

# FY2026 Medium-Term Management Plan

Fuji Electric Co., Ltd.

May 23<sup>rd</sup>, 2024

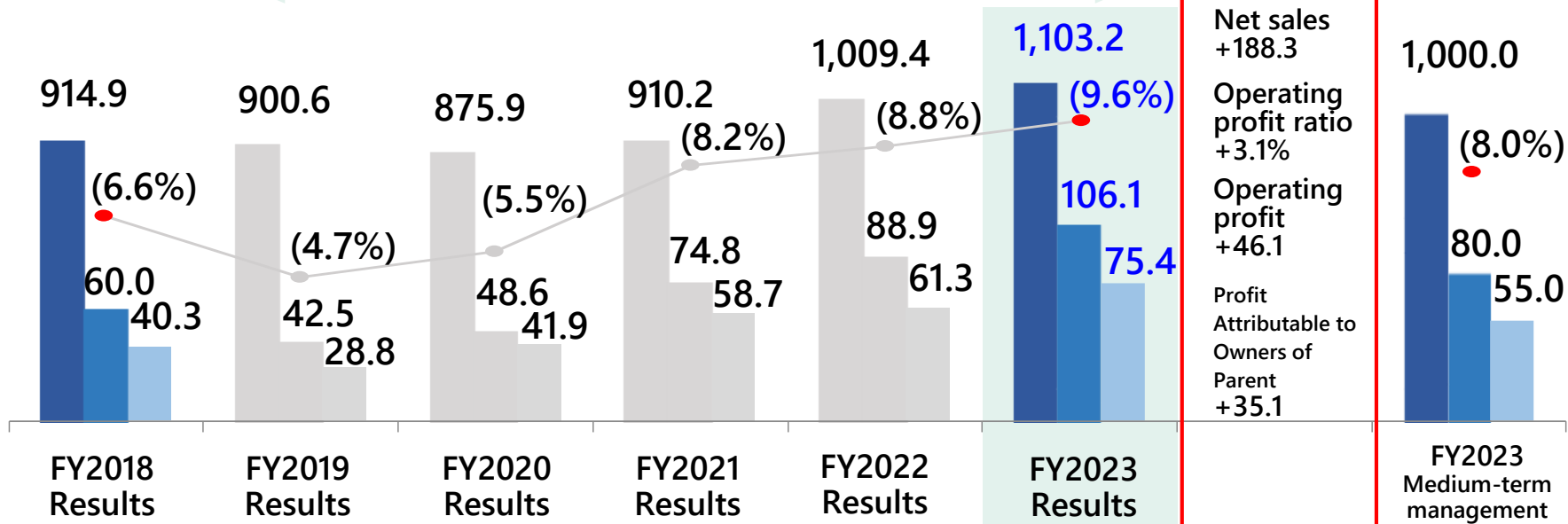
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# I Review of FY2023 Medium-Term Management Plan

## Massive improvements in net sales, operating profit, and profit attributable to owners of parent and in the operating profit ratio

(Billion yen)

← Period of FY2023 Medium-Term Management Plan →



**vs FY2018**

- Net sales +188.3
- Operating profit ratio +3.1%
- Operating profit +46.1
- Profit Attributable to Owners of Parent +35.1

ROE	12%	8%	11%	13%	12%	13%	+1%	11%
ROA	4%	3%	4%	5%	5%	6%	+2%	5%
Equity ratio	37%	37%	40%	42%	44%	47%	+10%	50%
Net debt-equity ratio	0.4 times	0.4 times	0.3 times	0.2 times	0.2 times	0.2 times	-0.2 times	0.1 times
Annual dividend payments (Dividend payout ratio)	¥80 (28%)	¥80 (40%)	¥85 (29%)	¥100 (24%)	¥115 (27%)	¥135 (26%)	+¥55	- (30%)

# FY2023 Net Sales and Operating Profit by Segment (Comparison to FY2018)

Performance driven by Semiconductor, Energy, and Industry segments;  
improvements in earnings structure of Food & Beverage Distribution segment

(Billion yen)

	FY2018 Results			FY2023 Results			Change		
	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%	342.8	30.1	8.8%	34.4	11.3	2.7%
Industry	345.3	22.1	6.4%	419.9	34.3	8.2%	74.6	12.1	1.7%
Semiconductors	137.3	15.6	11.4%	228.0	36.2	15.9%	90.7	20.5	4.5%
Food & beverage Distribution	113.6	5.8	5.1%	107.3	8.8	8.2%	-6.3	3.0	3.1%
Others	62.2	2.8	4.4%	63.2	4.3	6.8%	0.9	1.5	2.4%
Elimination and corporate	-51.9	-5.2	-	-57.9	-7.6	-	-6.1	-2.5	-
<b>Total</b>	<b>914.9</b>	<b>60.0</b>	<b>6.6%</b>	<b>1,103.2</b>	<b>106.1</b>	<b>9.6%</b>	<b>188.3</b>	<b>46.1</b>	<b>3.1%</b>

Notes: 1. Energy includes figures for the power generation-related operations of the former Power Generation segment. In comparison to FY2018, these operations showed decreases of ¥34.8 billion in net sales and ¥3.3 billion in operating profit in FY2023.

2. Industry includes figures for the nuclear power equipment-related operations of the former Power Generation segment. In comparison to FY2018, these operations showed increases of ¥11.9 billion in net sales and ¥0.1 billion in operating profit in FY2023.

3. Figures for the targets of the FY2023 Medium-Term Management Plan have been restated to reflect the reorganization of reportable segments conducted in FY2023.

# FY2023 Net Sales and Operating Profit by Segment (Comparison to Targets of FY2023 Medium-Term Management Plan)

## Targets of FY2023 Medium-Term Management Plan accomplished by adapting to operating environment changes

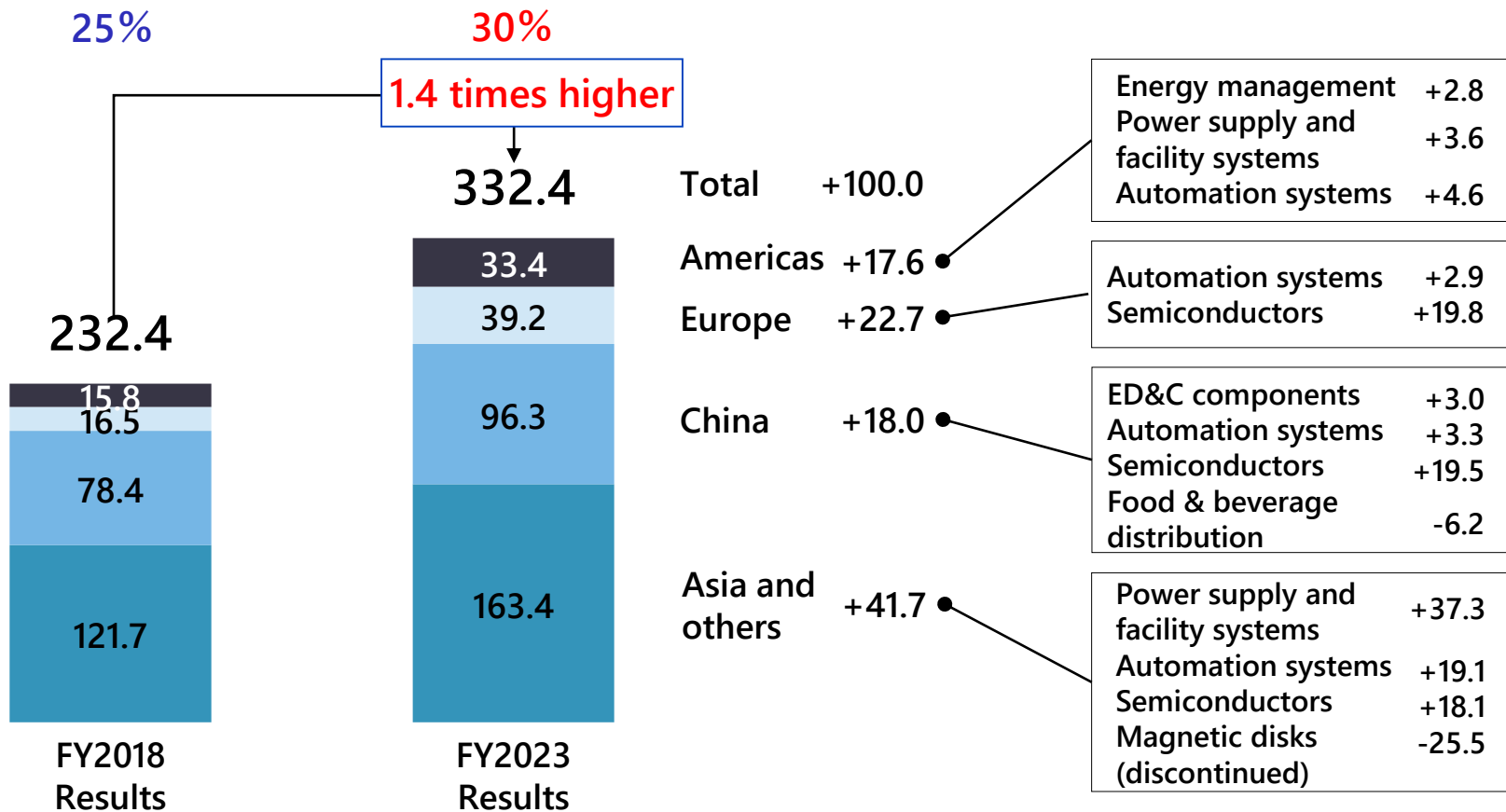
(Billion yen)

	FY2023 Medium-term management plan targets			FY2023 Results			Change		
	Net sales	Operating profit	Operating profit ratio	Net sales	Operating profit	Operating profit ratio	Net sales	Operating profit	Operating profit ratio
Energy	295.0	22.0	7.5%	342.8	30.1	8.8%	47.8	8.1	1.3%
Industry	415.0	30.4	7.3%	419.9	34.3	8.2%	4.9	3.9	0.9%
Semiconductors	200.0	21.6	10.8%	228.0	36.2	15.9%	28.0	14.6	5.1%
Food & beverage Distribution	120.0	8.4	7.0%	107.3	8.8	8.2%	-12.7	0.4	1.2%
Others	60.0	3.4	5.7%	63.2	4.3	6.8%	3.2	0.9	1.1%
Elimination and corporate	-90.0	-5.8	-	-57.9	-7.6	-	32.1	-1.8	-
<b>Total</b>	<b>1,000.0</b>	<b>80.0</b>	<b>8.0%</b>	<b>1,103.2</b>	<b>106.1</b>	<b>9.6%</b>	<b>103.2</b>	<b>26.1</b>	<b>1.6%</b>

Note: Figures for the targets of the FY2023 Medium-Term Management Plan have been restated to reflect the reorganization of reportable segments conducted in FY2023.

## Higher sales in Asia and all other areas

(Billion yen)  
Overseas sales ratio



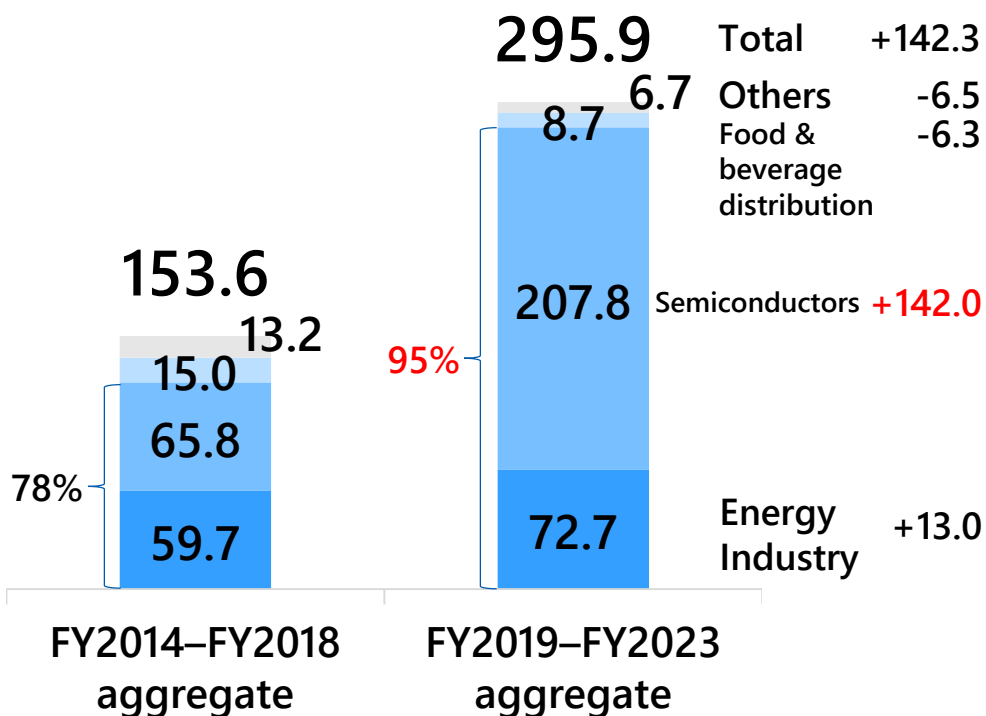
Note: Figures for the results of FY2018 have been restated to reflect the reorganization of reportable segments conducted in FY2023.

# Capital Investment / Research and Development (Five-Year Aggregate)

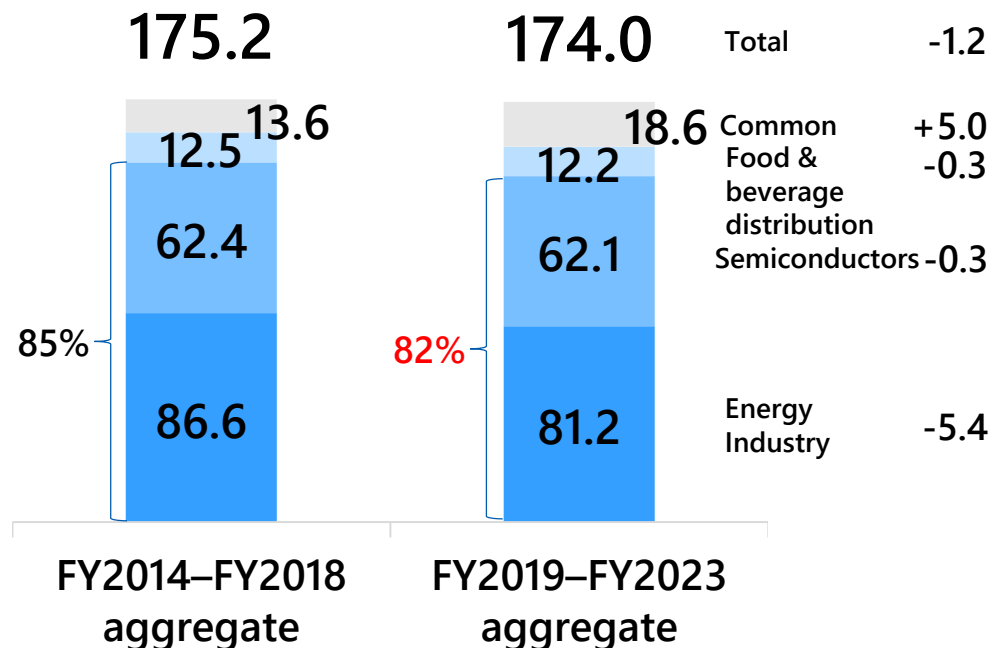
Investment concentrated on growth fields in Semiconductor, Energy, and Industry segments; massive increase in investments in Semiconductor segment

(Billion yen)

## Capital Investment



## Research and Development



Note: 1. Figures for Energy and Industry include figures for the prior Power Generation segment.

2. The R&D expenditure figures above represent expenditures that have been allocated to segments based on theme and may therefore differ from figures contained in consolidated financial reports.



## Measures and Successes

### Promotion of growth strategies

- Investment in production capacity increases and growth in sales of semiconductors
  - **Fivefold increase** in front-end 8-inch wafer production capacity in comparison to FY2018
  - **Doubled** power semiconductor sales in comparison to FY2018
- Expansion of businesses of Energy and Industry segments
  - **Doubled** comprehensive electrical equipment sales in comparison to FY2018

### Expansion of overseas businesses

- **Locally driven business growth through M&A activities**
  - **Fivefold increase** in net sales in India in comparison to FY2018

### Further improvement of profitability

- Structural reforms (ED&C components, vending machines)
- Integration of power generation operations into energy businesses
- Response to rising material prices
- Redoubling of procurement risk countermeasures (Purchasing from multiple suppliers, local production and consumption, in-house production)

## Tasks to be Addressed Under New Medium-Term Management Plan

- **Creation of new businesses**
- **Growth of overseas sales**
- **Strengthening of project management**
- **Improvement of productivity**

## Measures and Successes

## Tasks to be Addressed Under New Medium-Term Management Plan

### Environment

- **Acceleration of decarbonization initiatives**  
Accomplishment of FY2023 targets of “Environmental Vision 2050”  
Inclusion in CDP “Climate Change A List” for five consecutive years  
Acquisition of Science Based Targets Certification

- **Expansion of renewable energy procurement**
- **Promotion of circular economies**

### Social (Human resources)

- **Achievement of employee satisfaction score of 3.8 out of 5.0 points\*<sup>1</sup>**  
\*1 Based on employee awareness survey
- **Promotion of contributions by diverse human resources**  
Ratio of women among new graduate hires of 20% in Japan  
No. of female employees in supervisory positions\*<sup>2</sup> of 336 in FY2023 (228 in FY2018)  
\*2 Team leaders or above

- **Improvement of employee satisfaction**
- **Promotion of contributions by diverse human resources**

### Governance

- **Improvement of effectiveness of corporate governance**  
Ongoing evaluation of Board of Directors effectiveness and reflection of results in proceedings  
Appointment of female outside directors  
Reduction of cross-shareholdings of 95 companies in comparison to March 31, 2019

- **Strengthening of risk management across the supply chain**
- **Enhancement of compliance**

## II Overview of FY2026 Medium-Term Management Plan

## No change to corporate philosophy or management policies

### 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

Enthusiasm - The eagerness to contribute to society by creating new technologies and product

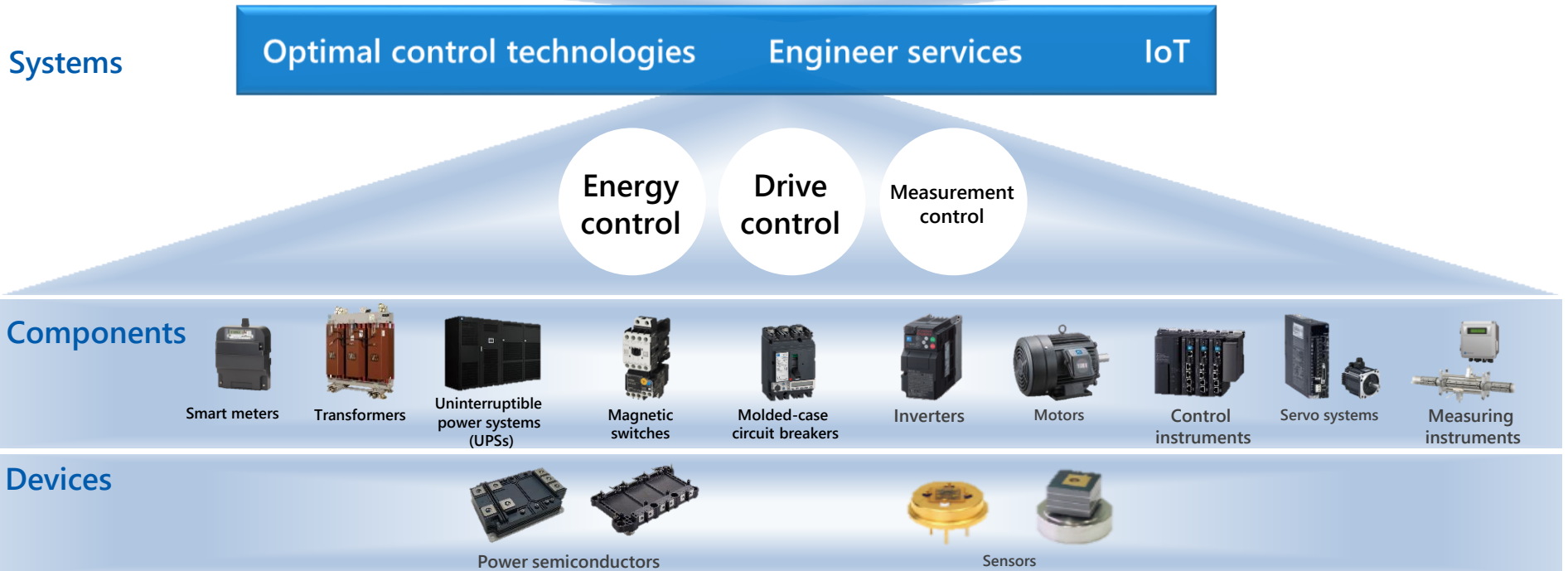
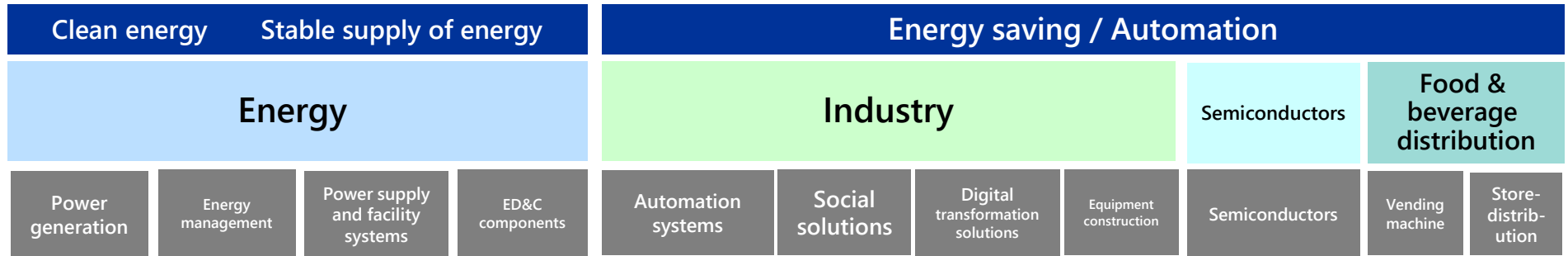
Ambition - The determination and spirit to set high goals and continuously pursue them

Sensitivity - The kindness to appreciate and care for our customers, colleagues and families

### 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.

Realization of reliable energy supplies, energy conservation, and automation using core power semiconductor and power electronics technologies



## Operating Environment Changes (Leading up to 2030)

### Acceleration of Decarbonization Trend

- Decarbonization and decentralization of power supplies and shift toward electric equipment
- Focus on decarbonization measures as source of competitiveness

### Advancement of Digitalization

- Accelerated digitalization among customers and competitors
- Transformation of business model using digital technologies

### Global Market Changes

- Increased infrastructure investment in Asian and other emerging countries
- Rising geopolitical risks

### Demographic and Labor Changes

- Popular aging, birthrate declines, and workforce contraction
- Global population growth centered on emerging countries
- Aging of workforce in Japan

## Opportunities and Risks for Fuji Electric

Rapid increase in green transformation needs driving growth of related markets

Expectations for Fuji Electric to promote decarbonization

Growth of digital transformation-related markets

Competitiveness affected by differences in digital technology adoption

Growth of Asian and other emerging markets

Rising geopolitical risks

Rising labor-saving needs

Increasing severity of labor shortfalls

※ Opportunities  , Risks

## Ongoing improvements to corporate value and social contributions to be pursued by adapting to changing times



FY2023 Medium-Term Management Plan  
Reiwa Prosperity 2023  
Net sales  
Over ¥1 trillion  
Operating profit  
Over ¥100 billion  
Market capitalization  
Over ¥1 trillion

**“To be enthusiastic, ambitious and sensitive 2026”**  
**Medium-Term management Plan For FY2024–FY2026**  
Improvement of corporate value through management emphasizing profit



Reaping of benefits of new products

Creation of new businesses

## Creation of new businesses through innovation and synergies with existing businesses

Value Provided by  
Fuji Electric

### Promotion of clean energy as mainstream



Geothermal power generation



Solar power generation



Wind power generation

### Stabilization of the energy supply



Substation equipment



Power conditioning systems



Uninterruptible power systems

### Energy saving, automation, and electrification



Inverters



Power semiconductors



Vending machines

Efficiency improvement and optimization of energy supply-demand balance through digital transformation

Suppliers

Users



New Value Proposition

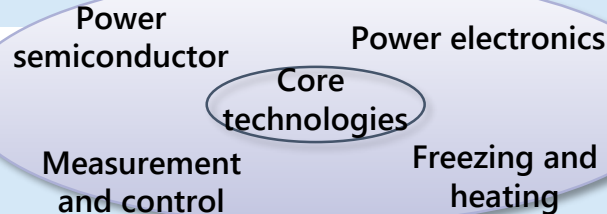
### Fuel Conversion

- Water-electrolyzing apparatus system for hydrogen production

Large-capacity DC power supply technologies

- Ammonia gas analyzers and leak sensors

Synergies between laser analysis and AI technologies



### DC electricity distribution

- DC-DC transformers
- Semiconductor circuit breakers

High-speed DC circuit breaker technologies for railway applications

### Thermoelectric systems

- Waste heat recovery heat pumps
- Ejector cooling systems

Synergies between heat cycle, fluid control, and heat exchange technologies

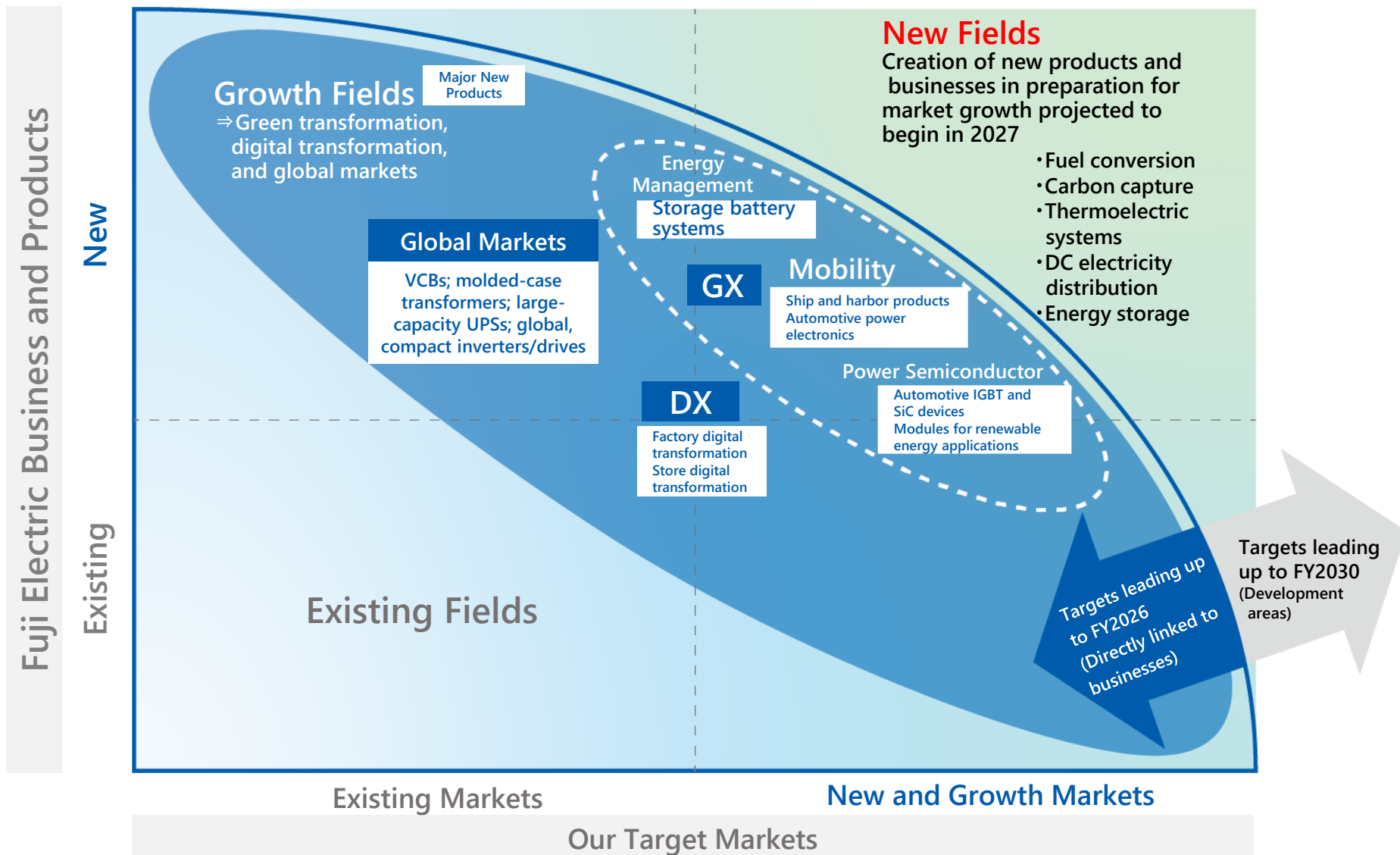
### Carbon capture

- Carbon separation and capture equipment

Synergies between waste heat treatment and membrane separation technologies



## Expansion of operations in growth fields



## Basic Policy

### Improvement of corporate value through management emphasizing profit

## Important Management Targets

- Profit: Operating profit ratio above 11%, ratio of profit attributable to owners of parent to net sales above 7%
- Financial indicators: ROE of more than 12%, ROIC of more than 10%

- Reduction of 29% in greenhouse gas emissions from production
- Employee satisfaction score of more than 3.8points

## Priority Strategies

### Improvement of Profitability

- Business operation emphasizing cost of capital
- Improvement of productivity using digital technologies

### Promotion of Growth Strategies

-Concentrated investment in growth fields-

- Introduction of new products to expand operations
- Expansion of overseas businesses
- Creation of new businesses to grow sales after 2027



### Strengthening of Management Foundations

#### Social

Employees first Well-being (WB)

#### Environment

Promotion of Environmental Vision 2050

#### Governance

Thorough compliance Stronger risk management

# Performance Targets and Key Performance Indicator

Target operating profit ratio above 11%, ratio of profit attributable to owners of parent to net sales above 7%, ROE of more than 12%, and ROIC of more than 10% through management emphasizing profit

(Billion yen)

	FY2023 Results	FY2026 Medium-term management plan targets	Change
Net sales	1,103.2	1,250.0	146.8 +13%
Operating profit	106.1	140.0	33.9 +32%
Operating profit ratio	9.6%	11.2%	1.6%
Profit attributable to owners of parent	75.4	90.0	14.6
Ratio of profit attributable to owners of parent to net sales	6.8%	7.2%	0.4%

## Financial Indicators

	FY2023 Results	FY2026 Medium-term management plan targets	Exchange Rates	FY2023 Results	FY2026 Medium-term management plan targets	
ROE	13.5%	More than 12%		US\$	¥151.41	¥140.00
ROIC	11.5%	More than 10%		€	¥163.24	¥150.00
Equity ratio	47%	About 50%		RMB	¥20.83	¥19.50
Net debt-to-equity ratio*	0.2 times	About 0.2 times				
Dividend payout ratio	25.6%	Approximately 30%				

\* Net debt-to-equity ratio = Net interest-bearing debt ÷ Equity

# Segment Performance Targets

**Target operating profit ratio of more than 10% in all segments; grow operations and earnings in Energy, Industry, and Semiconductor segments**

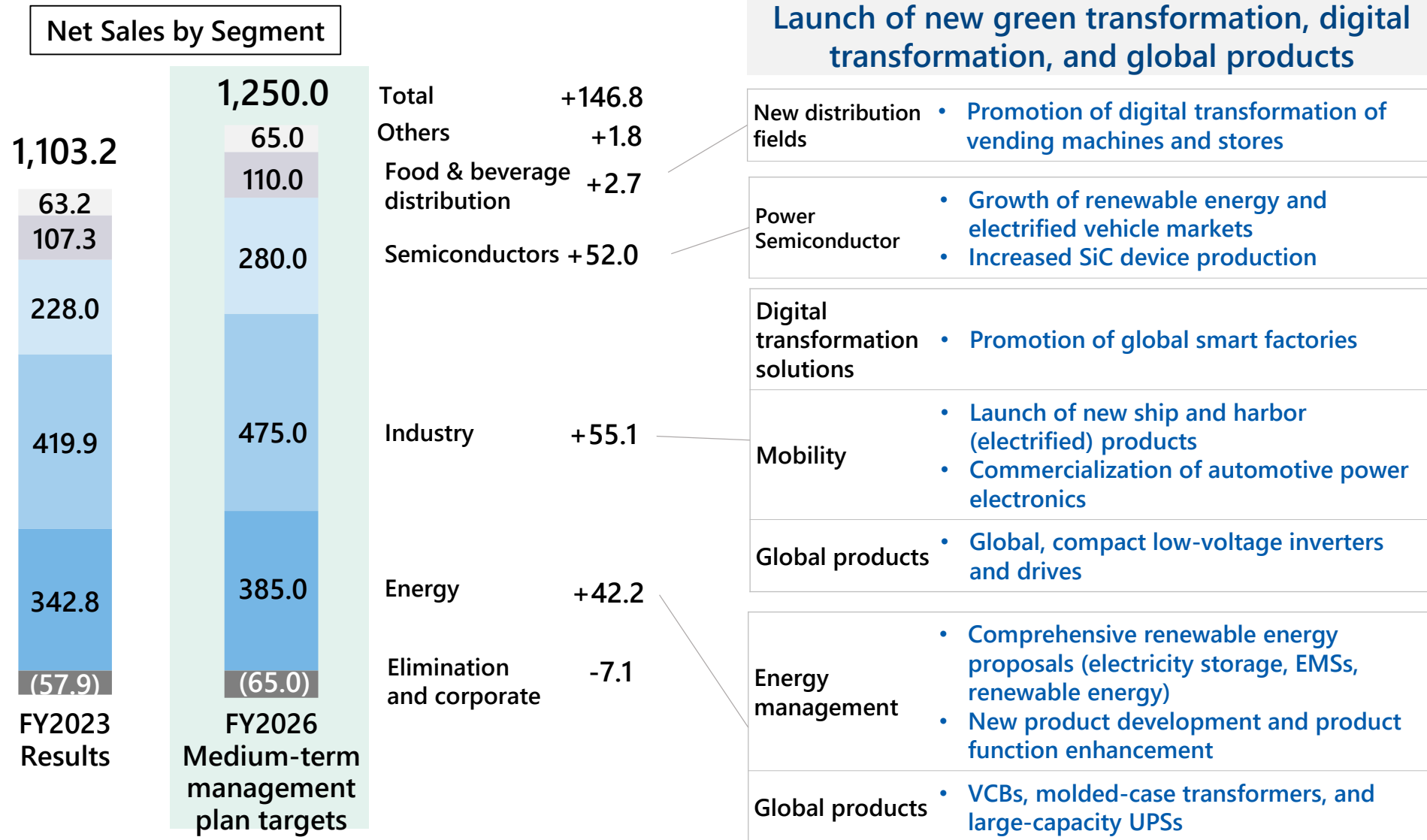
(Billion yen)

	FY2023 Results			FY2026 Medium-term management plan targets			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%	385.0	39.0	10.1%	42.2	8.9	1.3%
Industry	419.9	34.3	8.2%	475.0	47.5	10.0%	55.1	13.2	1.8%
Semiconductors	228.0	36.2	15.9%	280.0	44.5	15.9%	52.0	8.3	-
Food & beverage Distribution	107.3	8.8	8.2%	110.0	11.0	10.0%	2.7	2.2	1.8%
Others	63.2	4.3	6.8%	65.0	4.5	6.9%	1.8	0.2	0.1%
Elimination and corporate	-57.9	-7.6	-	-65.0	-6.5	-	-7.1	1.1	-
<b>Total</b>	<b>1,103.2</b>	<b>106.1</b>	<b>9.6%</b>	<b>1,250.0</b>	<b>140.0</b>	<b>11.2%</b>	<b>146.8</b>	<b>33.9</b>	<b>1.6%</b>

# Promotion of Growth Strategies 1

## - Expansion of Businesses Driven by New Products

(Billion yen)

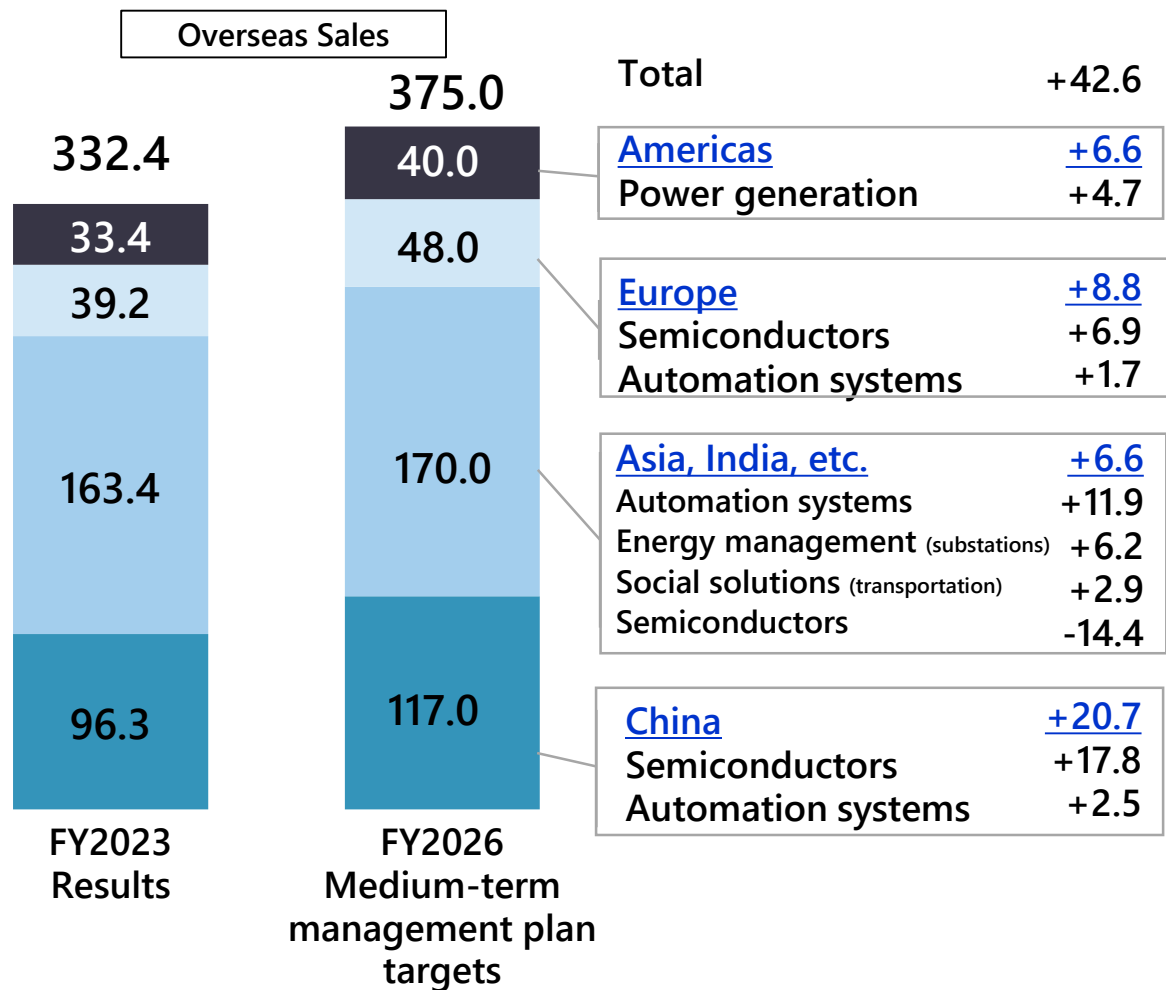


# Promotion of Growth Strategies 2

## - Expansion of Overseas Businesses

### Expansion of businesses through introduction of global market products and regional priority measures

(Billion yen)

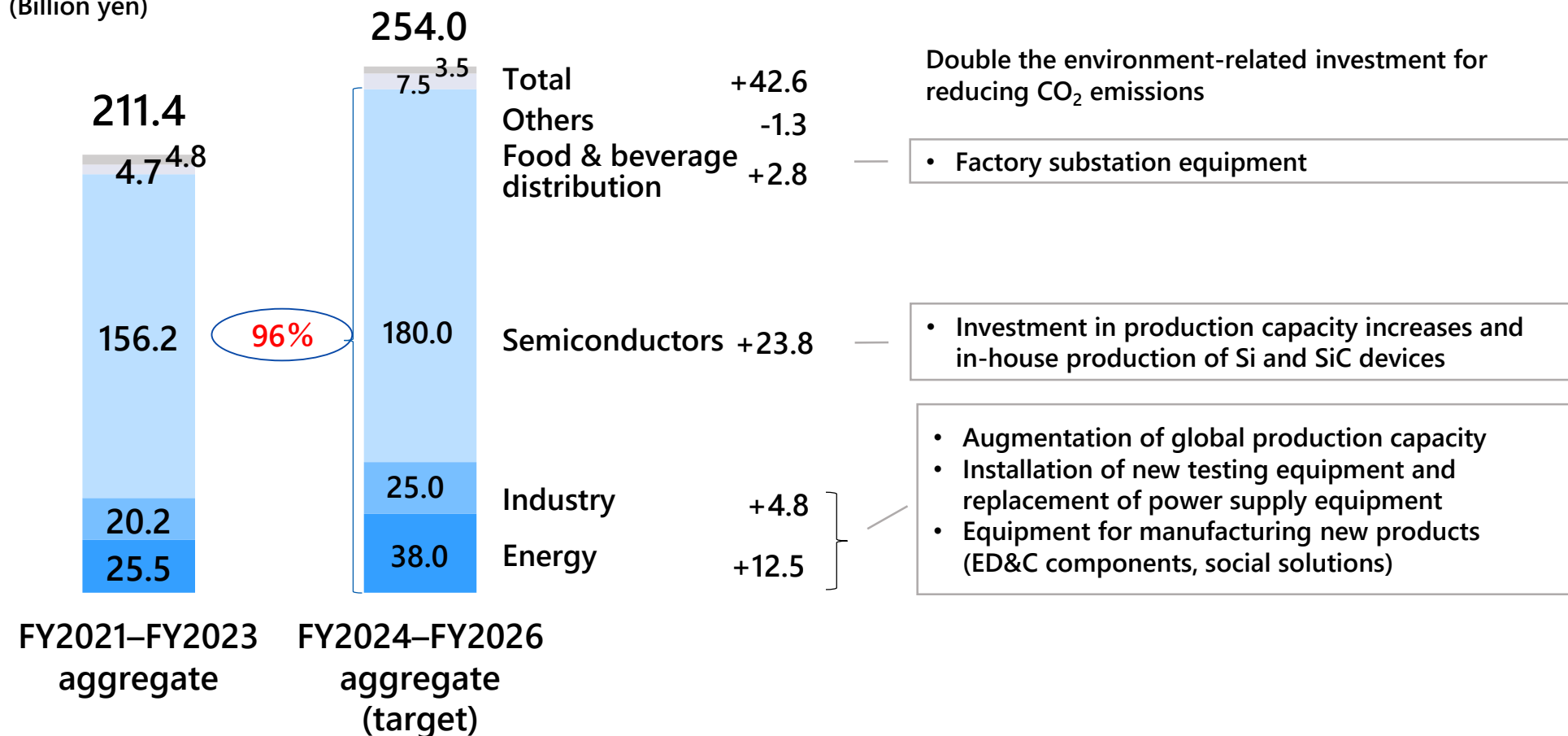


**India**  
**+10.0**

- Further promotion of local production, consumption, and design (low-voltage inverters, small-capacity power supplies)
- Entry into smart meter market
- Promotion of sales of products for steel plants

## Ongoing concentration of investment on growth fields of Energy, Industry, and Semiconductor segments; expansion of environment-related investment

(Billion yen)

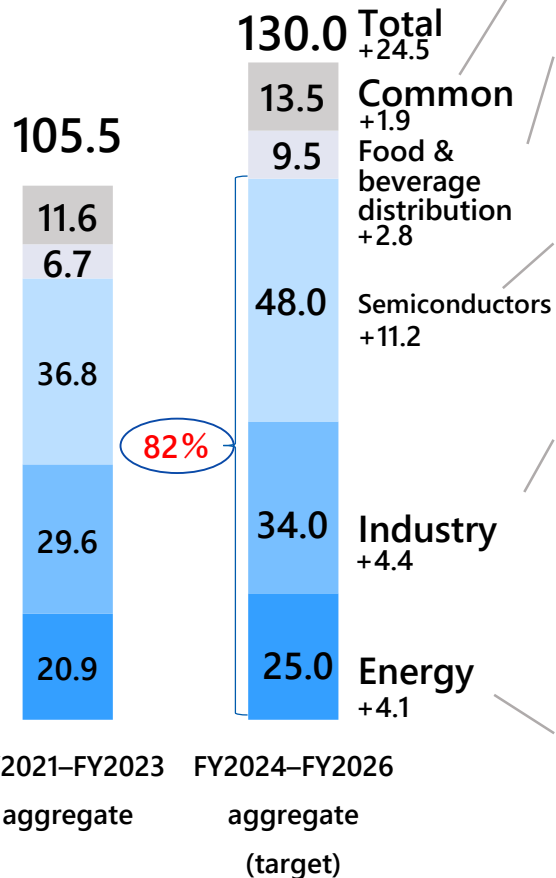


# R&D Expenditures (By Segment/Field)

Investment prioritizing new product development and new business creation targeting green transformation-related markets

(Billion yen)

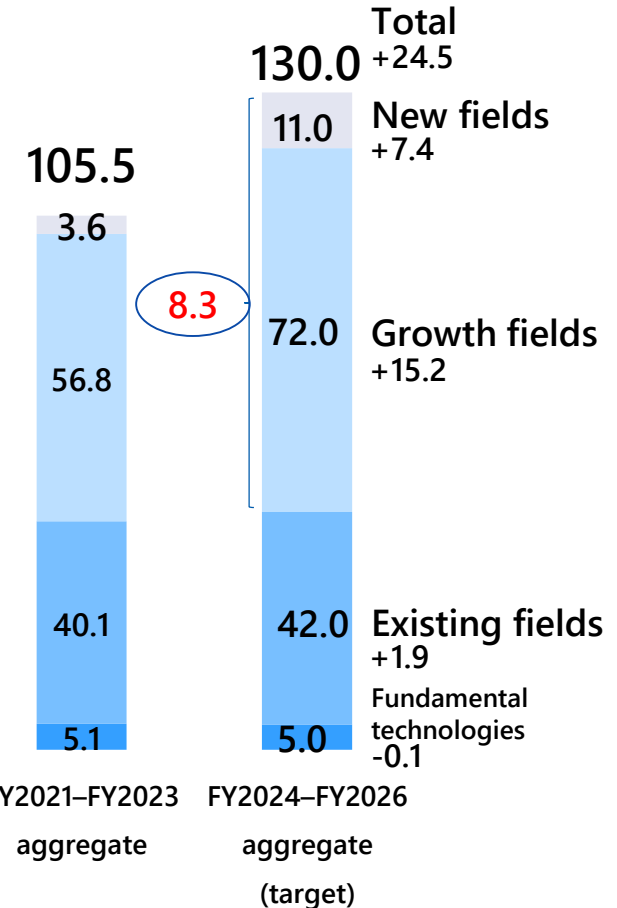
R&D Expenditures by Segment



Red letters indicate new fields

- Carbon separation and capture
- Eco-friendly, labor-saving, and energy-saving products
- Digital transformation services (vending machines, stores)
- 3rd-generation SiC devices and 8th-generation IGBTs
- Mass production technologies for 8-inch SiC wafers
- Global factory automation products
- Mobility electrification
- Digital transformation solutions
- Thermoelectric systems
- Large-capacity UPSs
- Electricity storage systems
- New green transformation-related products (hydrogen, DC electricity distribution)
- Global products (transformers, molded-case transformers, switchgears and control gears)

R&D Expenditures by Field



Note: The R&D expenditure figures above represent expenditures that have been allocated to segments based on theme and may therefore differ from figures contained in consolidated financial reports.



Utilization of digital and AI technologies to heighten productivity and quality while reducing costs to improve profitability

Up to 2023

Up to 2026

## Manufacturing IoT (Data tracking)



## IoT-Linked Smart Factories (Control and optimization)



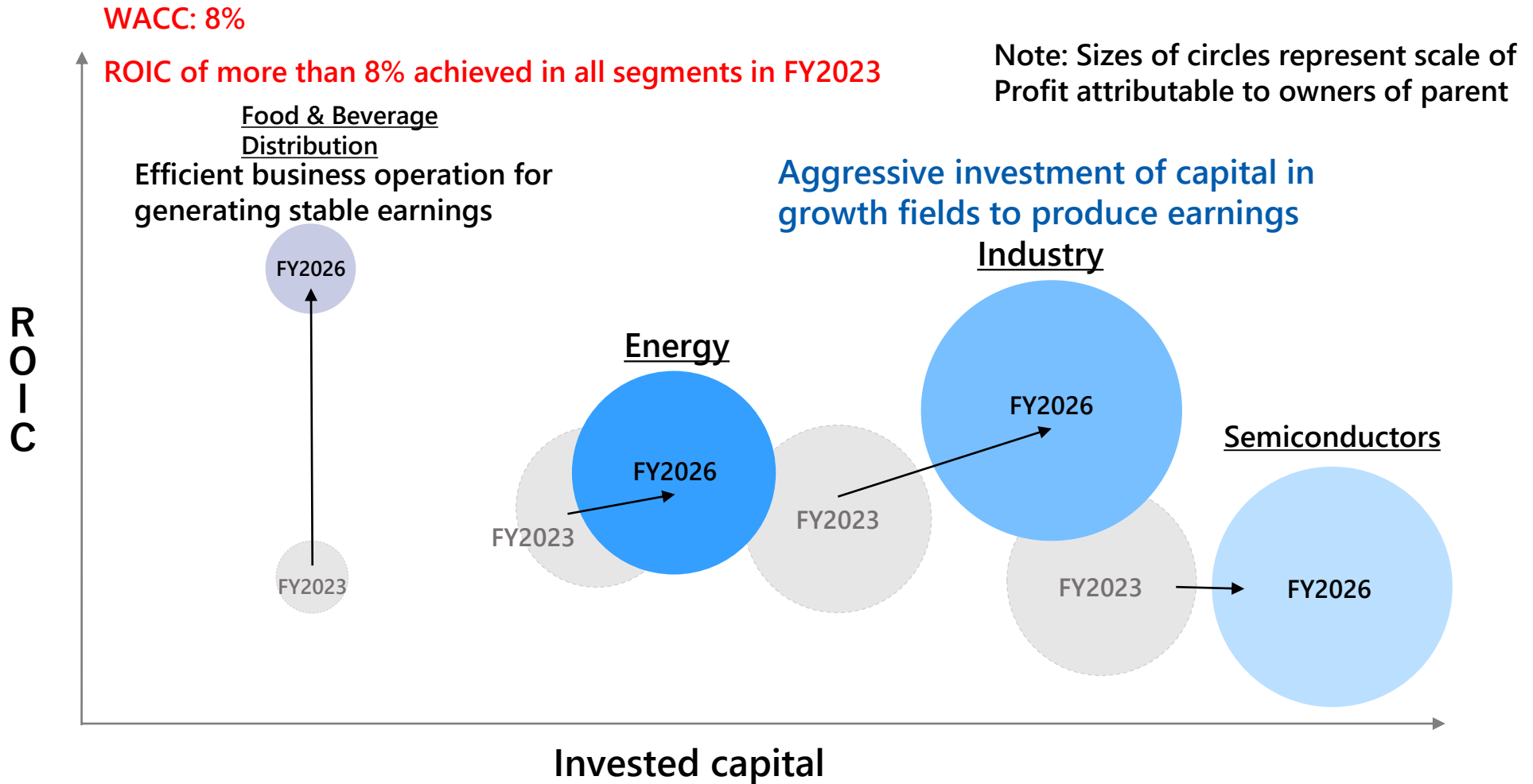
### Step1

- Expansion of automation and in-house production
- Tracking of factory management data

Step2 20% improvement in productivity (in comparison to FY2023)

- Digital linkage of supply chain and product lifecycle management information
- Real-time data collection, analysis, and optimization
- Automation of skill-intensive processes and inspections, digital transformation of facilities

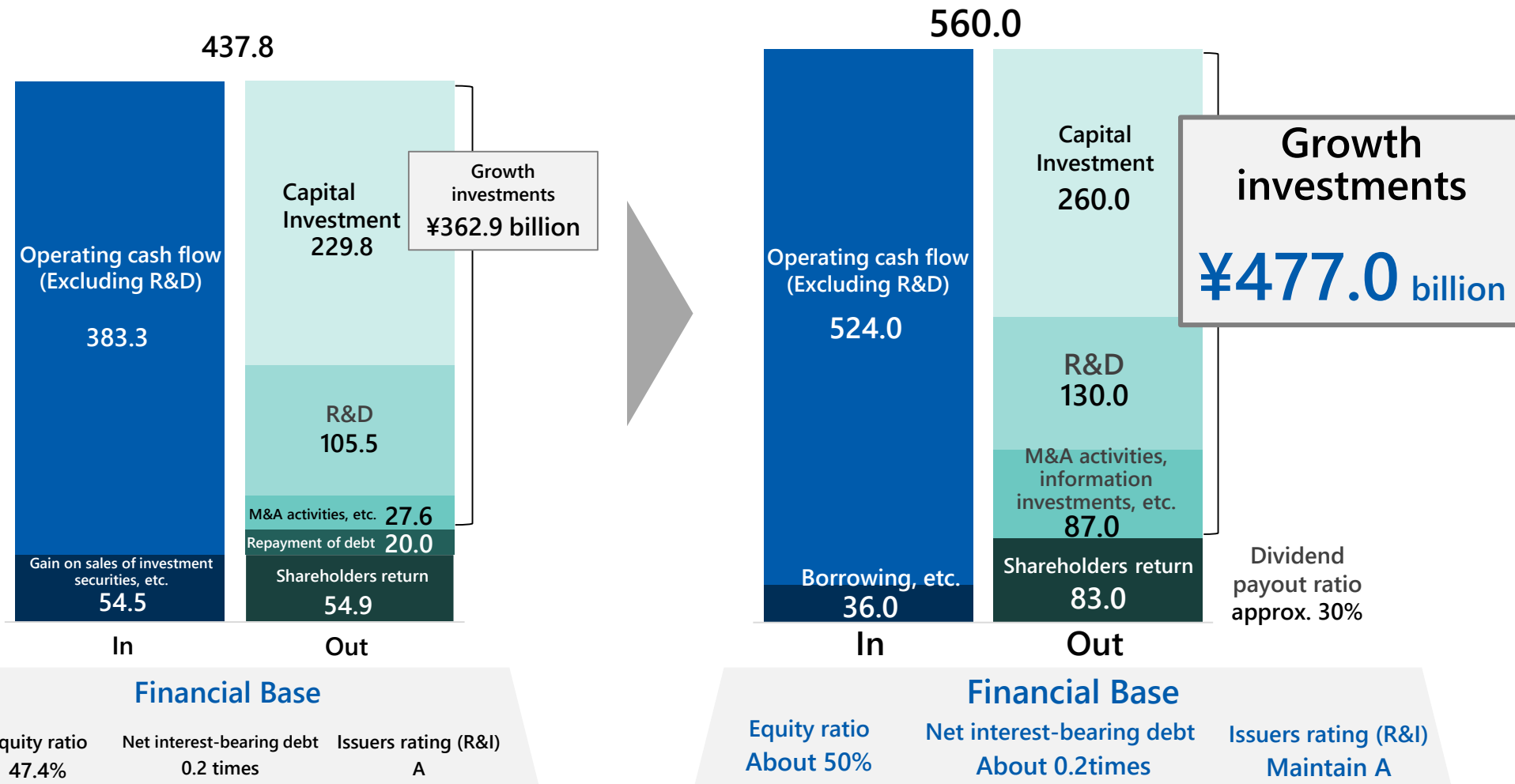
### Development of strong business portfolio based on hurdle rate of ROIC of 10% for all segments in order to improve profits



## Allocation of 90% of generated cash to growth investments; maintenance of a stable financial base while pursuing growth

FY2021–FY2023 Financial Data

FY2024–FY2026 Medium-term Management Plan Targets



## Reinforcement of management foundations supporting ongoing improvement of corporate value



### Environment

#### Promotion of Environmental Vision 2050

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- ❑ Reduction of greenhouse gas emissions
- ❑ Promotion of circular economies



### Social

#### Promotion of well-being based on employee-first approach

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- ❑ Promotion of contributions by diverse human resources
- ❑ Improvement of employee engagement



### Governance

#### Strengthening of corporate governance

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- ❑ Rigorous global compliance
- ❑ Enhanced risk management



## Social

### Promotion of well-being based on employee-first approach and pursuit of ongoing corporate growth

#### Promotion of Contributions by Diverse Human Resources

- ▶ Recruitment of diverse human resources
- ▶ Promotion of contributions of female employees
- ▶ Redoubling of management candidate cultivation measures worldwide
- ▶ Revision of workstyles and reimbursement of senior employees

#### Improvement of Employee Engagement

- ▶ Career development support
- ▶ Revision of human resource benefit systems
- ▶ Open application and reskilling programs
- ▶ Expansion of systems supporting flexible workstyles

#### Key Performance Indicators

Indicators	FY2023 Results	FY2026 Targets
Employee satisfaction (ES <sup>*1</sup> )	3.8 points	Over 3.8 points
Well-being indicators <sup>*2</sup> (ES <sup>*1</sup> )	3.5 points	Over 3.6 points
No. of female employees in supervisory positions <sup>*3</sup>	336 people	450 people

\*1 ES: Employee awareness survey  
Items scored up to 5 points, 3.5 points or above deemed to be healthy

\*2 Major well-being indicators:  
Work engagement, work-life balance, physical and mental health, evaluations and treatment, etc.

\*3 Team leaders or above



## Acceleration of initiatives for accomplishing goals of Environmental Vision 2030

### Reduction of Greenhouse Gas Emissions

- ▶ Reduction of greenhouse gas emissions from production
- ▶ Improvement of rate of renewable energy usage
- ▶ Calculation of carbon footprint across entire supply chain

### Promotion of Circular Economies

- ▶ Establishment of product design standards based on eco-design regulations

### Key Performance Indicators

Objectives	Indicators	FY2026 Plan	FY2030 Targets
Decarbo- nization	Greenhouse gas emissions from production (In comparison to FY2019)	29% reduction	46% reduction
	Rate of renewable energy usage (in comparison to total electricity usage)	29%	55%
	Greenhouse gas emissions across supply chain (In comparison to FY2019)	45% reduction	46% reduction
	Contributions to CO <sub>2</sub> emissions reductions by products	58 million tons	More than 59 million tons
Circular economy, harmony with nature	Promotion of circular economy	Alteration of component designs	



### Strengthening of corporate governance

#### Rigorous Global Compliance

- ▶ Expansion of compliance programs (rules, monitoring, auditing, education, disclosure)
- ▶ Promotion of use of Business Ethics Whistle-Blowing Systems

#### Enhanced Risk Management

- ▶ Enhancement of business continuity through ongoing improvements to BCPs (Global BCP monitoring, enhancement of management systems and training programs)
- ▶ Strengthening of project management

# Ongoing Improvement of Corporate Value

Adaptability, **Imagination**, and **Creativity**

**To be enthusiastic,  
ambitious and sensitive\***

Enthusiasm - The eagerness to contribute to society by creating new technologies and product

Ambition - The determination and spirit to set high goals and continuously pursue them

Sensitivity - The kindness to appreciate and care for our customers, colleagues and families



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