

Progress of Medium-term Plan

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.

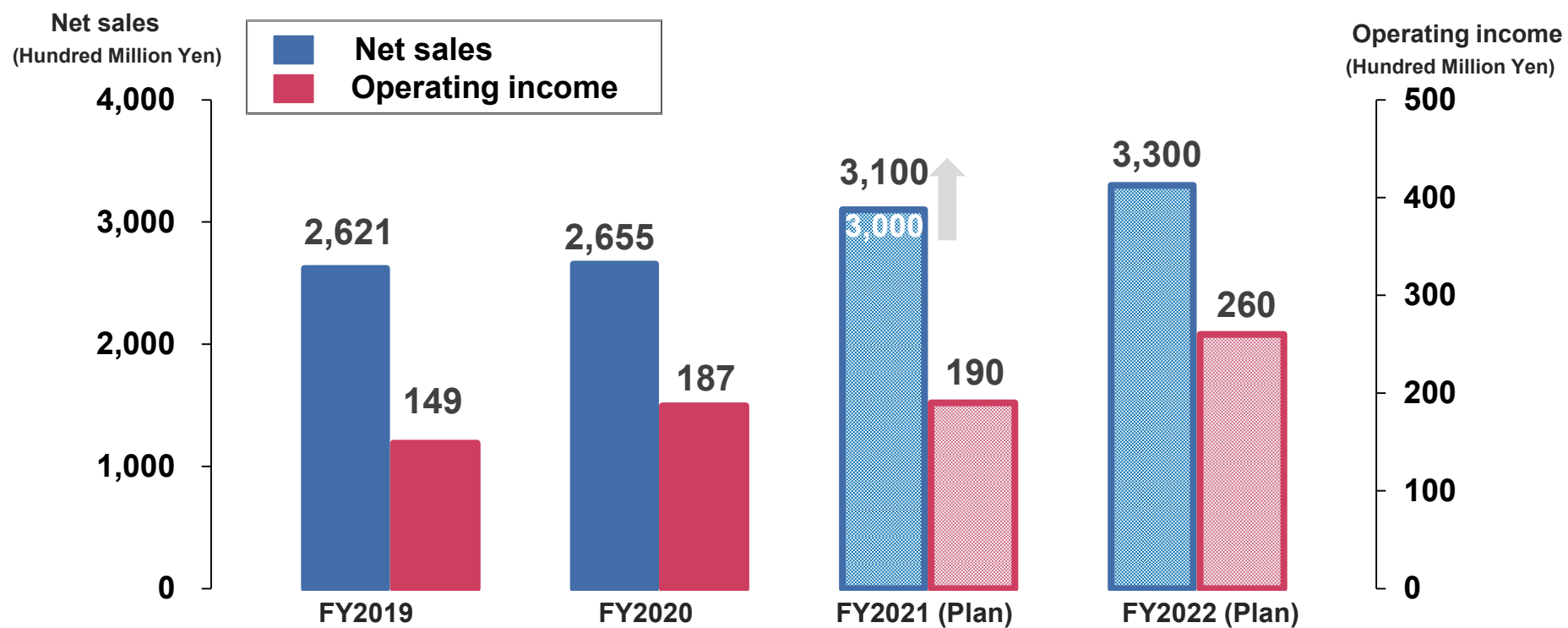
Forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to be materially different.

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



October 2021 | FUJITSU GENERAL LIMITED

Progress of Medium-term Plan



	FY2019	FY2020	FY2021		FY2022
	Actual	Actual	Previous plan	Revised plan	Plan
Net sales	2,621	2,655	3,000	3,100	3,300
Operating income (%)	149 (5.7%)	187 (7.1%)	190 (6.3%)	190 (6.1%)	260 (7.9%)

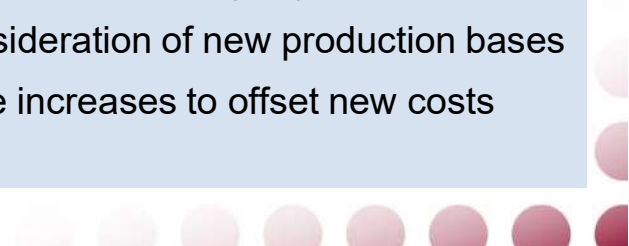
Change (compared with previous forecast plan)

Net sales	+100
Operating income	-

Air Conditioners

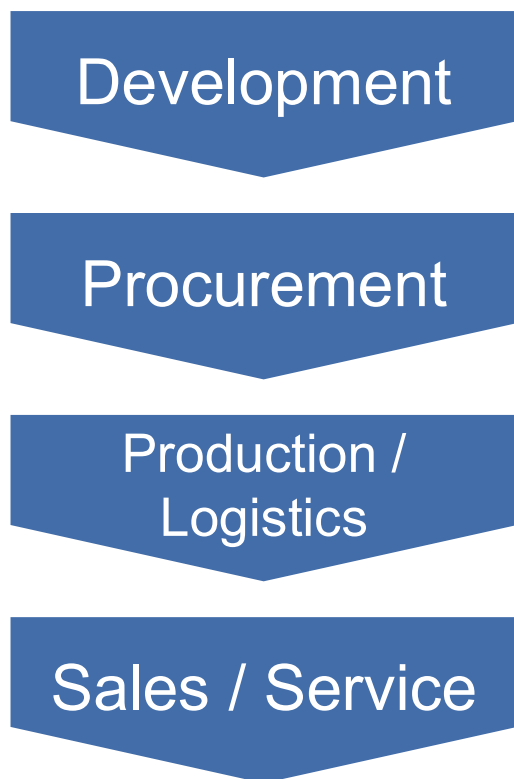
● Changes in the business environment

	Issues / Risks	Measures / Opportunities
COVID-19 effects	<ul style="list-style-type: none"> ▪ Lockdown in many countries ▪ Shutdown of suppliers ▪ Delay of large commercial business 	<ul style="list-style-type: none"> ▪ Expansion of demand for stay home ▪ Growth of interest in cleanliness and sterilization
Global warming mitigation measures	<ul style="list-style-type: none"> ▪ Tightening various regulations (refrigerant, energy-saving) ▪ Tightness of supply-demand for electricity ▪ Intensifying competition 	<ul style="list-style-type: none"> ▪ Expansion of demand for energy-saving devices ▪ Promotion of business alliance
Supply chain	<ul style="list-style-type: none"> ▪ Unstable supply of electronic parts, etc. ▪ Shutdown of suppliers due to COVID-19 ▪ Tightness of supply-demand balances of shipping services ▪ Sharply rising material costs, components cost, and ocean freight costs 	<ul style="list-style-type: none"> ▪ Reviewing the design process (standardization, alternative materials, and new technologies) ▪ Consideration of new production bases ▪ Price increases to offset new costs



Toward the achievement of the Medium-term plan

- Overseas orders are favorable due to progress of the “5 key expansion projects” and acceleration of decarbonization policies in many countries
- Normalization of the following value chains, especially supply chain, is the key to achieve the Medium-term plan



- Early normalization of the supply chain
- Strengthening resilience to changes in the business environment
- Aggressive sales expansion of products contributing to decarbonization, based on the premise of Sustainable Management

Toward the achievement of the Medium-term plan

Development

Promotion of development to consider changes in the environment

Measures for procurement risks of semiconductors and other components

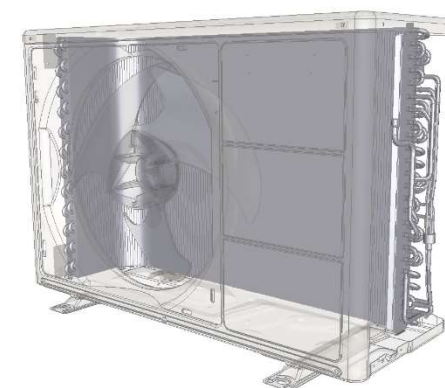
- Promotion of standardization design (unification and consolidation of parts)

Measures for the material cost increases

- Shifting from Copper to Aluminum: Development of aluminum heat exchangers
- Further promotion of other material-saving designs (product footprint miniaturization and reducing thickness)

New technology and development

- Energy efficiency improvement (MC* heat exchanger, refrigerant-saving, etc.)
- Expansion of Sustainable Products (AC with enhanced heating function, Tropical Cooling Only Inverter AC, etc.)
- Development of AC utilized renewable energy
- Expansion of business domain and joint development by strengthening alliances



* MC : micro channel

Toward the achievement of the Medium-term plan

Procurement

Enhance procurement methods to ensure stable production

Current status

- Continued tight supply-demand balances of components, but show signs of improvement
 - Steady increase in the number of components already secured
- Monitor the spread of COVID-19 in Southeast Asia and power restrictions in China
 - Minimize effects through working closely with each related division internally

Measures

- Expansion of adopting alternative materials and components
- Accumulating inventories of main components for changes in demand
- Advance orders of parts required long lead times for main products
- Optimization of internal and external production

Toward the achievement of the Medium-term plan

Production / Logistics

Development of systems for flexible production and shipping

Increase of production capacity

- Promotion of automation and IoT in Thailand and Shanghai factories
 - Launch new production facilities (under consideration: India, North America, Europe)
 - Utilization of ODM for low value-added products
- Target: 1.5 times the current level for production capacity in 2025



Review of operations

- Strengthening structures for procurement and production engineering
- Expansion of systems to enable production of main products at both factories in Thailand and Shanghai
- Leveling of production and shipment (early booking of vessels and containers)
- Flexible production based on the availability of components



Introduction of new system for production management
(one-stop management for procurement, production, and shipping operations)

Toward the achievement of the Medium-term plan



Sales / Service

Promotion of sales activities to capture growing demand

North America

- **Initiatives for decarbonation**
 - Capture demand for replacement of devices using fossil fuels
 - Conduct of demonstration activities in New York and Chicago to demonstrate energy efficiency
- **Expansion of product line-up**
 - Develop sales channels using a multi-brand strategy
 - Accelerate growing collaboration with Rheem



Whole house solutions for residential and commercial

India

- **Expansion of local sales**
 - Expecting double-digit growth in local sales under COVID-19
 - Launching new products and expanding sales channels
 - Plan to start local production from FY2022 and establish R&D center
- **Expansion of solution business**
 - ABS: Expecting double-digit growth and seeking to create synergies



Local sales store in India

Toward the achievement of the Medium-term plan



Sales / Service

Promotion of sales activities to capture growing demand

Europe

- Expansion of commercial business
- Promotion of ATW business
 - Launch new products by joint development
 - Consider local production
- Structural innovation of business
 - Expand business by market restructuring
 - Strengthen solution business

WATERSTAGE™



ATW (Air to Water)

Japan

- Expansion of sales for AC with enhanced heating functions
 - Replace oil heating devices
- Further expansion of housing industry channels
 - Propose after-sales service
 - Promote joint development with housing industry manufacture

**ゴク暖
nocria®**
ノクリア



AC with enhanced heating function

Info & Comm Syst. / Electronic Devices

Info & Comm Syst.

- Public systems (Fire-fighting systems, Disaster prevention systems)
 - Strengthen activities for 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 BPO (Business Process Outsourcing) services and temporary staffing services
 - Provide less-contact solutions (for food services, medical)



Fire and emergency communication command system

Electronic Devices

- Stabilization of existing business
 - Orders doing well due to increased demand of semiconductors (Especially long-term orders)
 - Respond to shortages of components by advance orders, etc.
- Develop new business (Power module business)
 - Start to ship samples of GaN module
 - Create synergies with AC business (Start mass production of IGBT module for our VRF in November)



Power module

● FY2022 target: Operating income 26 billion yen

Profit is expected to increase

- Expansion of sales and normalization of production and shipments
- Increase price realization and continued cost reductions

Increase factors





- Organic Growth for expansion of AC sales (Americas, Europe, India)
- Business alliance / M&A
- Improvement in price realization
- Cost reductions

Factors for increase in cost and expenses (Decrease factors)

- Risk of price increases in materials, components and ocean freight
↓
Offset by cost reductions
- Continue difficulty in procurement of components
- Continue upfront investments

Accelerate the growth strategy of the next Medium-term plan through achieving the current plan (FY2021~FY2022)

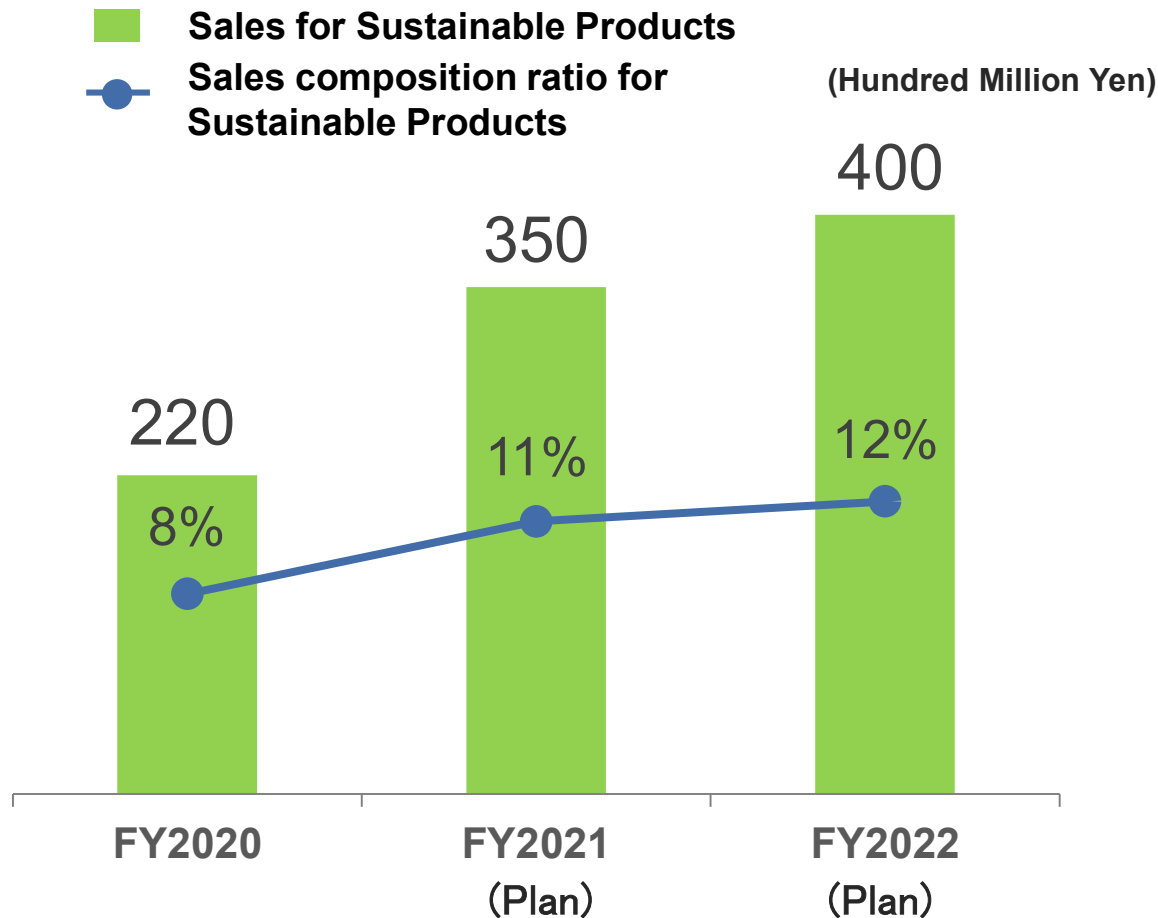
● Targets for carbon neutrality

Subject		Targets and measures to reduce greenhouse gas emissions	
Scope 1,2	Our business activities	- 100% reduction by FY2030	
		FY2019	 (emissions 59,807t-CO2 in FY2019)
		FY2023	 Reduce by 50% <ul style="list-style-type: none"> ▪ Shift to use of renewable energy at existing overseas plants
		FY2025	 Reduce by 70% <ul style="list-style-type: none"> ▪ Shift to use of renewable energy for all energy used by the Group (100% reuse)
FY2030	 Reduce by 100% <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 ahead of schedule in FY2030

Sales plan for Sustainable Products



Major certified products for Sustainable Products

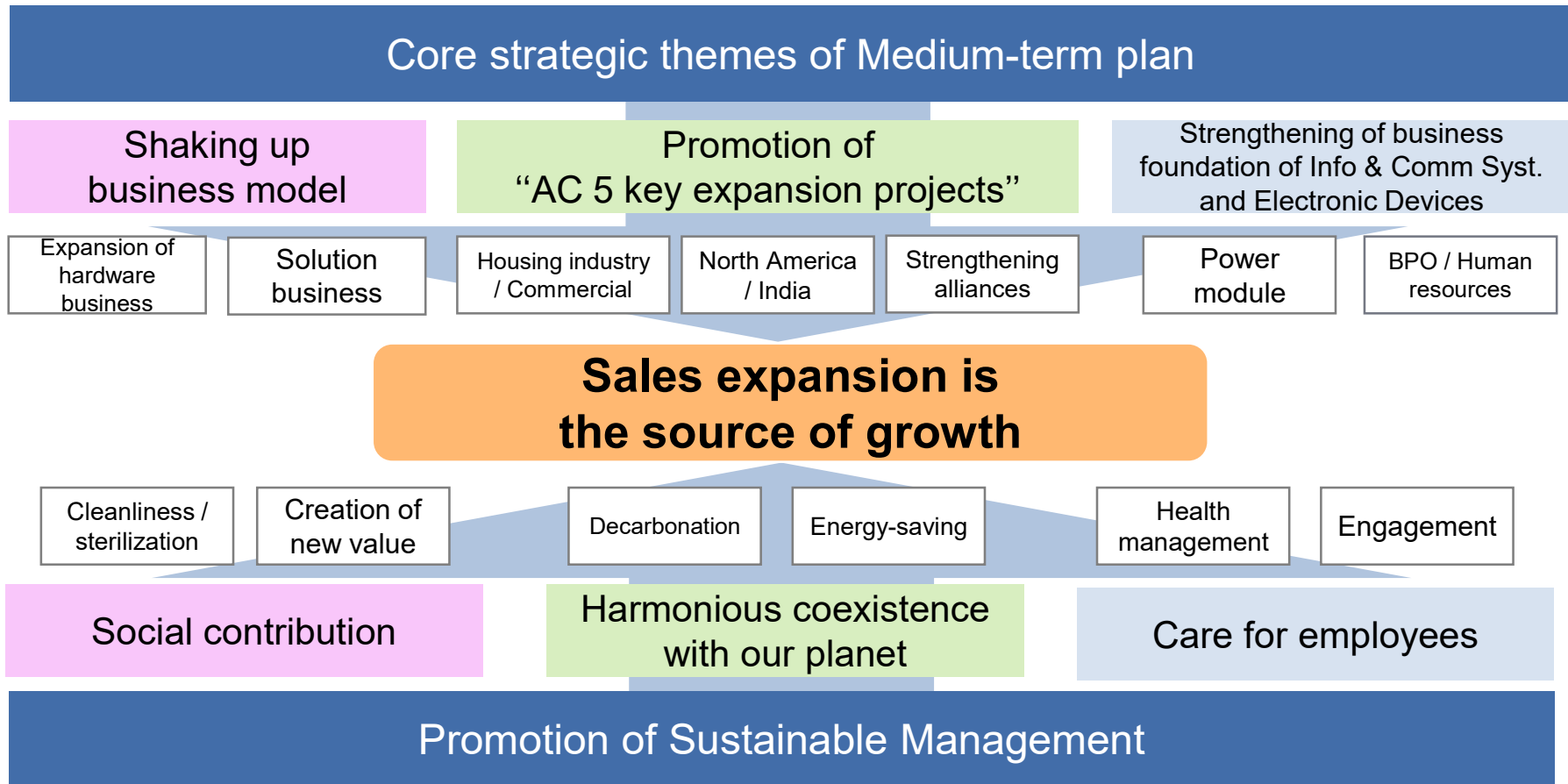
ATW (Air to Water)

Tropical Cooling Only Inverter AC for India

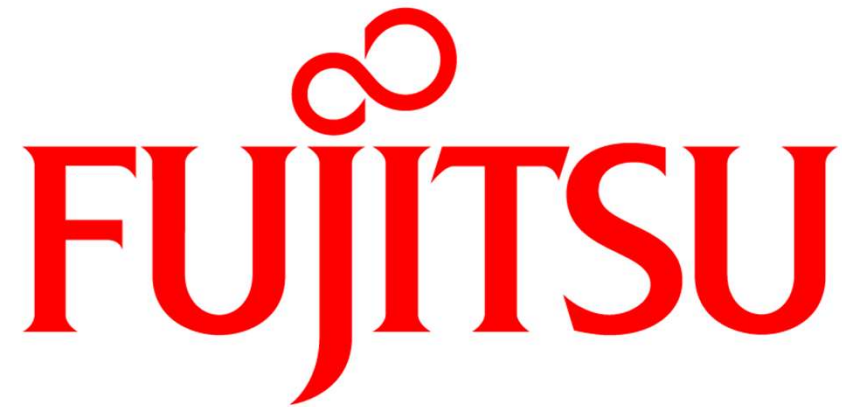
Small GaN module

Target: More than 30% for sales composition ratio for Sustainable Products in FY2030

Acceleration of the business growth (from FY2021)



Through seeking to expand our business, we will have a positive influence on “our customers and society” around the world, and we make progress Sustainable Management

The logo features a red infinity symbol positioned above the word "FUJITSU". The word "FUJITSU" is rendered in a bold, red, serif typeface.

FUJITSU GENERAL

– Living together for our future –