



# FUSION 25

## Latter-Half 3-Year Plan

**Offer new value for the environment and air to realize both contributions to a sustainable society and Group growth**

May 31, 2023

- I. Review of First-Half of Fusion 25**
- II. Latter-Half Approach and Quantitative Targets**
- III. Key Strategies**



# **I. Review of First-Half of Fusion 25**

# Fusion 25 Overview

## Premises

### External environmental changes

Increased importance of environment and social contributions 

Consumption shift from goods to experiences

Increased needs for IAQ and ventilation

Innovative advances in digital, AI, 5G, and other technologies

### Our strengths

Energy-saving, environmental, IAQ technologies

Globally expanding robust sales network

Local production for local consumption

People-Centered Management, diversity management

### Our Group Philosophy

Viewing external environmental changes as a great opportunity, capitalize on our strengths to achieve further growth and development

Offer new value for the environment and air to realize both contributions to a sustainable society and Group growth

## 9 key themes

### 3 growth strategy themes

While contributing to the environment and society, expand business and improve profitability

### 1 theme for the focus region/business

Obtain investment resources for the growth strategy through accelerated global development and enhanced profitability

### 5 themes to enhance the management foundation

Reinforce the management foundation to support business transformation and growth

## Ideal value creation

Economic value

Environmental and social value

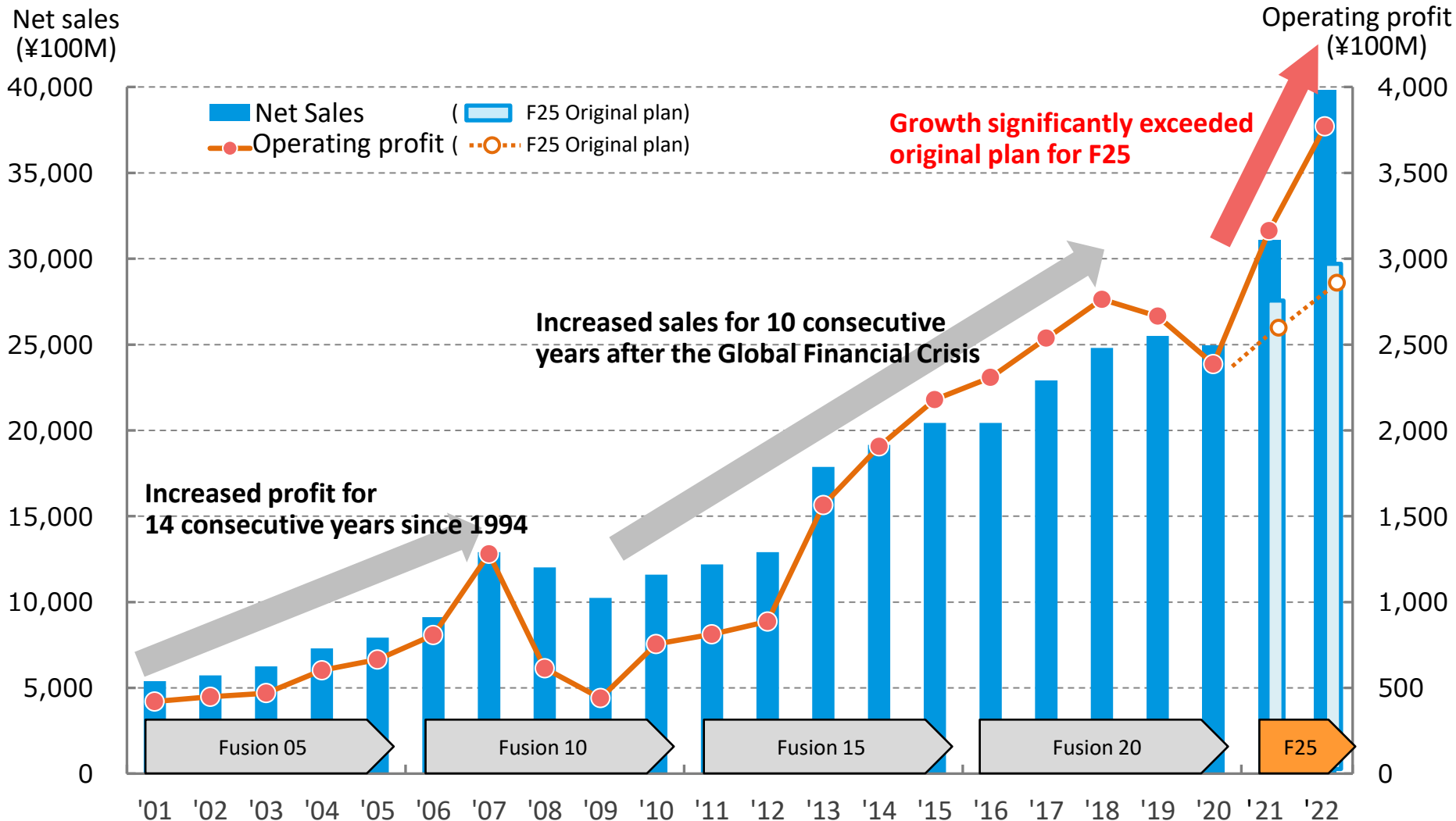
## Achieving targets in FY 2022 (for FY 2023 targets) one year ahead of schedule of the original plan for both net sales and operating profit

- ✓ Confronted with headwinds unforeseen when the original plan was formulated, such as the prolonged impact of COVID-19, the growing tension in Ukraine, tight supply of semiconductors and electronic components, and soaring raw material prices and high logistics costs, Daikin responded with measures that included the following:
  - Systematic implementation of strategic selling price measures and maximization of cost reductions
  - Alternative procurement of product supply for semiconductors and difficult-to-obtain electronic components Etc.
- ✓ Business expanded by capitalizing on market growth that exceeded projections
  - Heat pump (H/P) space and water heating business in Europe
  - Chemicals business capitalizes on growth in the semiconductor, automotive, and ICT markets Etc.

(¥100M)	FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 F25 Original Plan
Net sales	24,934	31,091	39,816	31,000
Operating profit	2,386	3,164	3,770	3,250
Operating profit ratio	9.6%	10.2%	9.5%	10.5%
R O E	10.1%	12.0%	12.2%	11%
F C F	1,234	-134	-2,027	3,400
Exchange rate	1 USD= ¥106 1 EUR= ¥124 1RMB=¥15.7	1 USD= ¥112 1 EUR= ¥131 1RMB=¥17.5	1 USD= ¥135 1 EUR= ¥141 1RMB=¥19.8	1 USD=¥105 1 EUR=¥125 1 RMB=¥16.0

## <Reference> Change in Performance

Compared to the start of FUSION management in 2001, sales have increased 8 times the 2001 amount, while operating profit has expanded 6 times. Daikin has become a corporate group with business operations in more than 170 countries and more than 95,000 employees.



# Fusion 25 First Half Achievements R&D/Investment

## Identifying opportunities and investing for growth amid the unprecedented changes in the management environment

- ✓ R&D investments increased for growth strategy themes such as carbon neutrality, (low GWP, H/P space and water heaters) and Solutions
- ✓ Additional capital investments, such as establishment of new production bases, were decided and implemented in response to an unexpected increase in demand
  - A new factory was established in Poland to capture the European H/P space and water heater market Etc.
- ✓ Regarding digital investments, we aimed for business innovation to expand the Solutions business and process innovation, including transformation of the business process, and will proceed with system construction as planned

### FY2021-23 Investment Plan and Status (3-year cumulative)

(¥100M)	FY 2021 - FY 2023 F25 Original Plan	FY 2021 & FY 2022 Results + FY 2023 Plan
R&D	2,260	2,987
Capital investment	4,460	7,216
Digital investment	1,370	1,500

## Growth Strategy

### ■ Challenge to Achieve Carbon Neutrality

- Europe: Sales of H/P space and water heater expanded with the soaring fuel costs and environment policies
- North America: Incentives were utilized in environmentally advanced states to expand sales of premium environmental products

### ■ Promotion of Solutions business

- North America: A sales channel was built through acquisitions in major cities allowing owner-direct proposals  
Self sufficiency in 11 out of 18 most important cities
- In Europe, Asia, and Oceania, we strengthened owner-direct sales networks, service networks, and instrumentation engineering capabilities using M&A in addition to strengthening our own after sales service infrastructure

### ■ Creating Value with Air

- Sales expansion by expanding IAQ and ventilation products such as air purifiers, heat exchangers, and air handling units

(¥100M)		FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 F25 Original Plan
Challenge to achieve carbon neutrality	H/P Space/Water Heater	1,300	1,900	3,150	2,040
Promotion of Solutions business	AC Solutions	4,320	5,000	6,840	5,600
	Refrigeration Solutions	1,110	1,500	1,510	1,600
Creating value with air		1,980	2,300	2,940	2,900



# Fusion 25 First Half Achievements    Key Strategies

## Focus Region/Business

### ■ AC Business in North America

- Financial results greatly increased by expanding sales and market share for Residential unitary products
- With stricter environmental regulations as a tailwind, we entered the market environmental premium products at the right time utilizing the technologies that are the strength of our company, such as inverters (Inv), H/P, and low GWP refrigerants, and transformed the market
- Implementation of strategic investments such as capital investment and M&A
  - Enhanced business foundation by acquiring Rep\*, wholesale, and service companies
    - \*Industry specific to North America in which a contract is concluded between an agency and manufacturer and the agency carries out sales activities
  - Strengthened solutions for data centers by acquiring a custom air handler manufacturer
  - Established training facilities and showrooms for development of environmental premium product

(¥100M)	FY2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 F25 Original Plan
AC Business in North America	5,985	7,940	12,100	8,000

## II. Latter-Half Approach and Quantitative Targets

# Points of the Fusion 25 Latter-Half 3-Year Plan

Based on changes in the external environment after the original plan was formulated, we will add and strengthen key strategy themes and review the quantitative targets for FY 2025

## External environmental changes/ mid- to long-term trends

### Actions for carbon neutrality have accelerated

- Increasing regulations to move away from fossil fuels mainly in Western countries
- Moves to achieve zero GHG emissions from factories by environmentally advanced companies

### Moves to realize a circular economy have been accelerated

### Competitors and other companies have accelerated developing solutions

- Competitors' enhancement of solutions proposal by vertical market leveraging decarbonization and IAQ
- Standardization of smart home communications by leading IT companies

### Remarkable growth in India

- Third largest economy in the world by 2030  
(Market stock of air conditioners quadrupled compared to 2020)

### The semiconductor, automotive, and information/communication fields have been growing

- Growing needs for the high-performance/  
environmentally conscious materials businesses

## Point of adding and strengthening key strategy themes

- Significantly enhance H/P space and water heating business in Europe, etc.
- Create a market in North America with environmental premium products
- **Added initiatives to make all factories, excluding Chemicals, zero GHG emissions factories**
- **Add "Initiatives for a Circular Economy"**

- Expansion of Solution products and strengthen proposal capabilities
- **"Residential Solutions" will be added as a new theme for establishment as a viable business as the original plan was mainly focusing on commercial "AC Solutions"**

**Add "Establishment of a major base in India"**

**Add "Challenge to become a leading company in high-performance and environmentally conscious materials"**

# Key Strategy themes

The three growth strategy themes unchanged, but a new enhancement perspective has been added individually. For the key themes overall, two themes have been added as regional/business strengthening themes that should be addressed now with an eye to the future

[Red indicates newly added themes / perspectives]

## Growth strategies

### 1 Challenge to achieve carbon neutrality

Net zero GHG emissions at equipment factories, Natural refrigerants, Circular economy

### 2 Promotion of Solutions business connected with customers

Commercial / Residential / Refrigeration

### 3 Creating value with air

## Business supporting our growth

## Focus regions, businesses

### 4 AC business in North America

### 5 Establishment of a major base in India

### 6 Chemicals: Challenge to become a leading company in high-performance and environmentally conscious materials

## Enhancement of management foundation

### 7 Strengthening technology development capabilities

### 8 Establishing a robust supply chain

### 9 Promoting digital transformation for innovation

### 10 Creating market value/enhancing advocacy activities

### 11 Improving HR capabilities through advanced diversity management

# Quantitative Targets

**Aiming to continue new record highs in financial with net sales of ¥4,550 billion yen and operating profit of ¥500 billion yen**

- ✓ In the latter-half 3-year plan, we strive to achieve growth that exceeds GDP and market growth
- ✓ Profitability will increase by expanding high value-added and environmental products such as Inv and H/P equipment.
- ✓ In the rapidly changing environment, upfront R&D investment and capital investment for future sustainable growth is accelerating

## Quantitative Targets

(¥100M)	FY 2022 Results	FY 2023 Plan	FY 2025 Plan
Net sales	39,816	41,000	45,500
Operating profit	3,770	4,000	5,000
Operating profit margin	9.5%	9.8%	11%
FCF	-2,027	5,000 (FY 2023-FY 2025 3-year cumulative)	
ROE	12.2%	-	12%

### Exchange rate

1 USD= ¥135  
1 EUR= ¥141  
1 RMB=¥19.8

1 USD= ¥126  
1 EUR= ¥133  
1 RMB=¥19.0

1 USD= ¥125  
1 EUR= ¥130  
1 RMB=¥19.0

## Investment Plan

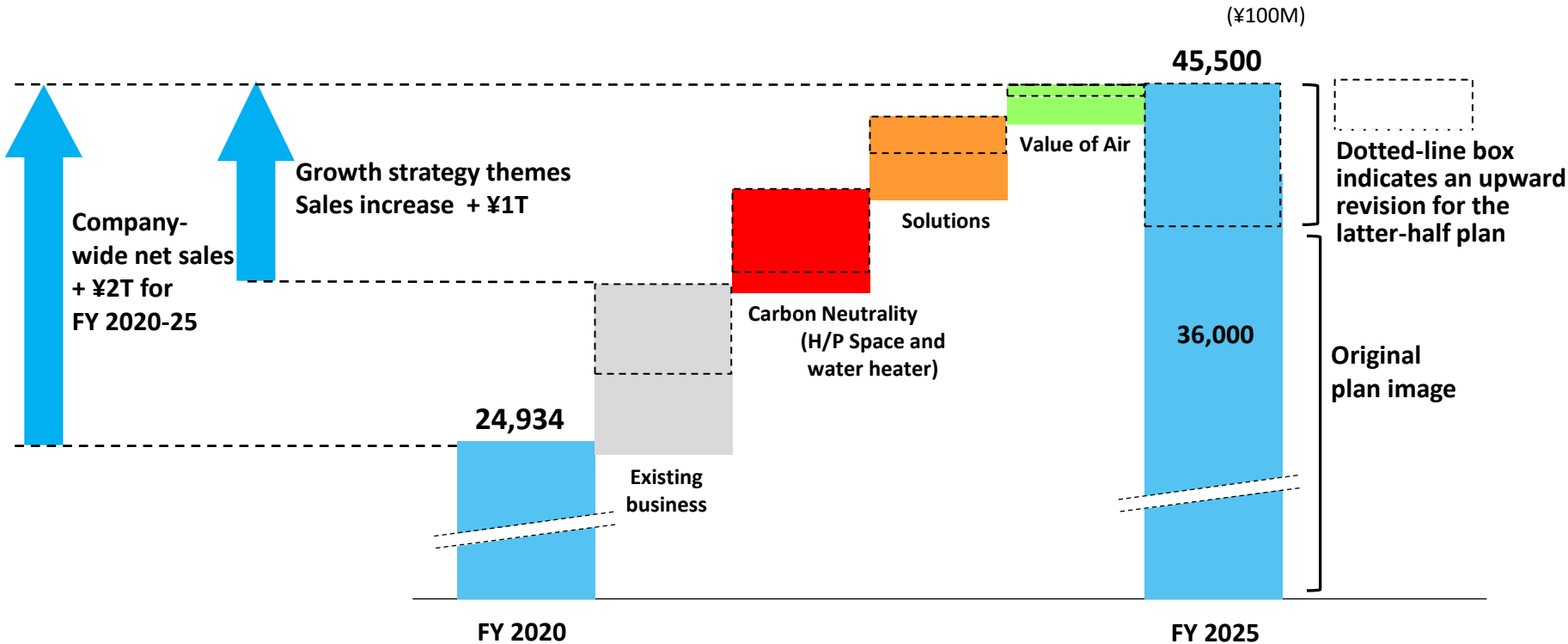
(¥100M)	3-year cumulative (FY 2023 - FY 2025)
R&D	3,900
Capital Investment	8,000
Digital Investment	1,800

# Business Expansion Structure through Growth Strategy

Expansion by having the growth strategy themes account for more than 50% of the net sales increase amid the upward revisions to plan

- ✓ In the first two years, sales growth from growth strategy themes remained at about 30% due to the rapid expansion of existing businesses
- ✓ The implementation of growth strategy themes in the latter 3-year plan will focus especially on the H/P space and water heating business as we aim to expand sales by more than 50% of the approximately 2 trillion yen increase in sales

## ■ Composition of business expansion by existing/growth strategy theme





## **III. Key Strategies**

### **(Growth Strategies, Focus Region/Business)**

# 1 Challenge to Achieve Carbon Neutrality

- ✓ We will strive even further to reduce GHG throughout the product life cycle in order to “achieve carbon neutrality by 2050.”
- ✓ In 2021, the net GHG emissions were reduced by 10% (compared with 2019 base year BAU) and progress was made as planned. To achieve **the 30% reduction in 2025 and over 50% in 2030**, we will **reinforce our efforts**.
- ✓ Due to the rapid changes in the world, the environment and energy savings are current themes, and the market is being revitalized. Consequently, **our company will make upfront investments for environmental products** such as our **H/P space and water heaters and INV air conditioners**.
- ✓ Our company will accelerate efforts relating to refrigerants, one of our environmental core technologies, as we work to reduce the **global warming potential (GWP)** of refrigerants and **build a network for refrigerant recovery and reclamation** that achieves both business growth and social contribution.



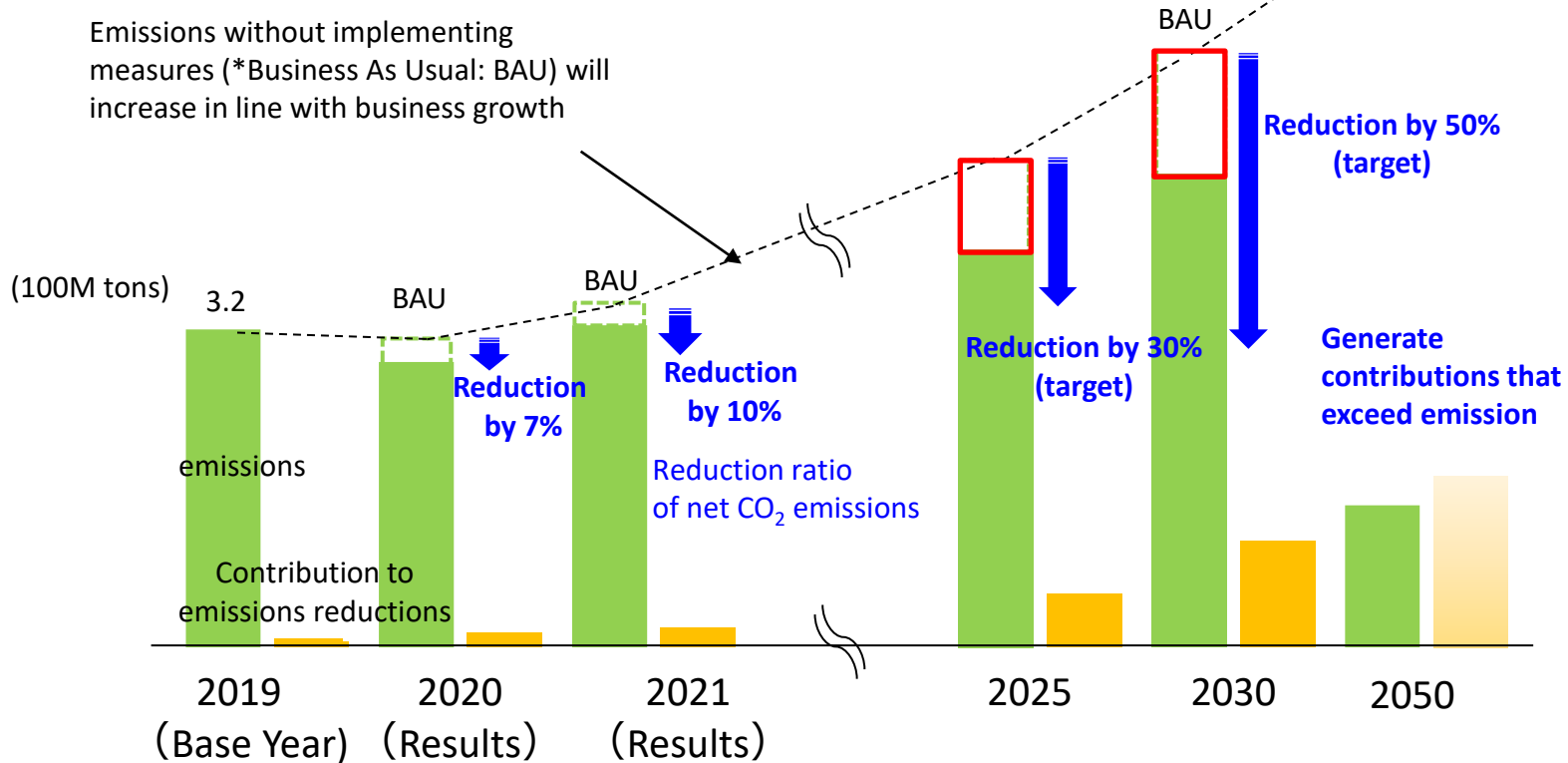
# 1 Challenge to Achieve Carbon Neutrality

Achieve a 30% or more reduction in net GHG emissions by 2025 and 50% or more by 2030

## Net GHG emissions\* reduction targets and actual results throughout the life cycle

\* GHG emissions minus contributions to GHG reduction

Using 2019 as the base year, we will reduce **emissions by 30% or more by 2025** and **by 50% or more by 2030** compared to the emissions if the business grows without measures. (BAU\*)



# 1 Challenge to Achieve Carbon Neutrality

## 1) Reduced power consumption during product use

Work to accelerate the global conversion to inverters and lead the industry in environmentally conscious products (energy-saving equipment)

- Conversion of RA to inverters 75% in 2019 → 79% in 2021 → 93% in 2025 (target)
- Development and sales expansion of energy-saving systems

## 2) Expansion of the H/P Space and Water Heating business

(Net sales of FY 2023 ¥420.0B → FY 2025 ¥830.0B)

Significantly expand business in the residential market by launching differentiated products and strengthening sales and after sales service networks

Europe	North America	China	Japan
<ul style="list-style-type: none"><li>• Aim to expand our No. 1 market share even further in major countries</li><li>• Launch new products adopting R290</li></ul>	Accelerate sales of INV and H/P unitary product <i>Fit</i>	Expand sales of H/P floor heating	Expand the sales of Eco-Cute and H/P air conditioners for cold climate



H/P space and water heater for Europe "Daikin Altherma"

# 1 Challenge to Achieve Carbon Neutrality

## 3) Refrigerant initiatives to support the AC business

Select the optimum refrigerant for each region and challenge activities to make natural refrigerants mainstream along with mass production

- Global promotion of R32 conversion - VRV conversion to R32 in Japan and Europe
- Equipment development and risk assessment for using natural refrigerants
- Development of next-generation refrigerants (for automobiles and air conditioning)

## 4) GHG emissions reductions during manufacturing (development and production processes), office activities, etc.

Aim to achieve net zero GHG emissions by 2030 at all factories excluding Chemicals

- Sakai Plant and Rinkai Plant lead the way in net zero emissions in FY 2023 at factories
- Net zero for offices of the main bases in Japan in FY 2025 with FY 2030 the target year for net zero of global offices

## 5) Challenge in new business taking a carbon neutral society into account

Reinforce initiatives for negative emissions and electric power

- Examine potentials of the electric power business in addition to expanding sales of micro-hydroelectric power generation
- Take on the challenge of acquiring technology for CO<sub>2</sub> recovery and utilization (DAC\*1, CCU\*2)

\*1 DAC: Direct capture of atmospheric CO<sub>2</sub> \*2 CCU: Separation, recovery and effective use of CO<sub>2</sub>

# 1 Challenge to Achieve Carbon Neutrality

## 6) Initiatives for realizing a circular economy

Accelerate the global establishment of a refrigerant eco-cycle (recovery, reclamation). For other materials that we use, we will make environmentally-conscious efforts such as using recycled material with improved durability

- Building of refrigerant recovery and reclamation networks in advanced countries (Europe, Japan, North America) where regulations are progressing
- Initiatives for materials other than refrigerants (resins, metals, etc.)
  - Use of recycled plastics, horizontal recycling\* of aluminum, reduction of rare earths, etc.

\* Horizontal recycling: Recycling in the form of products after use becomes resources and is regenerated as the same product

### Concept of a circular economy

CE is a system of a circular society that generates economic value on the premise that products and raw materials are not disposed

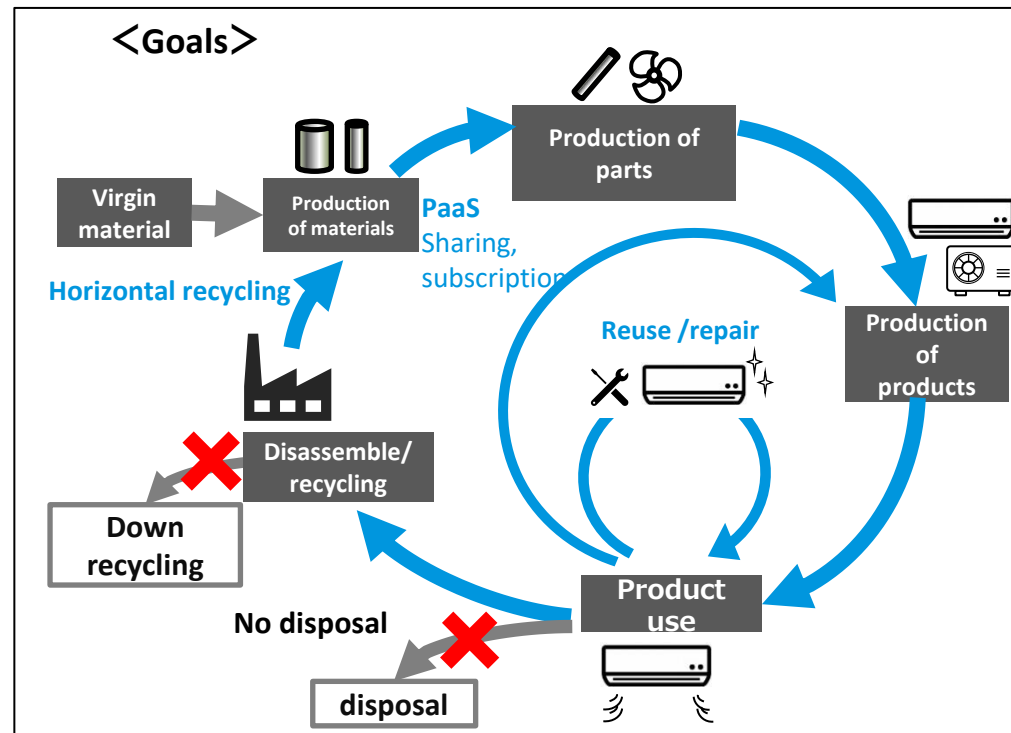
#### [ Efforts necessary for realization ]

Offer **product design and services based on circularity**

Establish **recovery network** for circularity

Enhancing technology for **horizontal recycling**

Source: Japanese Ministry of the Environment: "Environment, Recycling Society, Biodiversity White Paper (2021)  
Keidanren: "Proposals for Realizing a Circular Economy" (2023)



## 2 Promotion of Solutions Businesses Connected with Customers

- ✓ In **Commercial Solutions**, we will enhance **our sales network and business structure to facilitate owner-direct sales proposals** and promote a Solutions business that offers different proposals for each market, customer, and project. We will work to **expand products and proposal menus for each vertical market** that meet DX, carbon neutrality, and labor-saving needs
- ✓ To help accelerate the standardization of residential energy-saving regulations and wireless communication standards for residential equipment, **Residential Solutions will be added as a new theme for establishment as a viable business**
- ✓ In **Refrigeration Solutions**, we will work on **business development in Asia and expansion of business areas**

### ■ Commercial AC Solutions: Examples of Needs by vertical markets

#### Offices



Improved comfort through features like airflow, uneven temperature distribution, ventilation, and sound insulation

#### Schools



Equipment management and technical support when there is no full-time facility caretaker

#### Hospitals



Reduction of cluster infection risk by preventing infiltration and spread of viruses and bacteria

#### Hotels



Advanced operability, including separate temperature control and multilingual support for each guestroom

#### Factories



High reliability for non-stop operation, and energy savings to help achieve zero carbon emissions

## 2 Promotion of Solutions Businesses Connected with Customers

### 1) Commercial Solutions (Net sales of FY 2023 ¥726.0B → FY 2025 ¥870.0B)

Focus on strengthening proposal-based sales capabilities, expanding menus for each vertical market, and strengthening business promotion functions along with building an owner-direct sales network

#### Enhancement of Solutions Proposals Capabilities

Strengthening sales and after sales capabilities to propose tailored-made solutions to address user concerns that include DX, carbon neutrality, and rising electrical bills

#### Expansion of Solutions Products

##### • Building of a global platform

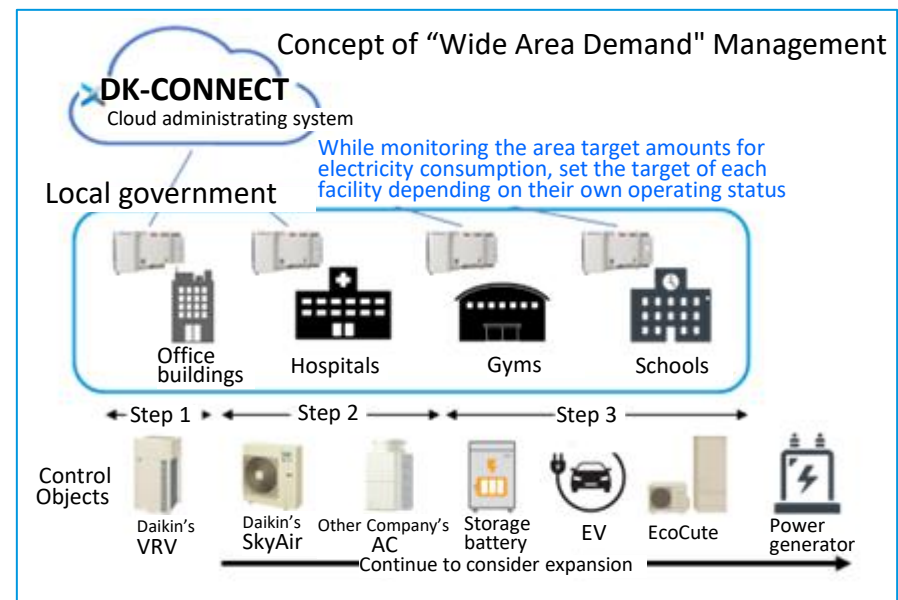
DK-CONNECT, semi-customized BMS:  
Subsequent expansion to other regions

##### • Enhancement of value-added applications

- Remote AC monitoring and control in multiple buildings: “Wide Area Demand” management
- Optimal control linking VRV and applied equipment

#### Improving Solutions Technologies

- Further improvement of platforms and applications
- Energy-saving AI control, sensor technologies for IAQ diagnosis, etc.



## 2 Promotion of Solutions Businesses Connected with Customers

- Establish themes for enhancing by vertical markets in each region as we develop for global product marketing by sharing proposal know-how and success stories from each region

Japan  
2 themes

Europe  
3 themes

North America  
2 themes

Asia/Oceania  
2 themes

### <Major Regional Initiatives and Improvement Themes by Vertical Market>

#### North America

- **Acquisitions in major cities and sales channel construction for owner-direct proposals**
  - Aim for being completely self-sufficient in the 18 most important cities
- **Theme enhancements by vertical markets**
  - Hospitals/Offices: Low-cost and easy-to-install equipment monitoring and control system
  - Schools: Energy savings through coordinated control of VRV and applied ventilation (DOAS)

#### Japan

- **Enhancement of specialized Solutions sales capabilities for each vertical market, such as local governments, buildings, and factories**
  - Conclusion of a partnership in local government market through agreement with Kitakyushu City that currently implements energy management for the entire region  
Promote deployment and diversion to other local governments and vertical markets
- **Theme enhancements by vertical markets**
  - Local governments: Visualization of power consumption, energy savings by energy-saving AI control, remote monitoring and control of air conditioners in multiple buildings
  - Offices: Operational efficiency improvements through failure prediction, equipment management support, etc.

## 2 Promotion of Solutions Businesses Connected with Customers

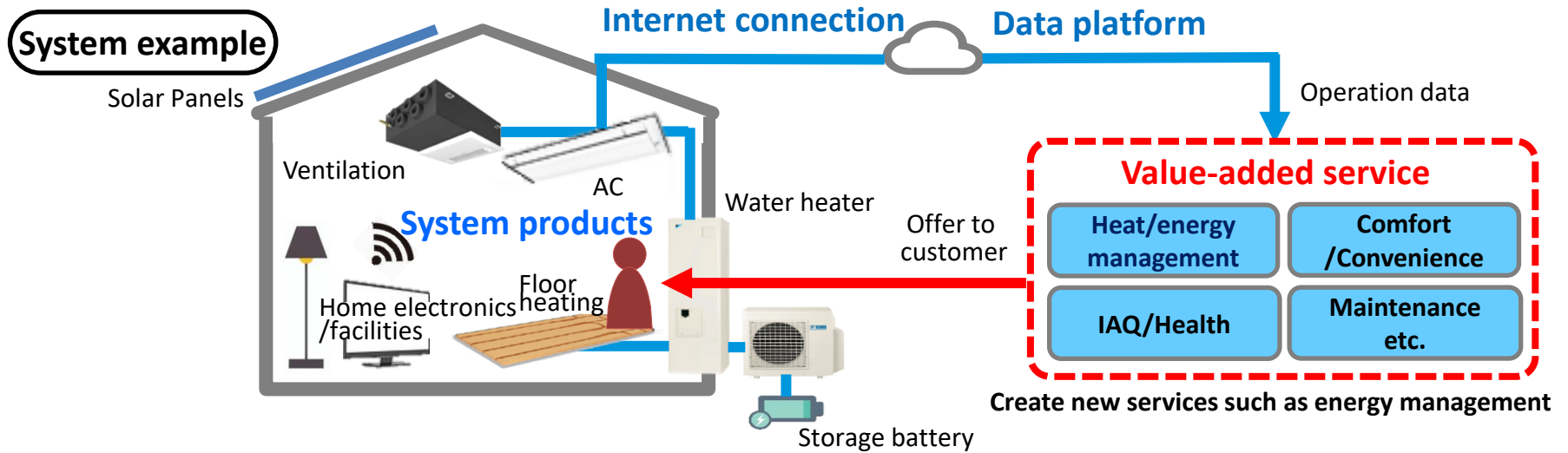
### 2) Residential Solutions (Net sales of FY 2023 ¥114.0B → FY 2025 ¥200.0B)

Challenge creating our own Solutions model which combines energy efficiency and comfort by controlling the balance between heat and electric power of HVAC products, which account for most the energy used in a home

- Introduce HVAC system products that connect to the Internet in each region

Europe	PV-linked <i>Altherma</i>	China	Residential multi with IoT and smart functions
Japan	Net-connectable floor heating etc.	North America	<i>Daikin-One</i> and <i>Fit</i> system

- Improve added value in products by enhancing services through connectivity and realizing comfort
- Challenge building an energy-saving system such as energy management





## 2 Promotion of Solutions Businesses Connected with Customers

### 3) Refrigeration Solutions (Net sales of FY 2023 ¥161.0B → FY 2025 ¥210.0B)

Strengthen business development in Asia, where market growth is expected, in addition to expansion of existing business, while challenging the creation of new business models such as "realization of decarbonization" and "reduction of food loss/waste" in the cold chain from areas of production to consumption

#### Promote store solutions business in Europe

Expansion of product lineup

- Deploy water circulation/heat recovery systems
- Expand lineup of CO<sub>2</sub> refrigerant remote showcases

Enhance the sales/engineering/ service organizations

#### Expansion of Refrigeration business area to connect the cold chain

Business development for land transportation and industrial applications in Europe

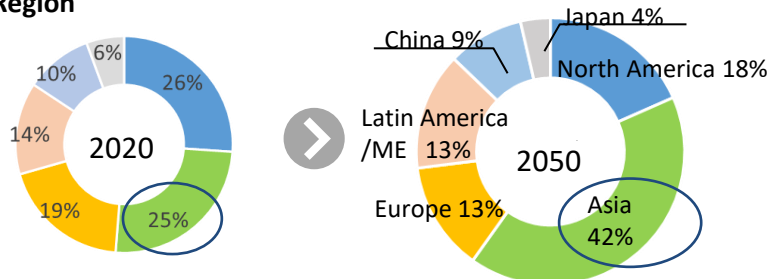
Challenge new business that connects to cold chain by data  
• Establish freshness sensing technology, etc.



#### Reinforcement of the Refrigeration business in Asia/Oceania

Business expansion in India, Indonesia, etc.

Commercial Refrigeration Equipment Market Size Forecast by Region



#### Full entry into the store market in Japan

Expand sales of plug-in showcases and selling equipment as a system including air conditioning, ventilation, and refrigeration



Plug-in showcase

### 3 Creating Value with Air

- ✓ Global IAQ and ventilation market is expected to grow from ¥1.8T in 2020 to ¥2.6T in 2025. In the latter-half plan, we will further expand our business by **shifting from the sale of stand-alone equipment to the sale of systems integrating air conditioners, ventilators, and air purifiers.**
- ✓ To create spaces that enrich people's lives, we will **challenge commercialization of four themes: infection prevention, allergens, oxygen, and autonomic nervous system**
- ✓ We will **explore new air value** through industry-academia collaboration, as well as providing value to future customers

#### 1) Establishment of large-scale IAQ/Ventilation business

(Net sales of FY 2023 ¥313.0B → FY 2025 ¥380.0B)

Expand sales by selling air conditioning, ventilation, and air purifying systems instead of standalone equipment sales while challenging air diagnosis and maintenance service proposals

Japan	Propose systems that combine VRV and HRV
Europe	Using IAQ analysis data, make differentiated proposals leading to ventilation and filter cleaning
China	Propose Residential AC Solutions integrating air conditioners, ventilators, H/P floor heating, and controllers
North America	Develop next generation medium- and large-scale Applied rooftop air conditioners
Asia/Oceania	Energy-saving interlocking system of VRV + HRV for luxury housing and green buildings

### 3 Creating Value with Air

## 2) Creation of IAQ/air environments that enrich people's lives

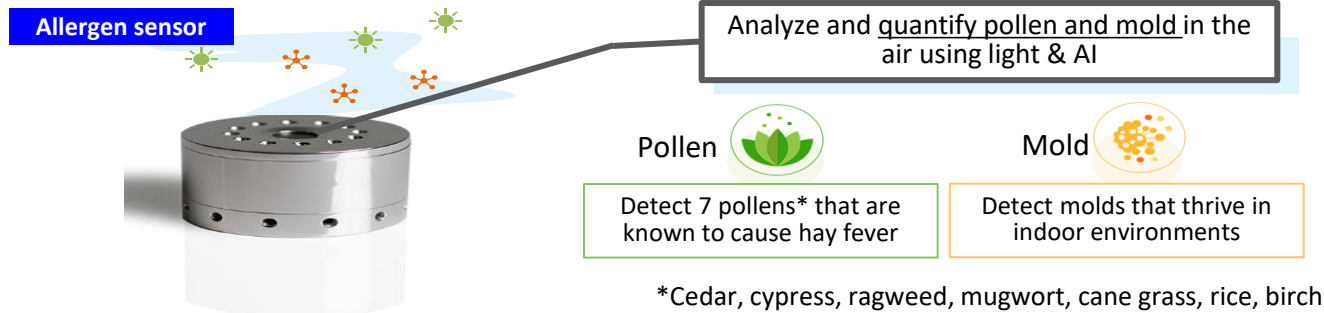
Challenge commercialization for the four themes of infection prevention, allergens, oxygen, and autonomic nerves

Reducing aerosol infection risk in offices, schools, etc.

Providing spaces that improve exercise and learning

Hay fever measures: Providing allergy-free spaces

Providing environments improving sensitivity to cold during sleep



## 3) Pursue new value with air

Create various types of future air value utilizing industry-academia collaborations

- Pursuing and Indexing Value for the “Future Air and Space” (The University of Tokyo)
- Realization of Air and Spaces Relating to Human Health and Comfort (Kyoto University)
- Air-conditioning Solutions and Healthcare Problem Solving in Arid Regions (Tottori University)



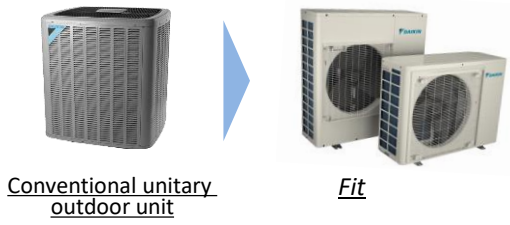
Daikin and The University of Tokyo Industry-Academia Co-Creation Forum (November 2022)

# 4 AC Business in North America

- ✓ Capitalize on greater environmental awareness to lead the transformation of the North American market with environmental premium products that use our core technologies such as Inv, H/P, and R32
- ✓ Accelerate collaboration between Daikin Comfort Technologies North America, Inc. (DNA, formerly Goodman) and Daikin Applied Americas Inc. (DAA) to expand the Commercial and Applied Solutions businesses in addition to establishing Daikin as the overwhelming No. 1 position in the residential business as we aim to become the **No. 1 in the North American business**  
(Net Sales of FY 2023 ¥1,331.0B → FY 2025 ¥1,500.0B)

## Residential Business (DNA)

- Expand sales of the inverter-equipped *Fit* unitary product
- Expand selection of low GWP (R32) products ahead of competitors
- Commercialize H/P space and water heaters to transform the market



## Cooperation between both companies

- Further expand the commercial business by increasing cooperation between DNA and DAA
  - System proposals for VRV/applied/control
- Start new plant in Mexico (2024): Contribute to market creation/profitability
  - Residential products, Applied
- Promote market conversion to inverters, H/P, and R32



## Applied Solutions Business (DAA)

- Enhance equipment business by launching strategic products
  - Small and medium sized centrifugal chillers with magnetic bearings, large capacity centrifugal chillers using low GWP refrigerants, etc.
- Enhance our own owner-direct sales network



## 5 Establishment of a Major Base in India

- ✓ Establish an overwhelming No. 1 position for both Residential and Commercial by 2025 as the company reinforces its development functions and production capacity to improve competitiveness by taking advantage of economies of scale.  
(Net Sales of FY 2023 ¥138.0B → FY 2025 ¥175.0B)

### Equipment Business

**Achieve overwhelming No. 1 market share by exceeding rivals in the residential and commercial markets**

Strengthen dealer development in regional cities  
Expand VRV sales by proposing equipment and solutions corresponding to each application and developing residential VRV  
Enhance support for dealers and service shops using digital technology

### Solutions Business

**Enhance proposals for equipment + control packages**

Improve profitability by expanding maintenance contracts and menus

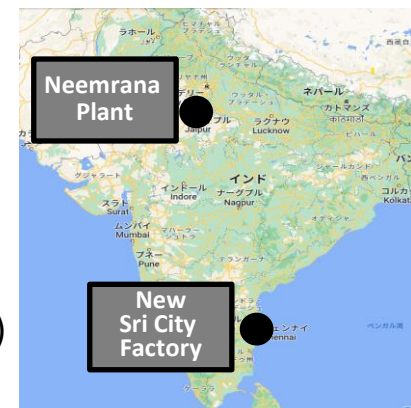
### Enhancement of business foundation as major development and manufacturing base

**Establish a new factory in Southern Sri City (August 2023)**

Improve local procurement rate and maintain multiple suppliers  
Reinforce HR and facilities at the R&D center

### Launch of New Businesses

**Enter the Refrigeration business** where there is high potential for growth

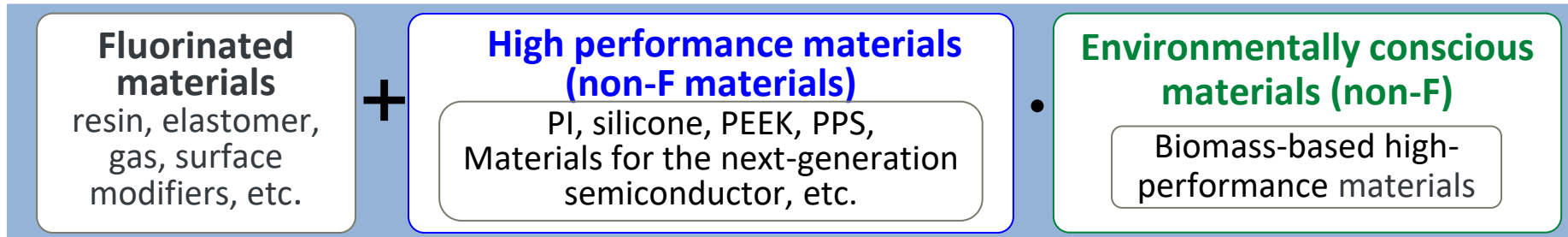


Refrigeration equipment made in India

## 6 Chemicals: Challenge to Become a Leading Company in High-performance and Environmentally conscious Materials

- ✓ Respond to the increasing demand for **materials with even higher performance and environmental consciousness**, mainly in the key chemicals markets (semiconductors, automobiles, ICT/terminal devices)
- ✓ Utilize alliances, partnerships, and M&A together along with the technology and customer base cultivated until now to **expand our lineup of high-performance and environmental-conscious materials without limiting ourselves to fluorine**

■ **Our goal:** To be a leading company in high-performance materials that is essential for the growth of high-tech industries



Further expansion of business by reinforcing proposal-making capabilities (augment product portfolio) focusing on key markets

Semiconductors



Automobiles



ICT/ Terminal Devices



# Ideal Value Creation

## Economic Value

FY 2025 Group targets

Net sales

¥4.55T

Operating profit

¥500.0B

Operating profit ratio

**11%**

## Environmental/Social Value

**GHG emissions reductions**  
2025 target: **30%+** (from BAU\*)  
\*Business as usual



**Contribute to cyclical use of resources** (newly added)



**Free humankind from heat and cold**



**Directly connect with customers and satisfy individual application needs**



**Offer safe, reliable, comfortable air/space**



**Contribute to reducing food loss/waste**



**Participate in international rule-making**



**Contribute to the growth of employees and local people**





# Reference



# AC Business: Other Major Regions (Japan, Europe, China, and Asia/Oceania)

## Japan

Creating environmental and social value and realizing new growth strategies by capitalizing on changing industrial and social structures to achieve carbon neutrality. We will aim for the No. 1 share in all regions and markets by expanding IAQ and ventilation products and enhancing solutions proposals to meet customer needs

## Europe

In a region of stricter environmental regulations and soaring energy prices, we expanded business by providing differentiated products and solutions featuring high energy savings in all market segments ranging from air conditioning, heating, and refrigeration to ventilation. To capitalize on the growing demand for H/P heating, we will actively invest in a new plant in Poland and strengthen our sales and after sales service network

## China

In the backdrop of energy-saving and combustion heating regulations, we are proposing unique solutions that combine highly efficient air conditioning, ventilation products, H/P floor heating, and similar products in a business model that utilizes both offline and online activities. We will continue growing by creating a strong market as the only global brand in China

## Asia / Oceania

In the Asian region, we will develop products and promote sales measures aimed at the middle class and wealthy class of the younger generation, which will increase in the future. In the commercial market, we will accelerate market creation by targeting each vertical market and strengthening our technical team to improve our ability to make proposals. We are also challenging new businesses such as smart cities and district cooling

## Other Businesses (Oil Hydraulics)

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### Oil Hydraulics

Leveraging energy-saving and high-precision hybrid hydraulic products, we will expand our global industrial equipment business with the acquisition of Duplomatic MS S.p.A. (Italy) in 2022 and accelerate business expansion of HST (hydraulic power transmission systems) construction equipment by introducing new products with excellent controllability and energy-saving performance as we aim for a business scale of ¥100.0B in the future



### **Notes on forecast**

This data is compiled for informational purposes and is not to be construed as a solicitation of any action.

This data (includes management plan) was compiled by Daikin Industries, Ltd. (the Company) based on reliable information available at the time of compilation. It may include some risks and uncertainties. The Company is not responsible for its accuracy or completeness.

The Company asks for your own discretion in using this data. The Company accepts no liability for any loss or damage of any kind arising out of judgment for investment made solely relying on the business forecast or target figures described in the data.