

Panasonic

Cold Chain Solutions

Medium- to Long-term Business Strategy

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Business Outline

Cold Chain Solutions

Business area

4 regions

- North America
- Japan
- Oceania
- Asia

Factories

9 sites

Employees

About 7,600

Global share of showcases

Approx.
20% * 1

Global share of Refrigeration system

Approx.
10% * 1

* 1 : Estimated by Panasonic based on shares in the four regions of our business

Goods and Services

Showcase



SC for Supermarket



SC for Convenience store

Refrigeration system and logistic equipment



Refrigeration system



Cold roll box (Mobile low/medium temp. refrigerator)

Kitchen /Beverage equipment



Commercial refrigerator



Ice making machine

Service maintenance



storeconnect

APERION

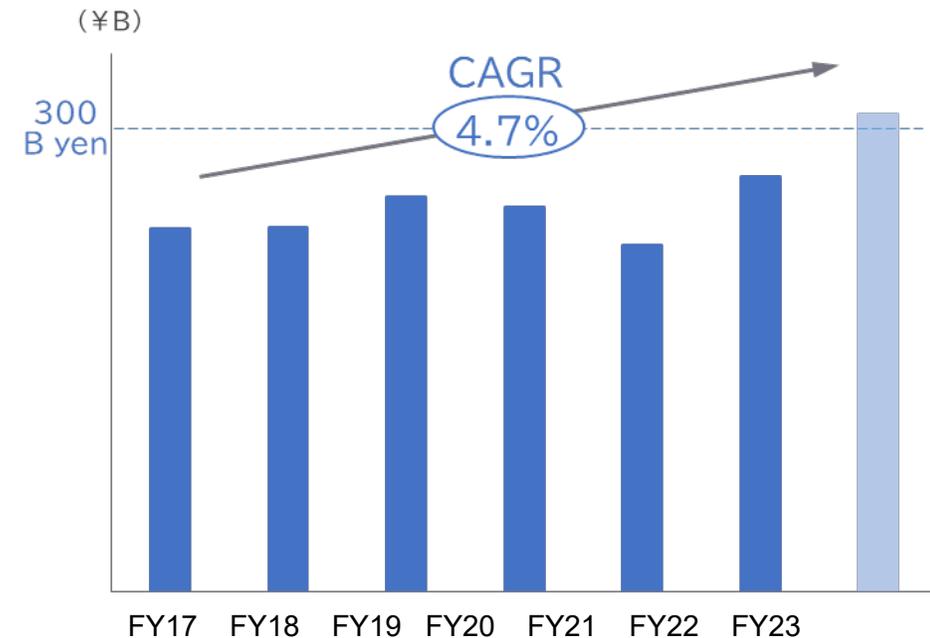
S-cubo

History

History of Cold Chain Solutions

1917	Husmann began production of medium temp. showcases
1962	Start of production of low temp/medium temp showcases
1963	Start of production of supermarket showcases
1969	Start of production of commercial refrigerators
2012	Integration of Panasonic and Sanyo Electric's cold chain business
2015	Acquisition of Husmann Corporation 
2018	Refrigeration system business was transferred to Cold Chain Business Division
2021	Inauguration of Cold Chain Solutions Company
2022	Transfer of Asia and Oceania business from CNA to CCS (Scheduled for Jan. 2023)

<Sales Trend>



Vision

Mission

Life tech & ideas
For the wellbeing of people, society and
the planet

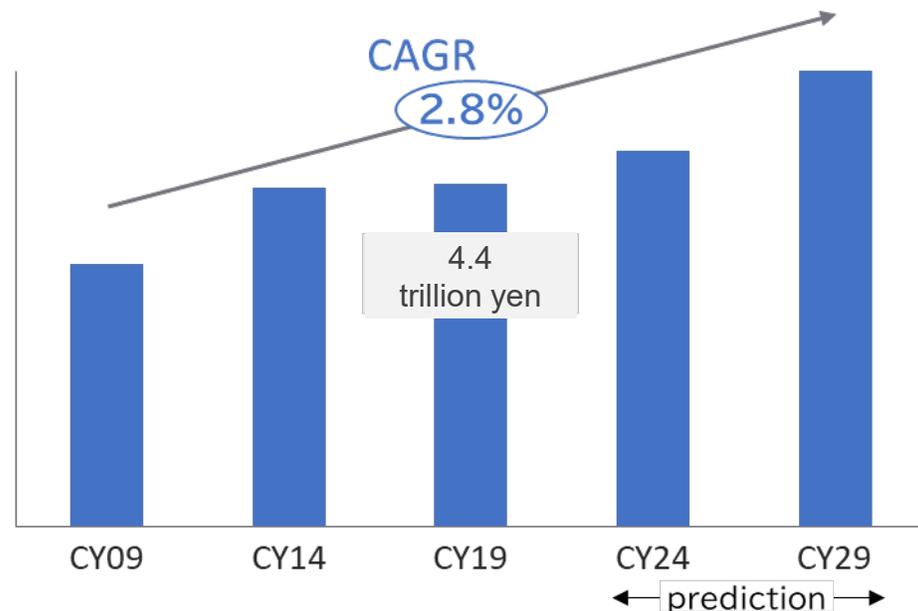
Vision

To be recognized as the most customer-focused
solutions provider to the cold chain

Cold Chain Industry Market Demand

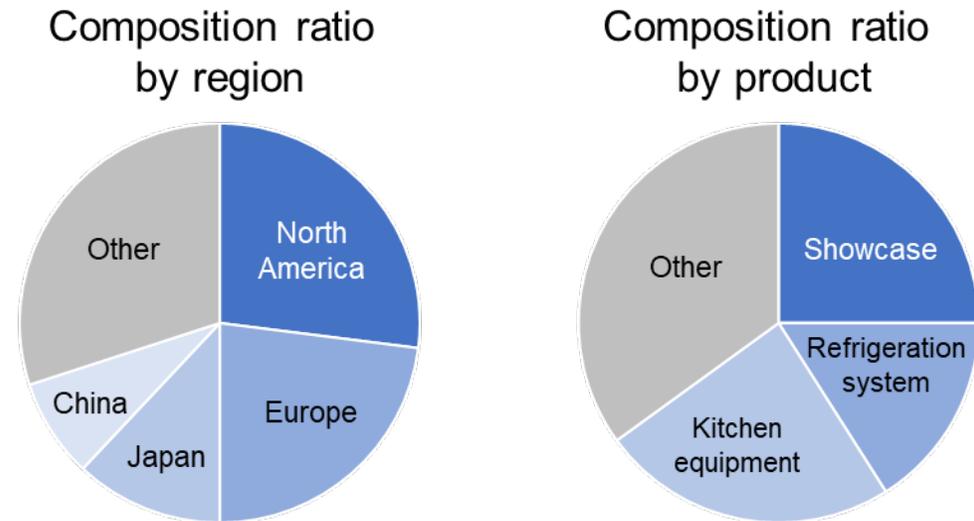
- The global market size is estimated to be over 4 trillion yen. Formation of markets in North America, Europe, Asia and other regions almost equally
- Cold chain industry is composed of showcases for retailers, kitchen equipment for food services, refrigeration system for warehouses, etc.

Cold Chain Industry Total Demand



Source : The Freedonia Group
exchange rate : 1\$=140yen

Demand by Region and Product (CY19)

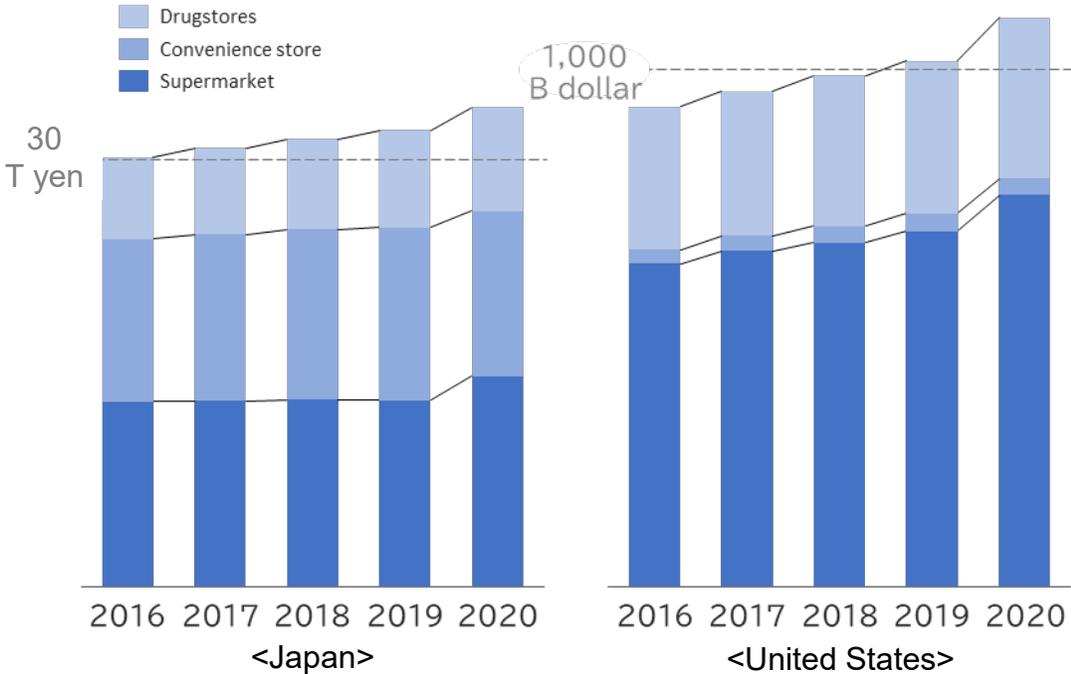


Source : The Freedonia Group, Japan Refrigeration and Air Conditioning Industry Association

Market Environment of the Food Retailing & Food Service Industry

Retail Sales by Type of Business

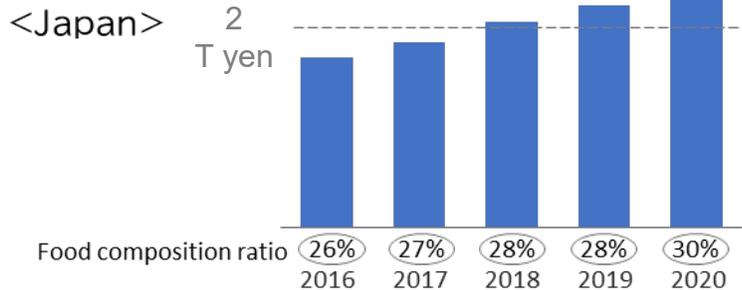
Stable growth in retail, a key customer base for showcases



Source : Ministry of Economy, Trade and Industry "Commerce Statistics", Census Bureau "Annual Retail Trade Survey"

Drug Store Industry Sales Trends

Food sales value and composition are expanding in the growing market of drugstores



Showcase Market Growth Rate Comparison

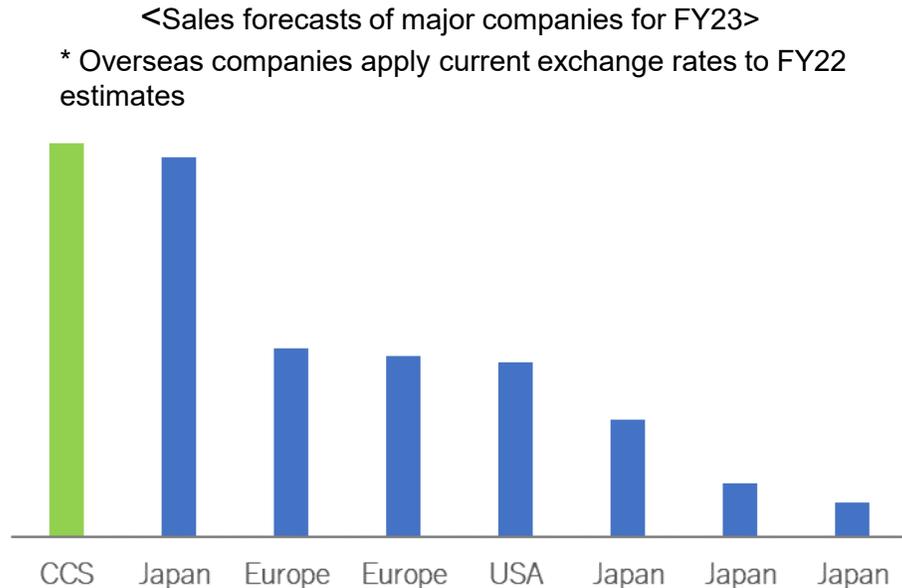
Drug stores and the dollar market in the growth area has high market growth rate



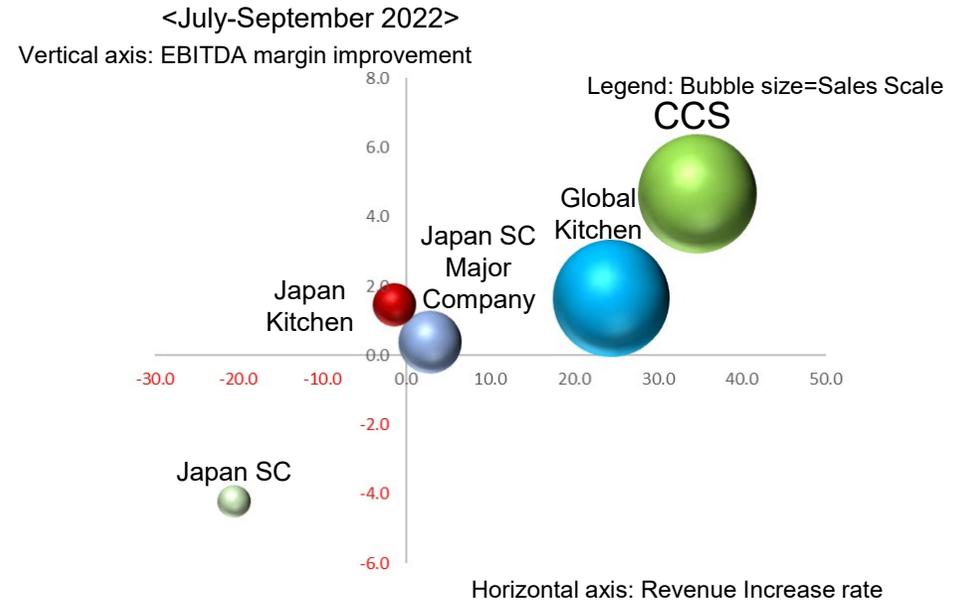
CCS Co's Position in the Food Retailing & Food Service Industry

- Business Scale : Ranked No.1 (Global) in FY22 forecast, but poor profitability
- Profitability and Growth : Significant improvement in profitability and growth in the most recent financial results, closing the gap

Comparison of Global Company Size in the Food Retailing & Food Service Industry



Comparison of Recent Financial Results of Domestic Companies in Food Retailing & Food Service Industry

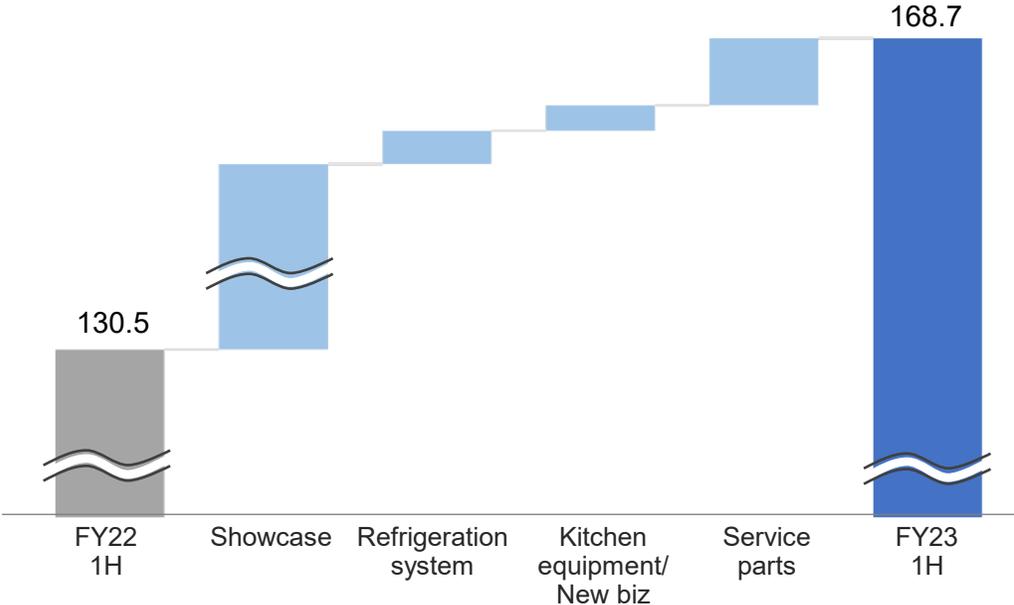


FY2023 1H KGI Progress

Sales

168.7 billion yen
 (+38.2 billion yen, 29% increase in revenue)

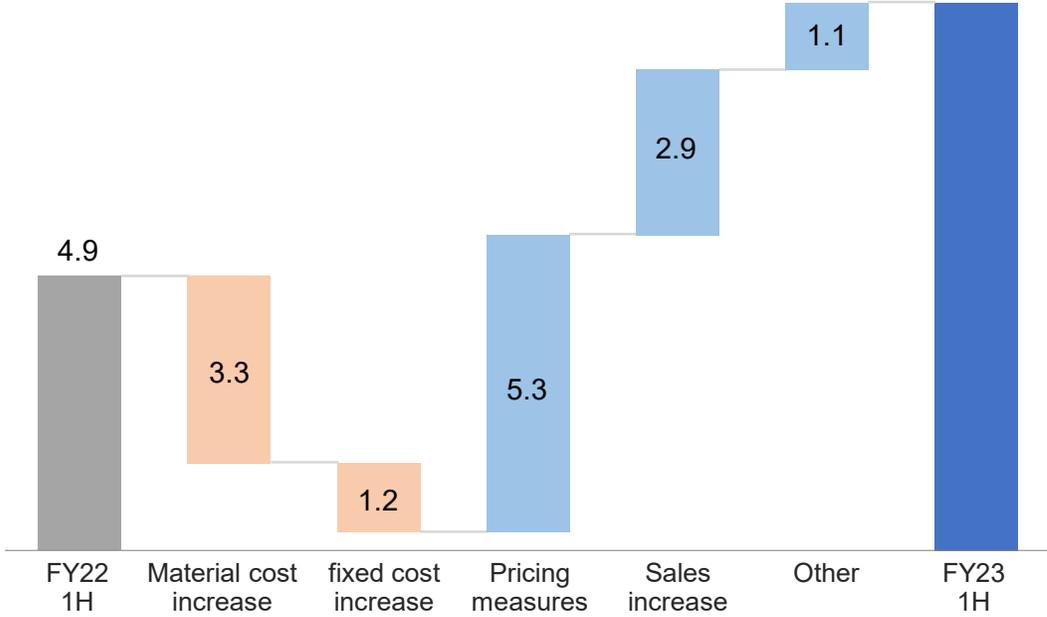
<Contribution to Revenue Growth by Business Segment>



EBITDA

9.7 billion yen
 (+4.8 billion yen, margin 5.8%)

< EBITDA Increase/Decrease Factors >



Social Issues Focused on by CCS Co.

1 Low Environmental Impact



2 Labor Shortage



3 Food Loss Reduction

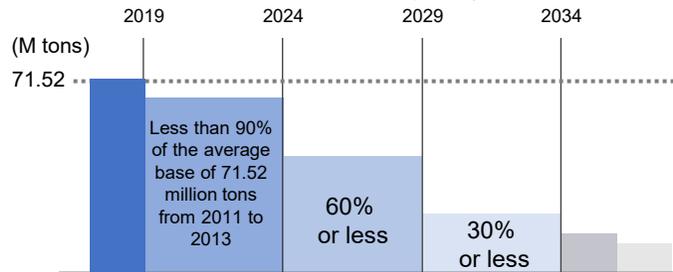


Changes in the Business Environment Toward 2030

1 Low Environmental Impact

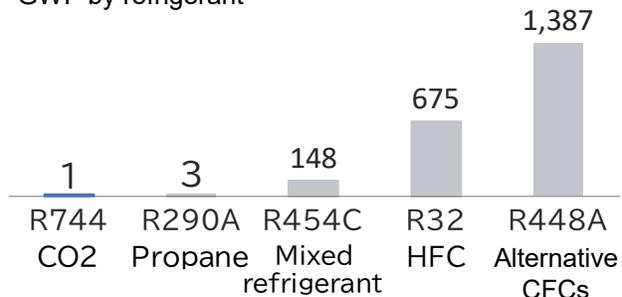
Tighter regulations drives the shift to low-environmental-impact refrigerants

Regulation schedule for CFC substitute consumption (regulation of manufacturer's shipment)



Source: Montreal Protocol, Kigali Amendment (Reference values are for Japanese case)

GWP by refrigerant



* GWP: a multiple of the heat that would be absorbed by the same mass of CO2 (Global Warming Potential)

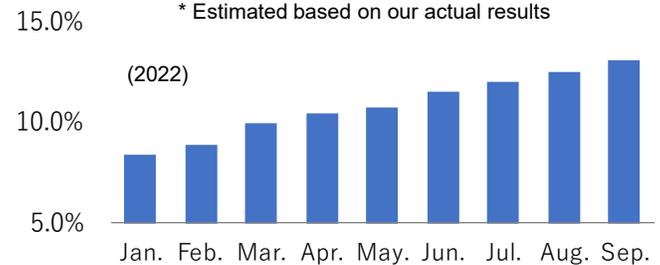
2 Labor Shortage

Severe industry staffing shortages in both the U.S. and Japan



Service installation staffing shortage rate in the food retailing business

* Estimated based on our actual results



Effective job offer rate of machinery maintenance and repair business*

3.9 times

4.3 times

21/09

22/09

*Effective Job Offer Rate :
Number of effective job offers in a month /
Number of effective job seekers in a month

3 Food Loss Reduction

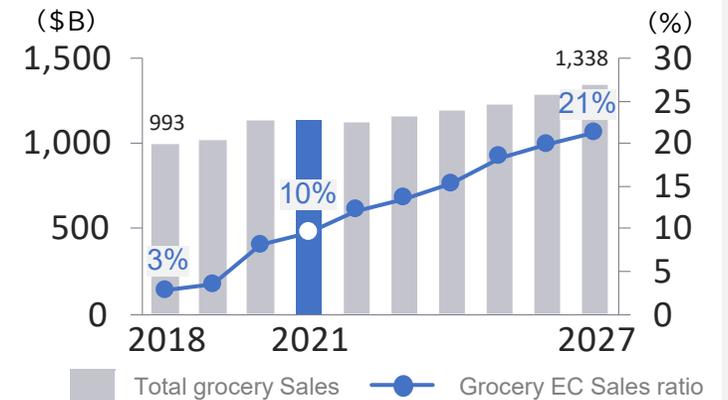
Breakdown of 5.22M tons of food loss by route



Source : Ministry of Agriculture, Forestry and Fisheries



Grocery e-commerce also contributes to food loss reduction



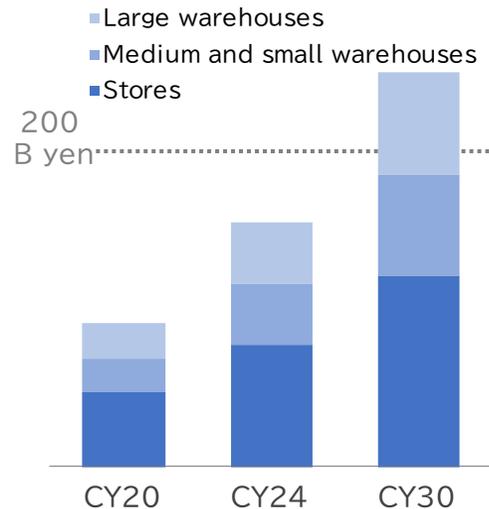
1. Low Environmental Impact

~Core of environmental strategy : CO2 refrigeration system connecting the world~

Market Forecast for CO2 Refrigeration System

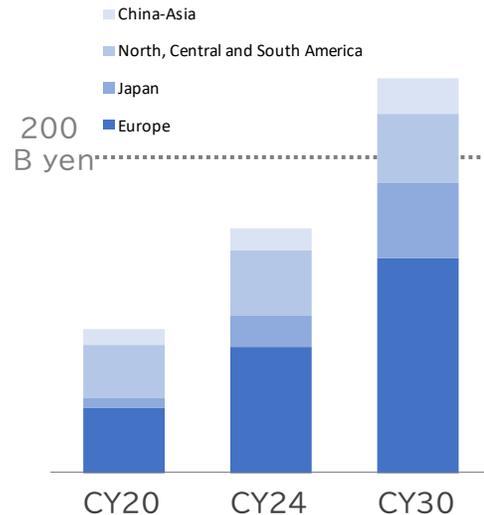
By segment

Largest for stores
expanding for medium-sized



By region

Europe, Japan to take off from key markets



Source : Estimated by CCS based on materials of Japan Warehouse Association, Hussmann, Fuji Keizai, etc.

Key Points Supporting the CO2 Refrigeration Equipment Business

1. Two-stage compression type compressor

Energy saving, downsizing of chillers, and Low noise, low cost, high reliability



2. Solid business foundation through MIF share

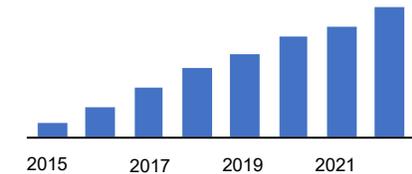
Showcase MIF share



※MIF : Machine in the field

3. Installation and maintenance know-how

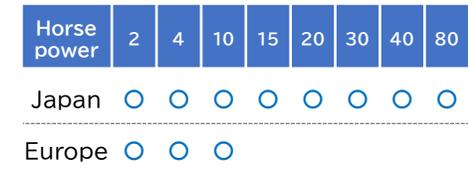
Cumulative shipments
15,700 units



4. Wide range of product lineup

Wide range of applications from convenience stores and supermarkets to large warehouses

Our lineup



2. Labor Shortage

~Core digital strategy : Storeconnect and human resource development~

Storeconnect Value Offerings



Early detection of refrigerant leaks



Service Cost Reduction



Preservation of client asset values



Improving energy efficiency

Investment in Service/Installation Human Resources Development



How IOT Solutions Work

Stores with equipment installed



Equipment operation data

Detecting signs of defects and responding to them before they occur



Sharing of equipment operating data

Service locations



Failure prediction by analyzing equipment operating condition monitoring data

3. Reduction of Food Loss

~ Taking up the challenge to preserve taste and quantity of food ~

Creation of differentiated products through kitchen, showcase and refrigeration technologies

<Maximizing Expiration Date>
Small high-temperature
& high-pressure
cooking equipment

Quick and easy retort packaging of food
with experts' cooking technique, taste,
and recipe



<Food Loss Reduction and Taste>
Defrost Cooler

Realize high quality thawing
by highly controlled temperature



<EC Support: Smart Locker >

Delivery box adapting 3 temperature zones :
low, medium and ambient temperature



GODD DESIGN
AWARD 2022

Reflection on the Past and Future Business Operations

Reflection on the Past

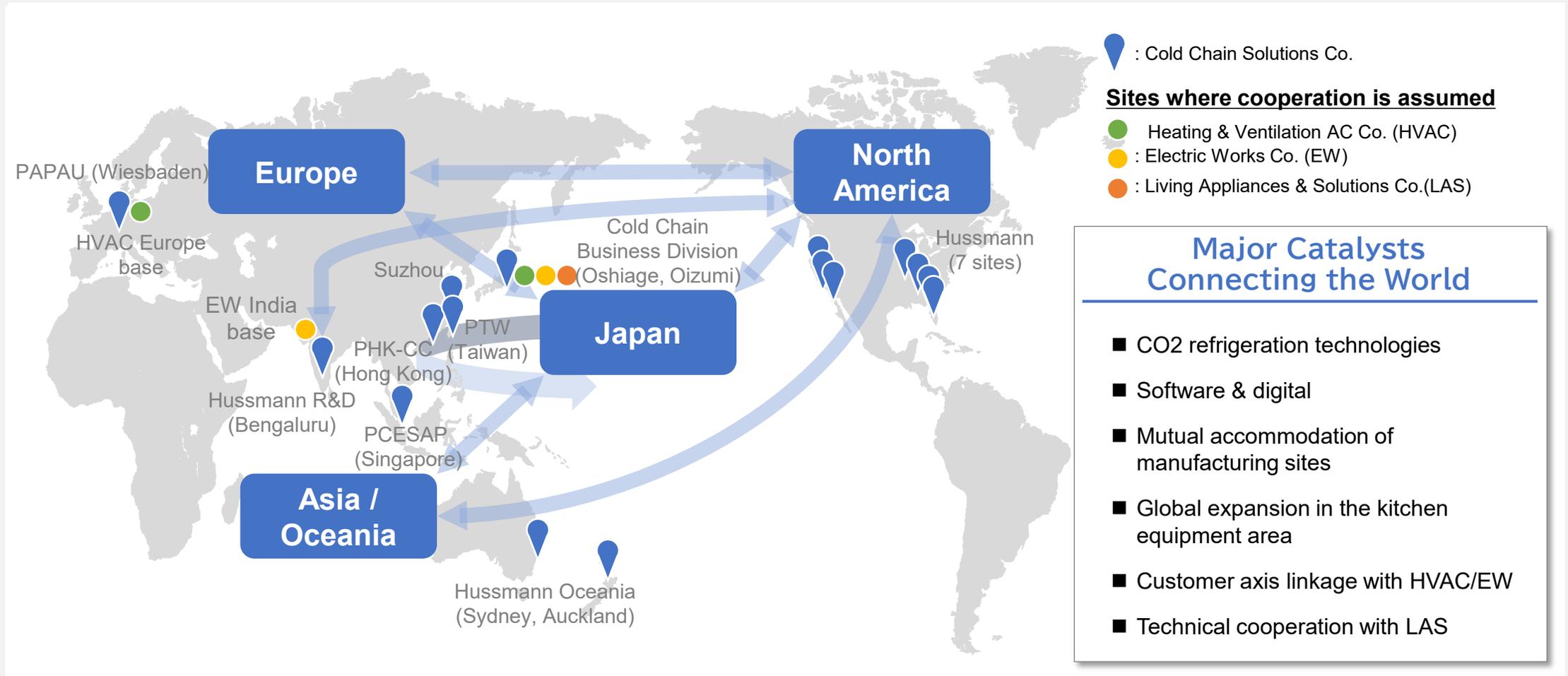
- 1 Lack of investment in facilities and IT**
- 2 Many times of organizational and strategic changes**
- 3 Lack of synergy creation in acquisition of Hussmann**



What needs to be changed

- 1 Realization of appropriate investment to maintain and improve the level of MIF**
- 2 Clarification and transparency of strategic axis, judgment axis, and time axis**
- 3 Regional cooperation by relatively superior management resources**

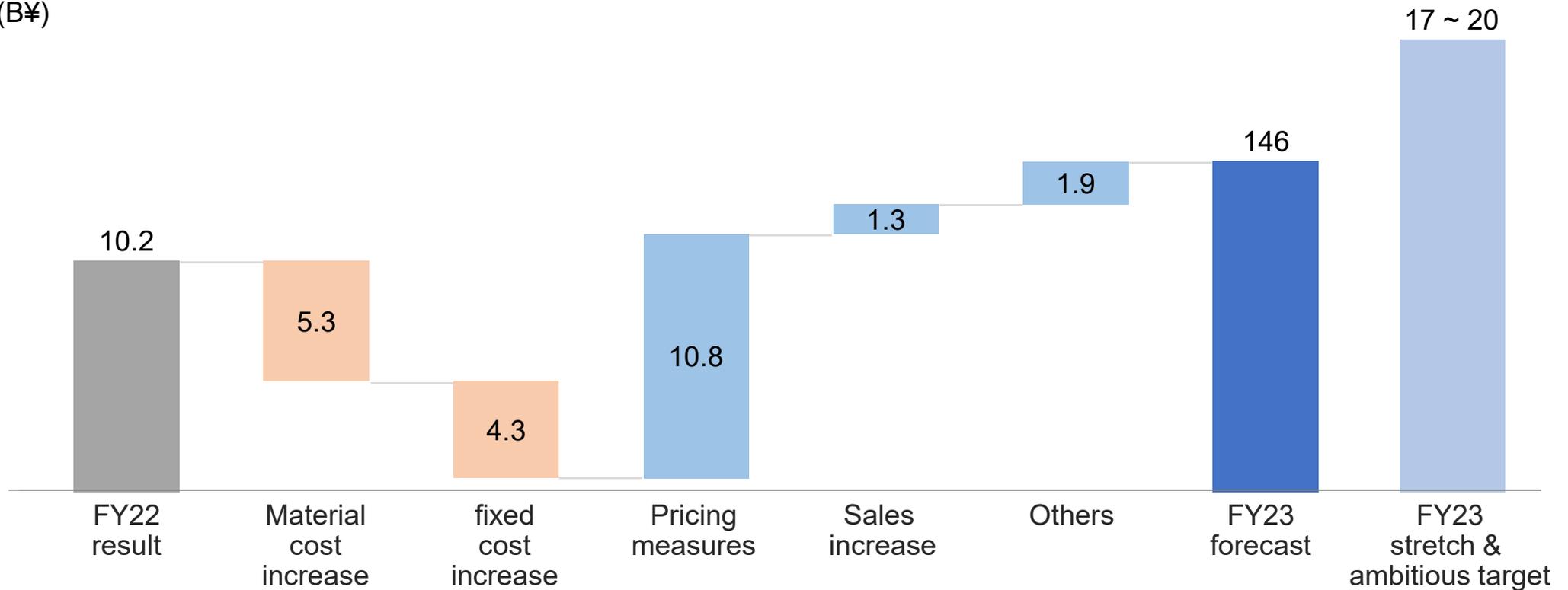
Expanding Value by Connecting Businesses Globally



Forecast for FY2023

EBITDA

(B¥)



KGI Target for FY2025

EBITDA

23 billion yen

10.2 billion yen
(FY2022 result)

ROIC

5.0 % or more

1.0%
(FY2022 result)

Three-years Cumulative Operating Cash Flow

29 billion yen

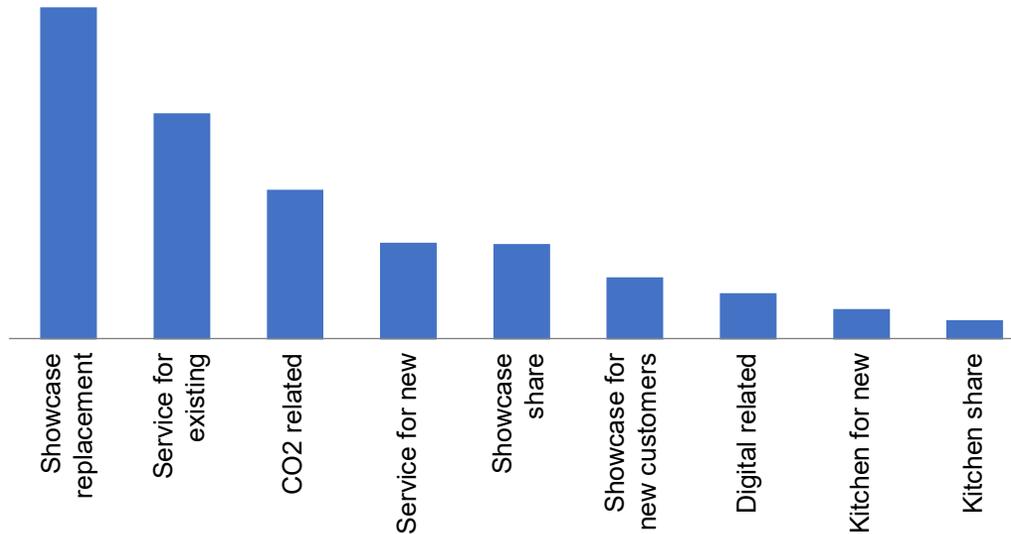
Outlook for FY2025 KGI Targets

Sales

340 billion – 360 billion yen
(CAGR 2% or more)

* Figures are based on the 140 yen against US dollar, assumption of new organization

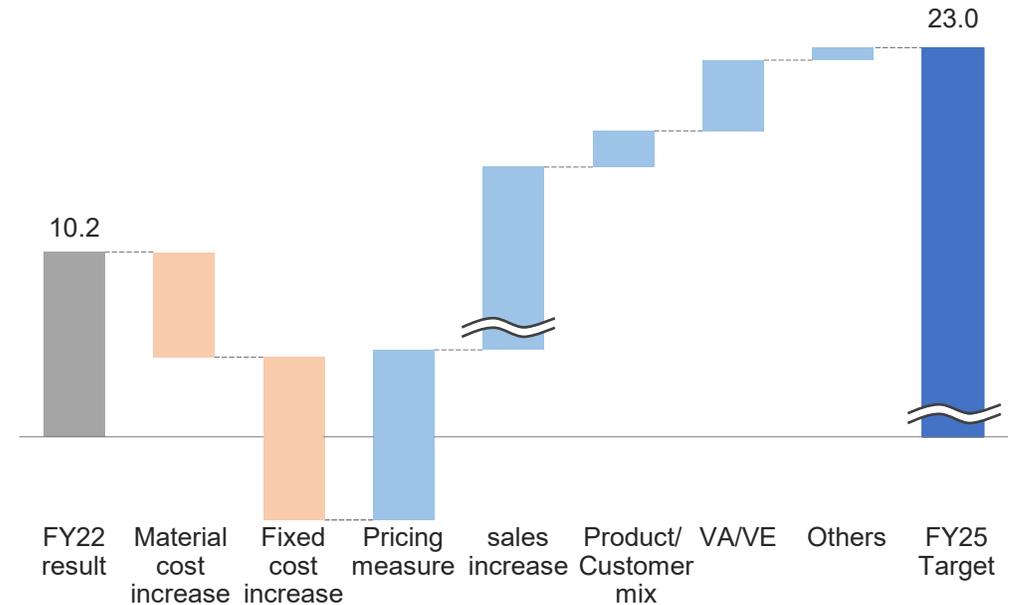
<Target breakdown by revenue increase contribution>



EBITDA

23 billion yen
(+ 13 billion yen is a must-achieve target)

<Incremental changes in EBITDA by factor>



Challenges to take up in achieving KGI targets for FY2031

✓ Sales growth

✓ Improve manufacturing productivity

✓ Innovations of IT and operations

✓ Increase sales by highly profitable products

EBITDA

40 Billion Yen

(Aiming for a margin of 8% or more)

Executive Summary

Contribution by Panasonic Group

Blade the way of innovative edge businesses and leading environmental contribution through B2B2C in the food business area

- 1 Connecting the world and building a solid foundation for enhancing the competitiveness of cold chain businesses
- 2 Leveraging the strengths of the CO2 refrigeration system to become one of the world's leading environmental companies
- 3 Take advantage of high MIF, and grow service to a pillar of business through expanding digital solutions
- 4 Strengthen the kitchen business as a company that solves the food loss issue by launching differentiated products
- 5 Achieving EBITDA of 40 billion yen at an early stage at a rate exceeding the industry average



Panasonic

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