

FY2026 Medium-Term Management Plan

Energy Business Group

May 23rd, 2024

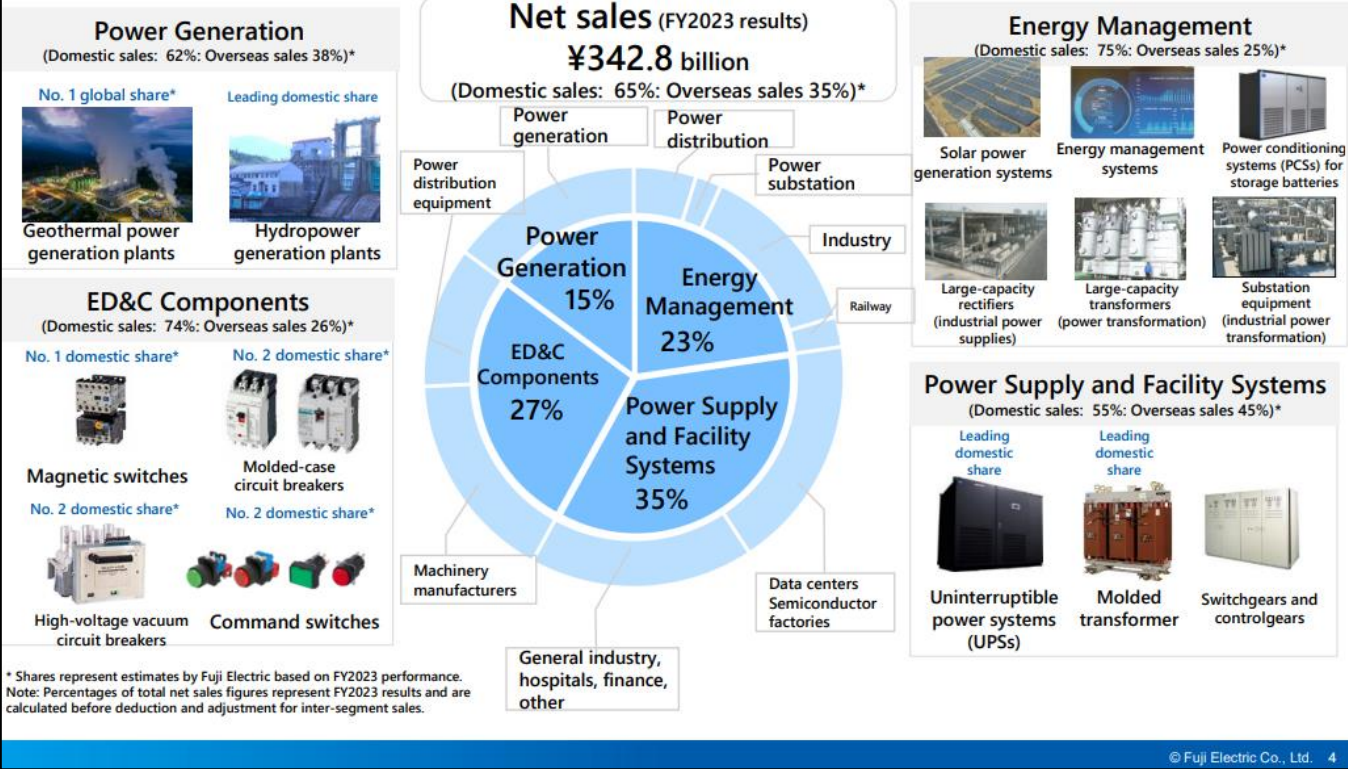
Hello everyone, I am Kawano from the Energy Business Group.
I will now explain the FY2026 Medium-Term Management Plan for the Energy Business Group.

I . Business Overview	P. 3
II . Review of FY2023 Medium-Term Management Plan	P. 6
III . Overview of FY2026 Medium-Term Management Plan	P. 8
Market Outlook	
Business Policies / Business Plan	
Priority Measures	
Capital Investment / Research and Development	

For today's presentation,
I will first provide an overview of the business. Next, I will review the FY2023 Medium-Term Management Plan, followed lastly by an explanation of the FY2026 Medium-Term Management Plan.

I . Business Overview










Contributions to stable, optimal, and reliable supplies of clean energy



This slide is an overview of the Energy Business Group. In the second half of last year, we integrated operations of power generation. We now operate in four business areas, offering products that contribute to the stable, optimal, and reliable supply of clean energy.

Sales in the previous fiscal year totaled ¥342.8 billion, with approximately 35% of sales from overseas. Our main customers are in a wide range of sectors, including electric power companies, public utilities, railway companies, general industry, data centers, and semiconductor manufacturers. For ED&C Components related products, our customers include machinery manufacturers and power distribution equipment manufacturers.

Strengths of Energy Segment

Power Generation	<p>Geothermal power generation plants</p>  <p>No. 1 global share</p>	<p>Hydropower generation plants</p>  <p>Leading domestic share</p>	<p>Extensive delivery track record and sophisticated engineer capabilities</p>
Energy Management	<p>Large-capacity rectifiers</p>  <p>Leading global share</p>	<p>Substation equipment, PCSs with storage batteries</p>  	<p>Extensive delivery track record and high-performance grid stabilization technologies</p>
Power Supply and Facility Systems	<p>Uninterruptible power systems (UPSs)</p>  <p>Leading domestic share for products for data centers</p>	<p>Molded transformer</p>  <p>Leading domestic share</p>	<p>Ability to supply substation equipment bundles through comprehensive electrical equipment sales</p>
ED&C Components	<p>Magnetic switches</p>  <p>No. 1 domestic share</p>	<p>Molded-case circuit breakers</p>  <p>No. 2 domestic share</p>	<p>Robust lineup of high-quality products</p>

This slide explains the strengths of our business.

Strengths in the Power Generation Business are derived from our extensive track record in deliveries and advanced engineering capabilities.

We hold the No. 1 global share in geothermal power generation and maintain a leading share of the domestic market for hydropower.

In the Energy Management Business, we have a long track record in deliveries and advanced power grid stabilization and control technologies.

This business includes products like PCS and peripheral electrical equipment, as well as large-capacity rectifiers, where we are a leading group in terms of global market share.

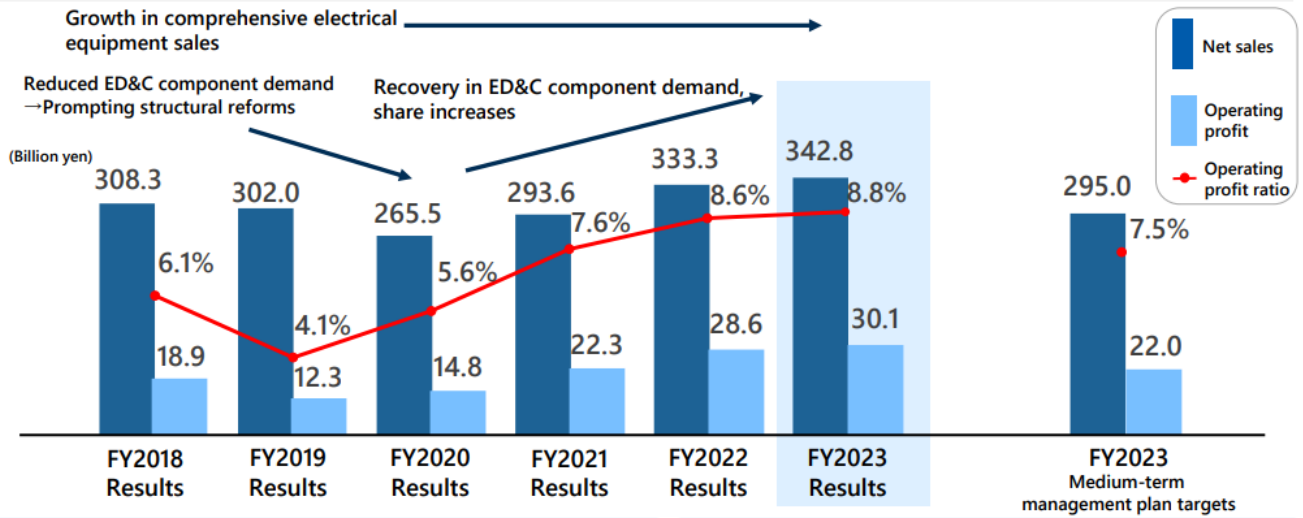
The Power Supply and Facility Systems Business is capable of providing complete bundles of substation equipment and UPSs.

The business has a leading share of the domestic market for related products used in data centers.

In the ED&C Components Business, our strengths are high quality and a wide product lineup. It has the No. 1 and No. 2 domestic market shares for magnetic switches and hardwire circuit breakers, respectively.

II. Review of FY2023 Medium-Term Management Plan

Performance surpassing targets of medium-term management plan thanks to brisk capital investment from internet data centers and other customers around the world



Successes

- Ongoing orders from foreign internet data center operators and semiconductor companies
- Enhancement of manufacturing (standardization, in-house production, production rationalization)
- Improvement of profitability of ED&C components business

Challenges

- Expansion of overseas businesses
- Response to delays in launches of new products
- Expansion into domestic power distribution market and into overseas markets (ED&C components)

Note: Figures have been restated to reflect a business reorganization conducted in FY2023.

Next, I will review the FY2023 Medium-Term Management Plan.

The chart here shows trends in net sales and operating profit since FY2018. Fuji Electric exceeded both net sales and operating profit targets in the FY2023 Medium-Term Management Plan, mainly due to robust capital investment at domestic and overseas internet data center (IDC) and semiconductor-related customers.

Our achievements include building relationships with internet data center and semiconductor-related customers that have resulted in an inflow of orders. We anticipate continued growth in orders from these customers.

At our domestic and overseas production bases, we have strengthened manufacturing by promoting standardization, in-house production, and production streamlining. In the ED&C Components Business, we focused on enhancing profitability.

Meanwhile, the challenges we face in the FY2026 Medium-Term Management Plan include delays in the launch of new products and the expansion of overseas business in the plant systems field. In ED&C Components, some challenges remain in expanding the domestic power distribution business and our presence in overseas markets.

III. Overview of FY2026 Medium-Term Management Plan

Business Field		Market Outlook (FY2024–FY2026)		
Plant systems	Power generation	Geothermal, hydro power	<ul style="list-style-type: none"> • Consistent demand for geothermal power systems in Pacific Rim countries and other countries developing geothermal power sources • Ever-present demand for scrap and build projects targeting aged hydro power generation plants or pumped storage hydro power generation plants 	
	Energy management	Energy management	<ul style="list-style-type: none"> • Rising needs for grid stabilization (storage battery) systems due to spread of renewable energy use • Increase in range of areas examining potential of regional microgrids 	
		Power, general industry	<ul style="list-style-type: none"> • Continuous and growing demand for upgrades to equipment installed during time of Japanese economic miracle • Rising demand for decarbonization of existing production processes (electrification, fuel conversion) 	
		Renewable energy	<ul style="list-style-type: none"> • Decline in large-scale solar power systems • Increase in small to medium-sized solar power systems for users and PPA projects 	
	Power supply and facility systems	Data centers, semiconductor factories	<ul style="list-style-type: none"> • Ongoing increase in market entry by foreign internet data center operators amid popularization of generative AI • Consistent efforts to build and strengthen domestic manufacturing foundations for semiconductors as well as ongoing large-scale investments overseas 	
Components	ED&C components	Machinery manufacturers	<ul style="list-style-type: none"> • Demand for machine tools, robots, and semiconductor production equipment to begin growing in late FY2024 	
		Power distribution	<ul style="list-style-type: none"> • Strong demand for internet data center and factory construction 	

Next, I will discuss market conditions, which form the basis of the FY2026 Medium-Term Management Plan. This slide outlines our market outlook for the environment surrounding our businesses.

In the Power Generation Business, demand for clean energy is expanding, and we expect continued demand for both geothermal and hydropower. We think pumped storage hydropower will draw more attention in the future.

In the Energy Management Business, the energy management field should see stronger demand for power grid stabilization, driven by expansion in renewable energy. In the power for general industry field, we forecast stronger demand for equipment upgrades and decarbonization.

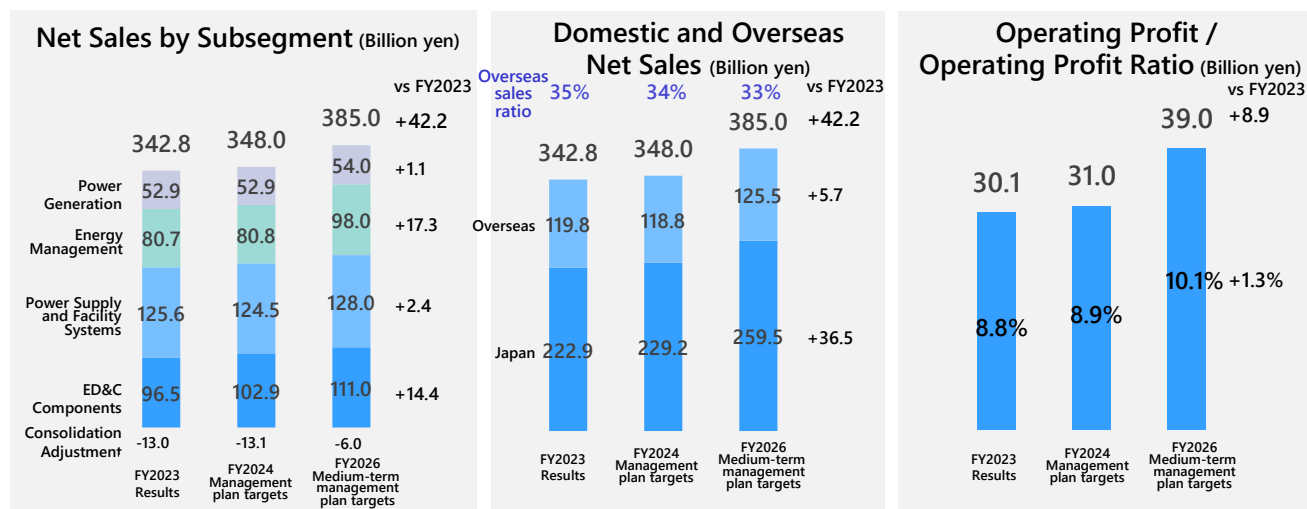
In the renewable energy field, large-scale solar power systems in Japan are decreasing, but we expect higher demand for small- to medium-sized solar power systems and PPA projects.

In the Power Supply and Facility Systems Business, we expect ongoing capital investment by domestic and overseas data center operators, driven by the spread of generative AI. For semiconductors, we anticipate continued investments at customers to strengthen manufacturing bases in both Japan and overseas.

In the ED&C Components Business, we expect a recovery in demand for machine tools, robots, and semiconductor production equipment, which was sluggish last year, to begin in the latter half of FY2024. Demand should remain relatively stable in the power distribution field, especially for internet data center and factory construction.

Business Policies

◆ Advance priority measures for contributing to stable, optimal, and reliable supplies of energy



This slide outlines our business policies and plans.

Fuji Electric will implement priority measures to contribute to the stable, optimized, and reliable supply of energy.

The Company targets net sales of ¥385 billion in FY2026, which represents an increase of ¥42.2 billion compared with FY2023.

While it may appear that the overseas sales ratio is decreasing due to a higher weighting in domestic sales, Fuji Electric also aims to increase overseas sales by ¥5.7 billion from FY2023.

By business segment, we plan to significantly expand sales in the Energy Management Business and ED&C Components Businesses compared to FY2023, and strongly expand the Power Supply and Facility Systems Business with a focus on data centers and semiconductor plants.

The Company aims for operating profit of ¥39.0 billion and an operating profit ratio of 10.1%.

Power generation

- Expansion of renewable energy and after service businesses

Energy management

- Development of competitive products and utilization of engineering capabilities to grow system businesses

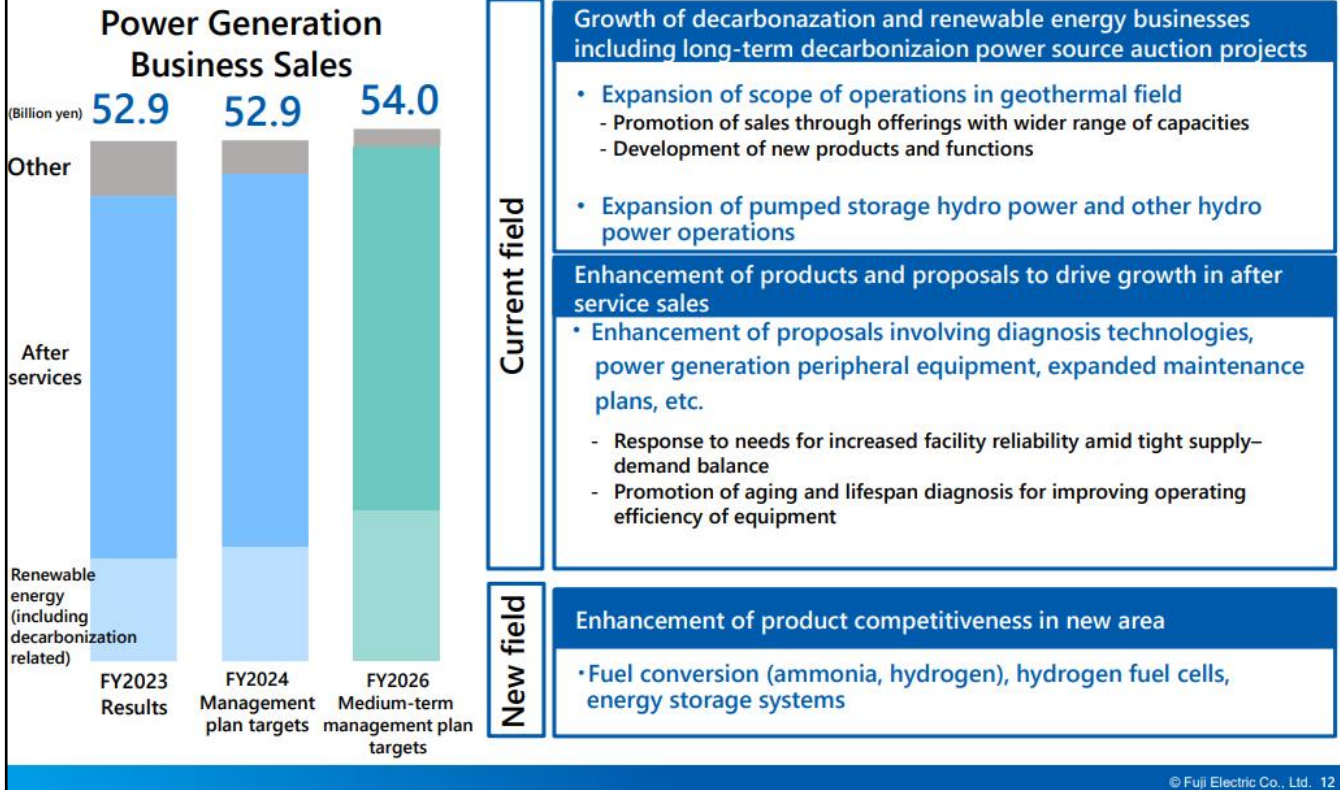
Power supply and facility systems

- Expansion of domestic and overseas internet data center and semiconductor businesses

ED&C components

- Reinvention of core models to heighten presence
- Development of earnings structure that is resilient to changes in sales volumes

These are our priority measures. I will explain the priority measures for each business segment later.



First, let's look at the Power Generation Business. We expect sales to stay more or less flat.

In current fields, we aim to expand the decarbonization and renewable energy business, including long-term decarbonization auction projects, and strengthen our proposals for products that drive growth in services.

In particular, we have high expectations for decarbonization auction-related projects.

In the geothermal field, we plan to gradually expand our reach by increasing capacity ranges and promoting the development of new products and functions.

In the hydropower field, we aim to expand the hydropower business, including pumped storage hydropower, and strengthen our proposals in the service field by enhancing diagnostic technologies and power generation peripheral equipment maintenance.

For new fields that we will develop in the future, we intend to enhance product competitiveness in terms of fuel conversion, hydrogen fuel cells, and energy storage systems.

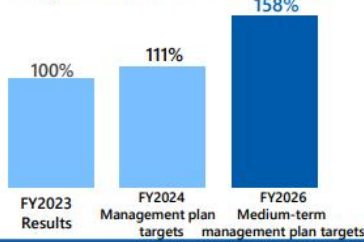
Energy management: Enhancement of comprehensive renewable energy proposals

Products: Augmentation of field-specific EMS functions and development of standardized platforms for storage battery control systems

Alliances: Strengthening of partnerships with storage battery manufacturing and PPA operators

Energy Management Business Sales*

Growth field



Comprehensive Proposals

Renewable energy (solar power, wind power, etc.)



Storage battery systems



Energy management systems

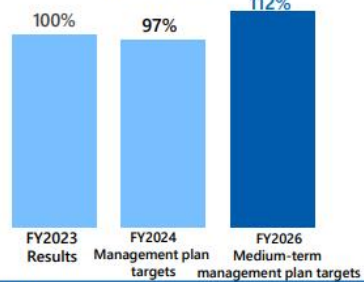


Substation systems: Swift introduction of new products to grow businesses

(green transformation-related products, eco-friendly products, global products)

Growth field

Substation System Sales*



Development Schedule

Models	2023	2024	2025	2026
Global transformers	Development	High heat resistance technology development		
Global GISs	Development		Development (ultrahigh)	
Dry air switchgears (free of SF ₆ gas)	Development (C-GIS)	Standalone VCB development	GIS development	
New JIS/IEC-compliant switchboards	Development (High)			Development (ultrahigh)
Power supplies for hydrogen production equipment	Development (Parallel)		Development (Series)	

* FY2023 sales indexed to 100

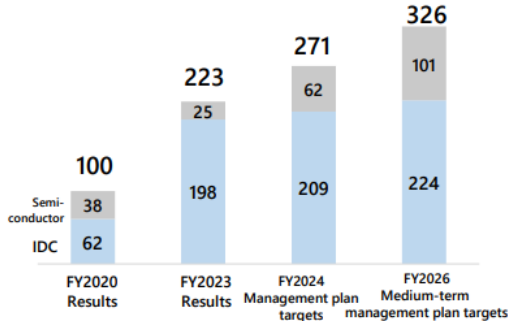
© Fuji Electric Co., Ltd. 13

In the Energy Management Business, we aim to expand both the energy management and substation system fields as growth domains.

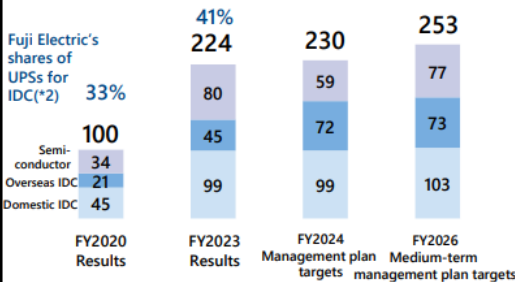
In the energy management field, we will enhance our comprehensive renewable energy proposals, expand the product lineup, promote platforming, and reinforce our partnerships with storage battery manufacturers and PPA operators. Additionally, we will steadily advance proposals to customers in the data center field. Our sales target is approximately 160% of the FY2023 level.

In the substation systems field, we aim to expand business through the early introduction of new products, such as environmentally friendly products, global products, and green transformation-related products. The development timeline for each product is shown here.

Internet Data Center- and Semiconductor-Related Orders ^(*)



Internet Data Center- and Semiconductor-Related Sales ^(*)



*1 Note: FY2020 orders and sales indexed to 100

*2 Source: FY2020 and FY2023 shares, Data Center Business Market Survey (FY2021 and FY2024), Fuji Chimera Research Institute

Growth of internet data center- and semiconductor-related orders

Development of new products in response to market needs

Development schedule	Models		2023	2024	2025	2026
	Long-life UPSs	New medium-capacity UPSs (6600FX)	Development			
Next-generation UPSs	Ultralarge-capacity UPSs (7500WX)			Development		
Molded-case transformers for overseas	Molded transformer	Development				
3rd-generation top runner transformers				Development		

Growth field

Current field

Reinforcement of frameworks for growing after service sales

Creation of lineup of annual maintenance plans and operational efficiency improvement solutions

- Expansion of maintenance plan lineup and scope of applicability (ultrahigh-voltage transformers, etc.)
- Improvement of maintenance service efficiency through use of digital transformation and IoT technologies

In the Power Supply and Facility Systems Business, to continue measures for expanding orders in the growth fields of internet data center and semiconductors, we will promote the development of new products that meet market needs.

We forecast that orders, with FY2020 indexed as 100%, will exceed 300% by FY2026. To achieve this, we intend to bring new products to the market, such as long-life and next-generation UPSs, and molded-case transformers for overseas markets. Customers operating large numbers of UPS have strong needs for long-life UPS, so we expect these customers to continue adopting them. Although not listed here, we have products under development to meet the rigorous requirements of overseas customers. The overall development schedule is shown on this slide.

Our measures for current fields focus on strengthening the framework for service expansion. As our delivery track record expands for UPSs, we will push to translate this expansion into growth in services.

Reinvention of core models to heighten presence; development of earnings structure that is resilient to changes in sales volumes

Current field	Reinvention of core models and reaping of benefits
	<ul style="list-style-type: none"> • Promotion of sales of new magnetic switches and reaping of cost reduction benefits of transition toward said switches <ul style="list-style-type: none"> Bolstering of competitiveness of small- to medium-capacity magnetic switches by shifting to new models - Contributions to more compact control panels and switchboards (up to 30% reduction in horizontal size*) - Greater equipment energy efficiency (up to 73% reduction in coil electricity consumption*) <ul style="list-style-type: none"> * In comparison to current Fuji Electric offerings • Development and launch of molded-case circuit breakers <ul style="list-style-type: none"> → Promotion of sales in internet data center, power distribution, and semiconductor production equipment markets of Japan and Asia



Going beyond perfection
Before, NEXT, Future.
SC-NEXT

New field	Development of new products for new field
	<ul style="list-style-type: none"> • Development of new products for DC electricity distribution market

Creation of flexible and resilient manufacturing systems and supply chains
<ul style="list-style-type: none"> • Consolidation and efficiency improvement of production networks on by-model basis • Construction of supply chains that are resilient to sales volume fluctuations through use of multiple suppliers • Development of local design functions (accommodation of customer needs)

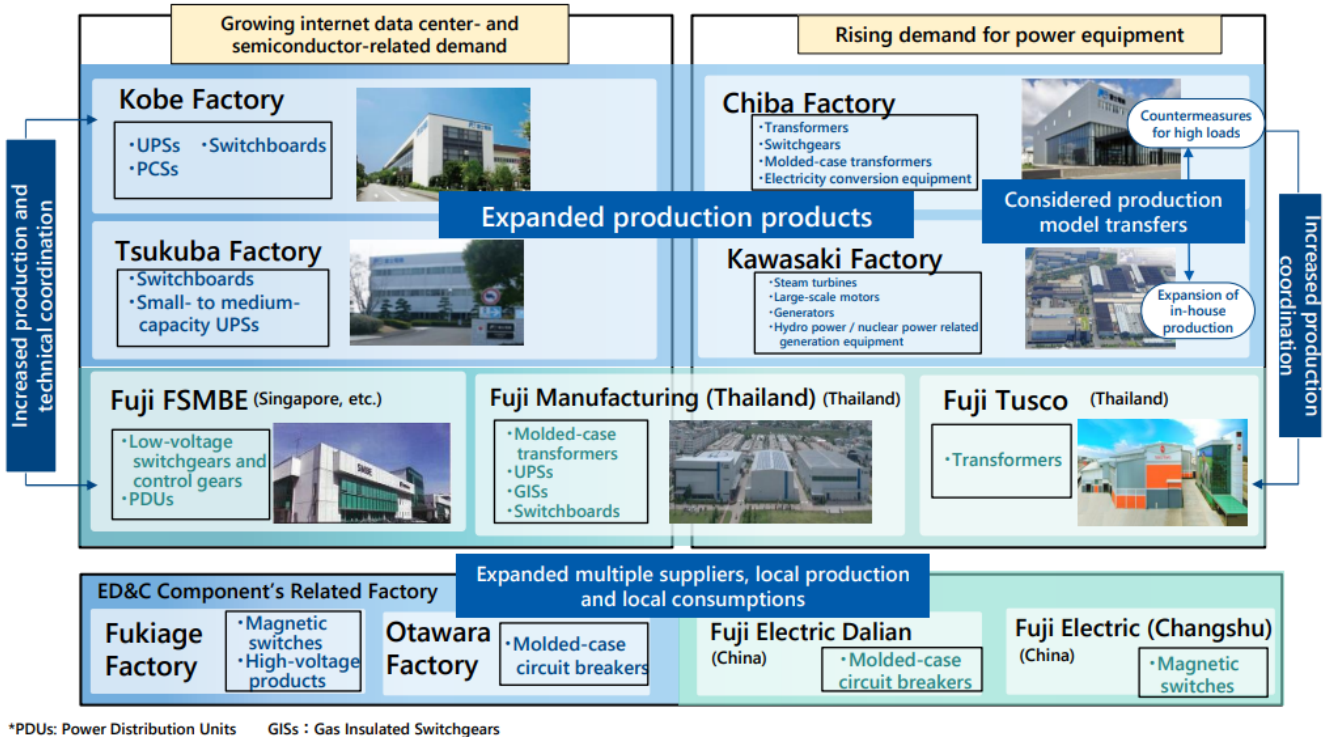
In the ED&C Components Business will expand its presence through updates to core models, and build a profit structure resilient to fluctuations in sales.

In current fields, we aim to improve product competitiveness by revamping small- to medium-capacity magnetic switches, a core product, for the first time in 35 years. We are also advancing the development of new circuit breakers for power distribution and aim to expand sales in the domestic and Asian data center, power distribution, and semiconductor production equipment markets.

In new fields likely to grow in the future, we plan to advance the development of DC electricity distribution-related equipment and expand our product lines.

Priority Measures—Manufacturing Bases

Development of globally optimized production system while maintaining high operating rates in order to bolster global competitiveness; Strengthen product lineup as production base for eco-friendly products



*PDU: Power Distribution Units GISs : Gas Insulated Switchgears

This slide focuses on manufacturing.

Establishing a supply chain is essential for flexible and robust manufacturing.

Fuji Electric is building a supply chain resilient to fluctuations in logistics through multi-sourcing in procurement and by advancing the integration of and efficiency improvements in production bases by product line.

Our policy for manufacturing bases is to build an optimized global production system and strengthen our competitiveness both in Japan and overseas. Additionally, we aim to enhance our lineup of environmentally friendly products, which are likely to see growth in future demand.

More specifically, at the Chiba Factory, we are examining the production of dry air switchgears, power supplies for hydrogen production equipment, and top-runner transformers. At Fuji Manufacturing (Thailand) overseas, we are considering the production of global molded transformers. At the Kobe Factory, we will focus on long-life UPSs, next-generation UPSs, and string-type PCSs. Both the Chiba and Tsukuba Factories are considering the production of new JIS/IEC-compliant switchboards and hydrogen fuel cell-related products in response to changes in JIS standards.

At the Kobe Factory and Fuji SMBE overseas, we will strengthen collaboration in production technology in a bid to expand our presence in the internet data center market. At the Chiba Factory and overseas at Fuji Tusco, we will enhance production collaboration in large power transformers and environmentally friendly transformers.

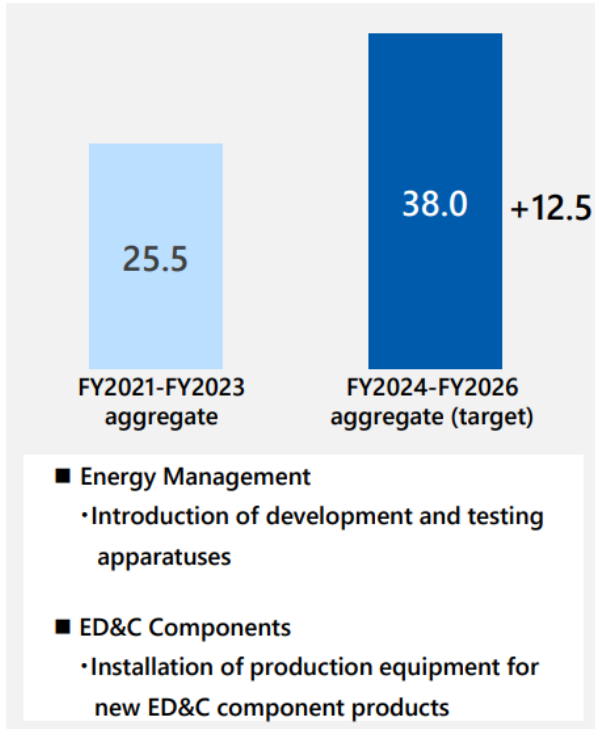
At our domestic factories, the Chiba Factory continues to operate at relatively high loads.

We will facilitate collaboration between the Chiba Factory and the Kawasaki Factory, leveraging and applying its canning and plating technologies to power electronics products in order to expand in-house production at the Kawasaki Factory.

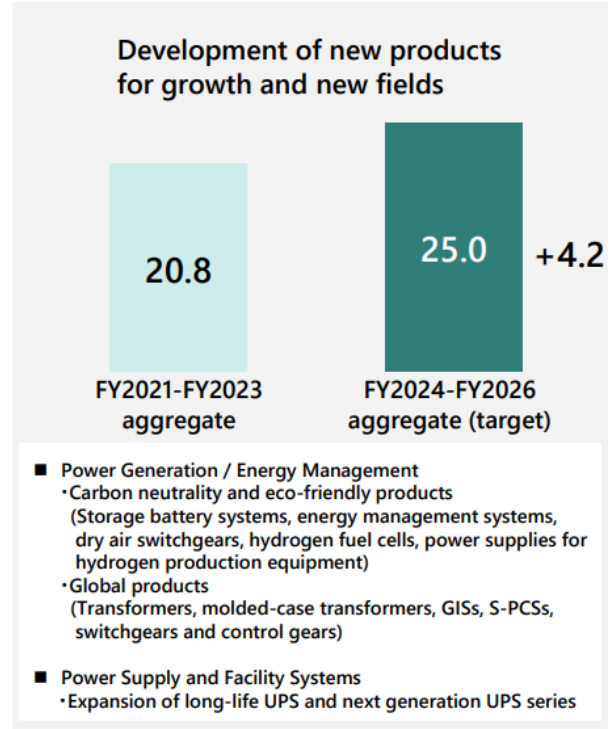
Additionally, we are considering the transfer of production for large-scale models.

In ED&C Components, we will expand multi-sourcing and encourage local production for local consumption, aiming for integrate production by model type.

Capital Investment (Billion yen)



Research and Development (Billion yen)



Lastly, I will discuss capital investment.

We plan to increase capital investment by ¥12.5 billion from the previous three-year plan to ¥38.0 billion.

Major investments include the installation of development and testing equipment at the Chiba Factory and the introduction of production equipment for new products in the ED&C Components Business.

For research and development, we plan to increase spending by ¥4.2 billion from the previous three-year plan to ¥25.0 billion.

We plan to invest in the development of environmentally friendly products and the expansion of the UPS product line.

That concludes my presentation.

The environment surrounding the Energy Business is characterized by increasing investment in data centers and growing energy demand, alongside accelerating efforts at decarbonization.

We anticipate continued growth in demand for creating, transporting, and storing energy. Through our medium-term management plan, we aim to enhance our product offerings to contribute to a carbon-free society and continue making meaningful contributions to society.

Thank you for your attention.

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.