

Fuji's Value Creation

By shifting the core of our business from machine tools to robots, and while creating a wide range of innovations, we are creating a future in which everyone can live enriched lives. To this end, Fuji's Value Creation Process represents a roadmap to success by connecting societal issues, prospective new business, and corporate ideologies. While what awaits us in the future is largely unknown, we will use this value creation process as a pathway to continue to enhance corporate value and achieve sustainable growth, and build a better relationship between business, society, the environment, and the economy while responding to new societal needs that emerge with each new era.

Our ideal
Provide innovation to the world to enrich the lives of those in the world around us



(As of March 31, 2025)

Capital Strategy

Effects during the First Fiscal Year of Our Mid-term Business Plan, and Our Capital Strategy for Sustainable Growth

Junichi Kano

Board Member, CFO & CHRO,
Senior Managing Executive Officer
General Manager, Corporate Operations Division

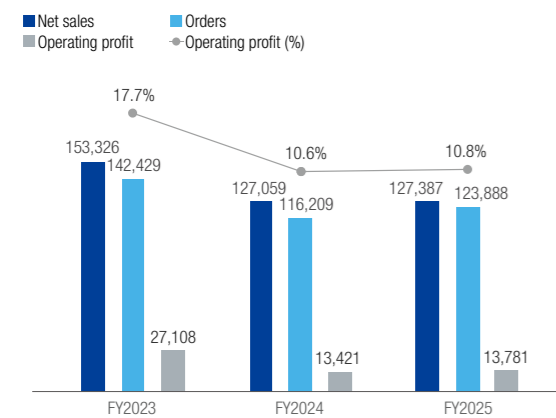


Our Mid-term Business Plan 2026 announced in May 2024 (hereinafter the "Plan") names "Improve business foundations based on ESG" as one of its basic policies. The Corporate Operations Division that I head has implemented a number of measures in line with this basic policy. The following text reports on Fuji's future prospects while looking back on our business results in FY2025.

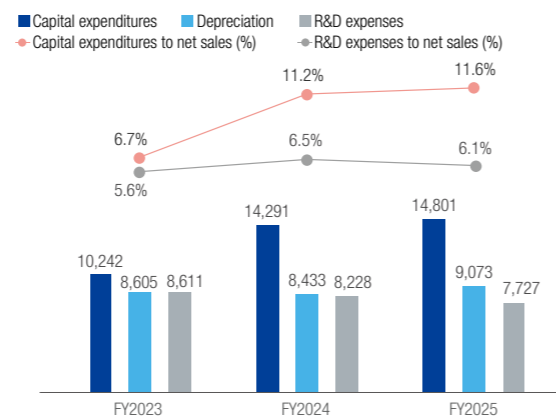
Business results highlights in FY2025

Looking at business results in FY2025, the first year of the Plan, revenue and profit increased to levels only slightly higher than in the previous year. This was due to slower than expected recovery in electronics industry market conditions. However, orders increased by 6.6% year on year with recovery particularly noticeable from the third quarter. In SMT pick and place machines, the mainstay product of the Robotic Solutions business, we accelerated our full-scale switch from the long-selling NXT III to our latest platform, the NXTR models, and finally began to prepare the business environment for further leaps forward.

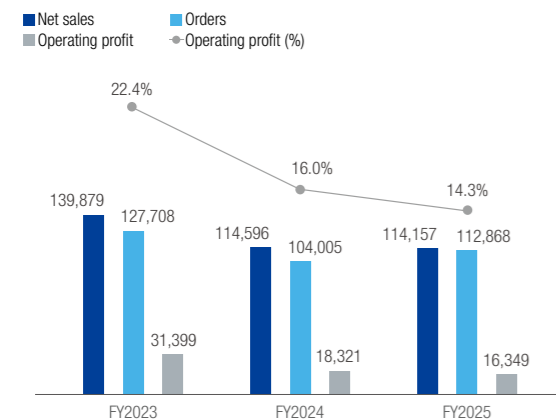
Net Sales, Orders, Operating Profit, and Operating Profit Ratio (million yen)



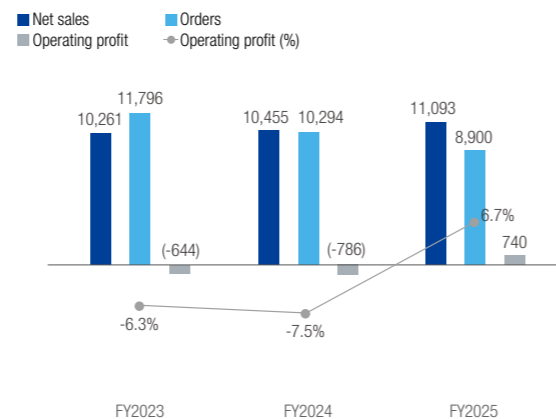
Capital Expenditures, Depreciation, and R&D Expenses (million yen)



Robotic Solutions Results (million yen)



Machine Tools Results (million yen)

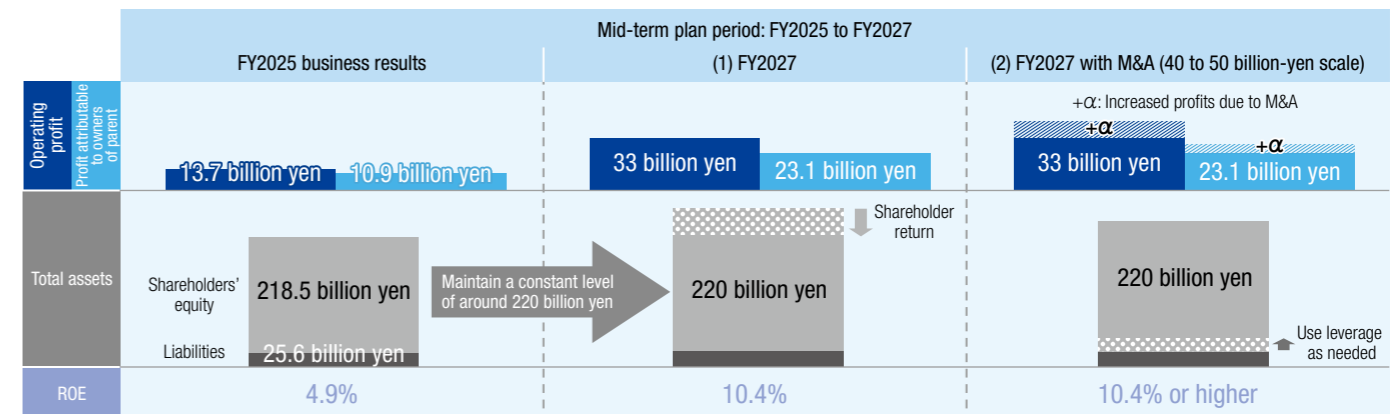
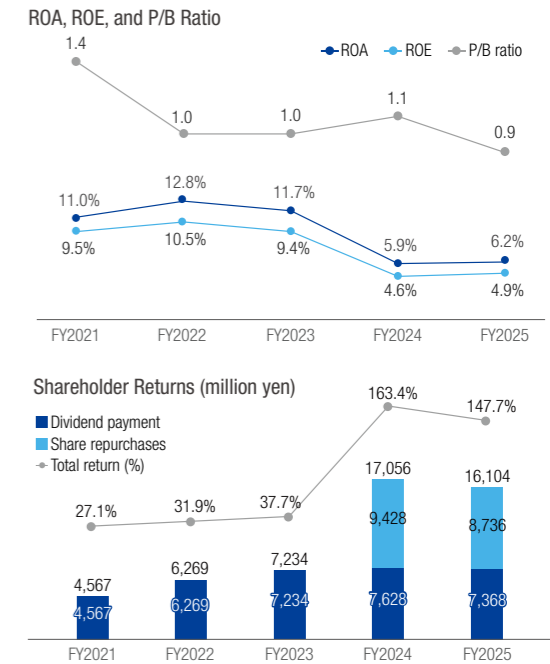


Cost-of-capital and stock price conscious management

In the Plan, we place importance on engaging in management that is conscious of the cost of capital. Specifically, by reducing the cost of shareholders' equity and improving ROE (return on equity), we aim to achieve ROE that outperforms the cost of shareholders' equity.

Our ROE, which was 10.5% in FY2022, fell to 4.6% in FY2024 under sluggish market conditions and rising material costs. However, ROE rose from that bottom in FY2025 to reach 4.9%. We have set recovery to ROE of 10% or higher as our target for the end of FY2027. We recognize the importance of improving our ROE by restoring the earning power of our business activities, while reducing assets.

As of the end of FY2025, our shareholders' equity was 218.5 billion yen. We intend to control this quantity to below a set level, with 220 billion yen as our guideline, while taking the market environment and our financial soundness into account. In FY2025, as in FY2024, we repurchased our outstanding shares worth about 10 billion yen. We will continue to flexibly implement share purchases while maintaining an awareness of our stock price and P/B ratio.

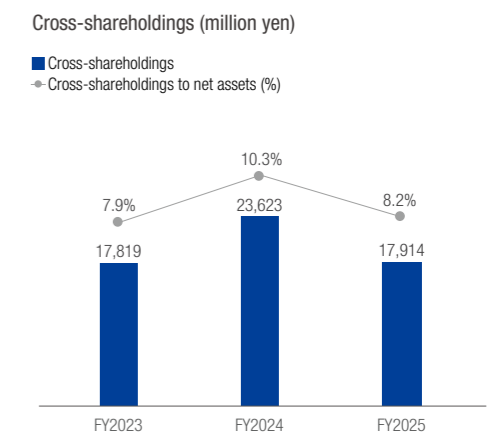


Asset efficiency

As a component of our balance sheet management, we are working to reduce our cross-shareholdings. Under the Plan, we have set a target of reducing cross-shareholdings by 7.0 billion yen from the amount held as of the end of FY2024 (on a market value basis) over the course of three years.

In FY2025, we reduced cross-shareholdings for three stocks, achieving a reduction of 5,709 million yen from the previous year (on a market value basis). This reduced our total cross-shareholdings as of the end of FY2025 to 17,914 million yen (on a market value basis), an amount that corresponds to 8.2% of the company's net assets.

With regard to our cross-shareholdings, we confirm the cost of capital and the ROE of target companies from the perspective of asset efficiency, with the Board of Directors conducting comprehensive examination and confirmation of matters including the companies' relationships with and degree of future contribution to our business. In FY2026, too, we are carrying out reductions in a planned manner and see our 7.0 billion-yen reduction target as readily feasible. We will continue these reductions through the final fiscal year of the Plan as we strive to further enhance our asset efficiency and governance.



Improve business foundations based on ESG

We have set out “Improve business foundations based on ESG” as a basic policy in the Plan. We have done so in the understanding that the reinforcement of ESG is greatly connected to all aspects of corporate value, including a company’s profitability, efficiency, safety, and growth potential. The following text reports on our initiatives from the perspectives of governance, the environment, and society.

Governance

Review of our business and product portfolios

As our main business is greatly affected by trends in global capital expenditures, it is vital that we enhance our profitability while controlling volatility and taking the cost of capital into account. Accordingly, in FY2025 we introduced a meeting body for reviewing our business and product portfolios as we work to rebuild our business portfolio.

We expect our mainstay SMT business to undergo further expansion and continue to make it the centerpiece of our businesses. In FY2025, we invested about 10 billion yen in the construction of a new building at Okazaki Plant, strengthening our production capacity and thereby increasing our market share and consolidating our position as a market leader.

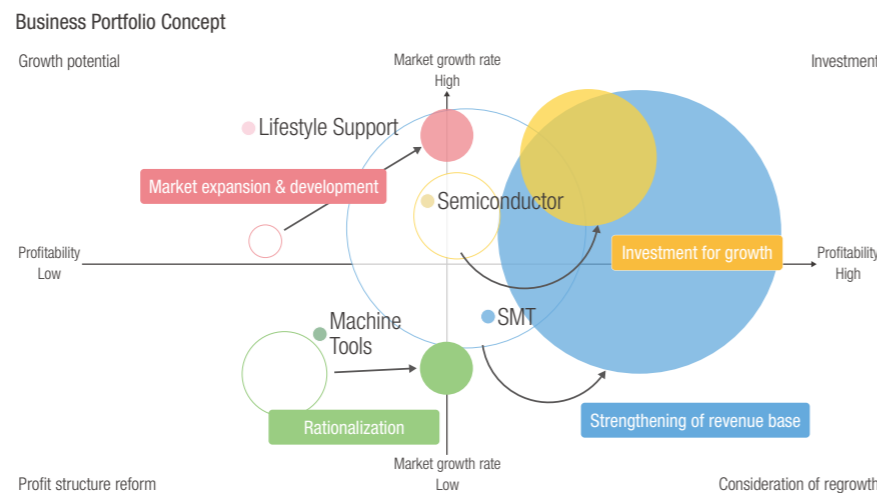
Our group company Fasford Technology Co., Ltd. has struggled with business growth in die bonders, a type of semiconductor manufacturing equipment, due to delayed recovery in the general-purpose memory market. However, with this field clearly expected to grow, we are working to develop new products with the aim

of market launches from FY2026 to FY2027.

In the field of lifestyle support, our Hug mobility support robot and Quist smart locker system are already highly regarded in the market. Our R-PLUS waste-sorting robot also occupies a field that has the potential to contribute to our corporate value. We will continue our endeavors in these promising areas.

In FY2025, our Machine Tools Division recorded a profit for the first time in five years. This achievement was due not only to a focus on sales of high value-added products in the turnkey solution business but also to a successful transition to a low-cost structure.

As seen in such cases, we will continue to review our businesses and products with the aim of enhancing our corporate value.



Management Indicators (consolidated)

Targets by business (million yen)	FY2027 forecast	
	At the time of formulating the Plan	May 2025 review
Robotic Solutions	Net sales	145,000
	Operating profit	30,600
Semiconductor	Net sales	27,000
	Operating profit	5,500
Machine Tools & Others	Net sales	8,000
	Operating profit	500
Total	Net sales	180,000
	Operating profit	33,000

Note: The sum of the operating profit of each business does not add up to the total as corporate expenses are not listed.

Evaluation of the effectiveness of the Board of Directors

Our Board of Directors regularly conducts evaluation and verification of its effectiveness and strives for continuous improvement. In the nomination and remuneration of directors, too, we will strengthen the fairness, transparency, and objectivity of procedures through the Nomination and Remuneration Advisory Committee and will continue to engage in management with effective governance.

Environment

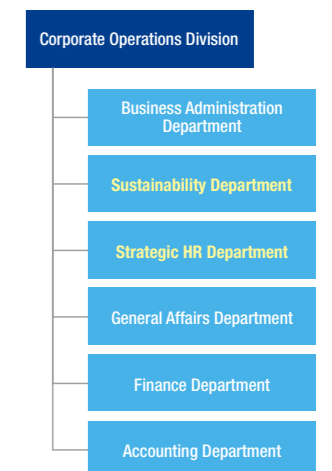
Initiatives for the environment

Fuji Group recognizes that conservation of the earth’s environment is a high-priority issue shared by all mankind, and endorses global goals such as the Sustainable Development Goals (SDGs) and the Paris Agreement. In order to conserve a beautiful and rich natural environment for future generations, we are making company-wide efforts to reduce the environmental risks of our business activities and to contribute to environmental conservation and the development of a sustainable society, while maintaining a deep recognition that such initiatives directly relate to our corporate value.

One major achievement of our many initiatives in FY2025 was improvement in our score from CDP, an international environmental NGO. We raised our score from the “D” received in FY2024 to a significantly higher “B.”

Up until now these initiatives have been primarily driven by a cross-departmental project team. Based on our achievements, however, we launched the Sustainability Department during the current fiscal year, led by members of the project team. Positioned under the Corporate Operations Division, the Sustainability Department will actively undertake the promotion and cooperation of ESG management throughout Fuji Group while working to achieve carbon neutrality throughout the supply chain. (See pp. 51–56 for details.)

Corporate Operations Division Framework



Social

Human capital management

Contemporary society places importance not on economic enrichment alone but on inner enrichment as well. For this reason, we have set “Enriching the lives of those in the world around us” as our purpose. In achieving this purpose, we are taking inner enrichment for all of our employees as our starting point. To do what is required for that, in 2024, we launched a new human capital project consisting of nine members of the company, with myself as the project owner.

The project established five priority measures: 1) Upskill management; 2) Increase talent mobility; 3) Decrease the turnover rate; 4) Reform the personnel system; and 5) Establish new recruitment methods. Through its activities, the project quickly built new mechanisms including an in-house side job system, a career design consultation desk, a referral hiring system, and an in-house free agent system.

Although the project ended in March 2025 after a year of activity, it served as a step to draw out motivation and potential in employees. Responding to strong wishes that this personnel system reform keep up its momentum, in FY2026, we reorganized the Human Resource Section, formerly under the General Affairs Department, and launched the new Strategic HR Department. The Strategic HR Department will tackle issues more effectively than before. These issues include human resource hiring linked to management strategy, personnel system reform, and a human resource education system that contributes to the growth of Fuji and its employees. We consider the success or failure of these initiatives as a vital element in enhancing our output as a company, and as our essential human capital management. (See pp. 59–64 for details.)

Digital Transformation Strategy

To Create New Value in Manufacturing Through the Power of Digital Technologies

Hiroshi Murakami
Senior Executive Officer, CDO
General Manager, DX Division



In FY2025, Fuji received certification under the Digital Transformation Certification Program of the Ministry of Economy, Trade and Industry. This certification, which recognizes the level of our initiatives in this area, should provide a tailwind to our digital transformation (DX). In FY2026, we plan to undertake an overall renewal of our ERP system along with full-scale acceleration of the execution phase of our DX.



Fuji's DX strategy goes beyond the building of IT and DX infrastructure. Our initiatives aim to achieve efficiency throughout the supply chain, encompassing human resource development and the establishment of an organizational structure for business transformation. More than mere digitalization, the essence of the DX that Fuji seeks to achieve is the empowerment of every employee to understand issues on a personal level, crossing the boundaries of departments and sites to undertake decision-making and action from a standpoint ideal for the company. Fuji aims to evolve into a more agile and flexible company through the use of digital technology.

Based on this policy and on Fuji's materialities, we are advancing digital utilization from the three perspectives of customers, businesses, and employees, so that we can contribute to solving societal issues through our business as a manufacturing company.

For our customers, we intend to strengthen collaboration with distributors and subsidiaries around the world and centrally manage information throughout products' life cycles by expanding the scope of use of customer relationship management (CRM), thereby increasing the speed and quality of service provision and further enhancing customer satisfaction.

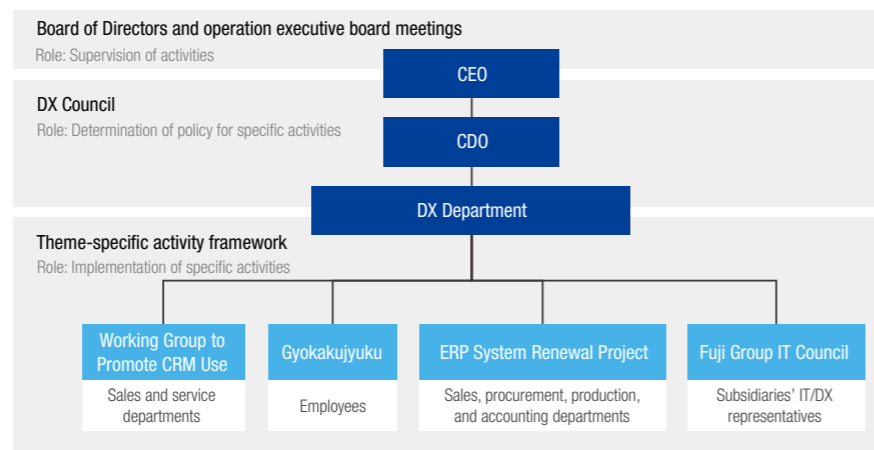
In business operations, we will promote the introduction of digital technology throughout the supply chain and enhance the speed and visibility of information transmission, thereby enhancing our ability to respond to demand fluctuations and achieving both productivity and profitability.

For our employees, we will work to strengthen the development of human resources who can ably use digital technologies. Through skill certifications and an incentive payment program linked to achievements in digital utilization, we provide support for employees' endeavors and growth.

Fuji will continue to focus on promoting DX to strengthen competitiveness. As a manufacturing company, we will contribute to the optimization of our customers' factories through the provision of smart factory solutions that leverage automation and robotics. We will also continually undertake the development of products that will support the next generation of manufacturing and resolve the societal issue of industrial efficiency.

DX framework

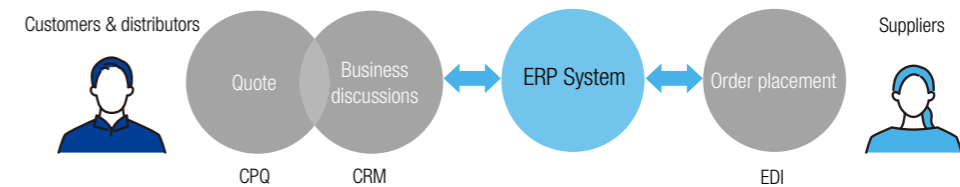
Our CDO, the DX Department, business departments, and other parties collaborate on theme-specific activities under the supervision of senior management. We are also undertaking activities related to the use of digital technologies in factories and in the engineering chain.



Creation of an environment for DX

As a part of our IT investments related to strengthening our supply chain and group management, we are making the transition to cloud-based systems. We use the number of cloud services adopted as a metric for evaluating our progress toward this goal. To date, we have adopted and put into use 21 cloud services.

To achieve trouble-free information exchange with customers and suppliers, we use cloud technology-based CRM and electronic data interchange (EDI) and are working to integrate these with our ERP system. Our configure, price, and quote (CPQ) system enables online estimating for products with complex specifications based on customer requests. We are creating an environment in which distributors and subsidiaries can perform speedy and accurate estimating and in which improvements can be made based on data.



Creation of an environment for digital talent development

FY2026 marks the third year since the start of our Gyokakujuuku digital talent development program. With effects of RPA* making up about 90% of total efficiency improvement effects, we focus on RPA in our educational courses.

In preparation for the expanded use of RPA, we consolidated licenses that had been distributed on a departmental basis and reviewed them using centralized management through the DX Department. Our licenses flexibly accommodate increases in users coming out of our in-house programs, which facilitates use throughout the company. For DX beginners, we have prepared a learning environment for Microsoft 365 low-code tools and excel-based data utilization that makes digital technology accessible to a wide range of employees. *RPA = Robotic Process Automation

Outcomes of our digital talent development

We use three indicators in our activities: the annual hours of work improvement through the use of digital technologies, the number of certified digital talents by skill level, and the number of people who have completed digital education courses.

FY2025 Results

1) Annual hours of work improvement through the use of digital technologies		3,300 hours
2) Number of certified digital talents by skill level		91
Skill level	Definition	Number of certification holders
Master	Can educate beginners	10
Advanced	Can use effectively in work	9
Beginner	Can use at basic level in work	72
3) Number of people who have completed digital education courses		
	Statistics	450
	Python	170
	RPA	61
	Microsoft 365	27
	Excel data utilization	351

Cybersecurity measures

In FY2025, we established the Cyber Security Committee. Under the supervision of the company's directors, we are strengthening IT system aspects across Fuji Group and are conducting security training for employees. As of April 2025, our company has received an A rating from an external security rating service.

Intellectual Property Strategy

Building an Intellectual Property Portfolio That Supports Our Business Competitiveness

Yasutaka Fukatsu

Development Center
General Manager, Intellectual Property Department



Activity policy and framework

Fuji views intellectual property as a source of sustainable growth. We are working to enhance our corporate value through the optimization of our intellectual property portfolio and the utilization of intellectual property information.

Optimization of our intellectual property portfolio

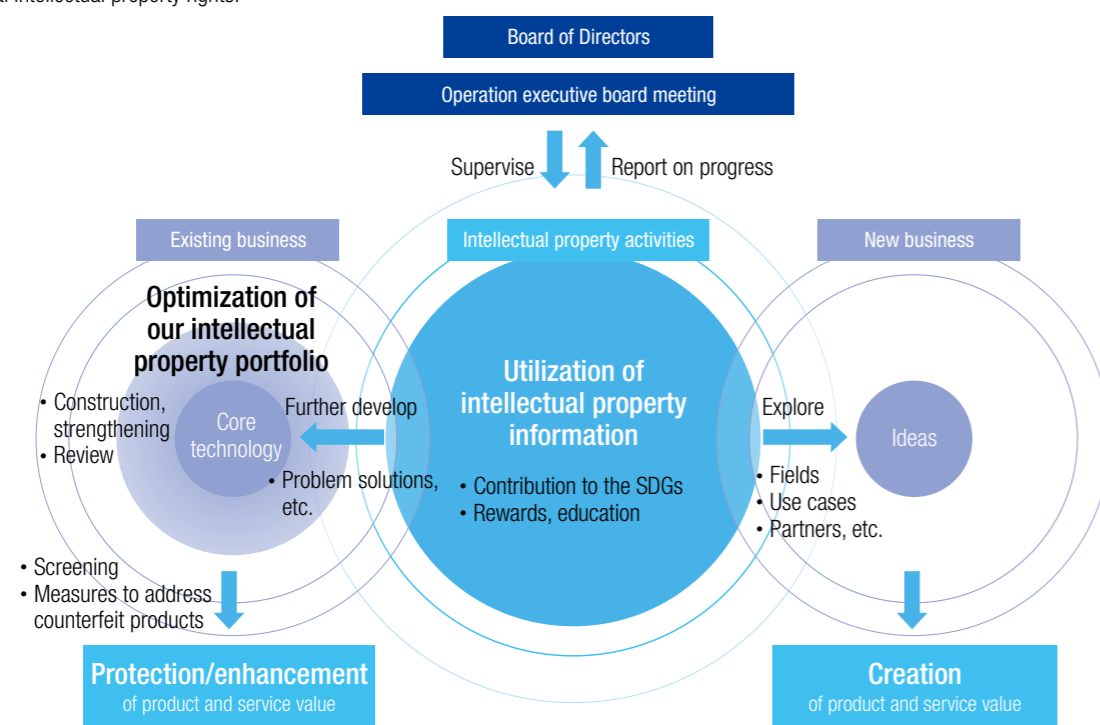
Our Intellectual Property Department becomes involved in technology development from the initial stage onward, to secure appropriate rights for research and development achievements and to regularly inventory and evaluate our intellectual property. This works to reduce the risk of obsolescence and enhance asset efficiency, thereby optimizing an intellectual property portfolio that places importance on the offensive/defensive balance of our intellectual property.

Utilization of intellectual property information

Going beyond the mere holding of intellectual property to make active use of it as an information asset that contributes to management decisions and business strategies, we are working to create an "IP landscape" that allows the visualization of technology trends and competitors' intellectual property strategies. As examples, we use intellectual property information in decision-making concerning problem solution investigation, field exploration, use case exploration, and collaborative partner selection, supporting existing businesses and new businesses in intellectual property aspects.

We conduct these intellectual property activities under the supervision of senior management. At operation executive board meetings, senior management oversees the direction of intellectual property strategy while the Intellectual Property Department provides regular reports through its executive representative on the progress of its activities.

Additionally at screening meetings held by the Intellectual Property Department, we collaborate with business departments to evaluate and manage individual intellectual property rights.



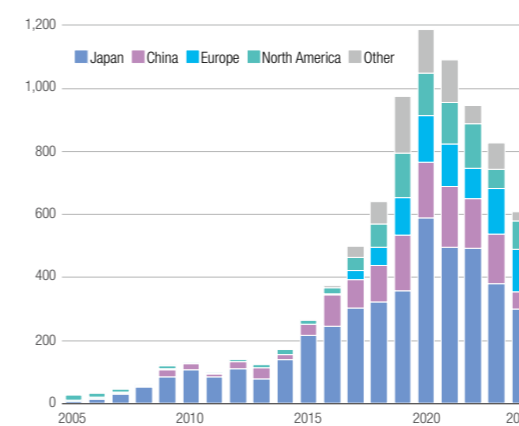
Initiatives

Construction, strengthening, and review of our intellectual property portfolio

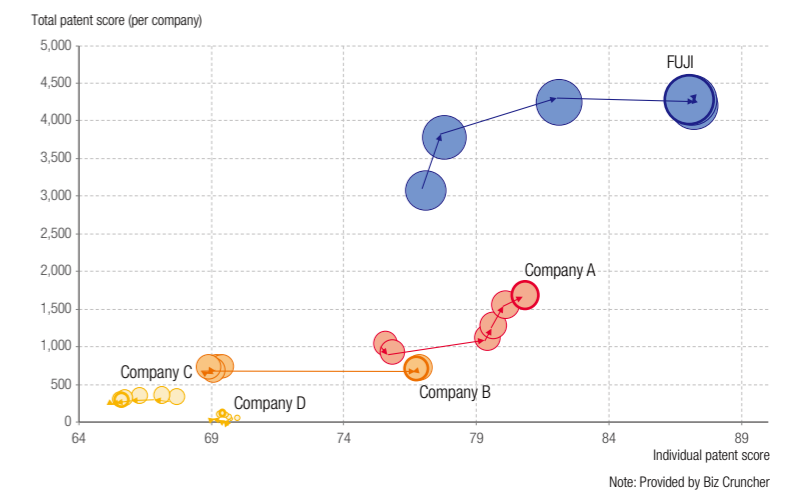
While erecting barriers against entry by competitors in the areas of our products' core technologies, we assess technology trends in the industry and competitors' fields of focus through analysis of patent information, and strengthen our own patent applications in fields of competing technologies. At the same time, we regularly perform comprehensive evaluations of the technological value of our own patents in the industry and their degree of contribution to our business, and engage in reconstruction of our intellectual property portfolio.

Rather than simply increasing our number of patents, we are working to concentrate resources on core technologies that directly support the competitiveness of our business, thereby achieving a "lean" intellectual property portfolio. While our number of registered patents has decreased in recent years (graph below at left), it is clear that in competing technologies (e.g., automation-related technologies for SMT pick and place machines), our patent strength is evaluated more highly than that of other companies (graph below at right).

Fuji's Patent Registrations by Region



Patent Competitiveness Analysis

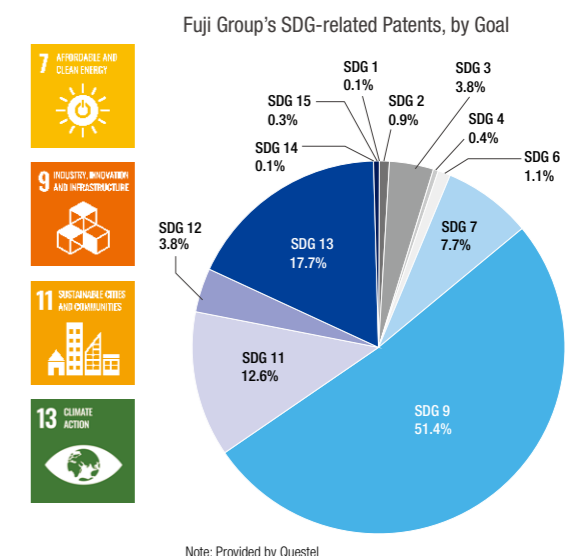


Promotion of the IP landscape

We view our ultimate goal as the proposal of management strategy to senior management. We are now deepening our knowledge of analytical methods and business strategy planning so that we can respond to requests from business divisions. Increasing the accuracy and efficacy of our analysis requires that we have a deep understanding of the challenges that business divisions face and the directions that they seek to achieve. We always strive for close coordination with our business divisions, under a strong belief in the importance of dialogue with them.

Technology development support from an SDGs perspective

We have set a focus on smart factories (automation) and energy saving as technological fields of Fuji that have a high affinity with the SDGs. Through means including invention rewards and intellectual property education for liaison staff in design departments, we provide support that lets engineers undertake technological development while maintaining awareness of the connections between our technologies and the SDGs. Unique technologies created by engineers with societal issues in mind are appropriately protected as patents or other intellectual property rights, contributing to the maintenance and strengthening of our intellectual property portfolio's competitive advantages. Through such intellectual property activities, we seek to achieve both enhancement of our corporate value and contribution to society.



Note: Provided by Questel