

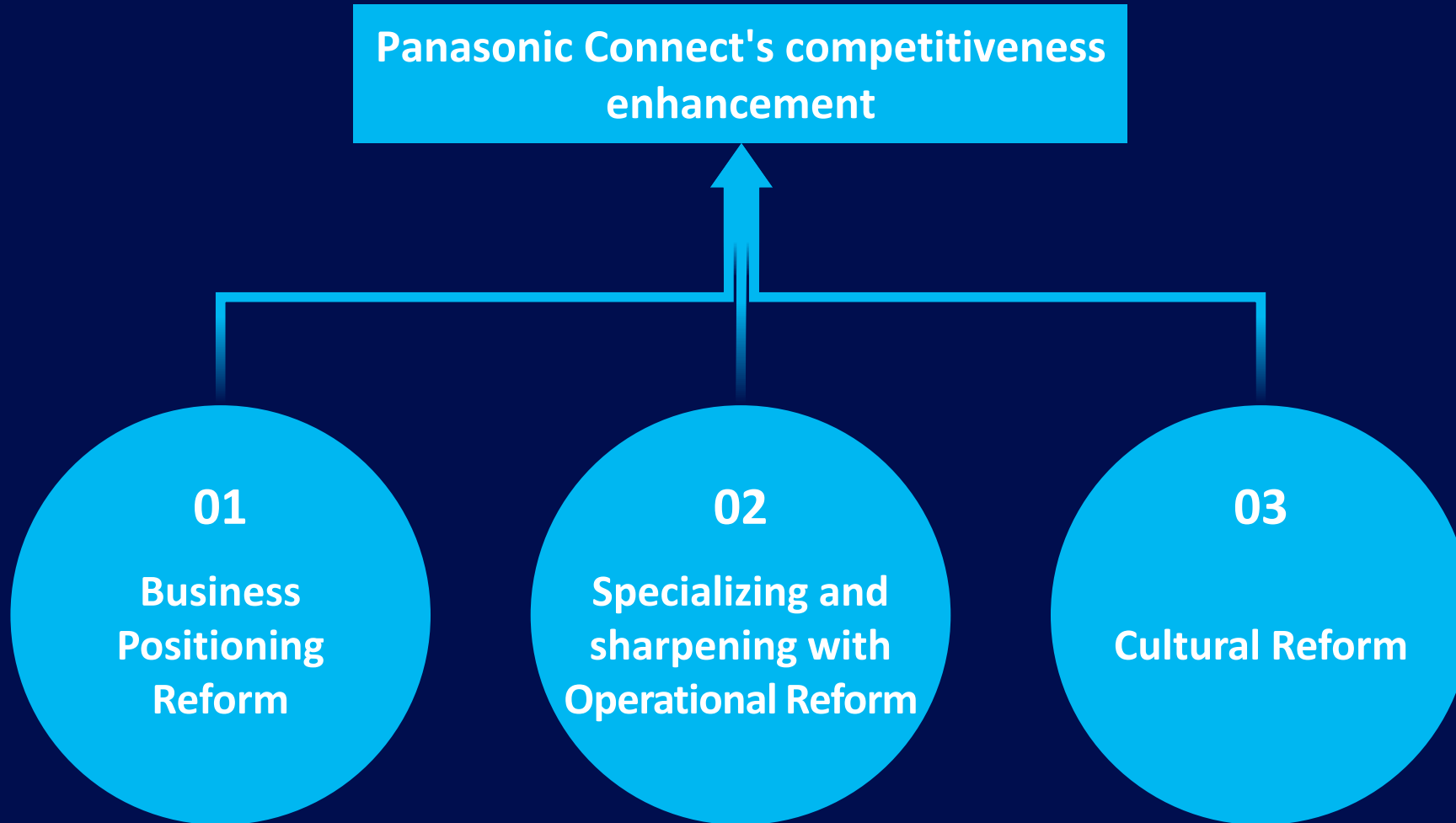
Panasonic Connect Operating Company Strategy Briefing

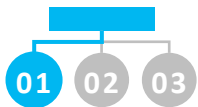
June 1, 2023

Yasuyuki Higuchi, President & CEO
Panasonic Connect Co., Ltd.



Panasonic Connect's competitiveness enhancement realized through three reforms





Competitiveness Enhancement: Business Positioning Reform

Steady implementation of "selection" and "concentration" over the past six years

<div>Divestitures</div> <div>(2 businesses)</div>	<div>Introduction of external capital for the security system business</div> <div>Sale of ITC Global (communication satellite services business)</div>
<div>Business termination</div> <div>(8 businesses)</div>	<div><div>POS terminal</div><div>PBX</div></div> <div><div>Feature phone</div><div>SD card</div></div> <div><div>Document scanner</div><div>Optical pickup</div></div> <div><div>Agriculture business</div><div>HD-COM business</div></div>
<div>Factory closures</div> <div>(2 sites)</div>	<div>Okayama Factory</div> <div>Beijing Factory (Panasonic Mobile Communications)</div>
<div>Business acquisitions</div>	<div>Blue Yonder</div>

Competitiveness Enhancement: Specializing and Sharpening Reform

Established the structure that enables us to focus management resources on highly competitive business areas

Process Automation



Media Entertainment



Avionics



Mobile Solutions



*Let's note: IDC Japan, Japan Personal Computing Quarterly Model Analysis 2022Q1 Share By Company, 2021 ultra portable PC business area (excluding the education and public sector market)

Gemba Solutions Company



*Customers with whom we had transactions between 2015 and 2021

Blue Yonder

One of the company ranked as a leader in three Gartner® Magic Quadrant™

Gartner Magic Quadrant™
A Leader
Supply Chain Planning Solutions

Gartner Magic Quadrant™
A Leader
Warehouse Management System

Gartner Magic Quadrant™
A Leader
Transportation Management Systems

Competitiveness Enhancement: Cultural Reform - Initiatives to date

Head office
in Tokyo

Removal of
private rooms for
executives

ALL HANDS
MEETING

Hot-desking

Business chat

Ch. Yasu

Quit weekly report

Eradication of seals
and being paperless

Renewal of
business card design
and company
promotion goods

Stricter penalties for
harassment

Starting salary in line
with the industry
standard

Compliance messages

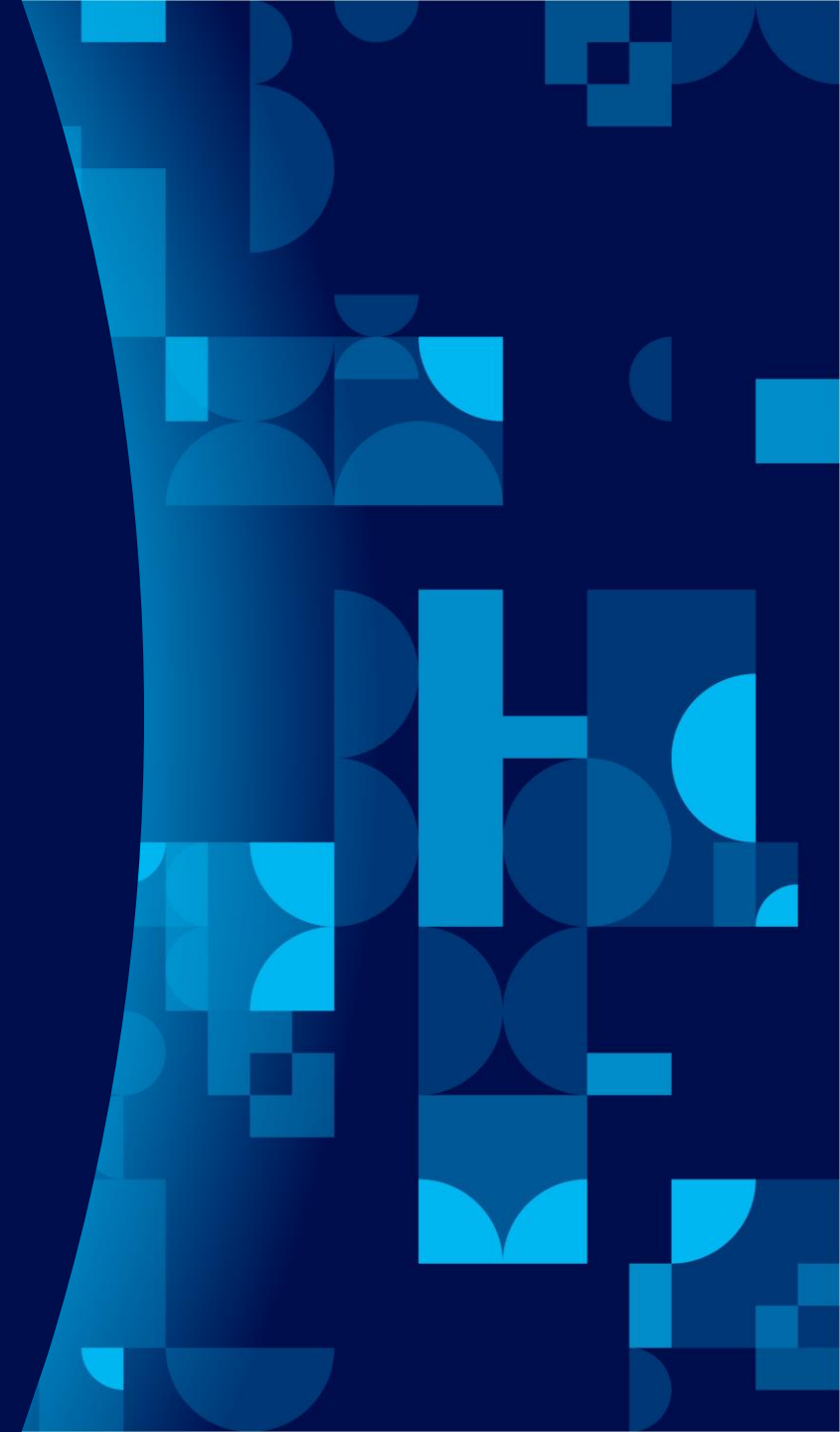
Connect AI

MBA program

Paternity leave

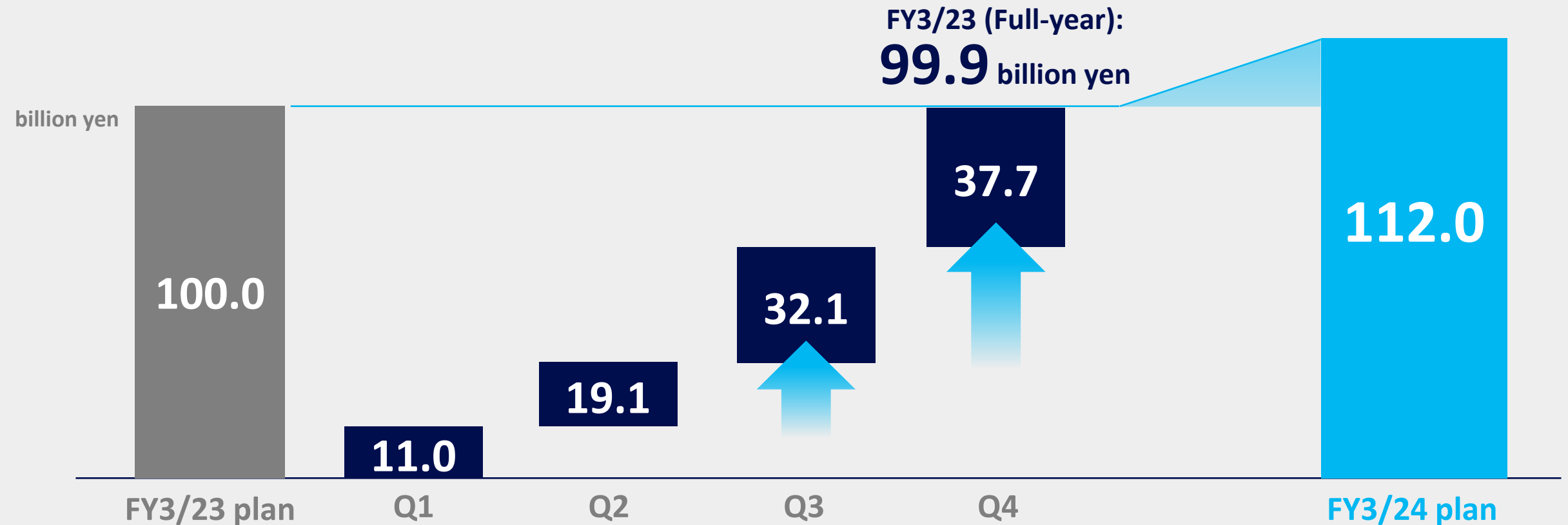
Rainbow Pride

Progress of Panasonic Connect's Medium- to Long-term Strategy



EBITDA FY3/23 results and forecast for FY3/24

Avionics led the recovery in the second half of FY3/23,
and restored the management structure to generate profits
Expected to increase profits in each business in FY3/24, especially led by Avionics



Summary of the first year of the Medium- to Long-term Strategy (FY3/23)

Procurement issues and material cost increases reversed by sales price revisions.
Continue to improve operational efficiency.

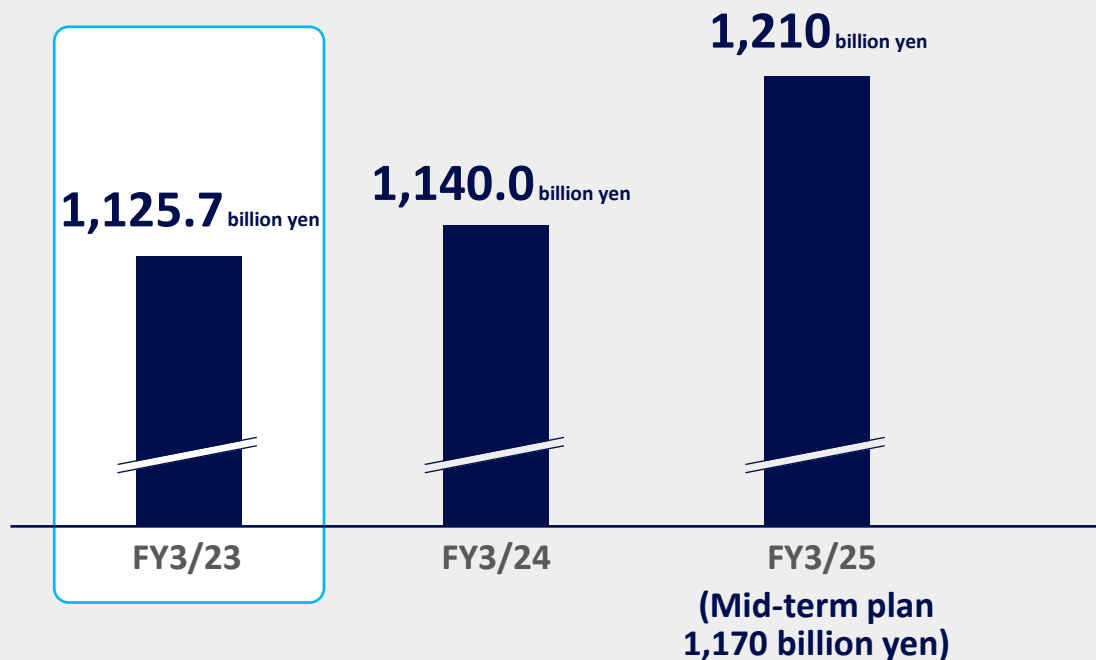
External business environment impact to profit and recovery trend



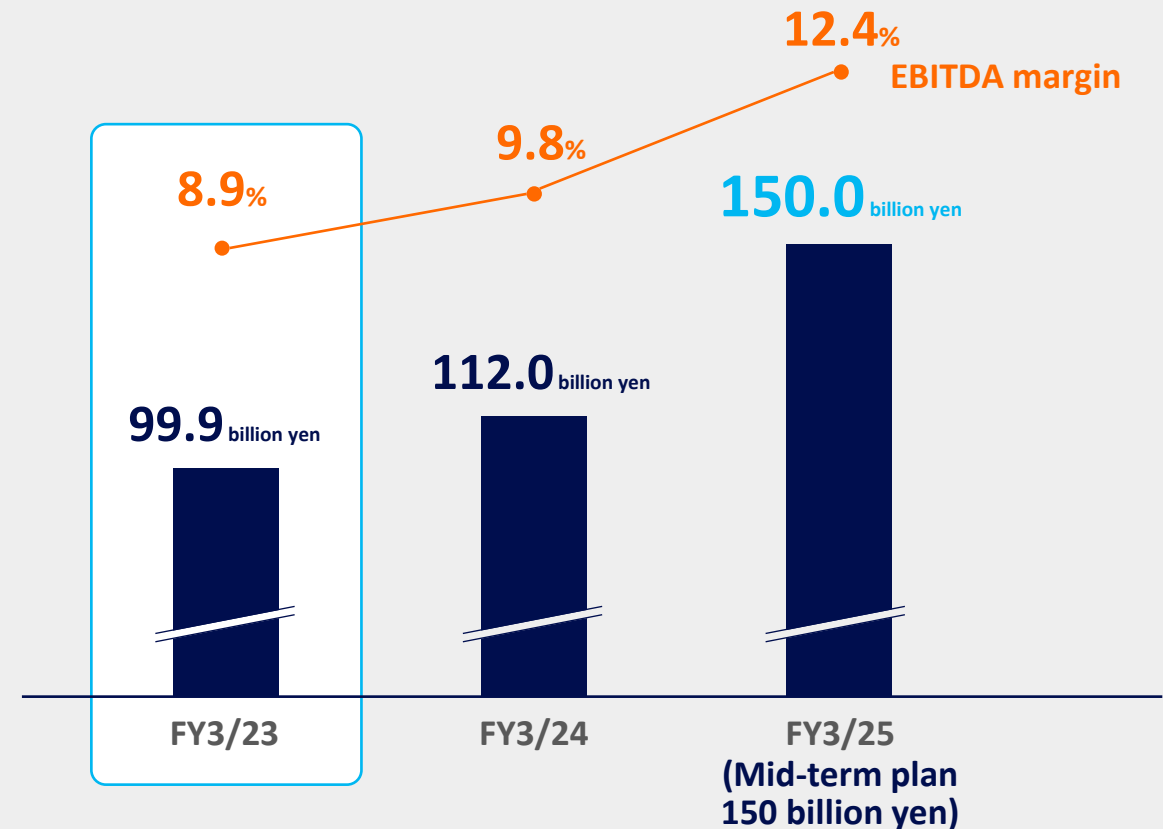
Mid-term plan (sales and EBITDA) forecast

Expecting to achieve both sales increase and EBITDA of **150 billion yen** in FY3/25

Sales



EBITDA

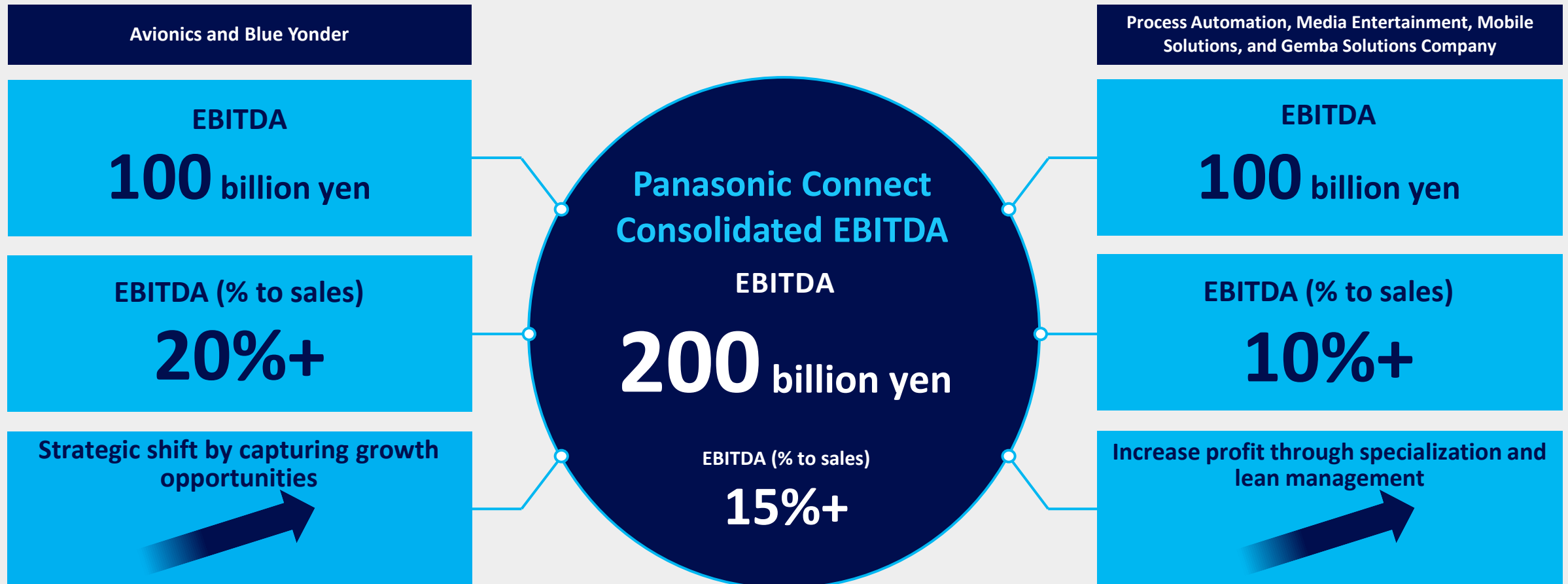


*FY3/23: results, FY3/24 & FY3/25: plans

EBITDA target for FY3/28

Targeting 200 billion yen EBITDA

100 billion yen by Avionics and Blue Yonder, 100 billion yen by the other business categories



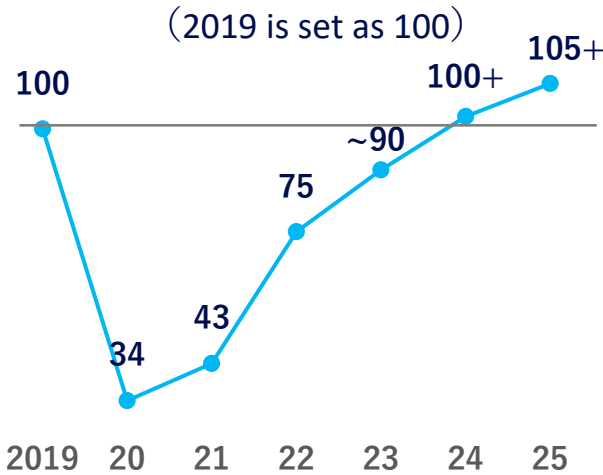
Business Environment of Avionics

*1: IFE (In-Flight Entertainment)

Along with the recovery in air travel and aircraft production demand,
IFE^{*1} market is growing for both wide and narrow-body

Aviation industry trends versus pre-COVID-19

Global Air Travel Demand

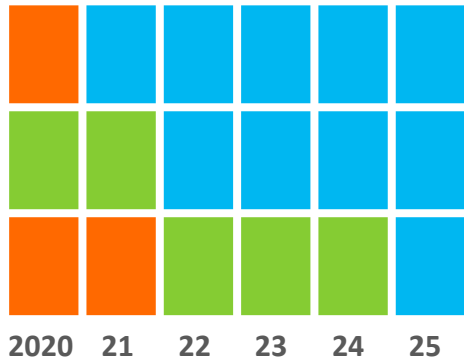


New aircraft orders and production

Orders

Production (narrowbody)

Production (widebody)



Orange Affected Green Recovering Blue Near or exceeding pre-COVID levels

- Recovery to 90%+ of 2019 level in 2023
- Expected to exceed 2019 level in 2024
- New aircraft orders and narrowbody production have recovered.
- Widebody Production will rebound by 2025+.

IFE Market Outlook

Source : Internal estimate (illustrative only)

Market forecast of IFE

Aircraft with seatback IFE

Narrow body

Wide body

Blue (Target) share of Panasonic.

Expansion of narrow-body aircraft with IFE

Current

2027+

- A Narrowbody with seatback IFE will also grow as an upside potential.
- B IFE market will recover steadily along with the widebody rebound.

Business Strategy of Panasonic Avionics

Strengthen hardware fitting both narrow and wide-body by introducing **Astrova** (to be launched in FY3/25)
Enhance a stronger and comprehensive value chain in IFEC markets

*IFEC: Inflight Entertainment & Connectivity

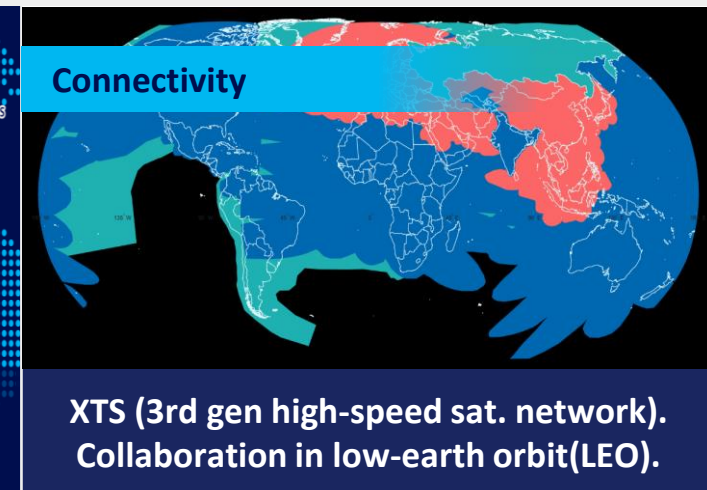
Inflight Systems

Next Gen IFE system

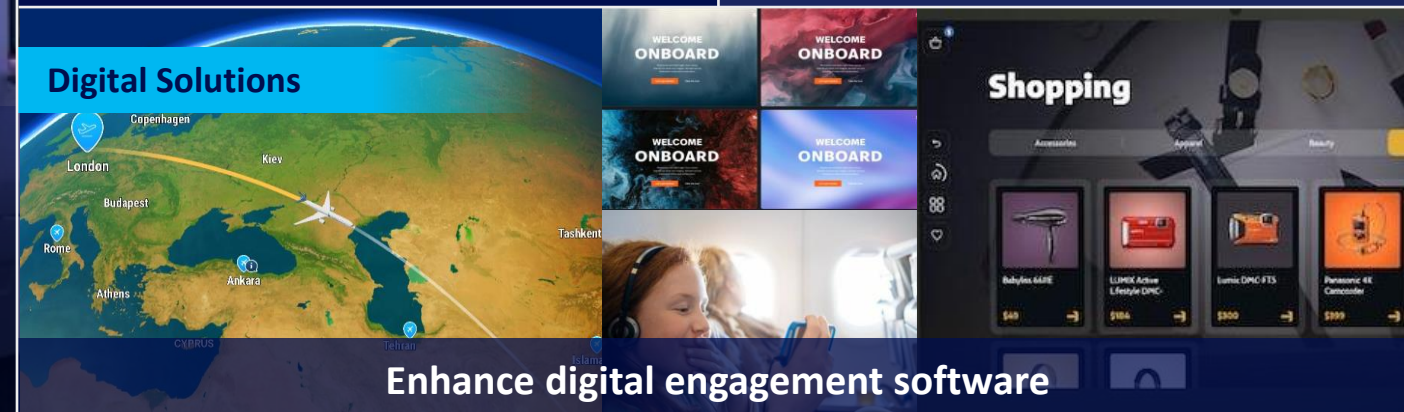
Astrova



- 4K OLED displays with high picture quality contribute to the reduction of fuel consumption by light weight
- Slim & light weight fit for both wide & narrowbody aircrafts
- Modular design allows future upgrades



Digital Solutions



Enhance digital engagement software

Shopping

Accessories, Apparel, Beauty

- Rakylux 44FE \$49
- LUMIX Active Lifestyle DMC-S \$184
- Lumix DMC-FT5 \$300
- Panasonic 4K Camcorder \$399

Vision of Blue Yonder

Category leader in supply chain software business

Supply chain management (SCM) market trends

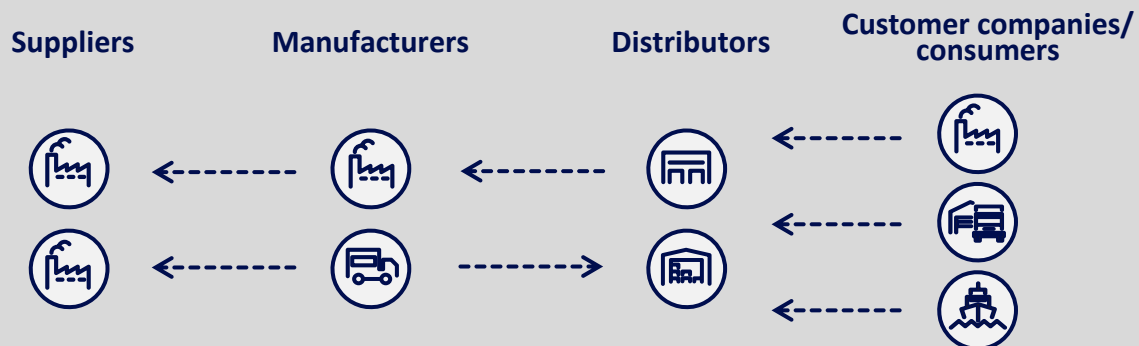
- Growing awareness of SCM among companies
As the SCM software market expands, the competitive environment is intensifying
- Integration expected like IT solutions in other areas
- More advanced SCM solutions through new technologies, such as generative AI

Strengths of Blue Yonder

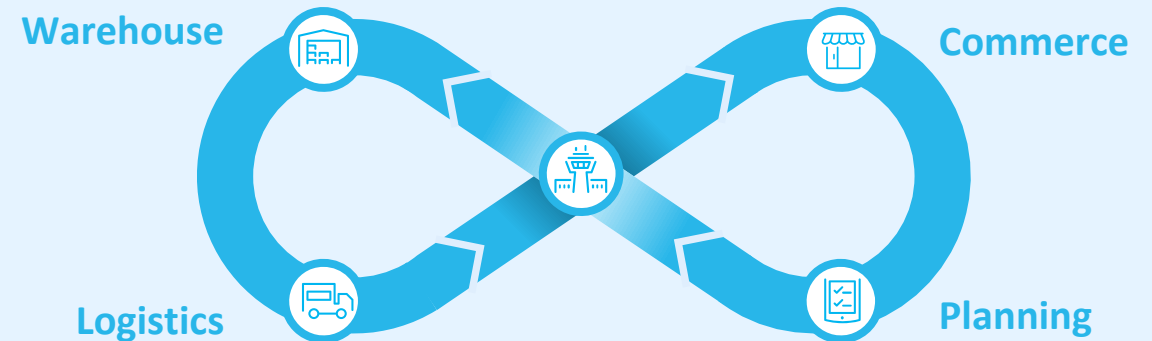
- Recognized as a leader by external organizations in three areas: supply chain planning, warehouse management, and transportation/delivery management
- Differentiation through end-to-end solutions
- AI/machine learning track record

Transformation to next-generation supply chain platforms that Blue Yonder aims to achieve

Point solutions



End-to-end solutions



Investments in Blue Yonder

Invest to ensure scalability over the next three years (additional \$200M)
Establish an overwhelming position in the SCM industry

**Build scalable
SaaS platforms**

- **Microservices for agility**
- **Cloud environment: Shift to multitenancy**
- **Shift to Snowflake Data Cloud**

**Differentiate
customer
experience and
improve
profitability**

- **Enhancement of customer success functions**
- **Optimization of operations**
- **Migration into pure-SaaS**

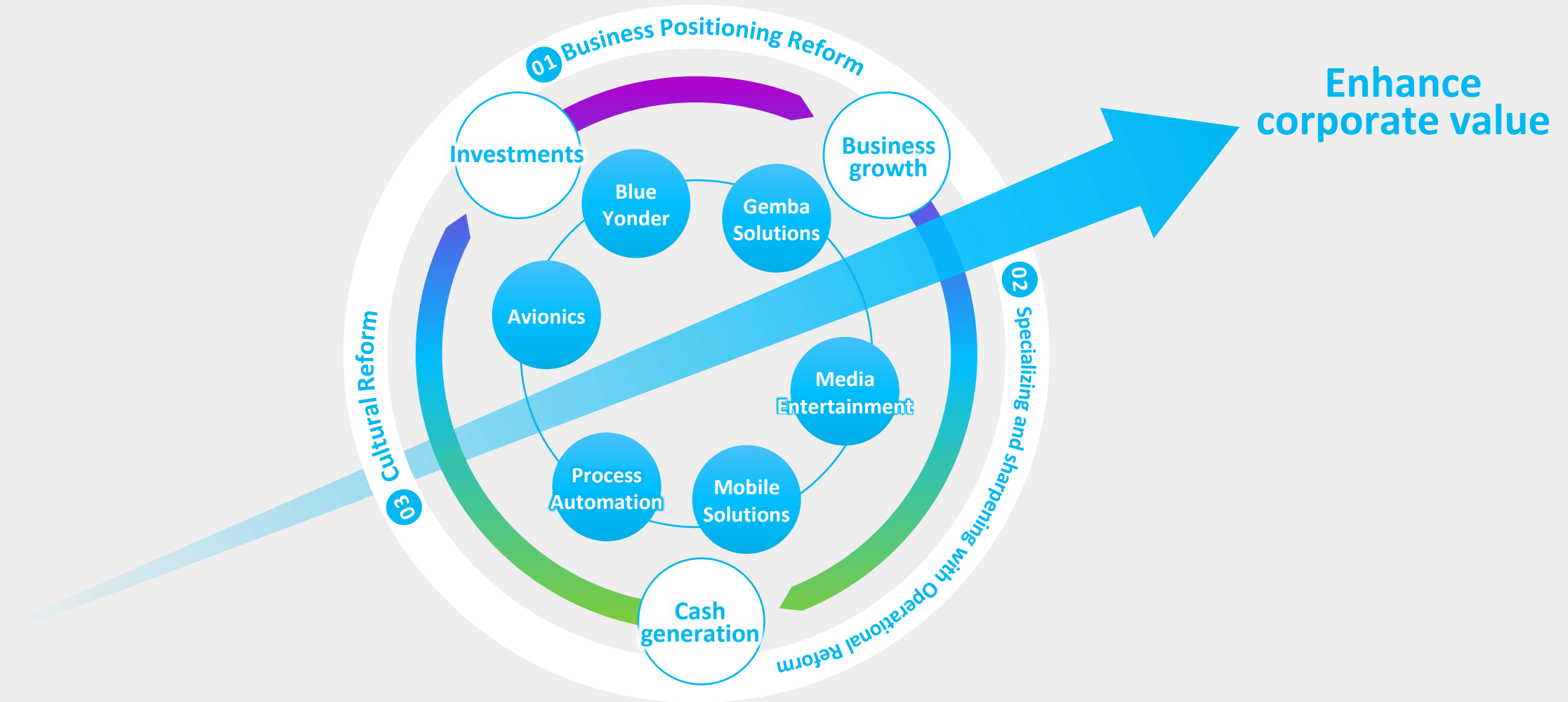
Steadily expanding revenue at our competitive markets

	Process Automation	Media Entertainment	Mobile Solutions	Gemba Solutions Company
Strategy	Mounting machines <ul style="list-style-type: none"> Keep No. 1 share by new products with the world's highest level of fine mounting to meet the growing demand for EVs, etc. Invest to increase production capacity in China (plan to double the annual production volume). 	high-brightness projectors <ul style="list-style-type: none"> Differentiate by the industry's smallest and lightest projectors and high-brightness 4K Maintain No. 1 market share by introducing new models Capture demand for visual productions 	Toughbook <ul style="list-style-type: none"> Top-class rugged features that can withstand harsh field conditions Maintain top market share by capturing demand for full-rugged through specializing our products. 	System business <ul style="list-style-type: none"> Strengthen customer experience through integrated managements of sales, SE, and field support. (4,500 staff across Japan) Maintain top market share with in-depth knowledge of customers and proposals for potential needs (Disaster prevention system, ETC, etc.)
	Welding machines <ul style="list-style-type: none"> Optimize the world's top-class acceleration/deceleration control. Differentiate by new products that are connected to peripherals through open interface specifications 	Remote cameras <ul style="list-style-type: none"> Differentiate products and maintain top market share by the first high performance IP transmission and top-class high-sensitivity shooting Enhance IP relevant products to capture demand for video production 	Let's note <ul style="list-style-type: none"> Demand expected to recover after bottoming out in 2021 with the EOS of Windows 10 (2025) For new models, sharpen the features in robustness, lightweight and long hours use. 	Service businesses <ul style="list-style-type: none"> In addition to the delivery of devices and systems, offer one-stop services to support customer's management and on-site challenges.
	+ Reduce fixed cost ratio by 2% (vs. FY3/23) by thorough operational reforms and productivity improvement			
EBITDA margin	FY3/25 14%	FY3/25 15%	FY3/25 10%	(Excl. product sales) FY3/25 10%

6 billion yen investment (annually) for human resources for our employee's growth



Contribute to the corporate value increase of the entire Panasonic Group with CONNECT's high profitable businesses



Change Work,
Advance Society,
Connect to Tomorrow.





Panasonic
CONNECT

The image features the Panasonic CONNECT logo centered on a dark blue background. The word "Panasonic" is in white, and "CONNECT" is in a light blue color. The background includes a grid of squares and a large circular arc on the left side.

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KGI progress

KGI	<ul style="list-style-type: none"> ■ Cumulative operating CF (FY3/23-FY3/25): 260 billion yen or more ■ ROIC (FY3/25): 4.6% or more ■ EBITDA (FY3/25): 150 billion yen or more
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(yen: billions)	FY3/23		FY3/24	
	Results	Year on Year	Forecast	Year on Year
Sales	1,125.7	+203.0	1,140.0	+14.3
Adjusted operating profit	28.2	+12.5	40.0	+11.8
Operating profit	20.9	- 31.9 ※1	36.0	+15.1
EBITDA	99.9	-14.0	112.0	+12.1
Operating CF	34.7	+18.3	90.0	+55.3
ROIC	0.6%	-5.5%	1.4%	+0.8%

※1 : Excludes valuation gain from 20% of Blue Yonder shares as a special factor(58.3 billion yen : FY3/22)

EBITDA Analysis (FY3/24 Forecast)

(yen: billions)



(Reference) Financial figures (P/L, B/S, C/F)

* End of each fiscal year <unaudited>

P/L

(yen: billions)	FY3/23	FY3/24 (Forecast)	FY3/25 (Target)
Sales	1,125.7	1,140.0	—
Adjusted operating profit	28.2	40.0	—
Other income/loss	-7.3	-4.0	—
Operating profit	20.9	36.0	—
(OP % to sales)	1.9%	3.2%	—
Depreciation of PP&E	15.8	21.0	—
Total of Amortization of Intangible Assets and Depreciation of Right-of-use Assets	57.9	54.7	—
EBITDA	99.9 *1	112.0 *1	—
(EBITDA % to sales)	8.9%	9.8%	—

C/F

(yen: billions)	FY3/23	FY3/24 (Forecast)	FY3/25 (Target)
FCF	8.5	—	—
Operating CF	34.7	90.0	260.0
Investing CF	-26.2	—	—
Capital investment	26.2	29.0	—
Investment in intangible assets	13.2	—	—
R&D expenditures	108.8	—	—

B/S

(yen: billions)	FY3/23	FY3/24 (Forecast)	FY3/25 (Target)
Cash and cash equivalents	328.0	—	—
Trade receivables	248.4	—	—
Inventories	124.1	—	—
Other current assets	51.4	—	—
Current assets	751.9	—	—
Property, plant and equipment	327.2	—	—
Right-of-use assets	42.4	—	—
Goodwill and intangible assets	1,211.3	—	—
Other non-current assets	-91.6	—	—
Non-current assets	1,489.3	—	—
Total assets	2,241.1	—	—
Trade payables	93.8	—	—
Debt (1)	361.4	—	—
Lease liabilities (2)	46.1	—	—
Other liabilities	395.2	—	—
Liabilities	896.6	—	—
Equity (3)	1,344.6	—	—
Invested capital (1)+(2)+(3)	1,752.1	—	—
ROIC	0.6%	1.4%	4.6%

Notes: Exchange rates are based on the mid-term plan rates

*1 : Adjusted with impact of temporary accounting treatment related to "re-evaluation of assets and liabilities" upon Blue Yonder acquisition

Notes: These figures are calculated on an accrual basis.