Preparations for Stock Exchange Listing of Supply Chain Management Business to Improve Its Competitiveness

Yuki Kusumi, Group CEO
Panasonic Holdings Corporation

Note: This is an English translation from the original presentation in Japanese.
Two Wheels to Improve Competitiveness

An ideal society with affluence both in matter and mind

Strategy
- Long-term vision
- Structural superiority
- Business model

Operational capability
- Responsiveness to changes in supply chains

Create contributions to the industry of each Group business

Turn the two wheels of optimum strategy and operational capability to strengthen competitiveness
Investment in Growth toward the Future We Aim for

The holdings company will allocate capital to facilitate inorganic growth of operating companies, which cannot be achieved merely through their own investment capabilities.
Increase Competitiveness in Supply Chain Management (SCM) Business

Eliminate wastefulness & stagnation in the entire supply chain
Reduce environmental burdens through lower energy use

SCM business conditions
- Drastic change in competitive environment
  Growing demand for solutions to optimize complicated supply chains and to meet more diverse customer needs
  Tougher competition in markets with high growth potential, and increased global mobility of human resources in software

- Accelerated cloud migration
  Ratio of cloud migration in this industry is about 10%*, promising great business opportunities
  Areas of social contributions can be expanded through speedy investments

Start preparations toward the stock exchange listing of SCM business to accelerate its global growth by utilizing the capital markets

* In-house research based on various information, including market data
Basic policy on stock exchange listing of individual businesses

Determine Groupwide capital policies flexibly to achieve growth and stay responsive to changes in business and competitive environments

Aims for stock exchange listing of an individual business

- **Gain unrivaled competitiveness quickly**
  Invest in businesses that must grow inorganically

- **Make a business grow as a Group pillar**
  In stock exchange listing a business as a public company, Panasonic HD* will be majority shareholder

- **Make enterprise value properly evaluated by capital market**
  Visualize fair enterprise value to Panasonic HD* shareholders

Increase the Group’s enterprise value by achieving growth that surpasses the market’s expectations

*Panasonic Holdings Corporation*
Growth Strategy for Supply Chain Management Business

Yasuyuki Higuchi, CEO
Panasonic Connect Co., Ltd.
Panasonic Connect strategy (est. April 1, 2022)

Enhance corporate value through two axes of Growth and Core Businesses

Growth Business
(software based)

- Blue Yonder
- Blue Yonder × Panasonic (synergies)
- Gemba Solutions Company (formerly PSSJ)

Core Business
(hardware based)

- Process Automation
- Avionics
- Mobile Solutions
- Media Entertainment

Software solutions business expected to generate high profit and high growth through aggressive investment

Businesses (hardware) that have grown within the conventional Panasonic framework and which can continue to earn profit in the future
Focus on growth in supply chain management (SCM) business

**Growth Business**  
(software based)

- Blue Yonder
- Blue Yonder × Panasonic (synergies)
- Gemba Solutions Company (formerly PSSJ)

**Core Business**  
(hardware based)

- Process Automation
- Avionics
- Mobile Solutions
- Media Entertainment

Software solutions business expected to generate high profit and high growth through aggressive investment

Defined and focused on SCM business centered on Blue Yonder

Businesses (hardware) that have grown within the conventional Panasonic framework and which can continue to earn profit in the future
Preparations for stock exchange listing of SCM business

Listed company will consist of the business centered around Blue Yonder and complementary software and solution capabilities from Panasonic Connect’s Gemba Solutions Company(*1) and such capabilities from Technology Research & Development Division(*2), etc.. This organizational structure will enhance solution competitiveness and corporate value.

SCM business

- Blue Yonder
  - Cloud-based platform that covers all areas of the supply chain
  - Customer base of over 3,000 companies in Europe and the US
  - AI/machine learning technology (number of patents that maintain competitive advantage)

- Panasonic Connect
  - Gemba Solutions Company*1
    - Gemba solutions
    - Industrial engineering
    - Japanese customer base
  - Technology Research & Development Div.*2
    - Sensing & IoT technologies / AI computing
    - Edge devices

Blue Yonder and Panasonic to maximize value of SCM business
Rapid expansion of SCM business market

- Increasing corporate awareness of SCM and accelerating growth in the SCM software market
- SaaS that can be introduced according to various issues, cloud computing will be in full swing in the future
- Increased investment by each company aiming for business opportunities in high-growth markets

SCM software market

Expected to grow to about twice the size by 2026 (compared to 2021)

Supply Chain Management Software Market, Worldwide*1
(Revenue in Millions U.S. Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>17,805</td>
<td>20,514</td>
<td>23,254</td>
<td>26,028</td>
<td>28,849</td>
<td>31,715</td>
<td>34,723</td>
</tr>
<tr>
<td>CAGR</td>
<td>14.3%</td>
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</tbody>
</table>

SaaS percentage by IT solution

Move to cloud in SCM software industry is expected to expand SaaS business by about 10% in the future*2

<table>
<thead>
<tr>
<th>IT Service Management Software</th>
<th>IT Infrastructure</th>
<th>CRM</th>
<th>HCM</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Prem</td>
<td>Cloud-Based</td>
<td>48%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Supply Chain Management & Commerce

Inflow of capital in the growing SCM area

$24.3B

(2021 results based on estimate of our research from market data etc.)

*1 The graph was created by Panasonic Connect Co., Ltd. based on Gartner Research.
Source: Gartner®, Forecast: Enterprise Application Software, Worldwide, 2020-2026, 1Q22 Update
Amaresandra, et al., 30 March 2022.
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*2 Our research from market data etc.
Corresponding to the modern supply chain

External environment surrounding supply chain has changed significantly. As a result, urgent need to deal with the complexity of the supply chain.

**Traditional Supply Chains**
- Planned in advance ➔ Static & rigid
- Steady deterministic demand
- Long lead times
- Standard products in bulk movement
- Stable, linear supply chains

**Modern Supply Chains**
- Real-time, data-driven, edge, sensor
- Variable probabilistic demand
- Compressed lead times
- Short Product Lifecycles, Highly Customized, Moving in Eaches
- Customer Focused Digital Fulfilment

As a result, urgent need to deal with the complexity of the supply chain.

Modern supply chains are characterized by real-time information, data-driven decision-making, and real-time response to market changes, leading to compressed lead times and shorter product lifecycles. This approach is designed to be more flexible and responsive to changes in the market, allowing for quicker adaptations and better customer focus through digital fulfilment strategies.
Aim of SCM business: Autonomous Supply Chain

- Achieve overall optimization with an end-to-end solution that captures on-site information in real time
- Build an overwhelming position by providing unique solutions that cannot be imitated by competitors
## SCM Business Growth Strategy: Global Growth Plan

Achieve high growth and high profits globally by leveraging the strengths of the Panasonic Group to differentiate ourselves.

<table>
<thead>
<tr>
<th>SaaS Business Growth</th>
<th>Further refine Blue Yonder's strengths by strengthening R&amp;D and investing in M&amp;A, and steadily grow the SaaS business in Europe and United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add value to SaaS by linking on-site data</td>
<td>Combine Panasonic's technology and gemba optimization solutions to build a real-time feedback loop and realize efficient SCM. Through expansion within the Panasonic Group and to Japanese customers, thoroughly refine Blue Yonder's solutions, aim for horizontal expansion and scale globally</td>
</tr>
<tr>
<td>Capture white space in Japanese market</td>
<td>SaaS sales growth in Japan by leveraging Panasonic's customer base and brand power</td>
</tr>
</tbody>
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### Panasonic Group x BlueYonder

- **SaaS Business Growth**
  - BlueYonder
  - [Flag: Japan, United States, Europe]

- **Add value to SaaS by linking on-site data**
  - Panasonic Group x BlueYonder
  - [Flag: Japan, United States, Europe]

- **Capture white space in Japanese market**
  - Panasonic Group x BlueYonder
  - [Flag: Japan]
Areas to strengthen R&D and M&A investments

**Investing in Blue Yonder's solutions development**
- Expansion of micro-services, strengthening of cooperation with services by other companies

**Enhanced end-to-end coverage in the supply chain**
- e-commerce last mile, strengthening supply chain network

**Strengthen Luminate platform**
- Enhancement of execution functions by linking cyber-physical systems

**Promotion of next-generation AI / ML / DL / robotics platform**
ML: machine learning; DL: deep learning
SUPPLY CHAINS save the WORLD