

Our corporate slogan is *to be enthusiastic, ambitious, and sensitive*. We put this into practice, aiming to further enhance corporate value with an employee-first management approach.

Michihiro Kitazawa
Chairman of the Board and CEO



Continuing to be a sustained growth company by adhering to our corporate philosophy and management policies

Since our founding in 1923, we have spared no effort in honing and evolving our energy and environmental technologies to perfection. With core technologies in power semiconductors and power electronics as our strengths, we possess technologies and products that contribute to the creation of clean energy, stable energy supply, energy savings, and automation in the industrial and social infrastructure sectors. Moreover, by adding engineering know-how that brings these technologies together, we have been able to provide optimal system solutions that meet the needs of customers.

The cornerstone of this is our corporate philosophy, which hinges on our mission to value and deepen our relationships of trust with communities, customers, and partners in order to contribute to prosperity, encourage creativity, and seek harmony with the environment. Also at the cornerstone is our management policies geared towards contributing to society through our energy and environment businesses that embody our corporate philosophy. We aim to expand business operations and profits in the energy and environmental fields, actively invest the cash

generated in new technologies and human capital based on an employee-first approach, and steadily return value to shareholders. By realizing this virtuous cycle of earnings growth and shareholder returns, we want to remain a company capable of achieving sustained growth that is trusted and needed by society and customers.

The environment currently surrounding the Company is delivering us more business opportunities on the back of trends in green transformation (GX) and increased energy demand associated with the adoption and growth of generative AI and other digital technologies.

In the midst of an increasingly uncertain world, we will ensure that we generate sustained growth by having the entire Group, spearheaded by Fuji Electric, continue to drive business activities as a united team, while globally advancing initiatives that strengthen the foundations of our management, including thoroughgoing compliance practices throughout the supply chain, maintaining information security, and enhancing our capabilities to respond to economic security and various disaster risks.

Record-high earnings for the fourth straight year; financial position is rock-solid

In fiscal 2025, we were confronted by an operating environment that was at the mercy of an increasingly uncertain economic outlook fueled by the impact of U.S. trade policies and other factors, as well as skyrocketing input prices for silver and copper,

making earnings forecasts very difficult. Therefore, we sought to update the status of our business operations at the most appropriate time for stock markets and we placed a great deal of importance on dialogue with shareholders and investors. For

example, in a break from the past, we disclosed upwardly revised forecasts at the first-quarter results announcement for investors.

In fiscal 2025, we reported record-high net sales for the fourth straight year, and record-high operating profit and profit for the fifth year in a row. The operating profit ratio topped the 11% mark for the first time.

The biggest contribution to this earnings growth came from the Energy segment. With investments pouring into GX, semiconductors, and data centers, we were able to expand in the energy management business, including storage battery systems, for the stable supply of renewable energy and electricity; the substation systems businesses; and the plant and systems business centered on power supply and facility systems. Also, in the second half of fiscal 2023, we moved the power generation business—a core business since the Company's founding—into the energy segment in an effort to streamline organizations. With related divisions working together to strengthen plant project management, we have been able to improve profitability.

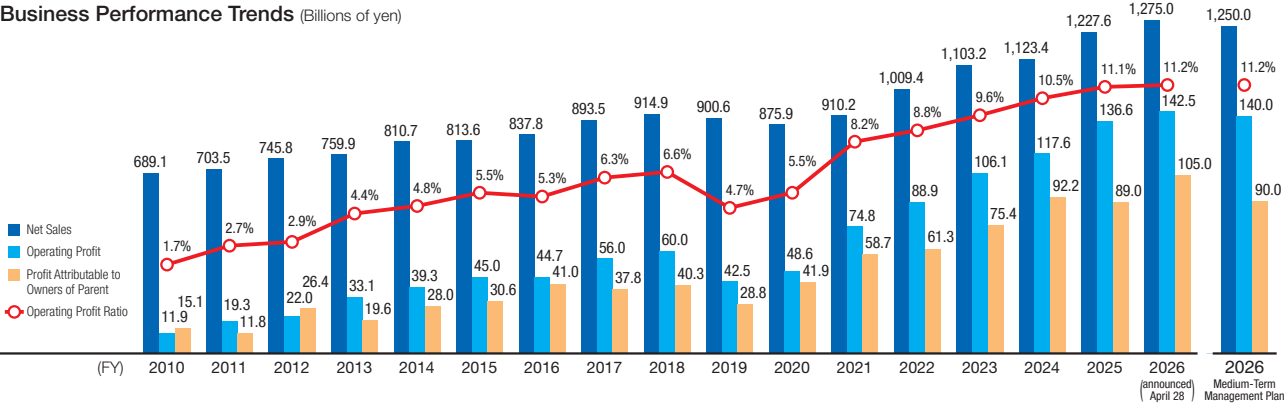
Meanwhile, in component products like semiconductors, FA components, and ED&C components, we struggled to keep up with the rapid changes in market conditions and customer needs.

We will quickly implement near-term and longer-term measures to address this situation, such as optimizing production systems and bases in line with volume, and quickly and appropriately passing on costs.

Over the past 10 years, while our workforce has remained steady at around 27,000 employees, net sales have grown by 50% to ¥1.2276 trillion. This owes to the results of the companywide Pro-7 activities, which we launched in fiscal 2012 to improve profitability. This initiative led to improved work quality and productivity at worksites and is reflected in the entrenchment of strong teamwork in the workplace. It has certainly become one of our strengths.

From a financial point of view, our financial position has steadily grown stronger. Looking back, in fiscal 2009, the year before I took office as president, our net interest-bearing debt was ¥347.7 billion, and the net D/E ratio was 1.9 times. By fiscal 2025, these metrics had dropped to ¥19.2 billion and 0.0 times, respectively, so I believe the stability of management has increased and our finances overall are now much stronger. Currently, both ROE (13.1%) and ROIC (12.6%) are above the targets called for in the Medium-Term Management Plan, which indicates to us that we have a business structure that is steadily turning a profit.

Business Performance Trends (Billions of yen)



Bonus Months	4.10	4.42	4.50	4.80	5.00	5.25	5.30	5.35	5.55	5.60	5.60	5.60	5.90	6.00	6.30	6.30	6.40
Annual Dividends (Yen)	20	20	25	34	45	50	55	70	80	80	85	100	115	135	160	200	—

*Bonus months: Annual average number of months paid to general employees;
Annual dividends: Per share; Calculation takes into account the stock consolidation on October 1, 2018.

Net Sales and Operating Profit by Segment (FY2023–26) (Billions of yen)

	FY2023 Results			FY2024 Results			FY2025 Results			FY2026 Management Plan (announced April 28)		
	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	347.1	30.0	8.6%	357.7	36.4	10.2%	396.4	59.5	15.0%	455.0	71.0	15.6%
Industry	401.9	34.4	8.6%	396.6	33.9	8.5%	465.0	44.4	9.5%	454.0	48.0	10.6%
Semiconductors	228.0	36.2	15.9%	236.8	37.1	15.7%	237.4	23.5	9.9%	225.0	13.0	5.8%
Food and Beverage Distribution	107.3	8.8	8.2%	111.5	13.9	12.5%	108.0	13.1	12.2%	115.0	14.0	12.2%
Others	63.2	4.3	6.8%	56.1	3.8	6.7%	58.4	3.9	6.6%	60.0	3.9	6.5%
Elimination and Corporation	-44.3	-7.6	—	-35.4	-7.3	—	-37.5	-7.8	—	-34.0	-7.4	—
Total	1,103.2	106.1	9.6%	1,123.4	117.6	10.5%	1,227.6	136.6	11.1%	1,275.0	142.5	11.2%

*FY2023 and FY2024 results are presented after reflecting the business reorganization in FY2026 (for reference purposes calculated using a simplified business reorganization);
FY2025 results are presented after reflecting figures associated with the business reorganization in FY2026.

Entrenching a virtuous cycle of growth and shareholder returns in the next medium-term management plan through aggressive investments for the future

Fiscal 2026 will be a year for formulating the next medium-term management plan, which will kick off in fiscal 2027. We are in the process of envisioning what kind of company Fuji Electric wants to be by the mid-2030s and considering the targets we will need to set for fiscal 2030. Our basic stance on management will remain unchanged; that is, to achieve business and profit growth in the energy and environment sectors and help bring about a sustainable society. I think we have developed the capability to generate profits. In response to social and industrial changes, we will envisage what an ideal business portfolio over the medium-to-long term should look like and determine which areas of business to focus on. For further growth, I believe the next challenge will be to give shape to growth investments at the earliest opportunity, which may include M&As, and take a hard look at how we can improve capital efficiency.

Furthermore, although we have operated the Company with an emphasis on the operating profit ratio in past medium-term management plans, lifting this margin is no easy task because we need to find the right balance of net sales (the denominator) and

operating profit (the numerator). In the next medium-term management plan, I believe that focusing on absolute figures (net sales and operating profit) rather than ratios will put growth on a firm footing from the next medium-term management plan onward.

With these changes in earnings and our management structure, we have sought to raise dividends every year on the basis of stable and continuous returns to shareholders. Keeping in mind our dividend payout ratio of 30% targeted in the Medium-Term Management Plan, in fiscal 2025, we raised the dividend per share by ¥40 to ¥200, an increase of roughly 25% from the previous fiscal year, resulting in a dividend payout ratio of 30.1%. And in the first quarter of fiscal 2026, in addition to dividends, we carried out share buybacks worth a total of ¥21.0 billion. We will steer management of the Company in such a way to ramp up the acquisition of new technologies and the investment in human capital, as well as digitalization and IT, including generative AI, in order to continue to realize a virtuous cycle of growth and returns, including returns to shareholders.

Helping to solve environmental issues across the entire supply chain with an offensive/defensive GX strategy

In order to steadily make progress toward the *net zero by 2050* goal called for by the United Nations and the international community, in fiscal 2026 we will establish new targets for fiscal 2035 in addition to the existing fiscal 2030 targets already set in our Environmental Vision 2050.

I believe that the demands from society regarding environmental issues present growth opportunities for our energy and environment businesses. We will promote decarbonization and a circular economy in which limited resources can be effectively utilized. To that end, we will engage in environmental management with an offensive/defensive strategy. We will go on the offensive by expanding operations and helping solve decarbonization issues faced by society and customers with environmentally friendly products and businesses. At the same time, we will assume a defensive stance by minimizing the

environmental footprint of our own activities through environmental investments at our production bases and other initiatives aimed at reducing environmental impacts across the entire supply chain, while also complying with international regulations and demands.

With a view to sustained business growth, we will further bolster our manufacturing capabilities by improving productivity with the use of AI and digital technologies. We will also switch the electricity used in production to renewable energy and take steps to electrify our production facilities. Also, we will take cues from the ecodesign regulations gaining traction in Europe and build a green supply chain based on mutual understanding with our customers and business partners in an effort to expand business operations.

Empowering diverse human resources and ensuring employee well-being

For the growth of the Company, it is important that each employee feels happy (a sense of well-being) working at Fuji Electric and that they can work vibrantly in their respective teams. More specifically, they can find meaning in their work, maintain physical and mental health, and achieve a work-life balance. We have a policy of appropriately rewarding performance in the form of bonuses, reflecting the efforts of each employee and the collective strength of the team.

I communicate this way of thinking to our employees as the employee-first approach. I believe that putting employees first represents my unwavering commitment as a senior executive.

The driving force to open up the future is our employees, because I firmly believe that ensuring employee well-being leads to the prosperity and happiness of the Company, its employees, and their families. In our annual employee awareness surveys, we ask employees how satisfied they are with the Company and whether they feel a sense of well-being, among other questions. We consider the scores from those questions to be key management indicators and see them as management and workplace challenges on which we continuously try to make improvements.

We updated our human resource benefit compensation systems for the first time in 22 years. By conducting fair

performance assessments based on roles regardless of age or years of experience, we encourage employees to forge their own careers. In addition, in responding to increasingly diverse values, we have developed a flexible working environment to further empower women in the workplace, and we will continuously work to enhance organizational agility. For senior employees, we will continue to create an environment where they can continue working according to their lifestyle by leveraging their valuable experience and know-how through visualization and linking it to business transformation, thereby utilizing the career of each individual.

Given that the recruitment landscape right now is highly competitive, we will approach our hiring activities with an all-out effort. We will work together with our employees to broadly communicate the appeal of working at Fuji Electric and meet the expectations of students and career-minded young people. In addition, we recognize that key issues for achieving growth in overseas businesses are the development of management personnel and locally hired employees aimed at greater autonomy of local operations, as well as the establishment of corresponding compensation systems. Accordingly, we will start to implement concrete measures to achieve them.

Enhancing the effectiveness of governance

What are important for enhancing corporate value over the long term are to ensure the soundness and transparency of business execution and to further improve the effectiveness of governance. In today’s highly unpredictable world, we will increase opportunities for honest discussions based on the wide-ranging experiences and insights of outside directors and outside Audit & Supervisory Board members, and build an even stronger management foundation.

Currently, we are focusing on risk management across the entire Group, including overseas subsidiaries. In addition to the usual risks like human rights, compliance, and natural disasters, it has become increasingly important to strengthen resilience by constantly making preparations for such serious risks as

information security and economic security that are on the increase in recent years. We will centralize risk management so that we can initially respond with speed, and we will take measures to minimize the impact of risks across the entire supply chain.

I must also note that in July of this year, we were subject to an onsite inspection by the Japan Fair Trade Commission on suspicion of violating the Antimonopoly Act in transactions involving refrigeration and cold storage equipment. We have been fully cooperative with the investigation. We take this situation very seriously and I offer my deepest apologies for causing great concern and inconvenience to our business partners and all other parties involved.

Fuji Electric’s DNA

Our corporate slogan, *To be enthusiastic, ambitious and sensitive*, represents the Company’s DNA inherited from our predecessors that we want employees to cherish and pass on to future generations. By “enthusiastic,” we mean the eagerness to contribute to society by creating new technologies and products. By “ambitious,” we mean the determination and spirit to set high goals and share them with the team. By “sensitive,” we mean the kindness to appreciate and care for our customers, colleagues, and families. This 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, I believe it is necessary for the leaders themselves to take the initiative to demonstrate this same attitude. Meanwhile, each and every employee must share their passion and pride.

We will evolve our energy and environment businesses, continue to challenge ourselves to solve social and environmental issues and create new value, and earn the affinity and trust of stakeholders. I look forward to your continued support and understanding.

Chairman of the Board and CEO

