May 10, 2024

To All Concerned Parties,

Company name: FUJI CORPORATION
Representative: Joji Isozumi, President & COO
(Securities code: 6134, TSE Prime, NSE Premier)
Contact: Junichi Kano, CFO
(Tel: +81 566-81-8246)

# Notice regarding the Formulation of "Mid-term Business Plan 2026"

Fuji Corporation hereby announces that Fuji Group has formulated its new three-year business plan: the "Mid-term Business Plan 2026" for fiscal 2025 to 2027.

The outline of this mid-term business plan is as follows.

1. Fuji Materialities and FUJI 2035

In order to respond to changes in the global "manufacturing" business environment around us, it has become essential to address social issues such as automation, labor saving, labor shortage, and carbon neutrality. In our neighboring fields of robotics and electronics, we have identified the following three material issues (materialities) as our priorities for responding to these social issues. Based on these materialities, we have established "FUJI 2035: Provides innovation to the world as a global company that contributes to manufacturing, lifestyles, and the future," as the ideal image of Fuji Group ten years from now. We will work to realize our purpose: "Enriching the lives of those in the world around us."

Three materialities

| | |
|---|---|
| Manufacturing | Contributing to solving social issues through business as a manufacturing company |
| Life | Expanding access to an enriched society |
| Future | Contributing to a carbon neutral society, creating innovative human resources |

2. Review of the previous mid-term business plan

| | |
|---|---|
| FY2022 | ● Record-high sales and operating profit driven by a strong electronics market and automotive-related demand |
| FY2023 | ● Updated record-high sales<br>● Operating profit failed to reach a record high due to the impact of soaring material costs |
| FY2024 | ● Sales greatly declined due to weak global demand for capital investment.<br>● Profit decreased significantly due to the impact of higher material costs and lower sales volume. The mid-term business plan was not achieved. |

3. Mid-term business plan 2026

The "Mid-term Business Plan 2026," which is back-cast from "FUJI 2035," sets out measures to restructure our business portfolio and enhance our corporate value to society, with the following three basic policies.

a. Expand existing businesses and strengthen profitability
b. Create and commercialize next-generation businesses
c. Improve business foundations based on ESG

We advance our business strategies to expand our business areas of SMT pick and place machines (mounters) and semiconductor manufacturing machines (die bonders), both of which are expected to grow in market size in the future. Also, in response to the realization of management that is conscious of the cost of capital and stock price, with the goal of achieving ROE of 10% and PBR of 1.1 times or more in the final fiscal year of the Mid-term Business Plan 2026, we will strive to appropriately allocate operating capital, expand disclosure including non-financial information, and strengthen investor relations activities.

Key business index

| | FY2024 results | FY2027 target |
|---|---|---|
| Net sales | 127 billion yen | 180 billion yen |
| Operating profit | 13.4 billion yen | 33.0 billion yen |
| ROE | 4.6% | 10% |
| PBR | 1.1 times (as of the end of fiscal 2024) | 1.1 times or more |
| Shareholder returns | Annual dividend of 80 yen<br>Share repurchase program of up to 10 billion yen (Completion: May 2024) | Dividend payout ratio of 50% or more (80 yen will be maintained and continued)<br>Share repurchase program of 15 billion yen and more (3-year cumulative total) |

For further details, please refer to the attached document.

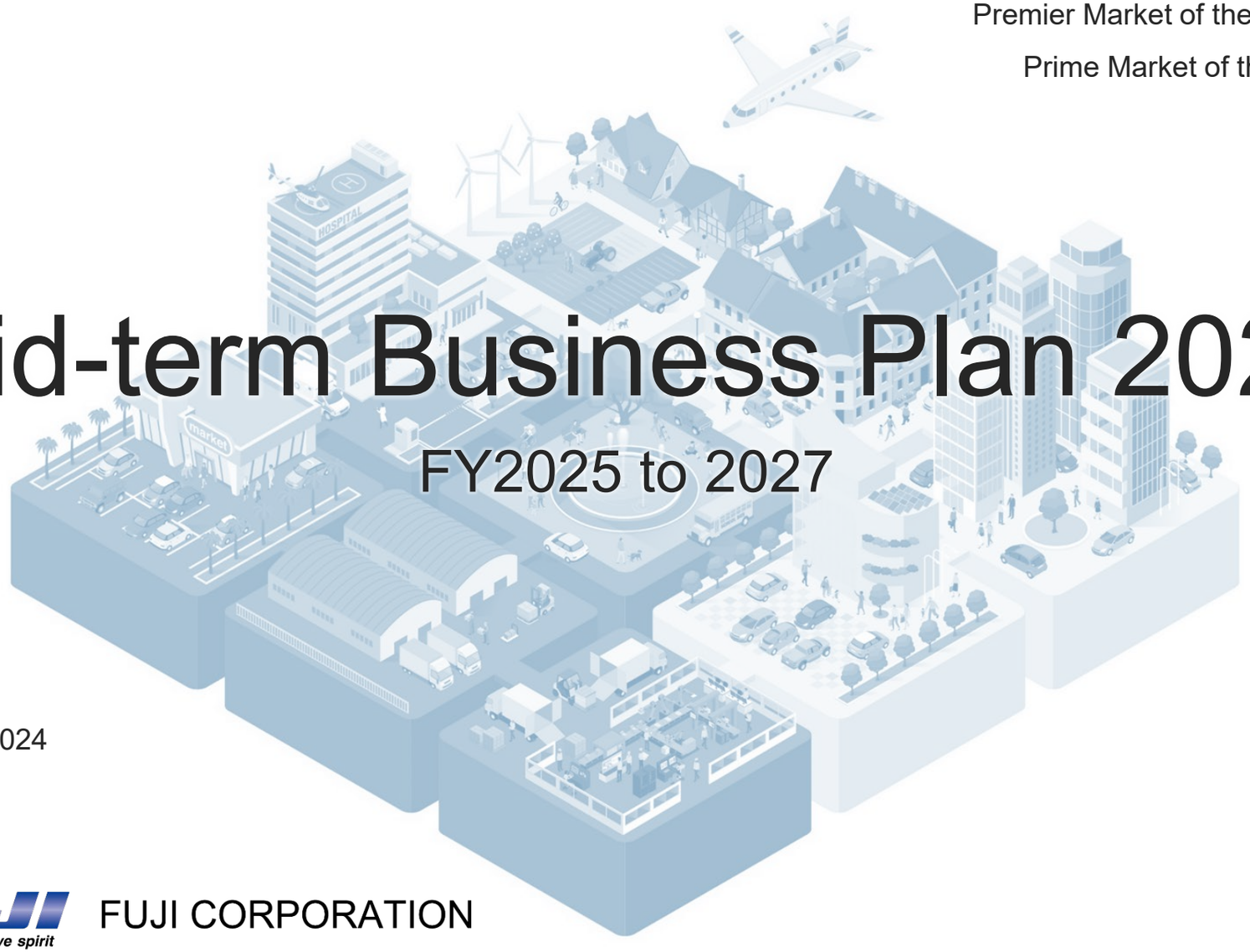
Premier Market of the Nagoya Stock Exchange

Prime Market of the Tokyo Stock Exchange

Securities Code: 6134

# Mid-term Business Plan 2026

## FY2025 to 2027




May 10, 2024

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# 1. Fuji Materialities and FUJI 2035

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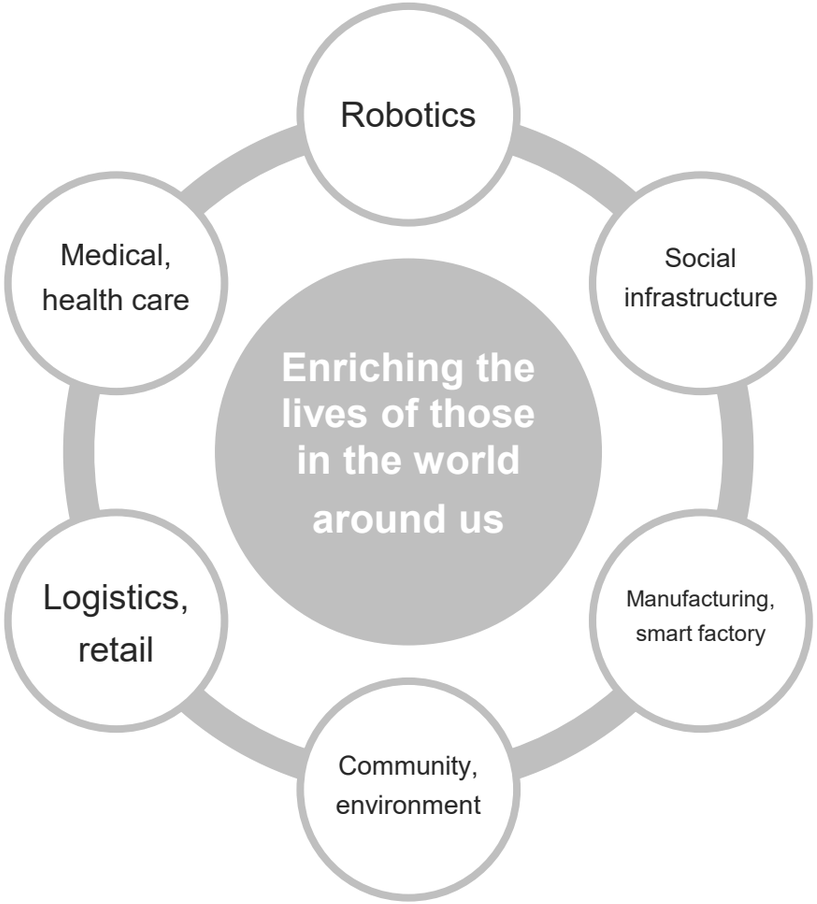
# Fuji materialities

Identified six social issues that Fuji should address. Set three materialities in light of our business areas.

## Global social issues

- Industrial efficiency
- Shortage of human resources
- Quality stability
- Creating a rewarding workplace
- Decarbonization
- Resource recycling

## Business areas related to Fuji




## Fuji materialities

### Manufacturing

Contributing to solving social issues through business as a manufacturing company

### Life

Expanding access to an enriched society

### Future

Contributing to a carbon neutral society

Creating innovative human resources

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# Fuji Materialities and related themes

| Fuji materialities | Themes / relevant SDGs |
|---|---|
| **Manufacturing**<br>Contributing to solving social issues through business as a manufacturing company | Automation and labor saving<br>Manufacturing with no waste<br>Digital transformation and smartification<br>Global collaboration |
| **Life**<br>Expanding access to an enriched society | Personnel assurance<br>Last mile problem<br>Aging population |
| **Future**<br>Contributing to a carbon neutral society<br>Creating innovative human resources | Support for decarbonization<br>Expanding products that contribute to the environment<br>Diversity<br>Career paths and growth opportunities<br>Educational support for the next generation |

Enabling the realization of enriched lives for people

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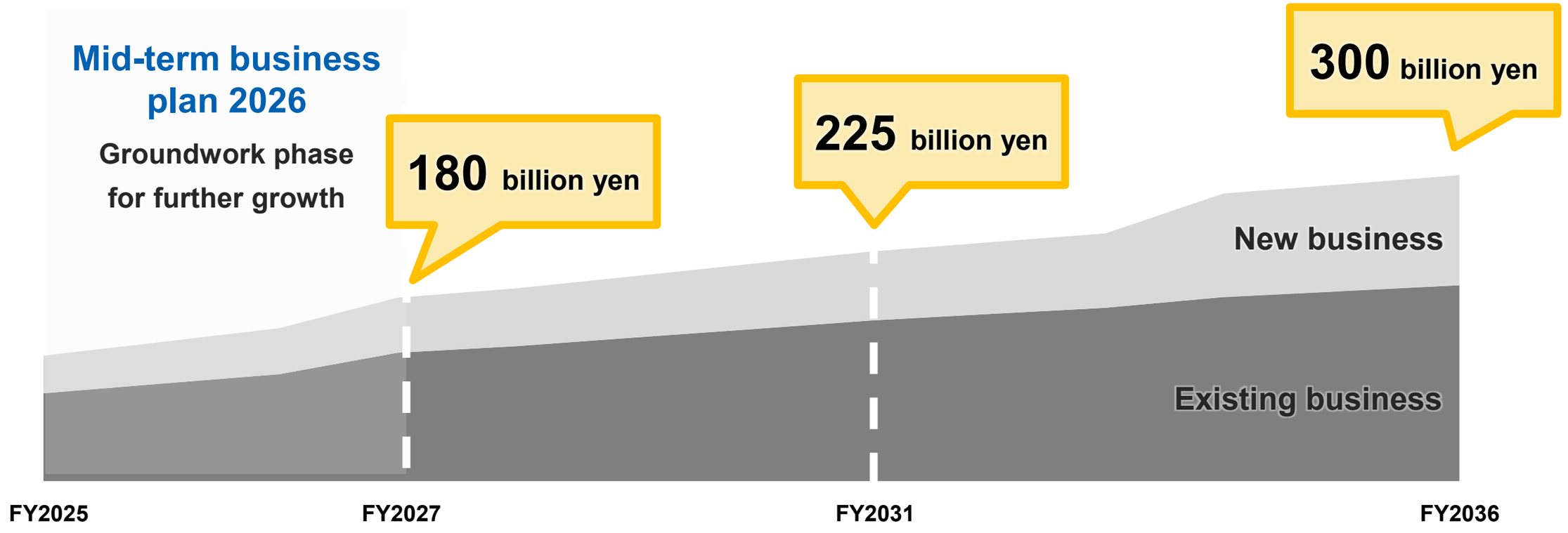
# New mid-term business plan in FUJI 2035 scheme

**FUJI 2035**

**Provides innovation to the world as a global company that contributes to manufacturing, lifestyles, and the future.**

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# 2. Review of the Previous Mid-term Business Plan

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# Review of the previous mid-term business plan (FY2022 to 2024)

● Consolidated results

## FY2022

- Record-high sales and operating profit driven by a strong electronics market and automotive-related demand

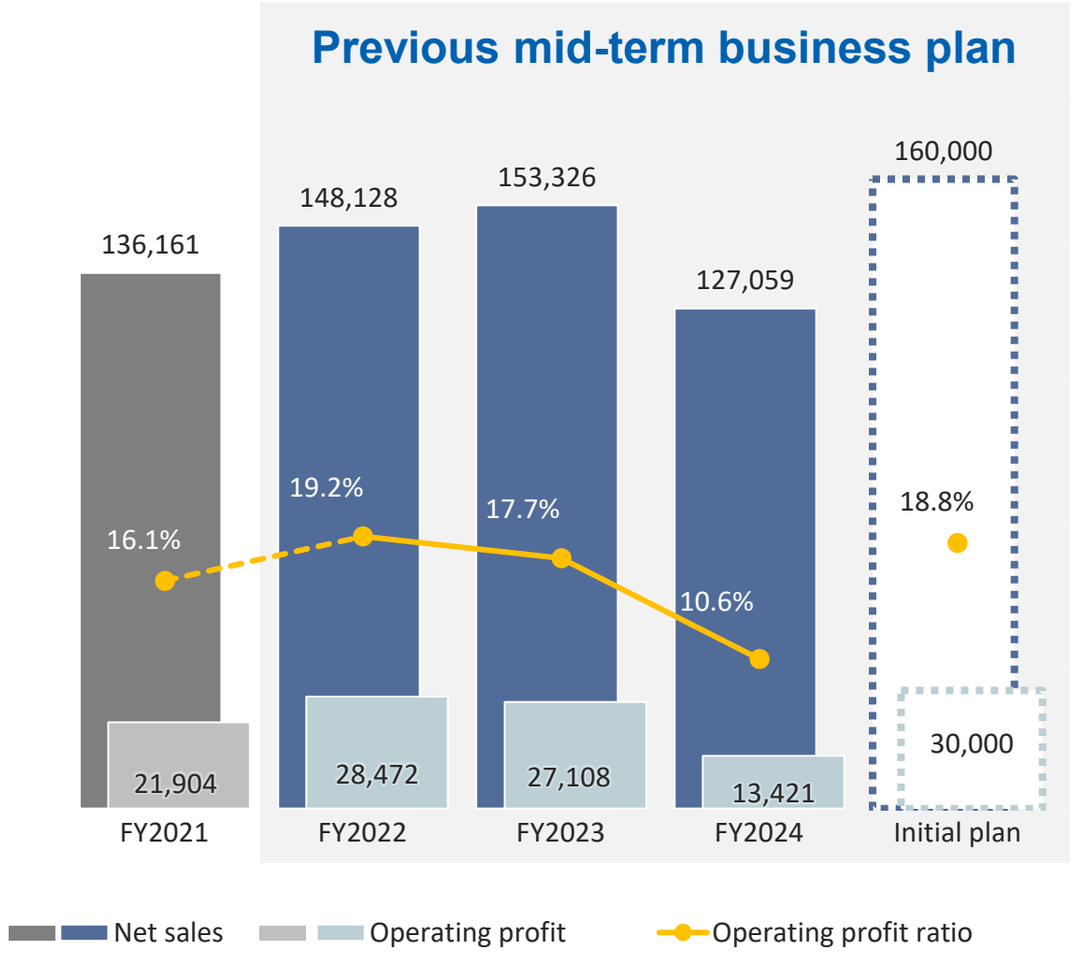
## FY2023

- Updated record-high sales
- Operating profit failed to reach a record high due to the impact of soaring material costs

## FY2024

- Sales greatly declined due to weak global demand for capital investment
- Profit decreased significantly due to the impact of higher material costs and lower sales volume. The mid-term business plan was not achieved.

● Net sales / Operating profit (Millions of yen)

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# Review of the previous mid-term business plan (FY2022 to 2024)

● Robotic Solutions Division

FY2022

- Record-high sales and operating profit driven by a strong electronics market and automotive-related demand

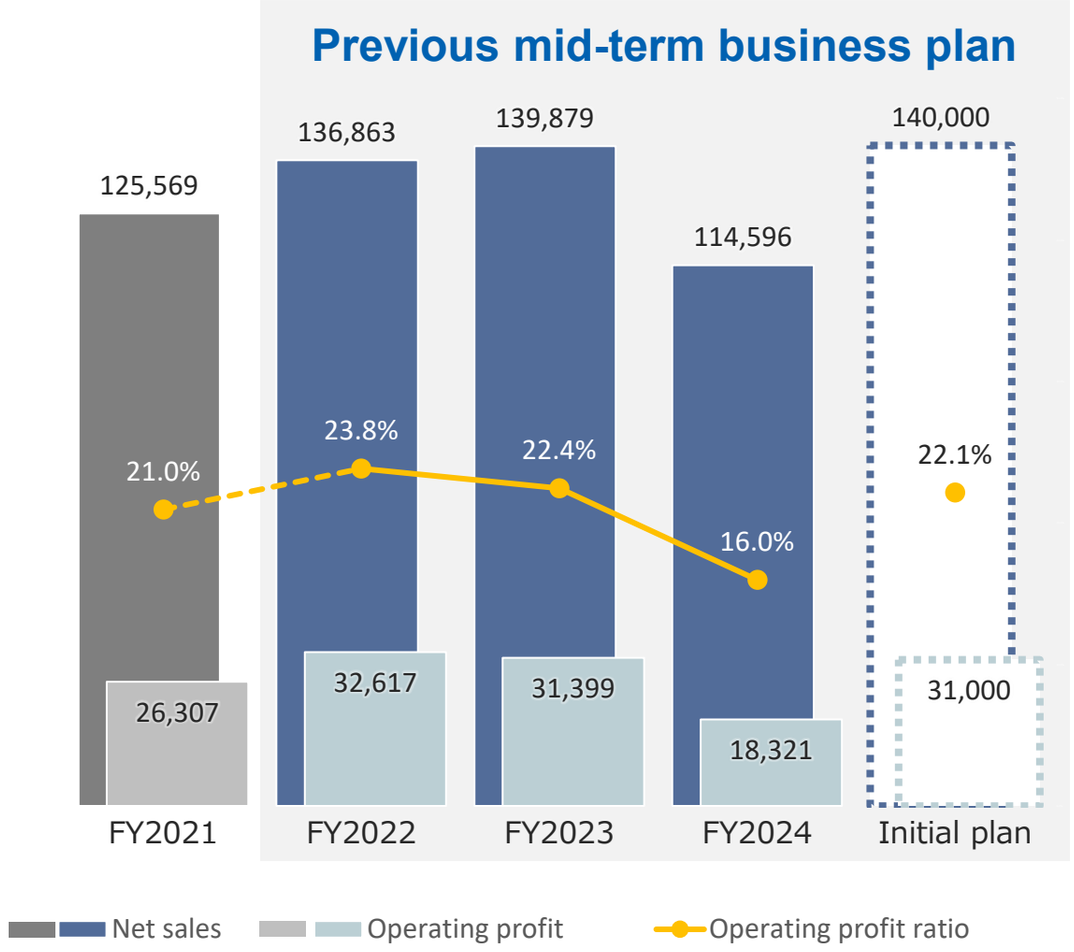
FY2023

- Despite the impact of a shortage of parts and materials and a rise in the cost of parts and materials, the mid-term business plan was mostly achieved in terms of both sales and operating profit.

FY2024

- Sales and profits declined due to weak global demand for capital investment
- Profitability was affected by the sharp rise in the cost of materials, but a certain level of profit was secured
- Changing the flagship machine model from NXT III to NXTR

● Net sales / Operating profit (Millions of yen)

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# Review of the previous mid-term business plan (FY2022 to 2024)

● Machine Tools Division

## Policies for FY2022 to FY2024

- Establish a general-purpose machine business by expanding the distributor network
- Increase presence in non-automotive related markets

**Policies underperformed, posting losses for five consecutive terms**

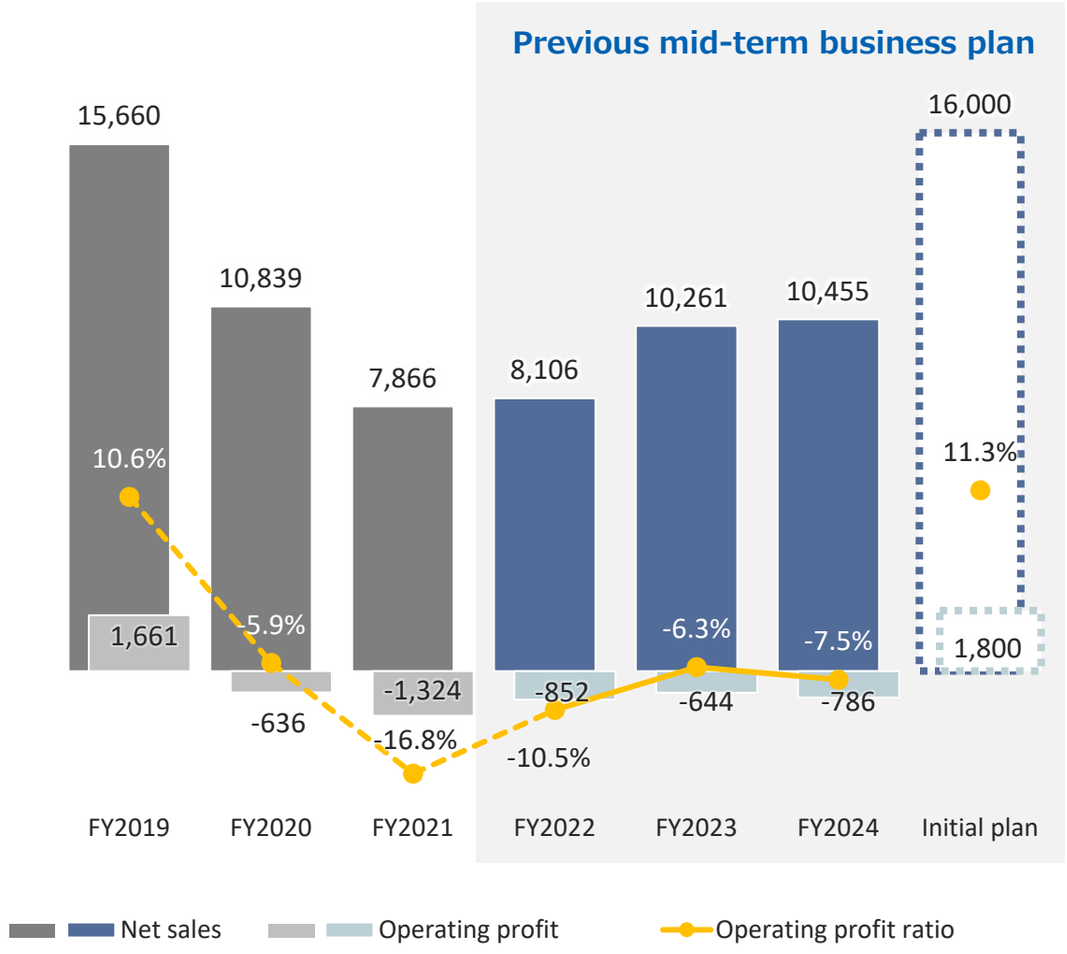
## Policies for FY2025

Establish a business foundation and work toward sustainable revenue growth

- Reduce headcount by 22% effective April 1, 2024
  (Just the Machine Tools Division: Changed from 237 to 185 people)
- Focus on our specialty turnkey solution business

**Determine the direction of the business based on FY2025 results**

● Net sales / Operating profit (Millions of yen)

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# Review of the previous mid-term business plan (FY2022 to 2024)

## Product development and sales

- Penetrate the market with our flagship high-end SMT pick and place machines, "NXTR" – At midway point
  (23% changed from NXT series as of Q4 FY2024)
- Began sales of our Fuji Flexible Placement Platform, "AIMEXR“
- Began sales of the “DB820” die bonder for logic parts
- Sales of products in the Lifestyle support field are progressin
- Quist: 70% share of domestic market for smart lockers for distribution and retai
- Hug: 60% share of domestic market for mobility support robots

## Sustainability

- Established the Sustainability promotion committee
- Fuji Group established long-term targets for becoming carbon neutral
- Participated in the model project for promoting decarbonization throughout the value chain initiative from the Ministry of the Environment
- Selected as one of the “Certified Health & Productivity Management Organizations” (from 2020 onward)
- Implemented DX human resource development through the Workplace digital transformation program and "Digi-challe".

## Investment for growth

- Robotic warehouse introduced at Fuji Okazaki Plant, new building under construction at Okazaki Plant (scheduled to start operation in September 2024)
- New R&D building and warehouse constructed as Fasford Technology expands operations

## Financial strategy

- Set the dividend payout ratio at 30% in FY2022 and increased it to 50% in FY2024.
- Repurchase of own shares up to 10 billion yen from May 2023 (Completion: May 2024)

FUJI innovative spirit
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# 3. Mid-term Business Plan 2026

## 3-1. Outline

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# Management environment

The environment in which we operate is increasingly fluid and uncertain.
Flexible response to change at a global scale is necessary as a manufacturer.

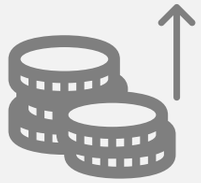
## Factories of the world

Relocation from China to India, Vietnam, Mexico

Labor shortages at production sites
Increased demand for automation equipment

## Environment responses

Increased costs for raw materials and energy

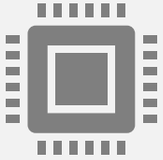


Increased demand for eco-friendly and environmentally conscious products

## Chinese market

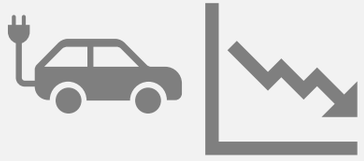
Smartphone market
Recovery from deceleration

Domestic production of semiconductors



## Automotive market

EV deceleration



Accelerating electrification of cars

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# New mid-term business plan - basic policies

Restruct the business portfolio and enhance social corporate value towards realization of FUJI 2035

**1. Expand existing businesses and strengthen profitability**

**2. Create and commercialize next-generation businesses**

**3. Improve business foundations based on ESG**

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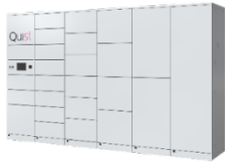
# Business portfolio restructuring - from 2023 to 2026

Fuji's business fields

## Lifestyle support

Mobility support robot
Hug



Public stocker system
Quist

## Semiconductor

Semiconductor Back-end process

Die bonders

FASFORD TECHNOLOGY

DB series

DD100 series

FC300

## SMT

Mounters

NXTR
FUJI Smart Factory Platform

AIMEXR

NXTIII
Fuji Scalable Placement Platform

AIMEXIII

## Machine Tools

Front-facing twin spindle lathe
CS SERIES

Opposing twin spindle lathe
ANWIII SERIES

Horizontal CNC Lathe
TNII SERIES

Solder paste printer
NXTR PM
FUJI Smart Factory Platform

Solder paste printer
GPX-CII

Inserter
sFAB-D

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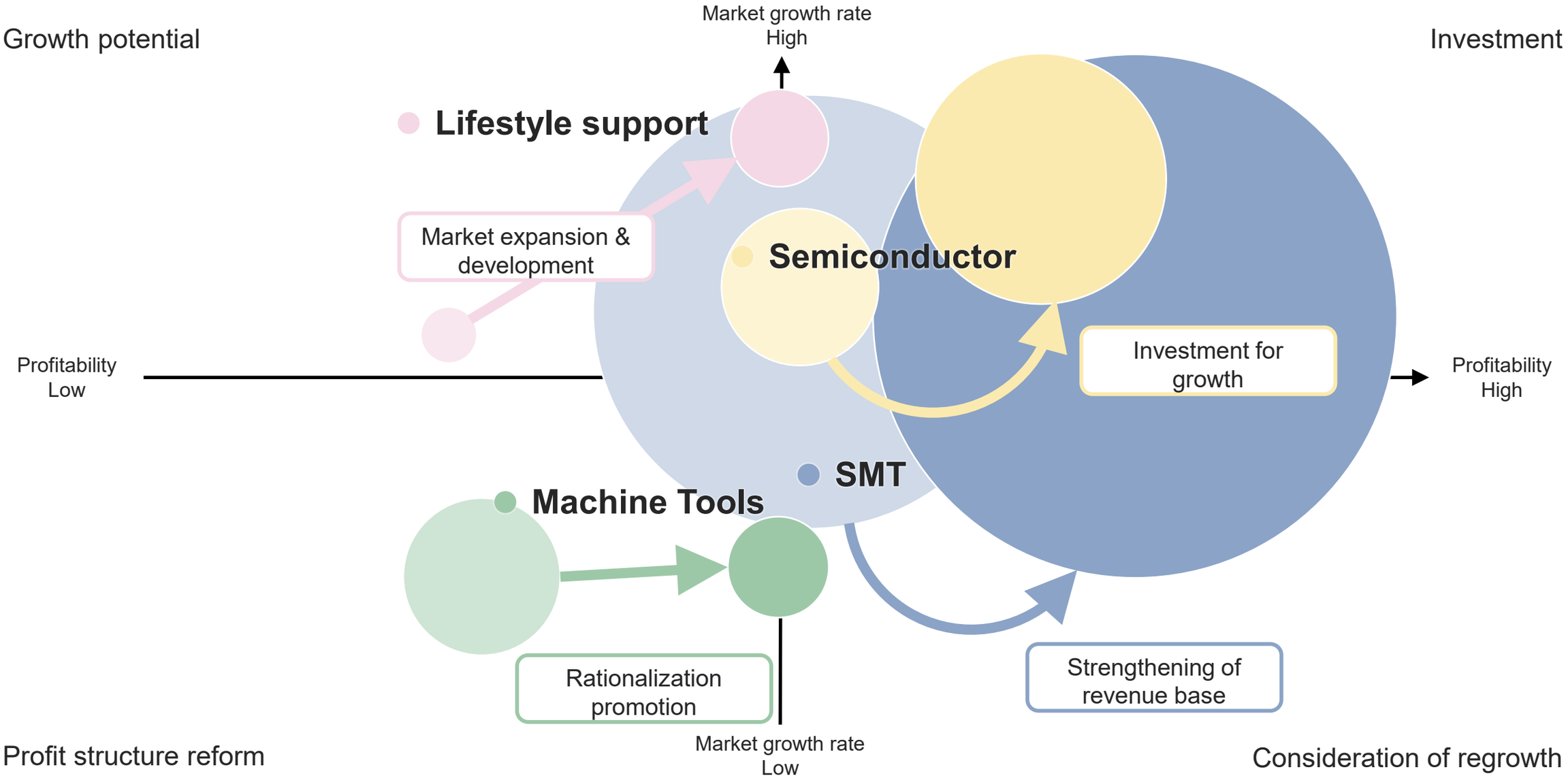
# Business portfolio restructuring - from 2023 to 2026

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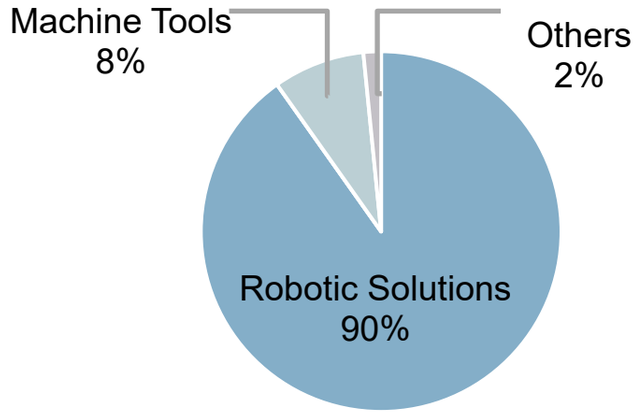
# Business portfolio restructuring - from 2023 to 2026

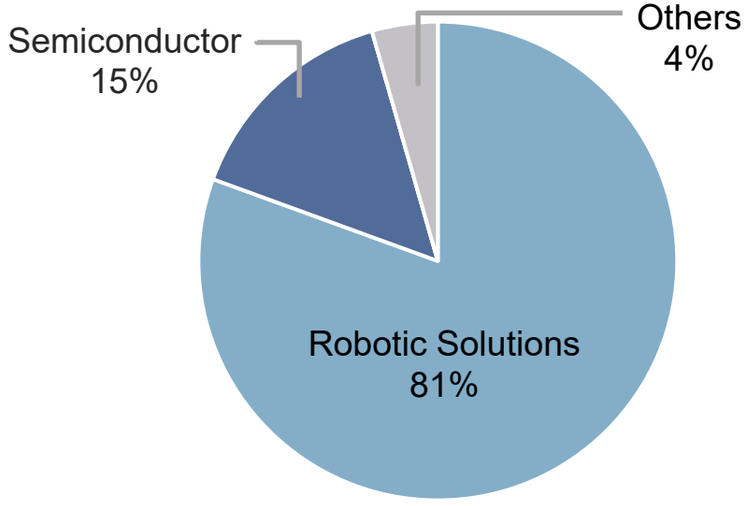
| FY2024 | | |
|---|---|---|
| Robotic Solutions | Net sales | 114,596 |
| | Operating profit | 18,321 |
| Machine Tools | Net sales | 10,455 |
| | Operating profit | -786 |
| Others | Net sales | 2,007 |
| | Operating profit | -102 |
| Total | Net sales | 127,059 |
| | Operating profit | 13,421 |

Targets by business
(Millions of yen)

| FY2027 plan | | |
|---|---|---|
| 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 |

Net sales ratio

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# 3. Mid-term Business Plan 2026

## 3-2. Business strategies

SMT pick and place machines and semiconductor manufacturing machines

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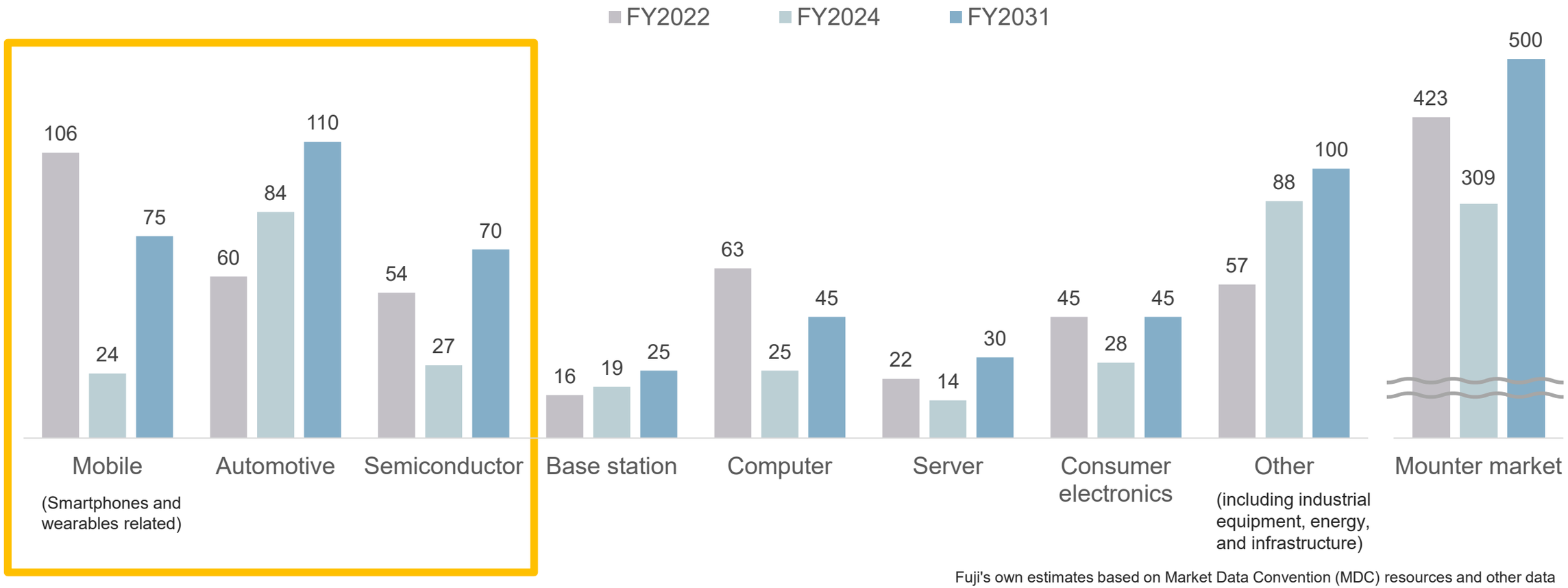
# SMT pick and place machines (mounters) market size

Target share: 35% of the mounter market, which is expected to reach 500 billion yen by FY2031
The next growth drivers after mobile devices will be automotive and semiconductors

- Mounter market size forecast for each industry (billion yen)




Fuji's own estimates based on Market Data Convention (MDC) resources and other data

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# Symbolizing a once-in-a-century transformation of the automotive industry - CASE

Automotive

## C (Connected) IoT for vehicles

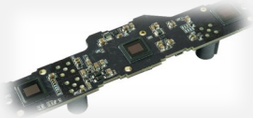
High-speed communication and information processing technology means higher density

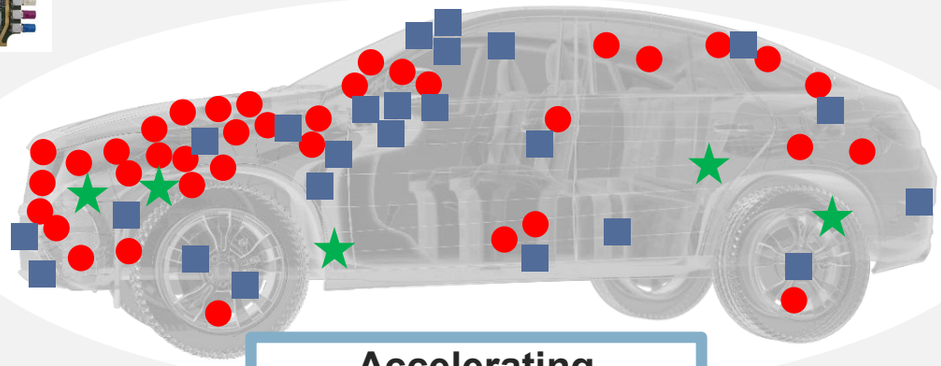
HW3.0 computer unit

## A (Autonomous) Automatic driving

Comprehensive control of the entire vehicle means increased quantity of parts

- Cameras, sensors
- Medium and long range radar
- LiDAR, GPS





**Accelerating electrification of cars**

Increase in number and quantity of power semiconductors

- DC-DC converters
- On-board chargers
- Inverters for drive motors, e-Axle

## E (Electric) Electrification

Increase in communication infrastructure

## S (Shared and Service) from owning to sharing

FUJI innovative spirit
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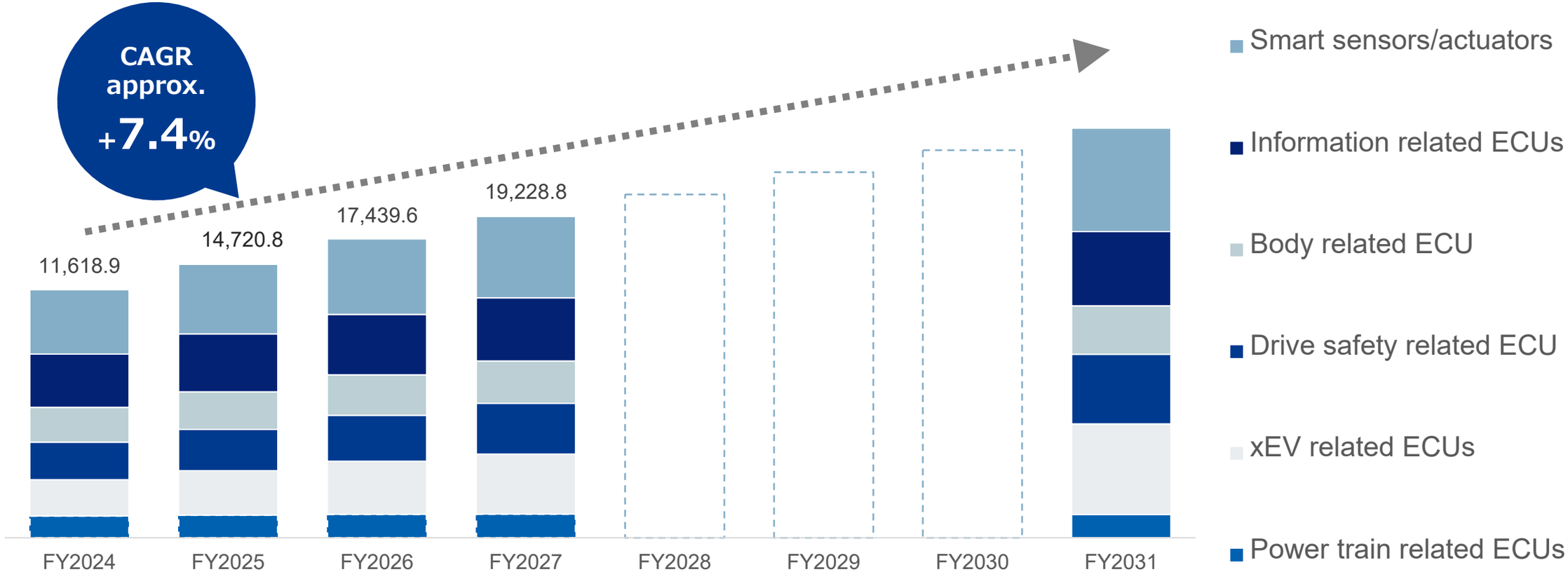
# Automotive market size

Automotive

## In-vehicle ECUs and sensors are on the rise for both ICE and xEVs

- In-vehicle ECU and sensor sales forecast (billion yen)




Prepared by Fuji based on research data from Fuji Chimera Research Institute.

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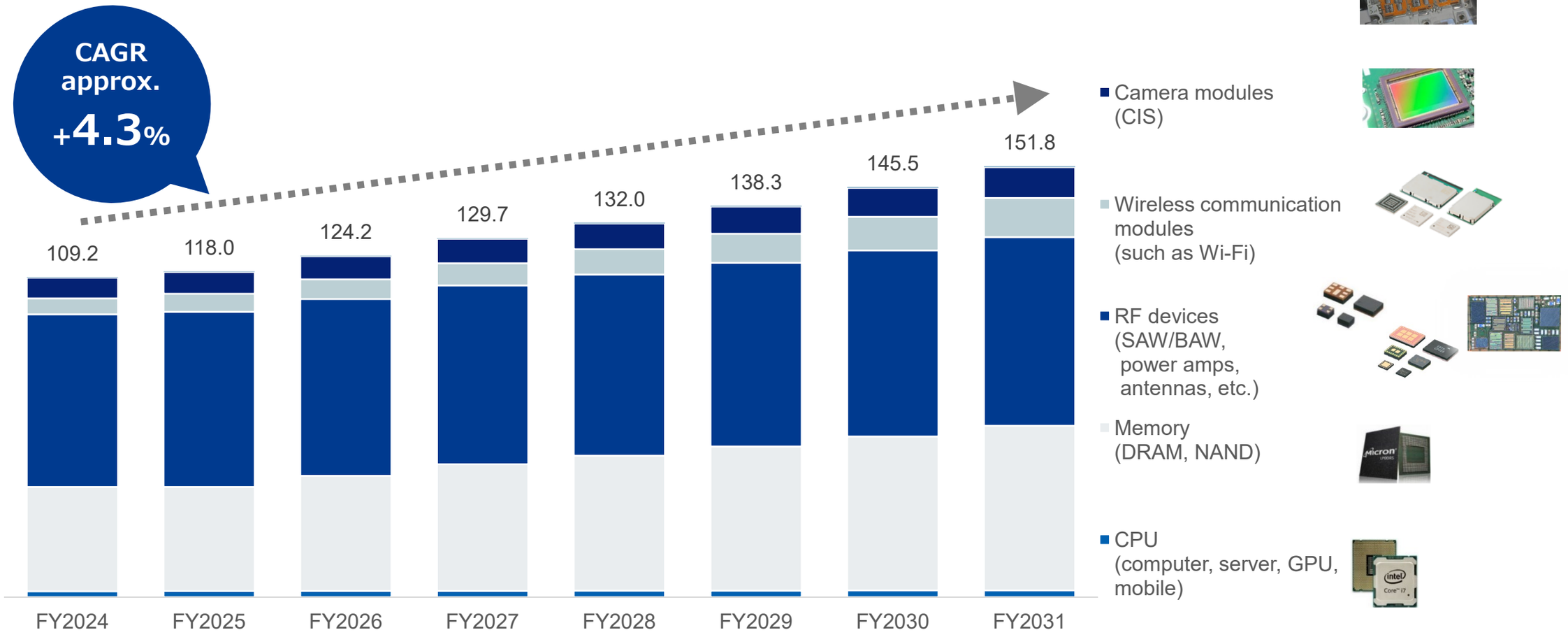
# Module parts market size

As electronic devices become more sophisticated, the number of various module parts that require mounters is increasing.

- Module part count prediction (billion unit)




Prepared by Fuji based on research data from Fuji Chimera Research Institute, VLSI, etc.

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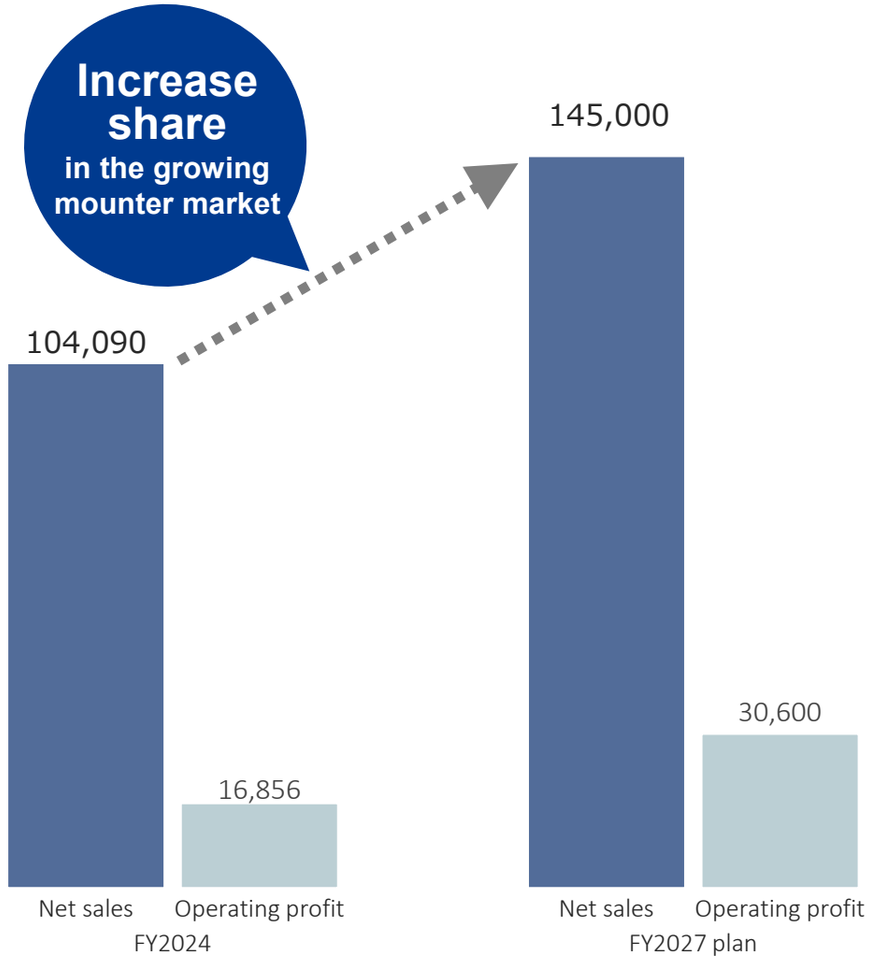
# Business strategies for SMT pick and place machine (mounters) market

## Numerical target (million yen)




### Sales strategy

- Acquire new customers through introduction of R-generation machines (NXTR, AIMEXR, etc.)
- Strengthen solution proposals
- Improve Fuji overall by strengthening cooperation with global agents and subsidiaries

### Development strategy

- Improve proposal capabilities for various industries by expanding the product lineup
- Differentiate ourselves from the competition through the use of automation, IT solutions, and AI
- Develop elemental technologies that contribute to the further evolution of mounters

### Production strategy

- Improve productivity of R-generation machines (NXTR, AIMEXR, etc.)
- Employ automation on new Okazaki Plant (for 1.5 times more productivity); to be the cutting-edge facility
- Strengthen our ability to respond to demand fluctuations through digital transformation and supply chain coordination

New Okazaki Plant building to start operation in September 2024

Smart factory

FUJI innovative spirit
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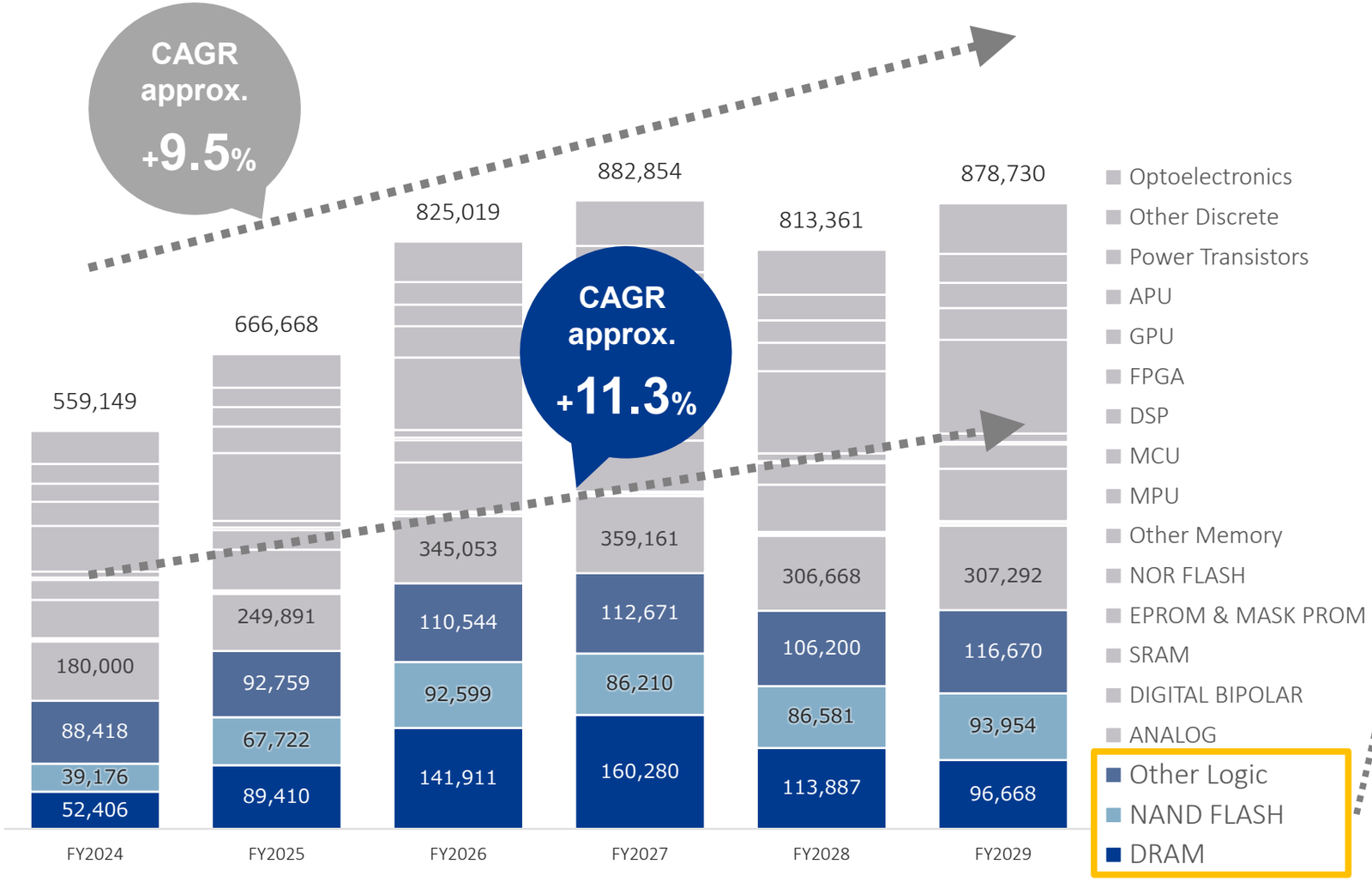
# Semiconductor equipment (die bonders) market size

● Semiconductor sales by sector (million dollar)




## Other Logic

Expand business areas by strengthening product development and sales for fields other than memory production

## NAND FLASH
## DRAM

80% share in the memory production field, keeping pace with the growing market

Prepared by Fuji with reference to TechInsights. Mar.

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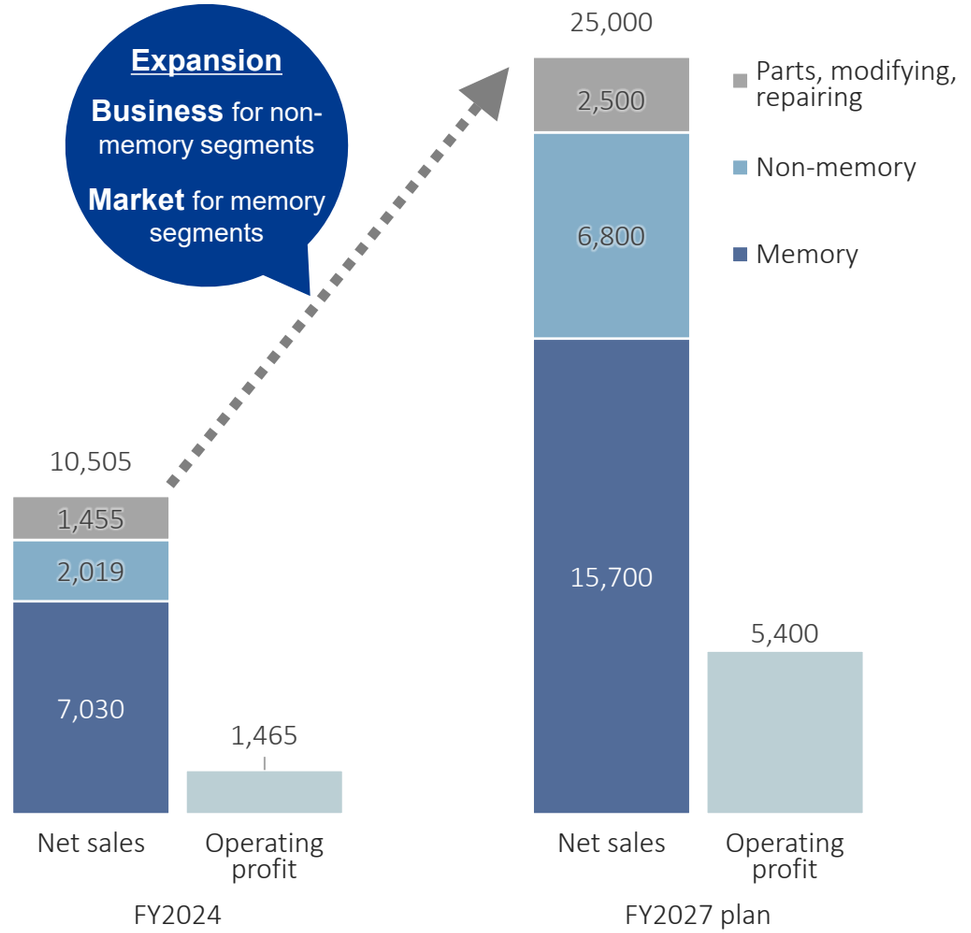
# Semiconductor equipment (die bonders) business strategy

- Numerical target (million yen)




## Sales strategy

- Develop for logic ICs in China
- Develop for CIS and power semiconductors

## Development strategy

- Maintain market share in the memory market, develop products to expand business areas in non-memory markets, and promote development of hybrid bonders

## Production and procurement strategies

- Establish a 100 units per month production system (currently 30 to 50 units)

R&D building
(completed November 2023)

Super cleanroom

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# 3. Mid-term Business Plan 2026

## 3-3 Management that is conscious of the cost of capital and stock price

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# Implementing management that is conscious of cost of capital and stock price

## Continuous improvement of ROE and PBR

- Achieve ROE in excess of cost of shareholders′ equity

## Appropriate allocation of operating capital

- Allocate for appropriate returns on a balance sheet basis

## Expand disclosure

- Expand disclosure to include non-financial information
- Strengthen IR activities

## Enhance corporate value

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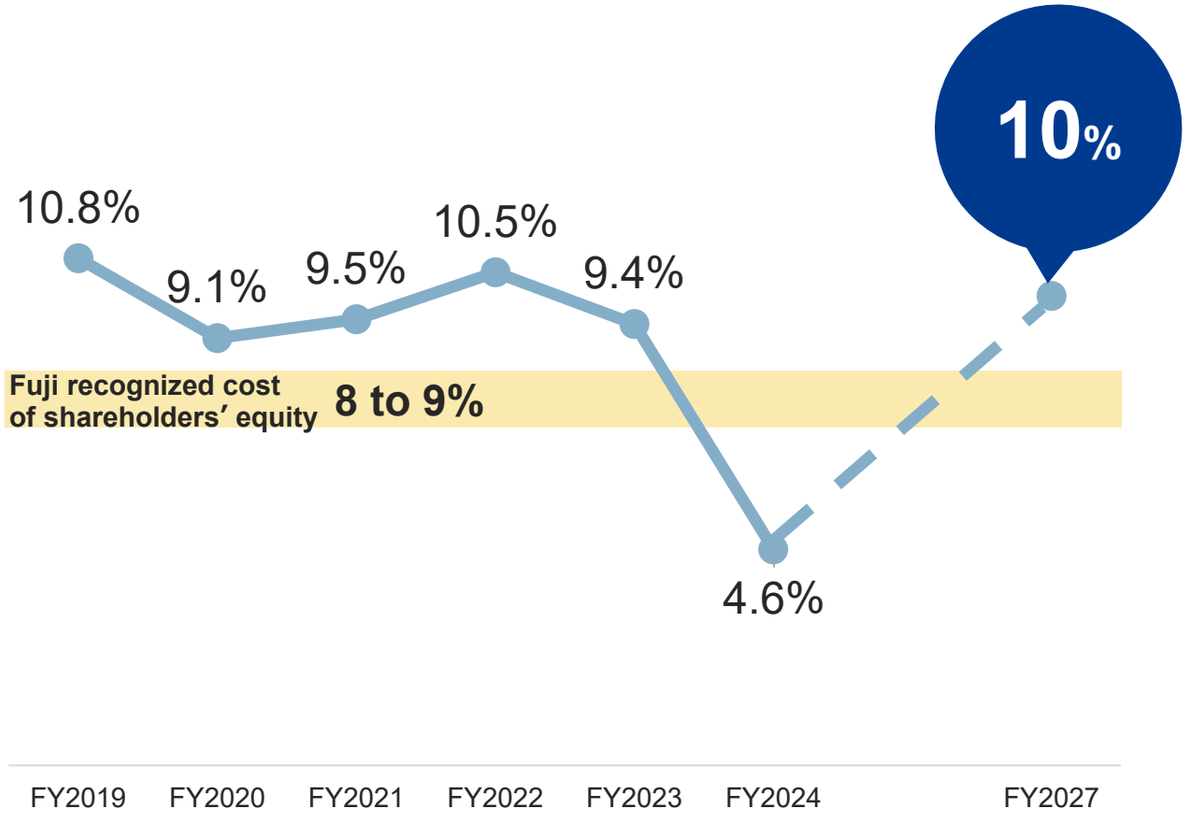
# Continuous improvement of ROE and PBR

## ● ROE

- In the past few years, operating profit has steadily increased and ROE was maintained at around 10%.
- In FY2024, ROE dropped to 4.6% due to lower profit from lower sales volume in line with market conditions and the impact of high material costs.
- Our cost of shareholders’ equity is estimated to be around 8 to 9% (based on calculations as of March 31, 2024)
- Target a 10% ROE for the final fiscal year of this mid-term business plan, and maintain ROE that exceeds cost of shareholders' equity thereafter.

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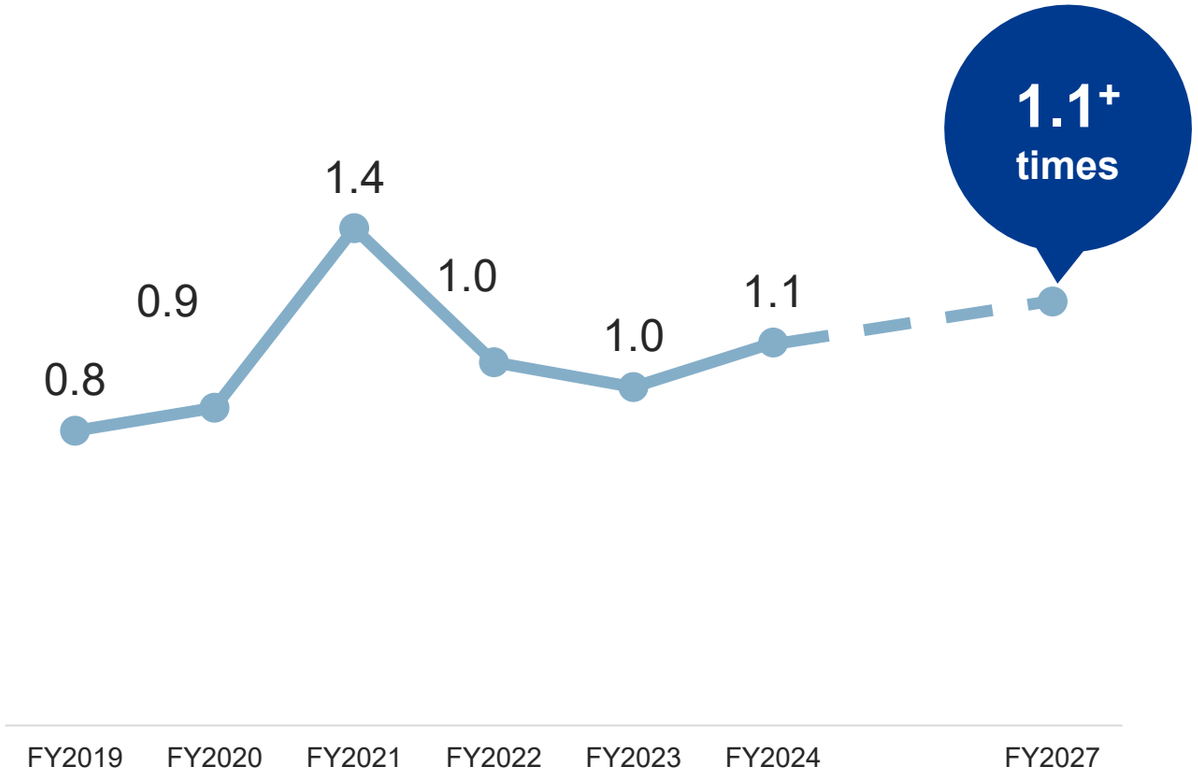
# Continuous improvement of ROE and PBR

## ● PBR

- In the past few years, PBR has been below 1.0 at times. In FY2024, we will take measures that are more stock price conscious than ever before.
- At the end of FY2024, it reached 1.1 times.
- Target to reach 1.1 times and higher by the end of FY2027
- Strive to enhance corporate value by improving ROE (see previous slide), returning profits to shareholders, and strengthening IR activities.

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# Appropriate allocation of operating capital

## ● Cash allocation

Using cash generated from operating cash flow and balance sheet management, invest in growth in new areas, invest in infrastructure in existing businesses, and return profits to shareholders, while promoting disciplined financial management with an awareness of capital efficiency.

### FY2025 to FY2027 Forecast (3-year cumulative total)

**Cash inflows**

**Balance sheet management**
**20 billion yen**

**Operating cash flow**
**100 billion yen**
**(before deduction of R&D expenses)**

**Cash outflows**

**Investment for growth**
**70 billion yen**

- **Expand into new growth areas and fields** (including capital and business alliances and M&A): **25 billion yen**
- **Maintain foundation in existing business areas**: **45 billion yen**

**Shareholder returns**
**39+ billion yen**

- **Dividend**: **24+ billion yen**
- **Share buyback**: **15+ billion yen**

| | |
|---|---|
| **Balance sheet management** | ● **Improve CCC by setting/monitoring appropriate inventory levels: 13 billion yen**<br>● **Asset sales, including reduction of policy shareholdings: 7 billion yen** |
| **Investment for growth** | ● **Mounter development for growth industries** (automotive and module parts)<br>● **Smart factory development**<br>● **Hybrid bonder development**<br>● **Open innovation use** (startups, collaboration with other companies, etc.)<br>● **Expansion and renovation of Fuji Okazaki Plant**<br>● **Digital transformation investments that contribute to data-driven management**<br>● **Sustainability investments**<br>● **Maintain foundation in existing business areas** |
| **Shareholder returns** | ● **Dividend**<br>– Aim for a dividend payout ratio of 50% or more and stable improvement in dividend levels<br>– Aim to maintain and increase the dividend per share to a minimum of 80 yen per share<br>● **Share buyback**<br>– Investigate flexible responses considering the cost of shareholders' equity |

FUJI innovative spirit
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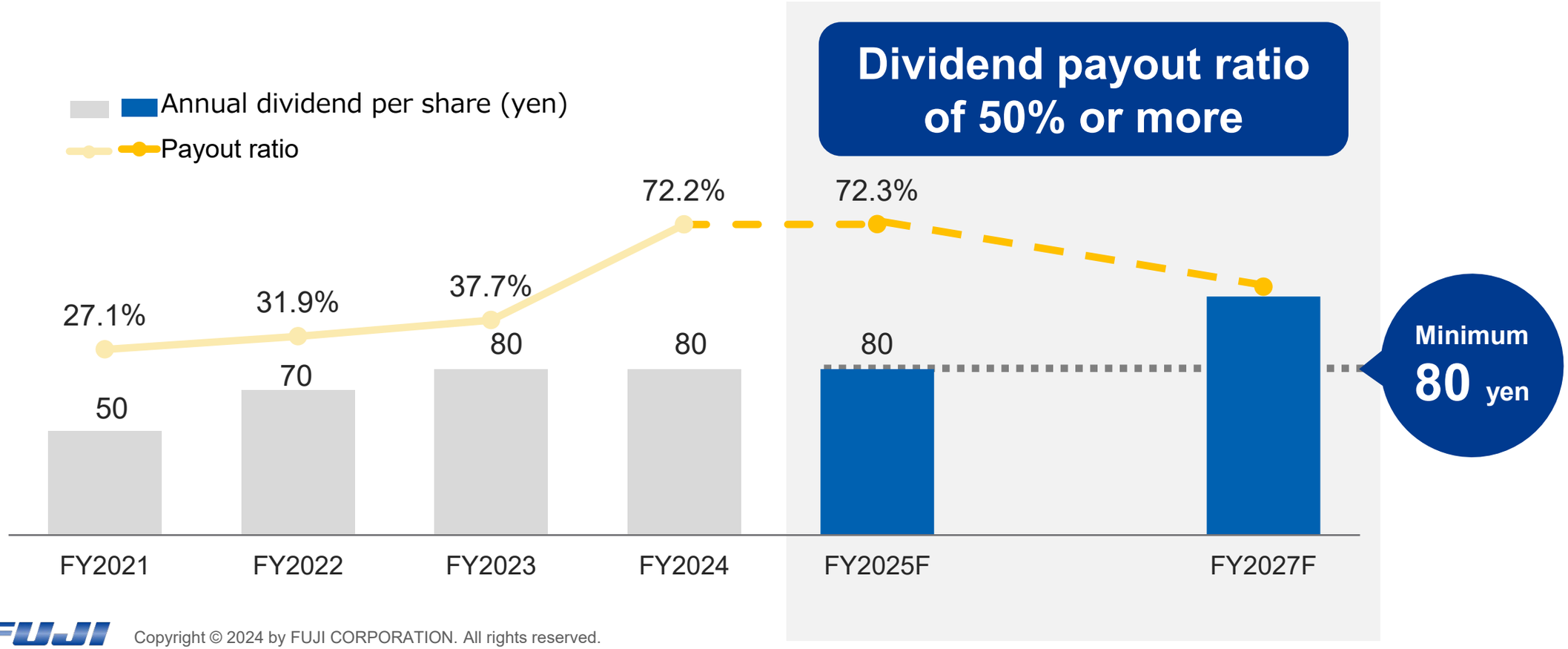
# Appropriate allocation of operating capital

● Shareholder returns

During the period of this mid-term business plan,  the following will be the basis for the plan

- Dividend payout ratio of 50% or more (80 yen will be maintained and continued)
- Share buybacks of 15 to 20 billion yen in size will be implemented on a flexible basis.

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# Expanded disclosure

## E. Initiatives for the environment

- Disclosures in accordance with TCFD
- Promote carbon neutral initiatives throughout the value chain
- Implement environmental innovations based on LCA

Fuji Green Innovation

## S. Initiatives to address societal issues

FY2027 targets (Non-consolidated)

- Ratio of female managers: 5%
- Ratio of mid-career hires: 30%
- Improve ratio for usage of parental leave for men: 70% or more
- Improve engagement
- Digital transformation personnel ratio: 10% or more
- Decrease in turnover rate
- Establish new recruitment methods
- Obtain KENKO Investment for Health White 500 certification

## G. Strengthening governance

- Promote group management structure
- Review business portfolios
- Strengthen risk management
- BCP for the supply chain
- Improve results of effectiveness evaluation on board of director meetings
- Strengthen information security

## IR

- Expand and enhance information disclosure and dissemination (external information dissemination services, further enhancement of IR materials and the company's website, enhancement of the integrated reports)
- Enhance and expand IR meetings and company presentations for individual investors
- Strengthen the Fuji brand through media

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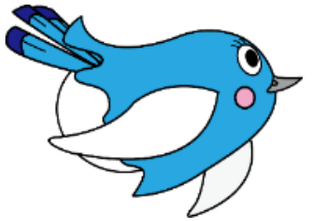

## Important Note about This Document

When we were preparing this material, we were careful to ensure accuracy, but we do not guarantee completeness. We accept no liability whatsoever for problems or damages that may arise as a result of the information in this document.

Performance forecasts and future predictions in this document are the results of estimates based on the information available at the time of the preparation of this document, and therefore include an element of risk and uncertainty. As a result, due to various factors such as changes in the business environment, actual results may differ significantly from the forecasts, outlook, and forward-looking statements mentioned or described.

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