Financial and Capital Strategies

We will aim to further improve capital efficiency by investing in growth and strengthening the profit structure towards sustainable enhancement of corporate value

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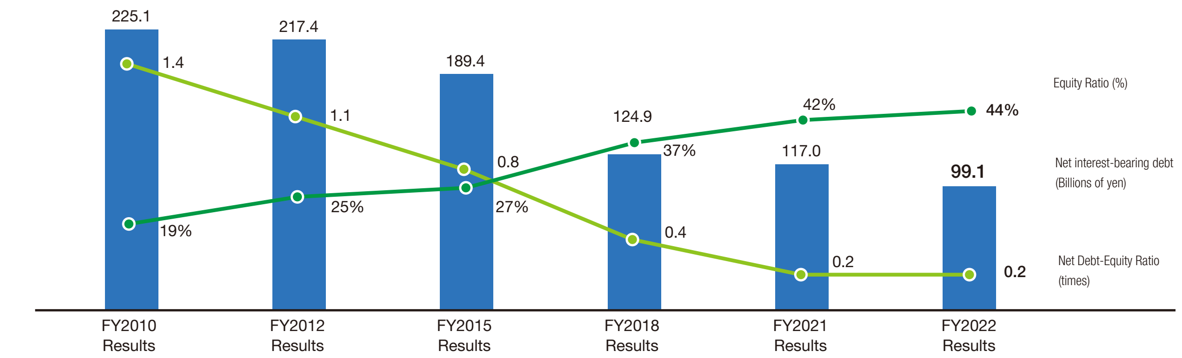
Creating a Financial Platform to Support our Growth Strategies

Fuji Electric has been working to enhance profitability and improve its financial constitution towards achieving sustainable growth since it fell into an operating deficit due to the effects of the global financial crisis. In fiscal 2010, we have clarified our business domains as energy and environment, and promoted a growth strategy of focusing our resources on power electronics and power semiconductors. We recognized that the source of our profits is in manufacturing, and worked to augment our manufacturing capabilities on a global level and promote local production for local consumption. The Company also continued the companywide Pro-7 activities, which was launched in fiscal 2012, and improved profitability substantially. In addition, we have been working to improve the cash conversion cycle (CCC) in all businesses since fiscal 2021 in order to generate operating cash flows to support the execution of growth investments.

As a result, our financial constitution improved significantly, and in fiscal 2022, we achieved a record high operating profit ratio of 8.8% with the net debt-equity ratio and equity ratio also reaching record highs. Fuji Electric has been issued an R&I rating of A since fiscal 2021.

Changes in Net Interest-Bearing Debt, Net Debt-Equity Ratio, Equity Ratio, and Ratings



Ratings	FY2010	FY2012	FY2015	FY2018	FY2021	FY2022
R&I	BBB+	BBB+	BBB+	A-	A	A
JCR	BBB+	BBB+	A-	A	A	A

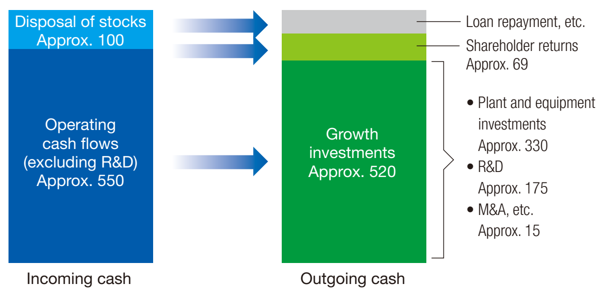
Allocation of Cash Flows with Priority on Balance Around Growth Investment to Maximize Profits

Steadily invest in growth towards sustainable improvement of corporate value

While our financial constitution improved substantially, we plan to invest in growth in order to further enhance corporate value, mainly in the focus areas of power electronics and power semiconductor businesses, a cumulative total of approximately ¥520 billion during fiscal 2019 to fiscal 2023.

Capital for growth investment will be secured by utilizing funds acquired by improved profitability and by disposing of our cross-shareholdings, which we are pursuing as measures to improve governance. We will continue to invest in growth in the focus areas while taking financial balance into account.

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

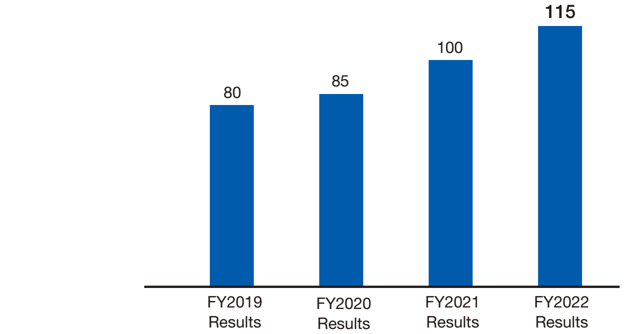


Stable and continuous dividends for shareholder returns

We determine the amount of dividends of surplus in light of the medium- to long-term business cycle, and aim to pay stable and continuous dividends by giving comprehensive consideration of the consolidated business results of the relevant fiscal year, research and development and plant and equipment investment plans for future growth, and business conditions. We will maximize profits by prioritizing growth investments that will lead to sustainable enhancement of profitability, and will focus on stable and continuous dividends for shareholder returns and aim for a dividend payout ratio of 30% as targeted in the FY2023 Medium-Term Management Plan.

Based on this policy, the annual dividends for fiscal 2022 were declared at ¥115 per share, up ¥15 from fiscal 2021. We have continued to increase dividends since fiscal 2010, steadily increasing the amount of dividends.

Changes in Annual Dividends (yen)



	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Dividend Payout Ratio (%)	40	29	24	27
Profit Attributable to Owners of Parent (Billions of yen)	28.8	41.9	58.7	61.3

* Dividend figures reflect the stock consolidation conducted on October 1, 2018

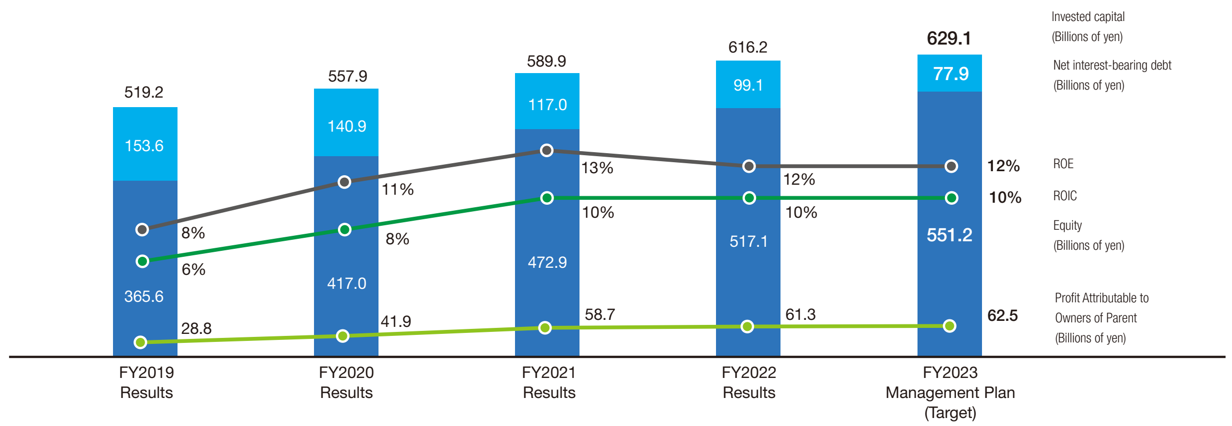
For Further Improvement of Capital Efficiency

Starting in fiscal 2021, we introduced per-business ROIC internally as a performance indicator to promote initiatives to improve investment decisions in view of future profitability and capital efficiency. By managing per-business ROIC, we are strengthening our control over our balance sheets and cash flows, making sure, for example, whether the profit and invested capital are well-balanced for each business.

In the power semiconductors business, where growth is expected, we are taking measures to minimize investment and maximize profits. For example, in Malaysia, we converted the manufacturing facility for magnetic disks into production lines for 8-in silicon Si power semiconductor. In the Food and Beverage Distribution Business, we are working to improve profitability by restructuring measures such as integrating production bases and relocating personnel, thereby improving ROIC.

Also, to improve the cash conversion cycle (CCC), we are strengthening collection of accounts receivable-trade, and reducing inventories by, for example, utilizing the factory dashboard to visualize inventory assets. At the same time, we will work to increase profit by reducing non-operating expenses and extraordinary losses, strengthen our cash-generating capabilities, and continue to accelerate growth investments that will lead to improving profitability. We will aim to improve capital efficiency while raising the equity ratio.

Changes in Invested Capital (Equity + Net Interest-Bearing Debt), Profit Attributable to Owners of Parent, ROIC, and ROE



* ROIC = Profit Attributable to Owners of Parent ÷ Average Invested Capital at Beginning and End of Fiscal Year