50%
Net Debt-Equity Ratio	0.4 times	0.4 times	0.3 times	0.2 times	0.2 times	0.2 times	0.1 times
Annual Dividends (Dividend Payout Ratio)	80 yen (28%)	80 yen (40%)	85 yen (29%)	100 yen (24%)	115 yen (27%)	135 yen (26%)	— (30%)

*Net debt-equity ratio = net interest-bearing debt ÷ equity

Business Performance by Segment

	FY2018 Results			FY2023 Medium-Term Management Plan			FY2023 Results			Change					
										vs. FY2018 Results			vs. FY2023 Medium-Term Management Plan		
	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio
Energy	308.3	18.9	6.1%	295.0	22.0	7.5%	342.8	30.1	8.8%	34.4	11.3	2.7%	47.8	8.1	1.3%
Industry	345.3	22.1	6.4%	415.0	30.4	7.3%	419.9	34.3	8.2%	74.6	12.1	1.7%	4.9	3.9	0.9%
Semiconductors	137.3	15.6	11.4%	200.0	21.6	10.8%	228.0	36.2	15.9%	90.7	20.5	4.5%	28.0	14.6	5.1%
Food and Beverage Distribution	113.6	5.8	5.1%	120.0	8.4	7.0%	107.3	8.8	8.2%	-6.3	3.0	3.1%	-12.7	0.4	1.2%
Others	62.2	2.8	4.4%	60.0	3.4	5.7%	63.2	4.3	6.8%	0.9	1.5	2.4%	3.2	0.9	1.1%
Elimination and Corporation	-51.9	-5.2	—	-90.0	-5.8	—	-57.9	-7.6	—	-6.1	-2.5	—	32.1	-1.8	—
Total	914.9	60.0	6.6%	1,000.0	80.0	8.0%	1,103.2	106.1	9.6%	188.3	46.1	3.1%	103.2	26.1	1.6%

* Figures for the fiscal 2018 results and the FY2023 Medium-Term Management Plan reflect the business reorganization implemented in fiscal 2023.

Overview of Results for Fiscal 2023

The business environment surrounding our Company saw significant changes with the impact of the COVID-19 pandemic subsiding and Japan reclassifying the virus as a Class 5 infectious disease, thereby greatly reducing restrictions on economic and social activities. Against this backdrop, driven by increased investments in decarbonization and digitalization, strong demand emerged in areas such as automotive electrification and digital infrastructure. This in turn led to steady plant and equipment investment in manufacturing and data centers. However, demand in areas such as machine tools became sluggish, largely due to the continued economic downturn in China.

To respond to this growing demand, we increased our front-end processing capacity for 8-inch silicon (Si) wafers for power semiconductors, optimized our production system to meet the rising customer demand for industrial substation and power equipment as well as store equipment for convenience stores, and promoted local production for local consumption. Additionally, we continued to work on improving profitability by expanding business opportunities through synergies and strengthening plant-related project management, including the integration of the Power Generation segment with the Energy and Industry segments.

As a result, net sales increased across all segments, rising by ¥93.8 billion year-on-year to ¥1.1032 trillion. Net overseas sales, particularly in the energy management business and the power supply and facility systems business within the Energy segment, the automation systems business in the Industry segment, and the Semiconductors segment, grew significantly, with net sales increases seen across all regions, especially in Asia.

Operating profit increased by ¥17.2 billion year-on-year to ¥106.1 billion, despite the rising costs of raw materials, energy, and the expenses associated with expanding production capacity. This was achieved through higher sales volumes, price increases for our products, and efforts to reduce costs. All segments recorded higher profits compared to the previous year, with the company-wide operating profit ratio reaching 9.6%, and all segments achieving the operating profit ratio exceeding 8%.

Profit attributable to owners of parent increased by ¥14 billion year-on-year to ¥75.4 billion. This was primarily due to the increase in operating profit, favorable exchange rate impacts, and gains from the sale of cross-shareholdings.

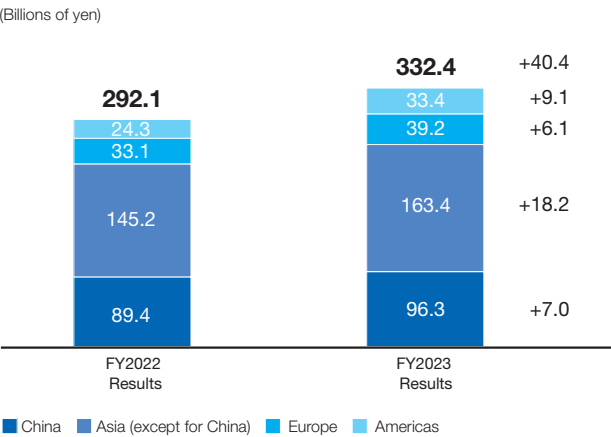
Overview of Results

(Billions of yen)	FY2022 Results	FY2023 Results	Change
Net Sales	1,009.4	1,103.2	93.8
Operating Profit	88.9	106.1	17.2
Operating Profit Ratio	8.8%	9.6%	0.8%
Profit Attributable to Owners of Parent	61.3	75.4	14.0
Ratio of profit attributable to owners of parent to net sales	6.1%	6.8%	0.7%

Financial Indicators

ROE	12.4%	13.5%	1.1%
ROIC	10.2%	11.5%	1.3%
Equity Ratio	43.8%	47.4%	3.6%
Net Debt-Equity Ratio	0.2 times	0.2 times	—

Net Overseas Sales



Business Performance by Segment

	FY2022 Result			FY2023 Result			Change		
	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio
Energy	333.3	28.6	8.6%	342.8	30.1	8.8%	9.5	1.6	0.2%
Industry	369.8	26.8	7.2%	419.9	34.3	8.2%	50.1	7.5	0.9%
Semiconductors	206.2	32.2	15.6%	228.0	36.2	15.9%	21.8	4.0	0.3%
Food and Beverage Distribution	95.3	4.4	4.6%	107.3	8.8	8.2%	12.0	4.5	3.6%
Others	59.8	3.7	6.3%	63.2	4.3	6.8%	3.4	0.6	0.6%
Elimination and Corporation	-54.9	-6.7	—	-57.9	-7.6	—	-3.0	-0.9	—
Total	1,009.4	88.9	8.8%	1,103.2	106.1	9.6%	93.8	17.2	0.8%

* Figures for the fiscal 2022 results reflect the business reorganization implemented in fiscal 2023.

FY2026 Medium-Term Management Plan

We have formulated and launched our three-year medium-term management plan, “To be enthusiastic, ambitious and sensitive 2026,” which covers the period from fiscal 2024 to fiscal 2026.

Basic Policy and Priority Strategies

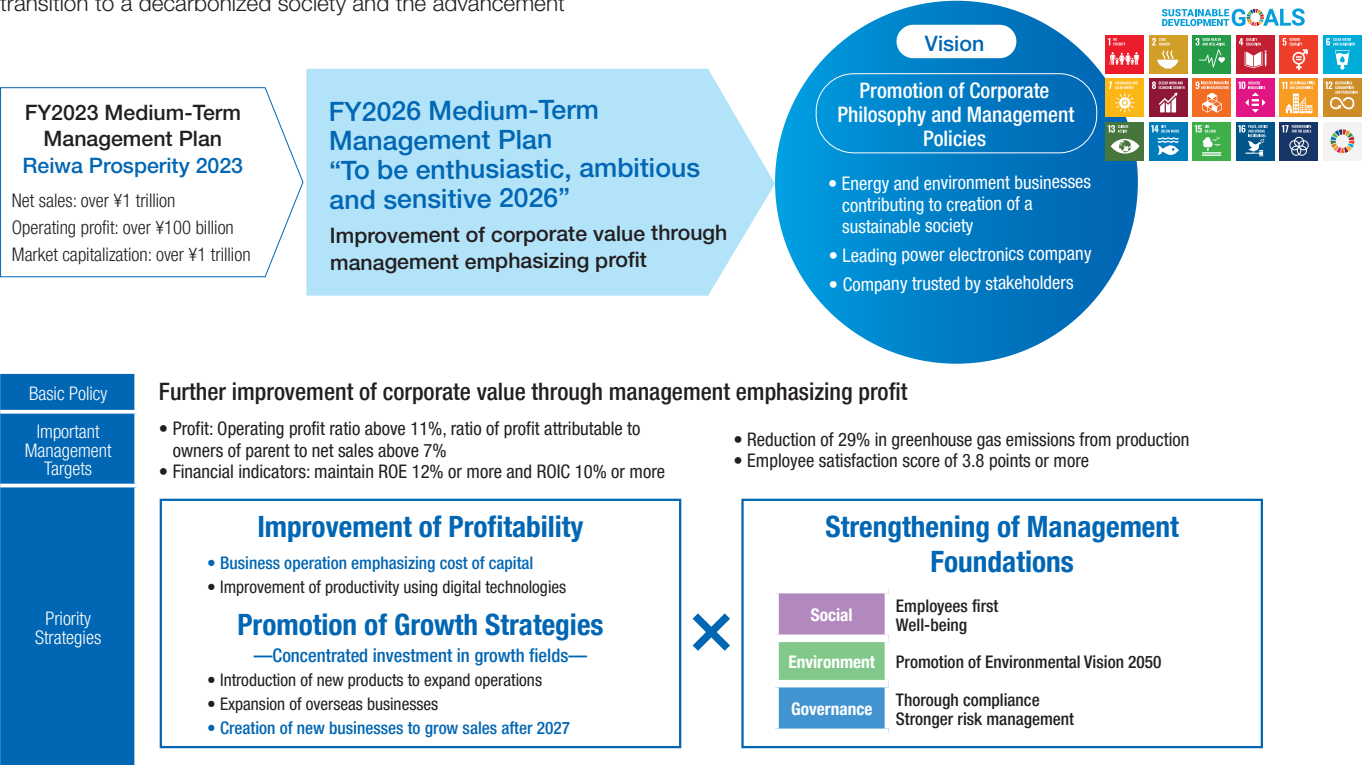
In pursuit of embodying our corporate philosophy and management policies, we aim to play a role as a leading company in power electronics, contributing to the realization of a sustainable society through our energy and environment businesses. Our goal is to continue to be a company that is trusted by all our stakeholders, including our employees, shareholders, and business partners.

In the FY2026 Medium-Term Management Plan, we return to the core of our management principles under the corporate slogan “To be enthusiastic, ambitious and sensitive.” As we adapt to the changing times—such as accelerating the transition to a decarbonized society and the advancement

of digitalization—we are committed to improving profitability, promoting growth strategies, and strengthening our operating foundation to support sustainable growth in corporate value.

Our basic policy is to improve corporate value through management emphasizing profit. This involves not only focusing on operating profit (ratio) but also placing emphasis on profit attributable to owners of parent (or its ratio to net sales) and managing with an awareness of capital costs. The cash generated through this approach will be directed toward growth investments.

Environment (P47-52) Human Resources (P53-56) Corporate Governance (P57-66)



Performance and Financial Targets

For fiscal 2026, we aim to maintain an operating profit ratio of 11% or more, ratio of profit attributable to owners of parent to net sales of 7% or more, an ROE of 12% or more, and an ROIC of 10% or more.

By segment, we plan to achieve growth and expand profits in the Energy, Industry, and Semiconductors segments. While

all segments had an operating profit ratio surpassing 8% in fiscal 2023, we are targeting a margin of 10% or more across all segments by fiscal 2026. In addition to building a robust business portfolio, we will further enhance synergies between business divisions to effectively respond to changes in the market.

Business Performance Targets (Billions of yen)		
	FY2023 Results	FY2026 Medium-Term Management Plan
Net Sales	1,103.2	1,250.0
Operating Profit	106.1	140.0
Operating Profit Ratio	9.6%	11.2%
Profit Attributable to Owners of Parent	75.4	90.0
Ratio of Profit Attributable to Owners of Parent to Net Sales	6.8%	7.2%
Financial Indicators		
ROE	13.5%	12% or more
ROIC	11.5%	10% or more
Equity Ratio	47.4%	Approx. 50%
Net Debt-Equity Ratio	0.2 times	Approx. 0.2 times
Dividend Payout Ratio	25.6%	Approx. 30%

Business Performance by Segment (Billions of yen)							
	FY2023 Results			FY2026 Medium-Term Management Plan			
	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio	
Energy	342.8	30.1	8.8%	385.0	39.0	10.1%	
Industry	419.9	34.3	8.2%	475.0	47.5	10.0%	
Semiconductors	228.0	36.2	15.9%	280.0	44.5	15.9%	
Food and Beverage Distribution	107.3	8.8	8.2%	110.0	11.0	10.0%	
Others	63.2	4.3	6.8%	65.0	4.5	6.9%	
Elimination and Corporation	-57.9	-7.6	—	-65.0	-6.5	—	
Total	1,103.2	106.1	9.6%	1,250.0	140.0	11.2%	

* Exchange rates Fiscal 2023 results: US\$ ¥151.41, EURO ¥163.24, RMB ¥20.83 FY2026 Medium-Term Management Plan: US\$ ¥140.00, EURO ¥150.00, RMB ¥19.50

Promotion of Growth Strategies

Business expansion through new product launches

We will introduce new products in growth areas such as green transformation (GX), digital transformation (DX), and global markets.

► **GX**

In the Energy segment, we will strengthen our proposals for integrated solutions, including electricity storage systems, energy management systems (EMS), and renewable energy-related products. In the Industry segment, we will launch new products in the mobility field. Additionally, in the Semiconductors segment, we will focus on full-scale production of silicon carbide

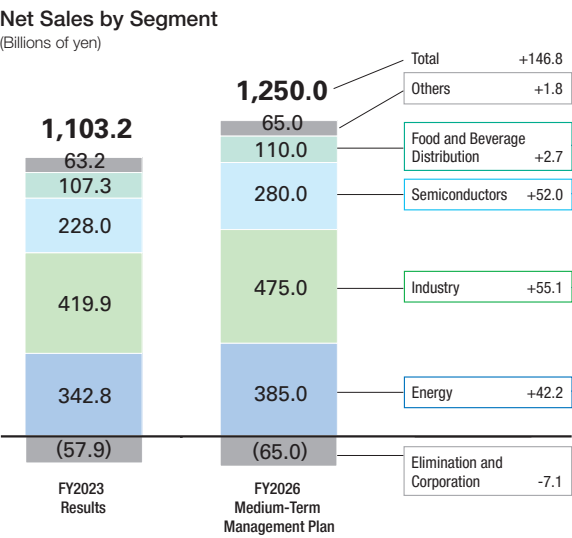
(SiC) products, primarily those for electrified vehicles (xEVs).

► **DX**

In the Industry segment, we will promote the market launch of digital transformation solution products. In the Food and Beverage Distribution segment, we will work on developing new service businesses that leverage digital technologies.

► **Global**

In the Energy and Industry segments, we will speed up the introduction of global products to the market.



Launch of new green transformation, digital transformation, and global products	
New distribution fields	• Digital transformation of vending machines and stores
Power Semiconductor	• For renewable energy and electrified vehicle markets • Increased SiC device production
Digital transformation solutions	• Global smart factories
Mobility	• Launch of new products for ship and harbor (electrified) products • Commercialization of automotive power electronics
Global products	• Global, compact low-voltage inverters and drives
Energy management	• Comprehensive renewable energy proposals (electricity storage, EMSs, renewable energy) • New product development and product function enhancement
Global products	• Vacuum circuit breakers (VCBs), molded case transformers, and large-capacity uninterruptible power systems (UPSs)

Expansion of overseas businesses

With a focus on local production for local consumption, we are working to introduce global products and implement region-specific priority measures.

► **Asia, India, etc.**

Power demand and needs for renewable energy and energy saving are expanding, particularly in industries such as power companies, steel, harbors, and chemicals. In response, we are focusing on expanding substation systems for industrial fields within the energy management business, as well as increasing sales of inverters, small-capacity power supplies, and measuring instruments, and expanding systems for harbor cranes in the automation business. In India specifically, we aim to increase sales by approximately 1.4 times by entering the smart meter market, which is driven by growing power demand, and expanding sales of systems for steel plants.

► **China**

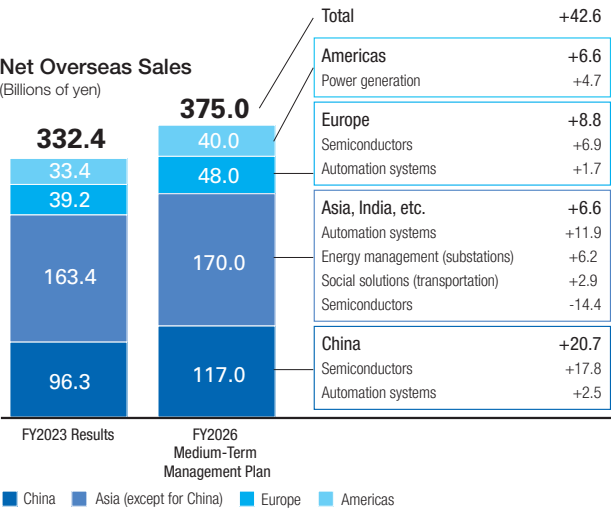
We are working to expand the semiconductor business for renewable energy and growing the automation business by promoting collaboration with local companies to increase sales of industrial inverters and induction furnaces.

► **Europe**

We are focusing on expanding the semiconductor business for renewable energy and growing the automation business by increasing sales of inverters for elevators.

► **Americas**

We are primarily focused on business expansion in the geothermal power generation field within the power generation business.



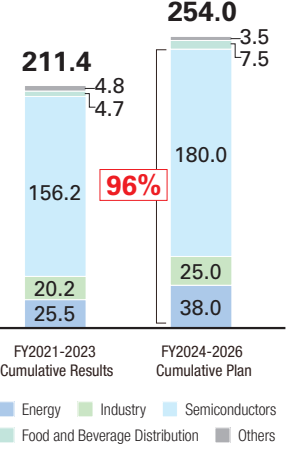
Concentrated investment in growth areas

We will continue to focus investments in the growth areas of energy, industry, and semiconductors. Of the total plant and equipment investment of ¥254 billion planned over the next three years, 96% will be directed toward these growth areas. Similarly, 82% of the ¥130 billion allocated to R&D expenditures will be focused on these

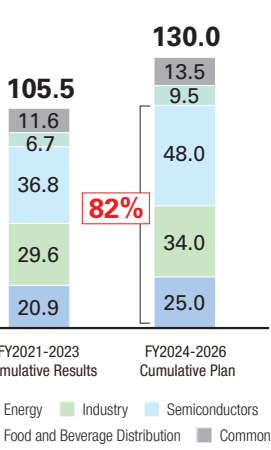
fields. In plant and equipment investment, we will prioritize expanding semiconductor production capacity while increasing environmental investments. In R&D, we will concentrate on developing new products and creating new businesses related to the green transformation market.

▶ Research and Development/Intellectual Property (P39-42)

Plant and Equipment Investment
(Billions of yen)



R&D Expenditures
(Billions of yen)



* Figures for R&D expenditures are classified by segment according to theme and therefore differ from the figures stated in the consolidated financial report.

Improvement of Profitability
Improving productivity through digital technologies

By leveraging digital and AI technologies to enhance our production technologies, we aim to improve productivity and quality as well as to reduce costs. We plan to boost productivity

by 20% by fiscal 2026 compared to fiscal 2023, thereby enabling us to meet the increased sales volume associated with business expansion in growth areas.

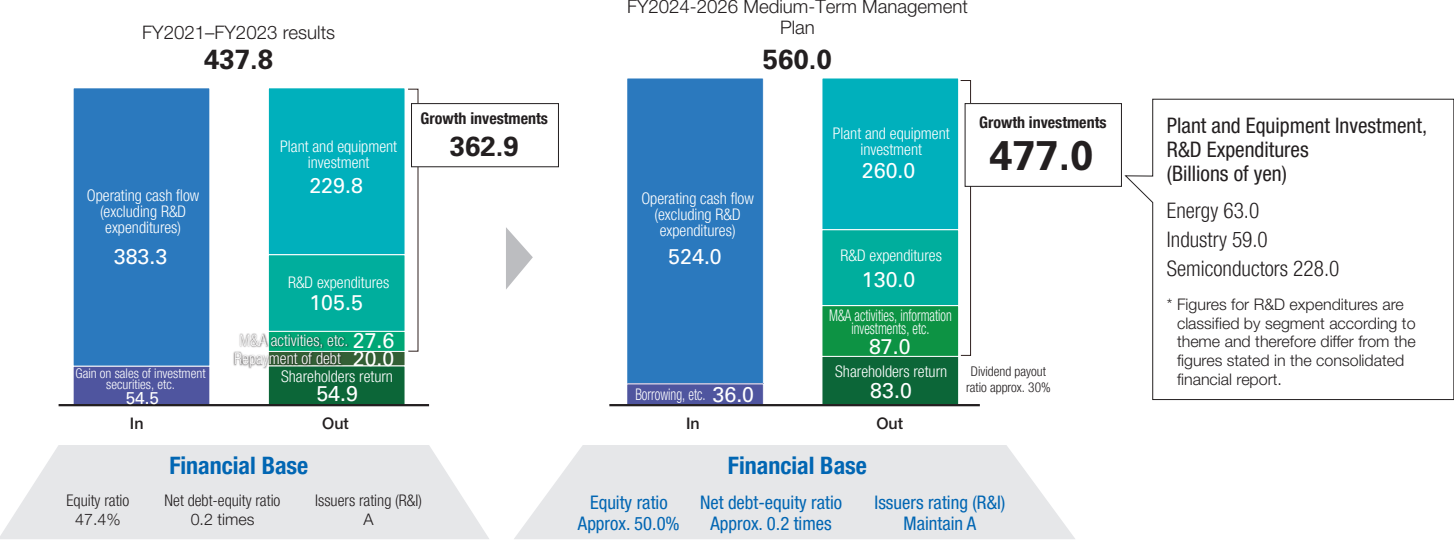
▶ Manufacturing and Procurement (P44-46)

Balanced Cash Flow Allocation Focused on Growth Investments

In our FY2026 Medium-Term Management Plan, 90% of the cash generated will be allocated to growth investments, representing an increase of 1.3 times compared to the previous three years. Along with plant and equipment investments and R&D in growth areas, we plan to pursue M&A activities and IT investments. Regarding shareholder returns, we maintain a basic policy of continuing to pay a stable

dividend, targeting a payout ratio of approximately 30%. In preparation for business expansion and sustainable corporate value growth beyond fiscal 2027, we will continue to drive growth investments while aiming for a 50% equity ratio and a 0.2 times net debt-equity ratio, striking a balance between a stable financial foundation and growth potential.

Cash Flow Allocation
(Billions of yen)



FY2024 Management Plan

We aim to achieve record highs for the third consecutive year in net sales, operating profit, the operating profit ratio, and profit attributable to owners of parent, with a target operating profit ratio of over 9.8%.

We plan to expand net sales primarily in the Energy and Semiconductors segments, targeting an increase of ¥10.8 billion versus the previous fiscal year, bringing net sales to ¥1.114 trillion. Net overseas sales will focus on growth in the China and Asia regions.

Through increased sales and production volumes, productivity improvements, and company-wide cost reduction initiatives, we aim to raise operating profit by ¥2.9 billion versus the previous fiscal year to ¥109 billion, with a target operating profit ratio of over 9.8%. We aim for profit attributable to owners of parent of ¥76.5 billion, an increase of ¥1.1 billion compared to the previous fiscal year.

In terms of company-wide plant and equipment investment, we plan to invest ¥106.2 billion, an increase of ¥37.9 billion from the previous fiscal year. Of this, ¥78.4 billion will be allocated to the Semiconductors segment, including investments in strengthening mass production equipment of SiC products. For R&D expenditures, we will allocate ¥39.6 billion, an increase of ¥3.5 billion versus the previous fiscal year, focusing on developing new products and creating new businesses in the green transformation market.

Business Performance Targets

	(Billions of yen)		
	FY2023 Results	FY2024 Management Plan	Change
Net Sales	1,103.2	1,114.0	10.8
Operating Profit	106.1	109.0	2.9
Operating Profit Ratio	9.6%	9.8%	0.2%
Profit Attributable to Owners of Parent	75.4	76.5	1.1
Ratio of Profit Attributable to Owners of Parent to Net Sales	6.8%	6.9%	0.1%

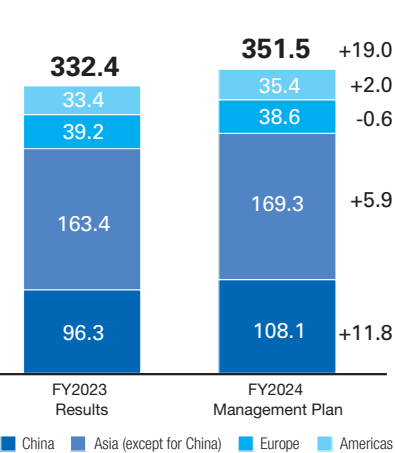
Financial Indicators

ROE	13.5%	12.3%	-1.2%
ROIC	11.5%	10.6%	-0.8%
Equity Ratio	47.4%	49.3%	1.9%
Net Debt-Equity Ratio	0.2 times	0.2 times	—

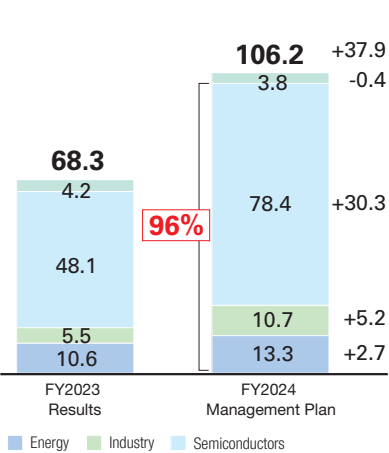
Business Performance by Segment

	FY2023 Results			FY2024 Management Plan			Change		
	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio
Energy	342.8	30.1	8.8%	348.0	31.0	8.9%	5.2	0.9	0.1%
Industry	419.9	34.3	8.2%	414.0	36.0	8.7%	-5.9	1.7	0.5%
Semiconductors	228.0	36.2	15.9%	245.0	37.0	15.1%	17.0	0.8	-0.8%
Food and Beverage Distribution	107.3	8.8	8.2%	102.0	9.2	9.0%	-5.3	0.4	0.8%
Others	63.2	4.3	6.8%	55.0	3.7	6.7%	-8.2	-0.6	-0.1%
Elimination and Corporation	-57.9	-7.6	—	-50.0	-7.9	—	7.9	-0.3	—
Total	1,103.2	106.1	9.6%	1114.0	109.0	9.8%	10.8	2.9	0.2%

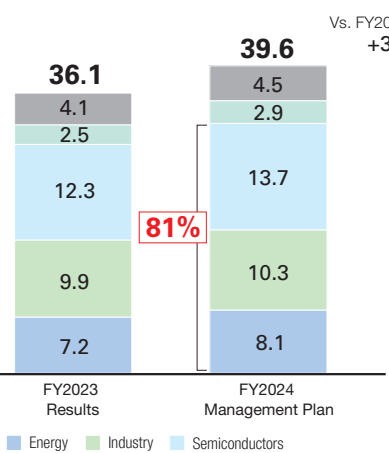
Net Overseas Sales
(Billions of yen)



Plant and Equipment Investment
(Billions of yen)



R&D Expenditures
(Billions of yen)



* Figures for R&D expenditures are classified by segment according to theme and therefore differ from the figures stated in the consolidated financial report.



To enhance our sustainable corporate value, we aim to further improve capital efficiency through business operations that consider growth investments and capital costs.

Junichi Arai
Senior Managing Executive Officer
Corporate General Manager, Corporate Management Planning Headquarters

Review of FY2023 Medium-Term Management Plan

Building a Financial Foundation to Support Growth Strategies

In the FY2023 Medium-Term Management Plan, we focused on establishing a foundation for sustainable growth. Our key objectives were to strengthen our profitability and to improve our financial constitution.

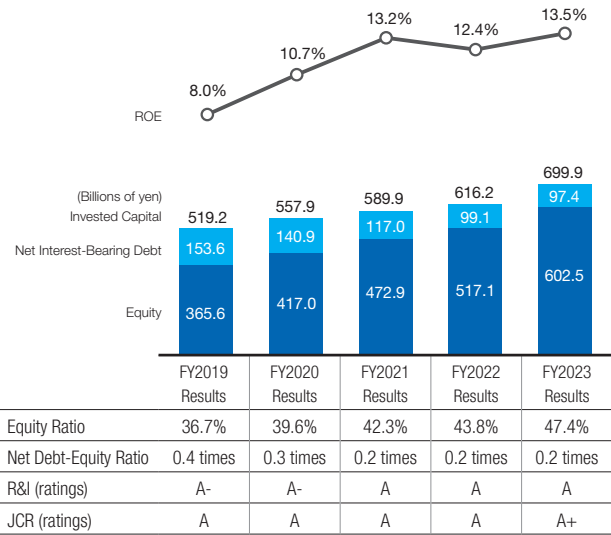
To improve our financial constitution, we promoted global cash management to optimize the use of funds. We worked to reduce financial costs, to streamline total assets to ensure financial stability and efficiency, and to strengthen governance. We also made efforts to reduce interest-bearing debt by facilitating inter-company financing among our global Group companies.

Additionally, since fiscal 2021, we introduced per-business ROIC as an internal management indicator. This fostered increased awareness in each business of cash generation by improving the collection of accounts receivable-trade and the optimization of inventory. We also aimed to strengthen profitability by instilling a practice of making investment decisions that consider future profitability and business operations focused on profit. As a result, our ROIC in fiscal 2023 improved to 11.5%, a 1.3% increase from the previous year.

As a result, we achieved the highest-ever net D/E ratio and equity ratio, thus further improving our financial constitution

and establishing a solid financial foundation to support future growth strategies. Our R&I rating has maintained an “A” rating since fiscal 2021.

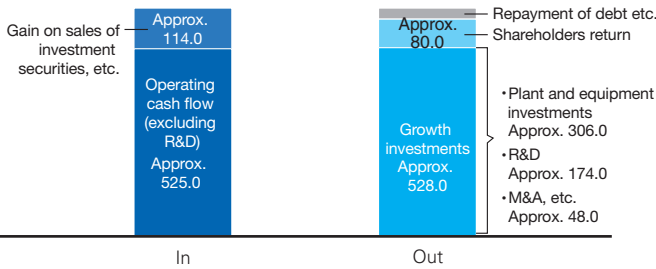
Financial Indicators and Rating



Utilizing proceeds from the sale of cross-shareholdings for growth investments

During the course of the FY2023 Medium-Term Management Plan, we carried out approximately ¥528 billion in growth investments focused on key areas to enhance sustainable corporate value. To secure the necessary funds, in addition to the approximately ¥525 billion of operating cash flow generated from improved profitability, we leveraged over ¥100 billion from the sale of investment securities during this period, which contributed to improving capital efficiency.

Cash Flow Allocation
FY2019-2023 Cumulative Results (Billions of yen)



FY2026 Medium-Term Management Plan

Initiatives for Enhancing Corporate Value through Profit-focused Management

The FY2026 Medium-Term Management Plan adopts profit-focused management as its core policy. In addition to operating profit, we will establish per-business profit as an internal KPI to drive improvements in profit.

To generate the cash needed to fuel our growth strategies, we will strengthen ROIC management across all businesses, ensure rigorous cash management, and maximize operating cash flow

while improving the health of our assets.

We plan to allocate about 90% of the generated cash to investments in growth areas. These investments will be made with a balanced approach that considers both sustainable corporate value enhancement and financial stability, thereby ensuring a stable financial foundation while pursuing growth.

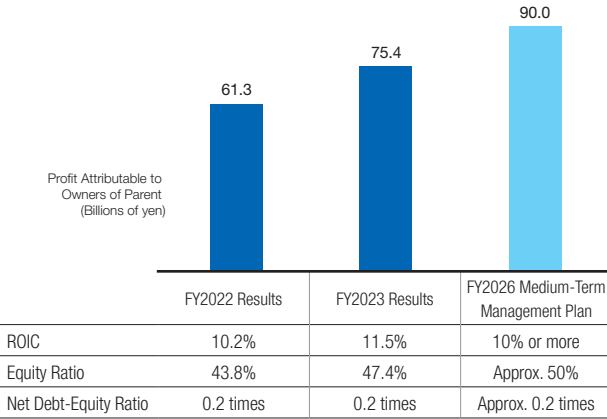
Business operations with a focus on capital costs

We will enhance per-business ROIC management, focusing on measuring profits relative to invested capital in each segment, and operate with an emphasis on capital efficiency. This will enable us to generate the cash necessary for further growth.

Under the FY2026 Medium-Term Management Plan, we will actively invest capital in the growth fields of Energy, Industry, and Semiconductors to drive profit generation. In the Food and Beverage Distribution segment, we aim to realize stable profits by making further improvements to the business constitution and the operational efficiency that results from business restructuring.

While we expect to realize significant returns from our investments, particularly those in Semiconductors, from fiscal 2027 onward, we are setting a hurdle rate of 10% ROIC, which exceeds our Company's WACC, across all business segments. By building a robust business portfolio, we aim to maximize the ROIC-WACC spread.

Financial Indicators



* ROIC = Profit attributable to owners of parent / Average invested capital at the beginning and end of the period

Shareholder returns: Aiming to continue to provide a stable dividend

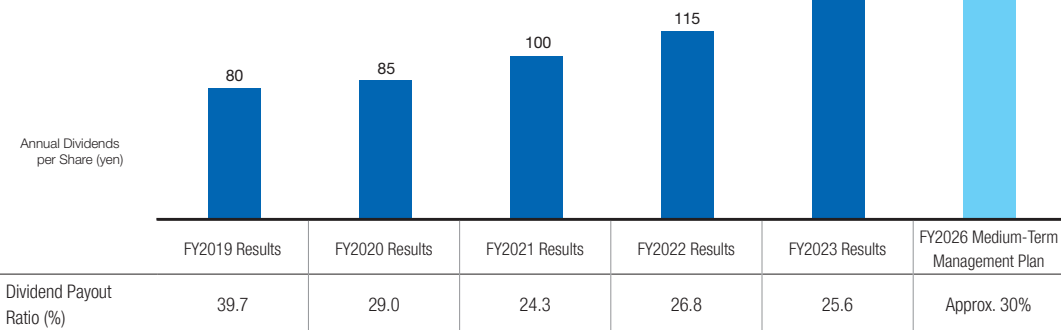
Regarding the distribution of retained earnings, we aim to continue to provide a stable dividend while considering the medium- to long-term business cycle. Dividend amounts are determined based on a comprehensive assessment of factors such as current consolidated performance, capital investments and R&D planning with regard to future growth, and the overall business environment.

In line with this policy, the dividend for fiscal 2023 was set at

¥135 per share, an increase of ¥20 compared to fiscal 2022.

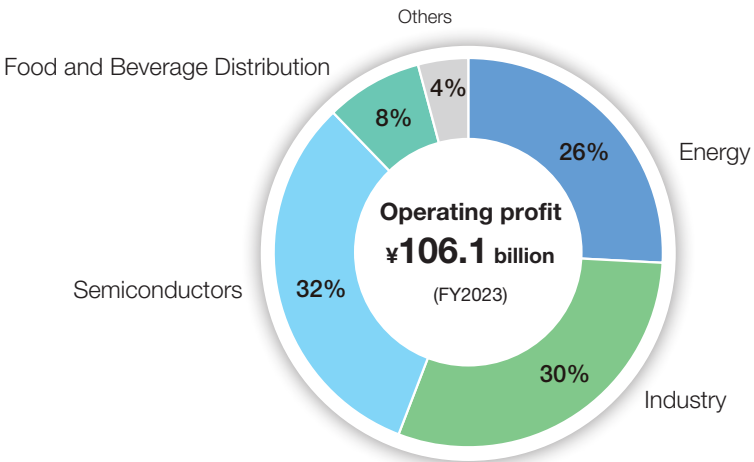
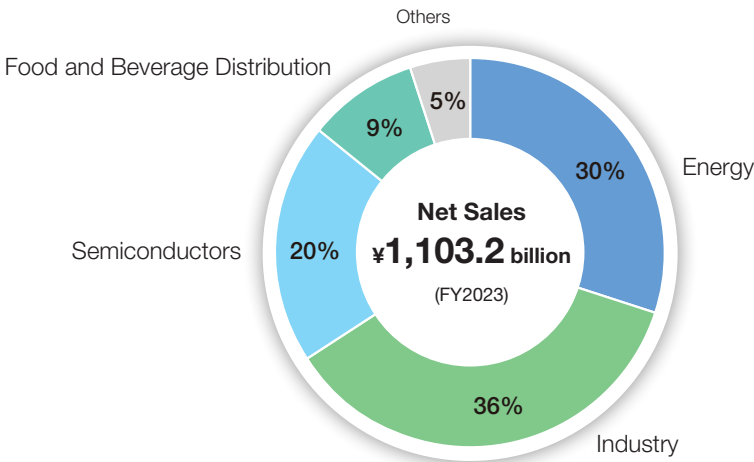
Under the FY2026 Medium-Term Management Plan, we will focus on promoting growth strategies as a priority strategy by actively utilizing funds for growth investments. We aim to sustainably improve profitability and maximize profits. We prioritize shareholder returns to be constantly paid as a stable dividend, with a rough target payout ratio of 30%.

Changes in Annual Dividends and Dividend Payout Ratio



Overview of Segments Basic Information

Composition Ratio*



Basic Information

Main business activities and ratio of net sales*	Energy	Industry	Semiconductors	Food and Beverage Distribution
	<ul style="list-style-type: none">Contributing to the achievement of a decarbonized society by maximizing renewable energy output, ensuring stable supply of renewable energy, and providing integrated engineering servicesContributing to the stable operation and optimal management of facilities through the provision of substation equipment, uninterruptible power systems (UPSs), and energy management systems <div><div>Power generation Geothermal power generation, Hydropower generation, Thermal power generation, and Fuel cells</div><div>Energy management Substation systems, Electricity storage systems, Energy management systems, Solar power generation, Wind power</div><div>ED&C components Power distribution and control equipment</div><div>Power supply and facility systems Uninterruptible power systems, Switchgear and controlgear</div></div> <p>¥342.8 billion</p>	<ul style="list-style-type: none">Realization of improved productivity and energy savings through factory automation and visualization by combining measuring instruments and IoT with power electronics application productsContribution to stable operation of equipment through preventive maintenance and optimal maintenance operationsContribution to the safety and security of social infrastructure through provision of highly reliable products, also in the railway, ship, and nuclear power businesses <div><div>Equipment construction Electrical equipment construction, Air conditioning equipment construction</div><div>Automation systems Inverters, Motors, Servo systems, Compact power supplies, Measuring instruments, Sensors, Drive control systems, Measuring and control systems</div><div>Social solutions Drive systems and door systems for railcars, Systems for ships and harbors, Nuclear power-related equipment, Radiation equipment and systems</div><div>Digital transformation solutions ICT-related equipment and software, Controllers, Human-machine interface, Factory automation systems</div></div> <p>¥419.9 billion</p>	<p>Providing products that enable low-loss, high-efficiency power conversion in the industrial and automotive fields, and contributing to the miniaturization of and energy saving for devices and equipment</p> <div><div>Automobile Direct water-cooled power modules for automotive applications, Pressure sensors</div><div>Industry 7th-generation industrial IGBT modules, All-SiC modules, Small IPMs, and Discrete IGBT</div></div> <p>¥228.0 billion</p>	<p>We provide low labor, energy saving vending machines, and showcases and store systems that contribute to the safe and secure distribution of ingredients</p> <div><div>Vending machines Beverage vending machines, Vending machines for food and other goods</div><div>Store distribution Store facilities and equipment, Automatic change dispensers</div></div> <p>¥107.3 billion</p>
	Power companies, Material plants (steel, chemical, etc.), Data centers, Semiconductor factories, Machine manufacturers and local government	Air conditioning and water treatment facilities, Machine manufacturers, Power companies, Material plants (steel, chemical, etc.), Railway companies, Shipbuilding companies, Public agencies and local government	Electrical equipment manufacturers (of inverters and power conditioning systems), Machine manufacturers, Railcar manufacturers, Automobile manufacturers, and Automotive parts manufacturers	Beverage manufacturers, Convenience stores, Restaurant chains, Supermarkets, POS manufacturers
	<ul style="list-style-type: none">Extensive delivery track record and engineering expertise in delivering clean energy solutions and ensuring both stable supply and optimization of energyPackage proposals from a wide range of products and systems to maintenance services, contributing to stable power supply and power optimizationEnergy-saving expertise developed at Fuji Electric's factories	<ul style="list-style-type: none">Early development of power electronics equipped with power semiconductorsExtensive product lineup tailored to customer applicationsEngineering capabilities built up over a substantial delivery track record	<ul style="list-style-type: none">High performance devices that greatly improve power conversion efficiencyPackaging technologies that achieve high heat dissipation and high reliabilityProduct development capabilities of modules that contribute to increasing the efficiency, compactness, and reliability of power electronics	<ul style="list-style-type: none">Top market share of beverage vending machines in Japan, China, and Southeast Asia (our estimate)Extensive lineup of store fixtures and equipmentEnergy-saving technologies centered on airflow control and freezing and heating, waterproofing, mechatronics technology
	Major customers			

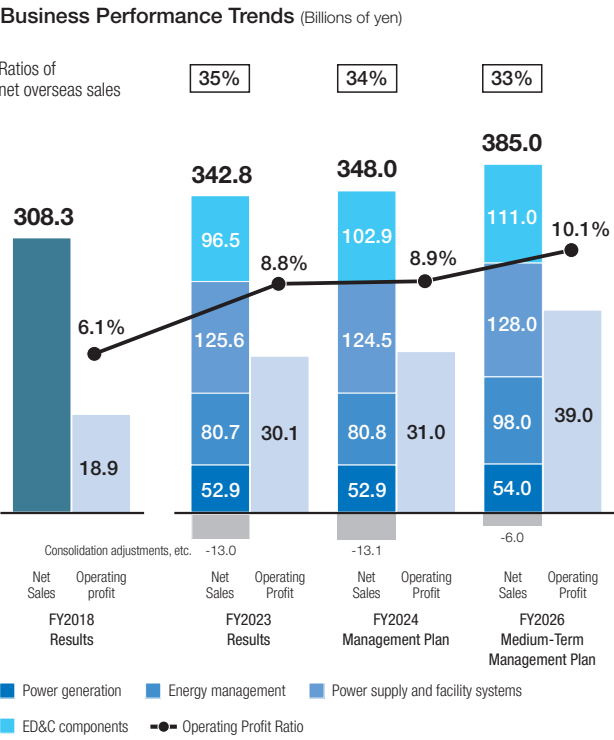
* Composition ratios are based on fiscal 2023 results. Figures are calculated based on the amounts before elimination and adjustment of inter-segment transactions.

Energy

We aim to expand our business through technologies that ensure the stable supply, optimization, and stabilization of energy.



Masashi Kawano
Managing Executive Officer
Corporate General Manager,
Energy Business Group



Q.What were the achievements and challenges of the FY2023 Medium-Term Management Plan?

Steady operation of the comprehensive electrical equipment business has led to greater performance. However, accelerating the development of competitive products in the energy management and power supply and facility systems businesses remains a challenge.

Under the FY2023 Medium-Term Management Plan, we focused on the comprehensive electrical equipment business, offering comprehensive proposals from system design to maintenance services for internet data centers (IDC) and semiconductor factories. This contributed to shortening customers' construction periods and reducing equipment management personnel, resulting in a nearly twofold increase in net sales in fiscal 2023 compared to fiscal 2018. Structural reforms undertaken in the ED&C components business also significantly contributed to overall energy business performance. In October 2023, we took the first step toward further business expansion under the FY2026 Medium-Term Management Plan by integrating the former Power Generation and Energy segments. This integration aims to offer unified proposals covering everything from energy generation to stabilization. The challenges ahead include being among the first to launch competitive new products and strengthening our proposal capabilities, particularly in the decarbonization market and other growth markets.

Q.What are the key policies and initiatives of the FY2026 Medium-Term Management Plan?

We aim to expand our business by being among the first to develop new products that contribute to the stable supply and optimization of energy in growth markets, including those related to decarbonization, and by strengthening our proposal capabilities.

► Expansion of renewable energy-related businesses
We will place more focus on renewable energy-related businesses, which are expected to see further market growth due to increased investment in decarbonization. This includes our current areas of focus, namely expanding the capacity range of our geothermal power equipment and enhancing our hydropower generation business, including pumped storage. In response to rising demand for power

generation equipment upgrades, we will expand our service offerings, such as degradation diagnostics and remaining life diagnostics to improve equipment utilization rates.

► Comprehensive renewable energy proposals and enhanced development of new products for substation systems business

As the medium- to long-term markets for decarbonization in large-scale factories and grid storage businesses continue to grow, we will enhance our comprehensive renewable energy proposal capabilities in the energy management business. By collaborating with storage battery manufacturers and PPA operators*, we will offer comprehensive solutions that encompass renewable energy, electricity storage systems, and energy management systems (EMSs), thus helping customers to shorten their project timelines while supporting decarbonization. We expect this to drive growth in orders and sales.

In the substation systems business, we will develop new products, including gas insulated switchgear without using any greenhouse gases in response to stricter environmental regulations as well as power supplies for hydrogen production equipment, which are seeing increased demand due to growing needs for hydrogen production. We will introduce these products one after another starting in fiscal 2025.

* PPA operators: Businesses that install solar power generation systems and other equipment on behalf of customers and sell the resulting generated electricity under a Power Purchase Agreement (PPA).

Development Plans for the Substation Systems Business and IDCs/Semiconductor Factories

	Models	2023	2024	2025	2026
For the substation systems business	Global transformers	Development			
			High heat resistance technology development		
	Global GIS	Development			
				Development (ultrahigh)	
	Dry air switchgear (free of SF 6 gas)	Development (C-GIS)			
			Standalone VCB development		
				GIS development	
	New JIS/IEC-compliant switchboards	Development (high)			
					Development (ultrahigh)
	Power supplies for hydrogen production equipment	Development (Parallel)			
For IDCs & Semiconductor factories				Development (Series)	
	Long-life UPSs	Development			
	Next-generation UPSs			Development	
	Molded case transformers for overseas			Development	
	3rd-generation top runner transformers			Development	

► Expansion of business for IDCs and semiconductor factories

As demand for IDCs and semiconductor factories grows in line with the spread of generative AI, we will accelerate the development of new products, such as uninterruptible power systems (UPSs) and molded transformers—for both of which we hold the highest domestic market share. Specifically, we will develop long-life UPSs with higher capacities and reduced lifecycle costs to meet market needs and will strengthen our efforts to acquire new customers.

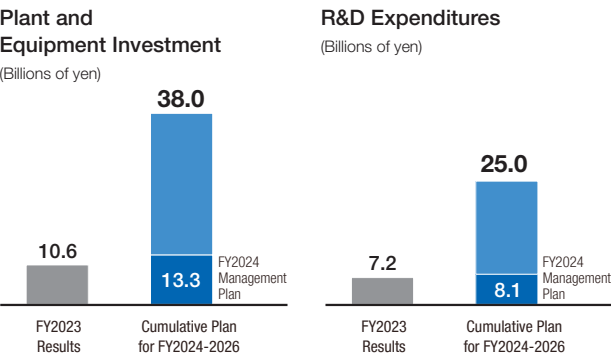
For a UPS, which has seen significant growth in deliveries in recent years, we will enhance our service structure to expand service-related sales.

► Further improvement of profitability in the ED&C components business

We will capitalize on the cost reduction effects of promoting sales of and transition to our newly launched core products in fiscal 2023, such as more compact, longer-life, and more environmentally friendly electromagnetic contactors and magnetic switches. In addition, we will develop new molded-case circuit breakers and establish a competitive edge in the power distribution market.

On the manufacturing side, we aim to further improve profitability by consolidating production bases by model to achieve local production for local consumption and by improving production efficiency.

Plant and Equipment Investment and R&D Expenditures



Key Plant and Equipment Investment Plans

- Introduction of development and testing apparatuses in the energy management business
- Installation of production equipment for new products in the ED&C components business

Key R&D Plans

- Decarbonization, environmentally friendly products, and global products for the power generation and energy management businesses
- Expansion of the long-life UPS and next-generation UPS product series for the power supply and facility systems business

* Figures for R&D expenditures are classified by segment according to theme and therefore differ from the figures stated in the consolidated financial report.

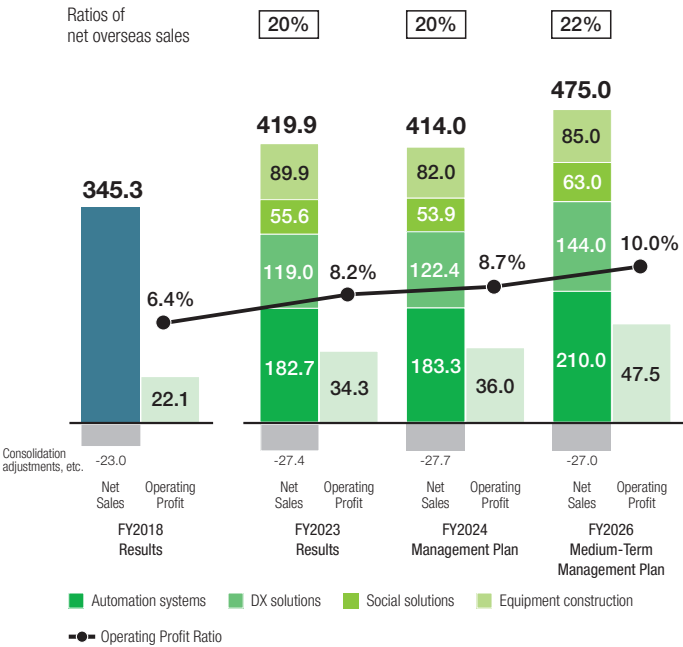
Industry

We aim to expand our businesses and improve profitability by focusing on automation systems and digital transformation solutions. We will accelerate the development of new products targeted at the green transformation and digital transformation markets.



Hiroshi Tetsutani
Managing Executive Officer
Corporate General Manager,
Industry Business Group

Business Performance Trends (Billions of yen)



Q. What were the achievements and challenges of the FY2023 Medium-Term Management Plan?

In terms of achievements, streamlining of development and production through the promotion of platform use and local production for local consumption, as well as regional partner strategies, have contributed greatly to the expansion of business performance. Challenges include further improvement of profitability and expansion of overseas business.

By platforming major components, such as low-voltage inverters and measuring instruments, in the core automation systems business, we have improved development efficiency and expanded local production for local consumption globally. The challenge is to further improve profitability by promoting platform use and local production for local consumption, as we have already been doing, and to expand our overseas business, especially in India and Southeast Asia. In addition, we will introduce new products and promote system solutions for the Green Transformation (GX) and Digital Transformation (DX) markets, where demand is expected to grow in the future.

Q. What are the key policies and initiatives of the FY2026 Medium-Term Management Plan?

We will focus on expanding our businesses and strengthening profitability with the automation systems and DX solutions businesses.

Improvement of profitability in the automation systems business and expansion of business through the promotion of local production for local consumption

In terms of major components, we will promote standardization for materials through platform use both domestically and internationally, further expanding our approach of local production for local consumption. This will help improve profitability by reducing costs in procurement, production, and transportation associated with local manufacturing. For low-voltage inverters, we will begin local production in the US, responding to the increased demand driven by solid investments in the oil and gas market, thus establishing a global six-region production system. Additionally, for products

such as measuring instruments and smart meters, we will move forward with local production for local consumption globally, aiming to increase the local production and consumption rate of major components from 38% in fiscal 2023 to 70% in fiscal 2026. Furthermore, focusing on Asia, we will promote local production for local consumption of system products like industrial high-voltage inverters and induction furnaces, thus enhancing our competitiveness in markets abroad.

Expansion of overseas businesses in India and Southeast Asia

In the automation systems business, we aim to expand sales of both components and systems, particularly in India and Southeast Asia. In India, demand remains strong in material industries (e.g., steel and petroleum) and general industries (e.g., power generation, which supports infrastructure). In the components field, we will newly enter the smart meter business in the power generation field, which is expected to grow, and establish a local production system that incorporates automated production technology from Japan. For inverters, this fiscal year we will introduce new specialized products into the elevator industry, where we maintain a leading market share. For compact power supplies, we will leverage our well-regarded quality to expand orders, particularly for communication and healthcare projects. In the systems business, we aim to expand mainly in the steel field, where increased demand is expected due to construction investments in buildings and bridges. In Southeast Asia, stable growth is expected in the fan and pump market, driven by infrastructure investment, with strong investment continuing in steel and non-ferrous metal plants as well as harbor cranes. We will push for expanded sales of components for the air conditioning market and expand our business by strengthening system proposals for harbor cranes.

Expansion of the DX solutions business for the manufacturing industries

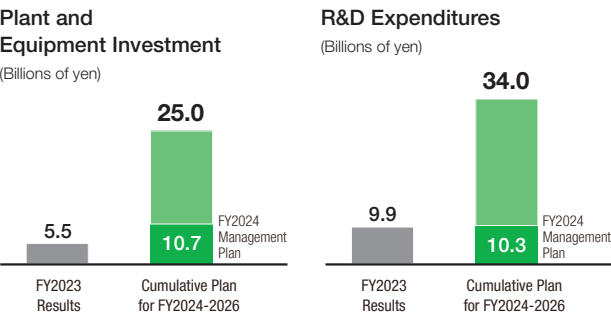
Given the declining working-age population and digitalization, significant growth in the needs for automation and business transformation is expected. We will strengthen our solution

proposals to help a wide range of manufacturing industries realize smart factories. We will support optimal DX by offering package solutions tailored to customers' industries and challenges by combining software with hardware, such as inverters, sensors, testing equipment, production line machinery, and controllers that receive operational information from these products as well as smart maintenance services that analyze the collected data and energy management systems (EMS). In our own factories, we are already advancing analysis and improving operational efficiency through visualization using a manufacturing dashboard that connects management data with on-site data. We will leverage this expertise in external sales. Additionally, we are working to develop GX-related products, such as heat pumps and ejector cooling systems, to expand the range of solutions that combine saving electric and thermal energy with DX.

Business expansion in the mobility field

We will launch new products in the mobility field, where medium- to long-term demand is expected to increase. In the ships and harbors field, we will offer electric propulsion systems for ship electrification and shoreside power supply systems to support the realization of carbon-neutral ports. In the automotive field, we will expand our business by offering automotive power electronics products that leverage our strengths in power semiconductors.

Plant and Equipment Investment and R&D Expenditures



Key Plant and Equipment Investment Plans

- New investments in smart meters and automotive power electronics
- Expansion and streamlining of production for new products and production bases in Japan and overseas (including the launch of new production equipment, capacity increases, and in-house manufacturing)

Key R&D Plans

- Promotion of the development of new decarbonization products and environmentally friendly technologies (mobility electrification, heat products, and CO₂/NH₃ recovery systems)
- DX-related equipment (smart factories)
- Expansion of product offerings for global markets
- Development of platforms utilizing next-generation IGBTs

* Figures for R&D expenditures are classified by segment according to theme and therefore differ from the figures stated in the consolidated financial report.

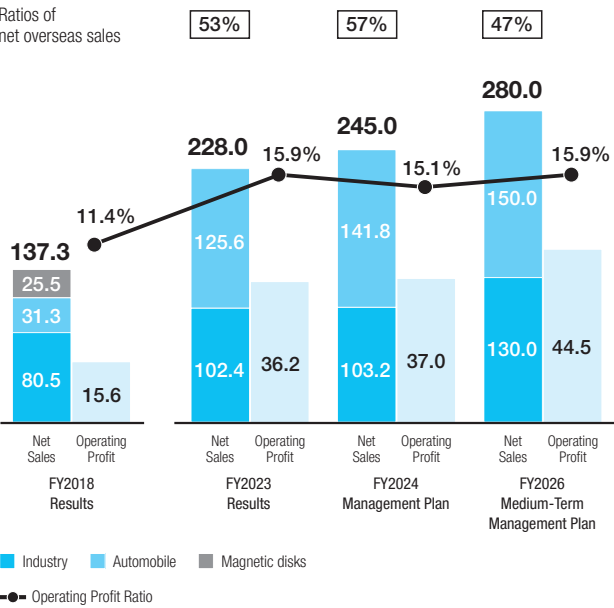
Semiconductors

In response to growing demand for power semiconductors, we aim to expand sales and profits by increasing production capacity through continued active investment.



Toru Hosen
Senior Managing Executive Officer
Corporate General Manager,
Semiconductors Business Group

Business Performance Trends (Billions of yen)



Q.What were the achievements and challenges of the FY2023 Medium-Term Management Plan?

Our record-breaking performance in fiscal 2023 was primarily driven by expansion of sales centered on power semiconductors for electrified vehicles (xEVs). Our challenges were in increasing production capacity and developing new products to meet the growing demand for power semiconductors.

The impact of the withdrawal from the magnetic disk business was offset by the power semiconductor business, which resulted in record highs for net sales, operating profit, and the operating profit ratio in fiscal 2023. In particular, to respond to rising demand for power semiconductors, especially those for xEVs, we expanded our production capacity for 8-inch silicon (Si) wafers to be more than five times that of fiscal 2018.

Our challenges were in further raising production capacity in response to the growing demand for power semiconductors, especially those for xEVs and renewable energy, and in maintaining and improving market competitiveness by developing next-generation IGBTs and silicon carbide (SiC) products.

Q.What are the key policies and initiatives of the FY2026 Medium-Term Management Plan?

We are working to ensure specifications are incorporated for power semiconductors for xEVs and renewable energy as well as to establish a production system to meet the increasing demand.

► Expanding power semiconductor sales in the growing xEV market

In the rapidly expanding xEV market, reducing power loss and extending driving distance are significant challenges. Power semiconductors, which contribute to solving these issues, are in rapidly increasing demand, and there is a growing need to further improve efficiency.

We continuously engage in activities to encourage use of Fuji Electric's specifications for our Si-based RC-IGBT* products, which we developed ahead of our competitors, as well as for SiC products that achieve significantly lower power loss compared to Si products. We are expanding both in Japan and overseas the number of manufacturers and vehicle models that adopt our products, thereby increasing our sales.

Particularly for SiC products, we anticipate market growth and demand expansion that exceeds that of Si products. We plan to increase the net sales ratio of SiC within our automotive modules from about 1% in fiscal 2023 to approximately 5% in fiscal 2024, and further to about 20% by fiscal 2026.

While there may be a temporary reduction in sales volume due to model changes for some customers in fiscal years 2025–2026, our activities to encourage use of Fuji Electric's specifications will continue, and we expect sales growth to accelerate further from fiscal 2027 onward.

* RC-IGBT: A product that integrates two types of semiconductors having different functions (IGBTs and freewheeling diodes) laid out alternately in a linear arrangement on a single chip. This chip structure significantly reduces power loss and enables miniaturization.

► Expanding sales of modules for renewable energy

We intend to expand our product lineup of the 7th-generation IGBT modules, which feature high heat dissipation and high reliability, to increase their sales particularly in the renewable energy field, which keeps strong demand.

In the renewable energy field, there is a growing need for higher voltage, higher output, and higher efficiency products that contribute to miniaturization, system cost reduction, and longer equipment lifespans. We are working to develop the 8th-generation IGBT modules, which will increase output by about 20% compared to the 7th-generation IGBT modules, and large-capacity modules equipped with 3rd-generation SiC, which will increase output by about 50%.

We plan to continue to capture strong demand, with net sales in the renewable energy field expected to grow by 27% in fiscal 2024 and by 54% in fiscal 2026 compared to fiscal 2023.

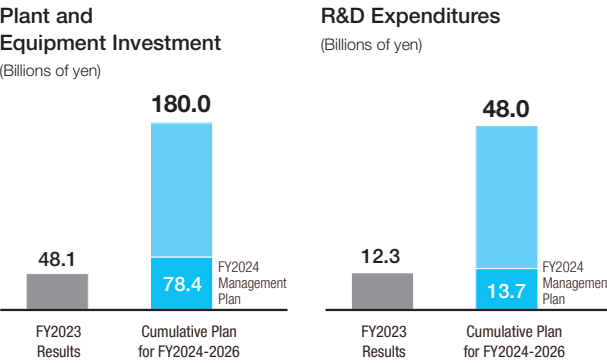
► Aggressive investment in Si and SiC production capacity expansion

In response to the robust demand for power semiconductors, we plan to invest a total of 180 billion yen in plants and equipment over the three-year period through to fiscal 2026.

For power semiconductor chips (front-end process), our production capacity for 8-inch Si wafers will increase by 9% in fiscal 2024 and by 15% in fiscal 2026 compared to fiscal 2023. For 6-inch SiC wafers, production capacity will double in fiscal 2024 and expand by about nine times in fiscal 2026 compared to fiscal 2023. We will start full-scale mass production of SiC at the Tsugaru Factory in fiscal 2024, and preparations are underway for capacity expansion from fiscal 2025 onward. Additionally, we are developing mass production technology for 8-inch wafers in anticipation of medium- to long-term demand growth from fiscal 2027.

For the assembly process (back-end process), we will continue to invest to increase production capacity for automotive and industrial products while promoting local production for local consumption to improve productivity.

Plant and Equipment Investment and R&D Expenditures



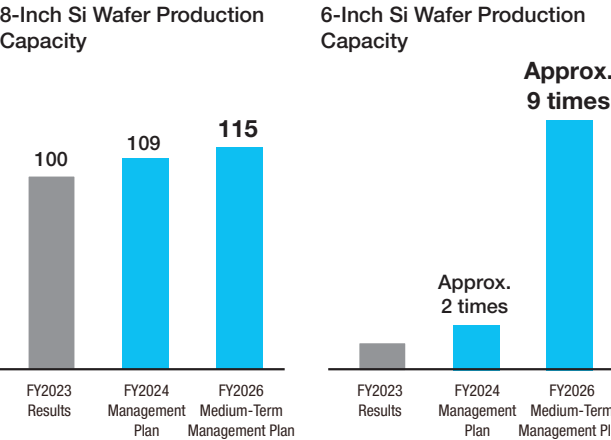
Key Plant and Equipment Investment Plans

- Strengthen front-end production capacity (6-inch SiC and 8-inch Si wafers)
- Strengthen back-end production capacity (industrial and automotive applications)

Key R&D Plans

- 8th-generation IGBT and 3rd-generation SiC
- Next-generation packaging
- Mass production technology for 8-inch SiC

* Figures for R&D expenditures are classified by segment according to theme and therefore differ from the figures stated in the consolidated financial report.



* For production capacity (year-end comparison), FY2023 is assigned 100 for comparison purposes.

* Figures are indicated as multiples of production capacity as of the end of FY2023 (comparison of capacity at the end of each fiscal year).

Food and Beverage Distribution

We are working to improve profitability by expanding our range of high-value-added products while building a business foundation (top-line growth) toward 2030.



Keiichi Asano
Executive Officer
Corporate General Manager,
Food and Beverage Distribution Business Group

Q.What were the achievements and challenges of the FY2023 Medium-Term Management Plan?

By executing a profit-focused strategy, we achieved record highs for both operating profit and the operating profit ratio in fiscal 2023. Our challenges are to further improve profitability and to expand the top line in growth areas.

Due to the unexpected impact of COVID-19, operating profit fell to -5.3 billion yen in fiscal 2020. In response, we conducted a thorough review of our strategy from the ground up. This included headcount optimization, restructuring manufacturing bases, adjusting pricing to reflect product value, and reorganizing subsidiaries. By shifting to a profit-centric management approach (from quantity to quality), we achieved a V-shaped recovery and met the goals of the FY2023 Medium-Term Management Plan in terms of both operating profit and the operating profit ratio.

The challenges going forward are to further improve profitability in our existing business areas and to build a business foundation for top-line expansion.

Q.What are the key policies and initiatives of the FY2026 Medium-Term Management Plan?

We aim to improve profitability by increasing the added value of our products and by reducing costs while expanding the top line in growth areas such as digital transformation (DX) and new distribution fields (restaurants/food products), and global markets.

Expansion of high-value-added products and promotion of cost reduction

To further improve profitability in our existing business areas, we will expand the range of our high-value-added products. In the vending machine business, we will promote further expansion of our sustainable vending machine series for beverage manufacturers in Japan, which reduces power consumption by up to 20% compared to conventional models. In the store distribution business, we will offer environmentally friendly showcases and new counter fixtures in response to the needs of the convenience store market in Japan to meet the need of energy saving, environmental friendliness, and space saving. We will continue to evolve our products while enhancing our brand power.

We will also intensify cost-reduction activities in manufacturing. This includes expanding platform design, automating production lines, moving to in-house parts manufacturing, and digitizing manufacturing processes to improve productivity and to further improve profitability.

Building a business foundation toward 2030 (top-line expansion)

We will position our DX application service business, new distribution field, and global businesses as growth areas and will strengthen these initiatives.

As an instance of the DX application service business, in the vending machine business we are introducing newly developed two-way communication devices, which can also be retrofitted to existing vending machines, to enable online operation of vending machines. This improves operational efficiency and enables dynamic pricing, thus expanding our unique DX services. In the store distribution business, the convenience store market in Japan is seeing increased demand for energy-saving and labor-saving solutions across all stores. We will offer services such as energy management to optimize the overall power consumption of stores by centrally controlling equipment such as showcases, air conditioning, and ventilation—which

accounts for about half of a store's energy consumption—using our proprietary store controllers. We will also provide predictive maintenance services for this equipment.

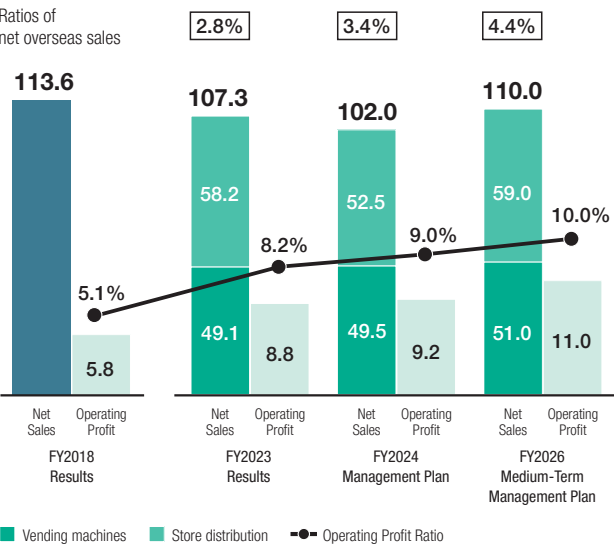
As a recurring business that generates ongoing profit rather than one-time product sales, the DX application service business represents a new challenge for us. We are also exploring collaboration with telecommunications carriers for this initiative.

In the new distribution field, we will enter new markets in the restaurant, food, and agricultural industries. These industries are seeing growing demand for labor-saving solutions and automated sales due to labor shortages.

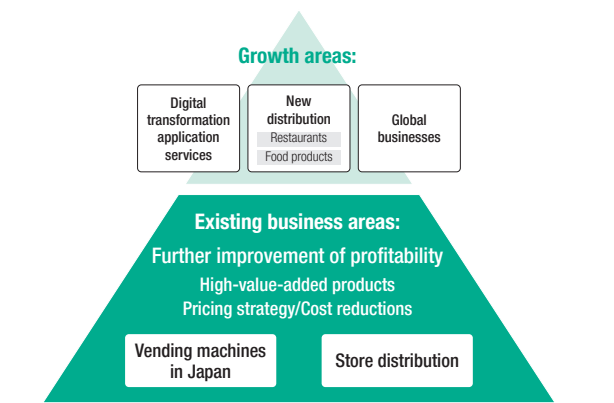
Aiming to expand our business, in the restaurant industry, we will launch self-service coffee machines that we developed in fiscal 2023, while in the food product and agricultural industries, we plan to introduce locker vending machines, which allow customers to choose product sizes and enable automated sales.

As for the global businesses, in addition to our existing markets in China and Southeast Asia, we plan to enter the rapidly growing Indian market, launching global coffee machines and energy-saving vending machines to expand our market presence.

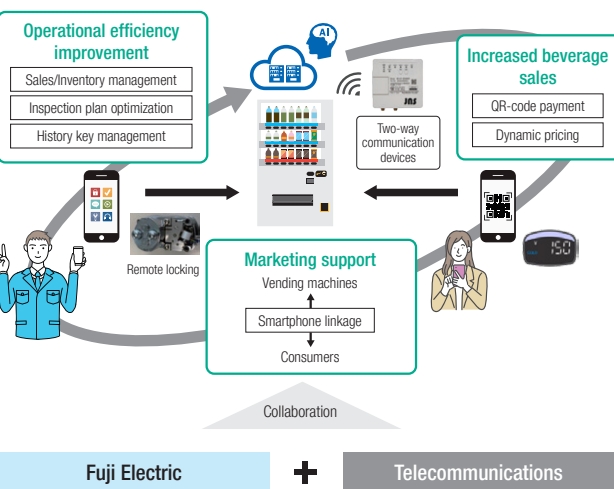
Business Performance Trends (Billions of yen)



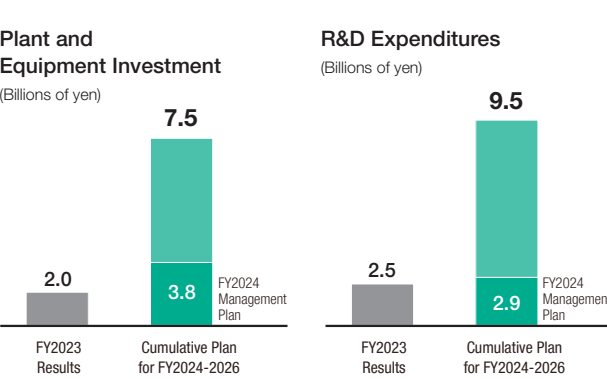
Overview of the FY2026 Medium-Term Management Plan



DX Application Services (Offered Products): Two-Way Communication Devices/Recurring Services



Plant and Equipment Investment and R&D Expenditures



Key Plant and Equipment Investment Plans

- Investments to improve productivity (automation, digitization, and expanded in-house manufacturing)
- Environmental investments for manufacturing sites (CO₂ emissions reduction)

Key R&D Plans

- Strengthened product development for top-line expansion
- Products for DX application services and new distribution fields

* Figures for R&D expenditures are classified by segment according to theme and therefore differ from the figures stated in the consolidated financial report.

Research and Development/Intellectual Property



We will take on the challenge of creating new products and acquiring new technologies that will drive our growth strategy.

Kazuya Nakayama
Executive Officer
Corporate General Manager, Corporate R&D Headquarters

Changes in the business environment surrounding us include the accelerating shift to a decarbonized society, evolving digital technologies, and expanding infrastructure investment in emerging countries. In response to these changes, we will strengthen the development of new products that realize Green Transformation (GX) and Digital Transformation (DX) as well as global products that contribute to solving new challenges for our customers. In addition, we will gain insights into how future social issues will change and, through

co-creation with partner companies and academia, aim to create new products that meet new needs and take on the challenge of acquiring innovative new technologies that will contribute to the realization thereof.

We will also focus on strengthening our intellectual property portfolio to ensure our new technologies and products enjoy a competitive advantage, and on rulemaking activities to make our technologies into industry standards in order to advance our business.

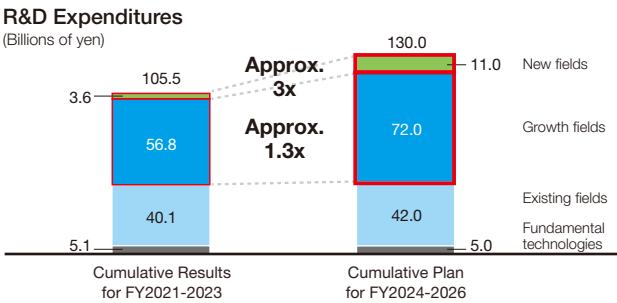
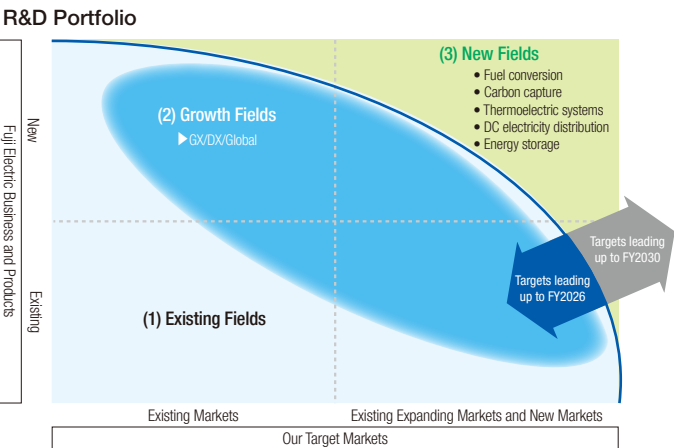
Medium- to Long-Term R&D Initiatives

The new R&D strategy in the FY2026 Medium-Term Management Plan incorporates R&D themes related to new fields that will contribute to growth in 2027 and beyond while keeping the same priority investment in growth fields as in the past (see the figure on the right).

In the existing fields (shown in (1) on the right), we will develop next-generation development projects that contribute to the maintenance and expansion of our existing businesses, develop technologies to enhance competitiveness, and develop platforms to reduce costs and development time.

In the growth fields (shown in (2) on the right), we will accelerate the development of new products such as GX and DX as well as global products that will drive our growth strategy, aiming to bring them to market by fiscal 2026. We will invest 1.3 times as much in R&D as during the three-year period starting in fiscal 2021, or 55% of total R&D expenditures, as a priority.

In the new fields (shown in (3) on the right), we will strengthen R&D to create new products and acquire new technologies in areas such as “fuel conversion,” “thermoelectric systems,” and “carbon capture,” all of which are expected to experience market expansion after 2030. We plan to significantly increase R&D expenditures for these new fields by approximately three times compared to the three-year period starting in fiscal 2021.



Key research themes in growth and new fields

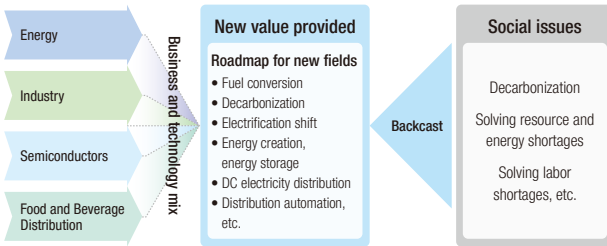
Growth fields	GX	Storage battery systems, Products for data centers, Products for ships and harbor, Automotive power electronics, Automotive IGBT, Automotive SiC, Modules for renewable energy
Growth fields	DX	Factory DX, Vending machine DX, Store DX
Growth fields	Global	VCB panels, Mold transformers, Large-capacity UPSs, New compact inverters, High-voltage inverters, Coffee machines
New fields	Thermoelectric systems	Exhaust heat recovery heat pumps, Ejector cooling systems
New fields	Fuel conversion	Water electrolyzing apparatus system for hydrogen production, Ammonia gas leak sensors
New fields	Carbon capture	Carbon separation and capture equipment
New fields	Energy storage	Long-term energy storage systems
New fields	DC electricity distribution	DC/DC transformers, Semiconductor circuit breakers

Enhancement of New Product Creation

To accelerate the creation of new products in new fields and growth fields, we have established the New Products Development Office. This project office plans new product development themes based on analysis of customer and market trends from a medium- to long-term perspective, and promotes development in collaboration with the business and sales divisions, the R&D division, and partner companies.

In addition, we have begun formulating a “roadmap for new fields” to create new value offerings that will contribute to solving future social issues. In addition to megatrends, we are also working on the creation of new product concepts and the identification of technologies to be acquired, which we are doing by envisioning social issues in 2030 and beyond based

on the future visions of our customers and partner companies, backcasting from there, and identifying the new value that we can provide by leveraging synergies with our business and technologies.



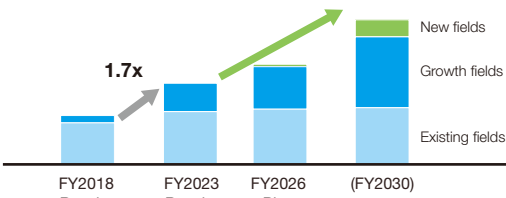
New Product Net Sales

Fuji Electric positions new product net sales as the most important KPI for R&D. In our fiscal 2023 results, sales of energy, industry, and semiconductors grew 1.7 times compared to fiscal 2018, reaching a record high and contributing to the achievement of consolidated net sales of 1 trillion yen under the FY2023 Medium-Term Management Plan.

In the FY2026 Medium-Term Management Plan, in addition to launching new products in GX, DX, and Global, which we have designated as growth fields, we aim to create new products in new fields to achieve further business expansion in 2030 and beyond, and to increase net sales of new products.

We will continue to bring new products to market and drive Fuji Electric’s growth strategy.

New Product Net Sales Transition (relative value)



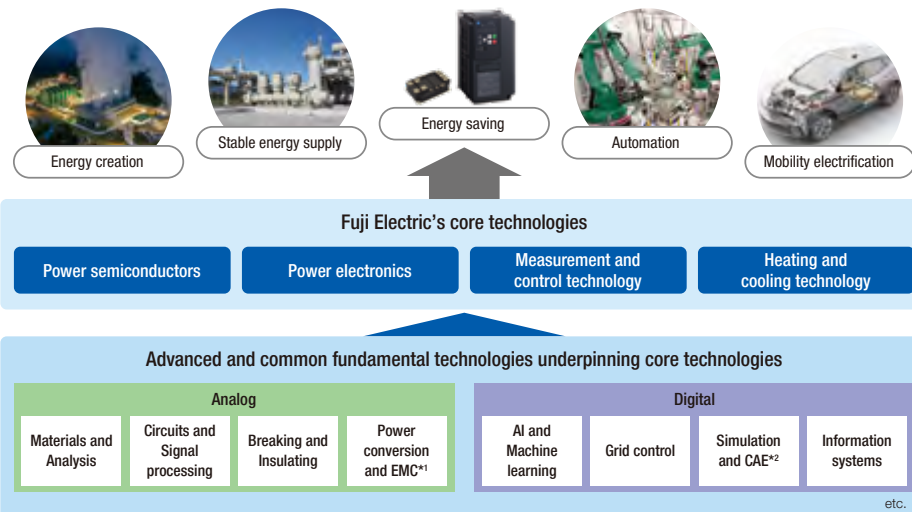
* New products: Within five years after market launch

Fuji Electric’s core technologies

Fuji Electric has four core technologies, centered on power semiconductors with the industry’s top-of-the-line power conversion efficiency and power electronics to convert and utilize electric power freely and without waste, as well as measurement and control technology, which supports industrial automation and energy saving, and heating and cooling technology cultivated in our industry-leading

vending machines. These core technologies are supported by both analog and digital advanced technologies and common fundamental technologies, including power conversion and EMC*1, and AI and machine learning.

In addition to these, we will acquire new technologies to realize new value provided in the GX-related market and expand our technology domain.



*1 EMC: Electromagnetic Compatibility *2 CAE: Computer Aided Engineering

GX New Technology

Medium- to Long-Term Intellectual Property Activity Initiatives

Fuji Electric regards intellectual property as an important management resource, and under the intellectual property policy shown on the right, we ensure our products' competitive advantage through the strategic acquisition and utilization of intellectual property rights. We are also working to comply with the international standards that are required to participate in the global market.

Over the medium- to long-term, we will strengthen our intellectual property activities and international standardization

activities that target businesses and products in our growth fields. We will also promote the use of intellectual property analysis to enhance our market analysis capabilities during the source stage of new product creation.

Intellectual Property Policy

1. Develop and implement intellectual property strategies by analyzing intellectual property.

2. Strengthen each business's intellectual property portfolio and reduce risks.

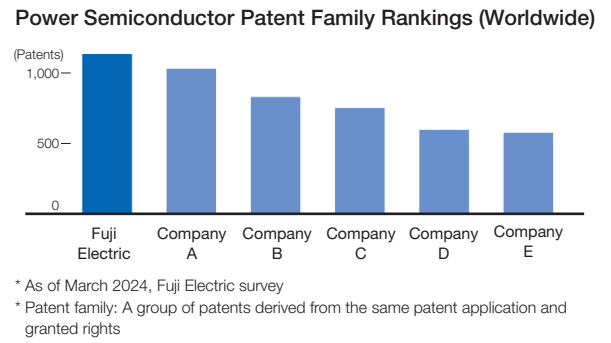
3. Strengthen strategic international standardization activities.

Business Support by Strengthening the Intellectual Property Portfolio

The company manages its intellectual property as an intellectual property portfolio (intellectual property holdings organized by key technologies) per business and continuously carries out its maintenance, including retention and abandonment, in consideration of changes in business conditions.

To achieve further growth, we are strengthening this intellectual property portfolio. Specifically, we are clarifying our strengths and weaknesses based on comparative intellectual property analysis with our competitors to strengthen the scope of our rights, to increase the number of patent applications, and to promote selection of countries where filing applications is advantageous for our business. As a result of our recent strengthening activities, in the field of power semiconductors, which is one of our core businesses, as shown in the figure we

hold the highest number of patent families among our Japanese and overseas competitors, thereby supporting the growth of our business.



Support for New Product Creation by Utilizing Intellectual Property Analysis (IP Landscape)

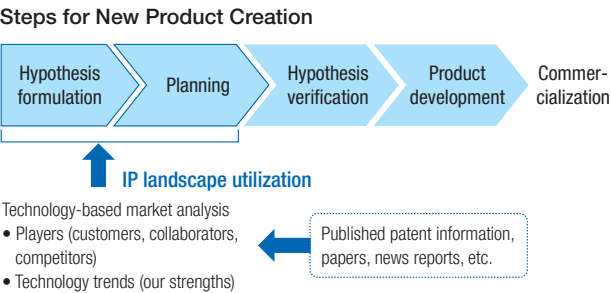
As part of activities to create new products, we are promoting the use of IP landscapes during the source stage of product development (hypothesis formulation and planning).

Specifically, in addition to our traditional analysis of customer needs and market trend forecasts, we are now using IP landscapes for technology-based market analysis. We use market player analysis, which mainly examines published patents and papers, to identify customers, competitors, and collaborators. We then combine this with technology trend analysis to discover the Company's strengths.

As a recent example, in developing a locker vending machine for vegetables and processed foods, we analyzed Japanese and overseas companies, including startups, to identify relevant technology trends and potential needs, which

we used for planning purposes.

In the future, we plan to expand the use of IP landscapes to create more new products while working to improve the sophistication of analysis with AI.



Strengthening of International Standardization Activities

Fuji Electric is systematically promoting compliance with international standards and the acquisition of certifications necessary for overseas business development. The International Standardization Committee, of which the Corporate General Manager of Business Groups are members, determines policies and strategies. Based on these policies and strategies, working groups that have been formed for each business field conduct international standardization activities. We continuously strengthen these activities.

Over the medium to long term, we will focus on rulemaking activities with the aim of entering new markets ahead of our

competitors, demonstrating our strengths, and contributing to the expansion of the market itself.

One key element in any rulemaking activity is to secure a leadership position. For example, we are leading standardization activities in key international positions in the electronics industry, such as serving as the Japanese representative to the Conformity Assessment Board (CAB), an upper-level committee of the International Electrotechnical Commission (IEC). We will continue to strengthen our human resource development so that we can produce suitable human resources to serve in key positions.

TOPICS (Research and Development)

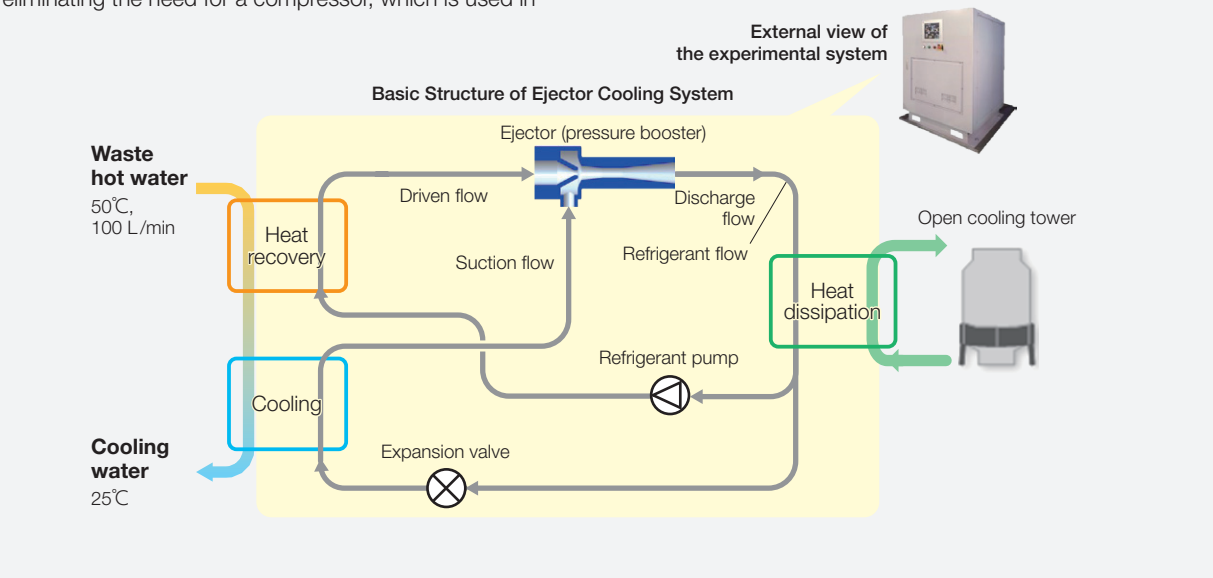
Ejector cooling systems that halves power consumption during cooling water generation through effective use of waste heat energy

About 2/3 of primary energy used in Japan is disposed of as heat instead of being used effectively. For example, it is difficult to effectively use low-temperature (40°C to 70°C) waste hot water from cooling equipment at factories, etc., so such water has been discharged directly into the atmosphere. Fuji Electric is developing an ejector cooling system that effectively utilizes low-temperature waste heat to generate cold heat.

A proprietary high-efficiency ejector (pressure booster) circulates refrigerant using thermal energy recovered from waste heat, significantly reducing power consumption and eliminating the need for a compressor, which is used in

conventional chillers (cooling water circulators). Verification using last year's experimental system (see the figure below) confirmed that the power consumption for recovering thermal energy from 50°C waste hot water to generate 25°C cooling water can be reduced by 55% compared to the conventional method.

We are working to commercialize this ejector cooling system for potential applications in beverage factories (cooling after heat sterilization), semiconductor factories (e.g., cooling of film forming equipment), and data centers (cooling of water-cooled servers).



TOPICS (Intellectual Property Activities)

Strategic rulemaking activities in the growth fields of GX and DX

The Global Business Strategy Office, which was established in August 2022, develops and promotes business strategies for GX, carbon neutrality, and DX. In these new fields, we obviously require a "competitive axis" of differentiation through technology development and intellectual property. To build a new, unprecedented social system, it is necessary to establish "standards" (e.g., green value definitions, common data definitions, and security requirements) in cooperation with various companies, organizations, and countries, which is the axis of cooperation. To promote the two axes needed in the new fields, we must first develop a business strategy and then consider both simultaneously. Toward our carbon-neutral goal of 2050, we have started to develop long-term human resources capable of building business strategies in new

fields. This program, the International Business Strategy Skills Personnel Development Program (IBSP), is designed for young personnel around the age of 30 who will lead the next generation. IBSP participants, in addition to acquiring skills pertaining to international standards (including certification and regulation), learn business strategies and acquire rulemaking strategy skills.





Leveraging Digital Technology to Maximize Value across the Entire Value Chain

Takashi Obinata
Managing Executive Officer
Corporate General Manager, Production & Procurement Group

In recent years, rapid changes in the social environment and increasing uncertainty have created management and operational challenges for the manufacturing industry, including supply chain disruptions, reduced productivity due to labor shortages, and increased management costs associated with such disruptions.

To solve these issues, it is necessary to realize a transformation that encompasses both “digital solutions” and “manufacturing,” both of which have been advancing. We believe that we must optimize not only the manufacturing division but the entire value chain—from development and design to production control, manufacturing, sales, and service—and promote productivity improvement, business process reform, and the development of human resources capable of implementing such reform.

Under the medium-term management plan starting in fiscal 2024, we will utilize digital technology to increase productivity (20% improvement over fiscal 2023), strengthen profitability through cost reductions, and promote environmentally friendly manufacturing to maximize the value of the entire value chain.

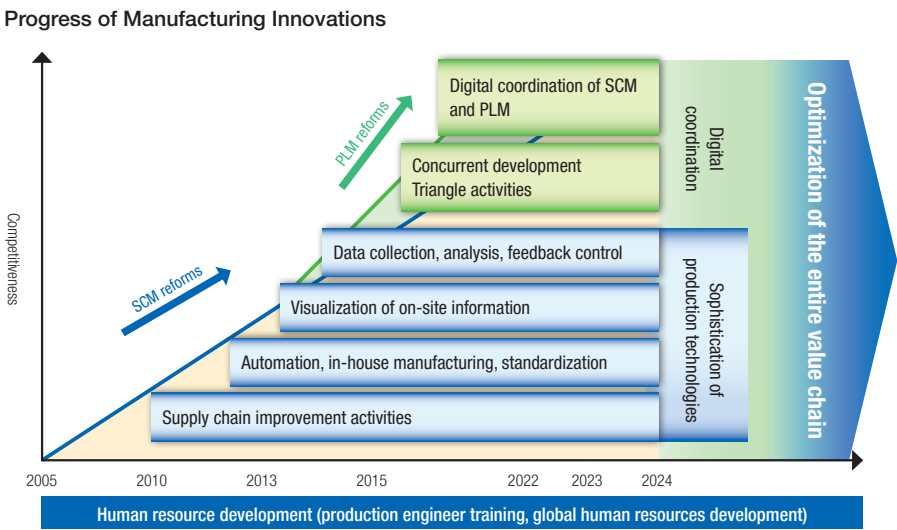
Progress of Manufacturing Innovations

Under the previous medium-term management plan, we improved productivity by expanding in-house manufacturing, automation, and standardization at production bases as part of supply chain management (SCM) reforms. Meanwhile, we have promoted manufacturing innovations by introducing dashboards at factories in Japan to visualize on-site production progress, operational loads, and facility operating statuses, and by establishing a system to procure parts and materials from multiple business partners (multi-sourcing).

Furthermore, we have strengthened the following: linkage between SCM and product lifecycle management (PLM) reforms in the development and design divisions;

concurrent development to realize product design that considers manufacturability from the initial stage of product development; and triangle activities in which business partners, the design development division, and the procurement division collaborate. Based on these activities, we have promoted cost reductions.

Based on the concept of local design and local production for local consumption, we strengthened our manufacturing overseas by reinforcing local production systems and quality control linked to our overseas business strategy, and by promoting human resource development of production engineers.



FY2026 Medium-Term Management Plan

Constructing IoT-Linked Smart Factories

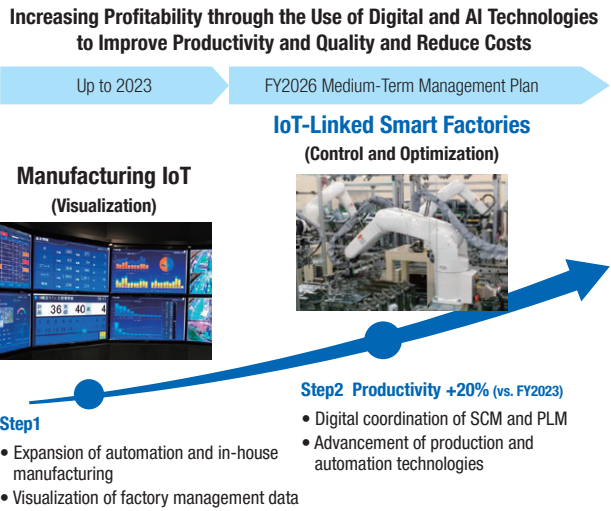
In constructing IoT-Linked Smart Factories, we will implement initiatives for visualization and automation using our existing manufacturing IoT. In addition, we aim to further improve productivity (20% improvement in fiscal 2023), reduce costs, and improve quality by increasing development efficiency

through digital linkage of SCM and PLM information, improving the availability of manufacturing floors by upgrading production and automation technologies using AI technology, and expanding the scope of automation application.

Digital coordination of SCM and PLM

We will enhance the digital linkage between SCM and PLM to continuously improve our development efficiency and business processes in design, production, and procurement.

By centralizing data using 3D models of designs, we reduce data duplication and discrepancies, minimize the impacts of design changes on the production side, and reduce rework and changes to production plans. In addition, digitization of concurrent development promotes information sharing and parallel work between divisions, shortens design lead times, and contributes to productivity improvement by enabling early design of optimal manufacturing processes through simulation.



Advancement of production and automation technologies

In response to expanded sales resulting from the launch of new products and global products in growth markets, we will enhance our production capacity by upgrading our production and automation technologies as well as establish an optimal production system on a global basis.

With regard to technological advancement, we aim to improve efficiency by automating visual and sensory testing

processes as well as manual work performed by skilled workers through 3D robot control, AI technology, and other means, and by analyzing workers’ movements.

At manufacturing floors, we strive to achieve “non-stop lines” by means of condition monitoring that collects and analyzes equipment and process data in real time, and through feedback control using equipment operating data and quality data.

Augmenting Global Manufacturing Capabilities

To expand our overseas business, we will promote the strengthening of manufacturing capabilities on a global basis. Particularly in Southeast Asia and India, we will develop local leaders, production engineers, and other engineers through practical leadership training and e-learning on basic management knowledge in order to make overseas bases self-sustaining and self-driven. We will also focus on reducing

costs through the expansion of local production models, in-house manufacturing of parts and materials, and development and purchasing in conjunction with local design. In addition, by sequentially expanding the visualization of management indicators using IoT to our overseas bases, we will strengthen both SCM reform, production technology, and quality control as well as build a robust global operation system.

Quality Improvement Initiatives

With regard to quality, we formulate the High Reliability Activities Policy annually and implement it in each of our business divisions and factories to promote improvement activities.

To improve quality in the development and design stages, we are strengthening verification of new technologies and design changes as well as reinforcing the design review system during product planning. We are also digitizing quality information in manufacturing processes and utilizing digital data from automated outgoing inspections and tests for

statistical process control (SPC control) and other purposes to eliminate human error and to eliminate equipment failure risks.

To improve process quality, in addition to internal audits conducted at each factory on manufacturing process management statuses, we implement mutual diagnosis by experts from other bases. The results and insights obtained are reflected in mechanisms and rules to improve quality control standards.


Sustainable Procurement

By identifying, assessing, and addressing supply chain risks, we aim to build stable material procurement and CSR* procurement over the medium and long terms.

* Corporate Social Responsibility

CSR Procurement Initiatives

Based on the Fuji Electric CSR Procurement Guidelines, we are working to reduce CSR risks and to create business opportunities by ensuring that our business partners in Japan and overseas deepen their understandings of our CSR approach as well as the initiatives that they should observe and implement.



Fuji Electric CSR Procurement Guidelines

https://www.fujielectric.com/company/box/doc/guideline_csr_e.pdf



Subjects in the Fuji Electric CSR Procurement Guidelines		
1. Human Rights and Labor	4. Fair Trade and Ethics	7. Business Continuity Plan
2. Health and Safety	5. Quality and Safety	8. Establishment of Management Systems
3. Environment	6. Information Security	9. Social Contribution

Self-Assessment of CSR Procurement

To understand the statuses of our business partners' CSR initiatives, we conduct a CSR self-assessment every year. We also hold CSR briefings and interviews with business partners to share the issues we face, and we implement PDCA cycles for improvement activities in cooperation with them. In fiscal 2023, we conducted assessments of 783 business partners, which covered 80% of our purchases in the last three years.

Evaluation criteria	Rating	Definition
5.0-4.0	A	Recognizes its social responsibility as an organization and takes concrete measures.
3.9-3.0	B	Recognizes its social responsibility as an organization and considers measures.
2.9-2.0	C	Recognizes its social responsibility as an organization.
1.9-0.0	D	Recognizes its social responsibility as an organization and needs to improve.

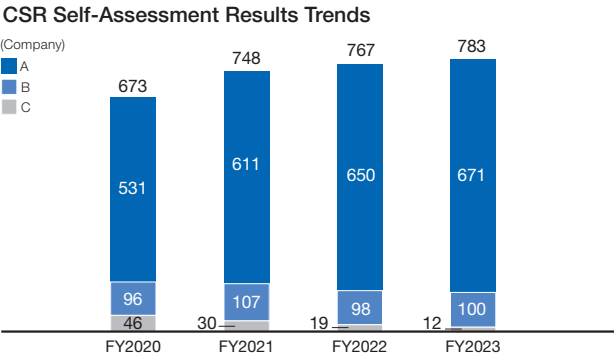
CSR Audit Initiatives

To improve the effectiveness of CSR procurement, we have trained CSR auditors at each base and in fiscal 2023, we started on-site CSR audits of business partners with a third-party certification organization. In fiscal 2023, we conducted on-site audits of two companies having different corporate

Responding to Natural Disaster Risks

The Company utilizes a disaster prevention information system that can identify business partners located in areas where special warnings regarding earthquakes and weather have been issued in Japan. In fiscal 2023, in our disaster prevention information system, we expanded the registration of secondary suppliers and registered data to cover a total of approximately 11,000 primary and secondary suppliers. In

As a result of our activities, the number of Rank A business partners has been increasing year by year. In fiscal 2024, we are scheduled to assess 883 business partners, and we will promote thorough implementation and reinforcement of CSR in our supply chain by sharing issues and making continuous improvements collaboratively.



sizes. We confirmed evidence for critical items and items with low evaluation scores and then implemented improvements with the business partners. In fiscal 2024, we will increase the scope of audits to 17 business partners and promote training of auditors at each base to further expand the scope of audits.

fiscal 2024, we aim to register about 100 overseas business partners in order to establish a system for identifying suppliers located in the same types of areas where warnings are issued in Japan. Through these activities, we will quickly gather information on whether risks to our production activities have manifested, and we will continue to aim to further visualize risks in the supply chain.

Efforts Aimed at Purchasing from Multiple Suppliers

To reduce the risk of relying on a single supplier (single source), the Company conducts risk assessments for approximately 200,000 parts and materials that are ordered on an ongoing basis and is working to achieve multi-sourcing*1 of parts and materials that are currently single-sourced. As of fiscal 2023, we have established multi-sourcing for approximately 80% of procured parts and materials. From 2024, in preparation for procurement risks due to national risks (e.g., lockdowns, natural disasters, and conflicts), among the components for which multi-sourcing has already been established, we will promote procurement risk avoidance through multi-country*2 procurement for electronic and electric parts and materials. We will continue to evaluate and study the items in Category D, for which multi-sourcing has not yet been achieved, and the items in Category E, for which no substitutes are available, and we

Procured Material Risk Rating Definitions

Risk	Low	A	Multi-sourcing complete (ordering complete)
		B	Multi-sourcing preparation complete (ordering possible)
		C	Material evaluation complete
		D	Candidate selection complete / not yet evaluated
	High	E	Specified customer, no alternative, discontinued, alternative unknown

will further strengthen measures such as concluding long-term contracts and maintaining a stock of such components.

*1 Multi-sourcing refers to a system in which materials are procured from multiple business partners.
*2 To establish a system that allows procurement from multiple manufacturing countries (Japan + overseas, multiple overseas, and the like).

Digital Linkage of Procurement Information

Through digital linkage of procurement-related data between our business partners and the Company, we aim to speed up measure implementation and improve mutual operational efficiency. This system is intended to visualize and optimize the corporate information of business partners, including that related to CSR and BCP, and production information, such as our production plans and inventory statuses as

well as business partners' delivery statuses and production load statuses, on the information collaboration system, a procurement platform called My Page. By sharing information in real time instead of conventional business communication via e-mail and telephone, we will continue to transform our operations to speed up and improve efficiency.

TOPICS

Strengthening Profitability through Triangle Activities

We promote triangle activities in which business partners, our development and design divisions, and our procurement division jointly conduct value analysis (VA), which increase the value of a product or reduce costs while maintaining its functionality by changing the constituent materials or construction methods. We discuss cost, delivery, and technical issues while confirming the actual products and materials used, and we link these to cost reductions and stable procurement through VA activities with business partners, standardization of parts and materials for joint development, and consideration of alternatives.

In fiscal 2023, we shared an idea within the Company to reduce the use of copper materials, which are soaring in price, by using alternative materials. As a result of examining the feasibility of substitutions through triangle activities at each factory, alternative materials were adopted for transformers at the Chiba Factory and Fuji Tasco Co., Ltd. (Thailand) and for circuit breaker parts at the Fukiage Factory, thus achieving significant cost reductions while maintaining the required performance and quality.

In addition to internal collaboration, we will continue to strengthen and leverage our relationships with our business partners to promote enhanced profitability.



Members of the Chiba Factory's Triangle Activity



Through our initiatives toward Environmental Vision 2050, we will promote decarbonization and the transition to a circular economy, and contribute to the creation of a sustainable society.

Takashi Obinata
Managing Executive Officer
Corporate General Manager, Production & Procurement Group

In recent years, climate change has had a variety of impacts at global scale. The frequent occurrence of natural disasters such as torrential rains and heat waves as well as their impacts on ecosystems have become a threat that cannot be overlooked in nature and the social economy surrounding us. In addition, as a result of past mass consumption and mass disposal, a global environmental crisis is progressing, including the loss of biodiversity and pollution. Addressing these issues will require accelerating the transition to a circular economy in conjunction with decarbonization, and businesses have an increasingly important role to play in solving such environmental challenges.

Fuji Electric has positioned global environmental protection as a key management issue under Fuji Electric Basic Environmental Protection Policy, and we formulated our Environmental Vision 2050 in 2019. In 2022, we revised our fiscal 2030 greenhouse gas emissions reduction target to be consistent with “limiting the temperature rise to 1.5°C above pre-industrial levels,” and we are working to achieve this target. In fiscal 2023, in conjunction with the formulation of the FY2026 Medium-Term Management Plan, we verified the feasibility of the Fiscal 2030 Target, and we confirmed that all indicators are expected to be achievable as well as that we are making progress according to the plan. In conjunction with global trends related to the circular economy, we have also set Fiscal 2030 Target to achieve a recycling-oriented society and a society in harmony with nature.

Future issues include the promotion of specific initiatives to transition to a circular economy. We will continue to shift to environmentally friendly products that comply with the EU Ecodesign Regulation, and we aim to achieve zero emissions, which will minimize environmental impacts throughout the entire supply chain.

We will continue to contribute to the creation of a sustainable society by utilizing the technologies we have developed in the energy and environmental fields.

Fuji Electric Basic Environmental Protection Policy

1. Offering products and technologies that contribute to the global environmental protection
2. Reduction of environmental burden throughout product life cycles
3. Reduction of environmental burden in business activities
4. Compliance with laws, regulations and standards
5. Establishment of environment management systems and continuous improvements of the systems
6. Improvement of employees’ environmental awareness and social contribution
7. Promotion of communication

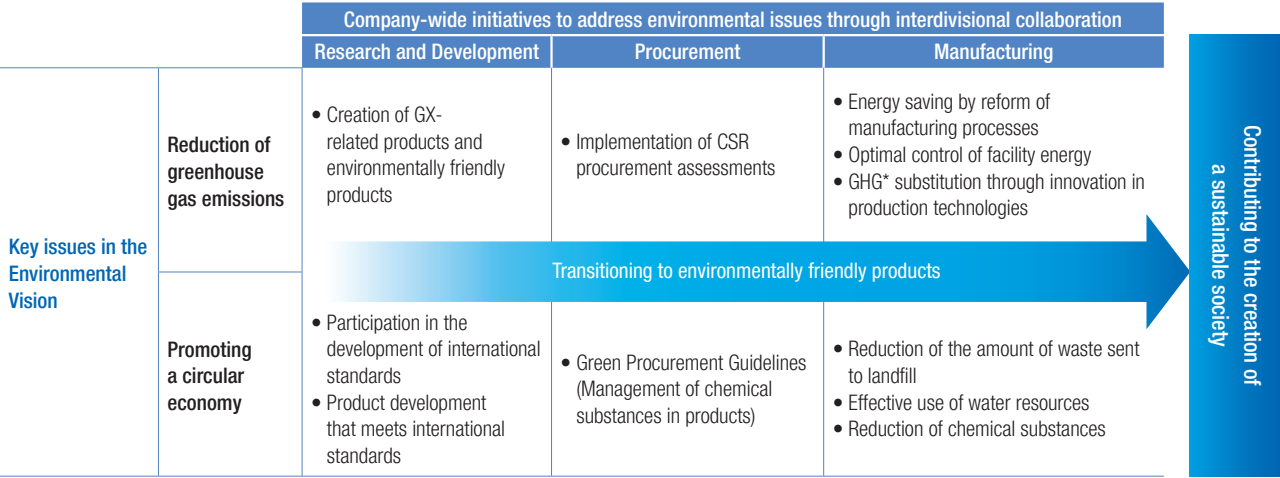
Environmental Vision 2050	
We aim to achieve a “Decarbonized Society,” “Recycling-Oriented Society,” and “Society in Harmony with Nature” by expanding use of Fuji Electric’s innovative clean energy technology and energy-saving products.	
Achieve a Decarbonized Society	Target carbon neutrality across the supply chain
Achieve a Recycling-Oriented Society	Aiming for zero environmental impacts throughout the lifecycle, we are working to establish a green supply chain
Achieve a Society in Harmony with Nature	Aim for zero influence on the ecosystem by corporate activities contributing to biodiversity

Fiscal 2030 Target	
We aim to achieve the following goals in order to limit the temperature rise to 1.5°C above pre-industrial levels.	
Greenhouse gas emissions throughout the supply chain (Scope 1+2+3): Reduction of over 46% (compared to FY2019)	
Greenhouse gas emissions during production (Scope 1+2): Reduction of over 46% (compared to FY2019)	
Contributions to CO ₂ emissions reduction in society through products: Over 59 million tons/year	
Promoting the circular economy while complying with global environmental regulations	
Transition to environmentally friendly products adapted to ecodesign regulations	
Ratio of waste sent to landfills (including waste plastics) less than 0.5%	

Company-wide Initiatives toward Environmental Vision 2050

In its Environmental Vision 2050, Fuji Electric has positioned the reduction of greenhouse gas emissions and the promotion of a circular economy as key issues, and the company is

working to achieve this vision from a medium- to long-term perspective by addressing these issues in all of its business activities, including R&D, procurement, and factories.



* GHG: Greenhouse gases (carbon dioxide, methane, and other greenhouse gases)

Research and Development Initiatives

We are carrying out research and development aimed at creating new products to meet new needs such as those related to Green Transformation (GX). Specifically, we are taking on the challenge of acquiring new technologies to reduce society's CO₂ emissions by providing products in areas such as fuel conversion to hydrogen, ammonia, and other gases; carbon

capture; electrification of heat processes; and energy storage. With regard to the circular economy, we are carrying out research and development, such as evaluation and application technologies for recycled materials in resin materials, to reduce environmental burdens in order to respond to international regulatory trends.

Procurement Initiatives

Of the greenhouse gas emissions throughout the supply chain (Scopes 1+2+3), the procurement portion (Scope 3 Category 1) is currently calculated using the basic unit (secondary data) common to procured goods. In the future, we will continue to calculate greenhouse gas emissions per unit of procurement (primary data), which can reflect the effects of reductions in procurement by business partners, and further promote the calculation of greenhouse gas emissions per unit of product (carbon footprint: CFP*). We will work together with our business partners to reduce our greenhouse gas emissions.

We are working to reduce environmental impacts by asking our business partners to comply with the Fuji Electric Green Procurement Guidelines with respect to the chemical substances used in our products. In the future, in further collaboration with our business partners, we will expand our initiatives to visualize environmental traceability, including CFP, and to promote the circular economy throughout the supply chain.

* CFP (Carbon footprint of products): A system to clearly indicate the amount of greenhouse gas emissions in a product's lifecycle.

Manufacturing Initiatives

Toward the Fiscal 2030 Target (a reduction of over 46% from fiscal 2019) for greenhouse gas emissions (Scopes 1+2) during production, we are promoting energy saving by switching away from greenhouse gases through production technology innovation, reforming manufacturing processes, improving production efficiency, optimizing facility energy control, and upgrading to energy-efficient equipment. As for energy creation, we are promoting the installation of solar power generation equipment at our production bases, and we are systematically working to achieve our goals by procuring

electricity from renewable sources. With regard to the transition to a circular economy, we have set a target of zero emissions (less than 0.5%) in fiscal 2030, which is an enormous reduction in the amount of waste sent to landfill. Together with initiatives to prevent air pollution through the effective use of water resources as well as the management of and reduction in the use of chemical substances, we aim to achieve a recycling-oriented society as well as a society in harmony with nature.

Initiatives to Achieve a Decarbonized Society

Fiscal 2023 Results and Progress

Environmental Vision Fiscal 2030 indicators	FY2022	FY2023			FY2030
	Result	Target	Result	Measures	Target
Greenhouse gas emissions throughout the supply chain (Scope 1+2+3) (million tons)	177	72	58	• Increase percentage of 7th-generation IGBTs	67 or less
Reduction rate (compared to 2019)	+42%	-42%	-54%		Over -46%
Greenhouse gas emissions during production (Scope 1+2) (thousand tons)	334	380	338	• Expand installation of solar power generation equipment at the Company's production bases • Upgrade to energy-efficient equipment • Expand purchasing of renewable electricity • Reduce non-CO ₂ GHG emissions	250 or less
Reduction rate (compared to 2019)	-26%	-16%	-25%		Over -46%
Contributions to CO ₂ emissions reduction in society through products (thousand tons)	49,790	50,000	56,220	• Increase net sales of contributing products	Over 59,000

Major Initiatives in FY2023

As part of our initiatives to reduce greenhouse gas emissions during production, we promoted installation of solar power generation equipment at our production bases, which we have been working on since the previous fiscal year. In fiscal 2023, we installed and began operation of solar panels providing approximately 1,200 kW at our Tokyo Factory in Japan and 1,900 kW at our factory in the Philippines. We also engaged in cross-sectional energy-saving activities at all factories and promoted systematic activities such as saving energy through operational improvements and selecting the most energy-efficient facilities when updating infrastructure and production facilities.

Initiatives toward 2030

Based on the FY2026 Medium-Term Management Plan, we verified the feasibility of the GHG reduction plan according to the projected increases in production through fiscal 2030. We have confirmed that we are making progress toward achieving our Fiscal 2030 Target for greenhouse gas emission reductions in in-house production activities (Scopes 1+2)

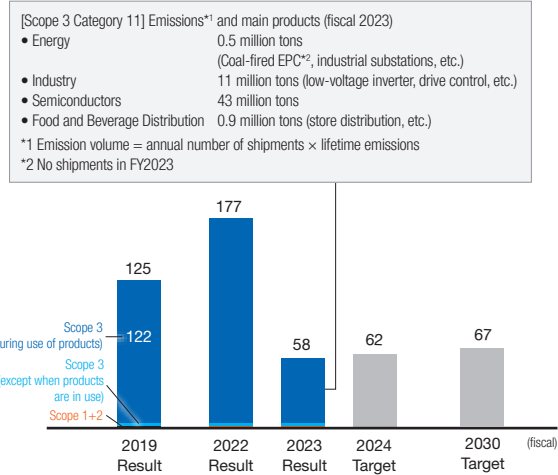
Supply chain GHG emissions (Scope 1+2+3) reduction

Greenhouse gas emissions generated in the supply chain are calculated based on the GHG Protocol, an international standard. Category 11 (emissions during product use), which accounts for the majority of greenhouse gas emissions in Scope 3, is expected to decrease in power semiconductors due to expanded sales of 7th-generation IGBT modules, which feature low power loss, and the shift to silicon carbide (SiC) products. In addition, there are no expected delivery of EPC projects for coal-fired power plants that do not include carbon capture equipment, and we aim to reduce greenhouse gas emissions throughout the supply chain in order to achieve the Fiscal 2030 Target (67 million tons or less, over 46% of the fiscal 2019 level).

Regarding emissions during product use (Scope 3 category 11), which account for approximately 98% of the total greenhouse gas emissions in the entire supply chain, we were able to curb emissions by increasing the ratio of high-efficiency products, such as new semiconductor modules. Additionally, in fiscal 2023, there were no delivery of EPC (a business form in which design, procurement, and construction are undertaken in an integrated manner) projects for coal-fired power plants without carbon capture equipment, which significantly impacts total emissions, resulting in a significant decrease compared to the previous year.

and that throughout the entire supply chain, from material procurement to product shipment and post-delivery emissions (Scope 3), as well as for the contributions to CO₂ emissions reduction in society through products. We will continue our initiatives to achieve a decarbonized society.

Supply Chain GHG Emissions and Reductions (million tons)



GHG emissions reduction during production (Scope 1+2)

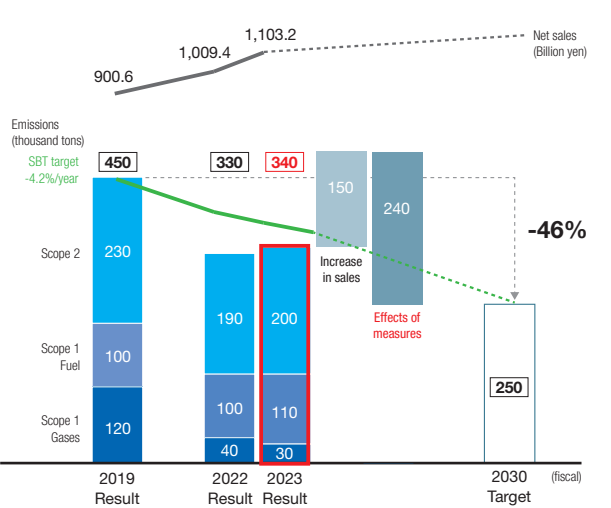
Based on the forecasted increases in production, especially that of semiconductors, we are studying the necessary measures to achieve a reduction of over 46% (compared to fiscal 2019) in greenhouse gas emissions during production. Our main measures are as follows.

Measures	Overview
Expand installation of solar power generation equipment at the Company's production bases	Operations began at two bases in fiscal 2023; operations are scheduled to begin at five bases in Japan and overseas in fiscal 2024
Updating to energy-efficient equipment	Replace production facilities, air conditioning, and lighting equipment with the latest energy-saving models
Expand purchasing of renewable electricity	Increase purchasing of renewable electricity

We are also reviewing our plans for purchasing electricity sourced from renewable energy, aiming to increase renewable electricity's share of company-wide electricity consumption* (6% in fiscal 2023) to 55% by fiscal 2030.

* Electricity consumption: Electricity purchased + solar power generated internally

Trends in GHG Emissions during Production

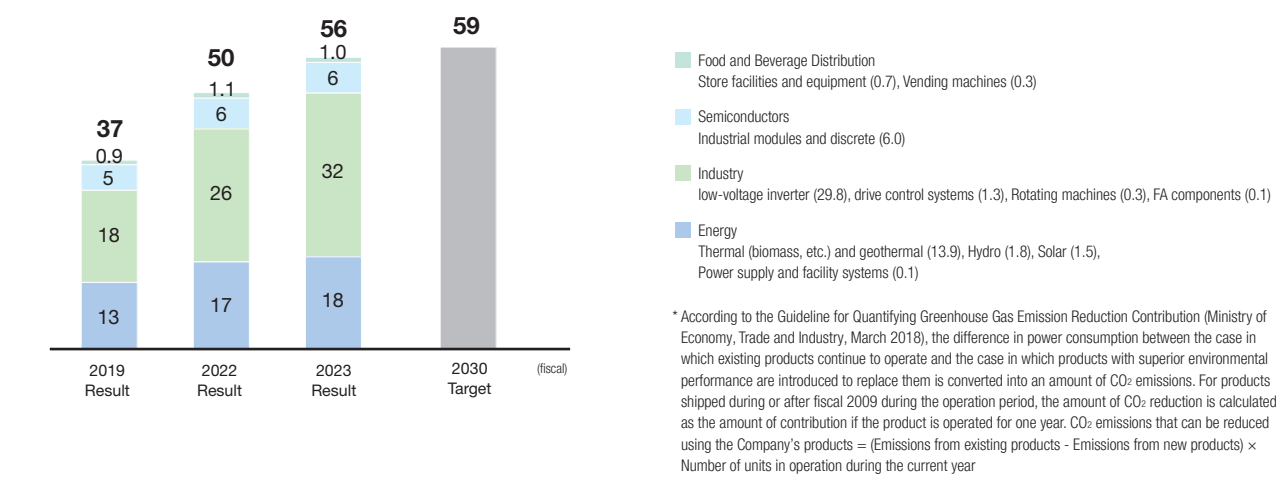


Contributions to CO₂ emissions reductions in society through products

The Company has designated the energy and environmental fields as its business domain, and in fiscal 2009, we began calculating the contributions to CO₂ emissions reduction in society through products, which helps to realize carbon

neutrality, as an indicator. We intend to increase the amount of contribution by expanding sales of equipment that generates clean energy and by offering new products that maximize reduction of power loss.

Contributions to CO₂ emissions reduction in society through products (million tons)



Sales Composition Ratio of Contributing Products (Fiscal 2023)

	Energy	Industry	Semiconductors	Food and Beverage Distribution	Total
Net sales of contributing products	21.5	48.9	175.0	68.5	313.9
Total net sales	342.8	419.9	228.0	107.3	1,103.2
Composition ratio	6%	12%	77%	64%	28%

Initiatives to Achieve a Recycling-Oriented Society and a Society in Harmony with Nature

Fiscal 2023 Results and Progress

Reduction of waste, water consumption, and chemical substance emissions during production

Fiscal 2030 indicators	FY2022	FY2023			FY2030 Target (after revision)
	Result	Target	Result	Key measures and activities	
Ratio of waste sent to landfills* (%)	0.5	Less than 1.0	0.2	Reinforcement of waste sorting, mainly at overseas production bases, and development of processing companies	Less than 0.5
(Reference) Of which, plastics	0.8	—	0.2	Improved by reinforcing waste sorting	
Water consumption per unit of sales (1,000 m³/100 million yen)	0.9	1.8 or less	0.9	Recycling at a semiconductor factory	1.2 or less
Volatile organic compounds (tons)	625	1,694 or less	480	Substitution of dichloromethane at the Fukiage Factory	800 or less

* Ratio of waste sent to landfills: Waste sent to landfills ÷ Total waste

Major Initiatives in FY2023

We have been working to reduce the amount of waste sent to landfill, and we have significantly improved the ratio of waste sent to landfill by strengthening waste sorting and developing processing companies, especially at our overseas production bases. Furthermore, in response to laws related to promoting

resource recycling of plastics in Japan, we have been reinforcing waste sorting of plastics and developing processing companies, resulting in a significant improvement in the ratio of waste sent to landfill, which is now 0.2%.

Initiatives toward 2030

As the regulatory trend toward the transition to a circular economy spreads, particularly in Europe, companies are being required to implement initiatives to reduce the environmental impacts generated throughout their supply chains and to disclose information.

The Company has newly formulated Fiscal 2030 Target for achieving a recycling-oriented society and a society in harmony with nature, and aims to minimize the burden imposed on nature by, for example, targeting a near-zero level (less than 0.5%) of the amount of waste sent to landfill during

production. Specifically, in addition to reducing the amount of waste sent to landfill during production and reducing the water consumption per unit of sales, we have begun to work toward manufacturing products that do not generate environmental impact throughout their entire lifecycles. In response to demands for disclosure of resource traceability and of the environmental impacts of each product, we are working to create a system that complies with the Carbon Footprint (CFP) and the EU Digital Product Passport (DPP).*

* Digital Product Passport (DPP): A mechanism to provide information on topics such as product sustainability in the form of an electronic record.

Promoting a circular economy

<Environmentally friendly products>

We will promote conformity to the standards stipulated in Japan and overseas environmental regulations as well as increase the ratio of new products that are “environmentally friendly products” over the medium to long term. We will establish evaluation items and standards at the product development and design stages, and build a system to evaluate our products’ environmental impacts and work to reduce such environmental impacts.

<Environmental traceability>

To visualize whether our products are produced in a sustainable manner, we will promote the visualization of environmental traceability on a per-product basis using DPP. In cooperation with our business partners, we will disclose information on our products’ raw materials, CFP, and recyclability to customers and society at large, and we will

work to create a system that enables customers to choose our products with confidence.

Diagram of environmentally friendly products



Approach to Disclose Information in Accordance with TCFD Recommendations

Since declaring support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in June 2020, we have been reflecting the results of our analysis of risks and opportunities arising from climate change in our business strategies and have updated our information disclosures in line with TCFD recommendations.

In fiscal 2023, we reviewed the impacts of increased

production, and we reviewed our environmental investments and expenses in light of the FY2026 Medium-Term Management Plan. The reviewed risks, opportunities, and adaptation measures and their financial impacts are reflected in the 1.5°C scenario for “Production” and “Customers and Markets,” and we utilize this information in our business strategies after it is reported to the Board of Directors.

Major Risks and Opportunities Identified by Fuji Electric and Adaptive Measures to Be Taken (1.5°C/4°C scenarios)

* The areas inside the red boxes are the main areas reviewed.

	Risks	Opportunities	Adaptation Measures & Financial Impacts
1.5°C	Suppliers	• Expanded use of recycled materials in products	• Promote multi-sourcing and standardization and unification of parts • Support for decarbonization of key suppliers
	Development and Design	• Delays in technology development to meet decarbonization requirements	• Accelerate R&D of new technologies related to decarbonization, release them to the market in • Promote building a platform for common product specifications
	Manufacturing	• Cost increases associated with decarbonization of production facilities (plant and equipment investment and other costs, purchase of renewable electricity) • Increased greenhouse gas emissions due to increased electricity consumption in response to increased production	• Strengthen reduction of greenhouse gas emission at production facilities - Install solar power generation equipment at the company's production bases - Upgrade facilities (production facilities, air conditioning, lighting, etc.) - Purchase electricity and renewable energy certificates derived from renewable sources • Environmental investments and expenses Fiscal 2023-2030 (cumulative total): Approximately 23 billion yen* ^{1 to 3} *1 The environmental investments and expenses required to achieve the Fiscal 2030 Target of reducing greenhouse gas emissions in production activities by over 46% (compared to fiscal 2019). *2 The above environmental investment includes replacing equipment with models having energy-saving effects. *3 This financial impact should be reviewed in the event of a revision of the business plan or sudden changes in the environment.
	Logistics	• Increased logistics costs, increased burden from the introduction of a border carbon tax	• Promote “local production for local consumption”
4°C	Customers and Markets	• Decrease in demand for thermal power generation • Loss of business opportunities due to the failure to use renewable energy completely	• Shift resources to renewable energy business [Power] • Provide products produced using renewable energy • Promote carbon footprint calculation • Increased demand for renewable energy and energy-saving products • Decarbonization of the electricity sector • Fuel conversion for mobility • Provide new technologies and products that contribute to decarbonization and fuel conversion
		• Delays in procurement of parts • Cost increases due to wind and flood damage in response to frequent extreme weather events • Delays in outdoor construction and service work • Delays in product delivery due to the disruption of logistics network and influence to production	• Increased demand resulting from active investment in business continuity plan (BCP) measures by customers • Promote multi-sourcing of parts (identify parts with high procurement risk due to the disasters, and diversify risks) • Reinforce wind and flood protection measures for buildings at production bases in Japan and overseas located mainly in bay areas and areas covered by hazard maps [Identification of bases at risk of flooding*] Target: All 44 production bases in Japan and overseas Result: 6 bases (3 Japanese and 3 overseas) are at risk • We are implementing flood countermeasures to minimize damage to production bases that are at risk of flooding. • Even at bases that are considered low-risk, we will promote flood countermeasures as necessary. • We will take initiatives to stabilize the supply of parts in the event of a natural disaster by establishing a supply system from multiple bases while identifying flooding risks in the supply chain.

* Flood risk assessment was conducted by Tokio Marine dR Co., Ltd. and carefully examined internally. For bases with a flood hazard of 0.5 m or more confirmed by official hazard information and bases without any hazard information, we have assessed them as “at risk of flooding” when flooding risk is considered high due to topographical conditions and other factors.

Please refer to our website for detailed disclosure requirements of the TCFD recommendations on Governance, Strategy, Risk Management, and Metrics and Targets.
https://www.fujielectric.com/csr/global_environment/environment01/management02_03.html





We will achieve employee well-being and sustainable growth of the Company based on an employee-first approach.

Takeshi Kadoshima
Managing Executive Officer
General Manager, Human Resources and General Affairs Office

One of Fuji Electric’s management policies is to “maximize our strengths as a team, respecting employees’ diverse ambition,” and the Fuji Electric Code of Conduct states that we will respect and value all people. We consider respect for human rights, health and safety, and the protection of our employees’ health to be the foundation of our business activities and actively invest in people to encourage activities, training, and suitable assignment of human resources, which become the core of our efforts to achieve the sustainable growth of the Company.

In an environment in which the future is not easy to predict and a shift to new values is underway, the most important thing for the Company to continue to grow sustainably is our human resources. In the rapidly changing business environment, we are developing various measures to nurture

human resources who can continue to create new added value while working under our management strategies to adapt to changes in the environment.

The human resource strategy in the FY2026 Medium-Term Management Plan sets forth a vision of realizing a virtuous cycle of employee well-being and sustainable growth for the Company while continuing our employee-first approach. Through human resources management that respects individuality and diversity, we will globally promote the development of a system that enables each employee to feel happy working for Fuji Electric while autonomously increasing productivity, and an environment in which diverse human resources can transcend the boundaries of their divisions and regions as well as demonstrate their collective strengths as a team.



Respect for Human Rights

Based on international human rights norms such as the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, we are working to establish a sustainable corporate structure that is never involved in or complicit in human rights violations. Based on our Policy for Human Rights of the Employees, we implement human rights and labor assessments as a part of our human rights due diligence* targeting our operating sites and consolidated subsidiaries both in Japan and overseas.

In fiscal 2023, we conducted an e-learning program for employees on the theme of “Business and Human Rights” to deepen their understandings of internationally agreed-upon human rights concepts and the relationship between corporate

activities and human rights. We also reorganized our human rights initiatives to date and disclosed a statement in response to the UK Modern Slavery Act in October 2023.

Fiscal 2024 is the implementation year of the Human Rights and Labor Assessment, and we will inspect and improve the statuses of our initiatives at Japanese and overseas consolidated subsidiaries. Though improvements have been completed for items that were not achieved in previous years, we will re-check the statuses of these items and continue to promote them as ongoing initiatives.

* Human rights due diligence: Efforts to recognize, prevent, and deal with the risk of human rights violation risks in advance

Promoting Active Participation of Diverse Human Resources

Promoting the Active Participation of Female Employees

We are promoting diversity in accordance with our management policies, to “maximize our strengths as a team, respecting employees’ diverse ambition.” To realize the Company’s sustainable growth through adaptation to change and creation of new value by diverse human resources, we are enhancing our workplaces so that diverse human resources can play an active role. In particular, we are strengthening measures to promote women’s active participation.

We are promoting initiatives from three perspectives—namely, recruitment, career development support, and the creation of a comfortable working environment—and we have established a recruitment project focusing on female employees with science and engineering backgrounds, a mentorship for young employees, and a training system to support career development. In fiscal 2023 we encourage female employees to proactively register for the program (page 55), and thus far, 16 female employees have registered.

Under our medium-term human resource strategy that starts in fiscal 2024, we plan to promote measures to foster female line positions (target for fiscal 2026: 450 managers and above, including 40 line managers) with a view to producing female executives in the future.

Ratio of Female Employees, Ratio of Females Hired, Ratio of Female Managers, and Number of Female Employees in Supervisory Positions (Japan)

	2021 (end of fiscal year)	2022 (end of fiscal year)	2023 (end of fiscal year)	2026 (end of fiscal year) (Target)
Ratio of female employees	13.3%	13.6%	13.8%	—
Ratio of females hired*1	20%	21%	21%	20% or higher
Ratio of female managers*2	2.8%	3.2%	3.6%	4.8%
No. of female employees in supervisory positions*3	295	316	336	450

Data collected from the Company and its six subsidiaries in Japan that adopt the same personnel system
*1 Graduates from universities or technical colleges *2 Managerial positions or above
*3 Team leaders or above

Ratio of Female Employees, Ratio of Female Managers (Overseas, as of end of fiscal 2023)

	Overseas consolidated	(Reference) Consolidated Japanese and overseas
Ratio of female hired	39.9%	24.8%
Ratio of female managers	28.0%	9.1%

TOPICS

Promoting the active participation of female employees

Since 2006, Fuji Electric has been focusing on initiatives to promote the active participation of female employees. Through initiatives centered on strengthening recruitment, supporting career development, and creating a comfortable working environment, we have increased both the number of female employees and the number of female employees in supervisory positions, and initiatives to promote the active participation of female employees have become firmly established in our workplaces.

Going forward, we will strengthen training of female line managers, such as senior managers and managers, with a view to producing female directors in the future. In a fiscal 2023 survey of female employees, many voiced concerns

about their own mindset in becoming line managers. Based on these comments, in fiscal 2024, we plan to introduce a mentorship for female employees who will be candidates for line positions.



A female employee’s opinion

“The good thing about Fuji Electric is that I can decide how I want to work and then make adjustments. Although there was no one in my division who had returned to work after childbirth, I was able to create my own work style by utilizing the reduced working hour system, annual paid leave by hour, and the location-flexible work system, which enables me to choose where I work. Though my days are busy, I strongly feel that I am able to do everything I can because of the support of those around me.” (Engineering division, Industry Business Group)

Main Initiatives

Training for female managers	Provide training for female managers to acquire the skills required to participate in management
Cultivation of priority career targets	Education and training for female employees to advance their careers. Support to challenge upper-level positions through lectures to improve basic skills and practical exercises for problem solving
Sister system	Cross-departmental mentorship with senior female employees as advisors
Project to recruit women with science and engineering backgrounds	Initiatives to recruit female employees with science and engineering backgrounds through seminars that provide first-hand accounts of female employees with science and engineering backgrounds who are successful in the workplace

Promoting the Active Participation of Senior Employees

From the perspectives of the aging of our labor force and of securing our workforce, we are focusing on promoting active participation of our senior employees. Senior employees 60 or older who have abundant experience, skills, and knowledge in the Company are a valuable asset. By developing a system that enables employees to work actively even after the age of 60, we are striving to strike a balance between the fulfillment of their lifelong careers and the continuation of our business.

Since its introduction in fiscal 2000, the Selective Retirement Extension System for general employees, which allows them to choose a retirement age between 60 and 65 according to their individual life plans, has seen wide use. In fiscal 2023, in response to employee needs, we revised the system to increase the flexibility of the timing of determining one's retirement age and of changing the age after determination. The Senior Task System for senior executives includes a system that enables employees to be treated at the same level as before age 60, depending on their performance after age 60, and the Employment Guidelines for Employees over 65 enable employees to demonstrate their advanced skills and

Selection Rate of the Selective Retirement Extension System

	FY2021	FY2022	FY2023
General employees:			
Selective retirement extension system	254	270	301
Number of employees (Selection rate)	(82.5%)	(82.1%)	(85.5%)
Managers: Senior task system	120	142	127
Number of employees (Selection rate)	(96.8%)	(91.6%)	(94.8%)

Initiatives to Cultivate Human Resources

In the Fuji Electric Code of Conduct, we have expressed our commitment to reinforce human resource cultivation to achieve the development of each individual employee as well as the collective strength of the team. We are enhancing

Fostering Next-Generation Management

In the development of future management personnel, there are three main points: first, careful selection of those to be trained while they are young; second, systematic on-the-job training that requires business and job rotation as well as experience in overseas operations; and third, participation in selective training programs. We also operate a Line Successor Planning System aimed at the systematic development of line managers, and we are working to develop management personnel more effectively by linking posts that require succession training with individual development. Once a year, the details of the selection of people to be trained, the status of implementation of training rotations, and the status of participation in selective training are shared and discussed with the executive officers in order to enhance the content.

knowledge and remain active up to age 75. We have thus established a system to promote the active participation of senior employees.

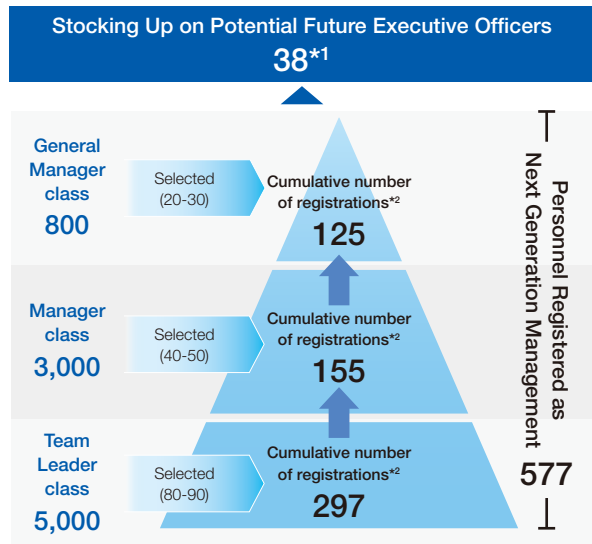
Under our medium-term human resources strategy starting in FY2024, we plan to examine and consider how senior employees should work and how they should be treated after the age of 60, with the aim of further increasing their motivation.

Promoting the Active Participation of Differently Abled People

Fuji Electric established Fuji Electric Frontier Co., Ltd. in 1994 as a special-purpose subsidiary under the Act to Facilitate the Employment of Persons with Disabilities. This Company is working to promote the active participation of differently abled people by gradually expanding the scope of its activities through the hiring of differently abled people and the expansion of their scope of duties. In fiscal 2023, with the start of activities at the Tsukuba Factory, we expanded the scope of activities to 14 major factories in Japan. In addition to the company's assigned major duties of internal document delivery and cleaning, this Company is actively working to expand the scope of duties to include manufacturing support and light-duty work.

As of June of 2024, 457 differently abled people were registered, and the employment ratio of such people was 2.95%, well above the statutory employment rate (2.5%). We will continue striving to hire about 10 differently abled people per year as we secure and expand duties available to them and work on achieving stable employment.

the cultivation of human resources who can demonstrate strong leadership and a high level of expertise by bolstering employee skill development and strengthening our investment in education.



*1 Number of registered next-generation management human resources
*2 Cumulative number of registrations is cumulative from fiscal 2017 to fiscal 2023

Fostering Global Human Resources

To expand our overseas business, we have been working on global human resource development measures. Since fiscal 2017, we have been promoting the development of Japanese employees by dispatching them to our overseas bases under a company-wide global human resource development system (51 employees in total since 2017), providing training in Japan to employees of overseas bases (78 employees in total), and operating and improving language classes in Japan (1,659 employees in total).

Going forward, we will fully implement the management human resource development measures for our overseas bases that we started in fiscal 2023 as well as establish a PDCA cycle.

Reskilling and Cultivating Digital Human Resources

To enable diverse human resources to realize “autonomous

and productive work styles,” we are working on human resource development through reskilling to meet business needs, upskilling to improve productivity, and support for autonomous career development.

In particular, we are actively working to develop digital human resources to solve problems, create new value, and improve productivity in internal operations by utilizing advanced digital transformation (DX) technologies such as AI and IoT. We provide education to improve DX literacy not only to the engineers responsible for development but to the production, sales, and service divisions. A total of more than 9,000 people attended DX-related courses during the three-year period from fiscal 2021 to fiscal 2023.

In addition to operating a career design system and level-specific training, we offer a variety of elective courses in business skills, technology, and other areas to help employees develop their careers, and we actively support the type of growth needed by each employee.

Creating a Motivating Workplace

Workstyle Reforms

We are promoting workstyle reforms in how we work from the twin perspectives of promoting active participation of diverse human resources, including supporting and enhancing work-life balance, and increasing productivity through reforms in how we work that lead to improved work quality and efficiency.

Regarding efforts to reduce long working hours and encourage employees to take leave, since fiscal 2017, we have focused on steady awareness-raising activities and IT-based visualization of actual working hours to realize more balanced work styles. To comply with the maximum overtime limit in the construction industry, which became effective in April 2024, we have established a system for ensuring legal compliance by making work arrangements more flexible and by improving work processes.

Also, in an effort to raise awareness about productivity improvement at the individual level, we have developed Smart Work Incentives, which are a set of rules for providing benefits to employees who achieve a high time value in their work.

The scope of the use of various work systems related to flexible working hours and locations is being expanded in stages based on employee needs. In fiscal 2023, we revised the system to improve convenience for employees who are providing nursing care while working to create a more flexible work environment. We have also established systems to help employees balance work and family life, such as the vacation systems for childcare and family care, reduced working hour system, and leave system for employees whose spouse has been transferred at work.

In addition, we are promoting the use of a free address system (unassigned seating) in the workplace with the aim of improving productivity, starting with productivity in the

workplace. By minimizing the amount of paper documents and enhancing the meeting booths using the space left vacant by reducing the number of seats, we are promoting the development of a highly productive, easy-to-work-in environment. In fiscal 2024, we plan to completely change the head office area to a free address system.

Communication with Employees

In order to understand employee awareness, the Company conducts an annual employee awareness survey consisting of a total of 95 questions for Japanese and overseas consolidated subsidiaries to make fixed-point observations on overall employee awareness, including satisfaction toward the Company, the workplace, and their jobs. The results of the survey are reported at the Executive Committee, and the results of the analysis for each organization are provided to general managers and representatives of subsidiaries for use in improving their respective issues.

The results of the employee awareness survey to date have been directly linked to various human resource measures, such as training to strengthen management of middle managers; support for employee career development and expansion of education and training; and incentives to improve and to streamline initiatives for skilled employees.

The results of the annual employee awareness survey are positioned as an indicator of our human capital initiatives. From fiscal 2024 onward, in addition to the level of satisfaction with the company, we have established a new index for measuring the degree of realization of the human resource strategy vision, the Well-being Index. This index consists of four elements: job satisfaction, work-life balance, mental and physical health, and satisfaction with evaluations.

	FY2018	FY2023
Average overtime hours per month	24.4	19.9
Average number of paid vacation days acquired annually	14.5	18.1
Total number of home/satellite office users	2,397	113,728
Childcare leave system	107	151
Number (%) of male employees who took childcare leave (ratio)	6 (3.1%)	60 (29.1%)

Targets	FY2022 Results	FY2023 Results	FY2026 Targets
Satisfaction with the company*1	3.8 pt	3.8 pt	3.8 pt or higher
Well-Being Index*2	—	3.5 pt	3.6 pt or higher

*1 The average of responses to the representative prompt, "I am satisfied working at Fuji Electric," indicating overall satisfaction with the company.
*2 The average of responses to questions regarding job satisfaction, work-life balance, mental and physical health, and satisfaction with evaluations.
(5-point scale from 1 to 5, with higher scores indicating a more positive attitude. The survey covers Japanese and overseas consolidated subsidiaries except for the Company and Fuji Furukawa Engineering & Construction Co., Ltd.)

Corporate Governance

Basic Policies

In strengthening our corporate governance, our basic policies are to protect shareholder rights and ensure their equal treatment, cooperate appropriately with non-shareholder

Corporate Governance Framework

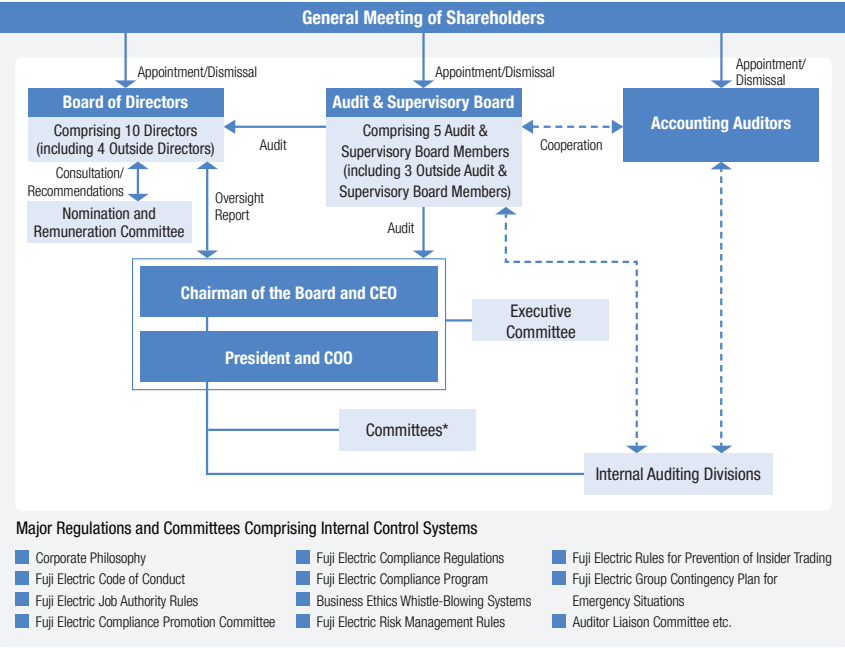
Fuji Electric's corporate governance framework consists of the Board of Directors, which performs the functions of management supervision and making important decisions, and the Audit & Supervisory Board Members and the Audit & Supervisory Board, which are in charge of the management audit function, and the framework guarantees objectivity and neutrality.

The Company actively appoints Outside Directors and Audit & Supervisory Board Members that satisfy the requirements for independence, endeavors to strengthen management supervisory and auditing functions, and has established the Nomination and Remuneration Committee comprising a majority of Outside Directors as an advisory body to the Board of Directors, and the majority of its members and its chairman

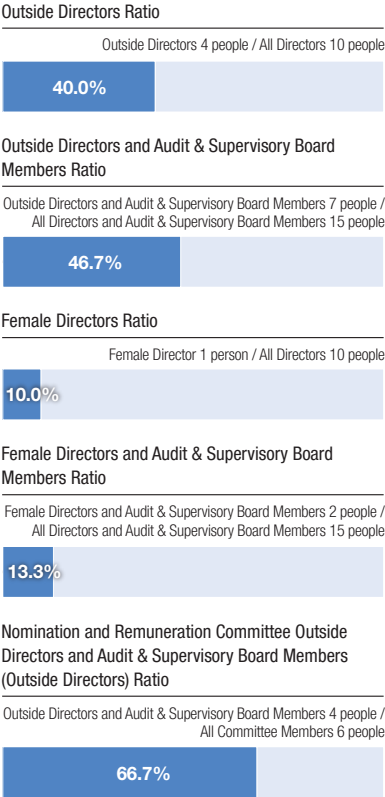
stakeholders, ensure proper information disclosure and transparency, execute the duties of the Board of Directors, and engage in dialogue with shareholders.

are Outside Directors. In addition, in order to clarify the roles of management and execution, we have introduced an executive officer system to clarify the responsibilities for business execution. In order to continue strengthening our operating platform as a company with sustainable growth, in fiscal 2022 we appointed a Chairman of the Board and CEO and President and COO. We are endeavoring to build an effective corporate governance framework by establishing the Executive Committee, which discusses and reports on important matters related to management as an advisory body to the Chairman of the Board and CEO and President and COO, as well as other committees tasked with planning and promoting key business strategy issues and key external issues, such as legal compliance.

Corporate Governance Framework (As of June 25, 2024)



- * Committees
- [Key issues for Fuji Electric from an SDGs perspective]**
 - SDGs Promotion Committee
 - [Legal compliance and other key external issues]**
 - Fuji Electric Compliance Promotion Committee
 - Health & Safety Promotion Committee
 - [Key business strategy issues]**
 - Skills Development Committee
 - Production Technology Committee
 - Technology Development Committee
 - International Standardization Committee



Progress of reforms for improving the effectiveness of corporate governance

	2003	2011	2012	2019	2021	2022
Reform of the corporate governance framework	• Pure holding company system	• Transition to a business company system Speeding up the management decision-making (Number of Executive Officers 53 people → 18 people)		• Establishment of the Nomination and Remuneration Committee		
Reforms to improve the Board of Directors' effectiveness	• Introduction of Outside Directors and Audit & Supervisory Board Members		• Appointment of a female Outside Audit & Supervisory Board Member	• Commencement of a Board of Directors effectiveness evaluation survey • Continued reduction of cross-shareholdings	• Disclosure of the Directors' skill matrix	• Appointment of a female Outside Director • Commencement of Board of Directors effectiveness evaluation interviews

Nomination and Remuneration Committee

Fuji Electric has established the Nomination and Remuneration Committee as the advisory body for the Board of Directors in order to enhance the Company's corporate governance by reinforcing the fairness, transparency, and objectivity of procedures concerning the nomination of and remuneration for Directors and Audit & Supervisory Board Members.

The Nomination and Remuneration Committee met a total of four times in fiscal 2023 to discuss and report to the Board of Directors on executive remuneration, the introduction of a

share-based remuneration plan, and executive personnel matters.

- ⦿ Matters for Consultation
- (1) Policy on the composition of the Board of Directors
 - (2) Policies and criteria regarding the appointment or dismissal of Directors, the President and Chairman of the Board of Directors, and Audit & Supervisory Board Members
 - (3) Appointment or dismissal of Directors, the President and Chairman of the Board of Directors, and Audit & Supervisory Board Members
 - (4) Matters regarding the formulation and implementation of a succession plan for the President and Chairman of the Board of Directors
 - (5) Policies and criteria regarding the remuneration of Directors and Audit & Supervisory Board Members
 - (6) Details of remuneration for Directors and Audit & Supervisory Board Members

Initiatives to Improve the Board of Directors' Effectiveness

In fiscal 2023, the Board of Directors met 13 times to receive regular reports on management conditions and to supervise the execution of business operations as well as to engage in

lively discussions on important matters with an appropriate number of agenda items and time to deliberate.

Main Agenda	Main Reports and Discussions
Management Strategy, Sustainability, and Governance	Management plans and business strategies, SDG issues, statuses of compliance and risk management initiatives, etc.
Financial Results and Financial Affairs	Monthly, quarterly, and annual results and forecasts; risk of loss; and external disclosures, etc.
Dividends from Surplus	Dividend policy, dividend payout ratio policy, and policy on explanations to stakeholders, etc.
Cross-Shareholdings	Policy for holding and selling cross-shareholdings and rationale for holding such shares, etc.
Organizational Changes and Personnel Reassignments	Purpose and details of organizational changes, division of executive roles and skills matrix, etc.

Training for Directors and Audit & Supervisory Board Members

Before taking office, Standing Directors and Audit & Supervisory Board Members undergo compliance training, which also encompasses legal and taxation matters. They are also provided opportunities after taking office to acquire necessary knowledge on an ongoing basis.

Before taking office, Outside Directors and Audit & Supervisory Board Members are briefed on the state of the Company and the roles they are expected to perform.

After taking office, they have the chance to deepen their understanding of the Company through presentations on the strategies for business, R&D, and other operations, inspections of business bases, and other ways.



Outside Directors and Audit & Supervisory Board Members touring the Suzuka Factory

Evaluation of Effectiveness of the Board of Directors

We conduct the evaluation of the effectiveness of the Board of Directors with the use of a third-party survey once a year in order to verify whether the Board of Directors is properly fulfilling its expected roles and functions and to facilitate further improvements thereof. Furthermore, in order to deeply examine the survey results, individual interviews of the Directors and Audit & Supervisory Board Members are

regularly implemented by the internal Board of Directors secretariat. Through all of these processes, we earned mostly positive assessments, thereby assuring the overall effectiveness of the Board of Directors.

The results of the surveys and interviews are discussed and reported in the Board of Directors, and issues that require improvement are shared with everyone.

Method of Evaluation of Effectiveness of the Board of Directors



Main question categories	(1) Board of Directors make-up, administration, discussions, and monitoring functions (2) Support structure and training for Directors and Audit & Supervisory Board Members	(3) Dialogue with shareholders (4) Initiatives implemented by Directors and Audit & Supervisory Board Members themselves
--------------------------	---	---

The following is the policy for initiatives in fiscal 2024 to address the major issues identified in the fiscal 2023 effectiveness evaluation.

Major Issues	Major Opinions of the Outside Directors and Audit & Supervisory Board Members on the Initiatives for FY2023	Policies for Major Initiatives in FY2024
Discussion of important medium- and long-term issues	• Interim reporting of the management plan to the Board of Directors and formulation of the management plan in consideration of the opinions of the Board of Directors • More proactive clarification and in-depth discussion of issues to be discussed by the Board of Directors from the executive side	• Enhancement of opportunities for reporting and discussing medium- and long-term issues that contribute to the enhancement of corporate value, such as the medium-term management plan, the establishment of human resources strategy including human resources development and the promotion of active participation by diverse human resources
Enhancement of the reporting required for supervising important decisions and business execution	• Continuous periodic reporting to the Board of Directors on the status of establishment and operation of the internal control system for Fuji Electric as a whole • Strengthening of project case management	• Enhancement of opportunities for reporting and discussing the status of business execution (e.g., the plan for and progress of semiconductor investment, and the status of the business transformation project, etc.)

List of Officers (As of July 1, 2024)

The Directors and Audit & Supervisory Board Members are selected based on a balance of qualifications, experience, and diversity of the Board of Directors as a whole. The term of office of directors is set to one year in order to clarify



Directors

Persons with the qualifications, experience, and other attributes required to execute the Company's management policies are appointed as Standing Directors. Outside Directors are appointed from among persons equipped with the insight and experience required to make multilateral business decisions who also have an understanding of Fuji Electric's management, including managers at listed corporations and experts in academic fields deeply related to our business. In addition, regarding the insight and experience required

management responsibilities for the fiscal year and to create a management structure that can respond quickly to changes in the business environment.

for the Board of Directors of Fuji Electric, in light of the Management Policies of Fuji Electric, including “contribute to the creation of a sustainable society through our energy and environment businesses,” and our business characteristics, we have defined the seven fields of “business management,” “finance and accounting,” “global business,” “environment and society,” “R&D, technology, manufacturing, and DX,” “corporate governance, legal matters, and risks” and “marketing and industry.”






Directors	Areas Expected to Director by the Company						
	Business Management	Finance and Accounting	Global Business	Environment and Society	R&D, Technology, Manufacturing, and DX	Corporate Governance, Legal Matters, and Risks	Marketing and Industry
 Michihiro Kitazawa Representative Director Chairman of the Board and CEO (Chief Executive Officer) Nomination and Remuneration Committee member	●	●	●	●	●	●	●
 Shiro Kondo Representative Director President and COO (Chief Operating Officer) President Nomination and Remuneration Committee member	●		●	●	●		●
 Toshihito Tamba Outside Director Nomination and Remuneration Committee chairman Executive Adviser, Tokyo Century Corporation	●	●	●			●	
 Yukari Tominaga Outside Director Nomination and Remuneration Committee member External Director, MORINAGA MILK INDUSTRY CO., LTD. Outside Director, SB Technology Corp.	●				●	●	
 Yukihiro Tachifuji Outside Director Nomination and Remuneration Committee member	●		●	●	●	●	
 Tomonari Yashiro Outside Director Nomination and Remuneration Committee member President, Tokyo City University			●	●		●	
 Junichi Arai Director Senior Managing Executive Officer Corporate General Manager, Corporate Management Planning Headquarters General Manager, Export Administration Office In charge of compliance management		●	●	●		●	
 Toru Hosen Director Senior Managing Executive Officer Corporate General Manager, Semiconductors Business Group				●	●		●

Directors	Areas Expected to Director by the Company						
	Business Management	Finance and Accounting	Global Business	Environment and Society	R&D, Technology, Manufacturing, and DX	Corporate Governance, Legal Matters, and Risks	Marketing and Industry
 Hiroshi Tetsutani Director Managing Executive Officer Corporate General Manager, Industry Business Group				●	●		●
 Masashi Kawano Director Managing Executive Officer Corporate General Manager, Energy Business Group				●	●		●

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Members are appointed by persons who are familiar with the Company's operations in general and possess expert knowledge and experience. Outside Audit & Supervisory Board Members are appointed by

persons equipped with the expert knowledge and experience required to undertake audits, including corporate managers, persons with experience as an auditor of a listed company, legal experts, and accounting experts.

Audit & Supervisory Board Members	
 Junichi Matsumoto Standing Audit & Supervisory Board Member Chairman of the Audit & Supervisory Board	 Jun Ohashi Standing Audit & Supervisory Board Member
 Hirohiko Takaoka Outside Audit & Supervisory Board Member	 Yuko Katsuta Outside Audit & Supervisory Board Member Partner, ITN Partners
 Noriyuki Uematsu Outside Audit & Supervisory Board Member Managing Director, Uematsu Certified Public Accountants Office Representative Director, SU Consultant Co. Ltd. Outside Audit & Supervisory Board Member, Cybozu, Inc.	

Executive Officers		
Position	Name	Division
President Executive Officer	Shiro Kondo	Chief Operating Officer
Senior Managing Executive Officer	Masatsugu Tomotaka	In charge of Power Electronics Sales, Energy Business, Industry Business,
Senior Managing Executive Officer	Junichi Arai	Corporate General Manager, Corporate Management Planning Headquarters; General Manager, Export Administration Office; In charge of compliance management
Senior Managing Executive Officer	Toru Hosen	Corporate General Manager, Semiconductors Business Group
Managing Executive Officer	Takeshi Kadoshima	General Manager, Human Resources and General Affairs Office; In charge of crisis management
Managing Executive Officer	Masashi Kawano	Corporate General Manager, Energy Business Group
Managing Executive Officer	Hiroshi Tetsutani	Corporate General Manager, Industry Business Group
Managing Executive Officer	Yoshitada Miyoshi	General Manager, President's Office; In charge of SDGs Promotion, and Public Relations and IR
Managing Executive Officer	Takashi Obinata	Corporate General Manager, Production & Procurement Group
Executive Officer	Masahiro Morimoto	President and Representative Director, Fuji Electric FA Components & Systems Co., Ltd.
Executive Officer	Tadao Horie	Deputy Corporate General Manager, Power Electronics Sales Group
Executive Officer	Masato Miyake	Deputy Corporate General Manager, Corporate Management Planning Headquarters
Executive Officer	Keiichi Asano	Corporate General Manager, Food & Beverage Distribution Business Group
Executive Officer	Hiroshi Ishii	Corporate General Manager, Power Electronics Sales Group, General Manager, Channel Partner Management Office
Executive Officer	Kazuya Nakayama	Corporate General Manager, Corporate R&D Headquarters

Independence Criteria for Outside Directors and Audit & Supervisory Board Members

Fuji Electric judges applicable candidates to be fully independent from the Company when they have no conflicts under the independence criteria established by the Company,

in addition to the criteria for independence stipulated by domestic financial exchanges, including the Tokyo Stock Exchange.

For our independence criteria, please refer to “Independence Criteria for Outside Directors and Audit & Supervisory Board Members” in the Corporate Governance Report.
https://www.fujielectric.com/ir/library/detail/governance_report.html



Activities of Outside Directors and Audit & Supervisory Board Members

To strengthen our management supervisory and auditing functions, and to ensure the validity and appropriateness of our important decisions, the Directors and Audit & Supervisory Board Members play the proper roles as stated below.

Outside Directors		
Name	Status of Attendance at Board of Directors Meetings (Meetings Attended/Meetings Held) Status of Attendance at Nomination and Remuneration Committee (Meetings Attended/Meetings Held)	Main Activities
Toshihito Tamba	13/13 4/4	[Board of Directors] Mr. Tamba offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on his professional standpoint and considerable insight as an experienced manager at listed companies. <ul style="list-style-type: none">• Formulation of a business plan taking into account changes in the market environment• Appropriate ways to carry out IR activities [Nomination and Remuneration Committee] As the committee chairman, Mr. Tamba led the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members of the Company and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Yukari Tominaga	13/13 3/3	[Board of Directors] Ms. Tominaga offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on her abundant experience and considerable insight pertaining to corporate management. <ul style="list-style-type: none">• How to promote the active participation of diverse human resources• Initiatives for expansion of the IT solutions business [Nomination and Remuneration Committee] Ms. Tominaga carried out the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Yukihiro Tachifuji	10/10 3/3	[Board of Directors] Mr. Tachifuji offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on his professional standpoint and considerable insight as a manager of listed companies. <ul style="list-style-type: none">• Inventory optimization initiatives• Enhancement of risk management in plant projects [Nomination and Remuneration Committee] Mr. Tachifuji carried out the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Tomonari Yashiro	10/10 3/3	[Board of Directors] Mr. Yashiro offered opinions on the following matters and other general management matters of Fuji Electric based on his expertise in and high-level insight into sustainable construction and innovation management. <ul style="list-style-type: none">• Initiatives to achieve a decarbonized society• Enhancement of risk management in plant projects [Nomination and Remuneration Committee] Mr. Yashiro carried out the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.

* The status of attendance of Ms. Yukari Tominaga, Mr. Yukihiro Tachifuji, and Mr. Tomonari Yashiro at the above Board of Directors and Nomination and Remuneration Committee meetings covers the Board of Directors and Nomination and Remuneration Committee meetings held after their respective appointments.

Outside Audit & Supervisory Board Members		
Name	Status of Attendance at Board of Directors Meetings (Meetings Attended/Meetings Held) Status of Attendance at Audit & Supervisory Board Meetings (Meetings Attended/Meetings Held)	Main Activities
Tetsuo Hiramatsu	12/13 8/9	[Board of Directors] Mr. Hiramatsu confirmed and offered opinions as necessary concerning agenda items and the status of Fuji Electric's business activities based on his extensive experience and considerable insight as a manager at financial institutions. [Audit & Supervisory Board] Mr. Hiramatsu confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Hirohiko Takaoka	13/13 9/9	[Board of Directors] Mr. Takaoka confirmed and offered opinions as necessary concerning agenda items and the status of Fuji Electric's business activities based on his extensive experience and considerable insight as an experienced Full-time Audit & Supervisory Board Member and any other type of executive of listed companies. [Audit & Supervisory Board] Mr. Takaoka confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Yuko Katsuta	12/13 8/9	[Board of Directors] Ms. Katsuta confirmed and offered opinions as necessary concerning agenda items and the status of Fuji Electric's business activities based on her expert knowledge as an attorney. [Audit & Supervisory Board] Ms. Katsuta confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.

Remuneration for Directors and Audit & Supervisory Board Members

Process of determining remuneration

The Nomination and Remuneration Committee discusses the validity of the policies, criteria, and levels of remuneration in light of changes in the operating environment, objective external data, and other matters and then reports to the Directors, and then the Board of Directors resolves on the policy for the final decisions respecting the details of the

committee's report.
The actual decision on remuneration amounts for individual Directors is left to the discretion of Michihiro Kitazawa, Representative Director, Chairman of the Board and CEO, but within the limit resolved at the General Meeting of Shareholders and with reference to the details of the committee's report.

Policy regarding decisions on remuneration

We have established a remuneration system and remuneration levels that are deemed appropriate for their respective duties and in accordance with shareholder mandates, giving due consideration to the aims of securing and maintaining competent personnel and providing incentives for the

improvement of business performance.
We routinely verify that the system and levels are appropriate or whether they need reviewing in light of changes in the operating environment or objective external data.

Classification-Based Remuneration System (Fiscal 2023)

Classification	Remuneration System
Standing Directors	The amount of performance-linked remuneration for Standing Directors is based on the consolidated ratio of operating profit to net sales for the previous fiscal year, which is set as an important target value in the medium-term management plan. The consolidated performance (e.g., net sales, operating profit, profit, and dividends) is taken into account to make the final decision. The consolidated operating profit ratio for fiscal 2023 was 9.6%, and performance-linked remuneration accounted for about 56.5% of the remuneration. Base Remuneration Base remuneration is a predetermined amount that is paid monthly at a certain time according to their position. A portion of the base remuneration is contributed to the director shareholding association to share the economic interests of shareholders and as an incentive to make management aware of share value. Performance-Linked Remuneration Performance-linked remuneration is paid annually at a certain time only in instances in which dividends are paid to all shareholders from retained earnings. The total amount of performance-linked remuneration shall be within 1.0% of consolidated profit for the fiscal year prior to the date of payment in order to make the link with consolidated results for each fiscal year more clearly.
Standing Audit & Supervisory Board Members Outside Directors and Audit & Supervisory Board Members	A predetermined amount is paid monthly at a certain time according to their position as base remuneration. Stocks in the Company may be acquired at their own discretion.

Remuneration Range by Classification (Fiscal 2023)

Classification	Remuneration Range
Standing Directors	The total amount of the fixed limit in (1) below and the performance-linked limit in (2) below (1) Up to 450 million yen per year (2) Up to 1.0% of consolidated profit for the fiscal year preceding the date of payment
Outside Director	Up to 100 million yen per year
Standing Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members	Up to 120 million yen per year

Remuneration by Classification (Fiscal 2023)

Classification	Total Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)		Number of Recipients
		Base Remuneration	Performance-Linked Remuneration	
Standing Directors	795	333	462	6
Standing Audit & Supervisory Board Member	62	62	—	2
Outside Directors and Audit & Supervisory Board Members	79	79	—	9

Amount of Contributions to Director Shareholding Association and Shares of the Company Acquired (Fiscal 2023)

Classification	Amount of Contributions to the Director Shareholding Association (Millions of Yen)	Shares of the Company Acquired (Hundreds of Shares)
Directors	31	48
Audit & Supervisory Board Members	6	9

Introduction of a performance-related Share-based Remuneration Plan for Directors (Fiscal 2024)

To clarify the link to stock value and to raise awareness of the need to contribute to medium- and long-term performance improvement and increased corporate value from a shareholder's perspective, the 148th Ordinary General Meeting of Shareholders held on June 25, 2024, resolved to establish a new share-based remuneration, separate from the existing annual bonus, with respect to performance-linked remuneration.

Based on the Nomination and Remuneration Committee's report that introducing such a plan is appropriate, the plan was determined by comprehensively considering the current level of remuneration paid to directors, the trend in the number of directors, and the future prospects for these factors.

Overview of the Plan

Within the scope of the resolution passed at the General Meeting of Shareholders, the Company grants points (each point is converted into one share of common stock of the Company, with a maximum of 42,000 points per fiscal year) to directors, the amount of which is determined based on performance and other factors, and the number of Company shares corresponding to the number of points is distributed at

a specific time each year through a trust (The trust established under the Plan is hereinafter referred to as the "Trust."). During their terms of office, directors are prohibited from transferring the shares granted to them.

The shares to be granted are acquired by the Trust through the stock market or by subscribing to the Company's disposal of treasury stock.

Persons eligible for the Plan

Directors (excluding Outside Directors). As for Executive Officers, a performance-related share-based remuneration plan using the same framework as the Plan is introduced.



For details, please refer to "Proposal 3: Introduction of a Performance-related Share-based Remuneration Plan for Directors" in the Notice of convocation of the 148th Ordinary General Meeting of Shareholders.

https://www.fujielectric.co.jp/common-resource/ir/gl_data/20240603.pdf



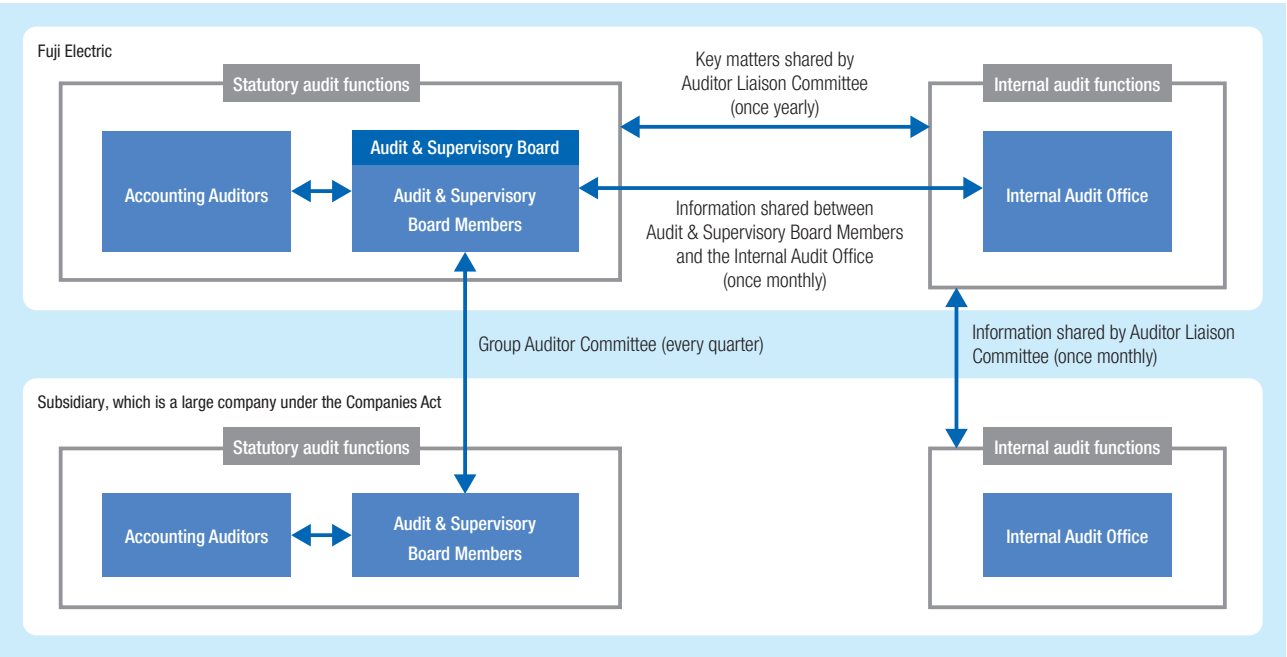
Audit & Supervisory Board Members and Internal Audits

Overall picture of strengthening collaboration between audit functions

In our auditing function, we ensure the effectiveness of audits by strengthening cooperation between the statutory auditing function (Audit & Supervisory Board Members and Accounting Auditors) and the internal auditing function (the Internal Audit Office). We have and will continue to

strengthen our focus on the compliance activities of overseas subsidiaries, strict compliance with quality control and safety control rules, and the development and operation statuses of disclosure systems.

Framework for strengthening collaboration between audit functions



Audits by the Audit & Supervisory Board Members

Audit & Supervisory Board Members conduct audits in accordance with the audit policies and duties assigned and in compliance with the standards for audits established by the Audit & Supervisory Board. They report the details and results of their audits to the Audit & Supervisory Board.

During the meetings, the Audit & Supervisory Board mainly reviewed audit policies and plans, the appropriateness of auditing methods and results of the Accounting Auditors, and undertook an assessment of the Accounting Auditors. It also reported on and reviewed important matters that the Standing Audit & Supervisory Board Members communicated to the Outside Audit & Supervisory Board Members.

Main tasks

- Attending and offering opinions at meetings of the Board of Directors, the Executive Committee, the Compliance Promotion Committee, and other important committees
- Reviewing documents pertaining to important resolutions
- Receiving explanations on the status of operational execution from Directors and internal auditing divisions
- Investigating the status of operations and assets at Fuji Electric itself, its consolidated subsidiaries in Japan and overseas, and companies undertaking M&As (done remotely as necessary)

Internal audits

As a general rule, every second year the internal auditing divisions as bodies directly under the President and COO perform the following audits on Fuji Electric's business divisions and subsidiaries so as to comprehensively cover the entire organization in accordance with the Internal Auditing Rules. Regarding issues pointed out, we confirm the state of progress

every quarter and implement follow-up audits as required. In fiscal 2023, utilizing remote auditing, we conducted audits at 45 bases, or about 40% of the audit bases. No risks or inadequacies with the potential to seriously affect management were discovered.

Type of Audit	Main Tasks
Organizational management	Evaluating the appropriateness of management and administration (development of regulations, approval procedures, performance management, etc.)
Risk management	Evaluating the effectiveness of risk management systems and risk response
Compliance	Checking for compliance with laws and regulations based on the Fuji Electric Compliance Program and confirming legal compliance
Business execution	Evaluating the appropriateness, efficiency, and effectiveness of business execution (booking of sales and purchases, investments, cash flow, etc.)
Accounting	Evaluating the appropriateness of cost accounting and the soundness of assets and liabilities

Policy on Cross-Shareholding

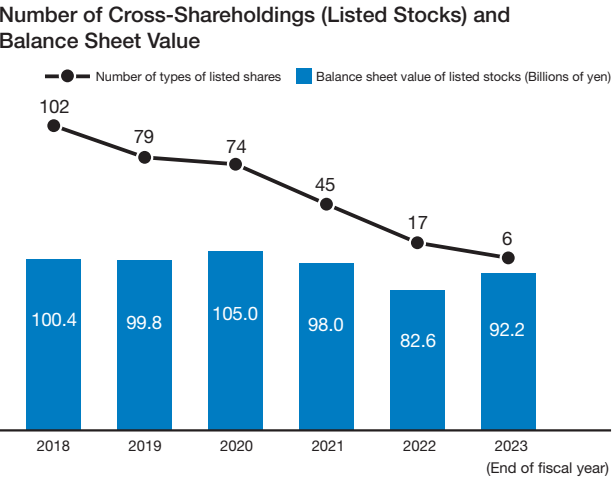
Fuji Electric holds listed shares as a matter of policy in order to maintain and strengthen relations with its investee companies. Our basic policy is to reduce cross-shareholdings. Even in cases where we recognize a certain rationality in holding these cross-shareholdings, we will reduce them while paying attention to the impact on management and business.

Based on the above policy, we have reduced the number of different listed stocks we held from 102 as of the end of fiscal 2018 to 6 as of the end of fiscal 2023.

The Board of Directors periodically evaluates the rationality of shareholding in light of whether it is necessary to maintain and strengthen relations with the investee companies and of the comparison of capital cost and return. The details of the review are disclosed.

The voting rights that come with cross-shareholding are exercised after considering all relevant factors, including whether the proposed action will help the issuing company to establish an appropriate corporate governance framework and to increase its medium- to long-term corporate value, and what impact the action will have on Fuji Electric. We also have

dialogue regarding the details of the proposal, among others, with the issuing company as necessary.



* In addition to the above, there are unlisted shares and shares deemed to be held by the Company, and the total amount of cross-stockholdings (including such unlisted shares and shares deemed to be held by the Company) at the end of fiscal 2023 will be 97 billion yen (14.7% of consolidated net assets).

Dialogue with Shareholders and Investors

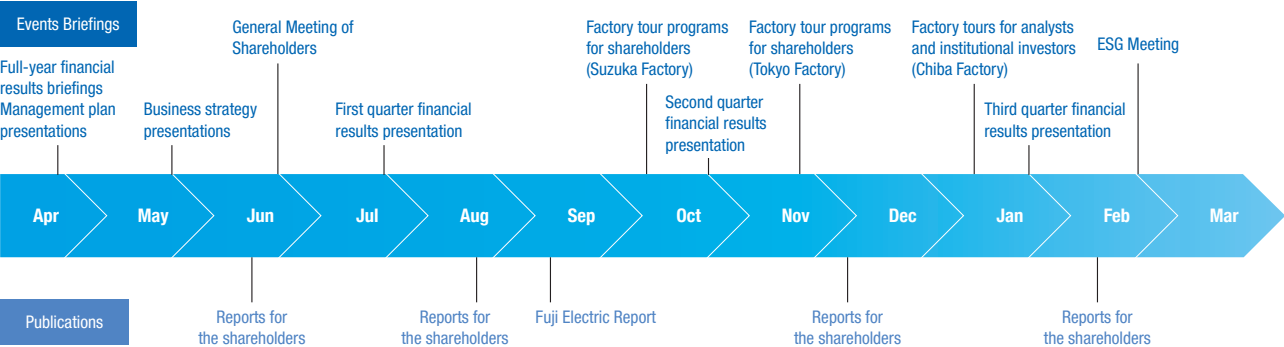
Basic policies

We disclose information in accordance with various laws and regulations. Even if we are not required to do so by law, we also strive to disclose corporate information thought to have a significant impact on investment decisions in a timely, fair, and equitable manner, so that we might earn the trust of our shareholders and investors and ensure they have a proper understanding of the Company.

Major initiatives in fiscal 2023

We handled more media coverage on conference calls or online, provided more elaborate information than ever to disclose at the IR briefings, and published more detailed IR information on our website in order to ensure that our shareholders and investors have a clearer understanding of our business environment, business strategy, and ESG initiatives.

Overview of the Main Initiatives in Fiscal 2023



Dialogue with analysts and institutional investors

We actively engage in dialogue with analysts and institutional investors, and we share their main opinions and requests with the Board of Directors and the Executive Committee for discussion as management issues.

Dialogue results for fiscal 2023

- Small meetings: 2 times (President and COO: Nov. and Feb.)
- Overseas roadshows: 1 time (Director in charge of PR and IR: Feb.)
- Dialogue through individual interviews: 620 (77 with analysts, 267 with Japanese institutional investors, 270 with overseas institutional investors, 6 with ESG investors)

Major comments from analysts and institutional investors in fiscal 2023

Opinions on management and business

- Clarify the goals, strategies and measures of the next Medium-Term Management Plan
- Clarify long-term growth strategy and direction
- Further expansion of the business for data centers and semiconductor factories and the power semiconductor business for electrified vehicles, where market growth is expected
- Determine the timing of demand recovery and promote measures to improve performance in the cyclical sectors of ED&C components, power electronics FA, and industrial semiconductors
- Promote measures to improve low-profit businesses
- Policy for holding and reducing cross-shareholdings

Opinions on topics for information disclosure

- Cash flow allocation, including capital and shareholder return policies
- Business portfolio strategy to improve ROIC
- Business opportunities given the current trends of the widening spread of generative AI and expanding demand for electric power
- Take specific measures for further expansion strategies for the power electronics business and profitability improvement for the automation business
- Expected benefits from the restructuring of the power generation business and specific measures to generate those benefits
- Specific medium- and long-term business strategies for semiconductors
- Synergies with other segments of food and beverage distribution, and specific measures to create these synergies

TOPICS

Initiatives for exchanging views with Directors

We are committed to further enhancing our investor relations activities by reflecting the opinions of our directors.

Regular reports to Directors on IR activities

We regularly feed back items of interest and opinions or requests from analysts and institutional investors to the Board of Directors twice a year to invigorate discussions on management and business matters. We received the following opinions and requests from Outside Directors and Audit & Supervisory Board Members.

Opinions on IR activity reports

- Handling of overseas institutional investors
- Improve understanding of energy and industry (e.g., organize factory tours for analysts and institutional investors)
- Enhancement of non-financial information disclosure
- Continuous IR promotion that appropriately responds to changes in the environment

Opinion exchange meeting with Outside Directors and Audit & Supervisory Board Members regarding the integrated report

Regarding the integrated report (Fuji Electric Report), we used an opportunity separate from that of the Board of Directors to exchange opinions with Outside Directors and Audit & Supervisory Board Members. We received the following comments from Outside Directors and Audit & Supervisory Board Members.

Opinions on the integrated report

- Improve the content and clarity of the explanation of the value creation process
- Clarify the medium- to long-term goals
- Enhance the introduction of overseas business initiatives being focused on
- Describe company-wide DX initiatives
- Enhance disclosure of the global human resource strategy
- Make editorial improvements (amount of text, photos, clarity of terminology)



Exchange opinions with Outside Directors and Audit & Supervisory Board Members on the integrated report

Awards for our IR site

In recognition of the ease of use and abundance of the information on the Fuji Electric IR site, among other factors, the site has won the gold prize in the Gomez IR Site Overall Rankings 2023 (for the fourth consecutive year) and the Internet IR Commendation Award 2023 (for the fifth consecutive year).



Compliance

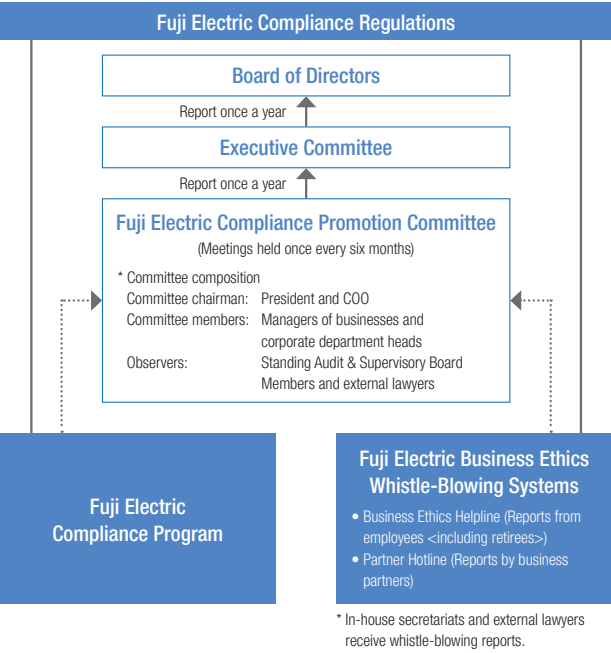
Basic Policies

The Fuji Electric Code of Conduct states that Fuji Electric must “make global compliance a top priority.” In addition, we have defined the Fuji Electric Compliance Regulations, a guideline for compliance, under the supervision of the Board

Promotion System

The Fuji Electric Compliance Promotion Committee is headed by our President and COO as its Chairman, and it consists of control chiefs (managers of businesses and corporate department heads) responsible for regulating laws and acts, with Standing Audit & Supervisory Board Members and outside experts (attorneys) as observers. The Committee meets twice per year to deliberate on the implementation status of the Fuji Electric Compliance Program and the Fuji Electric Business Ethics Whistle-Blowing Systems as well as the plan for implementing the Fuji Electric Compliance Program and then reports to the Board of Directors once per year. In the event of a compliance infraction, there is a system in place to take any necessary measures such as fact-finding investigations, corrective actions, recurrence prevention measures, internal punishments, and internal and external disclosure.

of Directors. We also globally promote compliance through the Fuji Electric Compliance Program and the Fuji Electric Business Ethics Whistle-Blowing Systems.



Status of Promotion

Fuji Electric Compliance Program

Fuji Electric has established the Fuji Electric Compliance Program to cover four aspects related to compliance with Japanese and overseas laws by both the Company and its Group companies in Japan and overseas. Through reviews and revisions made by the Fuji Electric Compliance Promotion Committee, we conduct activities while also actively acquiring external certifications and disclosing information externally in order to verify the effectiveness of our activities from an external perspective.

Fuji Electric Compliance Program

A total of 54 categories of Japanese and foreign target laws

- Anti-corruption and competition laws
- Labor and human rights
- Product safety and the environment
- Taxation and accounting
- Information security
- Export management

Establishment, revision, abolition, and dissemination of internal rules

Daily monitoring of the status of compliance with laws and internal rules

Auditing by third parties

Compliance education

Compliance education

We promote wide-ranging and systematic compliance education and awareness through level-specific and job-specific group training, online training, e-learning programs and web-delivered training, as well as by displaying posters internally and distributing pamphlets.

Fiscal 2023 Compliance Education Results (examples)

Training category	Participants		Details
Level-specific	Newly appointed Directors and Audit & Supervisory Board Members, etc. of affiliated companies	25	Obligation to build Fuji Electric Compliance Program
	Newly appointed managers	100	Compliance with major laws
	New employees	254	Introduction of our Fuji Electric Compliance Program and Business Ethics Whistle-Blowing Systems
Job-specific	Sales divisions in Japan	2,706	Compliance with Antimonopoly Act, Unfair Competition Prevention Act, etc.
	Sales companies outside Japan (from FY2022)	622	Compliance with bribery prevention and competition laws

Fuji Electric Business Ethics Whistle-Blowing Systems

For the purpose of preventing and detecting violations at an early stage, Fuji Electric has introduced and is operating the Fuji Electric Business Ethics Whistle-Blowing Systems, whereby relevant persons inside and outside the company can report violations of laws and regulations or internal rules in the course of business operations, or facts of that may lead to such violations, to the President and COO of Fuji Electric via whistle-blowing contact points (in-house contact points and external lawyers). (Anonymous reporting is also possible.)

In fiscal 2023, there were 43 reports from Japan and abroad, and 7 of these were infractions (2 cases of harassment, 3 cases related to labor, 1 case related to accounting, and 1 other case). In each case, we took necessary measures, including corrective actions and recurrence prevention.

Regarding our response to the reports, we work meticulously to protect whistle-blowers by keeping their personal information confidential and prohibiting disadvantageous treatment and retaliatory or discriminatory acts on the grounds of whistle-blowing. In addition, we take all

necessary steps to resolve issues raised by whistle-blowers, including fact-finding investigations, corrective actions, recurrence prevention measures, and disciplinary actions. We also provide the details of our response to the whistle-blowers themselves as feedback. (We also strive to indirectly provide feedback through the above measures in the case of anonymous whistle-blowing.)

Business Ethics Helpline

The Business Ethics Helpline handles reports from our executives and employees in Japan and overseas (including retirees and dispatch employees). It is thoroughly promoted among employees through publications in the Company magazine and the intranet.

Partner Hotline

The Partner Hotline handles reports from external stakeholders. It is thoroughly promoted among them through posts on the website and briefing sessions for business partners.

Partner Hotline

<https://www.fujielectric.com/company/procurement/partnerhotline.html>



Results of Promotion

As a result of implementation of the Fuji Electric Compliance Program and the Business Ethics Whistle-Blowing Systems,

in fiscal 2023 there were no compliance infractions with the potential to seriously impact the management of Fuji Electric.

Bribery prevention

With the article “Make global compliance a top priority” stated in the Fuji Electric our Corporate Code of Conduct, we have declared our commitment to bribery and corruption prevention, and we have disclosed the Fuji Electric Anti-Bribery Policy as part of the Fuji Electric Code of Conduct. This policy declares that we endeavor to prevent bribery throughout the supply chain, such as by ensuring that no Fuji Electric employee (including dispatch employees) ever engages in bribery or any act that could arouse the suspicion of bribery.

We have also established the Fuji Electric Anti-Bribery Guidelines as a set of rules for Fuji Electric employees (including dispatch employees) to help them prevent bribery during their daily business, and we endeavor to prevent bribery through the execution of the Fuji Electric Compliance Program. Any employee who is involved in bribery will be subject to strict disciplinary actions based on our work rules.

In fiscal 2023, there were no incidents of officers and employees being subject to disciplinary actions due to the violation of our anti-bribery rules, and no fines, surcharges, or

settlements related to bribery were incurred.

Prevention of competition law infractions

In an effort to prevent the violation of competition laws, we have established and appropriately revise daily business rules, including our Antimonopoly Act Compliance Manual and Foreign Competition Law Compliance Manual. We also perform daily monitoring by confirming quotations and estimates via a comprehensive bidding information management system and extensive record-keeping. In addition, our internal auditing divisions perform audits in accordance with auditing guidelines, and we conduct extensive level-specific and job-specific training. Any employee who is involved in the violation of competition laws will be subject to strict disciplinary actions based on our work rules.

In fiscal 2023, there were no incidents of executives or employees being subject to disciplinary actions due to the violation of the competition laws, and no fines, surcharges, or settlements related to competition laws were incurred.

Fuji Electric Anti-Bribery Policy

<https://www.fujielectric.com/company/box/doc/Anti-Bribery%20Policy.pdf>



Risk Management

Basic Policies

Based on the Fuji Electric Risk Management Rules, the Company manages risks in a coordinated, systematic manner. We practice appropriate management and counter various risks that could affect Fuji Electric's management in order

Risk Management System

The Company's business divisions and affiliated companies are responsible for managing risks related to their business activities as a part of their business duty, developing appropriate risk management systems, and implementing risk countermeasures.

Significant risks, such as those related to business plans and large-scale investments, are reported at the Executive Committee as appropriate to facilitate the sharing of information. We also have manuals in place to ensure that risks are steadily managed. We provide training in handling each type of risk and inform the whole Company about our efforts to manage risks through company magazines and other appropriate means.

The internal auditing divisions conduct regular audits to check whether each business division and affiliated company identifies and evaluates risks based on the Fuji Electric Risk Management Rules, defines countermeasure policies, and properly builds and operates management systems.

Emergency response

If an emergency arises due to a large-scale disaster or any other serious cause, we need to act to prevent the situation from becoming any worse and resolve the situation

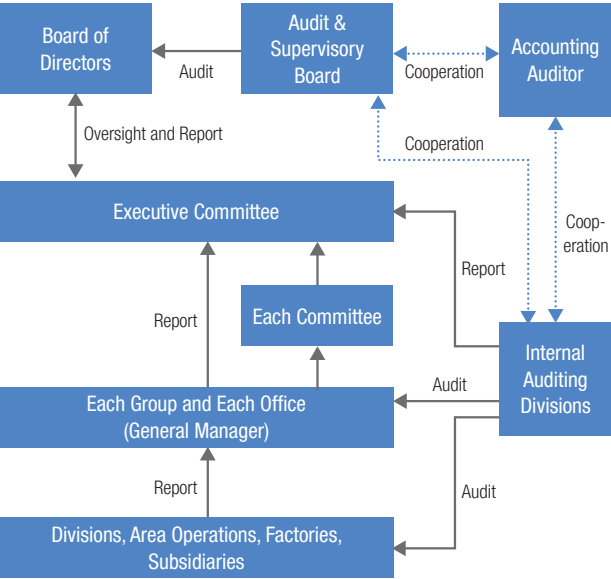
Risk Management Process

When annual budgets are formulated, the Company's business divisions and affiliated companies gain an understanding of and evaluate risks related to their business activities.

Policies and countermeasures in response to risks (aversion, mitigation, relocation, retention, and so forth) are considered based on their impact on management and frequency of occurrence, and each division appoints a person in charge of policy and countermeasure execution.

We conduct an interim follow-up at the end of the second

to prevent risks from materializing (crisis situations), thereby minimizing the impact on management in the event that risks do materialize.



as soon as possible. Hence, we have guidelines in place on preparations for possible emergencies, an emergency contact network, and setting up an emergency task force.

quarter to implement an annual evaluation of risk measures, including the results of education and training, and to reflect them in the risk management system based on revisions to laws, regulations, and other rules as well as our experience in responding to risks. In this way, we improve the measures for the next fiscal year.

The statuses of these management systems and operations are regularly audited by the internal auditing divisions.

Major Risks

The current major risks that could impact Fuji Electric's results or financial situation are shown below.

Risk Items	Risk Details
Management Strategy Business Strategy Business Environment	<ul style="list-style-type: none">• We concentrate our management resources on business that is expected to grow and pursue capital investment and R&D investment accordingly. Regarding semiconductor capital investment in particular, we make investment decisions based on our volume and price negotiations with customers, and regarding R&D investment, we emphasize factors that include consistency with our business strategy, and we promote fundamental and advanced technology R&D to support our future based on our roadmap. Be that as it may, the semiconductor field has a short product cycle, fluctuations in the product supply-demand balance, and fierce competition, and there is still a risk of not being able to recover investments.• We consider the protection of the global environment to be an important management issue, and we continuously communicate our efforts to achieve a more sustainable society through our business, including declaring our support for the TCFD and establishing our Environmental Vision 2050. However, if our coal-fired thermal power business becomes the subject of increased criticism due to the strengthening of environmental regulations or initiative evaluations by ESG evaluation bodies, there is still a risk of this impacting Fuji Electric's reputation.
Corporate Governance	<ul style="list-style-type: none">• By constantly striving to improve our management transparency and auditing functions, we work on strengthening our corporate governance, but there are still risks, such as our management falling into disorder as a result of our corporate governance failing to function when internal control and other inadequacies occur due to unforeseen situations.
Business Reorganizations, Alliances, and Withdrawals	<ul style="list-style-type: none">• We strive to strengthen our competitiveness by collaborating with third parties, thereby building good relationships with them as we share our corporate philosophy, etc. and endeavor to achieve close communication, but there is still a risk of us not being able to achieve sufficient results due to differences in systems and cultures.
Orders, Marketing, and Sales Promotion	<ul style="list-style-type: none">• We work on avoiding opportunity loss as we strive to keep costs down and reduce our total expenses in order to minimize the impact of Japanese and overseas market trends on our results, but there is still a risk of the market environment worsening, the product supply-demand balance suddenly fluctuating, competition becoming fiercer, and the price level falling significantly as a result of the above.• For large plant projects, we strive to improve the accuracy of our quotations when we receive orders and strengthen our project management after orders are received in order to ensure the appropriate level of profit, but there is still a risk of our profitability worsening as a result of unforeseen specification changes after orders are received, process delays, natural disasters, etc.
Development and Design Engineering	<ul style="list-style-type: none">• We focus on R&D aimed at creating competitive components and systems as well as R&D that provides higher value solutions to customers by combining underlying technologies, but there is still a risk of us failing to market our products at the right time due to us losing our superiority to other companies as a result of rapid technological progress or failing to achieve development as planned.
Procurement	<ul style="list-style-type: none">• We deploy various means, including product swaps, to deal with the risk of the prices of raw materials soaring, but there is still a risk of the prices of raw materials, etc. significantly rising due to yen depreciation, demand increases, and similar factors.
Production & Manufacturing Shipping & Distribution Installation & Delivery Services	<ul style="list-style-type: none">• We constantly strive to understand the latest volume trends while building production management systems that are optimal for responding to volume fluctuations, but there is still a risk of excessive or deficient inventory if there are delays in responding to changes in volume trends due to unforeseen situations.• We strive to promote community-based manufacturing, global procurement, but there is still a risk of delivery delays and similar problems due to the distribution network being disrupted by limitations on the movement of goods and people.

Risk Items	Risk Details
Quality Assurance	<ul style="list-style-type: none">• We have developed a quality control system, we strive to ensure a high level of quality, and we have the necessary insurance, but there is still a risk of quality problems due to unforeseen situations impacting our results.
Human Resources and Labor	<ul style="list-style-type: none">• We actively educate and train our employees and are expanding our mid-career hiring to ensure that we have outstanding personnel, but there is still a risk of us not being able to secure or train the necessary personnel.
Finance and Accounting	<ul style="list-style-type: none">• We constantly verify the optimal mix of corporate bonds, commercial paper, and short-term and long-term borrowings, thereby striving to ensure that flexible, stable funding is possible, but there is still a risk of our interest rate burden with respect to interest-bearing debt increasing due to interest rates rising more than expected.• We strive to enhance our collection of trade receivables by trying to strengthen our credit management, but there is still a risk of not being able to recover debt due to the cash flows of our business partners worsening as a result of economic stagnation and similar factors.
Legal Affairs and Ethics	<ul style="list-style-type: none">• We strive to ensure compliance with laws through our Fuji Electric Compliance Promotion Committee and have developed compliance systems that include our compliance program and internal whistle-blowing systems, but there is still a risk of society's trust in us or our results being impacted if violations of laws and regulations occur.• We are building systems to quickly handle necessary processes in preparation for lawsuits and other legal disputes (including fact-finding investigations, corrective actions, recurrence prevention measures, internal disciplinary actions, and disclosure), but there is still a risk of us being ordered to pay an unforeseen, large amount of compensation.• We strive to effectively protect intellectual property rights and develop products and technologies that respect the rights of other companies, but there is still a risk of disputes that could impact our results.
Political and Socioeconomic Trends	<ul style="list-style-type: none">• We implement currency exchange contracts according to certain standards, but there is still a risk of exchange rates to the yen fluctuating.• To prepare for unexpected risks, we are trying to decentralize our production and sales bases, but there is still a risk of our results being impacted by changes in overseas laws and regulations, political factors, social disorder, and similar issues.
Trends of Shareholders and Other Investors	<ul style="list-style-type: none">• We strive to deepen everyone's understanding of the Company's management by emphasizing active disclosure and communication with our shareholders and institutional investors while also disclosing honest, accurate information, but there is still a risk of votes against executive-appointment agenda items, etc. due to differences between the intentions of investors and shareholders on the one hand and the Company's management on the other.
Natural Disasters and Accidents	<ul style="list-style-type: none">• We strive to "strengthen our business continuity capabilities," by setting up a specialized crisis management division involved in spearheading fire safety and disaster-preparedness activities and formulating the business continuity plans (BCPs), but there is still a risk of damage to production facilities, operations being suspended, product shipping delays, or similar problems due to large-scale disasters and accidents.
External Attacks	<ul style="list-style-type: none">• To respond to cyber-security threats, we implement attack monitoring and control, enhance our defense and detection systems, and continuously strengthen our ability to respond through cyber drills and similar measures, but there is still a risk of us losing the trust of society in cases where our systems fail to function due to attacks from outside (cyberterrorism, etc.) and lead to problems such as information leakage.

Responding to natural disasters and accidents (BCP efforts)

In order to resume and continue the important businesses within the required time even when unforeseen situations such as large-scale natural disasters and accidents occur, we have formulated business continuity plans (BCPs), and are making efforts companywide for continuous improvement, based on the Fuji Electric Business Continuity Management (BCM) Rules.

In addition to formulating BCPs at the head office, factories, and area operations, which serve as contact points with customers, we have formulated BCPs for functions that are essential for business continuity, such as measures for early recovery and minimizing damage to IT systems, response to natural disaster risks in the procurement field, and multi-sourcing. Furthermore, we implement education and training based on the formulated BCPs and we are working to strengthen our business continuity capabilities by regularly evaluating the effectiveness of the BCPs and their management system in order to make improvements.

In fiscal 2023, we packaged and deployed a training program at each of our bases, which encompassed advance preparations, progress on the day of the training, and support through to the end of the training. This enables each base to improve its BCP based on the insights obtained through voluntary BCP training, which ensures the PDCA cycle and enhances our ability to implement business continuity.

Fuji Electric has also been positively evaluated for its active business continuity efforts, and we have therefore acquired Resilience certification.



Initiatives to strengthen project management

Fuji Electric is committed to reducing the risks of incurring losses by strengthening project management in order to further enhance our corporate value through profit-oriented management.

To facilitate early identification of loss risks and predictive maintenance, we analyze the causes of major losses that have occurred and share them with relevant divisions within the company. We also implement measures to prevent recurrence and monitor such implementation.

In fiscal 2023, we worked to develop rules for pre-order screening of projects with high credit risk and to thoroughly manage project progress, including the costs of projects already awarded. The implementation statuses of these measures were managed in cooperation with related

business and corporate divisions and were regularly reported to and discussed by management at executive officer meetings and other meetings. In addition, to strengthen the management levels of overseas bases, we have established a system that enables self-checking of the risks of incurring losses by formulating practical guidelines and detailed operational rules for loss prevention and deploying them to overseas bases as well.

We will work to further strengthen project management and to further reduce the risks of losses by enhancing training for local and overseas employees.

Efforts to maintain and strengthen information security

To properly manage as confidential information all asset value such as management, commercial and technical information and personal information held by Fuji Electric, the Company has redeveloped and rolled out policies and regulations related to information security based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework.

Furthermore, we have also established management systems at Fuji Electric as well as Group companies in Japan and overseas, and we provide regular training to all of our employees, manage access to operating sites and offices, implement Internet device and computer security measures, and conduct annual inspections regarding the status of efforts taken by each workplace.

In addition, to respond to increasingly diversified and sophisticated cyber-security threats, we endeavor to strengthen our computer security incident response team and security operation center (CSIRT/SOC), our monitoring of signs and information related to new cyber attacks, and our information-system defense and attack monitoring functions.

At our bases as well, we strive to improve our information security countermeasures based on the requirements of our business partners, related industry organization guidelines, market trends, and other factors, and in businesses for which public certification of information security management is required, two departments and two subsidiaries of Fuji Electric Co., Ltd. have acquired information security management system (ISMS) certification. Furthermore, concerning personal information protection, Fuji Electric Co., Ltd. and three of its subsidiaries have been granted the Privacy Mark.

In fiscal 2023, the Tokyo Factory and the Suzuka Factory, our main energy and industry factories, acquired certification under the IEC* 62443-4-1 international standard for control system security. We will continue to endeavor to acquire certifications at other factories.

* International Electrotechnical Commission

Consolidated Financial and Non-Financial Highlights

Financial Highlights

Fiscal year	Millions of yen								Thousands of U.S. dollars*1	
	2015	2016	2017	2018	2019	2020	2021*8	2022	2023	2023
Operating Results										
Net sales	813,550	837,765	893,451	914,915	900,604	875,927	910,226	1,009,447	1,103,214	7,306,055
Japan	597,757	632,723	674,744	682,503	679,719	654,020	655,821	717,390	770,790	5,104,575
Overseas	215,793	205,042	218,707	232,412	220,885	221,907	254,405	292,057	332,424	2,201,481
Operating profit	45,006	44,709	55,962	59,972	42,515	48,595	74,835	88,882	106,066	702,428
Profit attributable to owners of parent	30,644	40,978	37,763	40,267	28,793	41,926	58,660	61,348	75,353	499,030
R&D and Capital Investment										
R&D expenditures	35,949	34,910	35,620	33,669	34,457	33,562	33,756	36,216	36,059	238,807
Plant and equipment investment**2	27,650	27,149	26,465	43,338	48,208	35,890	59,320	84,147	68,311	452,396
Depreciation and amortization*3	29,723	29,445	30,151	30,906	32,319	36,194	39,969	45,938	51,875	343,545
Cash Flows										
Cash flows from operating activities	48,450	58,185	53,146	54,949	46,087	26,931	76,809	116,163	84,858	561,976
Cash flows from investing activities	-19,410	9,748	-14,550	-21,448	-27,621	23,477	-22,350	-49,498	-62,418	-413,368
Free cash flow	29,040	67,934	38,596	33,501	18,466	50,408	54,458	66,665	22,439	148,608
Cash flows from financing activities	-31,567	-56,082	-46,887	-38,172	16,918	-39,518	-42,894	-77,192	-45,868	-303,762
Financial Position										
Total assets*4	845,378	886,663	914,744	952,659	996,827	1,051,952	1,117,112	1,181,552	1,271,174	8,418,371
Total net assets	260,980	323,863	366,546	392,061	406,002	461,254	523,729	572,068	661,472	4,380,612
Equity	230,399	291,216	330,636	352,922	365,620	416,997	472,900	517,092	602,516	3,990,170
Net interest-bearing debt	189,374	141,578	130,177	124,850	153,617	140,872	117,041	99,107	97,362	644,786
Interest-bearing debt	220,213	183,465	163,507	153,985	217,364	216,205	208,391	183,273	162,906	1,078,850
Financial Indicators										
Ratio of operating profit to net sales (%)	5.5	5.3	6.3	6.6	4.7	5.5	8.2	8.8	9.6	—
Ratio of overseas sales to net sales (%)	26.5	24.5	24.5	25.4	24.5	25.3	27.9	28.9	30.1	—
ROIC (Return on Invested Capital) (%)	—	—	—	—	—	—	—	10.2	11.5	—
ROE (Return on equity) (%)	11.8	15.7	12.1	11.8	8.0	10.7	13.2	12.4	13.5	—
ROA (Return on assets) (%)*4	3.5	4.7	4.2	4.3	3.0	4.1	5.4	5.3	6.1	—
Equity ratio (%)*4	27.3	32.8	36.1	37.0	36.7	39.6	42.3	43.8	47.4	—
Net debt-equity ratio (times)*5	0.8	0.5	0.4	0.4	0.4	0.3	0.2	0.2	0.2	—
Debt-equity ratio (times)*6	1.0	0.6	0.5	0.4	0.6	0.5	0.4	0.4	0.3	—
Per Share Data *7										
Profit	214.48	286.82	264.34	281.89	201.57	293.52	410.68	429.50	527.57	3,494
Net assets	1,612.59	2,038.40	2,314.50	2,470.65	2,559.60	2,919.34	3,310.80	3,620.23	4,218.41	27,936
Cash dividends	50.00	55.00	70.00	80.00	80.00	85.00	100.00	115.00	135.00	0.894
Dividend payout ratio (%)	23.3	19.2	26.5	28.4	39.7	29.0	24.3	26.8	25.6	—

Non-Financial Highlights

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022*8	2023	2023
Employees	26,508	26,503	27,009	27,416	27,960	27,593	26,757	27,123	27,325	—
Japan	17,635	17,716	17,704	17,647	17,681	17,647	17,493	17,392	17,340	—
Overseas	8,873	8,787	9,305	9,769	10,279	9,946	9,264	9,731	9,985	—
Supply chain greenhouse gas emissions (10,000 t-CO ₂)	—	—	—	—	12,473	5,688	17,994	17,690	5,841	—
Total greenhouse gas emissions from production activities (10,000 t-CO ₂)	51.9	46.7	48.4	52.1	45.1	43.7	36.4	33.4	33.8	—
Reductions in CO ₂ emissions through products (10,000 t-CO ₂)*8	1,598	2,230	2,579	3,162	3,651	4,127	4,544	4,979	5,622	—

*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥151 = U.S. \$1, the approximate exchange rate at March 31, 2024.

*2 Plant and equipment investment is the total of investment in tangible fixed assets, including acquisition amounts for lease contracts.

*3 Depreciation and amortization expense is the total of the depreciation of tangible fixed assets and amortization of intangible assets.

*4 Effective April 1, 2018, the Company have adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, revised on February 16, 2018). As such, financial indicators in consolidated accounting period as of March 31, 2018 have been adjusted to retroactively apply said accounting standards.

*5 Net debt-equity ratio is the ratio of net interest-bearing debt (interest-bearing debt + lease obligations – cash and cash equivalents) to equity.

*6 Debt-equity ratio is the ratio of interest-bearing debt to equity.

*7 Effective October 1, 2018, the Company conducted an 1-for-5 common stock consolidation. Amounts for profit per share and net assets per share have been calculated assuming that the stock consolidation took place on April 1, 2014. The amount of dividend ¥48 per share for the year ended March 31, 2019 is total of the interim dividend of ¥8 per share and the year-end dividend of ¥40 per share. Since the Company conducted a 1-for-5 common stock consolidation effective October 1, 2018, the interim dividend of ¥8 does not reflect stock consolidation effect and the annual dividend of ¥40 reflects stock consolidation effect. If the stock consolidation effect is also considered to the interim dividend per share, the interim dividend of ¥8 per share without the effect is equivalent to ¥40 per share with the stock consolidation effect. Accordingly, the annual dividend for fiscal 2018 amounted to ¥80 per share, including adjusted interim dividend of ¥40 per share and year-end dividend ¥40 per share.

*8 The contributions to CO₂ emission reductions refers to CO₂ emission reductions from products shipped in and after fiscal 2009 that were in operation for a year. Calculated based on the Ministry of Economy, Trade and Industry's Guideline for Quantifying Greenhouse Gas Emission Reduction Contribution.

*9 From the beginning of the fiscal year ended March 31, 2022, the company applied the "Accounting Standard for Revenue Recognition" (Accounting Standard Board of Japan ("ASBJ") statement No. 29 issued on March 31, 2020), etc. The figures after consolidated accounting period as of March 31, 2022 in the "Consolidated Financial Highlights" reflect the application of the accounting standards.

Corporate Data

Company Information (As of March 31, 2024)

Company Name	FUJI ELECTRIC CO., LTD.
Established	August 29, 1923
Consolidated Subsidiary	68 (Japan 20, Overseas 48)
Equity Method Affiliate	4
Head Office	1-1, Tanabeshinden, Kawasaki-ku, Kawasaki-shi, Kanagawa 210-9530, Japan
Head Office Business Address	Gate City Ohsaki, East Tower, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Capital Stock	¥47.6 billion
Employees (Consolidated)	27,325 (Japan 17,340, Overseas 9,985)
Net Sales (Consolidated)	¥1,103.2 billion (Year ended March 31, 2024)
Stock Code	6504

Stock Information (As of March 31, 2024)

Issued and Outstanding Shares	149,296,991
Number of Shareholders	40,930

Major Shareholders

Shareholders' name	Number of shares (1,000s)	Voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,108	17.58
Custody Bank of Japan, Ltd. (Trust Account)	17,024	11.92
Asahi Mutual Life Insurance Company	3,955	2.77
National Mutual Insurance Federation of Agricultural Cooperatives	3,059	2.14
MSIP CLIENT SECURITIES	2,691	1.88
FANUC CORPORATION	2,684	1.88
STATE STREET BANK WEST CLIENT – TREATY 505234	2,409	1.69
SSBTC CLIENT OMNIBUS ACCOUNT	2,226	1.56
FURUKAWA CO., LTD.	2,205	1.54
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	2,138	1.50

Notes: 1. Treasury stock of 6,466,915 shares is excluded from the above list of top 10 shareholders.
2. The ratio of shareholding is calculated by deducting the number of treasury stock from the total number of shares outstanding based on the provisions of the Ordinance for Enforcement of the Companies Act.

Share Distribution by Shareholder Type

Type	Number of shareholders	Number of shares	Holding (%)
Financial institutions/Securities firms	129	60,896,310	40.79
Other corporations in Japan	435	8,490,658	5.69
Foreign corporations	888	59,796,629	40.05
Individuals and others	39,478	20,113,394	13.47
Total	40,930	149,296,991	100.00

Note: "Individuals and others" includes treasury stock.

Corporate data on Fuji Electric website (information related to IR and sustainability)

Investor Relations

FY2026
Medium-Term Management Plan

IR Briefing
Mar 23, 2024

IR Briefing

IR Briefing Financial Results IR Briefing IR Briefing Reports

IR news

IR News Archives

If you would like to obtain **information related to IR**, please refer to the IR (Investor Relations) site.

IR (Investor Relations)
<https://www.fujielectric.com/ir/>

Sustainability

ENVIRONMENT
SOCIAL
GOVERNANCE
ESG

ESG Material Issues
We have set out material issues and goals related to ESG, and are working toward resolving them.

Environmental Vision 2050
We position global environmental protection initiatives as a priority issue for management.

ESG(Environment · Social · Governance) Activity Report

If you would like to obtain **information related to sustainability**, please refer to the sustainability site.

Sustainability
<https://www.fujielectric.com/csr/>

External Evaluation

Fuji Electric has been selected as a component of the following ESG (Environmental, social, and governance) indexes, as a company that excels in social responsibility.

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



FTSE4Good



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

The incorporation of Fuji Electric Co., Ltd. into the MSCI Index and use of the MSCI logo, trademark, service mark or index name do not mean sponsorship, recommendation or promotion of Fuji Electric Co., Ltd. by MSCI or its affiliated companies. The MSCI Index is the exclusive property of MSCI, and its name and logo are a trademark or service mark of MSCI or its affiliated companies.



In recognition of the efforts to address climate change and the information disclosure, the Company has been selected for five consecutive years for the CDP A-List, the world's most prestigious list in the environmental field.



We have received the following awards and certification in recognition of our outstanding initiatives to promote diversity.



Recognized as one of the "Diversity Management Selection 100" firms that have achieved results in improving productivity by utilizing a diverse workforce and creating innovation (Ministry of Economy, Trade, and Industry)



Acquired "Semi-Nadeshiko Brands" as a listed company that excels in women's activities (Ministry of Economy, Trade, and Industry)



Acquired Kurumin certification as a company that supports child-rearing (Ministry of Health, Labour and Welfare)



Acquired highest rank of Eruboshi certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Ministry of Health, Labour and Welfare)



ECOLOGY
Fuji Electric

This mark symbolizes
the commitment of Fuji Electric
to environmental protection



Gate City Ohsaki, East Tower,
11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Contacts: SDGs Promotion and Investor Relations Dept.
TEL: +81-3-5435-7111 <https://www.fujielectric.com>



Based on the universal design (UD) concept,
we have adopted fonts that are easy to read (and difficult to misread)
by more and more people.