

The Process of Value Creation

Strengths of Fujitsu General

Power of "monozukuri" (manufacturing)



• World- and industry-first technologies

Global business development



• Business in more than 100 countries worldwide

Expansion of partnership



Expansion of partnership

Global production and R&D bases that bring forth innovative "monozukuri"

• Production bases 8 bases [Breakdown] Domestic: 2 Overseas: 6
• R&D bases 6 bases [Breakdown] Domestic: 1 Overseas: 5

Human capital

Human resources supporting innovative "monozukuri"
• Development of self-motivated talent
• Empowering of "monozukuri" (Technical Academy)

Intellectual capital

Power of value creation that has brought forth world- and industry-firsts since our founding

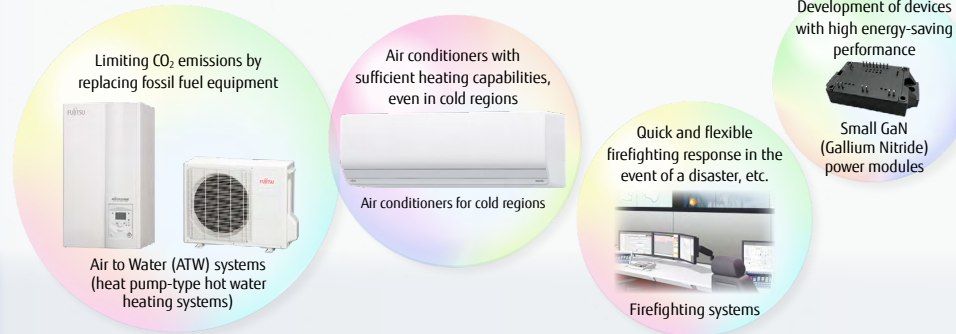
Air conditioners
• Simple-mounting cassette-type cooler (industry-first)
• Air conditioner with automatic filter cleaning function (world-first)
• Air conditioner with hybrid airflow (world-first)
Information & Communication System and Electronic Devices
• Digital fire-fighting emergency radio (SCPC method) system (Japan-first)
• Municipal Disaster Prevention Radio touchscreen console (industry-first)
...and others

Social and relationship capital

Expanding business domains by strengthening cooperation
• Good partnerships with customer companies in Japan and overseas
• Joint R&D with companies, universities ...and others

What we can do because we are Fujitsu General

Promotion of Sustainable Management



[Promoting our Core Strategic Themes]

I Expansion of Air Conditioner Business

- Strengthening of responsiveness to external environment
- Enhancement of development productivity (PLM/CAE)
- Design process innovation
- New production bases and production leveling
- Review of procurement methods
- Establishment of business model
- Innovation of development system
- Strengthening of sales activities

II Strengthening business foundations for Information & Communication System and Electronic Devices

- Information & Communication System
- Organizational response to increase in large-scale projects
- Proposals for effectively utilizing operating assets
- Challenge of new domains
- Electronic Devices
- Establishment of power module business
- Reforms for production operations

III Promotion of total cost reductions

- Standardized design and conversion to alternative materials
- Promotion of cost reductions/VE
- Strengthening of "monozukuri" (manufacturing) ...and others

IV Strengthening of ability to generate cash

- Shortening of CCC*1
- Investment for growth (includes M&A)
- Shareholder returns ...and others

[Strengthening our business foundation (Our Group as a whole)]

- Strengthening our IT foundation and promoting DX
- Investing in people
- Strengthening activities to improve brand strength

Sustainable Management

[(implementing our Corporate Philosophy and pursuing business growth strategies)]

Achieving Our Mission

-Living together for our future-

Through innovation and technology, we deliver a brighter future with the peace of mind to our customers and societies around the world.



SDGs (United Nations)

Leave No One Behind

We aim for a future in which people can continue to live enriched, peaceful lives on the planet through cooperation



*1: Stands for Cash Conversion Cycle. Refers to an indicator used to see capital efficiency.

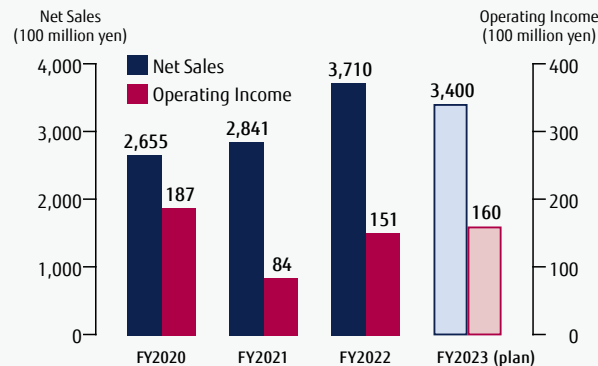
Interview with the CEO

We will execute our core strategic themes and respond to the new era in pursuit of business growth while promoting Sustainable Management.



■ Q1. Can you please tell us about the conditions through 1H FY2023 and the outlook for the full year?

In 1H FY2023, sales of air conditioners to customers in Japan recovered. However, shipments of air conditioners to overseas customers were strong in 1H FY2022, and factors such as lower demand caused by changes in consumption trends after the COVID-19 pandemic, inflation, etc., also affected performance. As a result, both sales and profits were down year on year. Market conditions are expected to remain difficult in the 2H, but over the full year, we aim to achieve our revised sales targets. We are also targeting a year-on-year increase in profits, despite a fall in sales, based on thorough measures to cut costs, reduce expenses, improve cost efficiency, and take advantage of a favorable cost environment.



*Announced October 2023

■ Q2. Can you please tell us about your initiatives to strengthen your business foundations in air conditioners?

In terms of sales, we are gradually, strengthening our sales structure and entering the solution business field by acquiring overseas distributors as subsidiaries through M&A and other means. In terms of production, we are also building a foundation for local production for local consumption. In addition to main production sites in Thailand and China, we have also begun local production in India, where the air conditioner market has rapidly expanded due to population and economic growth. In Europe, where decarbonization is progressing, we also established a joint venture for local ATW production in France.

We recently made TCFG Compressor (Thailand) Co., Ltd. ("TCFG"), which manufactures and sells compressors, a wholly owned subsidiary. As a result, we will expand the rate of in-house production of compressors, a key component of air conditioners. Our development and manufacturing departments will work together to support compressors using environmentally friendly refrigerants. Through these efforts, we will continue to develop products that contribute to reducing environmental impact. The Fujitsu General Group will strengthen the foundations of our Air Conditioner Business in the global market with upfront investment in anticipation of future prospects.



TCFG production line

□ Development of group companies for business expansion, etc.

December 2018	Made PAG Pty Limited (Australia/maintenance) into our subsidiary
December 2018	Made ABS Aircon Engineers Private Limited (India/design, installation, and maintenance) into our subsidiary
January 2019	Made F.G. Europe Italia S.p.A. (sales distributor) into our subsidiary
January 2020	Began direct sales of room air conditioners in India
December 2022	Established FG AHP (France/ATW manufacturing), a joint venture for local ATW production
December 2022	Began local production of room air conditioners in India
April 2023	Made Kløver Vest Holdings AS (Norway/sales distributor) into our subsidiary
May 2023	Made FG South East Europe SA (Greece/sales distributor) into our subsidiary
July 2023	Made TCFG (Thailand/manufacturing) a wholly owned subsidiary

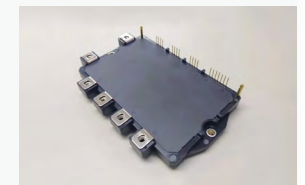
■ Q3. How were the Information & Communication System and Electronic Devices Businesses?

Firefighting business of mainstay in Information & Communication Systems, we have begun full-fledged operation of our shared and wide-area businesses. At the same time, the future expansion of this business appears certain, based on our utilization of emergency disaster prevention and mitigation project bonds. To secure future orders, we will strengthen product competitiveness by improving system performance and functions, and also develop next-generation digital firefighting radio systems.



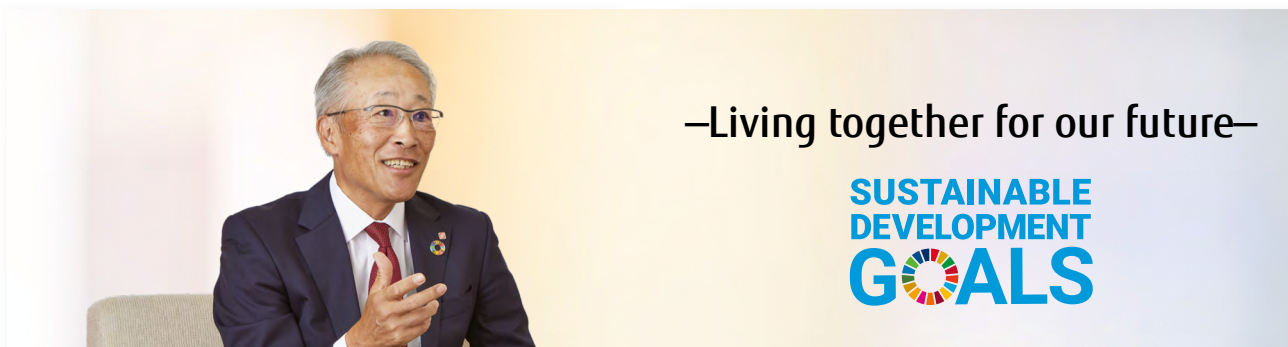
Firefighting command system

We are moving forward in Electronic Devices, with the full-scale commercialization of our power module business, which is envisioned to become our future core business. In addition to installing new production lines, we will significantly expand the use of these modules in our own air conditioners. In this way, we are making progress on the shift to the in-house production of air conditioner components, and we plan to expand synergies between business divisions.



IGBT modules

Interview with the CEO (cont.)



■ Q4. Can you explain again about the characteristics of Sustainable Management promoted by Fujitsu General?

In the Fujitsu General Group, our core business is directly connected to the realization of a sustainable society. The more we strengthen our core business, the more we can contribute to a sustainable society. This significantly defines an Air Conditioner, Information & Communication System, and Electronic Devices businesses. Using energy-efficient air conditioners and air conditioners that can replace fossil fuel equipment will reduce global carbon dioxide emissions and curb global warming. Our Group's corporate philosophy, "Our Mission—Living together for our future—," aims to solve social issues through our core business, such as minimizing our impact on climate change through innovation and technology. We have responsibilities to provide an environment in which our children, who will lead the next generation, and the generations to come, can live well. Promoting Sustainable Management based on the three pillars of "1. Harmonious Coexistence with Our Planet," "2. Social Contribution," and "3. Care for Employees" is a process of fulfilling our "Contract with the future," so to speak.

- Harmonious Coexistence with Our Planet:**
Contribute to global warming mitigation, Contribute to a circular society
- Social Contribution:**
Creating innovation for solving social issues, creating a comfortable, clean, and safe society and providing space, fostering the next generation of human resources, communicating with local communities, and preserving the global environment
- Care for Employees:**
Strengthen promotion of health and productivity management, ensure flexible workstyles that allow diverse human resources to play an active role, support voluntary career development and learning



■ Q5. Can you please tell us about the newly formulated "Medium- to Long-term Environmental Targets"?

In light of the recommendations at the UN COP27, Japanese government targets, and recent social trends, we have set a new long-term target of achieving carbon neutrality across our entire value chain (Scope 1, 2, and 3) by FY2050. At the same time, we have also revised our medium-term targets, setting a target of reducing greenhouse gas emissions by FY2035 across the value chain as a whole by 55% (compared with FY2021).

Regarding Scope 2 emissions, we have already effectively converted all electric power used for business activities across the entire Group to renewable energy. In the future, we will continue actively implementing various initiatives as we set ambitious targets.



Solar panels installed at our Hamamatsu Business Office

All employees share targets to be achieved over the medium to long term, and we aim to balance the reduction of our environmental impact and the enhancement of corporate value while contributing to achieving the Sustainable Development Goals (SDGs).

FY	Target of initiatives
FY2022 [Achieved]	Switched all electricity used in our business activities across the entire Group to renewable energy
FY2035 [Target]	Reduce greenhouse gas emissions by 55% across the value chain as a whole (compared with FY2021)
FY2050 [Target]	Achieve virtually "Net Zero" greenhouse gas emissions across the value chain as a whole (carbon neutrality)