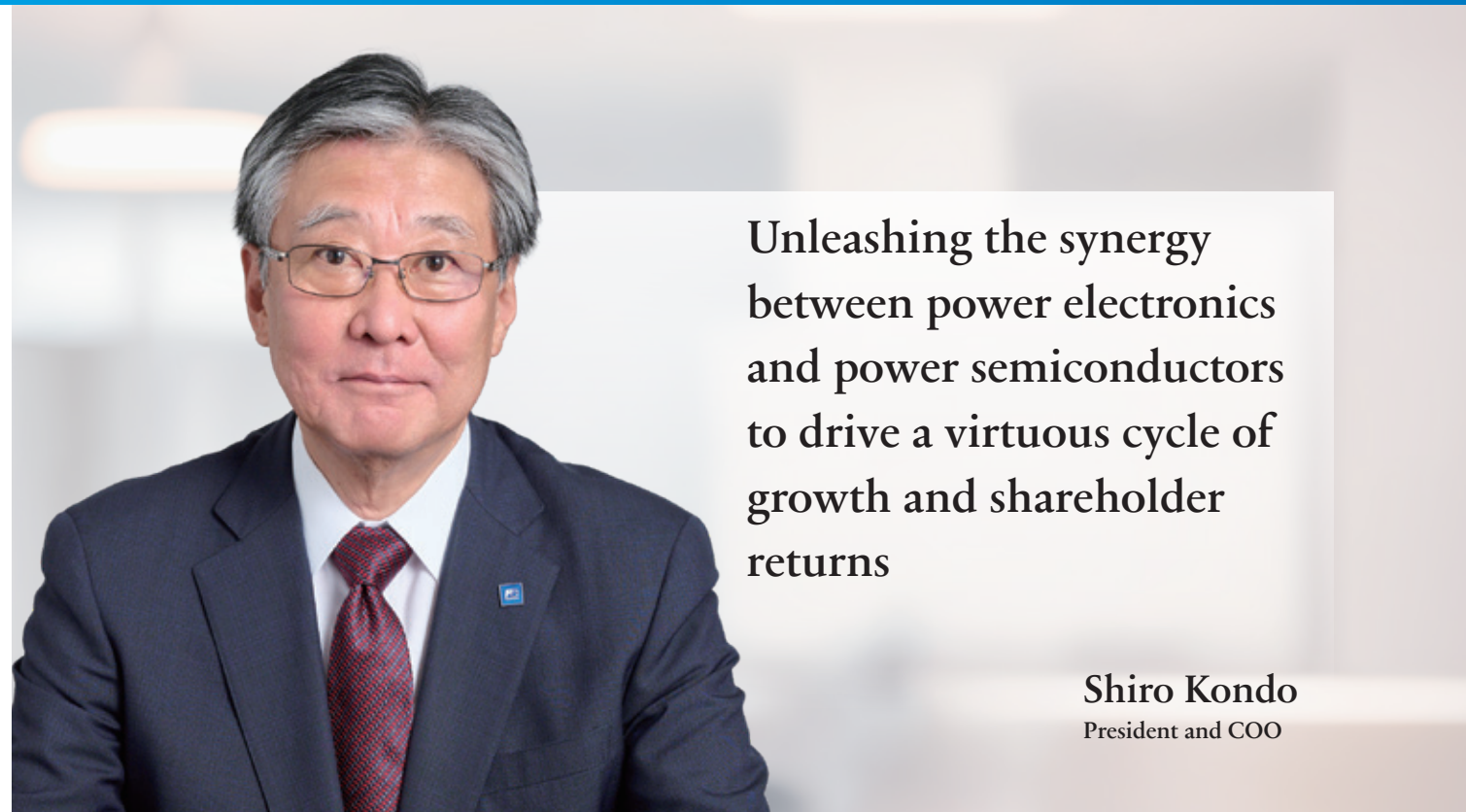




## Unleashing the synergy between power electronics and power semiconductors to drive a virtuous cycle of growth and shareholder returns

**Shiro Kondo**  
President and COO

### Q: What is your assessment of earnings in fiscal 2025?

**Growth in the plant and systems business was driven by strong GX and DX demand**  
**Net sales, operating profit, and profit hit record highs, and the operating profit ratio went above 11%**

The market environment enveloping the Company was overshadowed by lingering uncertainty around the global economic outlook due to the impact of U.S. trade policies and the emergence of geopolitical risks and other factors throughout the year. There was also little room for optimism because the prices of silver, copper, and other inputs went through the roof, mainly as a result of the inflow of investment funds and tightening global supply and demand. On the other hand, against the backdrop of accelerated investments in green transformation (GX) for realizing a decarbonized society and surging energy demand stemming from the growing utilization of generative AI and other digital technologies, capital investments in power infrastructure, manufacturing, and data centers remained extremely brisk.

In this environment, we responded accurately to rising energy demand and focused on expanding the plant and systems business to facilitate the stable and efficient supply of renewable energy and electricity, as well as energy savings, automation, and electrification on the power consumer side.

In addition, to combat the risk of supply chain disruptions due to changes in the external environment, like geopolitical issues for

example, and to further improve profitability, we standardized and multi-sourced components through development procurement and pressed ahead with exhaustive productivity improvements and inventory optimization at production sites utilizing digital technologies. Moreover, we steadily implemented measures to strengthen the management foundations, such as reducing cross-shareholdings to improve capital efficiency.

As a result, despite the impacts of skyrocketing raw material prices, weaker demand for automotive semiconductors, and the dropout of year-earlier currency paper redesign special demand in the Food and Beverage Distribution segment, increased demand in the plant and systems business centered on the Energy and Industry segments boosted profits. In consolidated earnings, we posted record highs for net sales, operating profit, and profit. The operating profit ratio also topped 11%, hitting our fiscal 2026 targets in the FY2026 Medium-Term Management Plan one year ahead of schedule. I recognize this achievement to be the result of every employee steadily adding value in their day-to-day work and demonstrating strong teamwork even in the midst of a rapidly changing environment.

### Q: Can you tell us about the basic policy and management targets for fiscal 2026?

**Doubling down on profit-focused management and targeting record-high earnings and growth in corporate value through a virtuous cycle of growth and shareholder returns**

The continued adoption of digital technologies in society is fueling greater demand for electricity, and although demand for electrified vehicles is changing depending on the region, investments in GX geared towards the global objective of decarbonization continue to expand.

In such a market environment, our basic policy is to adapt to the changing times and aim to achieve sustained growth in corporate value and contribute to society. To that end, we are doubling down on prioritizing profits to improve our earnings potential. We will capitalize on increased energy demand, GX investments, and digitalization needs, further strengthen the collaboration among our four business segments (Energy, Industry, Semiconductors, and Food and Beverage Distribution) with a core focus on power electronics, and differentiate ourselves from the competition with solutions-based proposals that create value for customers. We will create strong components, combine them appropriately, and drive growth in the high value-added plant and systems business with the use of advanced digital technologies. To reliably meet fervent demand primarily in the Energy segment, we will holistically pursue both investments to augment production capacity in Japan and overseas and improvements in productivity leveraging digital technologies. Also, in responding to the impact of sky-high raw material prices, we will make our supply chains more resilient and minimize impacts by standardizing components, procuring them from multiple sources, and making changes to design specs over the medium term.

To ensure that the idea of being mindful of capital costs does not end up being an empty slogan of senior management, I have been visiting our workplaces and engaging in dialogue with employees to raise awareness. Improvements are being made in the workplace when it comes to day-to-day tasks. For example, sales division is making an effort to collect accounts receivable at the earliest opportunity, while manufacturing division is thoroughly optimizing their inventory assets. In addition, we are monitoring conditions and changes in capital efficiency and profitability in each business, and sharing measures with them so as to maximize profit growth.

We will set our sights on posting record-high consolidated net sales, operating profit, and profit again in fiscal 2026. The cash we generate will be continuously allocated to improvements in employee compensation, growth investments, and shareholder returns, thereby ensuring sustained growth through a virtuous cycle of growth and shareholder returns.

While properly controlling how much we allocate to capital investments, we will also actively press ahead with R&D investments and IT investments with an eye to the future in order to create products and systems that support the realization of a decarbonized society and an advanced digital society.

Regarding returns to shareholders, based on our dividend payout ratio target of 30%, we carried out share buybacks worth a total ¥21 billion in the first quarter of fiscal 2026, which, together with dividends, resulted in a total payout ratio of 50%.

### Q: What advantages does Fuji Electric have that contribute to the sustained enhancement of corporate value?

**Leveraging the synergy between power semiconductors and power electronics, we have the collective strength to deliver value, from energy supply to the demand side**

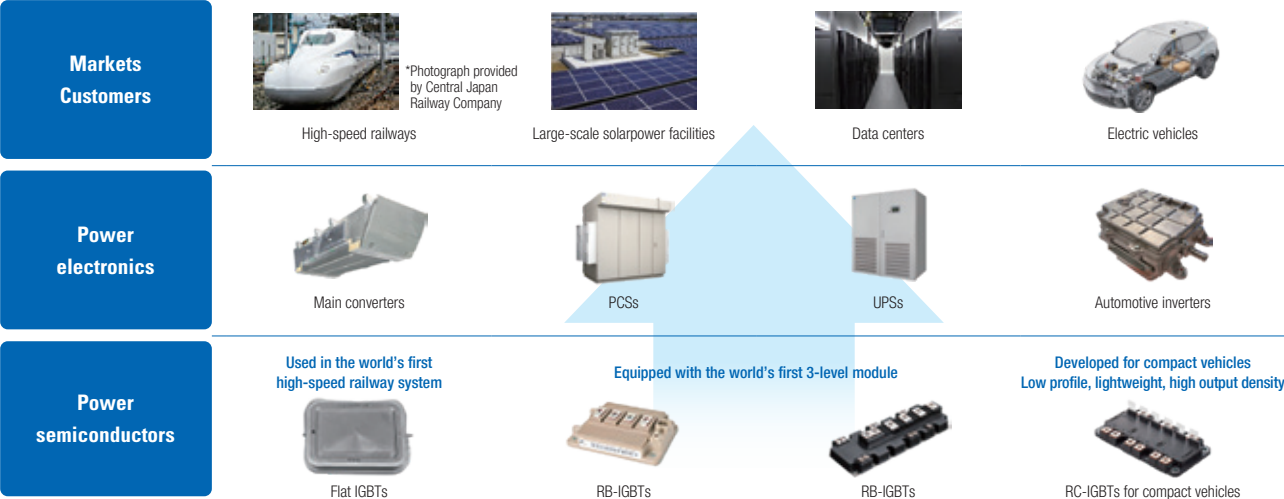
Our strength lies in our ability to develop, design, and manufacture competitively superior components in-house centered on our core competencies of power semiconductors and power electronics, combine the components to solve customer challenges, and provide one-stop solutions in the shape of optimized systems. By drawing on our unique competitive advantages across the entire energy supply chain—from clean energy creation and stable energy supply on the supply side to energy savings, automation, and electrification on the demand side—we consistently meet the cutting-edge needs of customers and society, continue to provide unique value across a wide range of industries, and have supported the development of industries and infrastructure of the times.

A key factor in our competitive advantage is the synergy between power semiconductors and power electronics. Our power conditioning systems (PCS) equipped with power semiconductors are widely used in the renewable energy market, including by mega solar and wind power business operators, while our uninterruptible power systems (UPS) contribute to the stable operation and operational energy efficiency of advanced IT

and telecommunications infrastructure such as data centers and semiconductor plants. Recently, in developing new compact RC-IGBT modules for automotive applications and new automotive inverters, our power semiconductor and power electronics engineers were fully involved from the initial packaging stage to optimize each other's technologies to achieve strong competitive advantages such as miniaturization and high efficiency.

Furthermore, we boast an extensive track record since our founding of delivering to numerous customers in social and industrial fields in Japan and overseas, helping us to accumulate a wealth of experience and know-how. By combining AI and digital technologies with the experience and technologies honed over many years, we are creating further value for our customers in the real world, such as energy management systems that contribute to optimizing the energy supply-demand balance. Through direct feedback from customers, we can quickly grasp the kinds of challenges they face and combine our technologies, experience, and teamwork to generate new value and come up with solutions to issues in society.

Examples of the Synergy between Power Semiconductors and Power Electronics



Q: What are the key themes for further business growth?

We will vigorously drive business growth under three pillars: creation of solutions across all segments, expansion of overseas businesses through the localization of management, and business creation in new fields

We will formulate the next medium-term management plan starting in fiscal 2027 around a growth strategy and take a deeper look at growth investments, human resource strategy, financial strategy, and shareholder return measures with the aim of building an organization capable of targeting ROE of 15%. We see three key themes for the Company's next phase of growth.

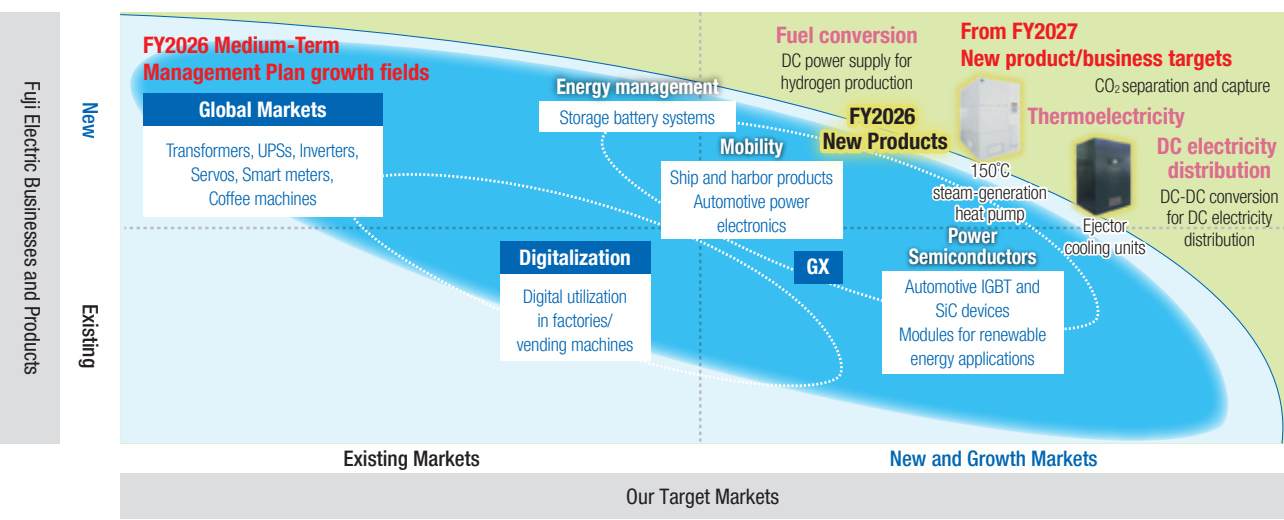
The first is to create new customer value with solutions that optimally combine our businesses and technologies. To solve increasingly complex and sophisticated societal issues from the ground up, it is imperative that we provide total solutions that span businesses and divisions. A perfect example of this is our solutions for AI data centers, which have rapidly attracted enormous investment in recent times. Conventional data centers were positioned as energy customers centered around uninterruptible power systems (UPS). However, due to the increased server heat generation caused by the widespread adoption of generative AI, cooling methods are shifting significantly from air cooling to water and liquid cooling. This shift all of a sudden enhances the competitive edge of our new range of ejector cooling units in the Industry segment, which leverage advanced heating and cooling technologies cultivated in the vending machines business in the Food and Beverage Distribution segment. Also, if DC electricity distribution is adopted in data centers to achieve out-and-out energy savings, the sophisticated breaking technology of the semiconductor and

ED&C components businesses will become extremely important.

The second theme is growth in overseas businesses. We are targeting overseas sales of ¥363.9 billion in fiscal 2026, but we will set a higher target in the next medium-term management plan. Buoyed by growth in energy demand, capital investments related to AI and infrastructure are expected to pick up mainly in the markets of Southeast Asia, India, and North America. We will look to expand our business operations by ramping up production capacity for power supply and substation equipment. We will employ a local design and production for local consumption approach in an effort to localize management, while building and strengthening a system to support overseas sites by utilizing the technology, know-how, and other resources possessed by our bases in Japan.

The third theme is business creation in new fields. With a view to full-scale market expansion from fiscal 2027 onward, we will launch ejector cooling units and steam-generation heat pumps in fiscal 2026. We will also actively take up the challenge of thermoelectricity, and beyond that, converters for DC electricity distribution and fuel conversion involving DC power supply for hydrogen production. I believe it is important to steadily incorporate development themes in new fields into growth fields and commercialize them while keeping a close eye on trends in the market.

Growth Fields and New Product/Business Targets



Q: How is the utilization of digital technologies progressing?

Awareness of digital technology utilization in the workplace has taken root and steady progress is being made on productivity improvements

Since fiscal 2025, the utilization of AI and digital technology to improve business quality and efficiency has been the common theme of our Pro-7 Activities, which are designed to deliver companywide business improvements. I personally visit our factories in Japan every year to see firsthand what initiatives are being implemented on the production floor, and by continuing to talk with employees, I have certainly felt that the awareness of actively utilizing digital technologies to improve productivity has firmly taken root in all areas of the workplace.

The results are reflected in the numbers, because even though the Company's headcount has remained flat, net sales in fiscal 2025 had increased 11% from fiscal 2023, while productivity had steadily improved by 13%. In fiscal 2026, we will look to achieve the 20% productivity improvement target (vs. fiscal 2023) called for in the Medium-Term Management Plan.

In April 2026, we fully launched a companywide generative AI tool, and we are gradually implementing an integrated core business system (ERP) to reduce management risks. With the rollout of the ERP system, we will review conventional work

processes, integrate business data, realize highly timely visualization and analysis, and drive productivity improvements.

Moreover, as digitalization continues to advance, responding to security threats is a critical issue for us, particularly as a company underpinning social and industrial infrastructure. In April 2026, we newly obtained certification for the international standard on secure product development lifecycle requirements, IEC 62443-4-1, at the Tsukuba Factory. Five of our other organizations/sites, including our Tokyo and Suzuka factories, had already acquired this certification. At the Tokyo Factory, continuous operation of the "secure product development process" was recognized and the certification was renewed. From fiscal 2026, we newly established a security committee to promote appropriate responses to a wide range of cyber threats across the organization from three perspectives: information, products, and factory security. We will implement these initiatives to improve the quality and ensure the stable supply of products and services that we deliver to customers.

Q: What is your message to stakeholders?

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 are fully cooperating with the investigation by the commission, and under the guidance of the Fuji Electric Compliance Promotion Committee, on which I serve as chair, we are re-examining the Company's internal processes and reinforcing compliance exhaustively. I sincerely apologize for causing great concern and inconvenience to our business partners and all other parties involved.

Our management structure has been strengthened. We will set

ourselves high goals, share them with employees, and create an environment where each individual feels motivated and challenged in their work, allowing them to experience a sense of achievement and personal growth under the team's collective strength. Through a virtuous cycle of growth and investment and growth and returns, we will realize sustained growth in corporate value.

President and COO  
*Shino Kondo*