

Growth Strategy



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Business Overview

Consolidated net sales*1 **2,841** hundred million yen
 Operating income*2 **84** hundred million yen

Operating income ratio **3.0 %**

Air Conditioner



2,524 hundred million yen
 (8.3% increase vs. FY2020)
 (Composition: 88.8%)

52 hundred million yen
 (63.2% decrease vs. FY2020)

2.0 %

Air Conditioner Business "Delivering life-refreshing air"

Air is always around us. Fujitsu General offers air conditioners designed to make room air clean and refreshing and bring ultimate comfort to customers anytime anywhere.



Information & Communication System and Electronic Devices



Fire-fighting systems

293 hundred million yen
 (3.6% decrease vs. FY2020)
 (Composition: 10.3%)

21 hundred million yen
 (46.3% decrease vs. FY2020)

7.4 %

Information & Communication System Business "Creating a secure and safe future together"

Communication device business has continued since our founding. Fujitsu General's information & communication system business will continue to deliver safety and security for our future society.



POS system for restaurants

Handheld radio communication device



GaN module

Electronics Devices Business "World-class advanced technology and design capability"

We deliver precise and highly accurate quality and reliability.



Industrial 5-Phase Stepping Motor Driven Substrate

IPM

*1 Including net sales of 2.4 billion yen (1% of total) in Other segment
 *2 Including operating income of 1.1 billion yen in Other segment

Air Conditioner Business

Business Highlights



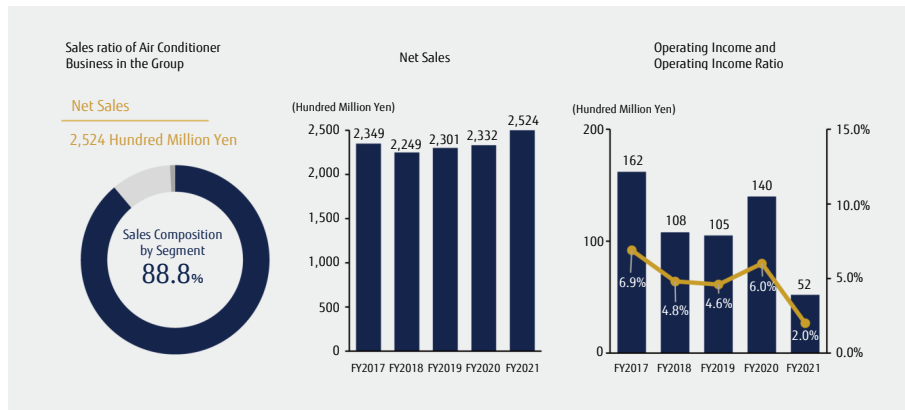
Demand for air conditioners, that are the core business of Fujitsu General Group, is expanding worldwide as sustainable products in addition to creating a comfortable environment. We will strive to further develop our business by creating new value through our products and services by addressing replacing products with high environmental impact by improving energy efficiency impact and developing solution businesses.

Director & Corporate Executive Vice President
 In charge of Air Conditioner and Quality Assurance
 Executive Manager, Air Conditioner Business Group
 General Manager, Air Conditioner Products Planning Division
 President, Fujitsu General (Thailand) Co., Ltd.
 President and Representative Director, Aero Shield Co., Ltd.

Tadashi Hasegawa

FY2021 Performance

In the Air Conditioner segment, sales in Japan declined due to unseasonable summer weather and other factors, but overseas sales increased, especially in our priority markets of North America, India, and Europe, resulting in net sales of 252,453 million yen (up 8.3% from the previous fiscal year). Operating income was 5,152 million yen (down 63.2% year on year) due to the significant impact of soaring prices of materials and parts, ocean freight rates, and the appreciation of the currency of the country of production, despite the effects of increased sales volume and improved selling prices to overseas customers.



■ Overseas

Net sales totaled 199,189 million yen (up 16.4% year on year).

In the North American region, sales of room air conditioners with excellent energy-saving performance increased in North America as demand remained strong due to favorable weather and rising demand for home use, and sales of VRF (multi-function air conditioners for building use) also grew. In addition, we have expanded sales by enhancing our product lineup, including models for cold regions, and by strengthening our sales network in the southern states of the U.S.

In Europe, sales of room air conditioners increased due to a recovery of markets in southern Europe, and sales of ATW (heat pump type water heating systems) also increased due to a significant growth in sales under the subsidy policies aimed at reducing environmental impact. To further expand sales of ATW, for which demand is expected to grow in the future, we are strengthening our sales network and developing new products that are easy to install.

In the Middle East and Africa, sales increased due to a recovery of some markets, increased sales in the first half of the year accompanying the postponement of shipments from FY2021, and the delivery of projects.

In Oceania, although service and maintenance operations are on a recovery trend, sales decreased due to a decline in shipments of room air conditioners as a result of a production impact caused by parts shortages and other factors.

In Asia, sales of room air conditioners grew faster than the market due to a recovery of the Indian market, our main market, as well as the effects of lineup expansion and other measures. In the solutions business, orders were strong and sales increased due to the expansion of sales bases. Toward further sales expansion in India, we will strengthen our sales network by increasing the number of specialty stores, and plan to start local production in 2022.

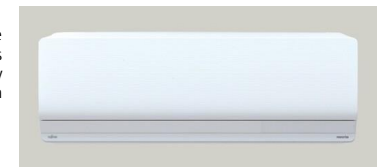
In Greater China, sales of room air conditioners exceeded FY2021, but sales declined due to a drop in sales of the large-scale VRF project.



Variable refrigerant flow (VRF) multi-split type air conditioners for buildings "AIRSTAGETM" series

■ Domestic

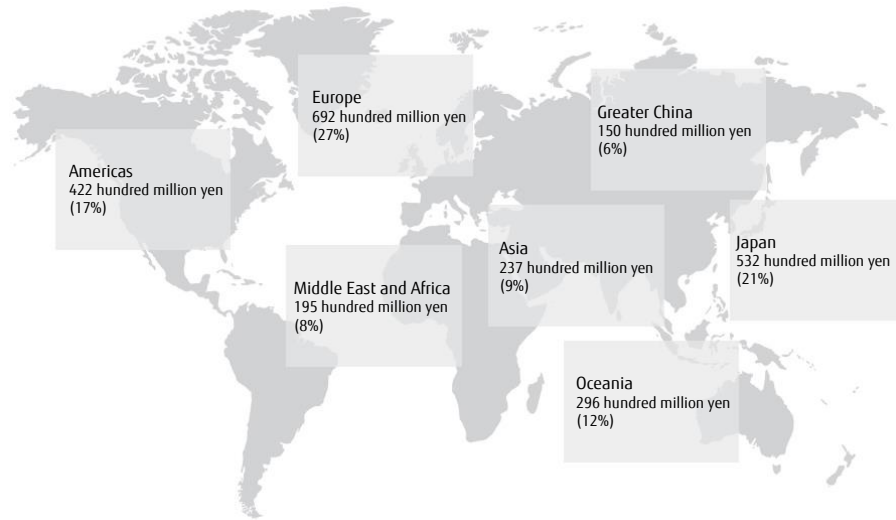
Net sales totaled 53,264 million yen (down 14.2% year on year). Sales to the residential equipment channel were steady, but the mass retailer channel sales declined due to unfavorable summer weather, the impact of a selling price policy emphasizing profitability mainly in the popular price range, and a decrease in production of some models accompanying shortages of parts.



"nocria" Z Series

Air Conditioner Business

Net Sales and Composition of Air Conditioner Business by Region (FY2021)



Future Initiatives in Air Conditioner Business



Risks in air conditioner business

Impact of COVID-19	<ul style="list-style-type: none"> ● Lockdown in the selling countries ● Shutdown of production plants and component manufacturers
Action against climate change	<ul style="list-style-type: none"> ● Reinforcement of various regulations (refrigerant and energy-saving) ● Natural disasters and tight power supply and demand
Supply chain	<ul style="list-style-type: none"> ● Concerns about supply of electronic components and materials ● Soaring costs for materials, parts and logistics

Our Actions

■ Strengthening product competitiveness

In addition to further improving energy efficiency and comfort, and complying with environmental regulations, we are developing products that utilize AI and the IoT, and entering new businesses to provide products that help reduce greenhouse gas emissions and solve social issues.

In Japan, in response to the increasing demand for air conditioning in the summer in cold regions, in November 2021 we launched the nocria ZN series of air conditioners for cold regions, featuring industry-leading high heating capacity, heating sterilization of the heat exchanger, and a smartphone-linking function via wireless LAN, and the DN Series, featuring superior ease of installation. In addition, Aeroshield for ambulances was launched in February 2022 through joint development with Aeroshield Co., Ltd., a UV irradiation device manufacturer that became our subsidiary in March 2021, and we will proactively promote our business in the cleanliness and sterilization field as well.

Overseas, we have launched the "AIRSTAGE" J and V series of commercial air conditioners, which are space-saving and easy to install, developed in-house, and have entered into a joint venture with Rheem (U.S.) on unitary air conditioners, Atlantic (France) on air-to-water (ATW) heat pump systems, and G. I. Holding (Italy) in the field of air handling units (AHU) and chillers, gradually expanding our lineup of highly energy-saving heat pump products.

In addition, we will continue to expand into the service business field, such as air conditioning equipment design, installation and maintenance, through M&A and other ways.

■ Strengthening development and production structures

We are working to strengthen our development and production structures in order to increase the competitiveness of our products and respond to growing demand.

In addition to the Innovation & Communication Center in the Kawasaki Headquarters, which was completed in June 2019, we are creating new value by strengthening our development structure by increasing the number of technical facilities and engineers at our technology bases in Thailand and China, and by proactively utilizing external resources to respond to new technologies such as AI and the IoT. In addition, we will increase production capacity by expanding assembly lines and processing facilities at our plants in Thailand and China, and will promote the use of IoT, automation, and labor saving to improve production efficiency. We will also promote the development of new production bases in Europe, India, and other regions to avoid the risk of exchange rate fluctuations and tariff hikes.

Opportunities in air conditioner business

Impact of COVID-19	<ul style="list-style-type: none"> ● Increased demand for indoor air quality (IAQ) products will lead to greater demand for related products. ● Expansion of demand due to the stay-at-home trend
Action against climate change	<ul style="list-style-type: none"> ● Expansion of business for "Sustainable Product"^{*1} ● Expansion of demand for heat pump equipment
Supply chain	<ul style="list-style-type: none"> ● Cost reduction through design process innovation (standardization, multi-functioning, new technology) ● Production in the country of sale (India, Europe)

^{*1} Internal certificate system that designates the Group's strategic products and services that are expected to solve social issues and contribute to a sustainable society as *Sustainable Product*.

Information & Communication System and Electronic Devices Businesses

Business Highlights

Information & Communication System Business



The Information & Communication System segment carries out business activities under the policy of "Creating a secure and safe future together," in order to deliver a future where people can live with peace of mind. For the public sector business, we aim to provide systems that continue to grow by utilizing the latest technology and infrastructure to help residents escape various dangers through disaster prevention and firefighting systems. In the private sector business, we are working with food service companies to create systems that contribute to the smiles and well-being of our customers. To realize these goals, many engineers are trained to take the lead in the future. Especially in an environment where it is difficult to envision a bright future, we will take on the challenge of creating the future with a positive attitude.

Director & Corporate First Senior Vice President
 In charge of Information & Communication System
 Executive Manager, Office of Information & Communication System
 President and Representative Director, Fujitsu General OS Technology Limited.

Masaki Sugiyama

Electronic Devices Business



The Electronic Devices segment promotes development of new products that are highly valuable to society. The power semiconductor module business, leveraging the core technologies of our business units, is at the center of this effort, strengthening the development and sales of next-generation power modules, including IPMs. For IPMs, we will begin mass production for other companies in FY2022, starting with their installation in VRFs being developed by the Air Conditioner Division. Furthermore, as for the next-generation power modules, we plan to deliver products that combine energy efficiency and high power output to our customers as soon as possible. We are also introducing new equipment to expand our existing EMS business*, and will continue to provide products and services that will satisfy our customers.

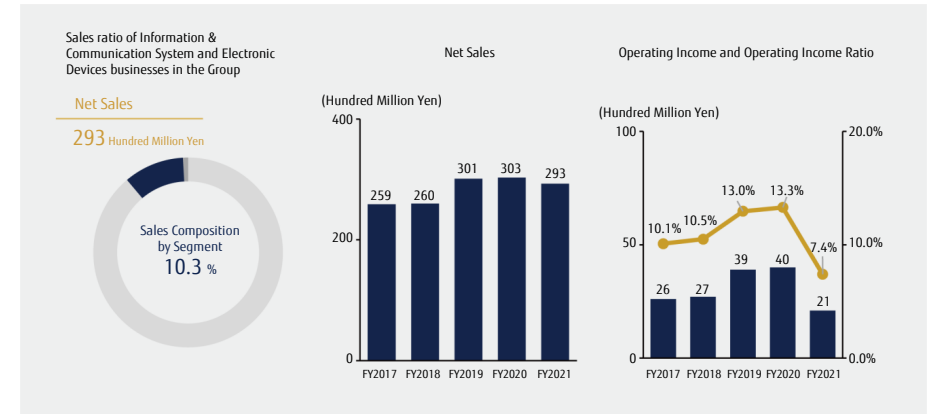
Corporate Senior Vice President
 President and Representative Director, Fujitsu General Electronics Ltd.
 In charge of Electronic Devices
 General Manager, Electronic Devices & Components Division
 President, Fujitsu General Electronics (Suzhou) Co., Ltd.

Masashi Okada

*1 An abbreviation for Electronics Manufacturing Service, a contract manufacturing business of electronic devices.

FY2021 Performance

For the Information & Communication System and Electronic Devices segments, sales increased in Electronic Devices; however, due to a decline in sales of Information & Communication System, net sales were 29,214 million yen (down 3.6% year on year) and operating income was 2,170 million yen (down 46.3% year on year).



■ Information & Communication System

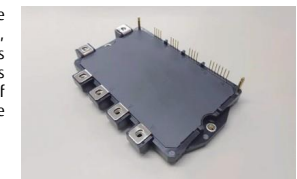
Net sales totaled 15,679 million yen (down 20.8% year on year). In the Public Sector Systems, sales declined due to a decrease in the number of projects for the delivery of disaster-prevention systems as the round of digitization business negotiations has run its course. In the Private Sector Systems, storefront systems for the food service industry continued to face difficult conditions, but we are working to expand business in new areas such as the human resources business and BPO services.



Disaster-prevention systems

■ Electronic Devices

Net sales totaled 13,534 million yen (up 29.0% year on year). Although sales of in-vehicle cameras were lower than in FY2021 due to automobile production cutbacks and other factors, sales increased in the manufacture of electronic components and units, for industrial robots due to higher sales on the back of increased capital investment demand. In addition, mass production of power modules, which contribute to miniaturization and higher efficiency of electronics products, began in January 2022 for the Company's VRF, and we will promote external sales in the future.



IPM

Information & Communication System and Electronic Devices Businesses

Future Initiatives in Information & Communication System Business



Fire-fighting systems

Risks and opportunities in Information & Communication System Business

Risks	<ul style="list-style-type: none"> ● Entry of competitors using diverse communication infrastructures in disaster-prevention systems ● Changes in the Fire-fighting systems market due to the wide-area expansion of firefighting organizations ● Prolonged stagnation in the food service industry market under the impact of COVID-19
Opportunities	<ul style="list-style-type: none"> ● Expansion of disaster prevention and mitigation infrastructure by local governments in response to the recent spate of natural disasters, and replacement demand for firefighting and disaster-prevention digital radio systems ● Increasing need for systems that avoid the 3 C's (closed spaces, crowded places, close contact) in the food service industry and medical institutions to prevent the spread of COVID-19 ● Expectations for outsourcing services to solve labor shortages in the private sector business

In the Information & Communication System business, Fire-fighting and disaster-prevention systems are expected to make progress in upgrading and expanding their functions in response to the need to strengthen their ability to cope with frequent natural disasters and an aging society. In response to these demands, we will contribute to the safety and security of residents by providing systems aimed at creating an infrastructure for disaster prevention and mitigation. Private sector system business has been affected by a market slowdown due to the prolonged COVID-19 pandemic. However, the need for systems that avoid the 3 C's (closed spaces, crowded places, close contact) for infection prevention and the need for outsourcing services, especially in the food service industry due to the recent shortage of labor, is expected to expand further.

■ Public business

By improving the functionality of our systems in response to changing market demands and engaging in sales activities that are closely aligned with our customers, we are working to enhance trust and promote our business to win orders.

Fire-fighting systems

- Strengthen activities for a wide area of fire-fighting organizations
- Develop new products for updating disaster prevention digital radio

Disaster-prevention system

- Utilize abundant operating assets in disaster-prevention systems
- Providing innovative products through advanced systems

■ Private sector systems

We are expanding to offer mobile online services, such as a take-out system for the food service industry and a waiting-list system for medical institutions using cell phones and smartphones.

Distribution business

- Strive to cultivate take-out business and acquire new customers

Medical care business

- Expand non-contact solutions and service areas

BPO services

- Providing support services for work style reforms that lead to improved productivity for our customers

Human resources business

- Pioneering cutting-edge technology fields such as DX, AI, and cloud services
- Secure human resources in line with diverse customer needs



Municipal disaster-prevention digital radio system



Smartphone ordering system

Future Initiatives in Electronic Devices Business



GaN module

Risks and opportunities in Electronic Devices Business

Risks	<ul style="list-style-type: none"> ● Soaring prices of materials and components due to changes in the global environment, as well as prolonged difficulty in obtaining parts ● Direct impact on business due to overconcentration on specific customers ● Soaring labor costs due to a shrinking worker population
Opportunities	<ul style="list-style-type: none"> ● Expanding market for robot demand and automation due to declining workforce ● Adoption of power modules in the motor field, increasing market needs due to the shift to EVs in automobiles ● Accelerating demand for energy-saving electric products in line with the shift to green energy toward carbon neutrality

In the Electronic Devices segment, we are leveraging our strengths in power supplies and motor drive circuit technology to develop our business with a focus on the manufacture of substrates and units for industrial robots. Capital investment in robots is strong worldwide for the purpose of improving stability and productivity, and the market is expected to steadily expand from industrial use to retail and medical use. We have newly positioned power modules used in power supplies as a pillar of our business and are working to expand our product lineup and mass production system. We will continue to develop products with the keywords of energy saving, resource saving, and high efficiency toward the early realization of a carbon-neutral society.

■ Power module

Promoting product development and capacity enhancement of production lines

- IPM: Expansion of models with IPM for air conditioners and start of external sales
- GaN modules: Build a track record in each field and application
- SiC modules: Start considering IPM replacement

New development of next-generation modules

- Collaboration with the Air Conditioner Division for the development of next-generation modules
- Ultra-low loss and ultra-compact products with a strong focus on energy-saving performance

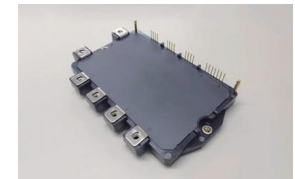
■ Electronic parts and semi-assembled components

Unit manufacturing business

- Establish supply chain management to strengthen parts procurement capabilities
- Acquisition of power module projects and early orders by Fujitsu General Electronics (Suzhou) Co, Ltd.

Realization of unified quality through automation and centralized control

- Enhance quality control and productivity through automation



IPM



Power factor improvement active filter module (ACT module)