

FY2026 Medium-Term Management Plan

Fuji Electric Co., Ltd.

May 23rd, 2024

Hello everyone. This is Kondo from Fuji Electric. Thank you very much for taking time out of your busy schedules to attend this briefing on Fuji Electric's Medium-Term Management Plan. I would like to begin with an overview.

I. Review of FY2023 Medium-Term Management Plan	P. 3
II. Overview of FY2026 Medium-Term Management Plan	P.11
•Corporate Philosophy and Management Policies	
•Positioning and Basic Policy of FY2026 Medium-Term Management Plan	
•Performance Targets (Consolidated / Segment)	
•Promotion of Growth Strategies	
•Further Improvement of Profitability	
•Financial Capital Strategies	
•Sustainability Management	

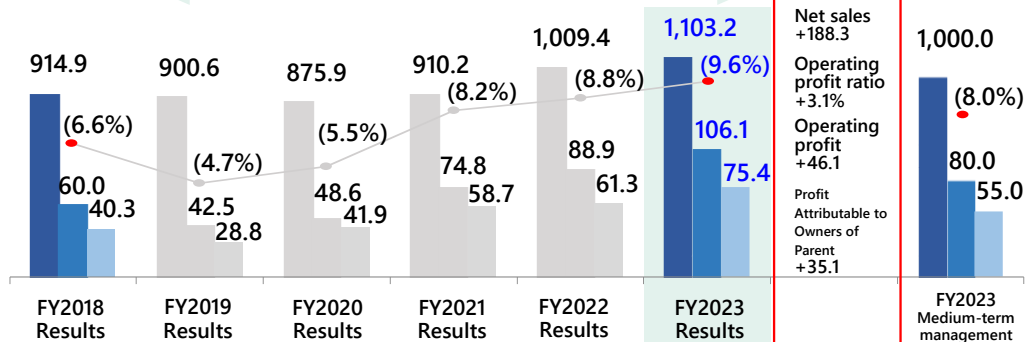
I Review of FY2023 Medium-Term Management Plan

Performance and Major Indicators

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 was the 100th anniversary of Fuji Electric, which coincided with the final year of the Medium-Term Management Plan which we implemented in earnest. The targets of the Plan were to achieve net sales of 1 trillion yen and an operating profit ratio of 8% or higher. We were able to far exceed these targets.

Looking back, there were times when we suffered considerably, such as trade friction between the U.S. and China in 2019 and Covid-19 from 2020 and onwards, but in terms of operating profit ratio, we exceeded 8% in FY2021 and achieved 1 trillion yen in net sales in FY2022, one year ahead of plan. In FY2023, we saw record high net sales, operating profit, operating profit ratio, as well as profit attributable to owners of parent.

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	-
Total	914.9	60.0	6.6%	1,103.2	106.1	9.6%	188.3	46.1	3.1%

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.

Net sales and operating profit by segment, in comparison to FY2018 shows that Semiconductors Segment, Energy Segment, and Industry Segment were strong with all segments exceeding operating profit ratio of 8% 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	-
Total	1,000.0	80.0	8.0%	1,103.2	106.1	9.6%	103.2	26.1	1.6%

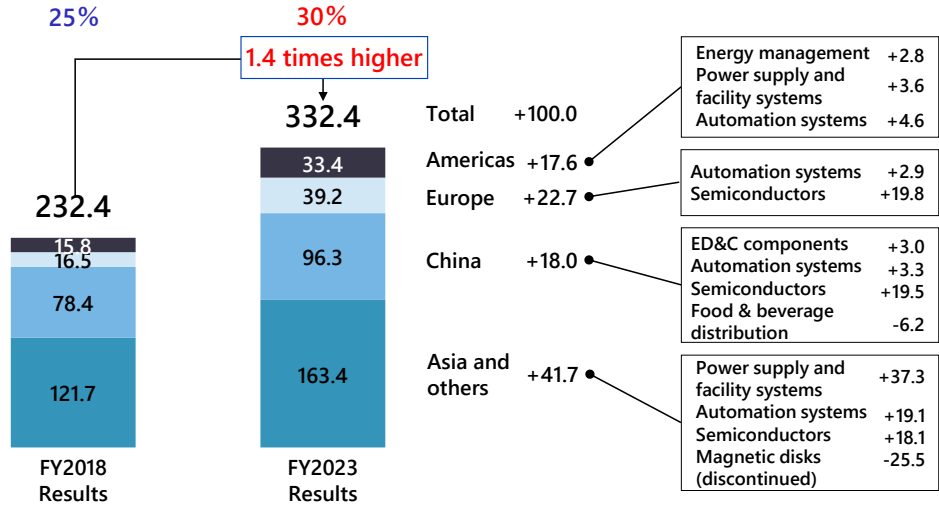
Note: Figures for the targets of the FY2023 Medium-Term Management Plan have been restated to reflect the reorganization of reportable segments conducted in FY2023.

This is the comparison to targets of FY2023 Medium-Term Management Plan, which was formulated five years ago. These figures remind me of many things. For example, in Industry, Scrabba did not go as we had planned, and Vending Machines Business in China was also quite difficult. Semiconductors Segment has growing significantly in terms of numbers, but behind these numbers are withdrawals from the disk media business. Energy Segment, comprehensive electrical equipment business for Data Centers and Semiconductors Manufactures grew as a whole, and in the Industry Segment, we grew our overseas business, especially in India. In the Food & Beverage Distribution Segment, although the China business stumbled for a while, we were able to turn the corner by improving our profit structure, left with operating profit ratio of more than 8%. As I mentioned in my management message, I believe that one of the keywords here was "Responding to changes in the business environment."

Overseas Net Sales (Comparison to FY2018)

Higher sales in Asia and all other areas

(Billion yen)
Overseas sales ratio



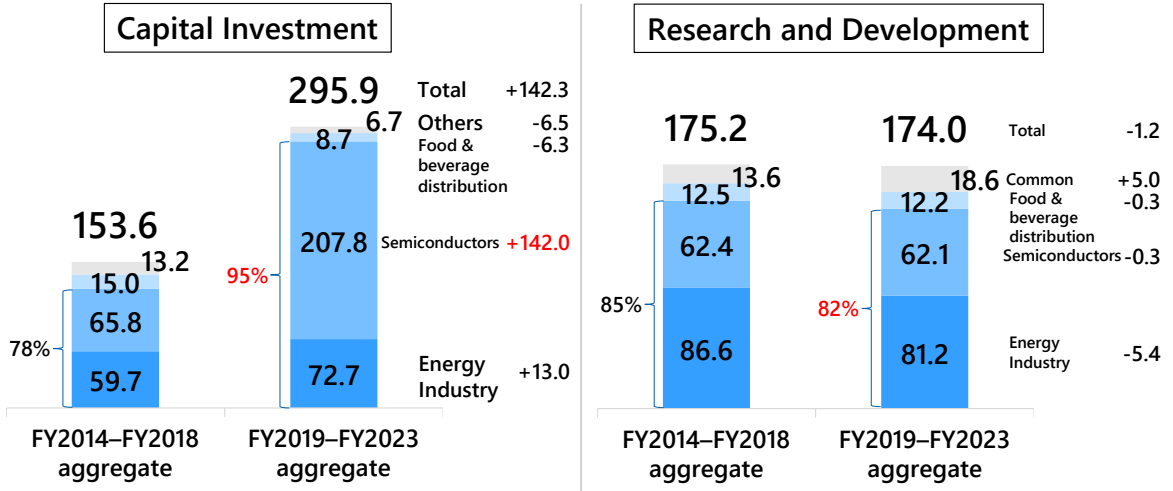
Note: Figures for the results of FY2018 have been restated to reflect the reorganization of reportable segments conducted in FY2023.

Overseas net sales increased 1.4 times compared to FY2018 to 332.4 billion yen. This was the result of increased sales in all areas, especially in Asia and others.

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)



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.

Capital Investment increased 142.3 billion yen compared to the previous five years starting in FY2014, to 295.9 billion yen. As I mentioned earlier, we have been making significant investments to increase production, mainly in the Semiconductors Segment

R&D expenditure remained flat. We conducted efficient R&D during the past five years. R&D expenditure remained almost flat, but the sales of new products grew approximately 1.7 times.

Measures, Successes, and Uncompleted Tasks of FY2023 Medium-Term Management Plan 1

Measures and Successes		Tasks to be Addressed Under New Medium-Term Management Plan
Promotion of growth strategies	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> • Creation of new businesses • Growth of overseas sales • Strengthening of project management • Improvement of productivity
Expansion of overseas businesses	<ul style="list-style-type: none"> Locally driven business growth through M&A activities Fivefold increase in net sales in India in comparison to FY2018 	
Further improvement of profitability	<ul style="list-style-type: none"> 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) 	

Next, on the measures, successes, and uncompleted tasks of FY2023 Medium-Term Management Plan.

In terms of the promotion of growth strategies, the Semiconductor Segment and the comprehensive electrical equipment sales grew substantially, driving the performance.

As for expansion of overseas business, we greatly expanded our business for data centers in India and Southeast Asia. It has been a very important five years for us to learn how important it is to expand overseas business under local leadership.

In terms of further improvement of profitability, I believe that our profit structure has improved significantly as a result of structural reforms in ED&C Components business and deepen your understanding of the Vending Machines business.

Measures, Successes, and Uncompleted Tasks of FY2023 Medium-Term Management Plan 2

Measures and Successes		Tasks to be Addressed Under New Medium-Term Management Plan
Environment	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Expansion of renewable energy procurement • Promotion of circular economies
Social (Human resources)	<ul style="list-style-type: none"> • Achievement of employee satisfaction score of 3.8 out of 5.0 points^{*1} <small>*1 Based on employee awareness survey</small> • 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^{*2} of 336 in FY2023 (228 in FY2018) <small>*2 Team leaders or above</small> 	<ul style="list-style-type: none"> • Improvement of employee satisfaction • Promotion of contributions by diverse human resources
Governance	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Strengthening of risk management across the supply chain • Enhancement of compliance

The other area is environment, human resource, and governance, or ESG, which form the foundation of our management. ESG is an area that requires continuous efforts. To avoid being redundant with the explanation of the new Medium Term Management Plan starting FY2024, I will not talk about it here.

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

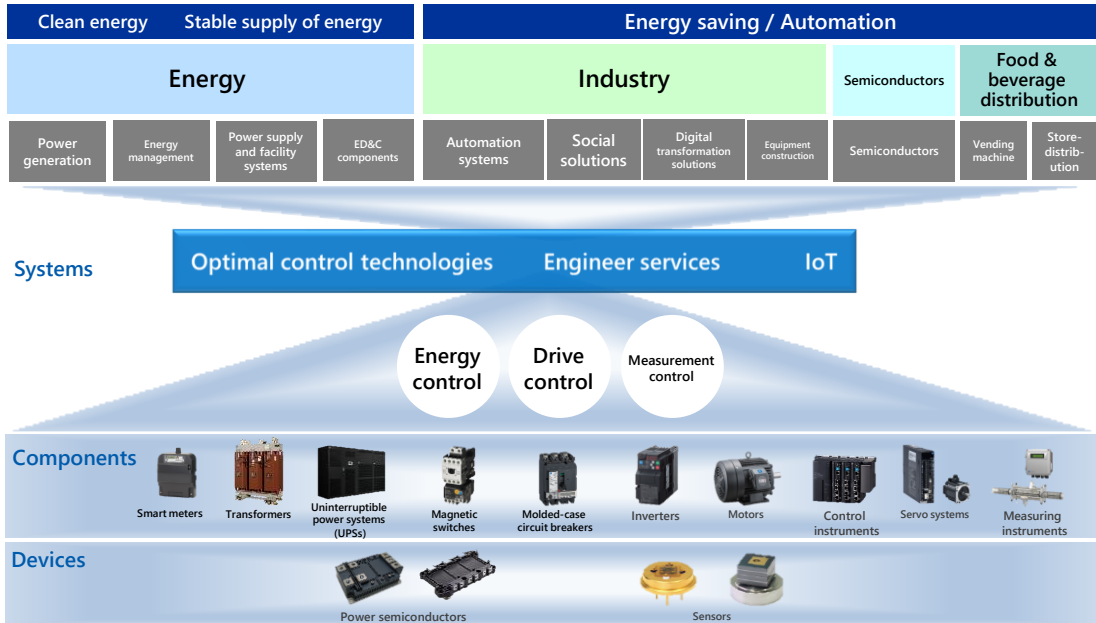
Management Policies

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.

Fuji Electric's corporate philosophy and management policies, will remain unchanged in the next Medium Term Management Plan. It is Fuji Electric's mission to contribute to the realization of a safe, secure, and sustainable society, especially through innovation in energy and environmental technologies, as stated in the management policy. We will continue to expand our business on a global scale, value our people, and demonstrate our collective strength as a team.

Fuji Electric's Energy and Environment Businesses

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



This is the business domain of Fuji Electric's Energy and Environmental business. We are engaged in energy production, stable supply, energy saving on the demand side, automation, and electrification. We will provide new system solutions through the use of digital technology.

We will continue to provide new system solutions by utilizing these capabilities and digital technology, and semiconductors and sensors as the key devices to support these efforts. However, the business environment for the energy and environment business is expected to change significantly in the future.

Changes to Fuji Electric's Operating Environment

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

In the section on changes in the business environment surrounding our company, macro trends such as a decarbonized society, progress in digitalization, global markets, and changes in the demographic composition of the population, among others are shown. I believe that changes in the environment always bring opportunities and risks to our business.

We are creating a Medium-Term Management Plan based on this perspective. As has been the case for the past five years, we believe that these assumptions themselves will change again, and we would like to manage the Medium-Term Management Plan and Fuji Electric's management accordingly.

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

Vision

Promotion of Corporate Philosophy and Management Policies

- Energy and environment businesses contributing to creation of a sustainable society
- Leading power electronics company
- Company trusted by stakeholders

Reaping of benefits of new products

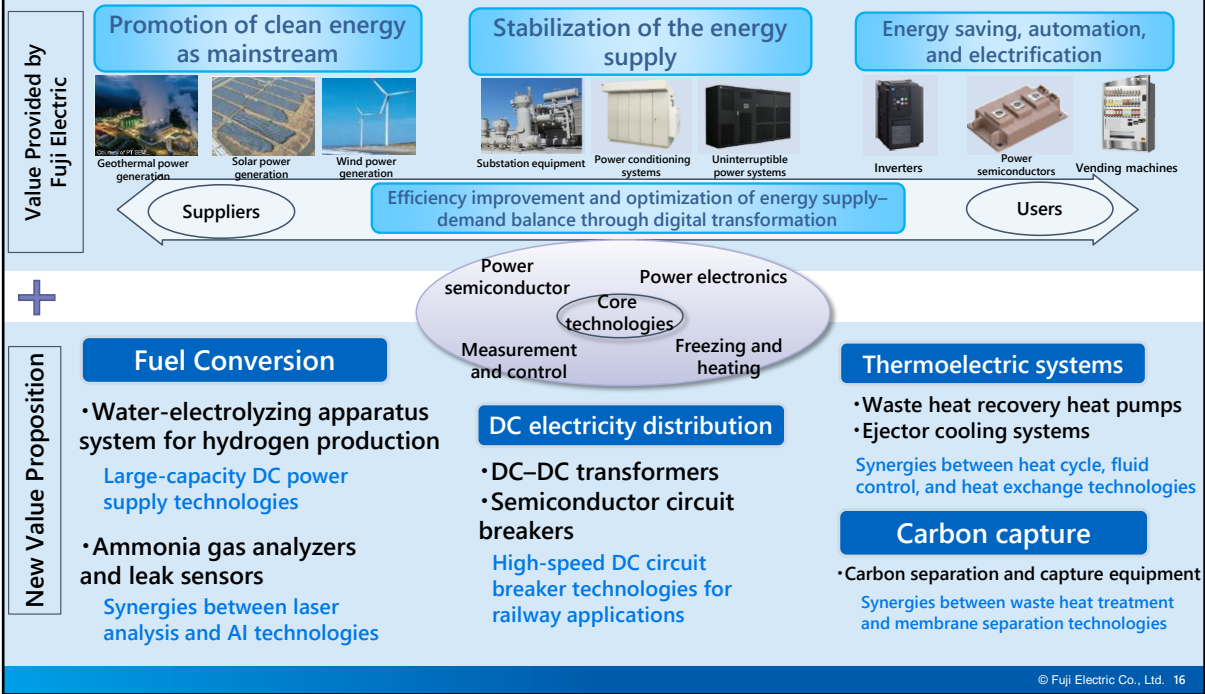
Creation of new businesses

We have consistently said since the last fiscal year that we are committed to management emphasizing profit, and we would like to take this to the next level to enhance our corporate value. This slogan expresses our desire to go back to the starting point of Fuji Electric's management, "To be enthusiastic, ambitious and sensitive," and to work together as one, in order to create a new history for Fuji Electric, which celebrated its 100th anniversary last fiscal year and entered its 101st year this year.

From the next slide, I will explain our Vision. We hope to have you deepen your understanding of our value proposition.

Fuji Electric's Value Proposition

Creation of new businesses through innovation and synergies with existing businesses

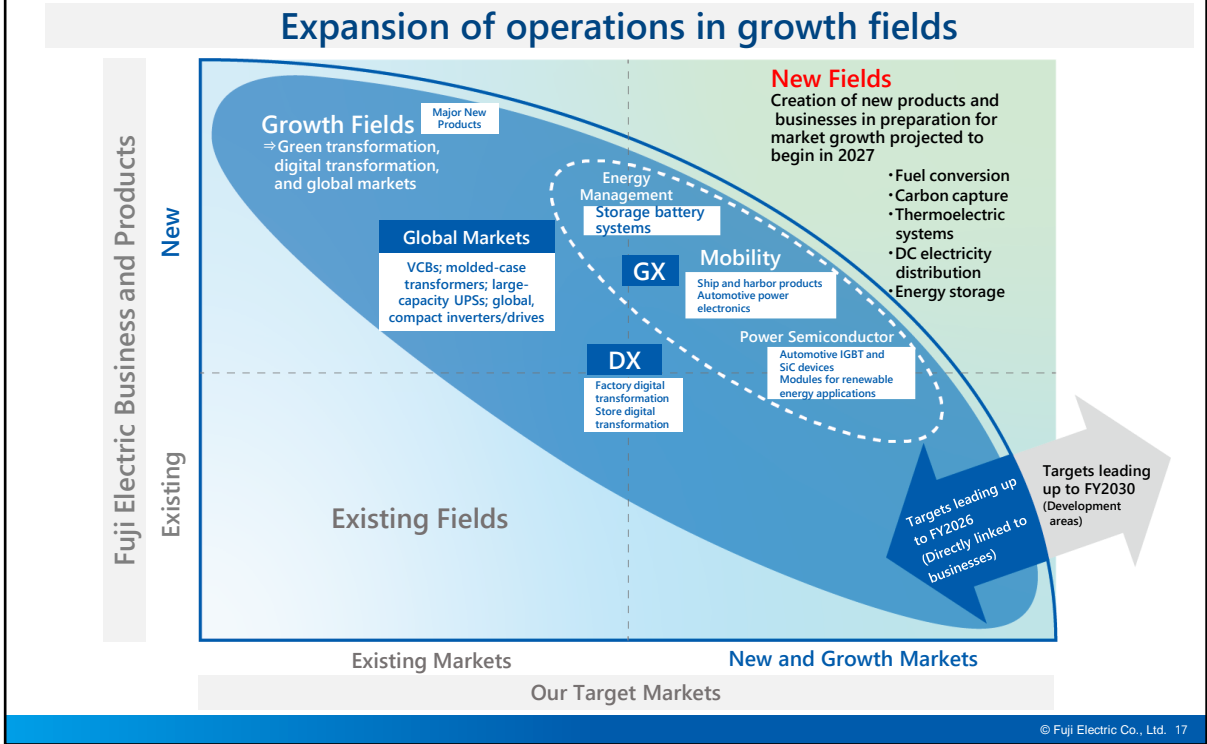


First, as I mentioned earlier, Fuji Electric has a business of producing energy, a business of stably supplying that energy, and on the users' side, the business of energy conservation, automation, and electrification.

We recognize that new services such as optimization of supply and demand, visualization and certification of carbon footprints, and visualization of non-fossil values will emerge with advancement of digitalization that will form an axis between suppliers and users.

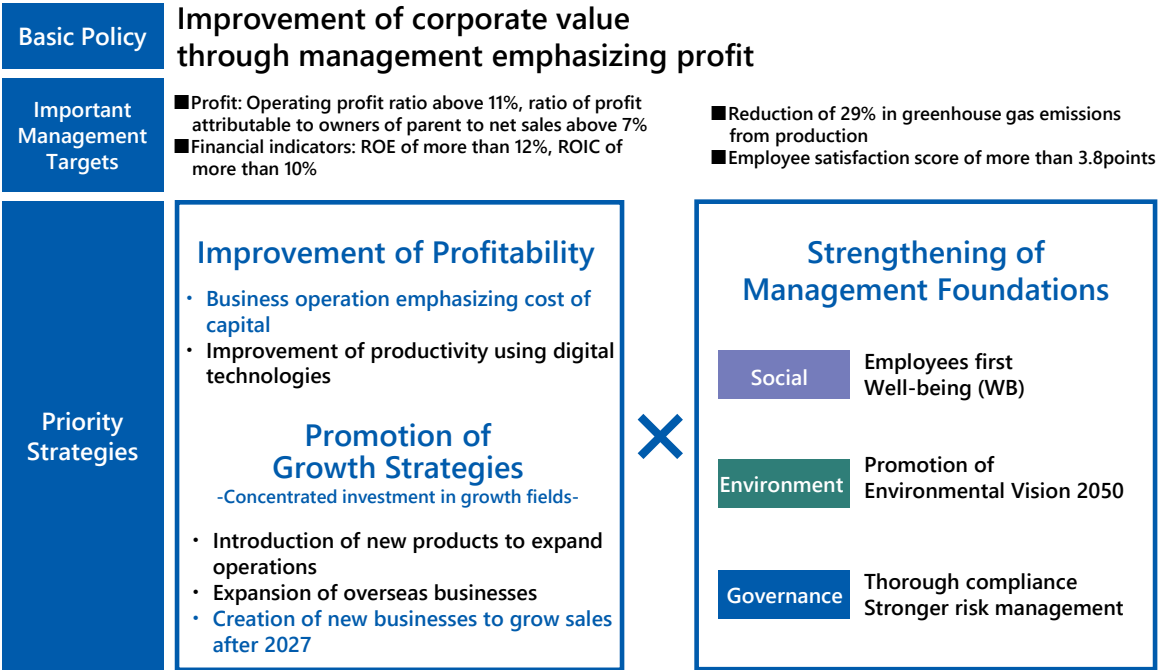
We feel that the time has come for us to create value for our customers and society with the energy we have been producing, stable supply and offering solutions to the users, made possible with our comprehensive capabilities.

Furthermore, as a new value proposition, Fuji Electric will continue to provide new products and new materials, while introducing new distributed energy, as represented by renewable energy, which is becoming less dense and more locally produced for locally consumed rather than the high energy density and centralized power generation energy supply systems that have been the mainstream up to now. We would like to add new value to Fuji Electric's offerings by promoting research and development in areas such as fuel conversion, businesses and products related to hydrogen and ammonia, new ways of electricity distribution such as direct current distribution, progress in electrification, and CO2 separation and capture in distributed power generation facilities such as gas engines.



It is difficult to say whether the synergies between the new value proposition we have just mentioned, and our existing core values will be fully realized in the market in the three years to 2026.

Let me explain the four quadrants shown on this slide. The horizontal axis represents our target markets, with existing markets on the left and new and growth markets on the right. The vertical axis shows Fuji Electric's businesses and products, with the lower quadrant representing those already in the market and the upper quadrant representing new fields. The first quadrant on the lower left is the existing field, and the remaining quadrants (2nd, 3rd, and 4th) are plotted with fields that are expected to contribute to the business and to sales and profit/loss in this Medium-Term Management Plan. We have defined Global, GX, and DX, as growth fields and we have also included new fields looking beyond FY2027, or even up to 2030. We will develop growth strategies by dividing these fields into three: namely, existing, growth, and new, while allocating investments appropriately. Based mainly on the existing and growth fields, we are formulating our Medium-Term Management Plan, which I will explain next.



This is the basic policy of our FY2026 Medium-Term Management Plan. Once again, we intend to further improve our corporate value through management emphasizing profit. As important management targets, we would like to achieve an operating profit ratio above 11%, ratio of profit attributable to owners of parent to net sales of above 7%, while maintaining ROE of 12% or higher and ROIC of 10% or higher as financial indicators as we invest in growth. As priority strategies, we will improve profitability, promote growth strategies, and in parallel, to strengthen management foundations, work on ESG (Social, Environment, and Governance), which will be explained in the following pages.

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
ROE	13.5%	More than 12%	
ROIC	11.5%	More than 10%	
Equity ratio	47%	About 50%	US\$
Net debt-to-equity ratio*	0.2 times	About 0.2 times	€
Dividend payout ratio	25.6%	Approximately 30%	RMB

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

© Fuji Electric Co., Ltd. 19

Here are the performance targets for each segment: In FY2023, the operating profit ratio in each segment exceeded 8%, and we hope to achieve an operating profit ratio of more than 10% in all segments in FY2026.

We believe this is also an important target in terms of the "management emphasizing profit" set forth in this Medium-Term Management Plan.

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	-
Total	1,103.2	106.1	9.6%	1,250.0	140.0	11.2%	146.8	33.9	1.6%

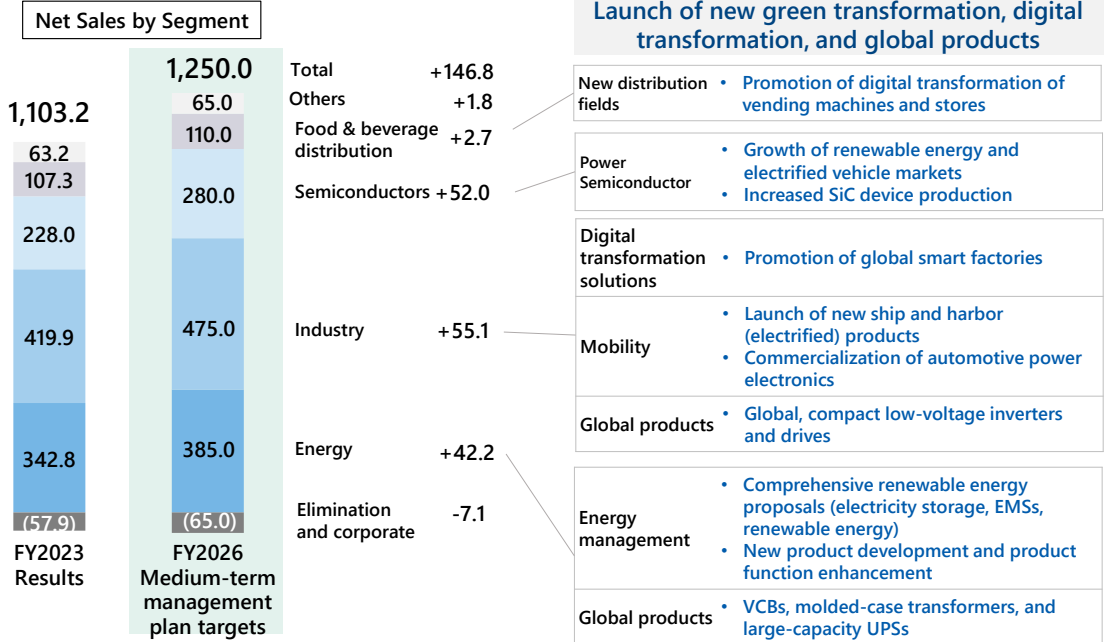
© Fuji Electric Co., Ltd. 20

Here are the performance targets for each segment: In FY2023, the operating profit ratio in each segment exceeded 8%, and we hope to achieve an operating profit ratio of more than 10% in all segments in FY2026.

We believe this is also an important target in terms of the "management emphasizing profit" set forth in this Medium-Term Management Plan.

Promotion of Growth Strategies 1 - Expansion of Businesses Driven by New Products

(Billion yen)



Next, promotion of growth strategies. We will work on green transformation and digital transformation to expand our business with new products at its core. We also believe that Fuji Electric still has room for growth in the global market, where we expand our business by introducing new products.

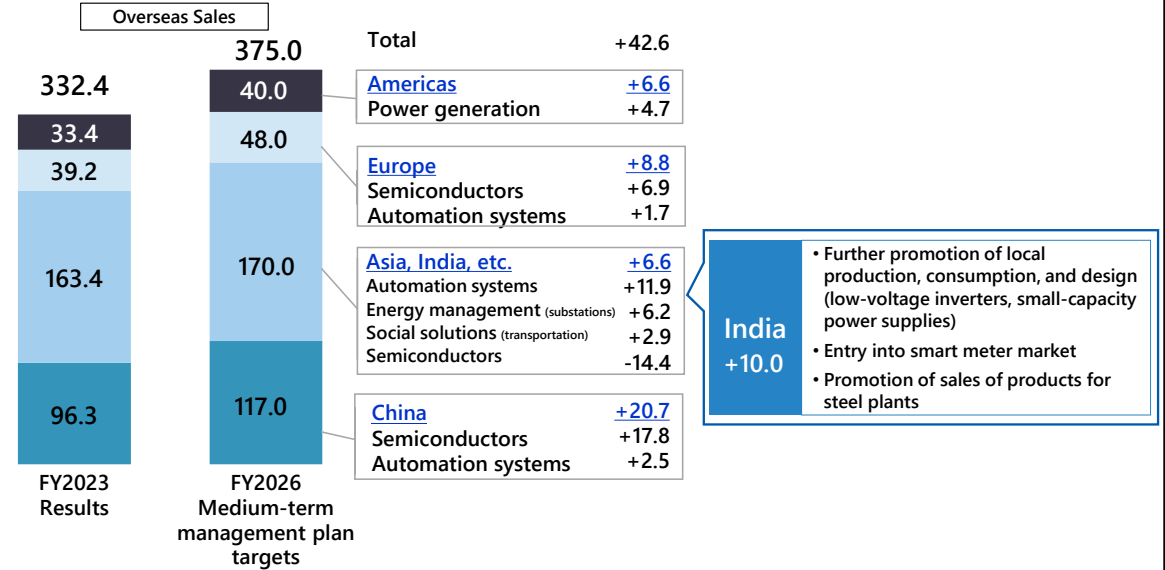
In the Industry and Energy Segments, we will firmly pursue growth in the global market, including those products for which product development has already been completed as global commercial products. In the Energy Segment, we will strengthen initiatives for renewable energy and comprehensive electrical equipment and accelerate proposals that include electricity storage systems and EMSs. In the Industry Segment, we intend to ensure that we reap the rewards of the mobility business, where progress was slow in the previous Medium-Term Management Plan. As for digital transformation solutions (DX), we will work on new service businesses that utilize digital technology, such as global smart factories and supporting vending machines and store operations in the Food & Beverage Distribution segment

And for the Power Semiconductor business, we will move into full-scale production of SiC devices in particular, targeting the expanding renewable energy and electric vehicle markets. Through these efforts, we hope to increase sales by 146.8 billion yen to reach 1.25 trillion 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)

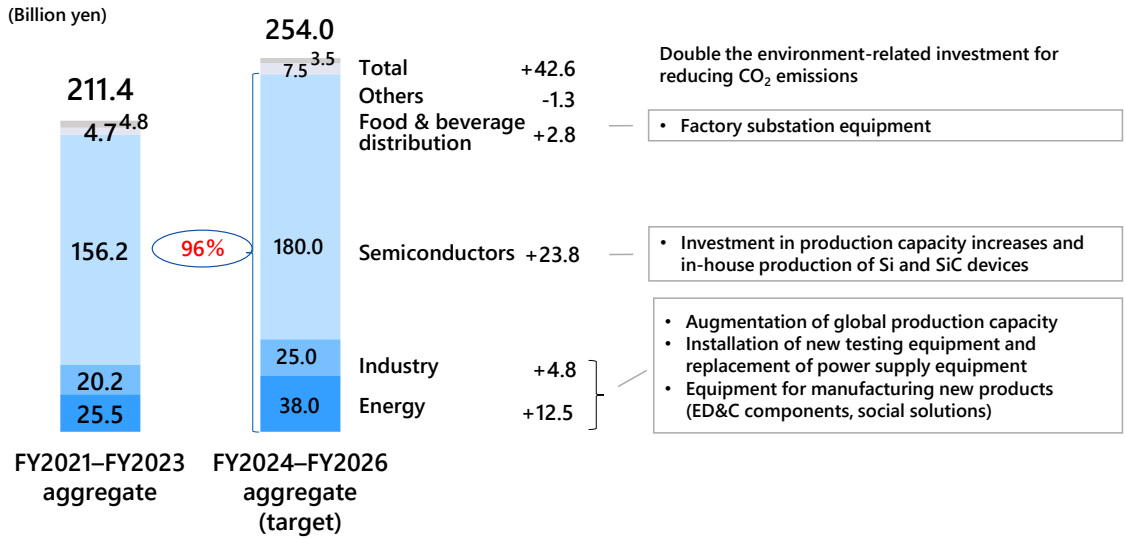


To expand our overseas business, we will introduce global market products and implement regional priority measures. We would like to grow by focusing on the introduction of global market products in line with the strategy formulated by the region rooted in that particular region.

In India, in particular, where we saw growth during the previous Medium Term Management Plan period, we are seeing the seeds of new businesses such as smart meters, and we would like to expand our business there even further. We plan to expand our overseas businesses in all regions, including India.

Capital Investment

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



As for capital investment, we have been making investments where necessary as outlined in the previous Medium-Term Management Plan, and we plan to invest 254 billion yen in FY2024, an increase of 42.6 billion yen over the previous three years.

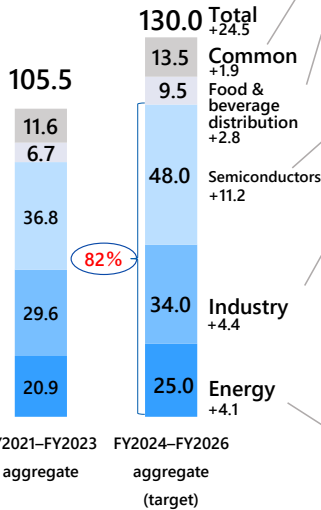
The growing segments of Energy, Industry, and Semiconductors will account for 96% of the total investment, but we also intend to increase environmental investments that will contribute to CO₂ reduction by enhancing plant facilities necessary for Food and Beverage Distribution as well.

R&D Expenditures (By Segment/Field)

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

(Billion yen)

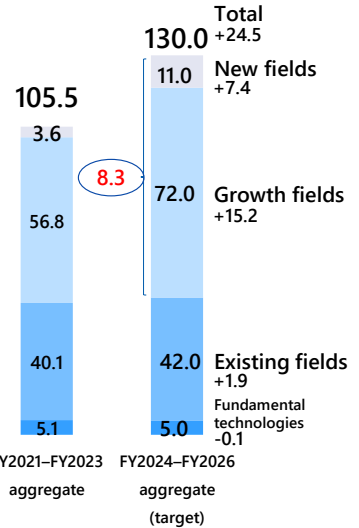
R&D Expenditures by Segment



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.

Next is Research and Development. In the previous Medium-Term Management Plan, we conducted R&D in an efficient manner and kept R&D expenditures flat, but for the next three years we will be a little more aggressive, developing new products and technologies for the green transformation-related market.

In the four quadrants I mentioned earlier, we have a product development plan for new fields as shown here in red, and we will prepare for the future while making solid investments.

We will also invest an additional 15 billion in R&D in growth fields that will contribute to the Medium-Term Management Plan, and we plan to increase sales of new products by about 1.5 times. Although new products alone will not necessarily drive growth, we will promote business expansion with new products at the core.

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)



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

Step1

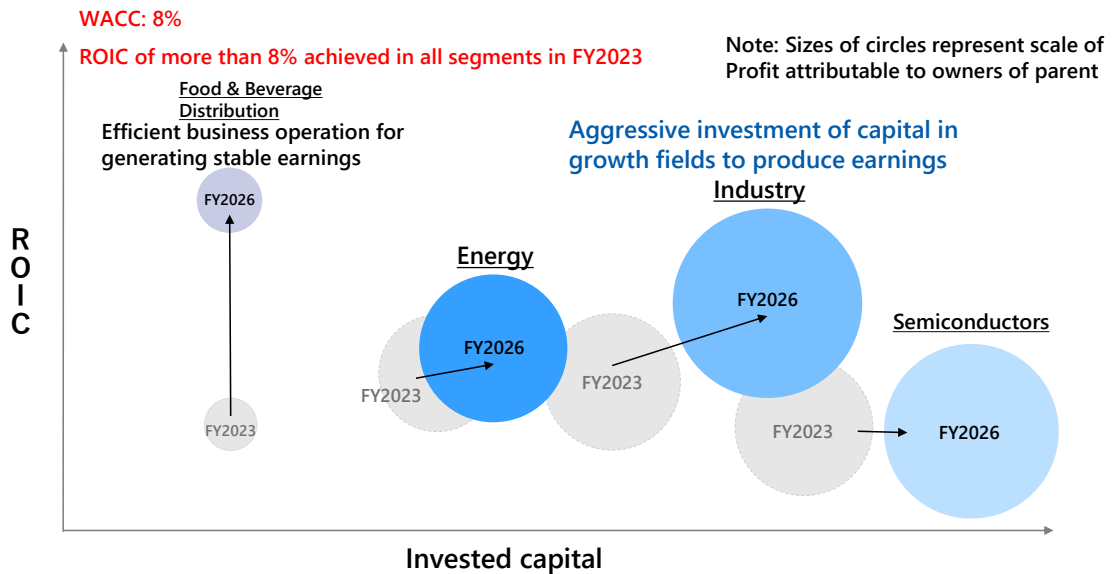
- Expansion of automation and in-house production
- Tracking of factory management data

- 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

To further strengthen profitability, the company aims to improve productivity by upgrading production technology. Fuji Electric's net sales exceeded 1 trillion yen in FY2023, but to achieve further growth from this point on, it will be extremely important to improve productivity as well as quality.

We will connect visualization based on IoT for control and optimization. We would like to increase productivity by 20% while digitally linking the supply chain, development design, and the floors.

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



I mentioned earlier that we will maintain ROIC of 10%. We are investing into growth and new fields. Some capital investments will only be reaping the rewards in FY2027 and beyond, for example, the Semiconductor investment. Even under such circumstances, we would like to maintain our cost of capital and ROIC above 8% WACC, and we would like to grow our ROIC maintaining it at above 10%.

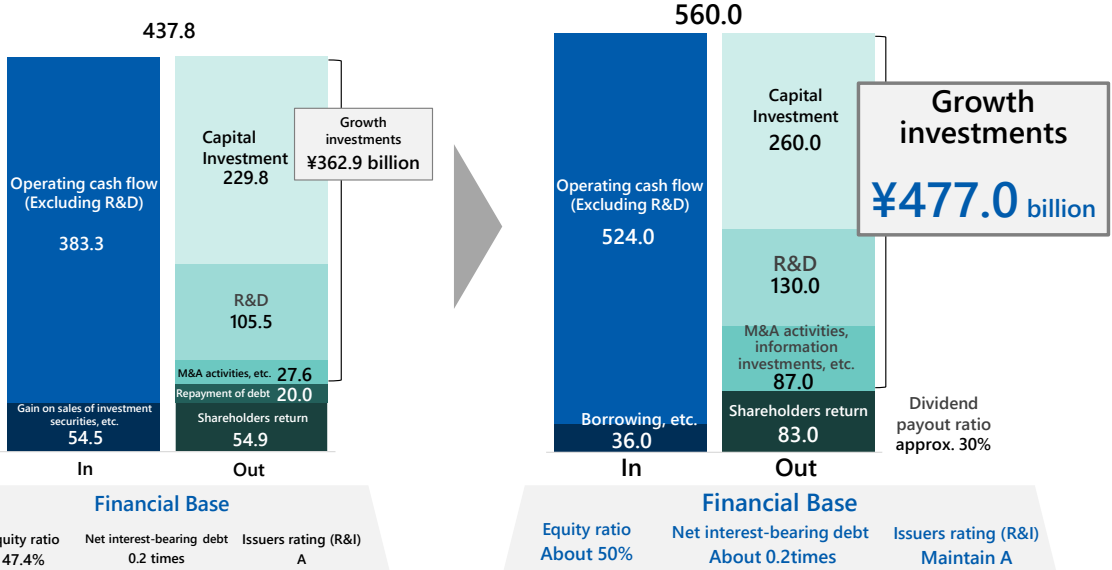
In FY2023, we are already above 10% in all segments, but since investments will continue to increase in the future, we would like to control them appropriately while being mindful of the timing of reaping rewards among other factors.

Financial Capital and Cash Allocation Strategies

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



Next, Cash Flow Allocation. We would like to use 90% of the cash we generate for growth investments such as capital investment, R&D, M&A, and information (technology) investment, while aiming for growth in 2026 and beyond.

At the same time, we will return profits to our shareholders, aiming for a dividend payout ratio of approximately 30%.

Reinforcement of management foundations supporting ongoing improvement of corporate value



Environment

Promotion of Environmental Vision 2050

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



Social

Promotion of well-being based on employee-first approach

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



Governance

Strengthening of corporate governance

- ❑ Rigorous global compliance
- ❑ Enhanced risk management

I would like to explain ESG, which is the foundation of our management.



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 ^{*1})	3.8 points	Over 3.8 points
Well-being indicators ^{*2} (ES ^{*1})	3.5 points	Over 3.6 points
No. of female employees in supervisory positions ^{*3}	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

First, Society. We would like to make our company a place where people are valued, where employees come first, and where wellbeing is a source of job satisfaction. This would create a virtuous cycle that leads to the sustainable growth of the company.

We would like to take various initiatives to promote the activities of diverse human resources and improve job satisfaction. As for KPI, we conduct an employee awareness survey every year to monitor their satisfaction level towards the company and wellbeing index for fixed-point observation.

In general, a score of over 3.5 points is considered sound. The results for FY2023 show a company satisfaction level of 3.8 and a wellbeing of 3.5.

In FY2026, we intend to maintain this level of company satisfaction while raising the job satisfaction and wellbeing indicators. We also want to increase the number of female managers and/or the percentage of female employees; we plan to increase the number of female managers from 336 in 2023 to 450, an increase of about 30%.



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
Circular economy, harmony with nature	Contributions to CO ₂ emissions reductions by products	58 million tons	More than 59 million tons
	Promotion of circular economy	Alteration of component designs	

About the Environmental Vision. Fuji Electric has set targets under its Environmental Vision 2030 and is working to reduce greenhouse gas emissions and promote a circular economy.

The symbolic target is for 46% reduction from 2019 emission levels, but we will advance this further by aiming for 29% reduction in FY2026. We have been working on this since 2019, and we are making good progress toward the 46% reduction target, and we will continue our efforts in FY2026 plan as well.

We also plan to reduce greenhouse gas emissions across our supply chain by 45% by 2026 in comparison to FY2019. We also aim to achieve 58 million tons of CO₂ reduction contribution with our products. As an energy and environmental company, Fuji Electric is committed to making a solid contribution to society.



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

To further strengthen our governance, we are promoting thorough global compliance and risk management through company-wide control, led by a committee in which all executives participate.

We will continue to strengthen management by discussing even minor issues and revising countermeasures every year.

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

I believe that the business environment and society will continue to change rapidly. I would like to adapt to these changes while striving for sustainable enhancement of corporate value.

Since assuming office as president, I have always said that the ability to adapt to change is important, and to that end, we should recognize the signs of change and discuss how we should respond to them in an open and transparent manner.

I am pleased to see that this idea has taken root, and I would like to continue our efforts to enhance corporate value under the slogan of "To be enthusiastic, ambitious and sensitive" together with the power of imagination and creativity, to envision what the world will be like in the future and what Fuji Electric should do to fulfill its mission.

That is all from me. Thank you very much.

1. Statements made in this documents or in the presentation to which they pertain regarding estimates or projections are forward-looking statements based on the company's judgments and assumptions in light of information currently available. Actual results may differ materially from those projected as a result of uncertainties inherent in such judgments and assumptions, as well as changes in business operations or other internal or external conditions. Accordingly, the company gives no guarantee regarding the reliability of any information contained in these forward-looking statements.
2. These documents are for information purpose only, and do not constitute an inducement by the company to make investments.
3. Unauthorized reproduction of these documents, in part or in whole, is prohibited.