

Supplementary Material for the Financial Results

- Review by the 1st Half of FY2023
- Plan for the 2nd Half of FY2023



October 2023 | FUJITSU GENERAL LIMITED

Review by the 1st Half of FY2023

[In FY2021]

We received high volume of orders with special demand for stay-at-home under COVID-19. However, we couldn't fulfill these orders due to tight supply-demand balances of materials, disruptions in logistics, and our inadequate preparation of production after launching the 2nd factory in Thailand.

[In FY2022]

We had to continue the high level of shipments to process accumulated backlog of orders in North America and the Middle East in the 1st half. From around the 3rd Quarter, due to global changes in economic circumstances such as inflation, higher interest rates, and deteriorating real estate market conditions, the pace of new orders from distributors slowed down resulting in high level of inventory in the field by weak market conditions.

[In FY2023]

Although the sales decreased in the Middle East as expected in the original plan, we missed our expectations and fell short of the sales plan for North America which has higher profit margins.

Operating income decreased due to lower overseas sales despite progress in cost reduction, lower materials and ocean freight costs, and favorable foreign currency rates.

Air Conditioners (Japan)

We expect the sales plan to be at the same level as the PY's actual results, and we plan to achieve the plan with the following factors.

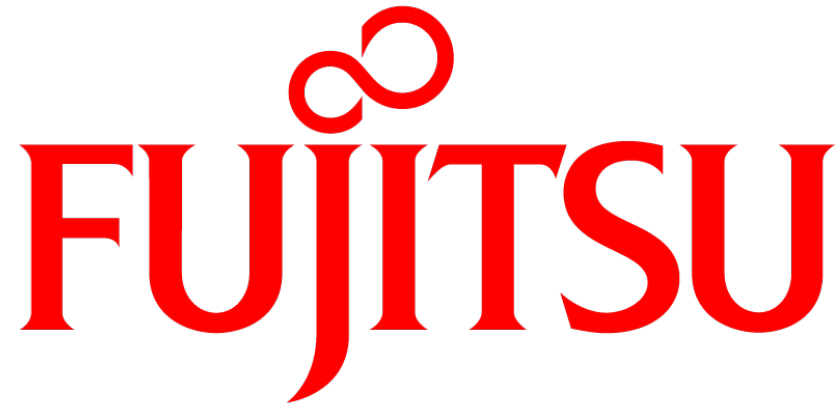
- 1) PY's sales were weak due to remained partial effects of the Shanghai lockdown.
- 2) We achieved the steady expansion in the housing industry channel.

Air Conditioners (Overseas)

1. Sales plan: -2% YoY (-7% YoY excluding foreign exchange and TCFG sales).
The plan reflected the current status of inventory in the field and sales conditions for each region.
2. Europe: Reflected the impact of the slowdown in ATW (Air to Water, heat pump water heaters) business for the plan.
3. Asia: +40% YoY is planned, excluding the effect of TCFG's consolidation, +11% YoY. Plan to increase sales with the launch of new products and promote cost reduction through local production in India.
4. Issues: How to achieve our plan in North America which is struggling with high level of inventory in the field.

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.

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