

Progress of Medium term-Plan and Business Environment for Next Fiscal Year onwards

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.

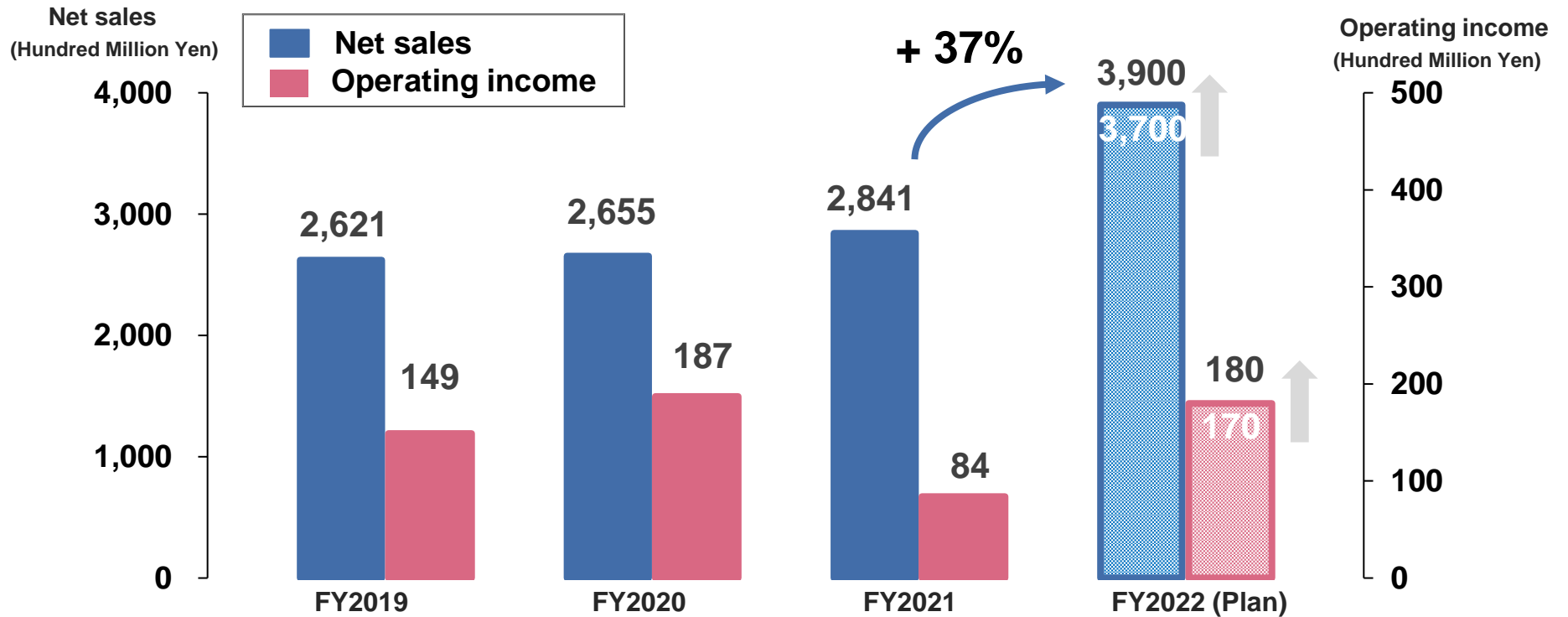
Forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to be materially different.

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 2022 | FUJITSU GENERAL LIMITED

Progress of Medium-term Plan

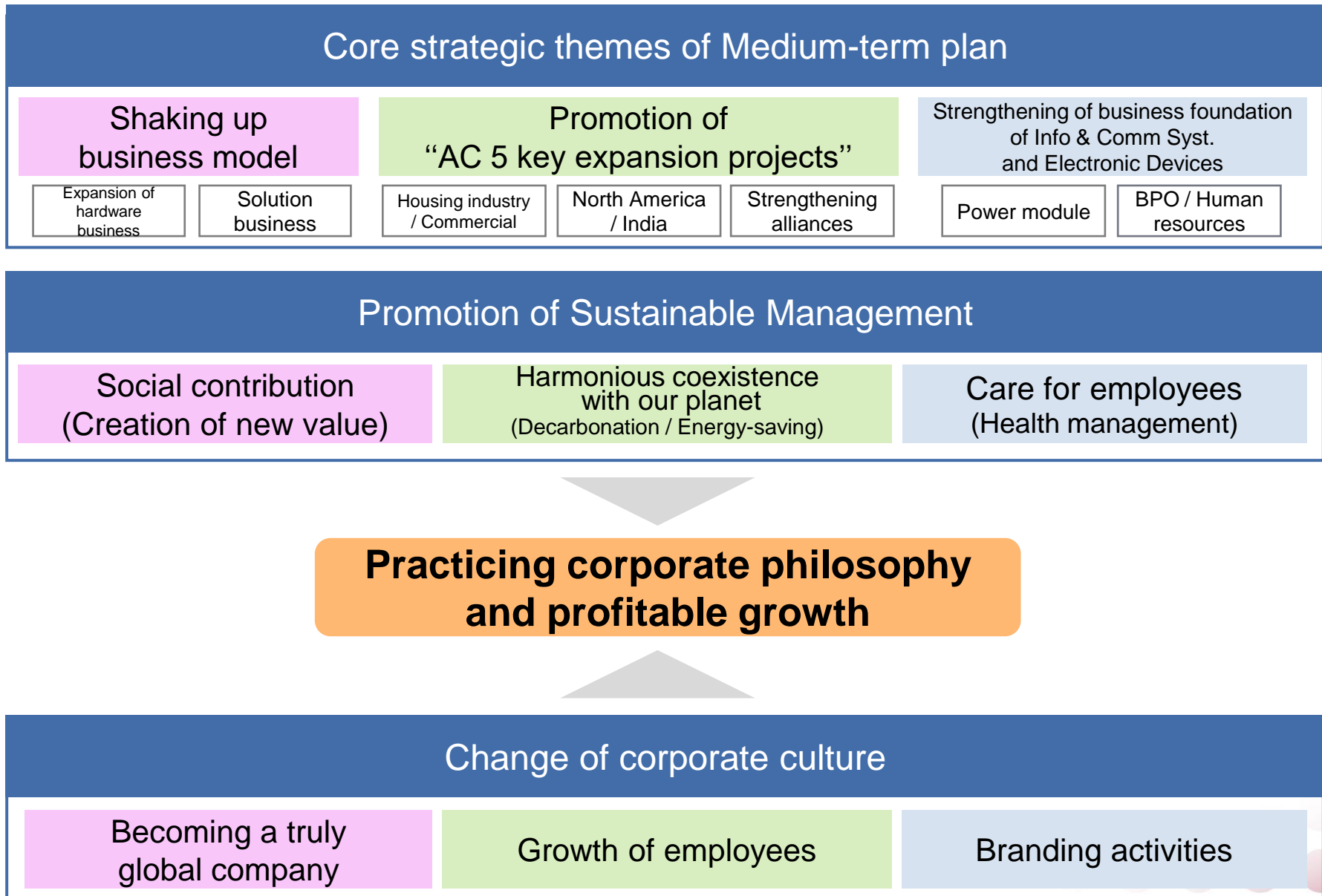


	FY2019	FY2020	FY2021	FY2022	
	Actual	Actual	Actual	Previous plan	Revised plan
Net sales	2,621	2,655	2,841	3,700	3,900
Operating income	149	187	84	170	180
(%)	(5.7%)	(7.1%)	(3.0%)	(4.6%)	(4.6%)

Change (compared with previous plan)

+200
+10

In preparation the Next Medium-term Plan



In preparation the Next Medium-term Plan

Business environment:
Positive factors / Negative factors

	Items	FY2021~2022	FY2023~
External factors	Expansion of demand for AC and heat pump equipment	Positive factors	Positive factors
	Political / economic conditions worldwide	Potential negative factors	Negative factors
	Trends in material costs and component costs	Negative factors	Positive factors
	Trends in logistics congestion and ocean freight costs	Negative factors	Positive factors
	Trends in exchange rates	Negative factors	Potential negative factors



In preparation the Next Medium-term Plan



Business environment:
Positive factors / Negative factors

Items		FY2021~ 2022	FY2023	FY2024~	
Internal factors	Air conditioner	Normalization of the supply chain	Negative factors	Positive factors	Positive factors
	Air conditioner	Sales expansion (progress of expansion projects)	Positive factors	Potential negative factors	Positive factors
	Air conditioner	Price improvement	Positive factors	Positive factors	-
	Air conditioner	Cost reduction	Negative factors	Positive factors	Positive factors
		Info & Comm Syst. / Electronic Devices	Negative factors	Positive factors	Positive factors

AC : Normalization of the Supply Chain

- Making steady progress in normalization
- Promote medium-term measures in parallel with short-term measures

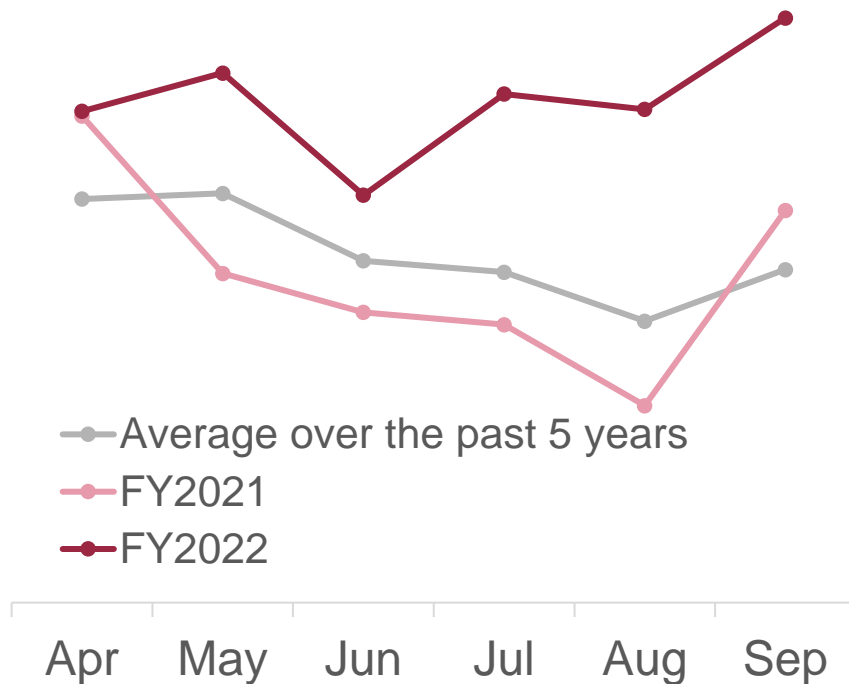
Issues	Status
Parts procurement	<ul style="list-style-type: none">● Stabilize procurement and progress in adoption of alternative parts● Narrowed down to a few varieties for shortage parts● Promote measures such as reduction of production models
Production	<ul style="list-style-type: none">● Aim to resolve a backlog of orders in 3Q● Continue review of production operations● Promote measures for local production for local consumption and expansion of production capacity
Logistics	<ul style="list-style-type: none">● Normalization of booking containers and recovery of local logistics● Leveling off ocean freight costs



AC : Normalization of the Supply Chain

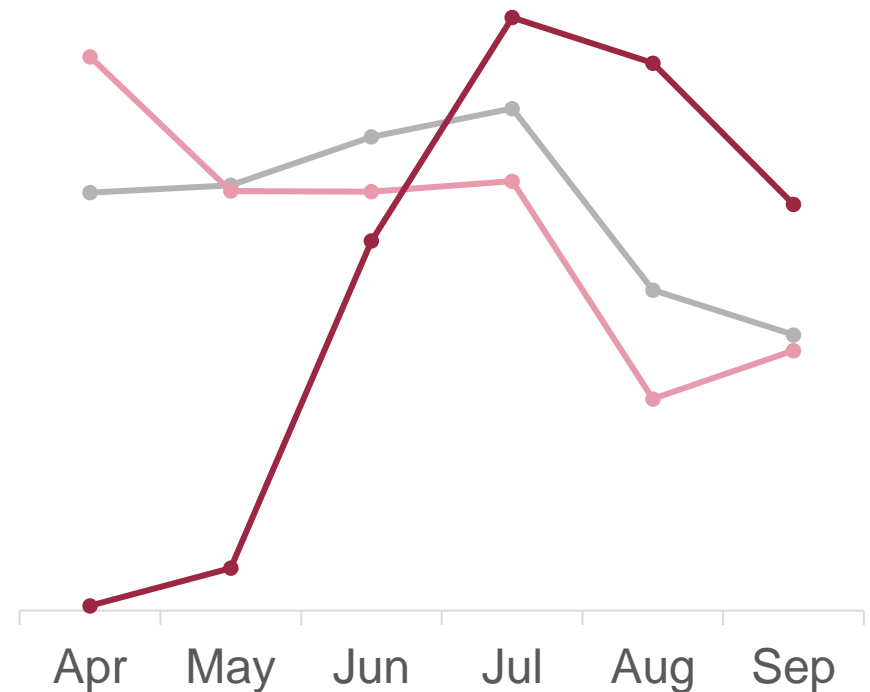
Changes in production volume (1st half)

Thailand factory



• Improve steadily compared to FY2021

China factories (Shanghai, Wuxi)

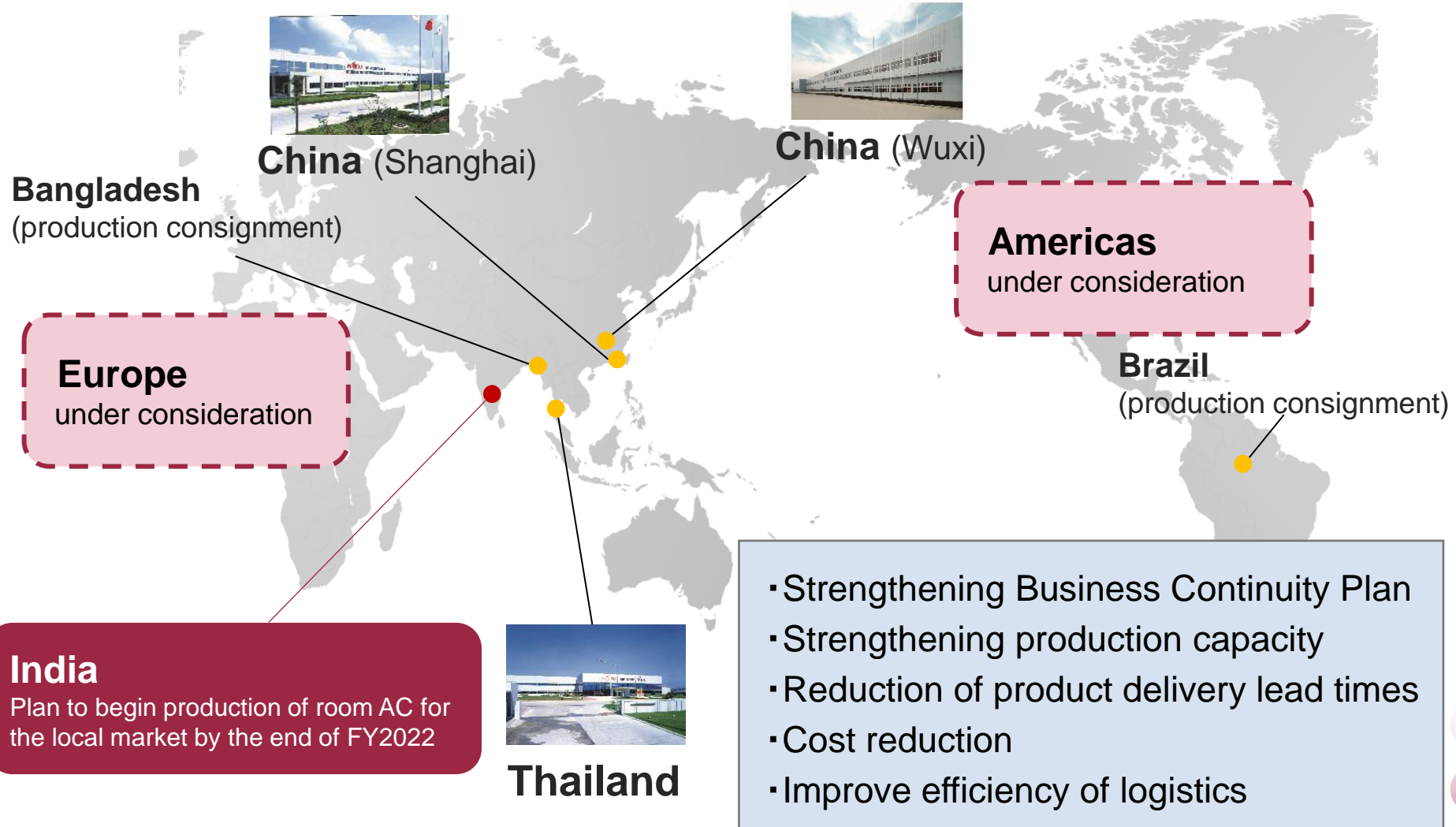


- April-May : Shanghai Lockdown
- June- : Recovered production delay

AC : Normalization of the Supply Chain

Medium-term plan for production bases

- Existing bases
- New bases



AC : Sales Growth

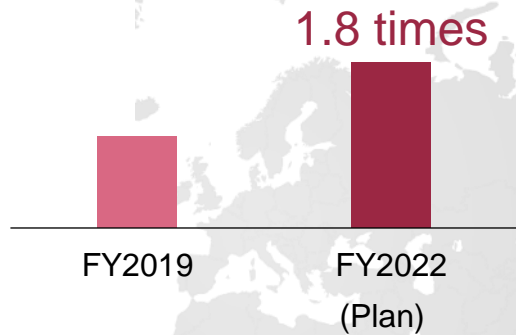
[5 key expansion projects]

Themes	Status	Evaluation
Expansion of international commercial business	<ul style="list-style-type: none"> ● Expand product line-up on VRF mainly ● Start cloud services of “AIRSTAGE Cloud” ● Add to the line-up for Chiller / AHU and expand them to other regions 	→
Aggressive capture of domestic housing industry channel	<ul style="list-style-type: none"> ● Decrease in sales of FY2022 due to problems in procurement and the effect of the Shanghai lockdown ● Develop energy-saving residential AC through direct sales 	↘
Capture and expansion of Indian market	<ul style="list-style-type: none"> ● Increase sales as a result of shift to direct sales structure ● Entry into solution business (Made into subsidiary of ABS) 	↗
Expansion of North America business	<ul style="list-style-type: none"> ● Expand product line-up including VRF and room AC for cold regions ● Increase sales through multi-brand, expansion of sales network, etc. 	↗
Promotion of business alliance	<ul style="list-style-type: none"> ● Grow significantly in ATW business (Partnership with Atlantic in France) ● Launch jointly developed products with Rheem in the U.S. 	↗

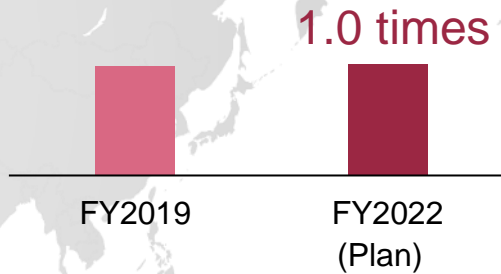
AC : Sales Growth

Status of 5 key expansion projects

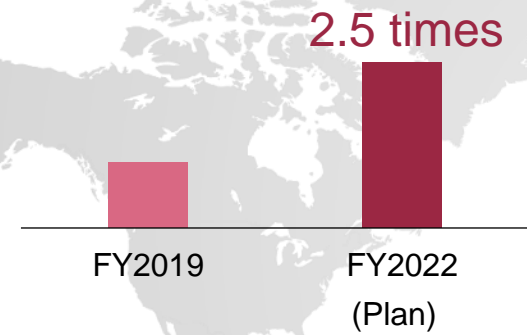
International commercial business



Japanese domestic housing industry etc.

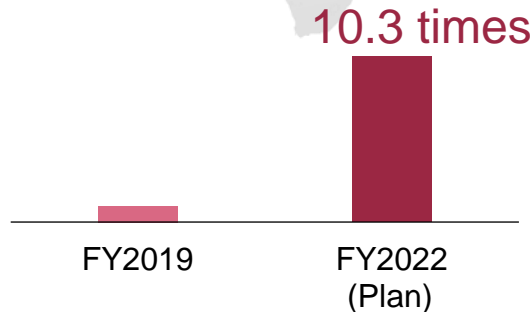


North America

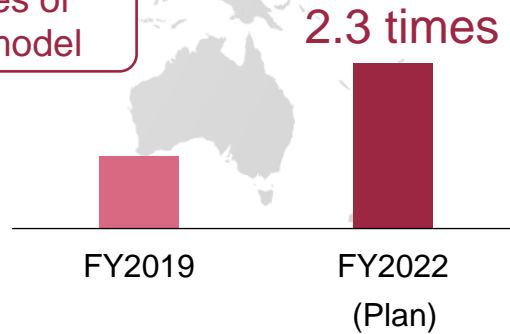


India

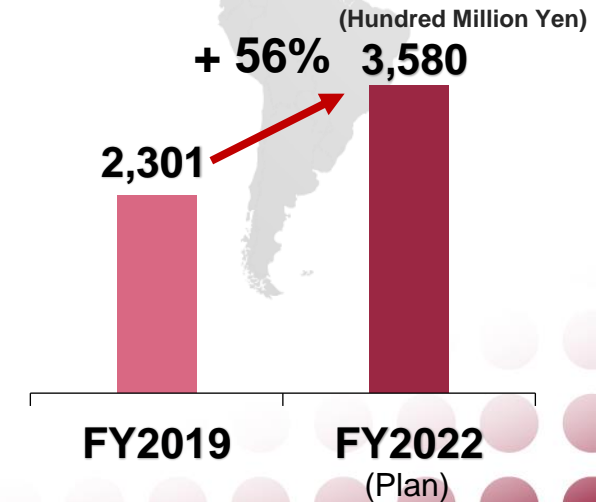
29.4 times of inverter model



ATW



Overall AC business



Most priority markets

North America

- Expand product line-up
 - VRF : large models / models for cold regions
 - Multi brand approach with the introduction of entry model
 - Replace existing PTAC* in the market with our STHP*
- Contribute to decarbonization
- Accelerate collaboration with Rheem



VRF to expand line-up

*PTAC : Packaged Terminal Air Conditioner
STHP : Split Terminal Heat Pump

India

- Plan to start local production in FY2022
 - Respond to demand growth
 - Respond to preferential policies for domestic manufacturing
 - Promote cost reduction
- Launch new inverter models
- Expansion of solution business (ABS)



Local sales store in India

Priority markets

Europe

- Promote ATW business
 - Launch new products through the alliance with Atlantic
 - Expand business outside France
- Expansion of commercial business
 - Strengthen VRF business
 - Accelerate growing collaboration with G.I.Holding
- Business restructuring to strengthen sales organization



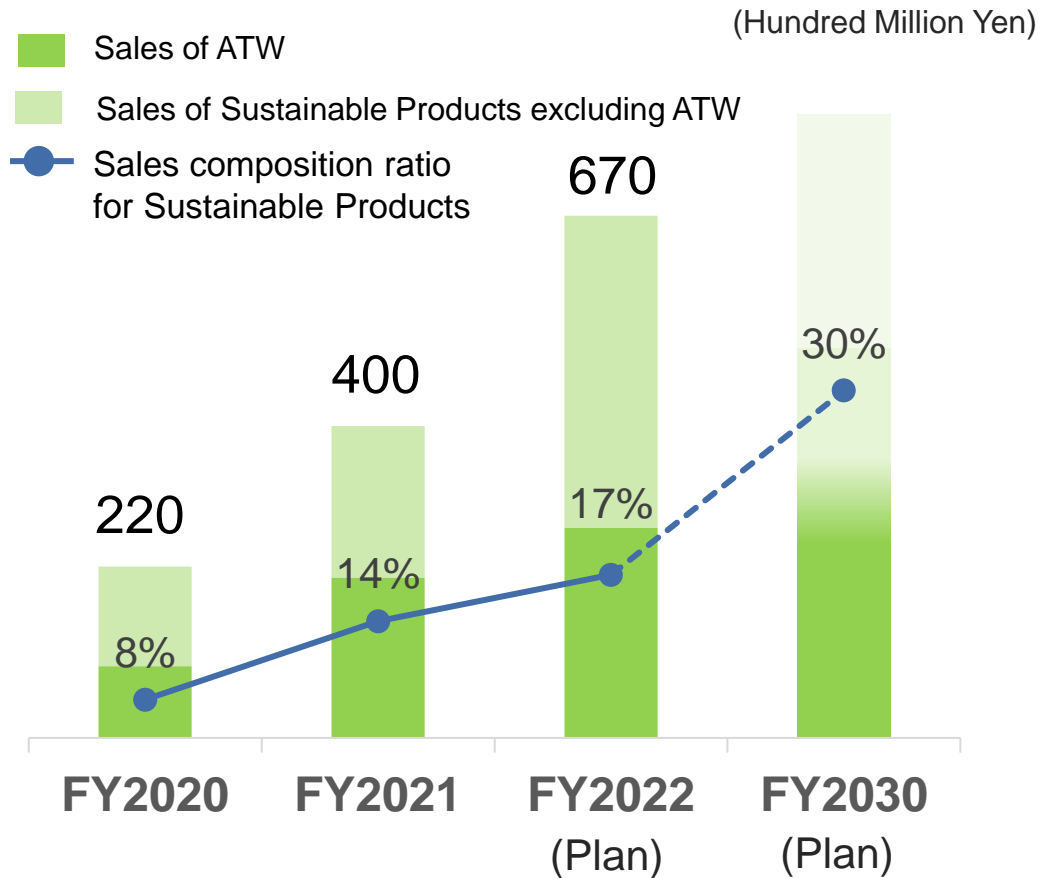
Japan

- Strengthen AC with an enhanced heating function
 - Replace oil heating equipment
 - Launched a model with the top heating capacity
- Strengthen housing industry channels
- Diversify risk of production bases
 - Shift production of some models to the Thailand factory



AC : Sales Growth

Sales plan of Sustainable Products



ATW

(Air to Water, Heat pump water heaters)

- Strong sales for government subsidies
- Reduction of CO2 emissions by approx. 50% (compared to high-efficiency gas boilers)

Expand sales for Sustainable Management

AC : Price Improvement / Cost Reduction

Improvement in operating margin

Price improvement

- Selling price increase of products is progressing as planned
- Selling price increase of products in this fiscal year will contribute to our profitability next fiscal year and beyond

Cost reduction

- Price decrease of material should impact(positive effects) next fiscal year and beyond
- Cost reductions will turn into factors of profit increases from the 2nd half of the current fiscal year
- Expecting decrease in ocean freight costs from the next fiscal year onwards



Info & Comm Syst.

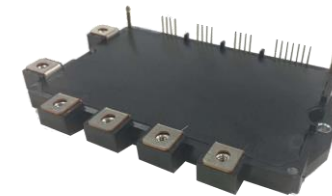
- Public systems (Fire-fighting systems, Disaster prevention systems)
 - Strengthen activities for a wide area of fire-fighting organizations
 - Develop new products for updating disaster prevention digital radio
 - Utilize abundant operating assets in disaster prevention systems
- Private sector systems
 - 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
 - New orders remain strong
- Power module business
 - Started external sales of IGBT modules
 - Receive many inquiries and plan investments to increase production
 - Promote development of next-generation modules



IGBT module

Contribute to Sustainable Management for safety, security, and energy-saving


External factors

- Increase demand for AC steadily despite concerns about economic slowdown
- Improve rising material costs, component costs and logistics disruptions

Internal factors

- Steady progress in normalization of the supply chain
- Steady progress with expansion of AC sales and price improvement as planned
- Become effective in cost reduction from the next fiscal year onwards

**➔ Aim for a good start and strong growth
in the next mid-term plan**



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