

**Panasonic**

# Progress in Medium- to Long-term Strategy

June 2, 2023

Masahiro Shinada , CEO  
Panasonic Corporation

Notes: 1. This is an English translation from the original presentation in Japanese.  
2. In this presentation, “Fiscal 2024” or “FY3/24” refers to the year ending March 31, 2024.

# Overall Structure of Today's Presentation

Describing our focus on the progress of priority businesses  
in the second year of the medium term strategy

## This presentation

<b>1</b>	<b>Lifestyle Progress in medium- to long-term strategy</b>	<b>Masahiro Shinada, CEO, Panasonic Corporation</b>	
<b>2</b>	<b>Progress of the priority businesses</b>	<b>HVAC system</b>	<b>Masaharu Michiura, President, Heating &amp; Ventilation A/C Company</b>
		<b>Overseas electrical construction materials</b>	<b>Kiyoshi Otaki, President, Electric Works Company</b>
		<b>Energy solutions (Hydrogen-related business)</b>	<b>Mitsutoshi Shigeta, Chief Green Transformation Officer</b>
		<b>Home appliances in Japan</b>	<b>Michikazu Matsushita, President, Living Appliances and Solutions Company</b>

# Structure of This Presentation

<b>2030 target vision</b>	To Achieve Our Target Vision for 2030	Positioning of the medium- to long-term portfolio and seven priority businesses	Realizing Panasonic Green Impact
<b>Progress in medium- to long-term strategy</b>	Most important themes for three-years medium term and KGI (reshown)	To achieve the medium-term KGIs	
	<b>1. FY3/23 progress</b>	FY3/23 EBITDA results	FY3/23 Progress of the most important themes
	<b>2. Seven priority businesses</b>	HVAC System	Overseas electrical construction materials
		Future Vision for BtoC Business	Home appliances in Japan
	<b>3. FY3/24 forecast</b>	FY3/24 EBITDA forecast	
<b>4. Investment and allocation</b>	Update medium-term investment	Cash flow allocation for seven priority businesses	To Achieve the Medium-term KGIs
<b>IR schedule</b>	Implementation of IR activities for management		

# Defined Mission and Vision as Panasonic's Purpose of Existence

## MISSION

**Life tech & ideas**

**For the wellbeing of people, society and the planet.**

## VISION

**We are the best partner of your life  
with human centric technology and innovation.**

# To Achieve Our Target Vision for 2030

The best partner that balances  
 Maintain and improve well-being and Solving social and global issues  
 (Well-being) (Sustainability)

## Value

### Society

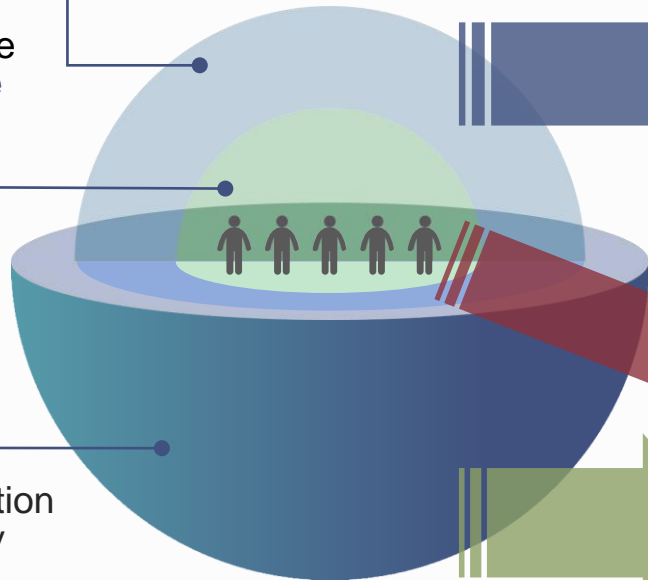
Providing safe and secure Lifestyle Infrastructure

### People

Improving the Quality of Life for each person

### Planet

Contributing to decarbonization and the circular economy



## Necessary businesses to realize our target vision

B2B business	■ (1)HVAC system	New areas, new businesses
	■ (2)Overseas electrical construction materials ■ (5)Electrical construction materials in Japan	
	■ (3)Energy solutions (incl. hydrogen business)	
	■ (4)CO <sub>2</sub> refrigeration system ■ (6)Display cases	
B2C business	■ (7)Home appliances in Japan ■ Home appliances in China, Asia, other regions ■ Age-free services (elderly-care) ■ Electric bicycles, etc.	

Each business achieving well-being and sustainability

### Life tech& ideas

People-oriented technology and value proposing capabilities

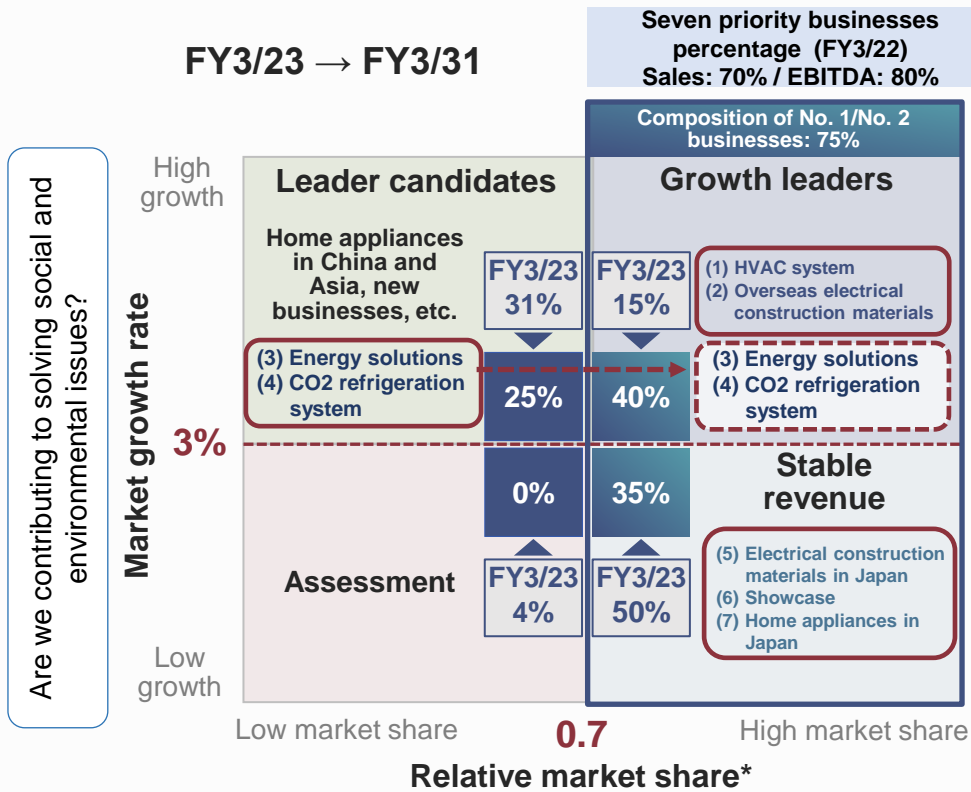
### Panasonic Brand

Trust and Foresight

# Positioning of the Medium- to Long-term Portfolio and Seven Priority Businesses

Priority investment for business growth e.g., HVAC system, overseas electrical construction materials

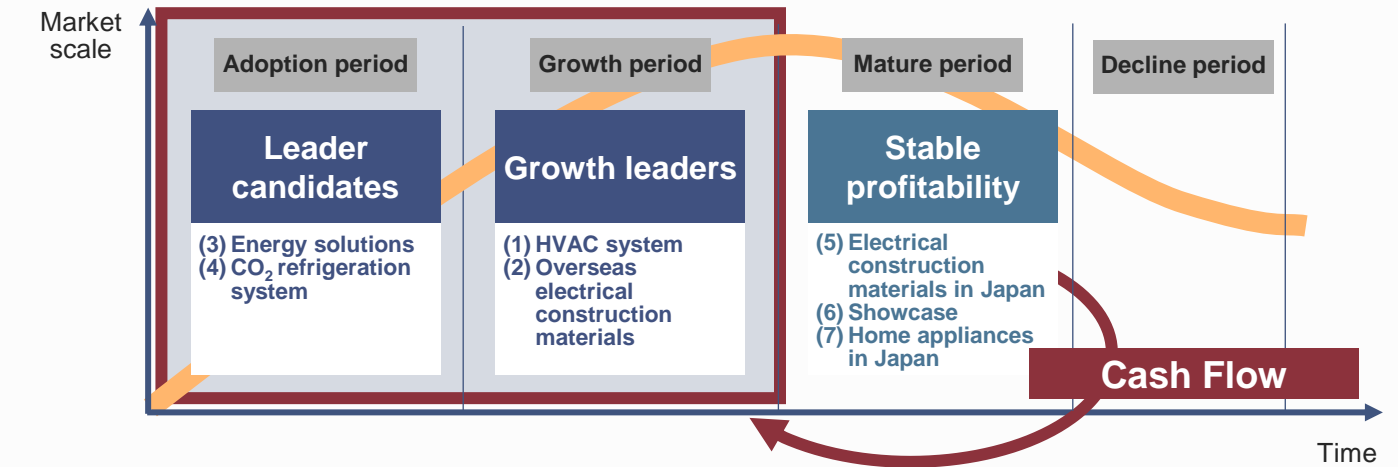
## Medium- to long-term portfolio transformation



Are we contributing to solving social and environmental issues?  
 Are we contributing to maintaining and improving wellbeing for people's lives?  
 (Are we being chosen by customers?)

\*Relative market share > 0.7: First or second place share

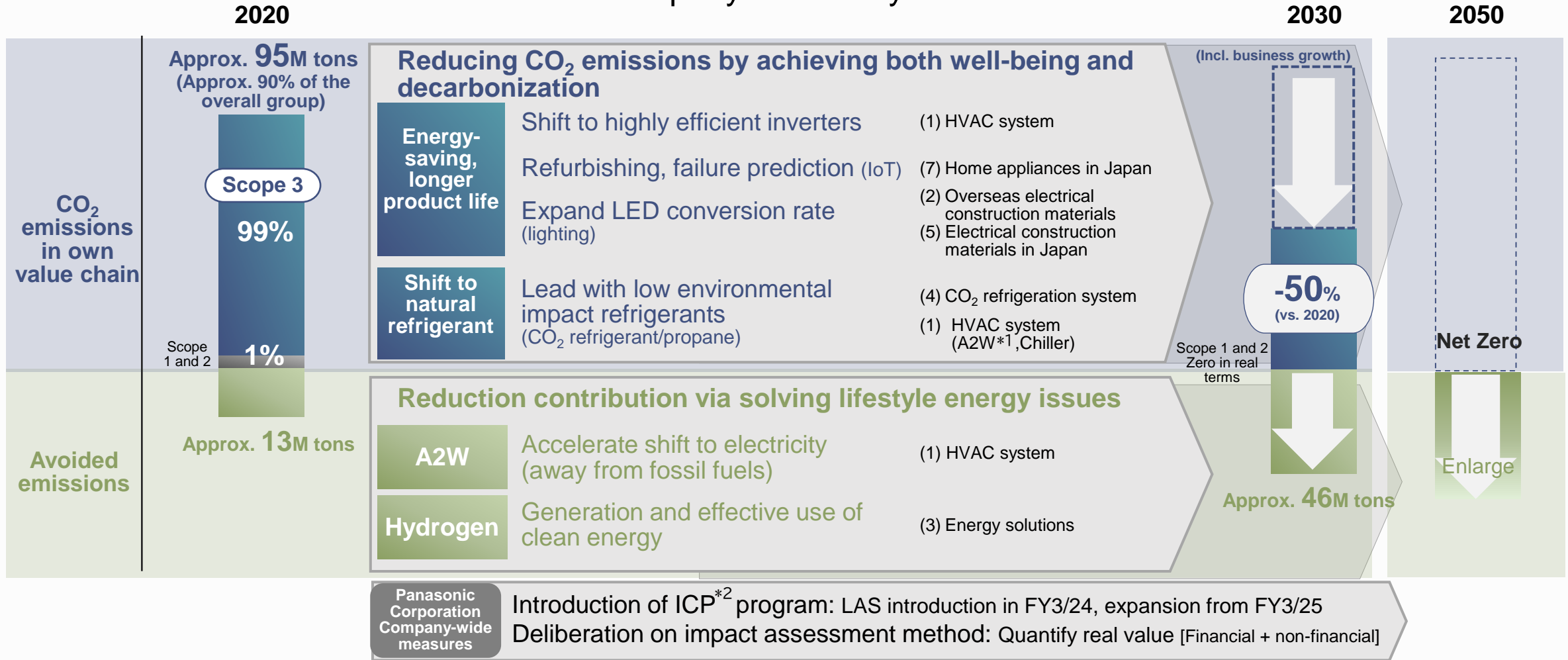
## Stages and investment approach for seven priority businesses



Basic strategy	Advance investment to take the lead in launching the market	Expand increased sales and profit via priority investments in growth areas	Raise revenue via added value investment and operational reform
Investment	Investment CF ≥ operating CF		Investment CF < operating CF
KPI	Top-line growth (Market growth or higher)		Profitability (improve the EBITDA rate)
financial discipline	Monitoring by ROIC ≥ Capital Cost		

# Realizing Panasonic Green Impact

Achieve Green Impact with growth of the seven priority businesses, become a company chosen by our customers



\*1 A2W: Air To Water Heat Pump

\*2 ICP: Internal Carbon Pricing



# (Reshown) Most Important Themes for Three-years Medium Term and KGI

**Most important themes for three-years medium term**

- 1 Profit growth in the seven priority businesses**
  - Seven priority businesses: Preparing for long-term growth and realizing profit growth
  - Strategic capital allocation
- 2 Company-wide operational reforms**
  - Strengthening cost capability of direct materials
  - Communicate product value of home appliances correctly with Japanese market
- 3 Implementation of ESG/IR into management strategies**
  - Strengthen competitiveness through environmental (E), social (S) and governance (G) measures
  - Enhance disclosure and strengthen communication loops



**FY3/2025 KGI**

**[Most important KGI] EBITDA**

Enhance cash flow generation while investing for growth

**350.0 billion yen (10%)**

**ROIC**

Ensure discipline in investment efficiency, exceed capital costs

**10% or more**

**Three-year cumulative operating cash flow**

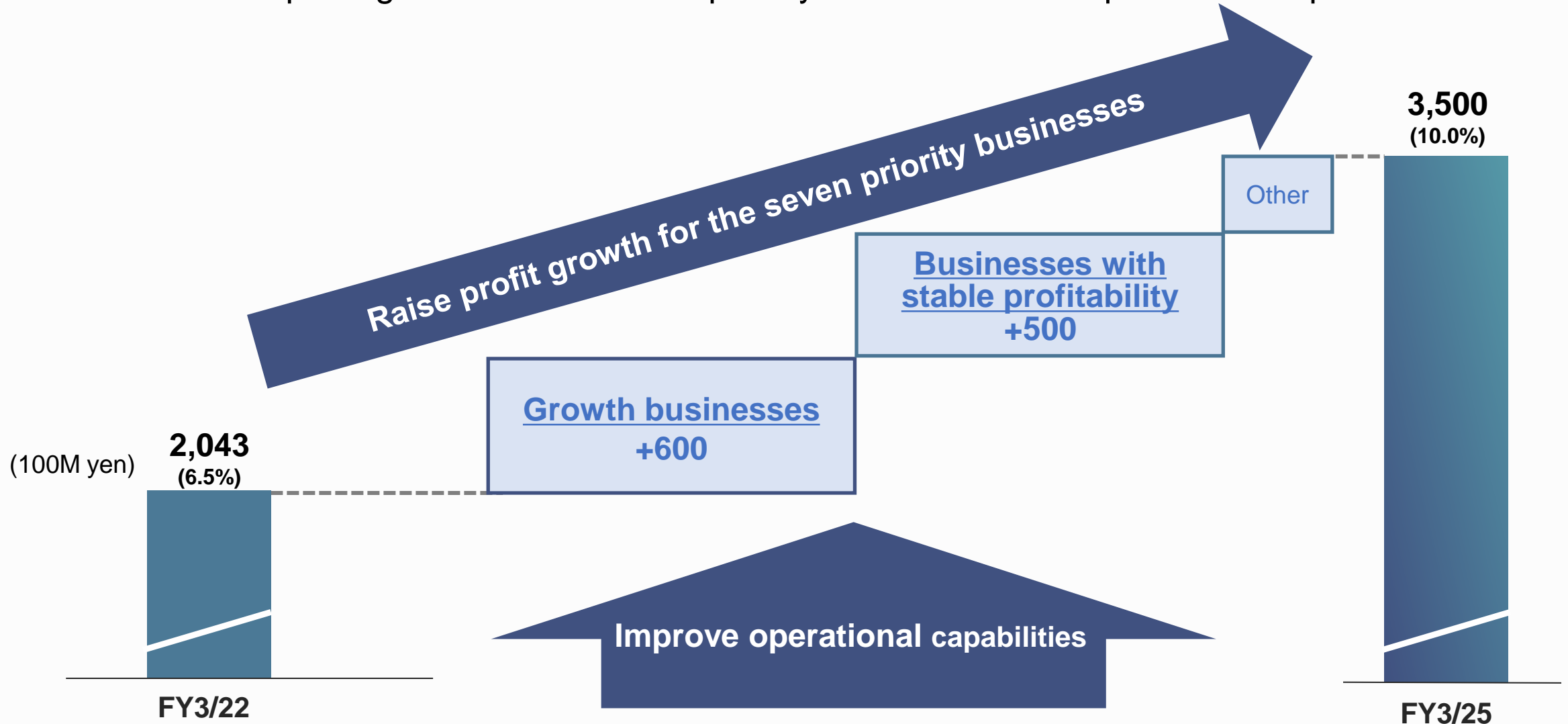
Secure operating cash flow to serve as a foundation for investment for growth

**660.0 billion yen**



# To Achieve the Medium-term KGIs

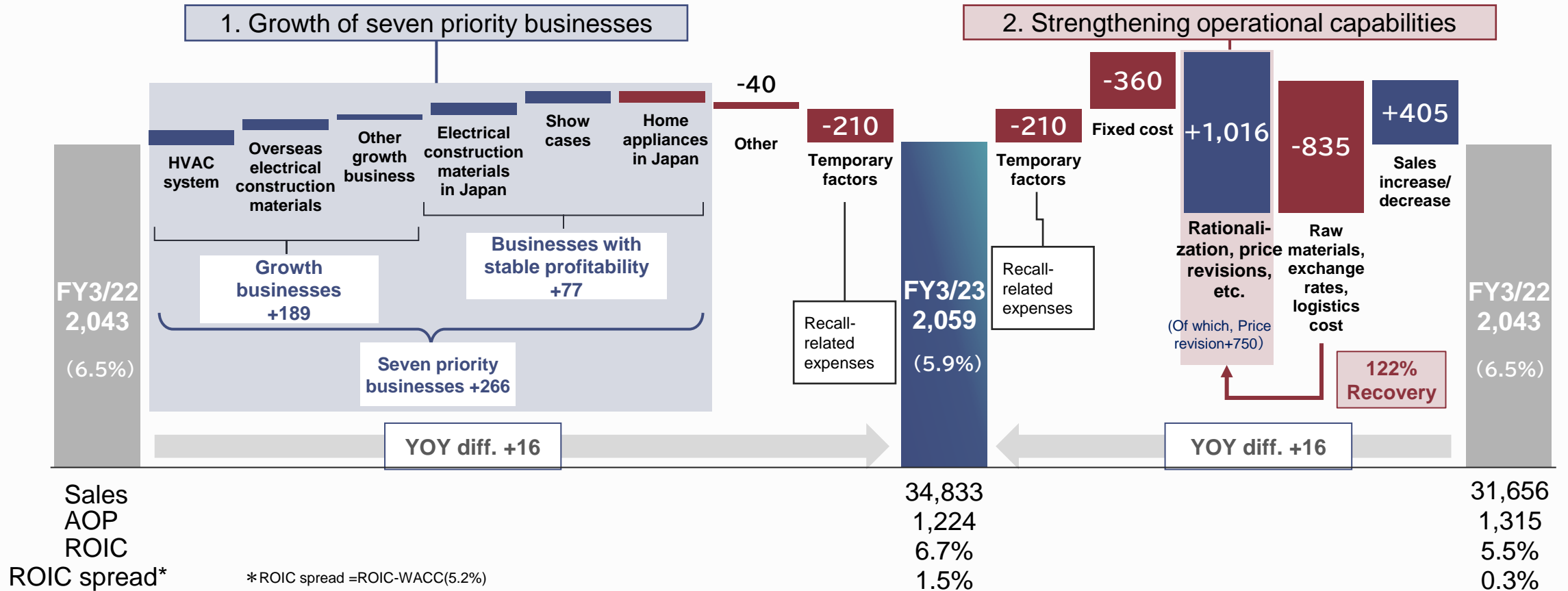
Raise profit growth for the seven priority businesses and operational capabilities



# FY3/23 EBITDA Results

Driven by growth businesses e.g., HVAC system, overseas electrical construction materials

Countered for the worsening external environment with price revisions, etc.



# FY3/23 Progress of Most Important Themes

Steady progress of growth businesses, project rollout to accelerate operational capability enhancement (100M yen)

Most important themes for the three-years medium term			EBITDA progress		Key points of FY3/23	
			Medium-term targets	FY3/23		
1	Profit growth in the seven priority businesses	Growth leaders	1 HVAC system	+600	+189	Profit increase: Profit expanded by accelerated growth of A2W in Europe
			2 Overseas electrical construction materials			Profit increase: Major growth of priority 3 countries with performance above the plan
		Leader candidates	3 Energy solutions			Profit increase: Enhanced salability of hydrogen fuel cells, preparations for 3-battery coordination solutions
			4 CO <sub>2</sub> refrigeration system			Profit increase: Developed production structure for increased production, technology transfer to Hussmann
	Stable profitability	5 Electrical construction materials in Japan	+500	+77	Profit increase: Increased profit via price revision effect and solving product supply issues	
		6 Show cases			Profit increase: Demand is recovering and price revisions occurring in North America. Recovered market share in Japan	
		7 Home appliances in Japan			Profit decrease: Responded to worsening environment but profit decreased due to Shanghai lockdown and reduced actual demand in the second half	
Total			+1,100	+266		
2	Strengthen operation capabilities	Price revision	+500	+705	Promoted price revisions following the raw material price hikes	
		Cost structure reforms, etc. (Strengthening cost capability of direct materials)	+800 (+250)	+311 (+80)	Rationalization via revising suppliers, centralized contract for key devices, etc.	
		Total	+1,300	+1,016		
3	Medium-term investment	Investment progress			1/3 progress of the medium-term strategy, Investment decision for current medium-term strategy (after 1st year) equivalent to half of that for previous medium-term strategy	
		3,650	1,263			

# HVAC System

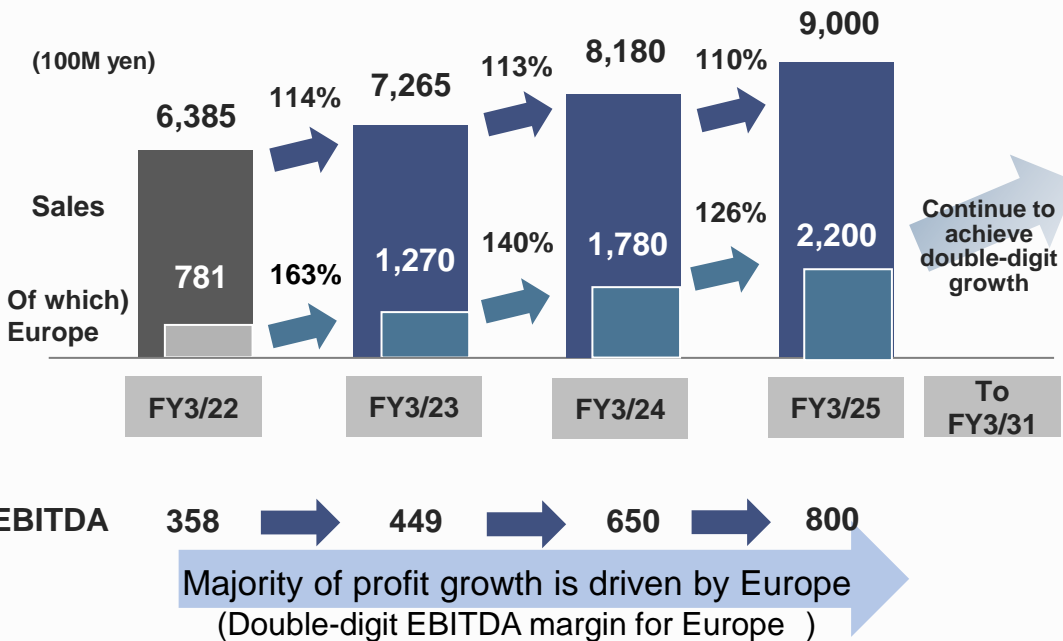
Positioning of the Seven Priority Businesses

Target vision

Achieve the highest growth and profitability in the Medium- to Long-term as a priority investment area

Our unique combination of air/water technology provides optimum and highest air and water quality values and low environmental impact not found in conventional air conditioning, making us the preferred choice in a decarbonized society.

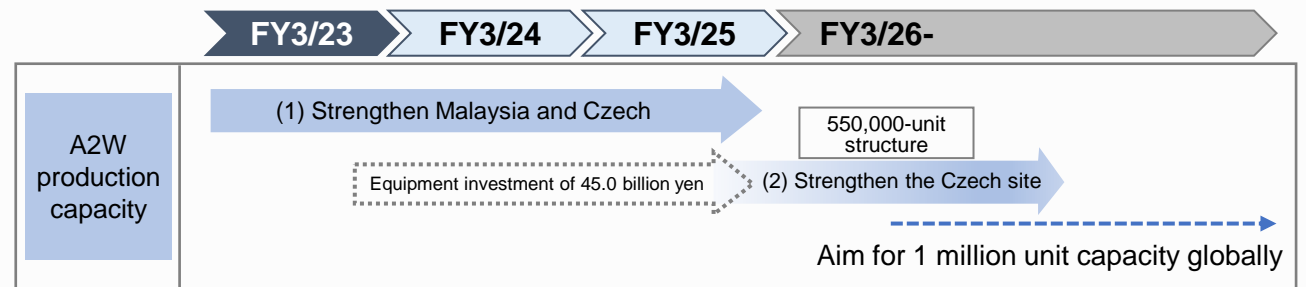
## Performance trends



## Measures

Focused investment in cooling water circulation type air conditioners, such as A2W and Chiller, in Europe for establishment of a leading position in the industry

Term	Measure	Details
Current medium term	Production capacity	• Increase A2W production capacity in Malaysia and Czech ((1))
	M&A	• Acquire chiller business to strengthen light commercial field
	Products	• Introduce products employing natural refrigerant (R290)
Next medium term (FY26~)	Structure	• European regional structure with an integrated system of development, manufacturing and sales (strengthen capability)
	Production capacity	• Strengthen European production capacity ((2))
	Products	• Develop and introduce new hydronic products (A2W, chillers)



# Overseas Electrical Construction Materials

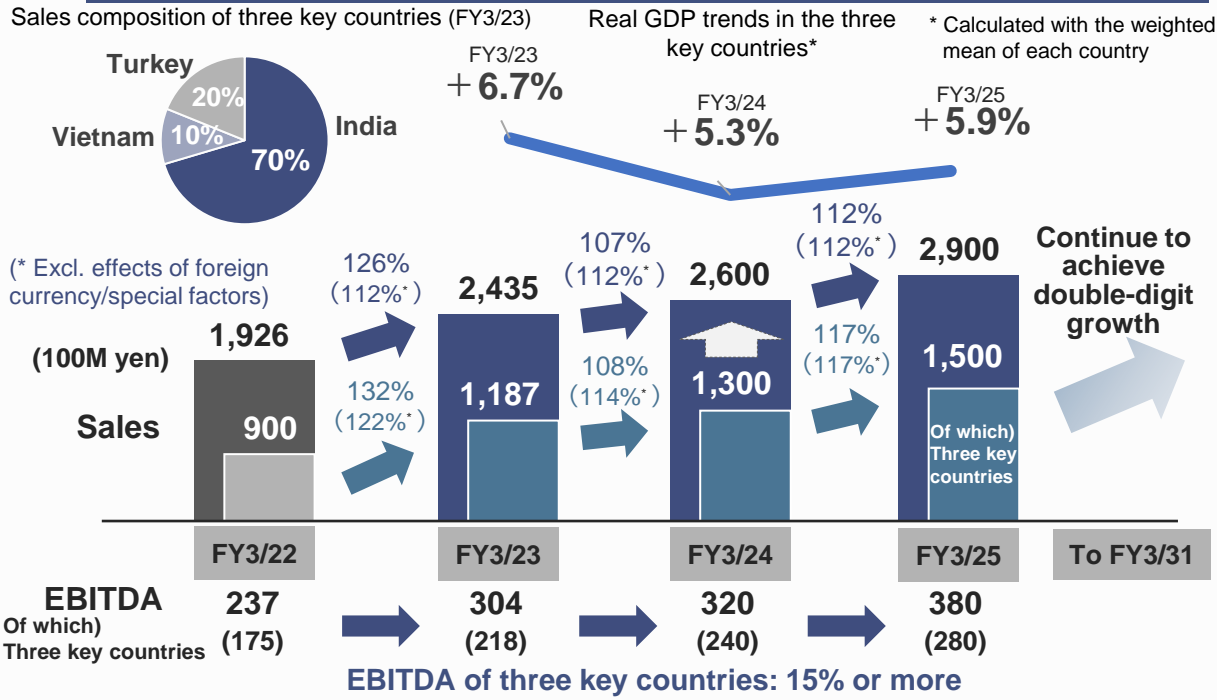
Positioning of the Seven Priority Businesses

Target vision

Stable and high growth as a business with established winning strategies

To be the presence that contributes to a resilient society with zero environmental impact by providing a sustainable, safe and secure life facility infrastructure based on the global No. 1 position in wiring fixtures.

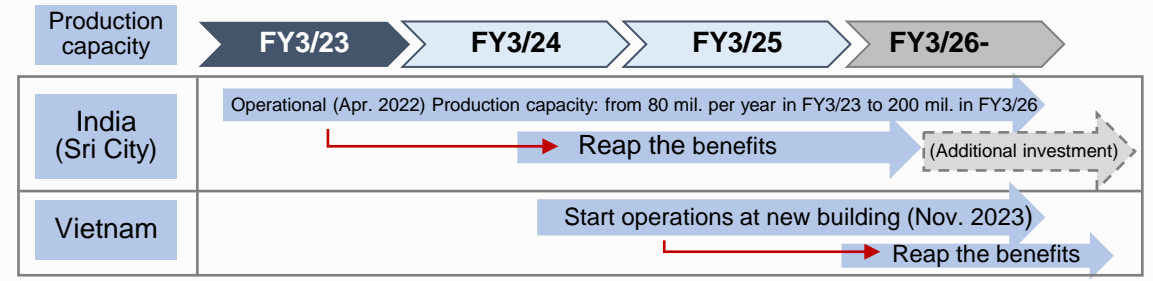
## Performance trends



## Progress in medium- to long-term strategy

### Expand share in promising markets, expand top line

India: Market share up from about 40%, 40% increase in production capacity in FY3/26 (vs. FY3/22)



- Strengthen the base** Expand wiring devices + products lineup, broaden the project business
- Market expansion** Roll out to Europe, Middle East, and Africa starting from the three key countries

(Reference) In the Indian market, we acquired Anchor in 2007, and through subsequent PMI, etc., grew sales 6.4 times and profits 8.3 times over the next 15 years to 2022.

# Future Vision for BtoC Business

Building a cyclical value chain loop with customers based on products and services,  
Continuing to contribute to the sustainability and well-being of people, society, and the earth

Through DX cooperation with distribution  
**Deliver without missing items**

## An actual demand-oriented SCM

- ✓ Improve inventory/CF
- ✓ Minimize losses

Communicate value and price correctly  
**New sales scheme\***

- ✓ Extend the product life cycle
- ✓ Improve price freshness



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**Building a circular value chain with customers**  
(Value chain and circular economy loop)

Circular type  
**Responding to future expectations**

## High-value products

- ✓ Creation of high-value products
- ✓ Product design based on 3R\*

Through long-lasting service  
**Customer engagement**

- ✓ IoT extended warranty, long-term support for failures and repairs
- ✓ Recycling business, used products/remanufacturing business

\*1 3R: Collective term for the three Rs of Reduce, Reuse, and Recycle

\*2 New sales scheme where the inventory risk is borne by manufacturers who also decide the prices, to build an environment to provide high added value products to customers and communicate the appropriate product value

# Home Appliances in Japan

Continue to promote transformation focusing on the medium and long term, rapidly act on current issues as they are revealed

Take the challenge to expand our sales scheme to communicate the true value of our products

Up to now

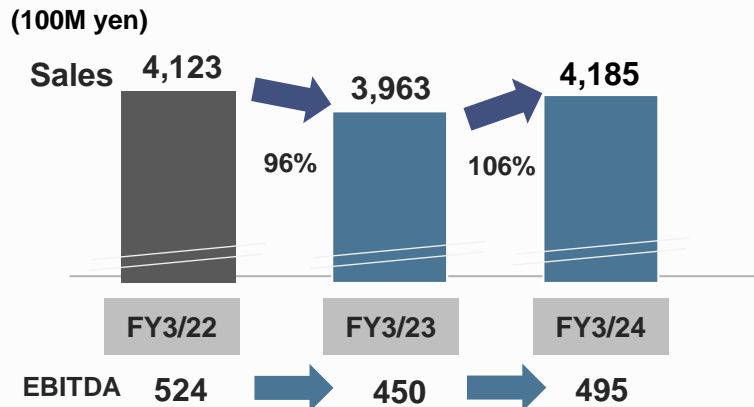
- ✓ Excessive price competition
- ✓ Frequent minor changes
- ✓ Excessive distribution inventory  
→ Discounts



Transformation

- ✓ New sales scheme : Sales at reasonable prices based on product value
- ✓ Extend product life cycle
- ✓ Build An actual demand-oriented SCM with zero stockouts

## Performance trends



Generate a stable double-digit EBITDA margin

## Progress of medium- to long-term strategies

	FY3/23	FY3/24
<b>New sales schemes</b>	<ul style="list-style-type: none"> <li>■ <b>Expand target products</b> (sales composition: approx. 30%*)                             <ul style="list-style-type: none"> <li>• Effect through the year incl. pricing policies is over 20.0 billion yen</li> <li>• Securing profitability in the industry even with a lower share of some products</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Increase market share by responding to the market and enhancing product appeal</b> <ul style="list-style-type: none"> <li>• Speedy price response in the market</li> <li>• Customer-oriented product development (Sequentially launch products based on the ME system*)</li> </ul> </li> </ul>
<b>Build An actual demand-oriented SCM</b>	<ul style="list-style-type: none"> <li>■ <b>Verification of effectiveness with a drum-type washing machine</b> <ul style="list-style-type: none"> <li>• Improvement effect as planned (immediate delivery rate of 95% or more, distribution inventory halved)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Sequential start and operation expansion</b> <ul style="list-style-type: none"> <li>• Start with multiple mass sales corporations that meet the conditions (CF improvement of over 10 billion yen)</li> </ul> </li> </ul>

\* Ratio of home appliances in Japan

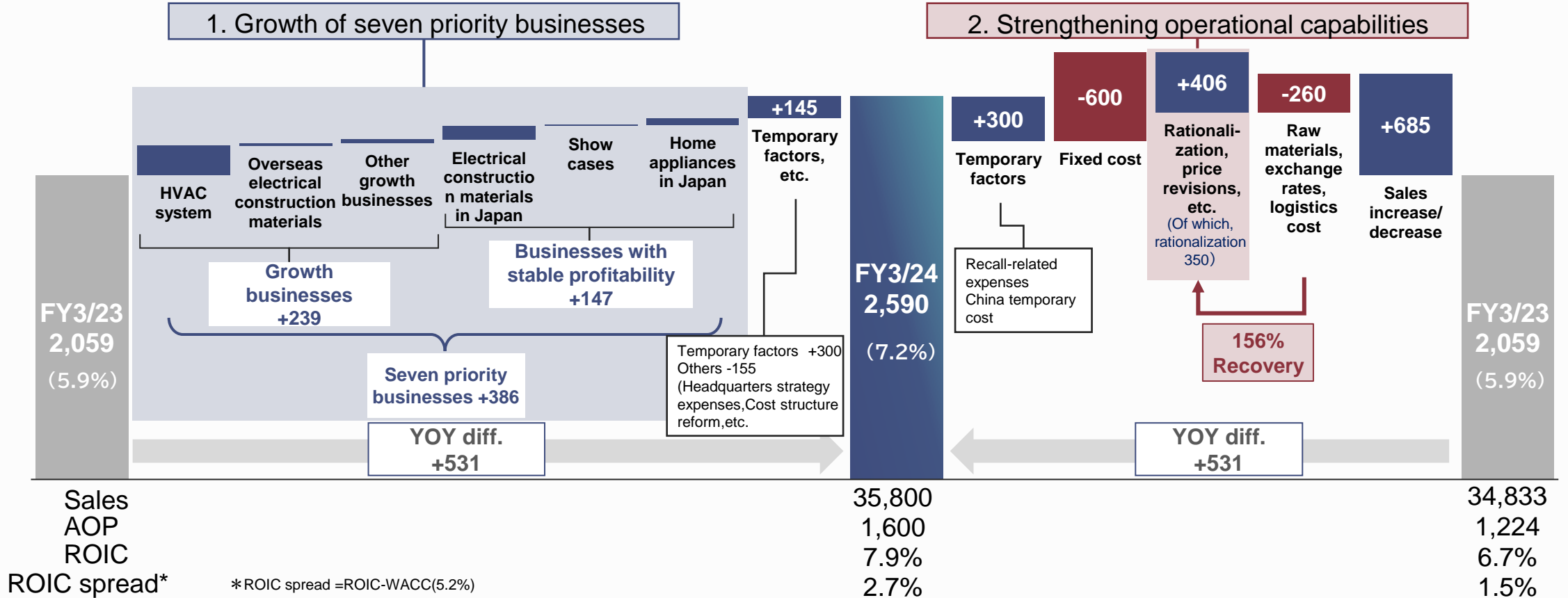
\* Micro Enterprise system: Integrated development method in which a cross-functional team works to go from new product concepts to market release.



# FY3/24 EBITDA Forecast

Growth of HVAC system, lifting profitability of businesses with stable revenue

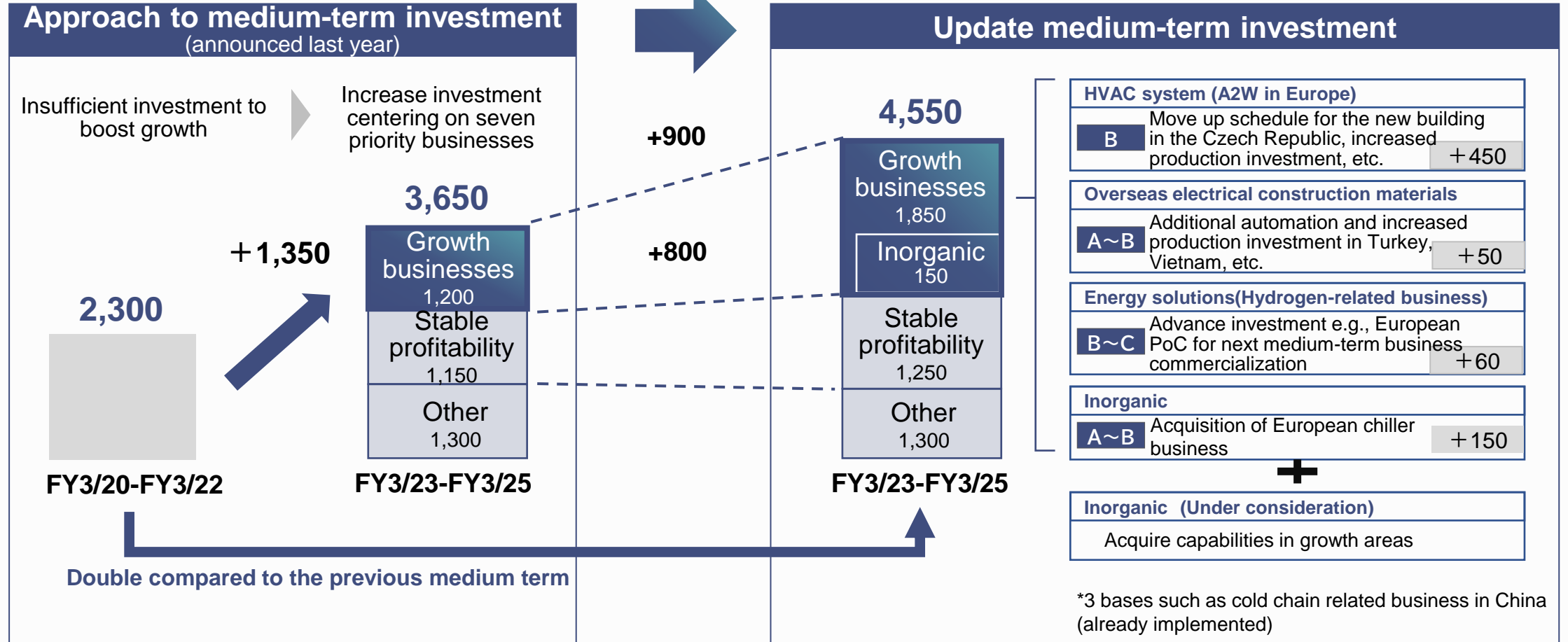
Accelerate cost structure reform



# Update Medium-term Investment

Additional 90.0 billion yen centering on growth businesses, taking into account changes in the business environment (opportunities and risks)

(100M yen)

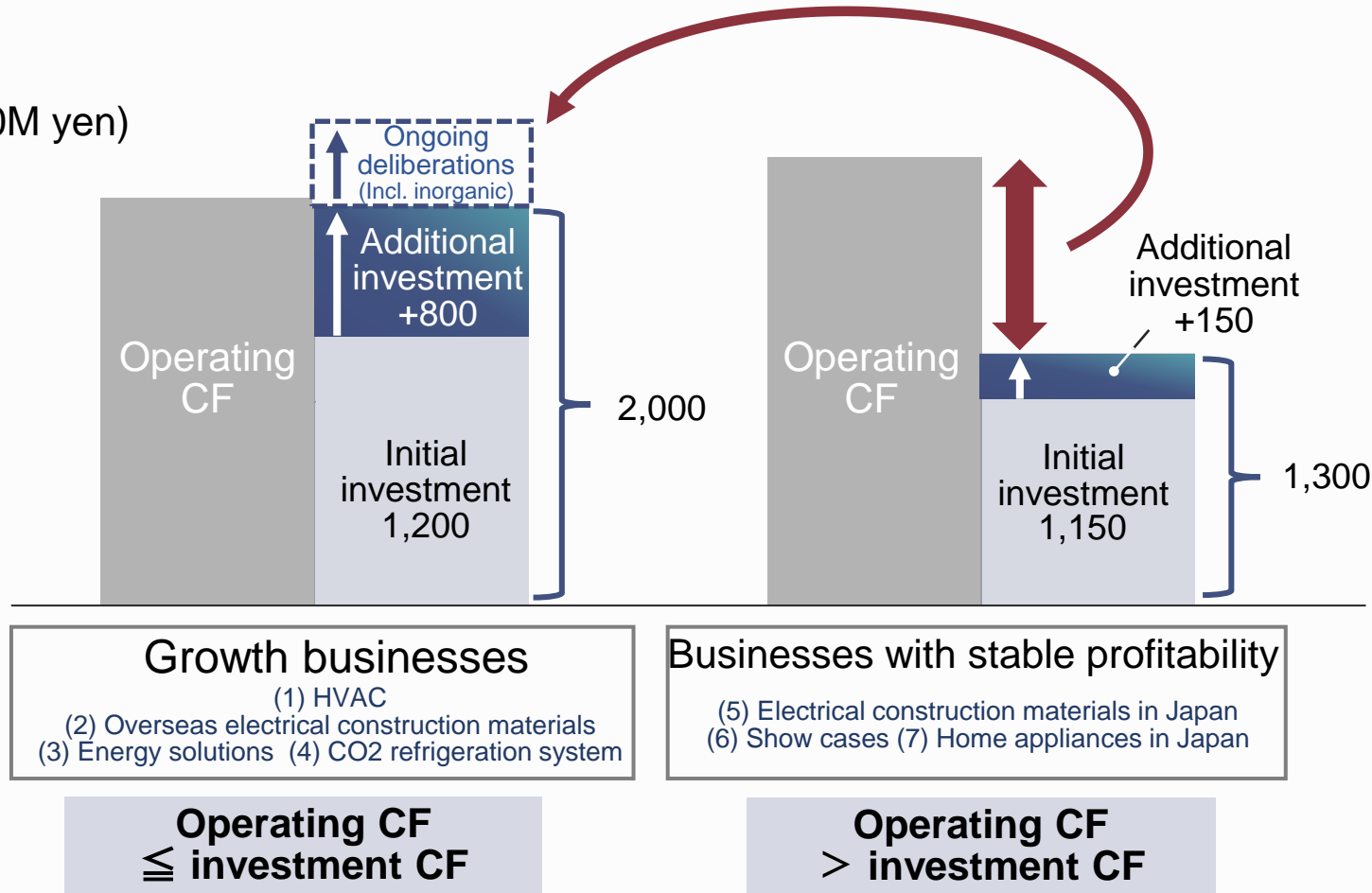


Main timing to reap investment effects: **A** Current medium term **B** Next medium term (FY3/26-) **C** Medium term after the next one (FY3/28-)

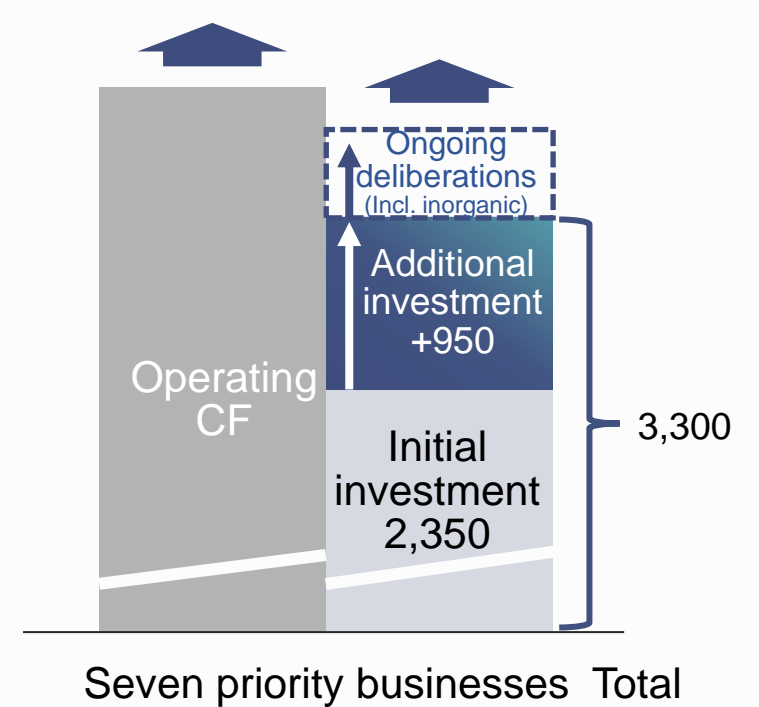
# Cash Flow Allocation for Seven Priority Businesses (FY3/23-FY3/25)

Prioritized allocation of cash flow to growth businesses

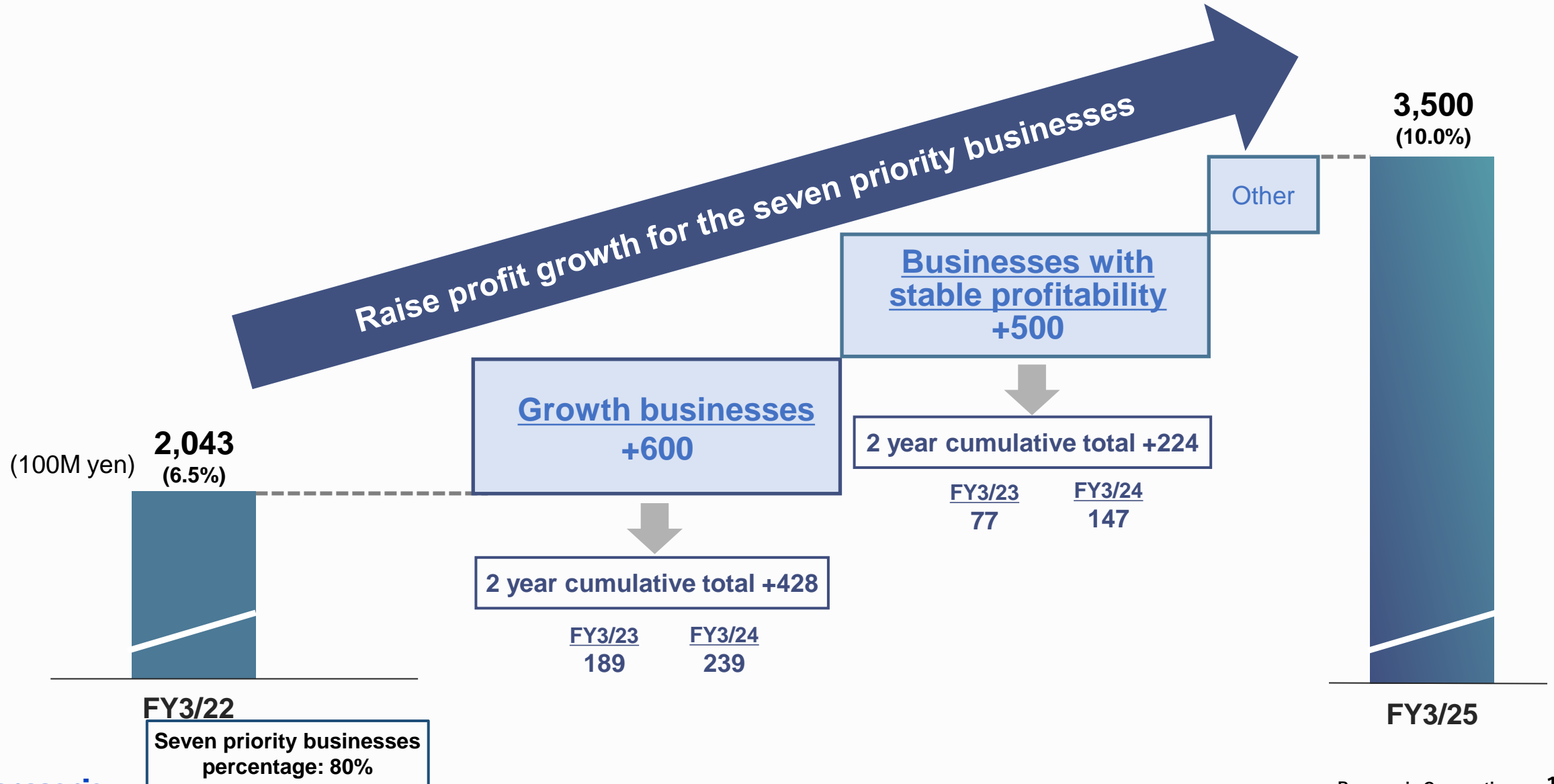
(100M yen)



Execute investments while generating operating CF



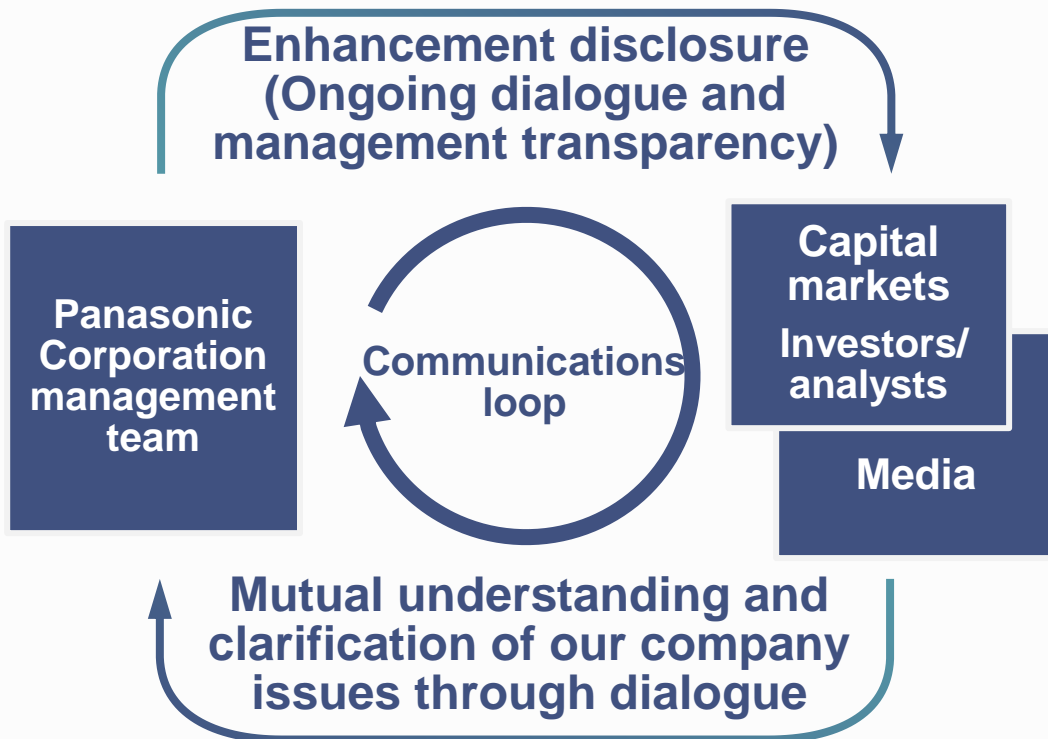
# To Achieve the Medium-term KGIs



# Implementation of IR activities for Management

Enhance disclosure and strengthen market communication loops

Strengthen the communications loop with capital markets and media



## IR schedule

FY3/23	Q1	June 2	IR Day	(Panasonic Corporation + 3 divisional companies)
	Q2	Oct 6	Site visits	(Energy solutions)
	Q3	Nov 18 Nov 22	SUPER BOX tour Briefings on individual businesses	(Electrical construction materials in Japan) (Panasonic Corporation + 3 divisional companies)
FY3/24	Q1	June 2	Operating companies strategy briefings Panasonic Corporation + priority businesses	
	From Q2		<ul style="list-style-type: none"> <li>• Site visits sites related to the seven priority businesses</li> <li>• Round-table meetings with analysts and investors</li> <li>• Investor meetings, etc.</li> </ul>	
FY3/25	Q1		<ul style="list-style-type: none"> <li>• Operating companies strategy briefings</li> </ul>	
	From Q2		<ul style="list-style-type: none"> <li>• Site visits related to the seven priority businesses</li> <li>• Round-table meeting on key strategies, etc.</li> </ul>	

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The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; the possibility that the spread of the novel coronavirus infections may adversely affect business activities of the Panasonic Group; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic Group's products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment including interest rate fluctuations; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results or incurring unexpected losses in connection with the alliances or mergers and acquisitions; occurrence and continuation of supply disruption or soaring prices of raw materials or transportation; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic Group highly depends on in BtoB business areas; the possibility of not achieving expected benefits in connection with the transition to a new organizational system in which Panasonic is a holding company; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed in Japan or other countries over trade, manufacturing, labor and operations; failures in proper tackling of environmental issues or taking initiatives in responsible procurement activities in the supply chain; restrictions, costs or legal liability relating to laws and regulations or failures in internal controls; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from Panasonic Group systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic HD's securities reports under the FIEA and any other documents which are disclosed on its website.



# KGI in Fiscal 2025

[ Most important KGI ]

## EBITDA

Enhance cash flow generation while investing in growth

**350.0 billion yen**  
**(10%)**

205.9 billion yen  
(5.9%)  
(FY23 results)

## ROIC

Ensure discipline in investment efficiency, exceed capital costs

**10% or more**

6.7%  
(FY23 results)

## 3-years cumulative operating cash flow

Secure operating cash flow to serve as a foundation for investment in growth

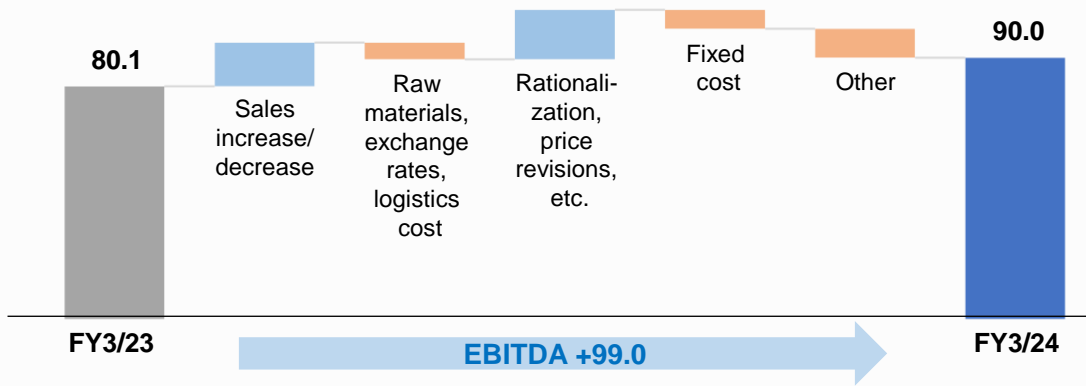
**660.0 billion yen**

555.0 billion yen  
(accumulated from  
FY20 to FY22)

# FY3/24 EBITDA Analysis (by Divisional Company and Factor)

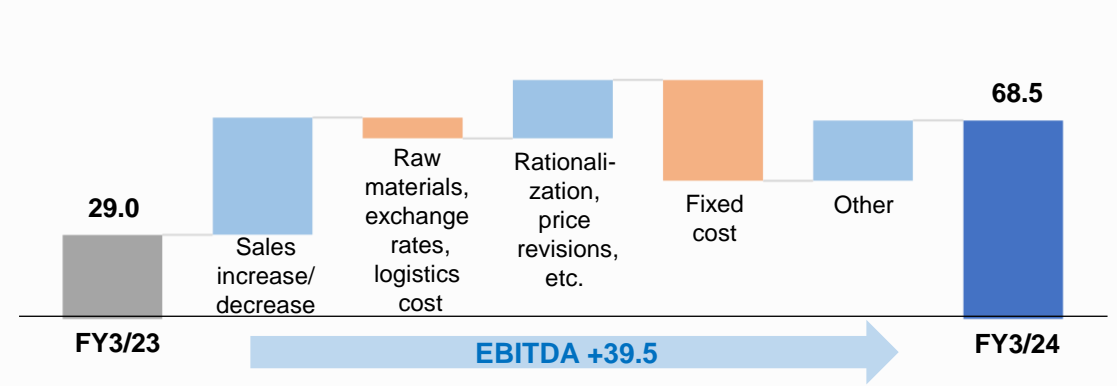
## Living Appliances and Solutions Company

(yen: billions)



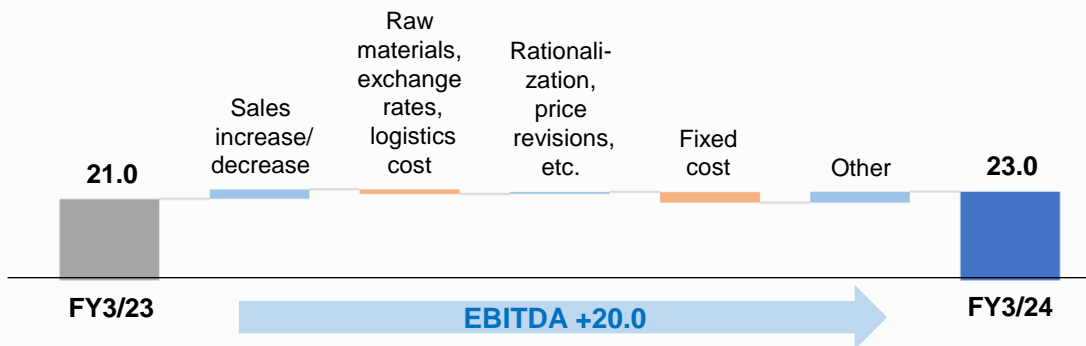
## Heating & Ventilation A/C Company

(yen: billions)



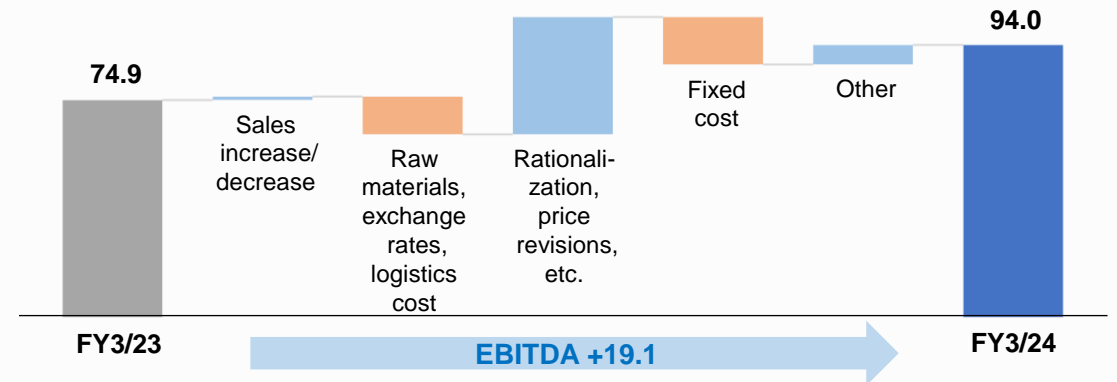
## Cold Chain Solutions Company

(yen: billions)




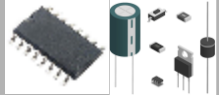


## Electric Works Company

(yen: billions)



# Company-wide Strengthening of Direct Material Cost Capabilities

Roll out 4 measures to reduce direct material costs directly under the control of the CEO and CPO,\*1  
steady progress to reduce 25.0 billion yen in 3 years

Category	Purchase strategy	Initiatives	FY3/23	FY3/24	FY3/25
 <p>Raw materials</p>	Purchasing from one company ↓ Purchasing from several companies	Steel	◆ Purchase general-purpose materials from several companies	◆ Purchase custom materials from several companies Reap the benefits	
 <p>Semiconductors, electronic components</p>	Primarily Japanese companies ↓ Concentrate on major industry players	Semiconductors	◆ Employ microcontrollers and recommended items	◆ Employ recommended items of other semiconductors Reap the benefits	
 <p>Electrical components</p>	Individual businesses ↓ To centralized contracts	Motors, etc.	◆ Manufacturer centralization ◆ Common use, general purpose	Reap the benefits	
 <p>Machinery and assembling parts</p>	Individual businesses ↓ Partner concentration	Supplier concentration	◆ Select strategic partners, concentrate suppliers to 20%	◆ Concentrate purchase orders (plastic molding, sheet metal) Reap the benefits	
			8.0 billion yen (As planned)	7.5 billion yen Projections	9.5 billion yen Projections

Total: 25.0 billion yen

\*1 CPO:Chief Productivity Officer

# Practicing ESG

## Environment

Accelerating to achieve GREEN IMPACT

### ■ Consideration of ICP\* system introduction

- FY3/24 : Introduction to LAS
- FY3/25 onwards : Expanding introduction to all Panasonic Corporation

\* ICP: Internal Carbon Pricing

### ■ Consideration of methods for evaluating impact

- Intrinsic value [financial + non-financial] quantification

### ■ Management system

- Reflecting environmental evaluations in executive compensation

European chiller business

## Social

Promoting employee well-being

### ■ Promoting the participation of diverse human resources in management

- Increase the ratio of female managers (Japan)
  - 2030: 6% of managerial and general manager positions, 15% of section manager positions

### ■ Employee Opinion Survey(EOS)

- 2030 Target: Within top 10% of benchmark companies in Japan

### ■ Safety and health

- Eliminating serious accidents, practicing management that enables employees to maintain their health

### ■ Fostering a culture that values people who take on challenges

- Establishment of Make New Award

### ■ Competitive HR System

- Introduced and implemented at each divisional company in FY3/24

Transmission of Human Capital Management

## Governance

Creating a system to increase effectiveness

### ■ Operation and main themes of the Board of Directors in FY3/23

- Revitalization of the Board of Directors
  - Active discussion from diverse perspectives of three directors invited from outside the group
- Main Themes
  - Medium- to long-term strategy of Panasonic Corporation
  - M&As (European chiller business, Cold chain business in China)
  - Capital investment (for increasing A2W production in Europe)
  - Compliance matters

### ■ For strengthening future governance

- Expansion of the main themes of the Board of Directors
  - Priority business strategy (7 priority businesses)
  - Portfolio management
  - Corporate key agenda (GX·brand etc. )
- Reflecting external perspectives on business management
  - Proposals and advice on activities for management transformation
  - Visiting business locations and providing information on business strategies

# Financial Data Appendix

< IR Day >  
Panasonic  
Corporation  
Appendix

(yen: billions)

	FY3/22 Results	FY3/23 Results	FY3/24 Forecast	FY3/25 Target
<b>Panasonic Corporation</b>				
<b>PL) Sales</b>	3,165.6	3,483.3	3,580.0	3,500.0
Adjusted OP	131.5	122.4	160.0	
Other income/loss	▲ 23.3	▲ 19.3	▲ 9.0	
Operating profit	108.2	103.1	151.0	
(% to sales)	3.4%	3.0%	4.2%	
Depreciation of PP&E	64.0	67.3	72.0	
Total of Amortization of Intangible Assets and Depreciation of Right-of-use Assets	32.1	35.5	36.0	
EBITDA	204.3	205.9	259.0	350.0
(% to sales)	6.5%	5.9%	7.2%	10.0%
<b>CF) Cumulative operating CF (3 years)</b>	555.0	-	-	660.0
	(FY3/20~3/22)	-	-	(FY3/23~3/25)
FCF	-	29.7	-	-
Cash flows from operating activities	-	145.2	-	-
Cash flows from investing activities	-	▲ 115.5	-	-
Capital investment	78.8	93.9	147.0	
Investment in intangible assets	9.9	17.5	29.0	
R&D expenditures	135.6	139.8	153.1	
	(Beginning balance of FY3/23)			
<b>BS) Cash and cash equivalents * 1</b>	484.8	437.6	-	-
Trade receivables	495.2	502.3	-	-
Inventories	422.7	470.2	-	-
Other current assets	117.3	132.4	-	-
<b>Current assets</b>	1,520.0	1,542.6	-	-
Property, plant and equipment	328.5	346.7	-	-
Right-of-use assets	86.0	76.2	-	-
Goodwill and intangible assets	244.4	289.1	-	-
Other non-current assets	132.5	151.5	-	-
<b>Non-current assets</b>	791.4	863.6	-	-
<b>Total assets</b>	2,311.4	2,406.1	-	-
Trade payables	397.7	377.7	-	-
Interest-bearing debt * 1	484.8	420.2	-	-
Lease liabilities	86.3	74.3	-	-
Other liabilities	649.9	724.0	-	-
<b>Total liabilities</b>	1,618.8	1,596.3	-	-
<b>Total equity</b>	692.6	809.9	-	-
Invested Capital * 2	1,263.8	1,286.1	-	-
ROIC * 2	5.5%	6.7%	7.9%	10% or more
WACC			5.2%	

\* 1 Deposit / Loan is via cash management system in Panasonic Group (Group finance)

\* 2 ROIC=Operating Profit After Tax /Average Invested Capital (Total equity + interest-bearing debt)

Panasonic Corporation

< IR Day >  
Divisional  
Company  
Appendix

(yen: billions)

	FY3/22 Results	FY3/23 Results	FY3/24 Forecast	FY3/25 Target
<b>Living Appliances and Solutions Company</b>				
<b>PL) Sales</b>	839.9	896.7	976.0	980.0
Adjusted OP	63.3	52.8	72.0	-
Other income/loss	0.6	2.5	▲ 6.0	-
Operating profit	63.9	55.3	66.0	-
(% to sales)	7.6%	6.2%	6.8%	-
Depreciation and amortization	20.9	24.8	24.0	-
EBITDA	84.8	80.1	90.0	118.0
(% to sales)	10.1%	8.9%	9.2%	12.0%
<b>CF) Cumulative operating CF (3 years)</b>	-	-	-	200.0 (FY3/23~3/25)
FCF	-	28.1	-	-
Cash flows from operating activities	-	58.9	-	-
Cash flows from investing activities	-	▲ 30.9	-	-
Capital investment	25.1	28.3	35.2	-
Investment in intangible assets	1.4	1.7	2.5	-
R&D expenditures	44.1	43.4	47.5	-
	(Beginning balance of FY3/23)			
<b>BS) Invested Capital *</b>	191.0	206.0	-	-
Inventories	93.8	98.2	-	-
Property, plant and equipment	77.1	85.1	-	-
ROIC *	24.3%	20.2%	19.4%	20% or more
WACC			4.7%	

\* ROIC=Operating Profit After Tax /Average Invested Capital (Total equity + interest-bearing debt)



< IR Day >  
Divisional  
Company  
Appendix

(yen: billions)

	※3 FY3/22 Results	※3 FY3/23 Results	※3 FY3/24 Forecast	※3 FY3/25 Target
<b>Heating &amp; Ventilation A/C Company</b>				
<b>PL) Sales</b>	680.8	808.7	904.0	1,000.0
Adjusted OP	※1 21.5	22.1	42.0	-
Other income/loss	▲ 3.4	※2 ▲ 17.6	0.0	-
Operating profit	※1 18.1	※2 4.5	42.0	-
(% to sales)	2.7%	0.6%	4.6%	-
Depreciation and amortization	17.6	24.5	26.5	-
EBITDA	※1 35.8	※2 29.0	68.5	83.5
(% to sales)	5.3%	3.6%	7.6%	8.4%
<b>CF) Cumulative operating CF (3 years)</b>	-	-	-	137.0 (FY3/23~3/25)
FCF	-	▲ 25.0	-	-
Cash flows from operating activities	-	22.6	-	-
Cash flows from investing activities	-	▲ 47.6	-	-
Capital investment	16.1	31.4	59.0	-
Investment in intangible assets	2.8	8.4	9.4	-
R&D expenditures	26.7	36.6	45.6	-
	(Beginning balance of FY3/23)			
<b>BS) Invested Capital *</b>	249.8	311.8	-	-
Inventories	119.8	150.7	-	-
Property, plant and equipment	56.3	86.1	-	-
ROIC *	※1 5.2%	※2 2.0%	8.0%	10% or more
WACC			5.3%	

\* ROIC=Operating Profit After Tax /Average Invested Capital (Total equity + interest-bearing debt)

※1 Impact of one-time expenses in China is included in FY3/22.

※2 Impact of one-time recall-related expenses is included in FY3/23.

※3 FY3/22 is based on the old organizational system, FY3/23-FY3/25 are based on the new organizational system.

< IR Day >  
Divisional  
Company  
Appendix

(yen: billions)

	FY3/22 Results	FY3/23 Results	FY3/24 Forecast	FY3/25 Target
<b>Cold Chain Solutions Company</b>				
<b>PL) Sales</b>	270.1	351.9	350.0	340.0
Adjusted OP	3.2	12.3	14.0	-
Other income/loss	▲ 0.4	0.1	0.0	-
Operating profit	2.8	12.4	14.0	-
(% to sales)	1.0%	3.5%	4.0%	-
Depreciation and amortization	7.4	8.6	9.0	-
EBITDA	10.2	21.0	23.0	23.0
(% to sales)	3.8%	6.0%	6.6%	6.8%
<b>CF) Cumulative operating CF (3 years)</b>	-	-	-	29.0 (FY3/23~3/25)
FCF	-	1.9	-	-
Cash flows from operating activities	-	4.0	-	-
Cash flows from investing activities	-	▲ 2.1	-	-
Capital investment	2.5	2.5	7.2	-
Investment in intangible assets	0.9	1.6	1.7	-
R&D expenditures	5.3	5.9	5.6	-
	(Beginning balance of FY3/23)			
<b>BS) Invested Capital *</b>	250.6	265.6	-	-
Inventories	38.9	47.1	-	-
Property, plant and equipment	15.1	16.7	-	-
ROIC *	0.9%	3.1%	4.0%	5% or more
WACC		5.6%		

\* ROIC=Operating Profit After Tax /Average Invested Capital (Total equity + interest-bearing debt)

< IR Day >  
Divisional  
Company  
Appendix

(yen: billions)

	FY3/22 Results	FY3/23 Results	FY3/24 Forecast	FY3/25 Target
<b>Electric Works Company</b>				
<b>PL) Sales</b>	904.7	1,004.5	1,030.0	1,000.0
Adjusted OP	44.9	52.2	64.0	-
Other income/loss	▲ 7.8	▲ 5.3	▲ 4.0	-
Operating profit	37.1	46.9	60.0	-
(% to sales)	4.1%	4.7%	5.8%	-
Depreciation and amortization	28.4	28.0	34.0	-
EBITDA	65.5	74.9	94.0	100.0
(% to sales)	7.2%	7.5%	9.1%	10.0%
<b>CF) Cumulative operating CF (3 years)</b>	-	-	-	172.0 (FY3/23~3/25)
FCF	-	25.8	-	-
Cash flows from operating activities	-	51.5	-	-
Cash flows from investing activities	-	▲ 25.8	-	-
Capital investment	20.9	20.8	35.5	-
Investment in intangible assets	2.9	4.6	8.6	-
R&D expenditures	40.5	45.1	46.0	-
	(Beginning balance of FY3/23)			
<b>BS) Invested Capital *</b>	300.6	316.5	-	-
Inventories	112.9	130.6	-	-
Property, plant and equipment	102.4	106.0	-	-
ROIC *	7.4%	11.0%	13.2%	10% or more
WACC			4.9%	

\* ROIC=Operating Profit After Tax /Average Invested Capital (Total equity + interest-bearing debt)