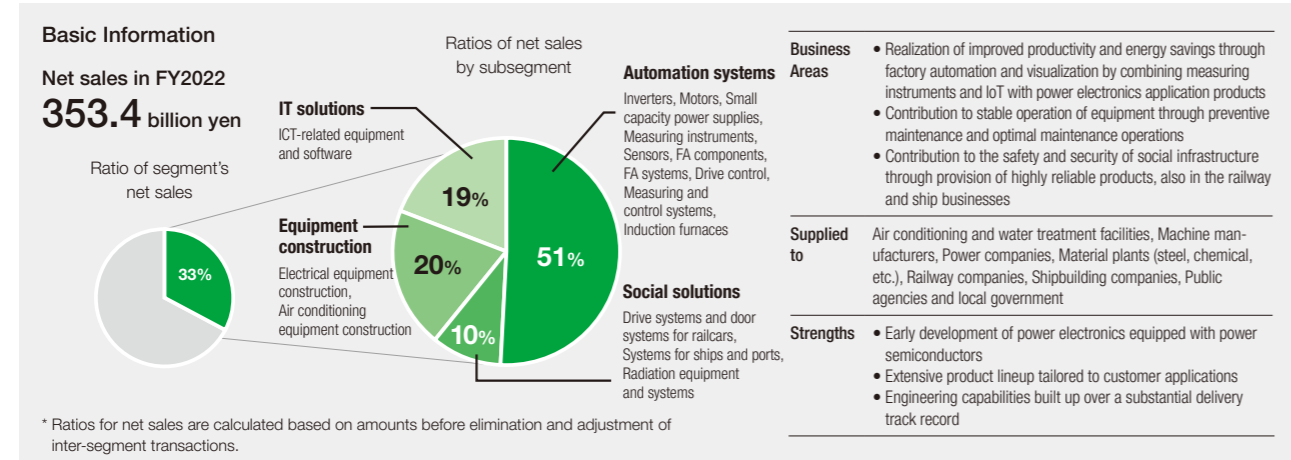


## Power Electronics Industry



**We will strengthen our business constitution by promoting local design, local production, and local consumption, and work to expand our overseas businesses by launching new global products and furthering collaboration.**

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



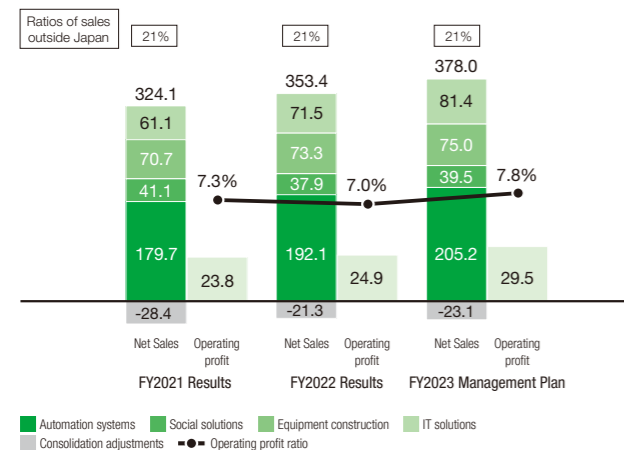
## Market Trends and Business Opportunities

In an aim to achieve a decarbonized society, we expect that efforts such as automation and digital transformation (DX) will accelerate globally, and demands for energy saving and productivity improvement will continue to expand.

Subsegments	Market Trends and Business Opportunities
Automation systems (Factory automation/process automation)	Energy saving and automation-related demand is expected to remain strong, and it is predicted that Japanese market conditions will generally upturn and overseas market conditions will see signs of recovery, except for China.
Social solutions	As countries move toward electrification of ships and decarbonization at ports, the market for environmentally friendly products is growing.
Equipment construction	We anticipate gradual growth in capital investments and public investments.
IT solutions	Digital demand, such as DX and green transformation (GX) is expected to increase in academic, private, and public sectors.

## Fiscal 2022 Results and Fiscal 2023 Plan

Business Performance Trends (Billions of yen)



In fiscal 2022, demand, mainly for automation systems and IT solutions grew, leading to increase in sales and profit. Operating profit ratio fell slightly due to impacts of soaring material prices and material procurement difficulties mostly in the automation systems business.

In fiscal 2023, we forecast net sales of ¥378.0 billion, up ¥24.6 billion year on year, and operating profit of ¥29.5 billion, up ¥4.6 billion, with an operating profit ratio of 7.8%, driven by such factors as high level of order backlog in the automation systems business and increase in demand, also in the IT solutions business.

## Priority Measures

**Strengthening the automation systems business constitution and expanding overseas operations**

● **Enhancing profitability of component products**

To enhance profitability and strengthen competitiveness of our component products, we are strengthening our system of "local design, local production, and local consumption" for components at the global level. While we have been expanding production models, mainly of low-voltage inverters in India and Europe, in fiscal 2023, we will establish production systems in the Americas, and increase the rates of local production and local consumption through a global structure encompassing six areas of the world (Japan, China, Southeast Asia, India, Europe, and the Americas) toward fiscal 2026.

By applying the platforms to standardize the main components of our products, we will work towards improving profitability by increasing productivity, reducing procurement and production costs, and reducing material inventories. As for low-voltage inverters, our core component products, we will be developing new compact models in addition to the high functionality standard model platforms to increase the application rates, and to establish a strong business constitution by producing these products globally.

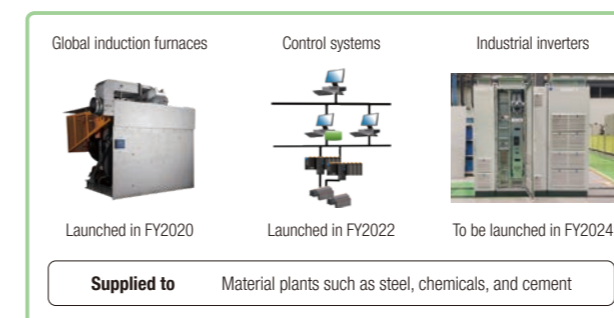
**Rates of Local Production & Local Consumption of Low-Voltage Inverters by Region**

Region	FY2023 Plans	FY2026 Targets
China and the rest of Asia	90%	90%
India	40%	65%
Europe	40%	65%
Americas	0%	45%

● **Expanding overseas businesses by promoting collaboration and global products**

In the factory automation business, we will work to increase sales by engaging in negotiations in China for systems combining low-voltage inverters, controllers (PLCs), and programmable operator interfaces (HMIs) for equipment to manufacture lithium-ion batteries and semiconductors, and expanding our sales channels through collaborations in Europe, the Americas, and India.

**Global Products for Process Automation Business**

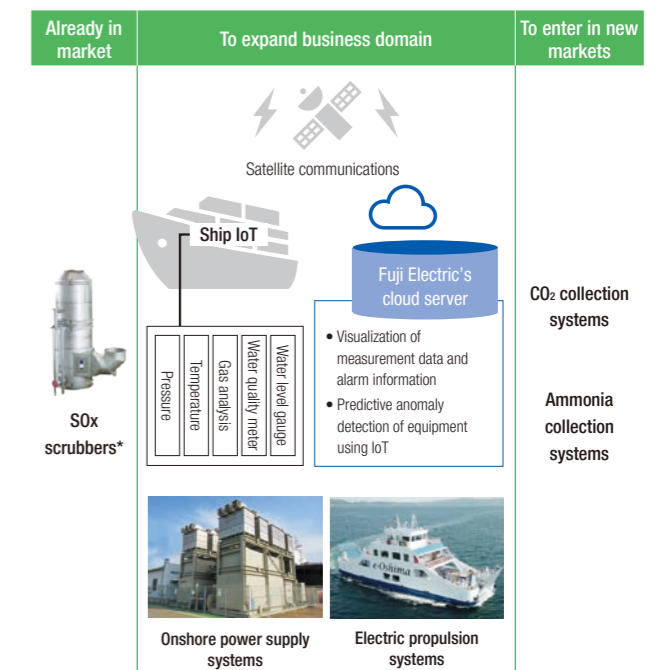


In the process automation business, we will cultivate the local staff and further strengthen our service system to empower the local teams to take lead in expanding the sales of global products, including global induction furnaces and control systems. We will work to expand our business with high value-added products such as soft sensors that enable estimation of data related to product quality at semiconductor factories and other facilities.

**Launch of differentiated products for ships and ports**

Fuji Electric has the technologies and know-how to provide comprehensive solutions, from the creation, distribution, and storage of energy at ports, and electrification of and supply of electricity for cranes and ships, toward promotion of carbon neutrality in the ship and port business. In the current fiscal year, we will expand the ship and port business by focusing our efforts in the development of electric propulsion systems for ships, ship IoT systems, which will allow automatic data collection and predictive anomaly detection of equipment, and onshore power supply systems. In the future, we are also planning to enter into new fields such as collection systems for CO<sub>2</sub> and ammonia.

**Differentiated Products for Ships and Ports**



\* Exhaust gas cleaning systems for ships