

**NOTICE OF CONVOCATION OF  
THE 147th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

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## To Our Shareholders

We would like to express our gratitude to all of our shareholders for their continued support.

As we present this notice of convocation of the 147th Ordinary General Meeting of Shareholders (for fiscal 2022) of the Company, I would like to take this opportunity to extend my greetings.

In fiscal 2022, although the global economy continued to recover from the COVID-19 crisis and investment in carbon neutrality and digitalization continued to expand, high inflation persisted due to soaring material and energy prices and materials shortages, and currency exchange rates also fluctuated sharply. These factors resulted in a volatile year marked by a mix of positive and negative factors.

In this environment, we focused our combined efforts as a Group on achieving our targets set forth in the FY2023 Medium-Term Management Plan, namely, net sales of 1 trillion yen and an operating margin of 8% or more. We achieved all of our net sales and profit targets in our consolidated financial results for fiscal 2022.

Net sales increased 99.2 billion yen year on year to 1,009.4 billion yen, the first time the Company has exceeded 1 trillion yen in net sales since its establishment. Operating profit increased 14.0 billion yen year on year to 88.9 billion yen. Profit attributable to owners of parent increased 2.7 billion yen year on year to 61.3 billion yen, a record high. We are pleased to have achieved the net sales and profit targets of the medium-term management plan one year ahead of schedule, and in particular, to have achieved net sales of 1 trillion yen.

In view of the above business performance and future investment plans, we have decided to pay a year-end dividend of 60 yen per share. Together with the interim dividend, this will bring the total dividend per share for the fiscal year ended March 31, 2023 to 115 yen, an increase of 15 yen compared to the previous fiscal year.

In fiscal 2023, we will formulate a new three-year medium-term management plan to start from fiscal 2024, in which we will outline our vision for our business. The world is in a time of major shifts, including climate change, where conventional wisdom no longer applies. For the Company to grow sustainably in these times, we must earn the confidence and trust of our customers and shareholders. We must also be a rewarding place to work for our employees. Remembering our mission as an electrical manufacturer, we will further refine our power electronics technology, while using our energy and environmental businesses to help advance the SDGs and to help bring about a decarbonized society.

Guided by the slogan set forth in our corporate philosophy, “to be enthusiastic, ambitious and sensitive,” we will continue to strengthen our teamwork, while safeguarding the safety and health of our employees and their families, and valuing communication with our stakeholders.

This fiscal year marks the 100th anniversary of the Company’s founding. We would like to express our deepest gratitude to everyone involved in celebrating our 100th anniversary and ask for the continued confidence and support of our shareholders.

June 2023

Michihiro Kitazawa  
Representative Director  
Chairman of the Board and CEO

FUJI ELECTRIC CO., LTD.  
Securities Code: 6504  
1-1 Tanabe Shinden, Kawasaki-ku, Kawasaki  
(Head Office)  
Gate City Ohsaki, East Tower  
11-2, Osaki 1-chome, Shinagawa-ku, Tokyo

June 6, 2023  
(Provision of the information to be provided  
electronically commences on June 5, 2023)

**NOTICE OF CONVOCATION OF  
THE 147th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

The 147th Ordinary General Meeting of Shareholders of FUJI ELECTRIC CO., LTD. shall be held as outlined below.

In convocation of this General Meetings of Shareholders, the Company takes electric provision measures to provide electronically information that is the content of reference materials for the General Meeting of Shareholders, etc. (matters to which the electronic provision measures apply), and posts such matters as the "NOTICE OF CONVOCATION OF THE 147th ORDINARY GENERAL MEETING OF SHAREHOLDERS" on the following Company's website.

Company's website

(<https://www.fujielectric.co.jp/about/ir/stock/meeting/index17.html> (in Japanese only))

In addition to the above website, the same information is posted on the website of Tokyo Stock Exchange, Inc. (TSE).

TSE website

(<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese only))

Please access the above website and enter "Fuji Electric" in "Issue name (company name)" field, or "6504" in "Code" field, and then click "Search" button. Subsequently, click "Basic information" and then "Documents for public inspection/PR information," which will allow you to access "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting" section under "Filed information available for public inspection."

**Please exercise your voting rights by no later than 6:00 p.m., Monday, June 26, 2023 after reviewing the attached reference materials (pp. 7-23) and following the "Guidelines for the Exercise of Voting Rights" on page 5.**

Sincerely,  
Michihiro Kitazawa  
Representative Director  
Chairman of the Board and CEO

## Details of Meeting

**1. Date:** 10:00 a.m., Tuesday, June 27, 2023 (Reception opens at 9:00 a.m.)

**2. Place:** Galaxy Room, 2nd Basement, Westin Hotel Tokyo  
4-1 Mita 1-chome, Meguro-ku, Tokyo  
(within Yebisu Garden Place)

### 3. Meeting Agenda

#### Items to be reported:

Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 147th term (from April 1, 2022 to March 31, 2023), as well as the results of the audit of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

#### Item to be resolved:

**Item: Election of Ten (10) Directors**

### 4. Other Matters Shareholders Are Asked to Know with respect to this Convocation

- (1) The agenda item unmarked on a ballot form will be counted as “approved.”
  - (2) If voting rights are duplicated through the use of postal and via the Internet, etc., any vote that reaches the Company later will be regarded as the valid vote. In the event that multiple votes reach the Company on the same day, the vote exercised via the Internet, etc. shall take precedence.
  - (3) If voting rights are exercised multiple times via the Internet, etc., the last vote will be regarded as the valid vote.
- Please be advised that the Company’s Directors, Audit & Supervisory Board Members, and persons in charge are encouraged to be in light attire (the so-called Cool Biz) on the day of the Ordinary General Meeting of Shareholders.
  - Of the matters to which the electronic provision measures apply, the “Explanatory Notes for Consolidated Financial Statements” in the Consolidated Financial Statements and the “Explanatory Notes for Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are posted on the Company’s website as well as on the TSE website as mentioned in page 2 of this notice, pursuant to the provisions of laws and regulations and the Articles of Incorporation of Company, and thus are omitted from this notice.
  - In the case that any revisions are made to the matters to which the electronic provision measures apply, a notice of the revisions and the details of revisions showing before and after changes will be posted on both of the aforementioned websites.

### **Countermeasures against COVID-19**

• **Shareholders are kindly asked to make the best judgment regarding their attendance in person at the meeting, in consideration of the latest situation concerning COVID-19 as of the date of the meeting as well as their own physical condition.**

**Please consider exercising your voting rights beforehand via the ballot form or the Internet, etc.**

• **Shareholders attending the meeting in person are kindly asked to comply with our measures to prevent the spread of infection.**

- **When entering the venue, please sanitize your hands using alcohol-based hand sanitizer.**

- **Wearing a mask inside the venue will be at your discretion.**

• **If any significant changes to the situation occur from this time forward regarding the operation of the meeting, we will post such updates on the Company's website (<https://www.fujielectric.co.jp>) accessible via the Internet.**

## **Guidelines for the Exercise of Voting Rights**

You may exercise your voting rights at the Ordinary General Meeting of Shareholders by one of the following methods.

### **If you are not attending the meeting:**

**1. Exercising voting rights by postal mail (in writing)**

Please indicate your approval or disapproval on the ballot form and send it back to us. (No postage is needed.)

\*All unmarked agenda items will be counted as “approved.”

Exercise deadline: **Received by no later than 6:00 p.m., Monday, June 26, 2023**

**2. Exercising voting rights via the Internet, etc.**

Please access the Company’s designated website to exercise your voting rights online, and enter your vote of approval or disapproval by following on-screen guidance.

**Please refer to the following page for instructions concerning the exercise of voting rights via the Internet, etc.**

[Cautions regarding exercising voting rights via the Internet, etc.]

- If voting rights are exercised multiple times, the last vote will be regarded as the valid vote.
- If voting rights are duplicated through the use of postal and via the Internet, etc., any vote that reaches the Company later will be regarded as the valid vote. In the event that multiple votes reach the Company on the same day, the vote exercised via the Internet, etc. shall take precedence.

Exercise deadline: **Input by no later than 6:00 p.m., Monday, June 26, 2023**

### **If you are attending the meeting:**

Please present the ballot form to the receptionist. (A personal seal will not be required.)

\*You may exercise your voting rights by a proxy who is also a shareholder. In this case, the proxy should submit the following three documents to the reception on the day of the meeting: the proxy authorization form, your ballot form, and the proxy’s ballot form.

Date of the Ordinary General Meeting of Shareholders:

**10:00 a.m., Tuesday, June 27, 2023** (Reception opens at 9:00 a.m.)

## **Instructions Concerning the Exercise of Voting Rights via the Internet, etc.\***

\*Institutional investors can exercise their voting rights via the electronic voting platform for institutional investors operated by Investor Communications Japan Inc. (ICJ).

### **By scanning the QR code (“Smart Exercise”)**

You can log-in to the website for exercise of voting rights without entering the voting rights exercise code and password.

1. Please scan the QR code printed on the ballot form at the bottom right.

\*QR code is a registered trademark of DENSO WAVE INCORPORATED.

2. Then please follow on-screen guidance and enter your vote of approval or disapproval.

### **The exercise of voting right by “Smart Exercise” is available only once.**

In case if you want to change your vote after exercising your voting right, please access the website for PC and log-in by entering the “voting rights exercise code” and “password” indicated in the ballot form, to exercise your voting right again.

\*You will be transferred to the website for PC by scanning the QR code again.

### **By entering the voting rights exercise code and password**

Website for exercise of voting rights: <https://www.web54.net>

1. Please access the website for exercise of voting rights.

Click the “Next” button.

2. Please enter the “voting rights exercise code” indicated in the ballot form.

Enter the “voting rights exercise code.”

Click “Log in.”

3. Please enter the “password” indicated in the ballot form.

Enter the “password.”

Enter the new password that you will actually use.

Click “Register.”

4. Then please follow on-screen guidance and enter your vote of approval or disapproval.

If you have any questions on how to exercise your voting rights via the Internet using a personal computer or a smartphone, please contact the department below.

Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Web Support (dedicated line)

**Toll-free number: 0120-652-031 (from within Japan only)**  
**(9:00 a.m. to 9:00 p.m., JST)**

## Reference Materials for the General Meeting of Shareholders

### Item: Election of Ten (10) Directors

#### Reasons for Proposal

The terms of office of all of ten members of the Board of Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. We, therefore, propose the election of the following ten members of the Board of Directors (four of them are Outside Directors) due to the following reasons.

In fiscal 2022, the Company successfully achieved the targets of “net sales of 1 trillion yen” and “an operating margin of 8% or more” set forth in the five-year medium-term management plan “Reiwa Prosperity 2023” that ends in fiscal 2023, one year ahead of schedule. In fiscal 2023, which commemorates the 100th anniversary of the foundation of the Company, we are working still harder on “promotion of growth strategies,” “further improvement of profitability,” and “ongoing reinforcement of operating foundations” towards further growth.

Six Candidates for Standing Directors (No. 1-6) have been decided on the basis of the skills and experience necessary for the execution of the Company’s management policies.

Four candidates for Outside Directors (No. 7-10) have been selected based on a comprehensive evaluation of the candidate’s insight and experience, including management experience in other companies and expertise and international experience in the energy and environmental fields related to the Company’s business, to determine their ability to conduct multifaceted management decisions, as well as of their understanding with regard to Fuji Electric’s management and their independence from the Company described in pages 16-21. This approach has been adopted to facilitate the reinforcement of Fuji Electric’s management supervisory functions and ensure the validity and appropriateness of important management decisions.

In light of the Company’s management policy of “Contribute to the realization of a sustainable society through its energy and environment businesses” and its business characteristics, the Company has defined the insight and experience necessary for the Board of Directors of the Company as the seven areas of “Business management,” “Finance and accounting,” “Global business,” “Environment and Society,” “R&D, technology, manufacturing, and DX,” “Corporate Governance, legal matters, and risks,” and “Marketing and industry.”

For the areas expected to Director candidates by the Company, please refer to pages 8 to 9.

As mentioned above, we would ask you to approve the election of these ten Directors in order to execute highly transparent management in a prompt manner with the aim of future business growth.

The election of Director candidates was made after the “Nomination and Remuneration Committee,” a discretionary committee whose membership is made up of a majority of Outside Directors who are Independent Officers and whose chairman is an Outside Director who is an Independent Officer, deliberated and reported its findings.




### Current positions and direct duties of Director candidates in the Company and areas expected to them by the Company


No.	Name	Current positions and direct duties in the Company		Areas expected to Director candidates by the Company						
				Business management	Finance and accounting	Global business	Environment and Society	R&D, technology, manufacturing, and DX	Corporate Governance, legal matters, and risks	Marketing and industry
1	Michihiro Kitazawa (Reappointment)	Representative Director Chairman of the Board and CEO (Chief Executive Officer)	Nomination and Remuneration Committee member	●	●	●		●	●	●
2	Shiro Kondo (Reappointment)	Representative Director President and COO (Chief Operating Officer)	President In charge of Corporate R&D Nomination and Remuneration Committee member	●		●		●		●
3	Michio Abe (Reappointment)	Director	Senior Managing Executive Officer In charge of Production & Procurement and Power Generation Business			●	●	●		●
4	Junichi Arai (Reappointment)	Director	Senior Managing Executive Officer Corporate General Manager, Corporate Management Planning Headquarters General Manager, Export Administration Office In charge of compliance management		●	●			●	

No.	Name	Current positions and direct duties in the Company	Areas expected to Director candidates by the Company						
			Business management	Finance and accounting	Global business	Environment and Society	R&D, technology, manufacturing, and DX	Corporate Governance, legal matters, and risks	Marketing and industry
5	Toru Hosen (Reappointment)	Director Senior Managing Executive Officer Corporate General Manager, Semiconductors Business Group					●		●
6	Hiroshi Tetsutani (Reappointment)	Director Managing Executive Officer Corporate General Manager, Power Electronics Industry Business Group					●		●
7	Toshihito Tamba (Reappointment) (Outside Director) (Independent Officer)	Outside Director Nomination and Remuneration Committee chairman	●	●	●			●	
8	Yukari Tominaga (Reappointment) (Outside Director) (Independent Officer)	Outside Director	●				●	●	
9	Yukihiro Tachifuji (New appointment) (Outside Director) (Independent Officer)		●		●	●	●	●	
10	Tomonari Yashiro (New appointment) (Outside Director) (Independent Officer)				●	●		●	

Note: As used in this Reference Materials for the General Meeting of Shareholders, the expression "Fuji Electric" refers to the company group comprising the Company, its subsidiaries, and affiliates. The expression "Standing Directors" refers to executive directors as prescribed in Article 2, Item 15 of the Companies Act.

No.	Name, date of birth, and reappointment or new appointment	Brief personal record, positions and direct duties in the Company	
1	 <p data-bbox="272 667 504 757">Michihiro Kitazawa (Feb. 10, 1952) (Reappointment)</p>	<p data-bbox="539 241 1230 792">           Apr. 1974: Joined the Company            Apr. 1998: President and Director, U.S. FUJI ELECTRIC INC.            Jun. 2001: President and Representative Director, Fuji Electric Imaging Device Co., Ltd.            Oct. 2003: Director, Fuji Electric Device Technology Co., Ltd.            Jun. 2004: Managing Director, Fuji Electric Device Technology Co., Ltd.            Jun. 2006: Senior Managing Director, Fuji Electric Device Technology Co., Ltd.            Apr. 2008: Senior Executive Officer of the Company            Jun. 2008: Representative Director, Vice President and Director of the Company            Apr. 2010: Representative Director, President and Director of the Company            Apr. 2011: President of the Company            Apr. 2022: <b>Representative Director, Chairman of the Board and CEO of the Company (up to the present)</b> </p> <p data-bbox="539 801 1230 891"> <b>[Direct duties in the Company]</b>            Chief Executive Officer            Nomination and Remuneration Committee member         </p>	<p data-bbox="1273 315 1390 412">Ownership of the Company's shares 44,800</p> <p data-bbox="1273 472 1390 524">Tenure 15 years</p> <p data-bbox="1273 584 1390 725">Number of attendance at the Board of Directors meetings 7/13</p>
<p data-bbox="181 904 772 931"><b>Reasons for nomination as a candidate for Director</b></p> <p data-bbox="181 936 1362 1025">Mr. Michihiro Kitazawa was elected Director in 2008, and his tenure of office is 15 years. He was appointed as President of the Company in April 2010, and has been leading the management of the Company ever since. In addition, he has been Chairman of the Board and CEO since April 2022.</p> <p data-bbox="181 1030 1390 1155">We would ask shareholders to reelect him as Director, to perform the duties of a person to oversee the formulation of medium- to long-term business strategies and management plans. This is based on his experience of working abroad for many years and in the semiconductors business, where outstanding progress of technological innovation is seen, and his insight into business management.</p> <p data-bbox="181 1160 1378 1214">If his reelection is approved at this General Meeting, the Company will continue his appointment as Chairman of the Board and CEO.</p>			

No.	Name, date of birth, and reappointment or new appointment	Brief personal record, positions and direct duties in the Company	
2	 <p>Shiro Kondo (Oct. 4, 1960) (Reappointment)</p>	<p>Apr. 1984: Joined the Company</p> <p>Apr. 2005: General Manager, Information and Communications Controls Department, Fuji Electric Advanced Technology Co., Ltd.</p> <p>Apr. 2007: General Manager, Information and Communications Controls Development Center, Fuji Electric Advanced Technology Co., Ltd.</p> <p>Jul. 2007: Director, Fuji Electric Advanced Technology Co., Ltd.</p> <p>Jul. 2008: General Manager, Technology Strategy Office, Technology and Business Strategy Headquarters of the Company</p> <p>Sep. 2010: Deputy General Manager (Director), Fuji Electric Holdings (Shanghai) Co., Ltd.</p> <p>Jun. 2012: General Manager (Chairman), Fuji Electric (China) Co., Ltd.</p> <p>Apr. 2013: General Manager, Instrumentation and Control Systems Division, Industrial Infrastructure Business Group of the Company</p> <p>Jul. 2014: General Manager, Industrial Plant Division, Industrial Infrastructure Business Group of the Company</p> <p>Apr. 2015: General Manager, Industrial and Instrumentation Equipment Division, Industrial Infrastructure Business Group of the Company</p> <p>Apr. 2016: Deputy Corporate General Manager, Corporate R&amp;D Headquarters of the Company</p> <p>Apr. 2017: Executive Officer of the Company Corporate General Manager, Corporate R&amp;D Headquarters of the Company</p> <p>Apr. 2020: Managing Executive Officer of the Company</p> <p>Jun. 2021: Director of the Company</p> <p>Apr. 2022: <b>Representative Director, President and COO of the Company (up to the present)</b> <b>President of the Company (up to the present)</b></p> <p><b>[Direct duties in the Company]</b></p> <p>Chief Operating Officer In Charge of Corporate R&amp;D Nomination and Remuneration Committee member</p>	<p>Ownership of the Company's shares 13,600</p> <p>Tenure 2 years</p> <p>Number of attendance at the Board of Directors meetings 13/13</p>
<p><b>Reasons for nomination as a candidate for Director</b></p> <p>Mr. Shiro Kondo was elected Director in 2021, and his tenure of office is two years. In addition, he has been President and COO since April 2022.</p> <p>We would ask shareholders to reelect him as Director, to perform the duties of a person responsible for business strategies and business execution based on management plans. This is based on his experience as a person responsible for business divisions, overseas bases and R&amp;D operations and his insight into business management.</p> <p>If his reelection is approved at this General Meeting, the Company will continue his appointment as President and COO.</p>			

No.	Name, date of birth, and reappointment or new appointment	Brief personal record, positions and direct duties in the Company	
3	 <p data-bbox="300 703 480 792">Michio Abe (Jun. 7, 1953) (Reappointment)</p>	<p data-bbox="539 253 903 280">Apr. 1972: Joined the Company</p> <p data-bbox="539 291 1166 392">Apr. 2000: General Manager, Thermal Power Design Department, Power Plant Equipment Factory, Energy &amp; Electric Systems Company of the Company</p> <p data-bbox="539 403 1230 492">Jul. 2009: Executive Officer of the Company General Manager, Monotsukuri Strategy Division of the Company</p> <p data-bbox="539 504 1118 530">Apr. 2010: Senior Executive Officer of the Company</p> <p data-bbox="539 542 1182 568">Jun. 2010: <b>Director of the Company (up to the present)</b></p> <p data-bbox="539 580 1153 607">Apr. 2011: Managing Executive Officer of the Company</p> <p data-bbox="539 618 1134 667">Oct. 2011: Corporate General Manager, Production &amp; Procurement Group of the Company</p> <p data-bbox="539 678 1153 728">Apr. 2012: <b>Senior Managing Executive Officer of the Company (up to the present)</b></p> <p data-bbox="539 739 1214 788">Mar. 2019: Retired from Corporate General Manager, Production &amp; Procurement Group of the Company</p> <p data-bbox="539 799 1134 848">Apr. 2020: Corporate General Manager, Production &amp; Procurement Group of the Company</p> <p data-bbox="539 860 887 887"><b>[Direct duties in the Company]</b></p> <p data-bbox="539 898 1203 947">In charge of Production &amp; Procurement and Power Generation Business</p>	<p data-bbox="1267 342 1398 443">Ownership of the Company's shares 23,400</p> <p data-bbox="1283 506 1382 562">Tenure 13 years</p> <p data-bbox="1267 618 1390 763">Number of attendance at the Board of Directors meetings 13/13</p>
<p data-bbox="180 969 772 996"><b>Reasons for nomination as a candidate for Director</b></p> <p data-bbox="180 1001 1043 1028">Mr. Michio Abe was elected Director in 2010, and his tenure of office is 13 years.</p> <p data-bbox="180 1032 1382 1122">We would ask shareholders to reelect him as Director, to perform the duties of a person promoting the establishment of a global supply chain and enhancement of the power generation business. This is based on his experience in manufacture mainly in power plant and his insight into business management.</p>			

No.	Name, date of birth, and reappointment or new appointment	Brief personal record, positions and direct duties in the Company	
4	 <p data-bbox="296 987 480 1077">Junichi Arai (Oct. 12, 1957) (Reappointment)</p>	<p data-bbox="536 239 1235 1346"> Apr. 1982: Joined the Company  Jul. 1989: Seconded to U.S. FUJI ELECTRIC INC.  Feb. 2002: General Manager, Planning Department, Business Division, Electron Business Group of the Company  Oct. 2003: General Manager, Management Planning Division, Management Planning Headquarters, Fuji Electric Device Technology Co., Ltd.  Apr. 2007: Deputy General Manager, Business Coordination Department, Semiconductor Devices Headquarters, Fuji Electric Device Technology Co., Ltd.  Apr. 2008: General Manager, Business Coordination Department, Semiconductor Devices Headquarters, Fuji Electric Device Technology Co., Ltd.  Jul. 2008: General Manager in charge of Business Planning, Business Strategy Office, Technology and Business Strategy Headquarters of the Company  Jun. 2009: Executive Officer of the Company  Jul. 2009: General Manager, Corporate Planning Office of the Company  Apr. 2010: Assistant to President, METAWATER Co., Ltd.  Jul. 2010: Director, METAWATER Co., Ltd.  General Manager, Administration Headquarters, METAWATER Co., Ltd.  Apr. 2012: Operating Officer of the Company  General Manager, Corporate Planning Office, Corporate Management Planning Headquarters of the Company  Apr. 2013: Executive Officer of the Company  Apr. 2016: Managing Executive Officer of the Company  <b>Corporate General Manager, Corporate Management Planning Headquarters of the Company (up to the present)</b>  Jun. 2016: <b>Director of the Company (up to the present)</b>  Apr. 2020: <b>Senior Managing Executive Officer of the Company (up to the present)</b> </p> <p data-bbox="536 1375 1206 1536"> <b>[Direct duties in the Company]</b>  Corporate General Manager, Corporate Management Planning Headquarters  General Manager, Export Administration Office  In charge of compliance management </p>	<p data-bbox="1270 633 1398 734">Ownership of the Company's shares 12,000</p> <p data-bbox="1289 792 1374 846">Tenure 7 years</p> <p data-bbox="1273 909 1390 1055">Number of attendance at the Board of Directors meetings 13/13</p>

**Reasons for nomination as a candidate for Director**

Mr. Junichi Arai was elected Director in 2016, and his tenure of office is seven years.

We would ask shareholders to reelect him as Director, to perform the duties of Corporate General Manager of the Corporate Management Planning Headquarters to oversee the entire administrative operations. This is based on his experience of working abroad for many years and in the semiconductors business, where outstanding progress of technological innovation is seen, and his insight into business management.

No.	Name, date of birth, and reappointment or new appointment	Brief personal record, positions and direct duties in the Company	
5	 <p data-bbox="296 1016 480 1106">Toru Hosen (Jun. 25, 1960) (Reappointment)</p>	<p data-bbox="539 239 903 268">Apr. 1983: Joined the Company</p> <p data-bbox="539 277 1241 331">Oct. 2003: Deputy General Manager, Matsumoto Office, Fuji Hitachi Power Semiconductor Co., Ltd.</p> <p data-bbox="539 340 1230 443">Feb. 2006: General Manager, Product Technology Center, Information and Power Supply Business Division, Semiconductor Devices Headquarters, Fuji Electric Device Technology Co., Ltd.</p> <p data-bbox="539 452 1230 555">Sep. 2007: Deputy General Manager, Information and Power Supply Business Division, Semiconductor Devices Headquarters, Fuji Electric Device Technology Co., Ltd.</p> <p data-bbox="539 564 1230 667">Apr. 2008: Senior Manager, Product Planning Department, Sales Coordination Division, Semiconductor Development and Sales Headquarters, Fuji Electric Device Technology Co., Ltd.</p> <p data-bbox="539 676 1203 757">Jul. 2008: Senior Manager, Discrete and IC Department, Semiconductors Business Coordination Division, Fuji Electric Device Technology Co., Ltd.</p> <p data-bbox="539 766 1230 869">Jan. 2009: Deputy General Manager, Business Strategy Coordination Division, Semiconductor Devices Headquarters, Fuji Electric Device Technology Co., Ltd.</p> <p data-bbox="539 878 1177 958">Oct. 2009: Deputy General Manager, Semiconductor Coordination Division, Semiconductor Devices Headquarters, Fuji Electric Systems Co., Ltd.</p> <p data-bbox="539 967 1225 1048">Apr. 2011: General Manager, Power Semiconductor Business Division, Electronic Devices Business Group of the Company</p> <p data-bbox="539 1057 1235 1111">Apr. 2013: General Manager, Business Coordination Division, Electronic Devices Business Group of the Company</p> <p data-bbox="539 1120 1187 1209">Apr. 2017: Executive Officer of the Company Deputy Corporate General Manager, Electronic Devices Business Group of the Company</p> <p data-bbox="539 1218 1197 1272">Apr. 2018: Corporate General Manager, Electronic Devices Business Group of the Company</p> <p data-bbox="539 1281 1155 1312">Apr. 2019: Managing Executive Officer of the Company</p> <p data-bbox="539 1321 1203 1402">Apr. 2021: <b>Corporate General Manager, Semiconductors Business Group of the Company (up to the present)</b></p> <p data-bbox="539 1411 1155 1464">Apr. 2022: <b>Senior Managing Executive Officer of the Company (up to the present)</b></p> <p data-bbox="539 1473 1184 1505">Jun. 2022: <b>Director of the Company (up to the present)</b></p> <p data-bbox="539 1514 887 1545"><b>[Direct duties in the Company]</b></p> <p data-bbox="539 1554 1206 1585">Corporate General Manager, Semiconductors Business Group</p>	<p data-bbox="1267 658 1394 757">Ownership of the Company's shares 4,500</p> <p data-bbox="1299 815 1362 869">Tenure 1 year</p> <p data-bbox="1267 927 1394 1079">Number of attendance at the Board of Directors meetings 9/10</p>

**Reasons for nomination as a candidate for Director**

Mr. Toru Hosen was elected Director in 2022, and his tenure of office is one year.

We would ask shareholders to reelect him as Director, to perform his duties as the person responsible for the Semiconductors Business Group. This is based on his experience holding important positions in the semiconductors business, which the Company has placed as a growth field, and his insight into business management.

Note: Since he has newly assumed office as Director at the conclusion of the 146th Ordinary General Meeting of Shareholders held on June 28, 2022, the number of attendance and the number of the Board of Directors meetings are counted after such assumption.

No.	Name, date of birth, and reappointment or new appointment	Brief personal record, positions and direct duties in the Company	
6	 <p data-bbox="296 936 480 1025">Hiroshi Tetsutani (Nov. 18, 1963) (Reappointment)</p>	<p data-bbox="539 241 903 271">Apr. 1986: Joined the Company</p> <p data-bbox="539 282 1219 376">Jul. 2008: Senior Manager, Drive Equipment Technology Department, Drive Coordination Division, Drive Business Headquarters, Fuji Electric Systems Co., Ltd.</p> <p data-bbox="539 394 1161 468">Apr. 2009: General Manager, Complex Product Solution Coordination Division, Drive Business Headquarters, Fuji Electric Systems Co., Ltd.</p> <p data-bbox="539 483 1171 580">Apr. 2010: General Manager, Conveyance System Coordination Division, Transportation Solution Business Division, Environment Solution Headquarters, Fuji Electric Systems Co., Ltd.</p> <p data-bbox="539 595 1235 669">Apr. 2011: General Manager, Drive Planning Coordination Division, Drive Business Division, Power Electronics Business Group of the Company</p> <p data-bbox="539 685 1219 736">Oct. 2013: General Manager, Drive Business Division, Power Electronics Business Group of the Company</p> <p data-bbox="539 752 1150 826">Apr. 2017: Deputy Corporate General Manager, Power Electronics Systems Business Group of the Company</p> <p data-bbox="539 842 1198 916">General Manager, Factory Automation Business Division, Power Electronics Systems Business Group of the Company</p> <p data-bbox="539 931 1038 960">Apr. 2019: Executive Officer of the Company</p> <p data-bbox="539 976 1209 1028">Corporate General Manager, Power Electronics System Industry Business Group of the Company</p> <p data-bbox="539 1043 1230 1095">Apr. 2021: <b>Managing Executive Officer of the Company (up to the present)</b></p> <p data-bbox="539 1111 1230 1162">Sep. 2021: <b>Corporate General Manager, Power Electronics Industry Business Group of the Company (up to the present)</b></p> <p data-bbox="539 1178 1182 1207">Jun. 2022: <b>Director of the Company (up to the present)</b></p> <p data-bbox="539 1223 887 1252"><b>[Direct duties in the Company]</b></p> <p data-bbox="539 1267 1139 1319">Corporate General Manager, Power Electronics Industry Business Group</p> <p data-bbox="539 1335 924 1364"><b>[Significant concurrent positions]</b></p> <p data-bbox="539 1379 1182 1431">Chairman, Shanghai Electric Fuji Electric Power Technology (Wuxi) Co., Ltd.</p>	<p data-bbox="1267 577 1394 674">Ownership of the Company's shares 2,900</p> <p data-bbox="1299 741 1362 792">Tenure 1 year</p> <p data-bbox="1267 860 1394 994">Number of attendance at the Board of Directors meetings 10/10</p>

**Reasons for nomination as a candidate for Director**

Mr. Hiroshi Tetsutani was elected Director in 2022, and his tenure of office is one year. We would ask shareholders to reelect him as Director, to perform his duties as the person responsible for the Power Electronics Business Group. This is based on his experience holding important positions in the power electronics business, which the Company has placed as a growth field, and his insight into business management.

Note: Since he has newly assumed office as Director at the conclusion of the 146th Ordinary General Meeting of Shareholders held on June 28, 2022, the number of attendance and the number of the Board of Directors meetings are counted after such assumption.



No.	Name, date of birth, and reappointment or new appointment	Brief personal record and positions in the Company	
7	 <p>Toshihito Tamba (Mar. 13, 1950) (Reappointment) (Outside Director) (Independent Officer)</p>	<p>Apr. 1972: Joined ITOCHU Corporation</p> <p>Jun. 2001: Executive Officer, Chief Operating Officer, Forest Products &amp; General Merchandise Division, ITOCHU Corporation</p> <p>Jun. 2003: Managing Representative Director, President, Chemicals, Forest Products &amp; General Merchandise Company, ITOCHU Corporation</p> <p>Apr. 2005: Senior Managing Representative Director, Chief Corporate Planning Officer, ITOCHU Corporation</p> <p>Oct. 2006: Senior Managing Representative Director, Chief Administration Officer, ITOCHU Corporation</p> <p>Apr. 2008: Representative Executive Vice President, Executive Advisory Officer, Chief Operating Officer, Overseas Operations, ITOCHU Corporation</p> <p>Apr. 2010: Representative Director, Executive Vice President, Executive Advisory Officer, ITOCHU Corporation</p> <p>Jun. 2011: Advisor, Century Tokyo Leasing Corporation (now Tokyo Century Corporation)</p> <p>Jun. 2011: Chairman &amp; Co-CEO, Representative Director, Century Tokyo Leasing Corporation</p> <p>Jun. 2016: <b>Outside Director of the Company (up to the present)</b></p> <p>Apr. 2020: Director, Tokyo Century Corporation</p> <p>Jun. 2022: <b>Executive Adviser, Tokyo Century Corporation (up to the present)</b></p> <p><b>[Direct duties in the Company]</b> Nomination and Remuneration Committee chairman</p> <p><b>[Significant concurrent positions]</b> Executive Adviser, Tokyo Century Corporation</p>	<p>Ownership of the Company's shares 2,100</p> <p>Tenure 7 years</p> <p>Number of attendance at the Board of Directors meetings 13/13</p>
<p><b>Reasons for nomination as a candidate for Outside Director and overview of expected roles</b></p> <p>Mr. Toshihito Tamba was elected Outside Director in 2016, and his tenure of office is seven years. He provides valuable opinions and recommendations with regard to the overall management of the Company based on his extensive experience and considerable insight as a management executive of a listed company. In addition, he actively offers opinions on selection of candidates for officers and determination on remuneration, etc. for officers of the Company as the chairman of the Nomination and Remuneration Committee. As stated above, we would ask shareholders to reelect him as Outside Director because he has played appropriate roles in supervising business execution as an Outside Director of the Company. We expect him to continuously play the above roles.</p> <p>Mr. Tamba currently serves as Executive Adviser at Tokyo Century Corporation. The Company conducts transactions with the aforementioned company. In fiscal 2022, transactions with Tokyo Century Corporation amounted to approximately 1.0 billion yen, and the amount makes up less than 1% of the total net sales of either the Company or the aforementioned company.</p>			

No.	Name, date of birth, and reappointment or new appointment	Brief personal record and positions in the Company	
8	 <p data-bbox="268 1016 501 1173">Yukari Tominaga (Apr. 19, 1958) (Reappointment) (Outside Director) (Independent Officer)</p>	<p data-bbox="533 239 1236 293">Apr. 1981: Joined Hitachi Computer, Consultant Ltd. (now Hitachi Solutions, Ltd)</p> <p data-bbox="533 304 1236 405">Oct. 2010: General Manager, Application Systems Department, Industrial and Retail Solutions Systems Business Department No. 1, Industrial and Retail Solutions Systems Business Group of Hitachi Solutions, Ltd.</p> <p data-bbox="533 416 1236 517">Apr. 2011: Executive Officer, Deputy General Manager, Retail Solutions Business Division, Industrial and Retail Solutions Systems Business Group of Hitachi Solutions, Ltd.</p> <p data-bbox="533 528 1236 629">Apr. 2012: Executive Officer, General Manager, Retail Solutions Business Division, Industrial and Retail Solutions Systems Business Group of Hitachi Solutions, Ltd.</p> <p data-bbox="533 640 1236 719">Apr. 2013: Executive Officer, General Manager, Financial Systems Business Division, Financial Systems Business Group of Hitachi Solutions, Ltd.</p> <p data-bbox="533 730 1236 808">Apr. 2014: Vice President and Executive Officer, Chief Officer, Financial Systems Business Group of Hitachi Solutions, Ltd.</p> <p data-bbox="533 819 1236 898">Apr. 2015: Vice President and Executive Officer, Chief Officer, Social Innovation Promotion Group of Hitachi Solutions, Ltd. Deputy Chief Officer, Sales Operations of Hitachi Solutions, Ltd.</p> <p data-bbox="533 909 1236 965">Oct. 2015: Vice President and Executive Officer, In charge of Social Innovation System Business of Hitachi Solutions, Ltd.</p> <p data-bbox="533 976 1236 1032">Oct. 2016: Vice President and Executive Officer, Chief Officer, Quality Assurance Group of Hitachi Solutions, Ltd.</p> <p data-bbox="533 1043 1236 1099">Apr. 2019: Assistant to the President, Chief Diversity Officer (CDO) of Hitachi Solutions, Ltd.</p> <p data-bbox="533 1111 1236 1144">Apr. 2020: Fellow of Hitachi Solutions, Ltd.</p> <p data-bbox="533 1155 1236 1211">Jun. 2020: <b>External Director, MORINAGA MILK INDUSTRY CO., LTD. (up to the present)</b></p> <p data-bbox="533 1223 1236 1279">Jun. 2021: <b>Outside Director, Yashima &amp; Co., Ltd. (up to the present)</b></p> <p data-bbox="533 1290 1236 1323">Jul. 2021: Senior Advisor, SB Technology Corp.</p> <p data-bbox="533 1335 1236 1391">Jun. 2022: <b>External Member of the Board, SB Technology Corp. (up to the present)</b> <b>Outside Director of the Company (up to the present)</b></p> <p data-bbox="533 1402 1236 1458"><b>[Significant concurrent positions]</b></p> <p data-bbox="533 1469 1236 1503">External Director, MORINAGA MILK INDUSTRY CO., LTD.</p> <p data-bbox="533 1514 1236 1547">Outside Director, Yashima &amp; Co., Ltd.</p> <p data-bbox="533 1559 1236 1592">External Member of the Board, SB Technology Corp.</p>	<p data-bbox="1267 696 1394 797">Ownership of the Company's shares 100</p> <p data-bbox="1267 853 1394 909">Tenure 1 year</p> <p data-bbox="1267 965 1394 1111">Number of attendance at the Board of Directors meetings 9/10</p>


**Reasons for nomination as a candidate for Outside Director and overview of expected roles**

Ms. Yukari Tominaga was elected Outside Director in 2022, and her tenure of office is one year.

She provides valuable opinions and recommendations with regard to the overall management of the Company based on her broad insight and experience in corporate management, accumulated through having held important positions in various business fields deeply related to the Company's business activities at a business company as well as serving as an Outside Director of listed companies. As stated above, we would ask shareholders to reelect her as Outside Director because she has played an appropriate role in supervising business execution as an Outside Director of the Company. We expect her to continuously play the above role.

Ms. Tominaga previously served as Chief Diversity Officer at Hitachi Solutions, Ltd. The Company conducts transactions with the aforementioned company. In fiscal 2022, transactions with Hitachi Solutions, Ltd. amounted to approximately 14 million yen, and the amount makes up less than 1% of the total net sales of either the Company or the aforementioned company.

Note: Since she has newly assumed office as Director at the conclusion of the 146th Ordinary General Meeting of Shareholders held on June 28, 2022, the number of attendance and the number of the Board of Directors meetings are counted after such assumption.

No.	Name, date of birth, and reappointment or new appointment	Brief personal record and positions in the Company	
9	 <p data-bbox="268 674 501 824">Yukihiro Tachifuji (Oct. 12, 1960) (New appointment) (Outside Director) (Independent Officer)</p>	<p data-bbox="533 241 1230 880">           Apr. 1985: Joined Mitsubishi Paper Mills Limited            Apr. 1999: Manager, New Products Development Section of Mitsubishi HiTec Paper Bielefeld GmbH            Jun. 2013: Executive Officer, Mitsubishi Paper Mills Limited            Head, Takasago Mill of Mitsubishi Paper Mills Limited            Deputy General Manager, Paper Division of Mitsubishi Paper Mills Limited            Deputy General Manager, Imaging Division of Mitsubishi Paper Mills Limited            Deputy General Manager, Speciality Materials Division of Mitsubishi Paper Mills Limited            Jan. 2016: Senior Executive Officer, Mitsubishi Paper Mills Limited            Jan. 2018: Managing Executive Officer, Mitsubishi Paper Mills Limited            Jun. 2019: President &amp; CEO, Mitsubishi Paper Mills Limited            Apr. 2022: Director and Advisor, Mitsubishi Paper Mills Limited            Jun. 2022: <b>Advisor, Mitsubishi Paper Mills Limited (up to the present)</b> </p> <p data-bbox="533 898 946 965"> <b>[Significant concurrent positions]</b>            Advisor, Mitsubishi Paper Mills Limited         </p>	<p data-bbox="1267 465 1404 562">Ownership of the Company's shares 0</p>
<p data-bbox="185 981 1238 1010"><b>Reasons for nomination as a candidate for Outside Director and overview of expected roles</b></p> <p data-bbox="185 1014 1404 1137">Mr. Yukihiro Tachifuji is a new candidate for Director. He has extensive experience and considerable insight as a management executive of a listed company. We would ask shareholders to newly elect him as Outside Director because we expect him to utilize that knowledge to provide useful advice and supervision of the execution of the Company's business operations.</p>			

No.	Name, date of birth, and reappointment or new appointment	Brief personal record and positions in the Company	
10	 <p>Tomonari Yashiro (Jul. 2, 1957) (New appointment) (Outside Director) (Independent Officer)</p>	<p>Apr. 1985: Researcher, Building Research Institute, Ministry of Construction</p> <p>Apr. 1991: Associate Professor, Department of Architecture, Musashi Institute of Technology</p> <p>Oct. 1994: Visiting Research Fellow, University of Reading(UK)</p> <p>Apr. 1998: Associate Professor, Department of Civil Engineering, Graduate School of Engineering, The University of Tokyo</p> <p>Oct. 1999: Associate Professor, Institute of Industrial Science, The University of Tokyo</p> <p>Apr. 2001: Professor, Institute of Industrial Science, The University of Tokyo</p> <p>Apr. 2009: Director General, Institute of Industrial Science, The University of Tokyo</p> <p>Apr. 2013: Executive Vice President, The University of Tokyo</p> <p>Dec. 2018: Chairman, Design-Led X Pedagogical Research Initiative, The University of Tokyo</p> <p>Mar. 2023: Retired The University of Tokyo</p> <p>Apr. 2023: <b>Professor, Kochi University of Technology (up to the present)</b> <b>Specially-appointed Professor, Tokyo City University (up to the present)</b></p> <p><b>[Significant concurrent positions]</b> Professor, Kochi University of Technology Specially-appointed Professor, Tokyo City University</p>	<p>Ownership of the Company's shares 0</p>
<p><b>Reasons for nomination as a candidate for Outside Director and overview of expected roles</b></p> <p>Mr. Tomonari Yashiro is a new candidate for Director. He has not engaged in business management, but he has extensive experience and considerable insight as an expert in sustainable architecture and innovation management. We would ask shareholders to newly elect him as Outside Director because we expect him to utilize that knowledge to provide useful advice and supervision of the overall management of the Company.</p> <p>Mr. Yashiro previously served as Executive Vice President at University of Tokyo which is managed by National University Corporation, The University of Tokyo. The Company conducts transactions with the aforementioned company. In fiscal 2022, transactions with National University Corporation, the University of Tokyo amounted to approximately 36 million yen, and the amount makes up less than 1% of the total net sales of the Company and the total ordinary profit of the aforementioned company.</p>			

## **Matters Concerning Candidates for Directors**

### *Special interests*

- There are no special interests between each candidate and the Company.

### *Matters concerning candidates for Outside Directors*

- Mr. Toshihito Tamba, Ms. Yukari Tominaga, Mr. Yukihiro Tachifuji, and Mr. Tomonari Yashiro are candidates for Outside Directors.
- Each of the candidates for Outside Directors does not intend to receive large payments or transfers of assets in other forms from the Company or specified related businesses of the Company except for Directors' remuneration, and has not received such payments within the past two years.
- Each of the candidates for Outside Directors is not a spouse, a family member within the third degree of kinship, or a member having similar relationship thereof of operators or non-executive officers of the Company or specified related businesses of the Company.

### *Details of limited liability agreement between the candidates for Outside Directors and the Company*

In accordance with laws and regulations and the Articles of Incorporation of the Company, the Company has concluded limited liability agreements with Mr. Toshihito Tamba and Ms. Yukari Tominaga as follows. If this proposal is approved, their agreements with the Company shall continue in effect and also the Company plans to conclude the same agreements with Mr. Yukihiro Tachifuji and Mr. Tomonari Yashiro.

- In the event that any of them bears liability with regard to the Company, the maximum amount of this person's liability to the Company will be the amount of six million yen or the minimum amount for damages stipulated in the Companies Act, whichever is the higher, so long as this person has carried out their duties in good faith and in absence of gross negligence.
- After entering into the agreement, they will continue to fulfill their duties with care and carry out their duties as Outside Director with due diligence.

### *Overview of the directors and officers liability insurance policy, under which the candidates for Directors are insured*

The Company has concluded a directors and officers liability insurance policy with an insurance company, under which if claim for damages is made against the insured when such damage is caused by actions (including inactions) taken when performing duties as a corporate officer, the amount of indemnification, court costs, etc. shall be reimbursed by said insurance. All Directors (including Outside Directors) are insured, and for all who are insured under this insurance, the insurance premium shall be fully borne by the Company.

If each candidate is elected and assumes the office as Director or an Audit & Supervisory Board Member, the Company plans to include every such Director or an Audit & Supervisory Board Member as an insured in the insurance policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

## **Independence of the Outside Director Candidate**

### *Matters stipulated by the Ordinance for Enforcement of the Companies Act*

- Mr. Toshihito Tamba, Ms. Yukari Tominaga, Mr. Yukihiro Tachifuji, and Mr. Tomonari Yashiro have not been operators or non-executive officers of the Company or its subsidiaries in the past.
- Mr. Toshihito Tamba, Ms. Yukari Tominaga, Mr. Yukihiro Tachifuji, and Mr. Tomonari Yashiro are not operators or non-executive officers of specified related businesses of the Company as defined by the Ordinance for Enforcement of the Companies Act and have not been operators or non-executive officers of specified related businesses of the Company within the past 10 years.

### *Matters stipulated by the Securities Listing Regulations of the Financial Instruments and Securities Exchange*

- The Company has reported Mr. Toshihito Tamba and Ms. Yukari Tominaga as independent officers as stipulated in the Securities Listing Regulations of the Financial Instruments and Securities Exchange, etc. If this proposal is approved, the Company will continue to report them as such, and also will newly report Mr. Yukihiro Tachifuji and Mr. Tomonari Yashiro as independent officers.

*(Reference) Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members*

The Company judges the applicable candidate to be fully independent from the Company when he/she does not fall under any of the conditions listed below in addition to criteria of independence stipulated by domestic financial exchanges including the Tokyo Stock Exchange.

(1) Major shareholder

A major shareholder of the Company (who owns 10% or more of the voting rights) or its executor of business

(2) Major business partner

A business partner (including attorneys-at-law, certified public accountants, tax accountants and other consultants, as well as law firms, audit firms, tax firms and other consulting firms) or a person executing its business whose transactions with the Company exceed 2% of the annual consolidated net sales of the Company or the other entity in the past three fiscal years.

(3) Major lender, etc.

A financial institution, other major creditor, or a person executing the business of these institutions that are indispensable for the Company's funding and on which the Company depends to the extent that it is irreplaceable.

(4) Accounting auditor

A certified public accountant who belongs to an auditing firm that serves as the accounting auditor of the Company or employee, etc. of such auditing firm

(5) Donee

A person executing the business of an organization which receives a donation exceeding 10 million yen per year that is greater than 2% of its annual income from the Company for the past three fiscal years.

## [Reference] Policy on Cross-shareholding

The Company holds listed shares as a matter of policy in order to maintain and strengthen relations with its investee companies. As a basic policy, we will reduce our cross-shareholdings; even if certain rationality is recognized, we will reduce them while paying attention to the impact on management and business.

Under the basic policy, we reduced our holdings of listed stocks from 102 as of March 31, 2019 to 17 by March 31, 2023.

The Board of Directors will periodically evaluate the rationality of shareholding from the following perspectives and disclose the evaluation details

- - Necessity of maintaining and strengthening relationships with the investee companies
- - Comparison of capital cost and return

The voting rights that come with cross-shareholding are exercised after considering all relevant factors, including whether the proposed action will help the issuing company to establish an appropriate corporate governance framework and to increase its medium- to long-term corporate value, and what impact the action will have on Fuji Electric. We also have dialogue regarding the details of the proposal, among others, with the issuing company as necessary.

Number of cross-shareholding issues and carrying value on the balance sheet

Category		As of March 31, 2022	As of March 31, 2023	Changes
Listed stocks	Number of issues	45	17	(28)
	Carrying value on the balance sheet (Millions of yen)	98,048	82,555	(15,493)
Unlisted stocks	Number of issues	69	68	(1)
	Carrying value on the balance sheet (Millions of yen)	3,998	3,970	(27)
Total	Number of issues	114	85	(29)
	Carrying value on the balance sheet (Millions of yen)	102,046	86,525	(15,521)

\*As of March 31, 2023, in addition to the above, there were 2,443 million yen of deemed cross-shareholdings, bringing the total amount of cross-shareholdings (including deemed cross-shareholdings) to 88,968 million yen. This represents 15.6% of consolidated net assets as of March 31, 2023.

The amount of deemed cross-shareholdings is calculated by multiplying the market value of shares as of March 31, 2023 by the number of shares held.



# Business Report (April 1, 2022–March 31, 2023)

## [Business Overview]

### Overview

The fiscal year ended March 31, 2023 was an important year in our quest to reach the targets set forth in “Reiwa Prosperity 2023,” our medium-term management plan, namely net sales of ¥1 trillion and an operating margin of 8.0% or more. We worked for the “promotion of growth strategies” centered on the expansion of the power electronics business and the power semiconductor business, “further improvement of profitability” by strengthening manufacturing globally, and “ongoing reinforcement of operating foundations” centered on ESG (environment, society and governance).

In the fiscal year ended March 31, 2023, the market environment was characterized by solid capital investment in the manufacturing industry, data centers, etc., due to ongoing rising demand related to automobile electrification, energy savings, and digital infrastructure, driven by the global decarbonization movement and accelerating digitalization. However, in China, capital investment was slow due to factors such as rising COVID-19 infection numbers. Furthermore, due to rising energy costs and the soaring prices of raw materials, as well as material shortages and sudden currency fluctuations, the future outlook of global supply chains remained opaque.

In this environment, in addition to production capacity increases for power semiconductors to meet robust demand, we continued to take steps to increase the flexibility of our production systems to respond to customer demand, and to optimize supply chains to address the difficulties in procuring certain parts.

Despite production constraints within some divisions as a result of parts shortages, net sales increased in all divisions, resulting in consolidated net sales in the fiscal year ended March 31, 2023, rising ¥99.2 billion (11%) year on year, to ¥1,009.4 billion.

Although high material prices and power expenses impacted profit, overall profit benefited from sales volume growth coupled with the benefits of increases to product sales prices, cost reduction activities, and exchange rates. As a result, consolidated operating profit rose ¥14.0 billion year on year, to ¥88.9 billion (operating margin of 8.8%).

Ordinary profit was up ¥8.5 billion, to ¥87.8 billion and profit attributable to owners of parent increased ¥2.7 billion, to ¥61.3 billion. The figures of net sales, operating profit, ordinary profit, and profit attributable to owners of parent all represented record highs, and we reached the targets, including net sales of ¥1 trillion, set forth in our medium-term management plan “Reiwa Prosperity 2023” one year earlier than planned.

Consolidated results of operations for the fiscal year ended March 31, 2023, were as follows.

### Fiscal 2022 (April 1, 2022 to March 31, 2023)

Classification	147th term Fiscal 2022	Increase/Decrease	
Net sales	¥1,009.4 billion	Up	¥99.2 billion YoY
Operating profit	¥88.9 billion	Up	¥14.0 billion YoY
Ordinary profit	¥87.8 billion	Up	¥8.5 billion YoY
Profit attributable to owners of parent	¥61.3 billion	Up	¥2.7 billion YoY
Basic earnings per share	¥429.50	Up	¥18.82 YoY
Total assets	¥1,181.6 billion	Up	¥64.4 billion YoY

## Business Segment Overview

(¥ billion)

Business segment	Classification	146th term Fiscal 2021	147th term Fiscal 2022	Change (%)
<b>Power Electronics Energy</b>	Net sales	231.0	264.1	114%
	Operating profit	21.2	26.9	127%
<b>Power Electronics Industry</b>	Net sales	324.1	353.4	109%
	Operating profit	23.8	24.9	104%
<b>Semiconductors</b>	Net sales	178.8	206.2	115%
	Operating profit	27.1	32.2	119%
<b>Power Generation</b>	Net sales	78.6	87.3	111%
	Operating profit	3.1	3.6	114%
<b>Food and Beverage Distribution</b>	Net sales	90.8	95.3	105%
	Operating profit	3.0	4.4	145%
<b>Others</b>	Net sales	54.7	59.8	109%
	Operating profit	2.8	3.7	132%
<b>Sub-total</b>	Net sales	958.0	1,066.1	111%
	Operating profit	81.1	95.6	118%
<b>Eliminate/Corporate</b>	Net sales	(47.8)	(56.7)	—
	Operating profit (loss)	(6.3)	(6.7)	—
<b>Total</b>	Net sales	910.2	1,009.4	111%
	Operating profit	74.8	88.9	119%

## **Results by Business Segment**

### **[Power Electronics Energy]**

Net sales increased 14% year on year, to ¥264.1 billion, and operating profit increased ¥5.7 billion year on year, to ¥26.9 billion.

In the Power Electronics Energy segment, net sales and operating profit were up year on year primarily as a result of higher demand in the power supply and facility systems business and the ED&C components business.

- In the energy management business, net sales and operating results were down year on year as a result of the absence of large-scale orders for substation equipment for industrial applications recorded in the previous fiscal year.
- In the power supply and facility systems business, net sales and operating results improved year on year as a result of significantly increased demand for projects from data centers and semiconductor manufacturers inside Japan and overseas.
- In the ED&C components business, net sales and operating results improved year on year due to higher demand from manufacturers of machine tools, semiconductor manufacturing equipment and other finished equipment mainly in Japan.

### **[Power Electronics Industry]**

Net sales increased 9% year on year, to ¥353.4 billion, and operating profit increased ¥1.1 billion year on year, to ¥24.9 billion.

In the Power Electronics Industry segment, net sales were up year on year, due to demand growth in the automation systems business and the IT solutions business. Operating profit was up year on year due to factors such as rising demand centered on the IT solutions business, despite soaring material prices and difficulty in procuring certain parts.

- In the automation systems business, net sales and operating results improved year on year, despite the rising number of COVID-19 cases in China, due to factors such as the higher demand seen in other regions and currency exchange rates.
- In the social solutions business, net sales and operating results were down year on year, because of a reduction in projects for ships and railcars.
- In the equipment construction business, net sales and operating results improved year on year due to higher demand for electrical equipment construction.
- In the IT solutions business, net sales and operating results increased year on year due to higher demand mainly from large-scale projects in the academic sector and the private sector.

## Power Electronics' Topics

### Contributions to energy savings and stable operation through “Comprehensive Business”

As new data centers continue to be constructed due to advances in the migration of information systems to the cloud and the widespread use of e-commerce, the Company is working to expand its Comprehensive Business, through which it handles batch orders for electrical equipment. In addition to uninterrupted power supplies (UPS) with some of the highest levels of energy savings in the industry and space-saving switchgears, the Company is also expanding and enriching its systems for improving the efficiency of equipment operation management and maintenance management, thereby contributing to energy savings and stable operation.

### Expanding carbon neutrality-related business

The Company has established a special division to handle carbon neutrality-related consultations sought by companies and governments. The team has already received numerous inquiries and initiated business discussions regarding energy management systems for balancing power supply and demand using storage batteries, etc., and optimizing regional energy management. The Company will leverage its comprehensive strengths by combining various products and technologies, to grow carbon neutrality-related business.

### Expanding business in Southeast Asia and India

In Southeast Asia and India, our region of focus for overseas business expansion, we expanded sales mainly for inverters that contribute to energy saving, UPS for data centers, and drive control systems for material plants. In addition to local production for local consumption, we will promote local design that meets local needs and will work to further expand customer fields.

## **[Semiconductors]**

Net sales increased 15% year on year, to ¥206.2 billion, and operating profit increased ¥5.1 billion year on year, to ¥32.2 billion.

- In the semiconductor business, net sales increased year on year, despite the repercussions of withdrawing from magnetic disk operations, due to substantial growth in demand for power semiconductors for electrified vehicles (xEVs) and industrial applications, along with the impact of currency exchange rates. Operating results improved year on year due to maintained high operating rates leading to increases in production and sales, despite increased expenses accompanying the bolstering of power semiconductor production capacity, as well as soaring material prices and higher power expenses.

## TOPICS

Expanding production capacity for power semiconductors used in automobiles

To meet growing demand for power semiconductors led by the electrification of automobiles, the Company is increasing its power semiconductor production capacity both inside Japan and overseas. In fiscal 2022, the Company made a capital investment of ¥66.6 billion, which is the largest annual amount it has ever invested for the Semiconductors business. In the future, we will further focus on investment aimed at expanding our production capacity for SiC power semiconductors, which can produce even greater energy savings, and will contribute to the electrification of automobiles and energy savings.

## **[Power Generation]**

Net sales increased 11% year on year, to ¥87.3 billion, and operating profit increased ¥0.4 billion year on year, to ¥3.6 billion.

- In the power generation business, net sales and operating results were up year on year due to factors such as large-scale renewable energy projects and differences in profitability between projects.

## TOPICS

### Expanding the renewable energy business

As the decarbonization of energy continues, the Company has been transforming its portfolio, shifting from thermal power generation to the carbon free sector such as geothermal power, hydro power, solar power, and wind power (renewable energy), and nuclear energy, and to after-sales businesses. In fiscal 2022, the Company continued with the construction of the Tauhara Geothermal Power Station in New Zealand, which will have the largest single-unit capacity in the world as a geothermal power generation facility, and received its second order for a geothermal power generation facility in Africa. We will contribute to the growth of renewable energy on a global scale.

### **[Food and Beverage Distribution]**

Net sales increased 5% year on year, to ¥95.3 billion, and operating profit increased ¥1.3 billion year on year, to an operating profit of ¥4.4 billion.

- In the vending machine business, net sales and operating results were up year on year mainly due to growth in demand in Japan and the promotion of cost reduction activities, despite factors that negatively affected profits, such as the recording of allowance for doubtful accounts by a Chinese subsidiary.
- In the store distribution business, net sales were down year on year due to the rebound from a large-scale automatic change dispenser project, but operating results were up year on year thanks to the promotion of cost reduction activities, etc.

### TOPICS

Expanding and enriching high value-added equipment that offers improved environmental performance

The Company is striving to expand and enrich its high value-added products with improved environmental performance, such as vending machines that use an inverter along with their compressor to cut energy usage by 20% compared to past models, and showcases that use refrigerant with a low environmental impact. Leveraging the Company's core technologies, heating and cooling technologies, we will pursue greenhouse gas emissions reduction.

### **[Others]**

Net sales increased 9% year on year, to ¥59.8 billion, and operating profit increased ¥0.9 billion year on year, to ¥3.7 billion.



## Research and Development Activities

In fiscal 2022, our efforts were focused on research and development that contributed to energy creation, energy supply stabilization, and energy savings, as well as automation and mobility electrification, utilizing core technologies in such areas as power semiconductors, power electronics, measurement and control, and heating and cooling.

The following provides an overview of these activities.

In the Power Electronics Energy business, we developed and launched the space-saving switchgear VC-V20A-1 for the global market, primarily the Southeast Asian market. We used our unique voltage resistance forecasting technology based on field calculations to optimize resistor designs, successfully reducing the footprint by 20% compared to our previous models. In addition, the exhaust part is designed to instantly cool high-temperature, high-pressure hot gasses that are emitted in the event of a short circuit. This eliminates the need for releasing the gasses outside of the building, producing a greater degree of freedom of installation location.

In the Power Electronics Industry business, we developed and launched the automation monitoring and control system MICREX-VieW FOCUS Evolution. This system, for use in small and medium-sized industrial plants in Japan and overseas, enables the creation of flexible and highly reliable systems based on the challenges customers face. We leveraged our broad-ranging expertise regarding operation of industrial plants to prepare libraries, which can be used to quickly and easily build systems, without the need for specialized knowledge. Data from plant equipment is stored on multiple operator machines to provide redundancy, so even if one unit fails, the plant equipment will continue to operate and the data can be restored automatically. This contributes to greater plant operation stability.

In the Semiconductors business, to expand our lineup of products for electrified vehicles (xEVs), we developed and started the mass production of the 750V/800A direct liquid cooling power modules. Reduction in size of these modules was achieved by using new RC-IGBT chips with lower levels of loss than previous chips and fourth generation coolers. The lineup includes 600A, 800A, and 1,200A models for use in automobiles, so it supports a broad range of electrified vehicles with a variety of motor outputs. In addition, we are also developing next-generation IGBT and SiC technologies that will contribute to further size and weight reductions and higher-efficiency operation in xEVs in 2024 and beyond.

In the Power Generation business, we are developing high-capacity (2 MVA class) storage battery PCSs with the function of operating autonomously in the event of a power outage, which is an essential function for storage battery systems used in microgrids and wind power generation sites. With these systems, we will contribute to the widespread use of renewable energy.

In the Food and Beverage Distribution business, we developed and launched a series of sustainable vending machines with improved energy saving performance to help combat global warming. Their compressors are made more efficient, and their internal structure and insulation are optimized to reduce the amount of heat that enters the machines. Thanks to

these improvements, they are capable of reducing annual power consumption by up to 20% compared to our last year's models, achieving one of the highest levels of energy savings in the market. In addition, we use multi communication units (MCUs) developed in-house to remotely confirm sales, inventory and other data in real time. This improves operator work efficiency and contributes to labor savings.

## Capital Investment

In fiscal 2022, we made investments totaling ¥84.1 billion, including capital investment and leasing, for bolstering our semiconductor production capacity, as well as for expanding the profits of the power electronics businesses.

Key investments were as follows.

In the Semiconductor business, we made new large-scale investments in Fuji Electric (Malaysia) for bolstering the production capacity of power semiconductor chips in response to the shift to electrified vehicles and rising demand for renewable energy, and made investments for bolstering the production capacity of IGBT modules in Japan and overseas.

In the Power Electronics business, we introduced new production facilities for platform design\*-based inverters in the Suzuka Factory and Fuji Electric India with the aim of expanding our business in the global market. At Fuji Electric India, we also built a production system for uninterruptible power systems (UPS) for data centers to meet the needs of local customers, and a production system for power conditioners for use in solar power generation systems. Through these efforts, we are working to make our products more competitive and increase our profits.

As part of our investments for environmental measures to reduce greenhouse gas emissions, we expanded the cogeneration system in our Yamanashi Factory. We also developed production equipment for reducing the amount of insulating gas with global warming potential, installed insulating gas removal equipment, and replaced equipment with equipment that uses energy-saving devices. Through these efforts, we are working to achieve our Environmental Vision 2050.

\* Platform design: Design that uses standardized main components with the goal of shortening development times and reducing procurement and production costs.

## Financing

In fiscal 2022, we repaid loans payable using free cash flows.

As a result, our consolidated bonds and loans payable as of the end of March 2023 decreased by ¥35.8 billion year on year to ¥110.5 billion.

## Initiatives contributing to ESG

Our management policies include “through our innovation in energy and environment technology, we contribute to the creation of a responsible and sustainable society” and “maximize our strengths as a team, respecting employees’ diverse ambition.” Furthermore, based on our corporate philosophy and our management policies, we have formulated the Fuji Electric Code of Conduct, which sets forth our guidelines for the conduct that the Company and our employees are to engage in to satisfy their social responsibility. This Code of Conduct clearly states: our respect for human rights; the health and safety of employees; the protection of the environment; the forging of positive relationships with customers, business partners, shareholders, and other stakeholders; thorough compliance; and thorough risk management, and we put them into practice.

Under the FY2023 Medium-Term Management Plan, we are implementing measures from the perspective of the environment, human rights and human resources, and governance, with the goal of strengthening our operating foundation to achieve sustainable growth. In this section, we will explain Fuji Electric’s major initiatives.

### 1. Initiatives contributing to the environment

In light of the global movement toward carbon neutrality and the Japanese government’s “Decarbonization” targets, we have created our “Environmental Vision 2050” and set our interim goals, “Fiscal 2030 Goals.” We are contributing to CO<sub>2</sub> emissions reduction in society through our products and also working to cut greenhouse gas emissions during production, in order to reduce greenhouse gas emissions throughout the supply chain, including our business partners.

- Realizing a decarbonized society

As one of our main measures for reducing greenhouse gas emissions during production, we are installing in-house solar power generation equipment in our production sites, both in Japan and overseas, and aim to complete the installation process by the end of fiscal 2023.

#### Environmental Vision 2050

We aim to contribute to the achievement of a decarbonized society, a recycling-oriented society, and a society that is in harmony with nature by expanding the use of Fuji Electric’s innovative clean energy technologies and energy-saving products.	
Realize a Decarbonized Society	Target carbon neutrality across the supply chain
Realize a Recycling-Oriented Society	Promote green supply chains and 3R activities to reduce the environmental impact to zero
Realize a Society in Harmony with Nature	Aim for zero impact on the ecosystem through corporate activities that contribute to biodiversity

#### Fiscal 2030 Goals

To suppress the temperature rise to 1.5°C above pre-industrial levels, we aim to achieve the following goals.

- Reduce greenhouse gas emissions throughout the supply chain by over 46% [from FY2019]
- Reduce greenhouse gas emissions in production by over 46% [from FY2019]

- Contribute to reducing society's CO<sub>2</sub> emissions through our products by over 59 million tons per year

- Disclosure of information in line with TCFD Recommendations

Based on the risks and opportunities produced by climate change and the adaptation measures disclosed in March 2022, we have analyzed risks and opportunities across our supply chain and evaluated the impact of significant risks on the Company.

Business opportunities are expected to include an increase in demand for the development of technologies and new products for realizing carbon neutrality, and an increase in demand for renewable energy products and energy saving products.

With regard to risks, we have determined that the interruption of production activities due to flooding, etc., caused by frequent abnormal weather is a significant risk, and have identified, based on hazard maps, production sites and business partners that could threaten our business continuity. For our own production sites, we have prepared implementation plans for minimizing damage and have begun implementing countermeasures. In the area of material procurement, we have established a system of supply from multiple sites to stabilize the supply of parts in the event of a disaster.

Furthermore, we have conducted evaluations regarding an increase in expenses associated with environmental investment, etc., aimed at reducing greenhouse gas emissions from production activities.

## 2. Measures for human rights and human resources

We consider “respecting and valuing all people” to be “putting employees first,” and this is a key issue for management in promoting the creation of a positive work environment. We aim to realize a virtuous cycle in which the growth of our employees leads to the sustainable growth and prosperity of the Company, and the profits we earn through our business activities are returned to our employees, shareholders, and society. To achieve this, we are actively investing in our human resources by encouraging the advancement of employees and developing our human resources.

- Measures for respecting human rights

We carry out human rights due diligence measures based on our Policy for Human Rights of the Employees. In fiscal 2022, we increased the number of survey items in our human rights assessment based on international standards, and conducted the assessments at our business sites and consolidated subsidiaries in Japan and overseas. We provide guidance to subsidiaries that were found to be in need of improvement. We also increased the frequency of our assessments to further enhance their effectiveness.

- Reinforcing development of management personnel

We are identifying division leaders and business leaders from an early stage and engaging in the ongoing development of future management candidates. Through effective OJT and selective training based on personnel development plans, we are implementing training programs that provide participants with the experience and skills they need. We combine these programs with our Line Successor Planning System, which aims to systematically develop line managers, in order to make them even more effective.

- Promoting workstyle reforms and work-life balance

As part of our company-wide Pro-7 activities, we are promoting initiatives based on the perspective of workstyle reforms aimed at improving work efficiency and quality, and the perspective of work-life balance achievement.

We have introduced “smart work incentive,” an allowance paid to an employee for his/her highly productive workstyle.

We have created a childcare leave system for fathers and a system for taking childcare leave in multiple parts, to prepare systems that support balancing work and family life, and we are encouraging our employees to use such systems.

- Ongoing implementation of employee awareness survey

Every year, we conduct an employee awareness survey and use the findings to create working environments in which employees can leverage their full potential. We analyze trends in areas such as their understanding of our management policies and the satisfaction they feel in working for Fuji Electric, and identify issues with the aim of improving our organization management. As we recognize the improvement of line management performed by middle management personnel (manager-level personnel) as an issue, we have introduced a career and work target system and reinforced our training programs for line managers.

## 3. Measures for Governance

The Company has created and is operating a healthy, efficient, transparent, and effective governance framework and a compliance system that ensures thorough compliance with laws, regulations, and social norms, and also conducts thorough risk management. (For more information regarding our corporate governance system, please see page 59.)

In addition, the Company appropriately responds to “Japan’s Corporate Governance Code” stipulated by Tokyo Stock Exchange.

- Improving the effectiveness of governance

The Company evaluates the effectiveness of the Board of Directors through the use of a

third-party survey and, from fiscal 2022, through interviews with Directors, and makes improvements to address the identified issues. Initiatives for addressing major ESG issues, research and development strategy reports, and issues to be addressed are shared among Directors so that the Board of Directors can engage in more active deliberations regarding medium- and long-term management issues.

The Company also actively promotes constructive dialog with shareholders and investors to contribute to sustainable growth and to the medium- and long-term improvement of corporate value.

- Strengthen capability to cope with risks

Based on the “Risk Management Rules,” we are working to prevent risks from materializing and to minimize their impact by thoroughly and appropriately managing and countering various risks.

In order to strengthen our business continuity capabilities, we continue to promote the use of the BCP system, which can quickly grasp the potential impact of a disaster on the safety and production operations of our business partners, and the multi-sourcing of our material procurement.

We ask our business partners to cooperate in a CSR procurement self-assessment in order to reduce the CSR risks involved in our supply chain. (In fiscal 2022, we surveyed 767 companies in Japan and overseas, which made up the top 80% of our suppliers for the year.) We will continue to increase the number of companies that participate in the self-assessment. We will also train internal auditing personnel with a view to performing audits of our business partners.

To properly manage confidential and personal information, we have formulated policies and regulations related to information security. We provide regular training to our employees to improve their information security knowledge and skills. We also manage access to operating sites and offices and implement Internet device and computer security measures. In addition, to respond to increasingly diversified and sophisticated cyber-security threats, we endeavor to strengthen our security response structures, our monitoring of signs of new cyber-attacks and information leakage, and our information system defense and attack monitoring functions.

- Reducing cross-shareholding

We are engaging in a reduction of our cross-shareholdings from the perspective of capital efficiency. In fiscal 2022, we sold multiple listed stocks that were held and sought further reduction (we hold 17 listed stocks as of the end of fiscal 2022, a reduction of 28 stocks year on year).

#### TOPICS

##### Selection as an “A List (climate change)” company by CDP for the fourth consecutive year

For the fourth consecutive year, we were selected as an “A List” company, the top rating of CDP\*, as one of the most excellent companies at climate change initiatives and information disclosure.

\* CDP is an international environmental NGO that investigates, evaluates and discloses companies’ environmental measures.

##### SBT Validation

Our greenhouse gas emissions reduction targets for 2030 were validated by the SBT\* initiative, as being scientifically in line with the “1.5°C target” set in the Paris Agreement and at the COP26 summit.

\* SBT: Science Based Targets are science-based greenhouse gas emissions reduction targets set by companies.

## Challenges to Be Addressed

In the environment surrounding the Company's operations, while investments in carbon neutrality and digitalization are growing, material prices and power expenses continue to soar, and the global economy is slowing, so the future outlook remains uncertain.

Under these circumstances, in fiscal 2022 we achieved net sales of ¥1 trillion and an operating margin of 8% or more, which are the main targets of Reiwa Prosperity 2023, our five-year medium-term management plan that finishes in fiscal 2023.

In fiscal 2023, we will continue to work for the "promotion of growth strategies" focusing on expanding the power electronics business and the power semiconductor business, "further improvement of profitability" by strengthening manufacturing globally, and "ongoing reinforcement of operating foundations" focusing on the environment, human resources, and governance, as set forth in the medium-term management plan. We will also further improve our responsiveness to changes in the external environment as we aim to increase net sales and profits. At the same time, we will formulate a new three-year medium-term management plan to begin from fiscal 2024.

### 1. Management plan for fiscal 2023

- Promotion of growth strategies

The priority measures to be implemented by individual businesses in fiscal 2023 are as follows.

[Power Electronics]

We will expand sales globally by promoting platform usage to launch new products at an early stage, expanding solution proposals that combine multiple products from our extensive product range, and strengthening our engineering capabilities, as well as through the promotion of collaboration.

In the field of materials plants that manufacture steel, chemicals, etc., the railway field, and the like, we will expand the after-sales business, which contributes to stable earnings, by offering services such as facility degradation diagnostics to prevent accidents and problems with aging facilities, and improving the efficiency of all aspects of equipment maintenance operations.

We will also seek to achieve further profitability improvements by capturing demand for maintenance and replacement among new customers such as data centers and semiconductor manufacturers, which are expanding capital investment.

In our overseas businesses, based on the concept of local production for local consumption, we will enrich our selection and increase our sales of global products that meet local needs. We will aim to expand sales in data centers, as well as in the fields of renewable energy, materials plants, social infrastructure, etc., mainly in Southeast Asia and India.

[Semiconductors]

We will respond to growing demand for power semiconductors through flexible, optimized production, thereby expanding our earnings.

In response to world-wide growth in demand for electrified vehicles (xEVs), we will steadily invest in bolstering our production capacity while developing new products such as SiC products and building mass production systems.

[Power Generation]

We will continue to promote portfolio reforms, led by renewable energy and after-sales services.

Renewable energy is output from solar power facilities, wind power facilities, and the like, which varies depending on weather conditions, and the use of such renewable energy is expanding. We will strive to take on new projects by leveraging the strengths of our



solutions that contribute to the stable supply of energy.

[Food and Beverage Distribution]

To meet rising customer needs for environmental, energy-saving, and labor-saving products, we will develop high value-added products, develop sales channels for reaching new customers, and carry out thorough cost reduction measures, leveraging our comprehensive strengths such as our automation technologies and our heating/cooling technologies. Through these efforts, we will improve our profitability.

- Further improvement of profitability

[Enhancement of supply chain management]

To minimize geopolitical risks and the impact of supply chain disturbances, we will continue to apply a multi-source approach in which we procure materials from multiple companies in multiple regions, based on the concept of local production for local consumption, and improve our profitability globally.

[The digital innovation of manufacturing]

We will promote DX through manufacturing innovations based on the expanded application of digital and AI technologies, as well as through the development of human resources.

We will further digitally integrate sales information with all processes, from design to manufacturing and testing, and thoroughly enhance our productivity and quality.

## 2. Formulation of our next medium-term management plan

As society continues to undergo profound changes such as moves toward carbon neutrality and digitalization, we will reexamine the Company's reason for existence and decide on our ideals for fiscal 2030. Based on this, we will formulate a new three-year medium-term management plan to begin in fiscal 2024.

We will leverage our comprehensive strengths in the energy and environment businesses, which provide broad coverage of the energy supply side to the energy demand side, including the creation of clean energy, the stable supply of energy, energy savings and automation, electrification, and more. This will enable us to accelerate our research and development aimed at meeting new needs and to capture new business opportunities while we accelerate our initiatives aimed at the creation of a responsible and sustainable society.

## 3. Ongoing reinforcement of operating foundations focusing on ESG

In order to reinforce our operating foundations over the medium to long term, we will continue our activities globally to address key issues related to the environment, human resource, and governance.

Regarding the environment, we will continue to engage in environmental investment in order to steadily reduce greenhouse gas emissions based on our Environmental Vision 2050, which sets our long-term direction, while we strive to achieve carbon neutrality throughout our entire supply chain, including our business partners. We will also create products with lower environmental impacts across their entire lifespans.

For society (human resources), we will continue to actively invest in our human resources. We will promote the hiring of new human resources, the development of global and management human resources, the active participation of diverse human resources such as female and senior employees, and the expansion of the scope of duties of differently abled people.

We will leverage the results of our employee awareness survey analysis to make improvements to the working environment. We will also encourage using and improve our various support systems, such as further improving work-life balance and supporting childcare and nursing care.

Regarding governance, in the face of increasingly diverse management risks, we will work to improve the effectiveness of the Board of Directors, enhance compliance, and further strengthen our capability to cope with risks.

## **[Dividends of Surplus]**

### **Policies Relating to Decisions on the Dividend of Surplus, etc.**

We intend to return profit gained through business activities to shareholders. At the same time—while maintaining and strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, human resources development, and other investments reflecting a medium- to long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium- to long-term business cycle; our policy of paying stable and continuous dividends; and comprehensive consideration of the business results of the relevant fiscal year, research and development and capital investment plans for future growth, and business conditions.

We regard the acquisition of treasury shares as a flexible mechanism to supplement dividends when warranted by the cash flow position.

Moreover, the capital strategies as prescribed by Article 459, Paragraph 1 of the Companies Act, shall be conducted with a view to strengthening consolidated shareholders' equity.

Also the matters prescribed by Article 459, Paragraph 1 of the Companies Act will be decided by resolution of the Board of Directors, or the Ordinary General Meeting of Shareholders.

### **Year-End Dividend for Fiscal Year Ended March 31, 2023**

Based on the policies relating to decisions on the dividend of surplus, etc. described in the above, the Company resolved to pay a year-end dividend of ¥60 per share at the meeting of the Board of Directors held on May 25, 2023, with due consideration given to the consolidated operating results for the current and next period, financial conditions, and other factors.

The annual dividend for the fiscal 2022 amounted to ¥115 per share including the amount of interim dividend.

## [Consolidated Financial Results and Trends in Assets]

Classification	144th term Fiscal 2019	145th term Fiscal 2020	146th term Fiscal 2021	147th term Fiscal 2022
Net sales (¥ billion)	900.6	875.9	910.2	1,009.4
Operating profit (¥ billion)	42.5	48.6	74.8	88.9
Ordinary profit (¥ billion)	44.5	50.4	79.3	87.8
Profit attributable to owners of parent (¥ billion)	28.8	41.9	58.7	61.3
Basic earnings per share (¥)	201.57	293.52	410.68	429.50
Total assets (¥ billion)	996.8	1,052.0	1,117.1	1,181.6
Annual dividend per share (¥)	80.0	85.0	100.0	115.0

## [Remuneration for Directors and Audit & Supervisory Board Members]

### Policy on the Determination of Remuneration for Directors and Audit & Supervisory Board Members

#### (1) Details of the policy

In accordance with the Board of Directors' resolutions, the Company set the policy on determination of remuneration for the Company's Directors and Audit & Supervisory Board Members as described below.

In paying remuneration etc. to Directors and Audit & Supervisory Board Members of the Company, the Company considers its duty to respond to the mandate of the shareholders, acquire and maintain excellent personnel and provide incentive for improvement in earnings performance, and it has in place a remuneration system with set remuneration levels.

While considering changes in the business environment and data objectively compiled by third parties, the Company continuously examines the suitability of the remuneration system and the remuneration levels and whether there is a need to make changes.

#### 1. Standing Directors

Since Standing Directors are charged with a duty to improve consolidated results for each fiscal year and realize medium- to long-term improvement in corporate value, their remuneration is structured and managed as follows.

##### (i) Base remuneration

Base remuneration shall be paid as a monthly financial sum determined in advance, applicable to that senior management rank, and at certain time of the month.

A portion of the remuneration of Standing Directors, applicable to that senior management rank, shall be contributed to the Director Shareholding Association to share the economic interests of shareholders and as an incentive to make management aware of share value.

##### (ii) Performance-related remuneration

Performance-related remuneration shall be paid only in instances in which dividends are paid to shareholders from retained earnings, and at certain time of the year. The total amount of performance-related remuneration shall be within one percent of the consolidated profit for the fiscal year prior to the date of payment in order to make the linkage with consolidated results for each fiscal year more transparent.

Performance-related remuneration was decided by taking into consideration consolidated results (net sales, operating profit, profit, dividends, etc.) for the previous year using, as a basis, provision standards where the ratio of performance-related remuneration increases due to the increase of the consolidated ratio of operating profit to net sales, which was set as a key target in the medium-term management plan. In the consolidated ratio of operating profit to net sales for results in the fiscal year ended March 31, 2023, of 8.8%, the ratio of performance-related remuneration to remuneration was 56%.

#### 2. Standing Audit & Supervisory Board Members

Remuneration for Standing Audit & Supervisory Board Members shall be paid, at certain time of the month, as base remuneration as a monthly financial sum determined in advance, applicable to their senior management rank, since Standing Audit & Supervisory Board Members are charged with the duty of auditing the execution of duties across the entire Fuji Electric.

Standing Audit & Supervisory Board Members may acquire shares in the Company at their own discretion.

3. Outside Directors and Outside Audit & Supervisory Board Members  
Remuneration for Outside Directors and Outside Audit & Supervisory Board Members shall be paid, at certain time of the month, as base remuneration as a monthly financial sum determined in advance, applicable to their senior management rank, since Outside Directors and Outside Audit & Supervisory Board Members are charged with the duty of supervising or auditing the execution of duties across the entire Fuji Electric.

Outside Directors and Outside Audit & Supervisory Board Members may acquire shares in the Company at their own discretion.

The Board of Directors has resolved to delegate the decision on amount of remuneration for each Director to Representative Director, Chairman of the Board and CEO Michihiro Kitazawa. The scope of his authority is to reflect evaluations of the performance in direct duties by each Director in line with the resolution passed in the Board of Directors, which is based on report by the Nomination and Remuneration Committee. To ensure this authority be exercised appropriately, the Nomination and Remuneration Committee has decided on a range within which bonuses shall be determined based on individual evaluation and the delegated authority shall be exercised within said range.

**(2) Method for determining the policy**

The Company has established the Nomination and Remuneration Committee to discuss policies and standards relating to remuneration of Directors and Audit & Supervisory Board Members and details of remuneration of Directors and Audit & Supervisory Board Members. Consisting of a majority of Outside Directors and chaired by an Outside Director, the Nomination and Remuneration Committee considers changes in the business environment and data objectively compiled by third parties and discusses the suitability of policies and standards relating to remuneration and the remuneration levels before reporting to the Board of Directors. Thereby, the Board of Directors resolves on policy on the determination respecting details of said report.

**(3) Reasons for which the Board of Directors judges details of remuneration of Directors and Audit & Supervisory Board Members are in line with the policy for fiscal 2022**

Regarding determination of remuneration for Directors and Audit & Supervisory Board members, the Nomination and Remuneration Committee makes consideration from various perspectives in matters such as whether is it in line with the policy on the determination and the Board of Directors respects the Committee's report and judges it in line with the policy on the determination.

## Total Amount, etc. of Remuneration Paid to Directors and Audit & Supervisory Board Members for Fiscal 2022

Classification	Total Remuneration (¥ million)	Remuneration by Type (¥ million)		Number of Recipients
		Base Remuneration	Performance-related remuneration	
Directors	796	354	441	12
(Outside)	(43)	(43)	(-)	(4)
Audit & Supervisory Board Members	86	86	-	5
(Outside)	(27)	(27)	(-)	(3)
Total	882	440	441	17
(Outside)	(70)	(70)	(-)	(7)

(Notes) 1. The amounts of remuneration for Directors were resolved as follows at the 131st Ordinary General Meeting of Shareholders held on June 26, 2007, at the 137th Ordinary General Meeting of Shareholders held on June 25, 2013 and at the 146th Ordinary General Meeting of Shareholders held on June 28, 2022.

(1) Directors (excluding Outside Directors)

Total amount of the fixed amount (i) and performance-related amount (ii) as below

(i) within ¥450 million per annum

(ii) within one percent of the consolidated profit for the fiscal year prior to the date of payment

(2) Outside Directors

within ¥100 million per annum

The number of Directors at the conclusion of the 131st Ordinary General Meeting of Shareholders was eight (of which, two Outside Directors), the number of Directors at the conclusion of the 137th Ordinary General Meeting of Shareholders was ten (of which, three Outside Directors) and the number of Directors at the conclusion of the 146th Ordinary General Meeting of Shareholders was ten (of which, four Outside Directors).

2. The amounts of remuneration for Audit & Supervisory Board Members were resolved as ¥120 million per annum at the 131st Ordinary General Meeting of Shareholders held on June 26, 2007. The number of Audit & Supervisory Board Members at the conclusion of said General Meeting of Shareholders was five.

3. Representative Director, Chairman of the Board and CEO Michihiro Kitazawa decides the amount of remuneration for each Director based on the resolution to delegate the decision to him by the Board of Directors. The scope of his authority is to reflect evaluations of the performance in duties by each Director in line with the resolution passed in the Board of Directors, which is based on report by the Nomination and Remuneration Committee. The reason for delegating this authority to a Representative Director is that the Company judges a Representative Director most suitable to make comprehensively evaluations based on the operating environment, the Company's business results, and performance in direct duties by each Director. To ensure this authority be exercised appropriately, the Nomination and Remuneration Committee has decided on a range within which performance-related remuneration shall be determined based on individual evaluation and the delegated authority shall be exercised within said range.

4. As described earlier in “Policy on the Determination of Remuneration for Directors and Audit & Supervisory Board Members,” a portion of the base remuneration of Standing Directors shall be contributed to the Director Shareholding Association with the obligation to acquire shares of the Company. The following table shows the amount contributed to the Director Shareholding Association, including voluntary contributions, together with the amount of shares of the Company acquired.

	Contribution to Director Shareholding Association (¥ million)	Shares of the Company acquired (hundreds of shares)
Directors	27	51
Audit & Supervisory Board Members	6	10

(Note) As used in this Business Report, the expression “Standing Directors” refers to executive directors as prescribed in Article 2, Item 15 of the Companies Act.



## [Corporate Overview]

### Share Information (as of March 31, 2023)

1. Authorized shares: **320,000,000**
2. Issued shares: **149,296,991**
3. Number of shareholders: **42,522**  
(an increase of 4,955 from the end of the previous term)

#### 4. Shareholdings by type of shareholder

Classification	Number of shareholders (persons)	Number of shares (shares)	Ratio of shareholding (%)
Financial institutions/Securities firms	149	66,738,514	44.70
Other domestic corporations	462	9,301,380	6.23
Foreigners	802	51,075,528	34.21
Individuals and others	41,109	22,181,569	14.86
<b>Total</b>	<b>42,522</b>	<b>149,296,991</b>	<b>100.00</b>

(Note) "Individuals and others" includes treasury shares.

#### 5. Top ten shareholders

Name	Number of shares (thousands of shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,591	18.62
Custody Bank of Japan, Ltd. (Trust Account)	18,958	13.27
Asahi Mutual Life Insurance Company	3,955	2.77
National Mutual Insurance Federation of Agricultural Cooperatives	3,059	2.14
FANUC CORPORATION	2,684	1.88
STATE STREET BANK AND TRUST COMPANY 505025	2,221	1.55
FURUKAWA CO., LTD.	2,205	1.54
STATE STREET BANK AND TRUST COMPANY 505001	2,165	1.52
STATE STREET BANK WEST CLIENT – TREATY 505234	2,159	1.51
Fujitsu Limited	1,827	1.28

(Notes) 1. Treasury shares of 6,462,999 shares are excluded from the above list of top ten shareholders.

2. Ratio of shareholding is calculated by deducting treasury shares from the total number of issued shares based on the provisions of the Ordinance for Enforcement of the Companies Act.

### Type of Bonds with Share Acquisition Rights (as of March 31, 2023)

Not applicable.

## Status of Directors and Audit & Supervisory Board Members

### 1. Directors and Audit & Supervisory Board Members

Name	Positions and direct duties in the Company	
Michihiro Kitazawa	Representative Director	Nomination and Remuneration Committee member
	Chairman of the Board and CEO (Chief Executive Officer)	
Shiro Kondo	Representative Director	President
	President and COO (Chief Operating Officer)	Nomination and Remuneration Committee member In charge of Corporate R&D
Toshihito Tamba	Outside Director	Nomination and Remuneration Committee chairman
Naoomi Tachikawa	Outside Director	Nomination and Remuneration Committee member
Yoshitsugu Hayashi	Outside Director	Nomination and Remuneration Committee member
Yukari Tominaga	Outside Director	
Michio Abe	Director	Senior Managing Executive Officer In charge of Production & Procurement and Power Generation Business
Junichi Arai	Director	Senior Managing Executive Officer Corporate General Manager, Corporate Management Planning Headquarters General Manager, Export Administration Office In charge of compliance management
Toru Hosen	Director	Senior Managing Executive Officer Corporate General Manager, Semiconductors Business Group
Hiroshi Tetsutani	Director	Managing Executive Officer Corporate General Manager, Power Electronics Industry Business Group
Yoshio Okuno	Standing Audit & Supervisory Board Member	
Junichi Matsumoto	Standing Audit & Supervisory Board Member	
Tetsuo Hiramatsu	Outside Audit & Supervisory Board Member	
Hirohiko Takaoka	Outside Audit & Supervisory Board Member	
Yuko Katsuta	Outside Audit & Supervisory Board Member	

(Notes) 1. The term of Directors has been set as one (1) year in order to clarify the management responsibilities of individual Directors with regard to each given fiscal year and construct a management system that can quickly respond to changes in the operating environment.

2. The Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors to further enhance corporate governance by strengthening the fairness, transparency and objectivity of the procedures relating to the nomination and remuneration of Directors and Audit & Supervisory Board Members.

The majority of Nomination and Remuneration Committee members are Outside Directors and it is chaired by an Outside Director.

3. We expect Outside Directors to play roles in strengthening the management supervisory function and ensuring adequacy and appropriateness of decision-making related to the execution of business. To this end, Mr. Toshihito Tamba, Mr. Naoomi Tachikawa, who are experienced managers in listed companies, Mr. Yoshitsugu Hayashi, who is an expert of environmental engineering, transportation engineering and sustainable development, which is closely related to Fuji Electric's business activities, and Ms. Yukari Tominaga, who has extensive experience in corporate management, were selected as Outside Directors at the General Meeting of Shareholders as persons who have an understanding of the Fuji Electric's management, as well as insights and experience necessary for making multifaceted management decisions.

Mr. Toshihito Tamba, Mr. Naoomi Tachikawa, Mr. Yoshitsugu Hayashi and Ms. Yukari Tominaga are reported as Independent Officers as stipulated by the Securities Listing Regulations of the Financial Instruments and Securities Exchange.

4. We expect Outside Audit & Supervisory Board Members, along with Outside Directors, to be conducive to ensuring

the adequacy and legality of decision-making related to the execution of business, as well as to play roles in strengthening the management audit function, by giving advice and making suggestions about the entire spectrum of management activities at meetings of the Board of Directors and on other occasions. To this end, Mr. Tetsuo Hiramatsu, who is a corporate manager, Mr. Hirohiko Takaoka, who is an experienced Audit & Supervisory Board Member for a listed company, and Ms. Yuko Katsuta, who is an attorney-at-law, were selected as Outside Audit & Supervisory Board Members at the General Meeting of Shareholders upon obtaining approval at a meeting of the Audit & Supervisory Board as persons who have expertise and experience necessary for performing audits.

Mr. Tetsuo Hiramatsu, Mr. Hirohiko Takaoka, and Ms. Yuko Katsuta are reported as Independent Officers as stipulated by the Securities Listing Regulations of the Financial Instruments and Securities Exchange.

5. The financial, accounting and other expertise possessed by each Audit & Supervisory Board Member is as follows:
- Standing Audit & Supervisory Board Member Yoshio Okuno is highly knowledgeable about sales & marketing and overall corporate management, which he has gained from his longstanding career in Fuji Electric as Representative Director, Executive Vice President and person in charge of the sales and other divisions mainly in the overseas plants.
  - Standing Audit & Supervisory Board Member Junichi Matsumoto is highly knowledgeable about financial and accounting matters and overall corporate management, which he has gained from his longstanding career in Fuji Electric as person in charge of finance and accounting division, including Director.
  - Outside Audit & Supervisory Board Member Tetsuo Hiramatsu is highly knowledgeable of financial and accounting matters and overall corporate management, which he has gained from his previous career in the management of financial institutions.
  - Outside Audit & Supervisory Board Member Hirohiko Takaoka is highly knowledgeable about auditing and overall corporate management, which he has gained from his career history having been a management executive of a company and an Audit & Supervisory Board Member for a listed company.
  - Outside Audit & Supervisory Board Member Yuko Katsuta is highly knowledgeable about overall corporate legal matters thanks to her involvement as an attorney-at-law in many corporate legal matters.

## 2. Significant Concurrent Positions of Directors and Audit & Supervisory Board Members

### (1) Directors

Name	Significant concurrent positions
Toshihito Tamba	Director, Tokyo Century Corporation [retired on June 27, 2022] Executive Adviser, Tokyo Century Corporation [assumed office on June 27, 2022]
Yukari Tominaga	External Director, MORINAGA MILK INDUSTRY CO., LTD. Outside Director, Yashima & Co., Ltd. Senior Advisor, SB Technology Corp. [retired on June 20, 2022] External Member of the Board, SB Technology Corp. [assumed office on June 20, 2022]
Hiroshi Tetsutani	Chairman, Shanghai Electric Fuji Electric Power Technology (Wuxi) Co., Ltd.

(Notes) 1. Information in brackets [ ] indicates the date on which the person began or ceased holding the concurrent position during the current fiscal year.

2. There is no noteworthy relationship based on Article 124 of the Ordinance for Enforcement of the Companies Act between the Company and the other company where Outside Director serves concurrent position.

## (2) Audit & Supervisory Board Members

Name	Significant concurrent positions
Tetsuo Hiramatsu	President & Representative Director, Chuo-Nittochi Co., Ltd. [retired on June 27, 2022] Chairman & Representative Director, Chuo-Nittochi Co., Ltd. [assumed office on June 27, 2022] President & Representative Director, Chuo-Nittochi Group Co., Ltd. [retired on June 27, 2022] Chairman & Representative Director, Chuo-Nittochi Group Co., Ltd. [assumed office on June 27, 2022]
Yuko Katsuta	Attorney-at-law (Partner, ITN Partners)

- (Notes)
1. Information in brackets [ ] indicates the date on which the person began or ceased holding the concurrent position during the current fiscal year.
  2. Besides the above, there is no noteworthy relationship based on Article 124 of the Ordinance for Enforcement of the Companies Act between the Company and the other companies where Outside Audit & Supervisory Board Members serve concurrent positions.

## 3. Overview of Directors and Officers Liability Insurance Policy

The Company has concluded a Directors and Officers liability insurance policy with an insurance company, under which if claim for damages is made against the insured when such damage is caused by actions (including inactions) taken when performing duties as a corporate officer, compensations for such damages and court costs, etc. shall be reimbursed by said insurance. Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its subsidiaries are insured, and for all who are insured under this insurance, the insurance premium shall be fully borne by the Company.

#### 4. Status of Outside Directors and Outside Audit & Supervisory Board Members

##### (1) Major activities

##### (i) Outside Directors

Name	Number of attendance at the Board of Directors meetings (attended/held)	Opinions offered and overview duties performed regarding expected roles as an Outside Director
Toshihito Tamba	13/13	<p>Mr. Toshihito Tamba is expected to fulfill the management supervisory function and has offered necessary opinions concerning the overall business management including the following items at the Board of Directors meetings as appropriate, based on his extensive experience and considerable insight as an experienced manager of a listed company. He has played an appropriate role in strengthening the management supervisory function and ensuring adequacy and appropriateness of important decision-making of Fuji Electric.</p> <ul style="list-style-type: none"> <li>- Formulation of business plans by taking into account changes in the market environment</li> <li>- Appropriate way of IR activities</li> </ul> <p>Moreover, he attended all three Nomination and Remuneration Committee meetings held in the current fiscal year as the chairman and led the supervisory function in appointment of candidates for Directors and Audit &amp; Supervisory Board Members and the process of determining remunerations for Directors and Audit &amp; Supervisory Board Members from an objective and neutral standpoint.</p>
Naomi Tachikawa	13/13	<p>Mr. Naomi Tachikawa is expected to fulfill the management supervisory function and has offered necessary opinions concerning the overall business management including the following items at the Board of Directors meetings as appropriate, based on his extensive experience and considerable insight as an experienced manager of a listed company. He has played an appropriate role in strengthening the management supervisory function and ensuring adequacy and appropriateness of important decision-making of Fuji Electric.</p> <ul style="list-style-type: none"> <li>- Management of progress of management plan</li> <li>- Management of progress large-scale orders</li> </ul> <p>Moreover, he attended all three Nomination and Remuneration Committee meetings held in the current fiscal year as a member of the committee and fulfilled the supervisory function in appointment of candidates for Directors and Audit &amp; Supervisory Board Members and the process of determining remunerations for Directors and Audit &amp; Supervisory Board Members from an objective and neutral standpoint.</p>
Yoshitsugu Hayashi	13/13	<p>Mr. Yoshitsugu Hayashi is expected to fulfill the management supervisory function and has offered necessary opinions concerning the overall business management including the following items at the Board of Directors meetings as appropriate, based on his professional standpoint and considerable insight in environmental engineering, transportation engineering and sustainable development. He has played an appropriate role in strengthening the management supervisory function and ensuring adequacy and appropriateness of important decision-making of Fuji Electric.</p> <ul style="list-style-type: none"> <li>- Initiatives to realize a Decarbonized Society</li> <li>- Appropriate way of expanding business overseas</li> </ul> <p>Moreover, he attended all three Nomination and Remuneration Committee meetings held in the current fiscal year as a member of the committee and fulfilled the supervisory function in appointment of candidates for Directors and Audit &amp; Supervisory Board Members and the process of determining remunerations for Directors and Audit &amp; Supervisory Board Members from an objective and neutral standpoint.</p>
Yukari Tominaga	9/10	<p>Ms. Yukari Tominaga is expected to fulfill the management supervisory function and has offered necessary opinions concerning the overall business management including the following items at the Board of Directors meetings as appropriate, based on her extensive experience and considerable insight in corporate management. She has played an appropriate role in strengthening the management supervisory function and ensuring adequacy and appropriateness of important decision-making of Fuji Electric.</p> <ul style="list-style-type: none"> <li>- Appropriate way of promoting the advancement of diverse personnel</li> <li>- Initiatives to expand the IT solutions business</li> </ul>

(Note) Since Ms. Yukari Tominaga newly assumed the office of Director at the conclusion of the 146th Ordinary General Meeting of Shareholders held on June 28, 2022, the above status on attendance at the Board of Directors meetings refers to those meetings held after her assumption.

**(ii) Outside Audit & Supervisory Board Members**

Name	Number of attendance at the Board of Directors meetings Number of attendance at the Audit & Supervisory Board meetings (attended/held)	Opinions offered
Tetsuo Hiramatsu	13/13 8/8	Offered necessary opinions at meetings of the Board of Directors as appropriate, concerning the contents of meeting items and the Fuji Electric's business activities, based on his extensive experience and considerable insight as an experienced manager in financial institutions. Also, at meetings of the Audit & Supervisory Board, confirmed the legality of business activities overall from the viewpoint of ensuring legal compliance, and offered appropriate opinions.
Hirohiko Takaoka	13/13 8/8	Offered necessary opinions at meetings of the Board of Directors as appropriate, concerning the contents of meeting items and the Fuji Electric's business activities, based on his extensive experience and considerable insight as an experienced Full-time Audit & Supervisory Board Member, etc. of listed Companies. Also, at meetings of the Audit & Supervisory Board, confirmed the legality of business activities overall from the viewpoint of ensuring legal compliance, and offered appropriate opinions.
Yuko Katsuta	13/13 8/8	Offered necessary opinions at meetings of the Board of Directors as appropriate, concerning the contents of meeting items and the Fuji Electric's business activities, based on her professional experience as an attorney-at-law. Also, at meetings of the Audit & Supervisory Board, confirmed the legality of business activities overall from the viewpoint of ensuring legal compliance, and offered appropriate opinions.

**(2) Outline of limited liability agreement with Outside Directors and Outside Audit & Supervisory Board Members**

In accordance with laws and regulations and the Articles of Incorporation of the Company, the Company has concluded a limited liability agreement with each Outside Director and Outside Audit & Supervisory Board Member stipulating that in the event that he or she bears liability with regard to the Company, the maximum amount of his or her liability to the Company will be the amount of ¥6 million or the minimum amount for damages stipulated in the Companies Act, whichever is higher, so long as he or she has carried out his or her duties in good faith and in absence of gross negligence.

In the agreement, the Company has set forth articles to provide instruction ensuring that duties of due diligence as Outside Director or Outside Audit & Supervisory Board Member are fulfilled and these duties are executed sincerely even after the conclusion of the agreement to ensure the propriety of duties of Outside Director and Outside Audit & Supervisory Board Member.

## Matters Related to Accounting Auditor

### 1. Designation of accounting auditor **ERNST & YOUNG SHINNIHON LLC**

### 2. Accounting auditor remuneration for the period

Category	Payment amounts (¥ million)
(i) Remuneration and other amounts payable by the Company for the period	184
(ii) Total profit on cash and other financial assets payable by the Company and its subsidiaries	359

- (Notes) 1. In the audit contract between the Company and the accounting auditor, no distinction is made and no such distinction can be made substantially in the amounts of auditing fees under the Companies Act and audit fees under the Financial Instruments and Exchange Act. For this reason, the sum of these two is entered in the total amount under (i) above.
2. The Audit & Supervisory Board confirmed and deliberated on the details of the audit plan of the accounting auditor, the execution of duties regarding an accounting audit, and the calculation basis of remuneration estimates upon receiving necessary documents and reports from Directors, related divisions of the Company, and the accounting auditor. As a result, the Audit & Supervisory Board believes these are appropriate and agrees to the amount of remuneration and other amounts payable to the accounting auditor.

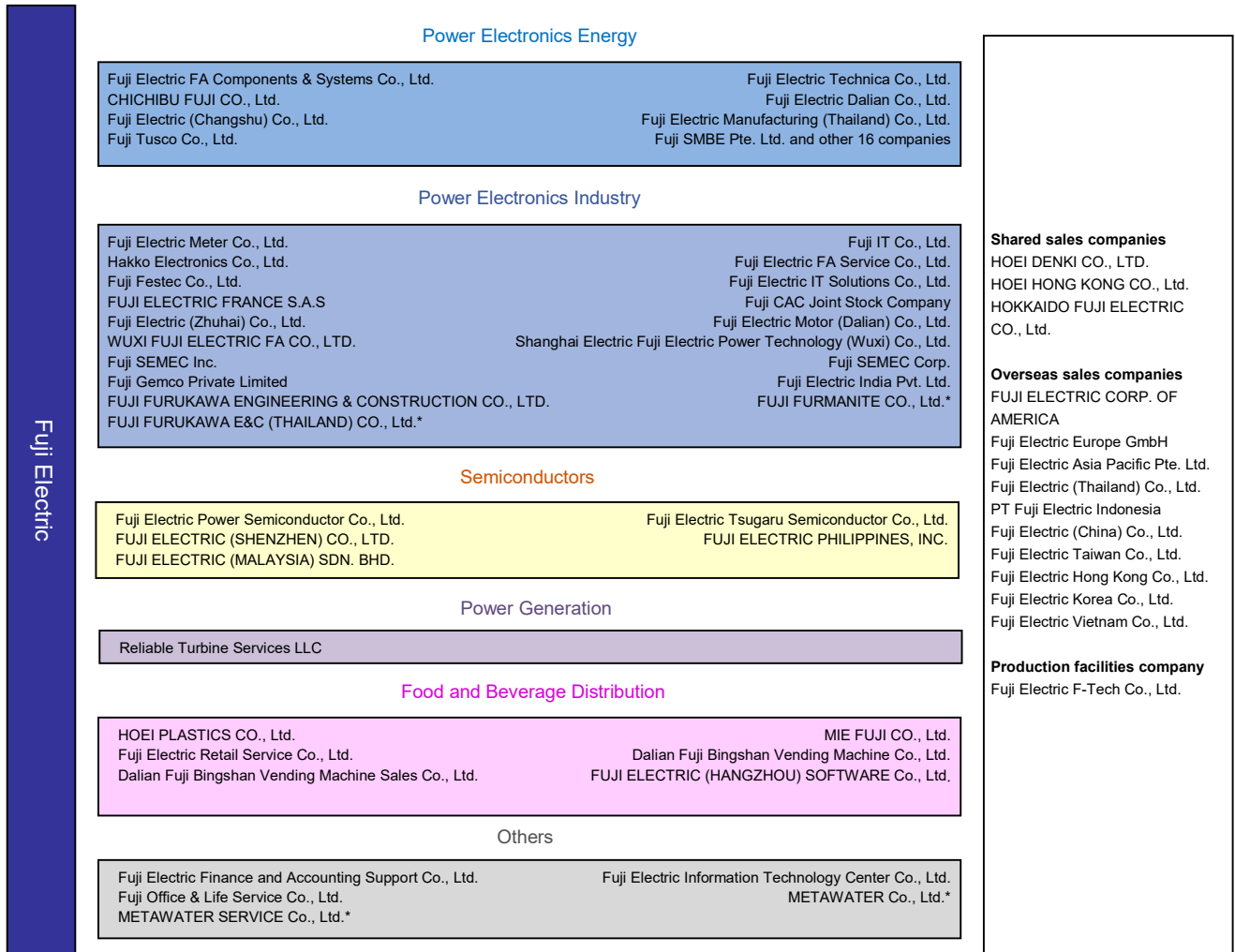
### 3. Policy for determining accounting auditor dismissal or non-reappointment

If any matters or circumstances surrounding the accounting auditor apply to any of the items under Article 340, Paragraph 1 of the Companies Act, and no improvement is expected, the Audit & Supervisory Board will dismiss the accounting auditor with the consent of all of the Audit & Supervisory Board Members.

In addition, if it is deemed impossible for the accounting auditor to perform its duties properly, the Audit & Supervisory Board may determine the content of a proposal concerning dismissal or non-reappointment of the accounting auditor which will be submitted to the Ordinary General Meeting of Shareholders.

# [The Fuji Electric Group] Group Companies

(as of March 31, 2023)



- (Notes) 1. The number of consolidated subsidiaries for fiscal 2022 including those above is 70 and the number of equity method affiliates is 4.
2. Companies marked with an asterisk (\*) are accounted for as equity method affiliates.



## Important Subsidiaries of the Corporate Group

(as of March 31, 2023)

Company name	<b>Fuji Electric FA Components &amp; Systems Co., Ltd.</b>		
The Company's capital contribution	63.2%		
Major business	Development, manufacturing and sales of control equipment and power receiving/distribution equipment.		
Net sales (¥ billion)	63.1	Net assets (¥ billion)	44.4
Operating profit (loss) (¥ billion)	8.9	Capital (¥ billion)	7.6
Profit (loss) (¥ billion)	7.5	Number of employees	862

Company name	<b>FUJI FURUKAWA ENGINEERING &amp; CONSTRUCTION CO., LTD.</b>		
The Company's capital contribution	46.1%		
Major business	Designing and construction of plant facilities, air conditioning facilities, electrical engineering work, civil engineering work, solar power facilities, power transmission work, and information and communications work.		
Net sales (¥ billion)	73.3	Net assets (¥ billion)	33.6
Operating profit (loss) (¥ billion)	6.0	Capital (¥ billion)	2.0
Profit (loss) (¥ billion)	4.1	Number of employees	1,160

Company name	<b>Fuji Electric IT Solutions Co., Ltd.</b>		
The Company's capital contribution	91.1%		
Major business	Sales of computer and telecommunication equipment, development of information processing systems and provision of total solutions.		
Net sales (¥ billion)	71.5	Net assets (¥ billion)	14.7
Operating profit (loss) (¥ billion)	4.6	Capital (¥ billion)	1.0
Profit (loss) (¥ billion)	3.2	Number of employees	701

## Specified Wholly Owned Subsidiaries

Not applicable.

## Important Corporate Realignments

Not applicable.

## Main Facilities of the Group (as of March 31, 2023)

### 1. Power Electronics Energy

#### Domestic bases

Production bases	Ichihara, Kobe, Ami machi (Ibaraki), Konosu, Otawara
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#### Overseas bases

Fuji Electric Dalian Co., Ltd. (China), Fuji Electric (Changshu) Co., Ltd. (China), Fuji Electric Manufacturing (Thailand) Co., Ltd., Fuji Tusco Co., Ltd. (Thailand), Fuji SMBE Pte. Ltd. (Singapore)
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### 2. Power Electronics Industry

#### Domestic bases

Production bases	Hino, Suzuka
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#### Overseas bases

FUJI ELECTRIC FRANCE S.A.S, Fuji CAC Joint Stock Company (Vietnam), Fuji Electric (Zhuhai) Co., Ltd. (China), Fuji Electric Motor (Dalian) Co., Ltd. (China), WUXI FUJI ELECTRIC FA CO., LTD. (China), Shanghai Electric Fuji Electric Power Technology (Wuxi) Co., Ltd. (China), Fuji SEMEC Inc. (Canada), Fuji SEMEC Corp. (U.S.A.), Fuji Gemco Private Limited (India), Fuji Electric India Pvt. Ltd., FUJI FURUKAWA E&C (THAILAND) CO., Ltd.
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### 3. Semiconductors

#### Domestic bases

Production bases	Matsumoto, Minami Alps, Goshogawara
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#### Overseas bases

FUJI ELECTRIC (SHENZHEN) CO., LTD. (China), FUJI ELECTRIC PHILIPPINES, INC., FUJI ELECTRIC (MALAYSIA) SDN. BHD.
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### 4. Power Generation

#### Domestic bases

Production bases	Kawasaki
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#### Overseas bases

Reliable Turbine Services LLC (U.S.A.)
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### 5. Food and Beverage Distribution

#### Domestic bases

Production bases	Yokkaichi
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#### Overseas bases

Dalian Fuji Bingshan Vending Machine Co., Ltd. (China), Dalian Fuji Bingshan Vending Machine Sales Co., Ltd. (China), FUJI ELECTRIC (HANGZHOU) SOFTWARE Co., Ltd. (China)
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## 6. Others, Common

### Domestic bases

Sales bases	Shinagawa-ku (Tokyo), Chiba, Saitama, Sapporo, Sendai, Toyama, Kanazawa, Nagoya, Chiryu, Osaka, Kobe, Fukuoka, Hiroshima, Takamatsu, Naha
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### Overseas bases

FUJI ELECTRIC CORP. OF AMERICA, Fuji Electric Europe GmbH (Germany), Fuji Electric Asia Pacific Pte. Ltd. (Singapore), Fuji Electric (Thailand) Co., Ltd., PT Fuji Electric Indonesia, Fuji Electric (China) Co., Ltd., Fuji Electric Taiwan Co., Ltd., Fuji Electric Hong Kong Co., Ltd. (China), Fuji Electric Korea Co., Ltd., Fuji Electric Vietnam Co., Ltd., HOEI HONG KONG CO., Ltd. (China)
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## Employees of Fuji Electric (as of March 31, 2023)

(Persons)

Business segment	Number of employees	Year-on-year change
Power Electronics Energy	6,691	235
Power Electronics Industry	9,647	186
Semiconductors	5,914	106
Power Generation	1,110	(59)
Food and Beverage Distribution	1,901	(30)
Others	1,860	(72)
<b>Total</b>	<b>27,123</b>	<b>366</b>

(Note) The number of employees of the Company at the end of March 2023 is 10,558 (a decrease of 8 from the end of the previous fiscal year).

## Major Lenders (as of March 31, 2023)

Name of lenders	Balance of loans (¥ billion)
Mizuho Bank, Ltd.	24.7
MUFG Bank, Ltd.	12.5
Resona Bank, Limited	10.0
The Norinchukin Bank	6.0

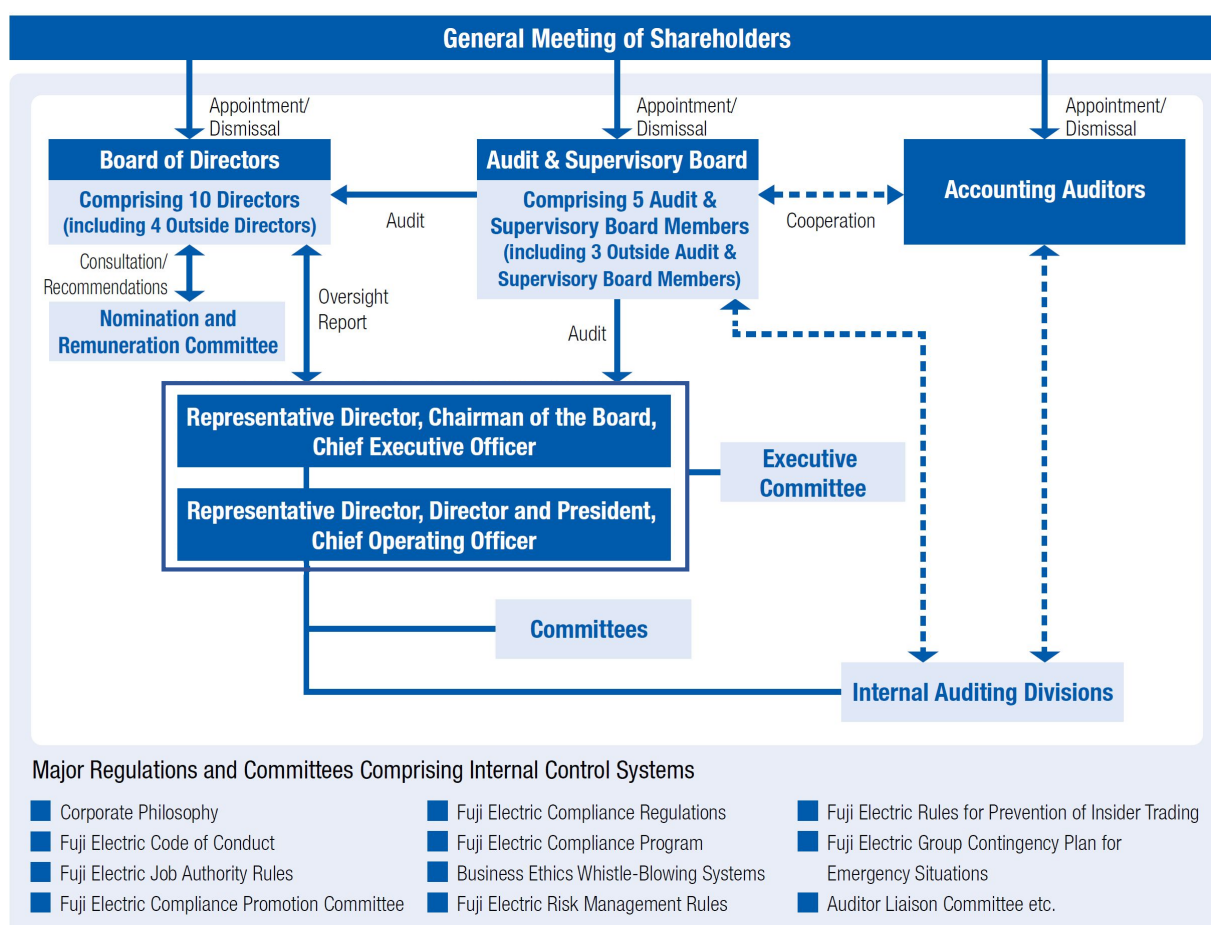
## (Reference) The corporate governance system and internal controls system of the Company

The Company's corporate governance system consists of the Board of Directors, which performs the management supervisory function and important decision-making, and the Audit & Supervisory Board, which is in charge of the management auditing functions. As a company employing the corporate auditor system, the Audit & Supervisory Board suitably undertakes audits of the Company's Directors and Executive Officers and guarantees objectivity and neutrality.

The Company actively appoints Outside Audit & Supervisory Board Members that satisfy the requirements for Independent Officers, endeavors to strengthen management supervisory and management auditing functions, and has established the Nomination and Remuneration Committee comprising a majority of Outside Officers as an advisory body to the Board of Directors.

Also, in order to separate the roles of management and execution, we have introduced the executive officer structure in an effort to clearly define the responsibilities of each business and streamline business execution. We are endeavoring to build an effective corporate governance system with the use of Executive Committee, which deliberates and reports on important matters related to management as an advisory body to the Chairman of the Board and CEO and the President and COO as well as other committees tasked with planning and promoting key business strategy issues and key external issues, such as legal compliance.

Details on the internal controls system of the Company is as stated in the following pages.



(as of March 31, 2023)

## Basic Policy on System of Internal Controls and Operation of the Internal Controls System

### 1. Basic policy on system of internal controls

Based on the provisions of Article 362, Paragraph 5 of the Companies Act, as for the development of an internal control system as provided for in Article 362, Paragraph 4, Item 6 of the Companies Act and each Item of Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, the Board of Directors resolved to adopt the proposal as follows.

#### (1) System for ensuring that Directors and employees carry out their duties in accordance with laws, regulations, and the Articles of Incorporation

- (i) The Company will repeatedly give explanations to employees of the Company and its subsidiaries on management principles applicable to the Company, and on the spirit behind the Criteria of Corporate Behavior, which serves as a code of behavior for all executives and employees, and ensure such principles and criteria are rigorously followed.
- (ii) The Company will establish and promote a compliance system as follows, based on internal regulations, to ensure the transparency and soundness of business execution.
  - The Compliance Promotion Committee is chaired by the Representative Director of the Company. It will ensure full compliance with laws, regulations, and social norms pertaining to the Company and its subsidiaries.
  - The Company will establish a compliance program that systematizes roles and responsibilities in terms of internal rules, daily monitoring, auditing, education, and other areas for each law and regulation, and carry out the program in accordance with the annual plan.
  - Compliance training is conducted for all full-time executives of the Company and its subsidiaries.
  - The Company will establish an internal reporting system that facilitates communication from employees of the Company and its subsidiaries to the President and COO of the Company and external attorneys-at-law, using a route that is independent of normal lines of communication. This is intended to prevent actions that violate laws, regulations, Articles of Incorporation, or internal rules before they occur, and aid the early discovery of such actions.
  - The establishment and promotion of the above systems will also enable the Company to provide an organized response aimed at rejecting antisocial forces and groups that threaten public order and the safety of private citizens.
- (iii) Internal auditing divisions of the Company under the jurisdiction of the President and COO conduct audits of the Company and subsidiaries. In addition, to ensure effective internal auditing, information on various activities is shared within the committee, which consists of members of internal auditing divisions of the Company and subsidiaries.

#### (2) System for retaining and managing information pertaining to the performance of Directors

Internal regulations will be formulated to ensure accurate retention and management of records of important business and to ensure that Directors and Audit & Supervisory Board Members acquire knowledge of records. The regulations establish procedures for Directors, Audit & Supervisory Board Members, and managers involved in saving and storing records regarding access to information. Audit & Supervisory Board Members are also consulted in advance with regard to formulating, amending, or eliminating regulations.

#### (3) Regulations for managing loss-related risk and other systems

- (i) The internal regulations will be formulated to systematically manage operational risks faced by the Company and its subsidiaries. Based on these regulations, the Company and its subsidiaries will establish appropriate risk management systems, and a system for managing specific group-wide risks will be established. The system

- involves the designation of departments to manage each category of risk.
- (ii) The Company will establish an emergency response manual to minimize damage incurred at the time of a crisis, such as a major disaster. The manual will prescribe the directors in charge of crisis management and establishment of a conference system and response headquarters to be activated when an emergency occurs.
  - (iii) The internal auditing division audits the progress of risk management at the Company and its subsidiaries and reports the results to the President and COO.
- (4) System for ensuring effective execution of business by Directors**
- (i) The Company will adopt the executive officer structure to separate management and execution, and accelerate decision-making procedures. The division of duties of each executive officer will be clarified by a resolution of the Board of Directors. In addition, the internal regulations that prescribe the duties and authority of the Chairman of the Board and CEO, the President and COO, executive officers and employees will be formulated to clarify decision-making authority and locus of responsibilities with regard to business execution.
  - (ii) Executive Committee will be established as a permanent corporate body to advise the Chairman of the Board and CEO and the President and COO. It will comprise the Chairman of the Board and CEO, the President and COO, the Company's executive officers and other individuals, and will deliberate and formulate reports on important matters pertaining to the management. The Company's Representative Director will communicate the deliberations and reports of Executive Committee to the Company's Board of Directors as necessary.
  - (iii) To formulate annual and medium-term management plans for the Company and its subsidiaries and to share information, Executive Committee and the Company's Board of Directors will confirm, evaluate, and review progress for each business division on a monthly basis.
- (5) System to ensure reliable financial reporting**
- The Company will formulate internal regulations to ensure the appropriateness of documents and other information related to financial settlements as stipulated by the Financial Instruments and Exchange Act. Based on these regulations, the Company will build internal controls for financial reporting, appropriately conduct evaluations and reporting, and report the results of evaluations to the Board of Directors.
- (6) System for ensuring the appropriate administration of the company group comprising the Company and its subsidiaries**
- (i) The Company will formulate internal regulations that prescribe authority and responsibilities pertaining to business execution of the Company and its subsidiaries. Based on these regulations, the Company will ensure systematic and efficient management. In addition, the Company will request subsidiaries to comply with these regulations and report to the Company or obtain approval from the Company regarding important matters pertaining to business execution of subsidiaries.
  - (ii) The Company will enhance systems to ensure appropriate administration for the items discussed above, to maximize the corporate value of the entire company group comprising the Company and its subsidiaries. In addition, the Company will request the formulation of a basic policy on the establishment of a system that ensures subsidiaries conduct appropriate business activities as stipulated by the Companies Act, and will ensure the effectiveness of such systems.
- (7) Matters pertaining to employees assisting Audit & Supervisory Board Members, their independence from Directors, and ensuring the effectiveness of instructions to these employees**
- (i) Employees assisting Audit & Supervisory Board Members shall be designated and the treatments for said employees shall respect opinions of Audit & Supervisory Board Members and require consents thereof.
  - (ii) Audit & Supervisory Board Members may request the assistance of employees other

than the designated employees in (i) above as necessary. Employees carrying out this work may do so independently of instructions or orders from Directors and prioritizing the business over other businesses.

**(8) System for reporting to Audit & Supervisory Board Members by Directors and employees, system for reporting to Audit & Supervisory Board Members by subsidiaries' Directors, Audit & Supervisory Board Members, and employees or those who have received report from these persons, and other matters pertaining to reporting to Audit & Supervisory Board Members**

Internal regulations will be established to ensure Audit & Supervisory Board Members acquire sufficient information for them to fulfill their duties. The regulations establish specific methods for ensuring Audit & Supervisory Board Members have opportunities to attend important meetings where decisions are made on business execution of the company group comprising the Company and its subsidiaries, for distributing regular reports and important documents from executives and employees of the Company and its subsidiaries to Audit & Supervisory Board Members, and for making it possible for Audit & Supervisory Board Members to otherwise collect information on the performance of duties by executives and employees of the Company and its subsidiaries.

**(9) System for ensuring that persons who report (8) above are not treated disadvantageously on the basis of making the report**

The Company shall prohibit disadvantageous treatment of persons who report (8) above on the basis of making the report.

**(10) Matters pertaining to procedures for advance payment or repayment of costs arising from the execution of duties by Audit & Supervisory Board Members and other matters pertaining to the policy for processing costs or liabilities arising from the execution of Audit & Supervisory Board Members' duties**

When Audit & Supervisory Board Members request the Company to make advance payment of costs, etc. pertaining to the execution of their duties, the Company will promptly process the payment, etc. except when it is deemed unnecessary for the execution of duties by Audit & Supervisory Board Members.

**(11) Other systems to ensure audits are conducted effectively by Audit & Supervisory Board Members**

A committee comprising Audit & Supervisory Board Members from the Company and subsidiaries, which are large companies as defined by the Companies Act, and a committee comprising Audit & Supervisory Board Members, members of internal audit divisions, and accounting auditors work to strengthen communication among all auditing bodies and ensure the effectiveness of auditing practices for the entire company group comprising the Company and its subsidiaries.

## **2. Overview of operation of the internal controls system**

An overview of the operation of the internal controls system for the Company in the current fiscal year is as provided below.

**(1) System for ensuring that Directors and employees carry out their duties in accordance with laws, regulations, and the Articles of Incorporation**

Regarding a compliance system, the Company holds the Compliance Promotion Committee chaired by the Representative Director twice a year. It deliberates on the operation of an internal reporting system as well as the implementation and implementation plan of a compliance program to make sure that there is no compliance violation that would have a material impact on the management of the Company and its subsidiaries.

In addition, the annual results and plans for the details deliberated at the Compliance Promotion Committee above are reported to the Board of Directors meeting once a year.

The Company conducts internal audits on organizational management, risk management, compliance management, business execution, and accounting of the entire company group comprising the Company and its subsidiaries. This is done based on an internal audit plan and from the perspectives of compliance with laws and regulations related to business activities, reliability of financial reporting, protection of assets, and effectiveness and efficiency of business.

**(2) System for retaining and managing information pertaining to the performance of Directors**

The Company appropriately retains and manages documents pertaining to the performance of Directors including minutes of the Board of Directors meetings and other related documents pursuant to the related laws and regulations as well as internal regulations.



**(3) Regulations for managing loss-related risk and other systems**

The Company systematically manages risks based on its risk management regulations. The Company strives to maximize the corporate value of the Company and its subsidiaries while minimizing the impact on management when risks materialize. It does so by fully and appropriately managing and addressing risks that may impact the management of the Company and its subsidiaries while preventing the materialization of risks (occurrence of critical situations) or reducing losses.

In preparation for the occurrence of major accidents, disasters, and other situations, the Company has established a business continuity plan (BCP), implemented drills based on the assumption of earthquakes and other disasters, and facilitated the dissemination, full enforcement, and increased efficiency of a BCP.

**(4) System for ensuring effective execution of business by Directors**

Matters deliberated on by the Board of Directors are deliberated on and reported at the Executive Committee comprising the Chairman of the Board and CEO, the President and COO and the Company's executive officers and other individuals prior to the Board of Directors meetings. In the current fiscal year, the Executive Committee met 24 times and business plans and important matters pertaining to the management of the Company and its subsidiaries were deliberated on and reported there appropriately based on the internal regulations that prescribe the duties and authority of the Chairman of the Board and CEO, the President and COO and executive officers and employees.

**(5) System to ensure reliable financial reporting**

Regarding the internal control evaluation pertaining to financial reporting, the Company evaluates the effectiveness of internal controls for financial reporting of the company group comprising the Company and its subsidiaries. It does so upon selecting the scope of evaluation pursuant to evaluation criteria generally deemed fair and appropriate. The results of the evaluation are reported to the Board of Directors meeting once a year.

**(6) System for ensuring the appropriate administration of the company group comprising the Company and its subsidiaries**

Based on internal regulations that prescribe authority and responsibilities pertaining to business execution of the Company and its subsidiaries, systematic and efficient management is ensured and important matters pertaining to business execution of subsidiaries are reported to the Company appropriately. Also, when needed, they are deliberated on and reported to Executive Committee or the Board of Directors meetings of the Company.

**(7) Matters pertaining to employees assisting Audit & Supervisory Board Members, their independence from Directors, and ensuring the effectiveness of instructions to these employees**

- (i) Employees assisting Audit & Supervisory Board Members shall be designated and the treatments for said employees shall respect opinions of Audit & Supervisory Board Members and require consents thereof.
- (ii) Employees carrying out assistance business based on requests from Audit & Supervisory Board Members are doing so independently of instructions or orders from Directors and prioritizing the business over other businesses.

**(8) System for reporting to Audit & Supervisory Board Members by Directors and employees, system for reporting to Audit & Supervisory Board Members by subsidiaries' Directors, Audit & Supervisory Board Members, and employees or those who have received report from these persons, and other matters pertaining to reporting to Audit & Supervisory Board Members**

Each Audit & Supervisory Board Member conducts audits by attending the Board of Directors and other important meetings, collecting information on the performance of duties by Directors, internal auditing divisions and others, viewing important approval forms and other documents, investigating the situation of business and assets at major offices, and if needed, requesting subsidiaries to report on their business.

**(9) System for ensuring that persons who report (8) above are not treated disadvantageously on the basis of making the report**

The Company makes executives and employees well aware of the fact that it is prohibited to treat persons who report to Audit & Supervisory Board Members disadvantageously.

**(10) Matters pertaining to procedures for advance payment or repayment of costs arising from the execution of duties by Audit & Supervisory Board Members and other matters pertaining to the policy for processing costs or liabilities arising from the execution of Audit & Supervisory Board Members' duties**

The Company promptly processes costs arising from the execution of duties by Audit & Supervisory Board Members based on requests from Audit & Supervisory Board Members.

**(11) Other systems to ensure audits are conducted effectively by Audit & Supervisory Board Members**

The Audit & Supervisory Board meetings of the Company were held eight times in the current fiscal year. The Audit & Supervisory Board receives reports, deliberates on, and resolves important matters pertaining to auditing.

A committee comprising Audit & Supervisory Board Members from the Company and subsidiaries, which are large companies as defined by the Companies Act, and a committee comprising Audit & Supervisory Board Members, members of internal audit divisions, and accounting auditors are working to strengthen communication among all auditing bodies thereby ensuring the effectiveness of auditing practices for the entire company group comprising the Company and its subsidiaries.

## Basic Policy on Control of the Company

### 1. Details of the basic policy

In implementing the Corporate philosophy and continuing to improve corporate value, Fuji Electric amasses unique technologies, experience and know-how, and strives to develop and maintain good relations with various stakeholders, including customers, partners, communities, and employees.

These are the Fuji Electric's precious tangible and intangible assets, the Fuji Electric's DNA, and resources that support the creation of corporate value for Fuji Electric.

Based on that philosophy, the Company strives to manage in line with changes in the environment. The Company recognizes that the most effective countermeasures against share purchases that could damage the corporate value of Fuji Electric are increasing corporate value in the medium- to long-term vision and further raising the share of profits to shareholders, and strives to realize those aims.

Furthermore, the Company is actively engaging in a range of IR activities to ensure that the Fuji Electric's share value is properly understood. The Company will strive to further deepen understanding of Fuji Electric by issuing reports on its performance including quarterly financial reports and holding plant tour programs for the shareholders.

The Board of Directors recognizes that the free trade of shares by shareholders is a reality as a listed company, and believes that the question of whether or not large-scale purchases of shares in the Company by specific individuals should be permitted is a matter that should ultimately be delegated to the shareholders.

However, corporate acquisitions undertaken to profit unduly from selling a company's shares at the highest price do occur. The Board of Directors does not believe that any parties who engage in any such large-scale share purchases of the Company's shares or table proposals which do not contribute to the corporate value of Fuji Electric or the mutual benefit of the shareholders are suitable parties to control the Company's finances and the determination of its business policy.

At this point in time, no specific threat related to large-scale purchases of the Company's shares has emerged. Moreover, the Company has not yet put in place any specific preventative measures (so-called "poison pill") against the emergence of a takeover threat.

However, the Board of Directors will, as a managerial duty to the shareholders, establish an internal system to install measures against any large-scale purchases of the Company's shares that threaten the corporate value of Fuji Electric or the mutual benefit of the shareholders.

### 2. The Fuji Electric's measures to realize the basic policy

#### (1) Initiatives to improve corporate value of Fuji Electric

As our basic strategy for sustainable growth, Fuji Electric aims to create growth on the global market based on our power electronics technologies cultivated over many years, which handle electrical energy universally, backed by energy and environmental investments projected to take place in many countries.

To realize this, we will rapidly shift our managerial resources to the field of "energy and the environment," aiming to maximize our corporate value and contribute to the resolution of social and environmental issues as a "company that contributes to the global society through business."

#### (2) Measures to prevent control of the Company by undesirable parties as described in the basic policy

The Company will, based on 1. Details of the basic policy above, strive to establish an internal system in view of any potential or actual purchases of the Company's shares that threaten the corporate value of Fuji Electric or the mutual benefit of the shareholders.

Specifically, the Company will very carefully monitor daily trading movements and shareholder changes and at the same time put in place a first-response manual for

contingencies, and establish a framework for collaboration with external experts. The Company will determine specific preventative measures in a timely and appropriate manner, and strive towards the enhancement of internal systems.

Furthermore, the Company will continue to consider the introduction of a “poison pill,” from the viewpoints of ensuring and increasing the corporate value of Fuji Electric or the mutual benefit of the shareholders, based on the opinions and judgments of the legal system and the relevant authorities, social trends, and the opinions of our stakeholders.

### **3. The decisions and rationale of the Board of Directors regarding the measures above**

Because the measures referred to in 2. (1) above mean: to maintain and enhance the corporate value of the Company over the medium-term, and ensure that the measures in 2. (2) establish internal systems to respond to large-scale purchases of the Company’s shares that threaten the corporate value of Fuji Electric or mutual benefits of shareholders, the Board of Directors confirmed and resolved at its meeting that these measures comply with the basic policy in 1. above, and neither measure represents a threat to the mutual benefits of the shareholders or is a means to maintain the members of the current top management team in their positions.

Further, the resolution was unanimously agreed upon at an Audit & Supervisory Board meeting, provided that the specific operations of the measures described in 2. above are conducted properly.

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- (Notes)
1. Amounts less than a unit are rounded to the nearest yen in the Business Report.
  2. The number of shares shown in the Business Report are rounded down to the nearest whole unit.
  3. As used in this Business Report, the expression “Fuji Electric” refers to the company group comprising the Company, its subsidiaries, and affiliates.
  4. The business object in the future, stated in the Business Report is calculated based on given assumptions that we assess to be reasonable at the time of writing the Business Report. The description may differ from the actual results, and we cannot guarantee the accuracy of the content.
  5. Information in the “TOPICS” sections (pages 28 to 31), “Initiatives contributing to ESG” section (pages 35 to 38), and “The corporate governance system and internal controls system of the Company” section (page 59) in the Business Report (pages 24 to 67) is provided for reference purposes and do not constitute the contents of the Business Report.

## Consolidated Balance Sheets

(as of March 31, 2023)

(¥ Millions)

<b>[Assets]</b>		<b>[Liabilities]</b>	
<b>Current assets</b>	<b>713,553</b>	<b>Current liabilities</b>	<b>446,826</b>
Cash and deposits	84,700	Notes and accounts payable - trade	201,593
Notes receivable - trade	76,013	Short-term borrowings	46,875
Accounts receivable - trade	236,462	Current portion of bonds payable	15,000
Contract assets	76,023	Lease obligations	23,261
Merchandise and finished goods	64,500	Accrued expenses	52,757
Work in process	54,642	Income taxes payable	18,710
Raw materials and supplies	79,548	Contract liabilities	49,449
Other	49,235	Provision for product warranties	3,775
Allowance for doubtful accounts	-7,573	Other	35,403
<b>Non-current assets</b>	<b>467,946</b>	<b>Non-current liabilities</b>	<b>162,657</b>
<b>Property, plant and equipment</b>	<b>283,912</b>	Bonds payable	20,000
Buildings and structures	99,434	Long-term borrowings	28,600
Machinery, equipment and vehicles	37,913	Lease obligations	46,895
Tools, furniture and fixtures	7,467	Deferred tax liabilities	1,085
Land	35,604	Provision for retirement benefits for directors (and other officers)	65
Leased assets	60,086	Retirement benefit liability	60,345
Construction in progress	40,851	Other	5,665
Other	2,555	<b>Total liabilities</b>	<b>609,483</b>
<b>Intangible assets</b>	<b>24,032</b>	<b>[Net assets]</b>	
Software	8,795	<b>Shareholders' equity</b>	<b>451,091</b>
Other	15,236	Share capital	47,586
<b>Investments and other assets</b>	<b>160,001</b>	Capital surplus	45,953
Investment securities	108,460	Retained earnings	364,922
Long-term loans receivable	811	Treasury shares	-7,370
Deferred tax assets	16,636	<b>Accumulated other comprehensive income</b>	<b>66,000</b>
Net defined benefit asset	19,918	Valuation difference on available-for-sale securities	45,550
Other	14,663	Deferred gains or losses on hedges	241
Allowance for doubtful accounts	-488	Foreign currency translation adjustment	22,222
<b>Deferred assets</b>	<b>51</b>	Remeasurements of defined benefit plans	-2,013
Bond issuance costs	51	<b>Non-controlling interests</b>	<b>54,976</b>
<b>Total assets</b>	<b>1,181,552</b>	<b>Total net assets</b>	<b>572,068</b>
		<b>Total liabilities and net assets</b>	<b>1,181,552</b>

## Consolidated Statements of Income

(from April 1, 2022 to March 31, 2023)

(¥ Millions)

<b>Net sales</b>		<b>1,009,447</b>
<b>Cost of sales</b>		<b>732,528</b>
<b>Gross profit</b>		<b>276,918</b>
<b>Selling, general and administrative expenses</b>		<b>188,036</b>
<b>Operating profit</b>		<b>88,882</b>
<b>Non-operating income</b>		
Interest and dividend income	3,742	
Miscellaneous income	2,185	5,927
<b>Non-operating expenses</b>		
Interest expenses	1,993	
Miscellaneous expenses	5,004	6,997
<b>Ordinary profit</b>		<b>87,811</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	939	
Gain on sales of investment securities	10,215	11,154
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	569	
Loss on valuation of investment securities	1,236	
Loss on sale of investment securities	298	
Provision for loss on liquidation of subsidiaries and associates	1,115	3,220
<b>Profit before income taxes</b>		<b>95,746</b>
Income taxes - current	26,317	
Income taxes - deferred	794	27,112
<b>Profit</b>		<b>68,634</b>
Profit attributable to non-controlling interests		7,285
<b>Profit attributable to owners of parent</b>		<b>61,348</b>

## Consolidated Statement of Changes in Equity

(from April 1, 2022 to March 31, 2023)

(¥ Millions)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2022	47,586	45,955	319,285	-7,359	405,467
Changes of items during the period					
Dividends of surplus			-15,711		-15,711
Profit attributable to owners of parent			61,348		61,348
Purchase of treasury shares				-10	-10
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		-1			-1
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-1	45,636	-10	45,624
Balance at March 31, 2023	47,586	45,953	364,922	-7,370	451,091

(¥ Millions)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2022	51,649	507	14,169	1,107	67,433	50,829	523,729
Changes of items during the period							
Dividends of surplus					-		-15,711
Profit attributable to owners of parent					-		61,348
Purchase of treasury shares					-		-10
Disposal of treasury shares					-		0
Change in ownership interest of parent due to transactions with non-controlling interests					-		-1
Net changes of items other than shareholders' equity	-6,099	-265	8,053	-3,121	-1,433	4,147	2,714
Total changes of items during the period	-6,099	-265	8,053	-3,121	-1,433	4,147	48,338
Balance at March 31, 2023	45,550	241	22,222	-2,013	66,000	54,976	572,068

## Non-Consolidated Balance Sheet

(as of March 31, 2023)

(¥ Millions)

<b>[Assets]</b>		<b>[Liabilities]</b>	
<b>Current assets</b>	<b>410,701</b>	<b>Current liabilities</b>	<b>327,473</b>
Cash and deposits	2,839	Accounts payable - trade	140,487
Notes receivable - trade	44,263	Short-term borrowings	38,502
Accounts receivable - trade	161,598	Current portion of bonds payable	15,000
Contract assets	55,696	Current portion of long-term borrowings	36,100
Merchandise and finished goods	22,199	Lease obligations	17,240
Work in process	39,292	Accounts payable - other	4,732
Raw materials and supplies	41,149	Accrued expenses	32,152
Advance payments - trade	12,639	Income taxes payable	7,619
Short-term loans receivable	2,626	Contract liabilities	22,616
Accounts receivable - other	20,736	Deposits received	8,716
Other	7,780	Provision for product warranties	3,526
Allowance for doubtful accounts	-121	Other	779
<b>Non-current assets</b>	<b>383,818</b>	<b>Non-current liabilities</b>	<b>138,834</b>
<b>Property, plant and equipment</b>	<b>159,636</b>	Bonds payable	20,000
Buildings	60,089	Long-term borrowings	28,600
Structures	2,225	Lease obligations	36,612
Machinery and equipment	10,204	Provision for retirement benefits	44,723
Vehicles	35	Asset retirement obligations	2,019
Tools, furniture and fixtures	2,945	Other	6,879
Land	24,163		
Leased assets	46,368		
Construction in progress	13,605		
<b>Intangible assets</b>	<b>8,198</b>	<b>Total liabilities</b>	<b>466,307</b>
Software	5,659		
Other	2,539	<b>[Net assets]</b>	
<b>Investments and other assets</b>	<b>215,983</b>	<b>Shareholders' equity</b>	<b>282,746</b>
Investment securities	86,524	<b>Share capital</b>	<b>47,586</b>
Shares of subsidiaries and associates	99,272	<b>Capital surplus</b>	<b>56,824</b>
Investments in capital	397	Legal capital surplus	56,777
Long-term loans receivable	507	Other capital surplus	47
Prepaid pension costs	13,761	<b>Retained earnings</b>	<b>185,899</b>
Deferred tax assets	12,331	Legal retained earnings	11,515
Other	3,488	Other retained earnings	174,384
Allowance for doubtful accounts	-299	Retained earnings brought forward	174,384
		<b>Treasury shares</b>	<b>-7,563</b>
		<b>Valuation and translation adjustments</b>	<b>45,517</b>
<b>Deferred assets</b>	<b>51</b>	<b>Valuation difference on available-for-sale securities</b>	<b>45,275</b>
Bond issuance costs	51	<b>Deferred gains or losses on hedges</b>	<b>241</b>
		<b>Total net assets</b>	<b>328,263</b>
<b>Total assets</b>	<b>794,571</b>	<b>Total liabilities and net assets</b>	<b>794,571</b>



## Non-Consolidated Statements of Income

(from April 1, 2022 to March 31, 2023)

(¥ Millions)

<b>Net sales</b>		<b>639,580</b>
<b>Cost of sales</b>		<b>493,630</b>
<b>Gross profit</b>		<b>145,950</b>
<b>Selling, general and administrative expenses</b>		<b>114,124</b>
<b>Operating profit</b>		<b>31,825</b>
<b>Non-operating income</b>		
Interest and dividend income	20,042	
Other	167	20,209
<b>Non-operating expenses</b>		
Interest expenses	896	
Other	2,007	2,903
<b>Ordinary profit</b>		<b>49,132</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	193	
Gain on sales of investment securities	8,892	
Gain on sale of shares of subsidiaries and associates	2,407	
Other	90	11,583
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	311	
Loss on valuation of investment securities	462	
Loss on sale of investment securities	300	
Loss on valuation of shares of subsidiaries and associates	684	
Provision for loss on liquidation of subsidiaries and associates	1,115	
Other	2,262	5,137
<b>Profit before income taxes</b>		<b>55,578</b>
Income taxes - current	8,918	
Income taxes - deferred	696	9,615
<b>Profit</b>		<b>45,962</b>

## Non-Consolidated Statement of Changes in Equity

(from April 1, 2022 to March 31, 2023)

(¥ Millions)

	Shareholders' equity								Total shareholders' equity
	Share capital	Capital surplus			Retained earnings			Treasury shares	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
Balance at April 1, 2022	47,586	56,777	47	56,824	11,515	144,133	155,648	-7,552	252,506
Changes of items during the period									
Dividends of surplus				-		-15,711	-15,711		-15,711
Profit for the year				-		45,962	45,962		45,962
Purchase of treasury shares				-				-10	-10
Disposal of treasury shares			0	0				0	0
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	0	0	-	30,250	30,250	-10	30,240
Balance at March 31, 2023	47,586	56,777	47	56,824	11,515	174,384	185,899	-7,563	282,746

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at April 1, 2022	51,061	507	51,568	304,074
Changes of items during the period				
Dividends of surplus			-	-15,711
Profit for the year			-	45,962
Purchase of treasury shares			-	-10
Disposal of treasury shares			-	0
Net changes of items other than shareholders' equity	-5,785	-265	-6,051	-6,051
Total changes of items during the period	-5,785	-265	-6,051	24,188
Balance at March 31, 2023	45,275	241	45,517	328,263

## **Access to the Venue**

**Place:** Galaxy Room, 2nd Basement, Westin Hotel Tokyo  
4-1 Mita 1-chome, Meguro-ku, Tokyo  
(within Yebisu Garden Place)  
TEL: +81-3-5423-7000 (main number)

### **Access by Train (JR)**

Take the train to JR Ebisu Station (East Exit). The venue is about twelve minutes from the station via the “Yebisu Skywalk” moving walkway.

### **Access by Subway**

Take the Hibiya Line to Ebisu Station (Exit No. 1 in the JR direction). The venue is about fifteen minutes from the station via the “Yebisu Skywalk” moving walkway.

In the case of rain, note that you can reach the venue without having to use an umbrella by using the underground passageway that extends from the end of the “Yebisu Skywalk” moving walkway to the venue.

### **Access by Car**

Please note that heavy traffic is expected near the venue on the day. Where possible, other forms of transport are recommended.