

Progress of Medium-term Plan and 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.

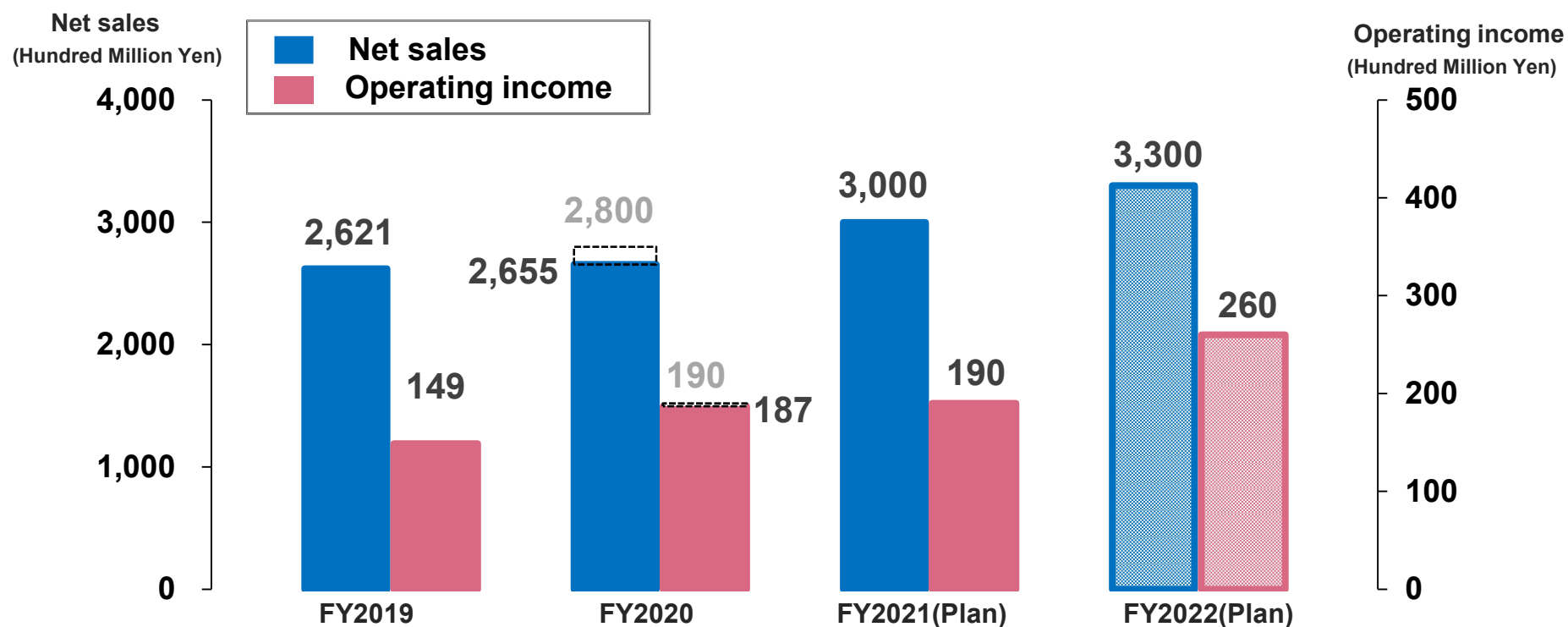
Forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to be materially different.

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 2021 | FUJITSU GENERAL LIMITED

Progress of Medium-term Plan



	FY2019	FY2020		FY2021	FY2022
	Actual	Forecast*	Actual	Plan	Plan
Net sales	2,621	2,800	2,655	3,000	3,300
Operating income	149	190	187	190	260
(%)	(5.7%)	(6.8%)	(7.1%)	(6.3%)	(7.9%)

Change (compared with initial forecast plan)

Net sales	-145
Operating income	-3

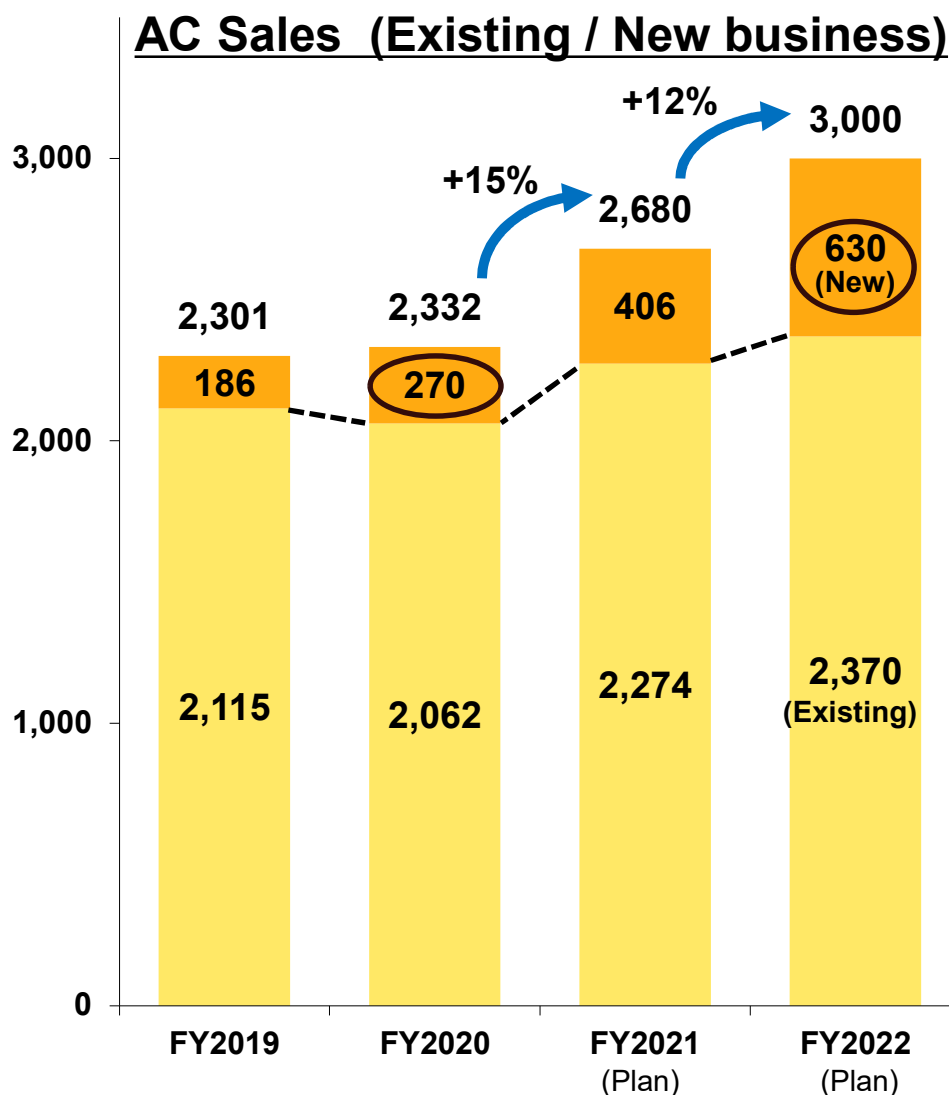
*Revised upwardly in October 2020
First announced in July 2020

“ Net sales: 2,650
Operating income: 160 (6.0%) ”

Medium-term Plan (AC)



(Hundred Million Yen)



[New business]

	FY2020	FY2021	FY2022	2year average growth
India	115	177	290	+59%
North America	55	77	90	+28%
Europe	20	29	70	+87%
Australia	80	98	120	+22%
Others	-	25	60	-%
Total	270	406	630	+53%

[Existing business]

Retail store	334	319	320	-2%
Housing industry	287	307	330	+5%
Domestic total	621	626	650	+2%
RAC	1,223	1,399	1,440	+9%
VRF	186	218	240	+14%
Others	32	31	40	+12%
Overseas total	1,441	1,648	1,720	+9%
Total	2,062	2,274	2,370	+7%

AC Total	2,332	2,680	3,000	+13%
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Strengthening the AC business :

Progress on activities of our most important strategic market



North America

- **Expansion of our product line-up**
 - Launch new products targeting colder climates
 - Launch products jointly developed with Rheem
 - Multi-brand development
- **Strengthening our development system**
 - Established a new R&D Center on the West Coast
- **Decarbonization initiatives**
 - Plan to start demonstration projects in New York and Chicago to demonstrate energy efficiency



New R&D Center

India

- **Launch our direct sales**
 - Strengthen our sales network and sales promotions
 - Launch new products such as Tropical Cooling Only Inverter
 - ➔ Double-digit growth under COVID-19 situation
- **Expansion of solution business**
 - Substantial growth at ABS due to sales channel expansion



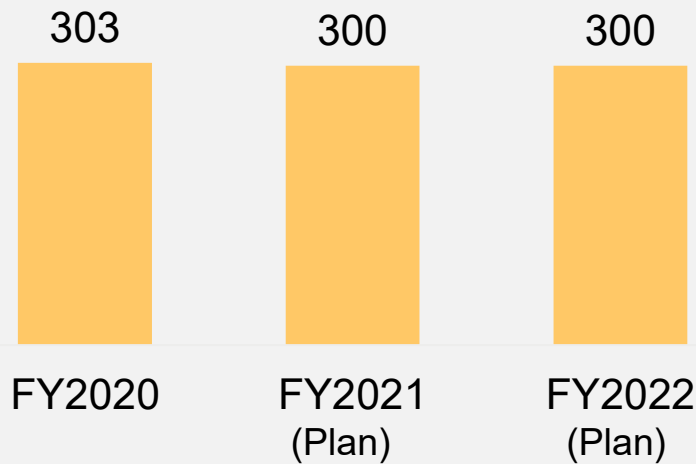
Local brand shop

Strengthening the AC business : Other expansion projects



	Theme	Status of progress
Existing business	Expansion of international commercial business	<ul style="list-style-type: none"> • Launch new products <ul style="list-style-type: none"> - New VRF series (including products for colder climates) - Large inverter duct, etc. • Launch Chiller and other products through a strengthened alliance • Expansion of solution business <p style="text-align: center;">▼</p> <p>Overseas commercial business sales ratio: Approximately 50%</p>
	Aggressive growth of domestic housing industry channel	<ul style="list-style-type: none"> • Maintained double-digit growth for five consecutive years • Improved efficiency by enhancing an in-house system for the housing industry channel
New Business	Promotion of business alliance	<ul style="list-style-type: none"> • Expand sales resulting from 100% consolidation of an Italian sales company • Accelerate collaboration with GIH (Italy) <ul style="list-style-type: none"> - Expand sales of inverter Chiller and AHU - Launch GIH products in Europe, Australia, and the Middle East • Collaborate with the ultraviolet lighting equipment manufacturer, "Aeroshield" <ul style="list-style-type: none"> - Expand Aeroshield's products leveraging our sales channels - Enhance proposal capabilities through combination with AC

Net sales (hundred million yen)



Info & Comm Syst.:
Fire-fighting systems

● Information & Communication Systems

- 1) Stabilize existing businesses
- 2) Create new businesses by utilizing held assets

● Electronic Devices

- 1) Establish the power module business
- 2) Improve quality and promote production innovations



Electronic Devices:
Power Module
(The photo is for illustrative purposes only.)

Results of the Medium-term Plan, and risks/challenges and policies to address them



<h2>Major Results</h2>	<ul style="list-style-type: none"> ▪ Increased revenue and profits by growing new businesses, under challenging business environment such as COVID-19 ▪ Established a foundation for growth in our most important markets (North America, India) ▪ Domestic AC: Double-digit growth for five consecutive years in the housing industry channel ▪ Promotion of Sustainable Management <ul style="list-style-type: none"> - Newly established the position of CSO (Chief Sustainability Officer) - Established a New Basic Policy on Sustainable Management ▪ Create synergies in the cleanliness and sterilization field (making "Aeroshield" a subsidiary)
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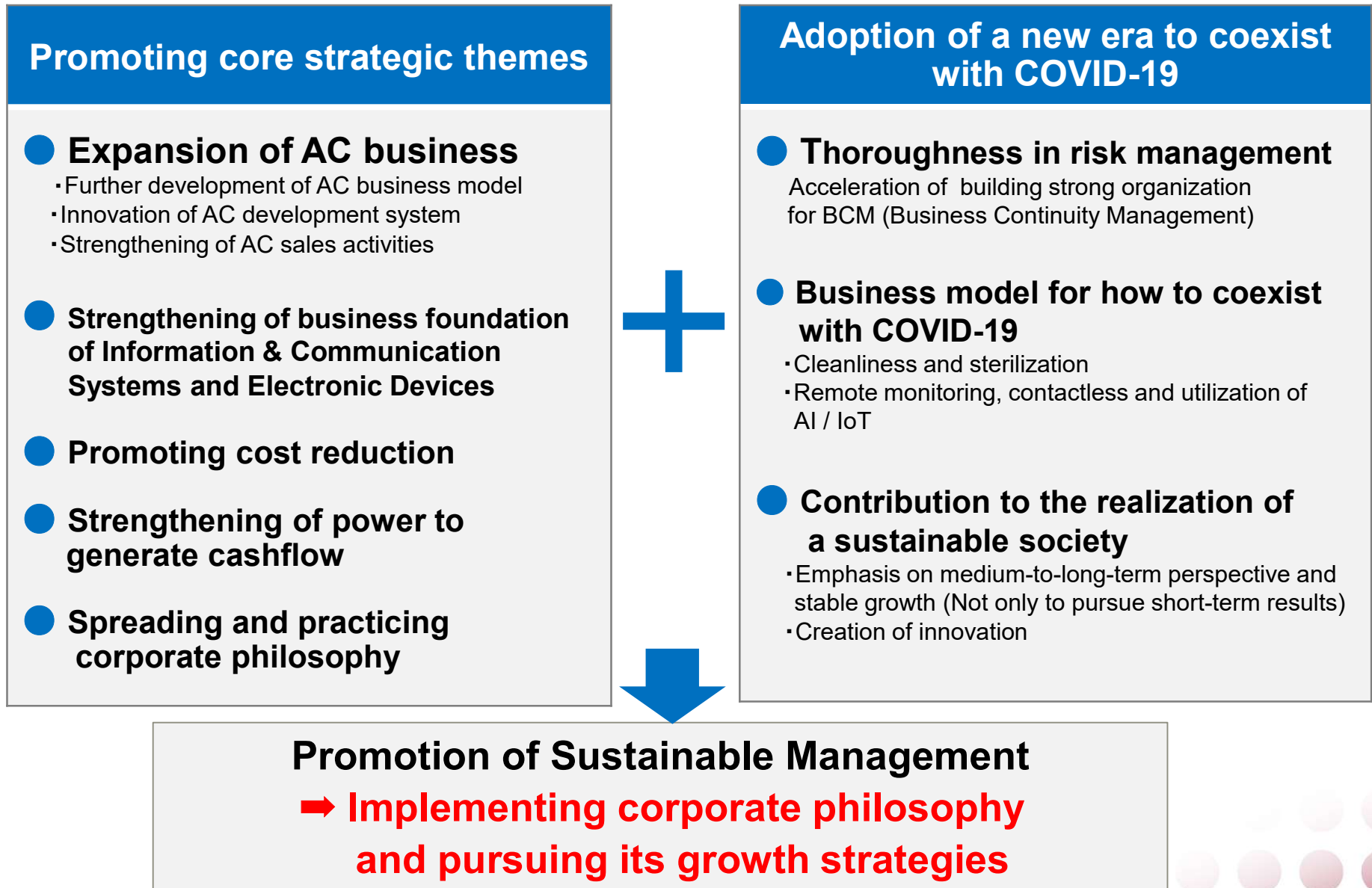
<h2>Risks/challenges and policies to address them</h2>	Response to procurement and production	➔	<ul style="list-style-type: none"> ▪ Engage in procurement from multiple sources ▪ Revise inventory holdings, and standardize production and shipments ▪ New production management system (scheduled to be partially operational from FY2021)
	Rising material costs	➔	<ul style="list-style-type: none"> ▪ Consider resource-efficient designs and use of alternative materials (change from copper to aluminum, etc.)
	Response to climate change	➔	<ul style="list-style-type: none"> ▪ Introduce a carbon neutral, sustainable product system (see page 15, onward)

FUJITSU GENERAL LIMITED

Sustainable Management



Basic policy of Medium-term Plan (No change in existing core strategic themes)



Basic Policy

The Sustainable Development Goals (SDGs) are intended to drive future business creation, and their core principle of "leave no one behind" is synonymous with our own corporate philosophy of "Living together for our future".

Fujitsu General takes a medium- and long-term approach to the promotion of sustainable management. Fujitsu General promises the children and society of the future to create a sustainable society and pursues its own business growth by accelerating these sustainability efforts.



Our business characteristics and sustainability



AC	<ul style="list-style-type: none">▪ Heat pump technology<ul style="list-style-type: none">-Clean technology with excellent energy efficiency (about 5 times more efficient than electric heaters)-Positioned as "renewable energy" in Europe and Japan-Promote a shift from fossil-fuel equipment, especially in Europe and the Americas (subsidy program)▪ Cleanliness and sterilization technologies<ul style="list-style-type: none">-Heating sterilization of heat exchanger-Consolidated Aeroshield, which is the ultraviolet lighting equipment manufacturer▪ Solving social issues: Wearable cooling devices such as Cómodo gear
Info & Comm Syst. / Electronic Devices	<ul style="list-style-type: none">▪ Safe and secure society<ul style="list-style-type: none">-Disaster prevention systems▪ Miniaturization and improved energy efficiency<ul style="list-style-type: none">-Power module
Others	<ul style="list-style-type: none">▪ Fuji Eco cycle (at our Hamamatsu Business Office)<ul style="list-style-type: none">-The home appliance recycling business (contribution to a recycling-based society)- An environmentally conscious "model business office"▪ Activities to contribute to society around the world

Our Hamamatsu Business Office

- **An environmentally conscious "model business office" in the Fujitsu General Group**

- **Fuji Eco Cycle**

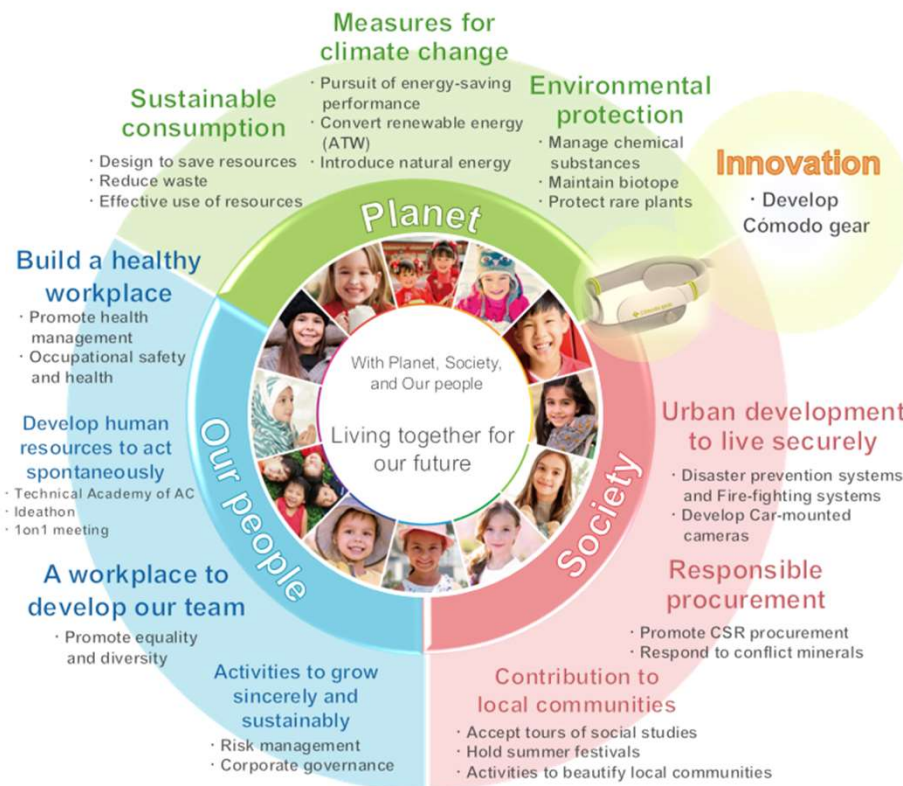
- Home appliance recycling plant
- Utilized solar power since 2017

- **Contributions to biodiversity**

- Creation of on-site biotopes
- * A place with a diversity of living things



Key Initiatives



- **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

Harmonious coexistence with our planet

Contributing to global warming
mitigation measures



Medium-term targets (1)

1) Achieve carbon neutrality (completely eliminate greenhouse gas emissions) by FY2030

(emissions 59,807t-CO2 in FY2019)

- **Reduce 50% by FY2023**: Switch to use of renewable energy at existing overseas plants
- **Reduce 70% by FY2025**: Switch to use of renewable energy for all energy used by the Group (100% reuse)
- **Reduce 100% by FY2030**: Switch to use of renewable energy for all other energy used
➔ Achieve carbon neutrality

2) Reduction of 30% compared to FY2018 for total greenhouse gas emissions by our supply network (Scope 3) by FY2035

<Main Measures>

- Use renewable energy and purchasing of energy-saving equipment for supply network production sites, development sites, and offices
- Switch over to renewable energy through the purchasing of Tradable Green Certificates
- Switch to renewable energy electricity using the I-REC Certificate* purchase method (*Renewable Energy Derived Electricity Certificate)
- Switch from appliances powered by fossil fuels such as gasoline, light oil, or LPG to electric devices; leverage carbon offsets



Medium-term targets (2)

3) Reduction of 30% compared to FY2013 for total global greenhouse gas emissions from the use of our products by FY2030

(Global air conditioning demand expected to triple by 2050 from current levels)

<Main Measures>

- Provide air conditioners with superior energy saving capabilities from the design stage
- Switch from non-inverter air conditioners to high efficiency inverter air conditioners
- Develop products that use natural energy and waste heat to promote reductions in greenhouse gas emissions

Sustainable Management : Reducing CO2 via a sustainable product system

Introduce "Sustainable Product" system

- An in-house certification system for products and services that contribute to reductions in greenhouse gas emissions, and creation of a sustainable society* through their use in society
 - * Contribution to the creation of a sustainable society refers to contributions toward achieving the goals and targets of the sustainable development goals (SDGs).
- Products and services that contribute to our growth strategy and make large contributions to sustainable management and the SDGs are internally certified as "Sustainable Product" products/services. We prioritize investments to promote these businesses. We also display our unique image mark on certified products and services in our catalogs, websites, etc., thereby communicating their contributions to a sustainable society to the outside world.
- Products and services that contribute to our growth strategy, and make large contributions to sustainable management and the SDGs are internally certified as "Sustainable Product Gold" products and services. We prioritize investments to promote these businesses. We also display our unique image mark on certified products and services in our catalogs, websites, etc., thereby communicating their contributions to a sustainable society to the outside world.



Sustainable Management : Reducing CO2 via a sustainable product system



"Sustainable Product Gold" examples (draft)

1) Effects of switching from heaters that use fossil fuels to heat pumps (Japan, Europe, the Americas)

"Change the global heater culture"

- Europe: Replace high-efficiency gas boilers with ATW ➔ 54% reduction in CO2 emissions
- North America: Replace gas furnaces with AC for colder climates ➔ 45% reduction in CO2 emissions
- Japan: Switch from a kerosene culture to AC for colder climates ➔ Reduction in CO2 emissions currently being measured

2) Tropical Cooling Only Inverter

- Switch from constant-speed models in emerging countries ➔ 35% reduction in CO2 emissions

3) Power module

- Switch from conventional products ➔ 53% reduction in CO2 emissions

Sustainable Management: Fusion of decarbonization and our growth strategy



Decarbonization

● CO2 emission reduction: More than 50 million tons

(equivalent to the annual emissions of 1.2 million Japanese households)

(Assumes that "Sustainable Product Gold" products and services sold from FY2021 to FY2030 are used for 10 years)

Growth strategy

● Net sales of "Sustainable Product Gold" products and services

- FY2020: Approximately 22 billion yen
- Plan for 1.5-fold increase in FY2022, to 33 billion yen

- ▼
- Plan to grow sales CAGR by 15-20% through intensive investment, aiming for sustainable products to account for more than 30% of company-wide net sales by FY2030



Sustainable Management: Eliminating fossil fuels



Europe

Eliminating fossil fuels

Change from boilers to renewable-energy heating of air and water

- About 80% of household's energy consumption is water heater and heating
(About 75% of heating is still generated from fossil fuels)

ATW (Air to Water)

- Reduces greenhouse gas emissions by roughly 54%, compared with high-efficiency gas boilers
- Significantly higher energy efficiency than latent heat recovery gas boilers
- No emission of toxic gas



heat pump technology
(Positioned
renewable energy
in Europe and
Japan)



Collaboration with Atlantic (France)

- Roughly 30-year alliance with Atlantic, our largest customer, worldwide
- Began joint development of ATW in 2008, and have the largest market share in France
- Contribution to our business: Net sales / 40+ Billion-Yen, Profit / 10+ Billion-Yen
(Total from FY2007 to FY2019)

Expand business throughout Europe
by strengthening our alliance with Atlantic

Sustainable Management: Eliminating fossil fuels

Japan

Eliminating fossil fuels

Shifting from a kerosene (gas) heating culture

● Green growth strategy

- Set high targets and mobilize all measures in growth industries (14 fields)
- Accelerate decarbonization in the electric power segment
- 2 trillion yen for innovation program business

● Heaters used as the main heating source

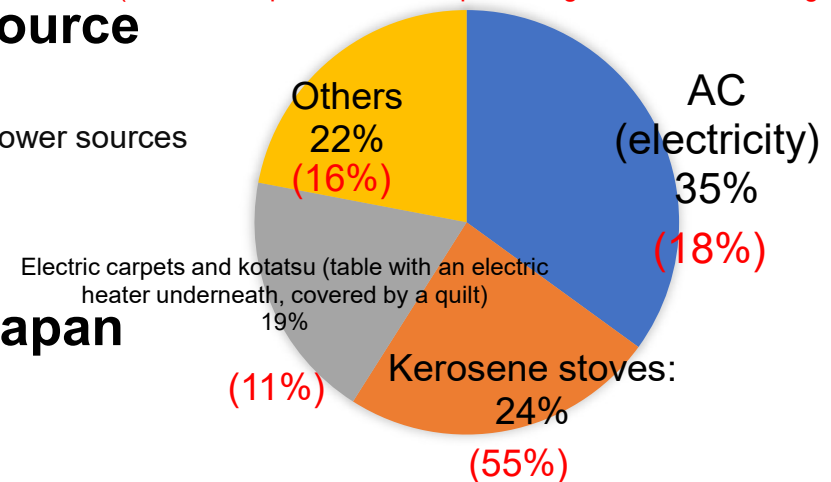
- 35% of ACs (roughly 1/3 of all units)
- Most are dual use, and fossil fuels and electricity are the main power sources
- Especially in Kanto and areas to the north, kerosene is the primary source of heat

● Sales of ACs for colder climate in Japan

- Still roughly 2% of the total AC market
- Sales of our colder climate models are performing strongly
- ACs are comfortable, safe, economical, and make a large contribution to reducing CO2

◆ Current status of heaters used as the main heating source (nationwide)

(Numbers in parenthesis are percentages in the Tohoku region)



Source: 2019 Ministry of the Environment Statistical Survey, "Most Used Heaters by Region"

➔ **The development and adoption of new ACs for colder climate is changing Japan's heater culture**

Sustainable Management: Power Module

High-performance, next-generation/ Power module

Contribution to global warming countermeasures by reducing size and improving efficiency



Long service life (20 years)
Environmental resistance
(strong wind, salt water, lightning)
High capacity
High efficiency



Long service life (10 years)
Energy efficient
High capacity
Low noise



Power module
(The photo is for illustrative purposes only.)



Long service life (10 years)
Energy efficient
Smaller footprint
Resists oil corrosion
Safety

Long service life (12 years)
Energy efficient
Smaller footprint
Corrosive gas
Low noise



Social contribution

Fostering innovation to address social issues



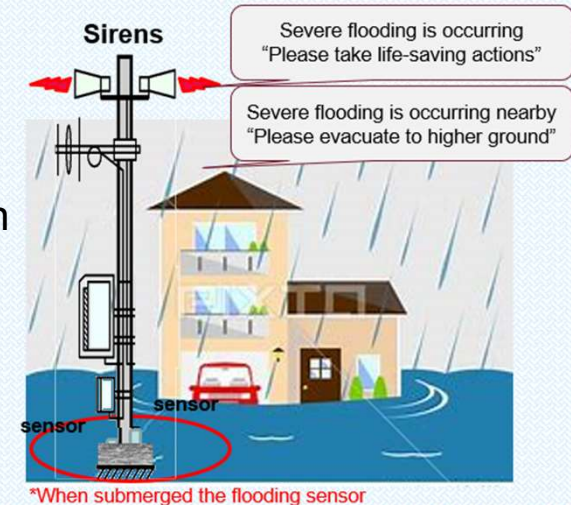
Creating a secure and safe future

● Building a network of local governments using public radio technology

- Utilize roughly 5,000 outdoor disaster prevention repeater stations installed by local governments in Japan

(Sample uses)

- Flooding alert system (see figure to right)
- Audio clarification of disaster prevention broadcasts
- Expansion of means for two-way collection and distribution of information, etc.



● Develop a new public sector market leveraging the strengths of the current private sector business (integration with social network)

● Also consider public sector/security and safety market services using air-conditioning technologies in the future

- Disaster prevention station to supply water

Sustainable Management: Social contribution



Providing a healthy, clean, and safe society and environment

-Living together for our future-

Providing a healthy, clean, and safe society and environment

Measures for working in extreme heat



CÓMODO gear

Cooling device to get comfort

(Plan to provide new model from June 2021)

Cleanliness and sterilization



Ultraviolet lighting equipment

Made "Aeroshield" into a subsidiary in March 2021

QOL (Quality of Life)



Elderly care



Home sensing

Utilization for life from data of cognitive behaviors (Under trial test)

Comfortable heating



"Tackling new markets" through technical collaboration that crosses business boundaries, including air conditioners, telecommunication systems, and electronic devices

Generate water



Measures against extreme heat



● Expand new business creation program "The Future of Innovation Challenge"

● BIG*, Ideathon, 10%rule

* Being Innovative Group (Internal organization)

Promotion system, enhanced alliance, and in-house proposal system

● Promotion system

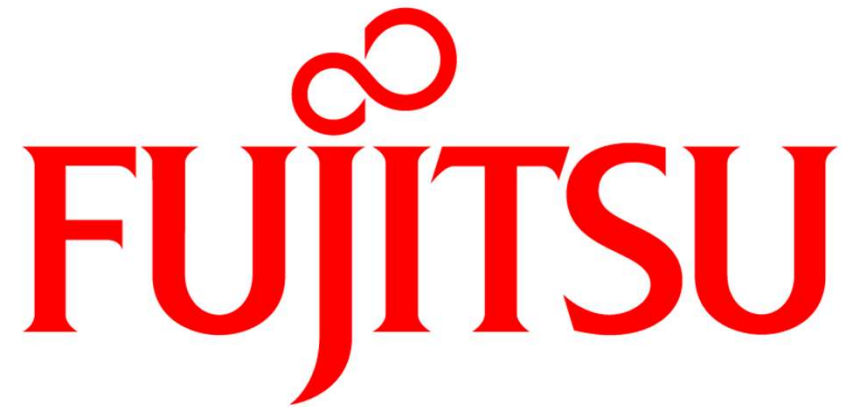
- Promotion body: CSO(Chief Sustainability Officer) Etsuro Saito and Head of Sustainability development

● Enhanced alliance

- Strengthen collaboration with Atlantic (Europe) and Rheem (North America), to switch from fossil fuels to heat pumps
- Consider possibilities for collaboration with other Japanese companies toward development, in order to reduce greenhouse gas emissions through expansion of heating and ATW business

● In-house proposal system for sustainable management

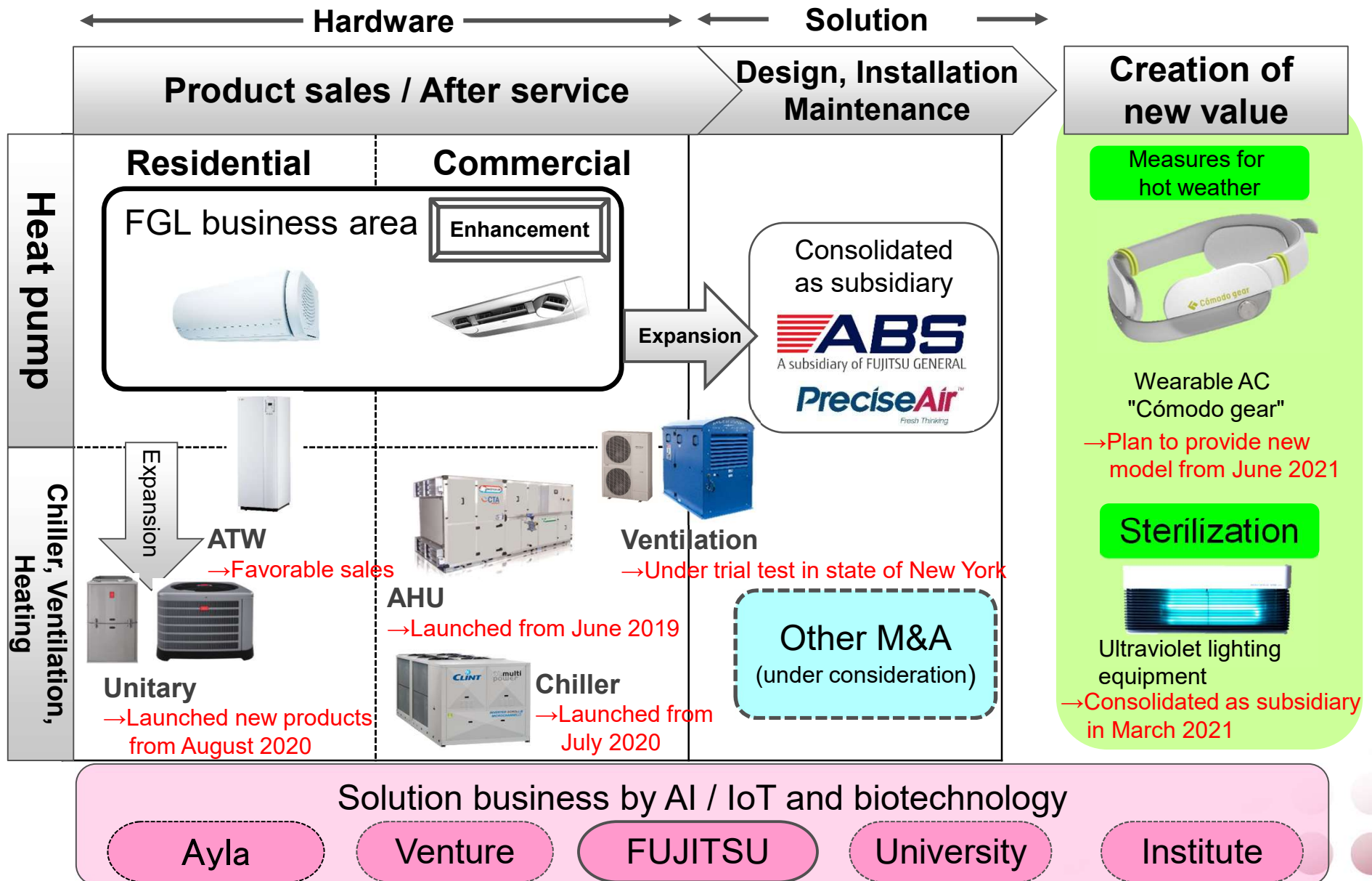
- Solicit ideas for creating businesses (products and services) that solve social issues through "The future of innovation challenge" (a program for creating new businesses through idea solicitation), and work toward commercialization
- Partially revise our current AKASURI Campaign (a company-wide campaign to reduce waste), broadly solicit ideas that are capable of contributing to solving social issues from employees, and execute/promote the best proposals (Reference: Between FY2016 and FY2019, the AKASURI Campaign achieved a reduction of 11,513 tons of CO2 compared with FY2015)

The logo features a red infinity symbol positioned above the word "FUJITSU". The word "FUJITSU" is rendered in a bold, red, serif typeface. The letter "J" is stylized with a long, downward-pointing tail.

FUJITSU GENERAL

– Living together for our future –

Scope of HVAC business model



Propose solution over whole life cycle for AC system

