

Responding to urgent issues and promotion of Sustainable Management

Any forward-looking statement in this report speaks only as of the date on which it is made; Forward-looking statements are based on the company's current assumptions regarding future business and financial performance; these statements by their nature address matters that are uncertain to different degrees.

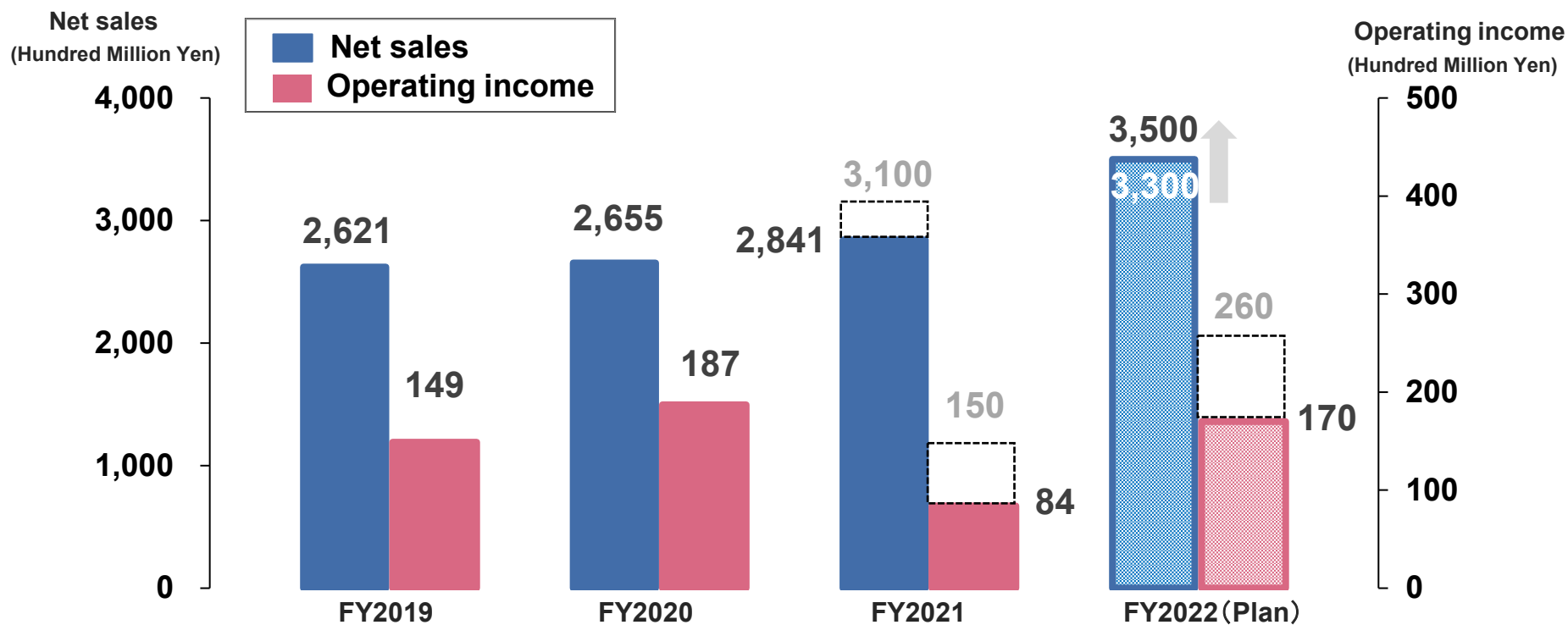
Forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to be materially different.

Note: This report is a translation of Japanese version. In case of any difference between English version and Japanese version, Japanese version shall prevail.



April 2022 | FUJITSU GENERAL LIMITED

Progress of Medium-term Plan



	FY2019	FY2020	FY2021		FY2022	
	Actual	Actual	Previous plan*	Actual	Previous plan	Revised plan
Net sales	2,621	2,655	3,100	2,841	3,300	3,500
Operating income (%)	149 (5.7%)	187 (7.1%)	150 (4.8%)	84 (3.0%)	260 (7.9%)	170 (4.9%)

* Announced on January, 2022

Change (compared with previous forecast plan)

Net sales	-259
Operating income	-66

Change (compared with previous plan)


Net sales	+200
Operating income	-90

Issues and actions to achieve the plan


- 1** Normalization of the supply chain
- 2** Responding to rising external costs
- 3** Building a foundation for future development




1. Normalization of the supply chain

Issues	Measures
Unstable supply of electronic parts	<ul style="list-style-type: none">➤ Expand purchasing options (adopt alternatives, diversify suppliers)➤ Reduction in the number of models (standardization design, optimization of number of models)➤ Dispersion of orders to EMS, long-term arrangement of parts, and management of secondary suppliers
Responding to fluctuations in demand	<ul style="list-style-type: none">➤ Production leveling at the Thailand factory➤ Expand utilization of ODM➤ Local production for local consumption for risk diversification 
Management of order, production, and inventory	<ul style="list-style-type: none">➤ Establishment of the new system for production management➤ Reconstruction of IT infrastructure➤ Review inventory strategies (sales subsidiaries, main parts)

2. Responding to increased external costs

Issues	Measures
Rising material costs and components costs	<ul style="list-style-type: none">➤ Cost reduction in collaboration with development, procurement, production, and overseas R&D (e.g., shift from copper to aluminum, Tropical Cooling Only Inverter AC, etc.)➤ Mitigation of over-specification and specification changes➤ Expand purchasing options➤ Cost reduction by production in India➤ Improvement of productivity by IT, automation, etc. 
Rising ocean freight costs	<ul style="list-style-type: none">➤ Arrange orders and production by the container➤ Ensuring the allocation of ship space quotas➤ Secure contracted space based on shipping plans and freight rates➤ Control logistics costs by local production for local consumption
Product price	<ul style="list-style-type: none">➤ Continuously increasing product prices worldwide

3. Building a foundation for future development

Issues	Measures
Development organization, Technical development	<ul style="list-style-type: none">➤ Improve productivity by the use of new technologies (CAE/PLM)➤ Proceed standardization design➤ Strengthen software development organization to support solution business
Production	<ul style="list-style-type: none">➤ Increase production capacity and normalize production at the Thailand factory➤ Promote decarbonization of factory energies➤ Local production in India and France 
Human resources development	<ul style="list-style-type: none">➤ Continue hiring mid-level experts➤ Expansion of Technical Academy and continuation of organizational revitalization activities➤ Expand program to develop global human resources



3. Building a foundation for future development

Sales / Service

Promotion of sales activities to capture growing demand

North America

- Early resolution of backorders
- Expansion of product line-up
 - Development of models for cold regions
 - Develop sales channels using a multi-brand strategy
 - Accelerate growing collaboration with Rheem
- Consider local production



Whole house solutions for residential and commercial

India

- Expansion of local sales
 - Double-digit growth in local sales under COVID-19
 - Launching new products and expanding sales channels
 - Plan to start local production in FY2022
- Expansion of solution business
 - ABS: Double-digit growth and seeking to create synergies



Local sales store in India

3. Building a foundation for future development

Sales / Service

Promotion of sales activities to capture growing demand

Europe

- Expansion of commercial business
 - Accelerate growing collaboration with G.I.Holding
- Promotion of ATW business
 - Launch new products by joint development
 - Prepare local production
- Strengthen solution business

WATERSTAGE™



ATW (Air to Water)

Japan

- Strengthen AC with enhanced heating function
 - Replace oil heating equipment
- Further expansion of housing industry channels
 - Expand sales channels utilizing ultraviolet lighting equipment
 - Promote joint development with housing industry manufacture

**ゴク暖
nocria®**
ノクリア



AC with enhanced heating function

3. Building a foundation for future development

Info & Comm Syst. / Electronic Devices

Info & Comm Syst.

- **Public systems (Fire-fighting systems, Disaster prevention systems)**
 - Strengthen activities for a wide area of fire-fighting organizations
 - Develop new products for updating disaster prevention digital radio
 - Utilize abundant operating assets in disaster prevention systems
- **Private sector systems**
 - Expand human resources business (develop high-technology fields such as DX and AI)



Fire and emergency communication command system

Electronic Devices

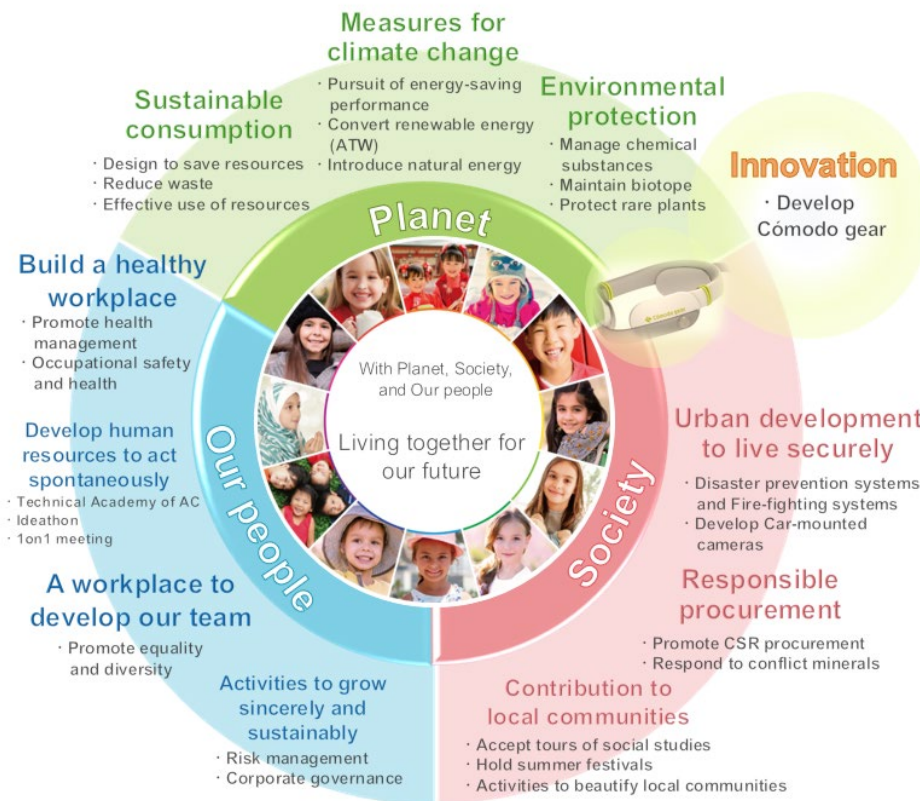
- **Stabilization of existing business**
 - Secure orders from existing customers and stable production
 - Automation initiatives for cost-competitive
- **Develop new business (Power module business)**
 - Start mass production of IGBT module for our VRF
 - Start to ship samples of the GaN module (develop next-generation models that achieve ultra-high efficiency and ultra-miniaturization)



Power module



Key Initiatives

Three Pillars



- **Planet (Harmonious coexistence with our planet)**
 - Contributing to global warming mitigation measures
 - Contributing to a circulating society
- **Society (Social contribution)**
 - Fostering innovation to address social issues
 - Providing a healthy, clean, and safe society and environment
- **Our People (Care for employees)**
 - Strategic implementation of health and productivity management
 - Creating flexible work styles under COVID-19
 - Enhancing human resource development

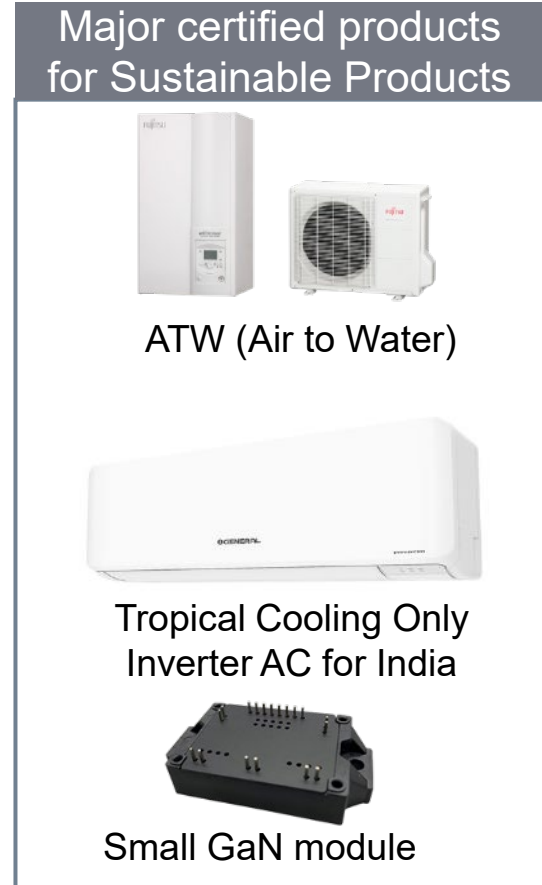
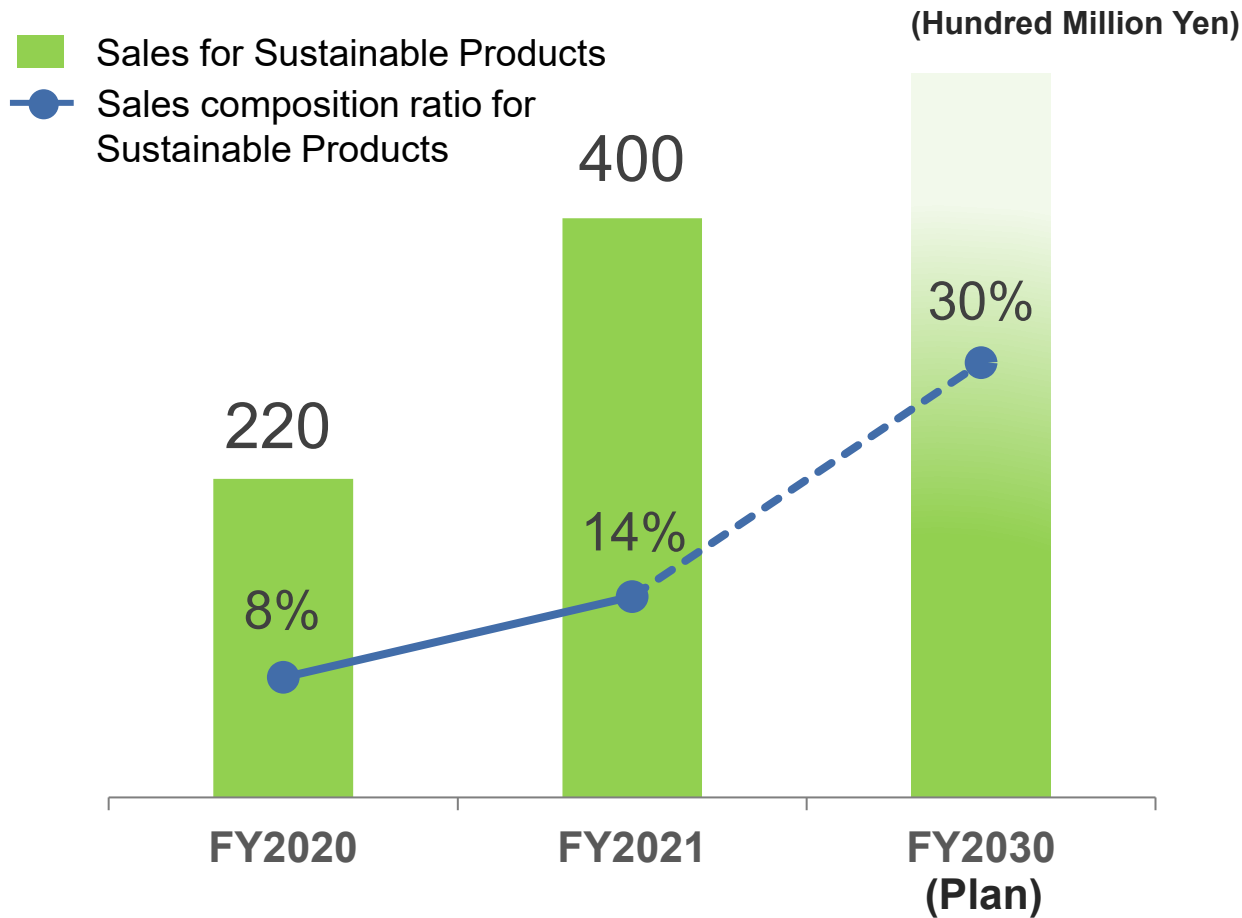
● Targets for carbon neutrality

Subject		Targets and measures to reduce greenhouse gas emissions	
Scope 1,2	Our business activities	• 100% reduction by FY2025	
		FY2020	 <p>(emissions 57,575t-CO2 in FY2020)</p>
		FY2022	 <ul style="list-style-type: none"> • Shift to use of renewable energy for all energy used by the Group (achieved on April 1, 2022)
		FY2025	<p>Reduce by 100%</p> <ul style="list-style-type: none"> • Shift to use of renewable energy for all other energy used → Achieve carbon neutrality
Scope 3	Our supply network	• Reduce 30% by FY2035 compared to FY2018	
	Products sold	• Reduce 30% by FY2030 compared to FY2013	



Aim to achieve carbon neutrality in FY2025
(Revised previous plan to target FY2030)

Sales plan for Sustainable Products




Target: More than 30% for sales composition ratio for Sustainable Products in FY2030 (Driver of growth)

Status of social contribution activities and new initiatives

	Current activities	New initiatives
<p><u>Social contribution through our core business</u></p>	<p>Pursuit of our core business Our business is closely connected to people and society. Providing good value to people and society by pursuing our core business would be a social contribution.</p> <p>BIG, Ideathon, 10% rule, Utilization of new business creation programs + Across organizational initiatives</p>	
<p><u>Social contribution as a member of society</u></p>	<ul style="list-style-type: none"> • Interaction with children who will lead the next generations • Activities to increase interest in manufacturing • Interaction with local communities and nearby schools • Support for social welfare activities • Protect and breed rare species • Environmental protection 	<p>Basic policy on social contribution activities</p> <p>Based on our corporate philosophy of "Living Together for the Future," everyone will take the initiative in social contribution activities to achieve harmony with society and realize a sustainable society.</p> <p>(Key areas of action)</p> <ul style="list-style-type: none"> ● Fostering the next generation of human resources ● Communication with local communities ● Preservation of the global environments

Toward the next Medium-term Plan





FUJITSU

FUJITSU GENERAL

– Living together for our future –