Business Transition of Blue Yonder

Accelerating transformation for scalability as SaaS business

Established as SCM software business
- On-premise based offerings
- Expanded the product line-up and customer base through M&A
- Strong competitiveness in software ability and E2E coverage

Transition to SaaS provider
- Lack of investments on a long-term strategy
- Change of management after the acquisition
- Increase of employee attrition
- Difficulties due to the macro economic environment

Build a foundation for further growth
- Formed the strong management team
- Increase sales resources
- Differentiate CX
- Investment in scalability
  - Transformation to Pure SaaS
  - Enhance security
- Realize synergy with Panasonic

1985 Established

Sep 2021
Acquired by Panasonic

Jul 2022
Appointment of New CEO

Today
Growth model of SaaS business

SaaS businesses require investments in scalability for increasing growth

Typical financial model of SaaS businesses

Revenue

FCF (cumulative)

Year

Investment

Investment to return

Cash generative

[Sample]
US-based company "S"

“Bil $”

Revenue

FCF (cumulative)

Year

* A SaaS company for workflow management
Investments in Blue Yonder

Invest for scalability and maximize the future business value of Blue Yonder

Main areas to invest in

- **Build scalable SaaS platforms**
  - SW architecture: Adopt Micro services for agility
  - Cloud environment: Single tenant to Multi tenants
  - Data structure: Adopt Snowflake Data Cloud

- **Differentiate customer experience and improve profitability**
  - Enhancement of CX functions (optimizing NPS)
  - Optimization of operations (creating “operating leverage”)
  - Migration into pure-SaaS (improve Gross margin)

BY's growth will be accomplished by the experienced management team with Panasonic!
Strategy Briefing of Blue Yonder
May 10, 2023
Duncan Angove
# Blue Yonder – By the Numbers

Delivering Digital Fulfillment Solutions to Leading Manufacturers, Retailers and Logistics Providers

Blue Yonder is the world leader in digital supply chain transformations and omni-channel commerce fulfillment. Our end-to-end, cognitive business platform enables retailers, manufacturers and logistics providers to best fulfill customer demand from planning through delivery. With Blue Yonder, you'll unify your data, supply chain and retail commerce operations to unlock new business opportunities and drive automation, control and orchestration to enable more profitable, sustainable business decisions. **Blue Yonder – Fulfill your Potential™**

**CY22 Financial Info**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>$1.2B</th>
</tr>
</thead>
<tbody>
<tr>
<td>SaaS ARR</td>
<td>$575m</td>
</tr>
</tbody>
</table>

| Year founded     | 1985   |

| Patents          | ~400   |

<table>
<thead>
<tr>
<th>Workforce</th>
<th>~6,000 Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years of Experience Overall</td>
<td>~31,500</td>
</tr>
</tbody>
</table>

| Customer Satisfaction | 162 New Customers Per Year (2022) | 35 Net Promoter Score (NPS, 2021) | 97% Customer Retention (2022) |

**Our Customers:**

- **53** of the Top 100 Manufacturers
- **73** of the Top 100 Consumer Product Goods
- **76** of the Top 100 Retailers
- **28** of the Top 50 Global 3PLs

<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
<th>Customers</th>
<th>Our Customers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 Net Promoter Score (NPS, 2021)</td>
<td>3,000+</td>
<td><strong>53</strong> of the Top 100 Manufacturers</td>
</tr>
<tr>
<td>97% Customer Retention (2022)</td>
<td></td>
<td><strong>73</strong> of the Top 100 Consumer Product Goods</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our Customers:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>53</strong> of the Top 100 Manufacturers</td>
<td><strong>73</strong> of the Top 100 Consumer Product Goods</td>
</tr>
<tr>
<td><strong>76</strong> of the Top 100 Retailers</td>
<td><strong>28</strong> of the Top 50 Global 3PLs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gartner</th>
<th>3/3 A Leader in Three Gartner Magic Quadrant Reports</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Scottsdale, AZ</th>
<th>110+ Data science experts working on AI/ML, analysis, modeling, optimization, and/or data engineering</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Digital Fulfillment Cloud Platform</th>
<th>4Q FY23 Budget Rates</th>
</tr>
</thead>
</table>

**Scottsdale, AZ**

Global headquarters

**110+** Data science experts working on AI/ML, analysis, modeling, optimization, and/or data engineering
Next Generation Supply Chain Platform
Powering Cognitive Applications

- Single Data Cloud
- End-to-End Connectivity
- Infinite Intelligence
Our 7 Point Value Creation Plan ("VCP")

The VCP focuses on seven pillars that will drive the Blue Yonder transformation:

1. **BUILD A PURE SAAS OFFERING**
   - Luminate SaaS, industry commerce clouds

2. **MODERNIZE, STANDARDIZE & DIFFERENTIATE**
   - Next generation roadmap acceleration

3. **ACCELERATE THE GTM ENGINE**
   - Increase coverage of key segments, new adjacencies, flood the market

4. **SIMPLIFY & OPTIMIZE THE BUSINESS**
   - Organizational effectiveness & efficiency

5. **CULTIVATE ASSOCIATE EXPERIENCE**
   - Develop talent, build engagement

6. **CONSOLIDATE THE MARKET**
   - Drive economies of scale and network effects

7. **DELIVER SUPERIOR CX**
   - Build referenceability, operational resilience

---

Gross Margin
NRR

Operating Expenses
EBITDA

ARR
Revenue Growth
CY23 VCP lays the foundation for our growth

### 2022 Current State*

- **SaaS ARR**: $575M
- **SaaS Revenue Growth**: 20.5%
- **Total Revenue**: $1.193B
- **Total Revenue Growth**: 12%
- **Cloud Margins**: 52.6%
- **Adjusted EBITDA Margin**: 17.8%

### CY23 Investments

Additional $200m self-funding over next 3 years for our transformation, is required and is being directed to strategic priorities across the company to support the VCP.

- **Sales**
- **Product**
- **Cloud**
- **Customer Experience**
- **Operations**

Increased upsell, increased cross-sell, increased net new wins

---

*CY23 Budget Rates
Copyright © 2023 Blue Yonder Group, Inc.
Blue Yonder ICON 2023 – Major Announcements

Blue Yonder ICON 2023 is the premier conference for supply chain, commerce, and retail professionals!

- Cognitive Next Generation Supply Chain Planning
- End to End Supply Chain Execution Interoperability
- Re-platforming the Supply Chain with Snowflake
- Co-Innovation Accenture Partnership

And...
2023 Masters Champion, Jon Rahm
Solidifying Panasonic / Blue Yonder Synergies

Joint Solutions

- Blue Yonder Supply Chain & Store Software Solutions
- Yard Visibility

Japan GTM

- Panasonic Connect Japan Solutions Business
- Increased Sales & Delivery Investment
- IBM & Accenture GTM Partnership
- Investment in Localization

Blue Yonder Japan President
Daiju Watanabe (appointed on Jan 23, 2023)

Zetes: A subsidiary of Panasonic specializing in supply chain optimization and citizen identification solutions
Revenue & SaaS KPI’s Trends
(Reference) Blue Yonder’s KPI

Sales

<table>
<thead>
<tr>
<th>Quarters</th>
<th>CY21 Q4</th>
<th>CY22 Q1</th>
<th>CY22 Q2</th>
<th>CY22 Q3</th>
<th>CY22 Q4</th>
<th>CY23 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>293</td>
<td>289</td>
<td>309</td>
<td>309</td>
<td>307</td>
<td>310</td>
</tr>
<tr>
<td>SaaS</td>
<td>108</td>
<td>113</td>
<td>125</td>
<td>127</td>
<td>137</td>
<td>137</td>
</tr>
</tbody>
</table>

Recurring/SaaS Sales Ratio

<table>
<thead>
<tr>
<th>Quarters</th>
<th>CY21 Q4</th>
<th>CY22 Q1</th>
<th>CY22 Q2</th>
<th>CY22 Q3</th>
<th>CY22 Q4</th>
<th>CY23 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>70%</td>
</tr>
<tr>
<td>SaaS</td>
<td>37%</td>
<td>39%</td>
<td>40%</td>
<td>41%</td>
<td>44%</td>
<td>44%</td>
</tr>
</tbody>
</table>

SaaS Annual Recurring Revenue (ARR)

<table>
<thead>
<tr>
<th>Quarters</th>
<th>CY21 Q4</th>
<th>CY22 Q1</th>
<th>CY22 Q2</th>
<th>CY22 Q3</th>
<th>CY22 Q4</th>
<th>CY23 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARR</td>
<td>40%</td>
<td>36%</td>
<td>32%</td>
<td>25%</td>
<td>25%</td>
<td>19%</td>
</tr>
<tr>
<td>SaaS</td>
<td>460</td>
<td>491</td>
<td>510</td>
<td>538</td>
<td>575</td>
<td>586</td>
</tr>
</tbody>
</table>

SaaS Net Revenue Retention (NRR)

<table>
<thead>
<tr>
<th>Quarters</th>
<th>CY21 Q4</th>
<th>CY22 Q1</th>
<th>CY22 Q2</th>
<th>CY22 Q3</th>
<th>CY22 Q4</th>
<th>FY23 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRR</td>
<td>100%</td>
<td>110%</td>
<td>111%</td>
<td>108%</td>
<td>109%</td>
<td>106%</td>
</tr>
</tbody>
</table>

*Annual recurring revenue: Earnings determined for the year starting with next quarter
**Percentages represent Year over Year Growth
***All figures based on FY3/24 forecast rates (US$: ¥130 / Euro: ¥130) to exclude FX effect
FY2023 Forecast of Blue Yonder
## FY3/24 Forecast of Blue Yonder

AOP of standalone BY in FY3/24 will increase YoY excluding additional strategic investment
KPI to be monitored are Revenue, SaaS ARR and Recurring ratio

### Break downs of adjusted operating profit (yen: billions)

<table>
<thead>
<tr>
<th></th>
<th>FY3/24E</th>
<th>FY3/23 Results</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted OP (stand alone) (1)-(a)-(b)</strong></td>
<td>8.7</td>
<td>6.8</td>
<td>+1.9</td>
</tr>
<tr>
<td><strong>Standalone</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Additional strategic investment) (^1) (a)</td>
<td>(-8.4)</td>
<td>(0.0)</td>
<td>(-8.4)</td>
</tr>
<tr>
<td>(Synergy investment) (^2) (b)</td>
<td>(-2.8)</td>
<td>(-1.5)</td>
<td>(-1.3)</td>
</tr>
<tr>
<td>Adjusted OP (1)</td>
<td>-2.5</td>
<td>5.3</td>
<td>-7.8</td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization expenses related to acquisition (2)</td>
<td>-20.8</td>
<td>-18.2</td>
<td>-2.6</td>
</tr>
<tr>
<td>Temporary accounting treatment related to acquisition (3)</td>
<td>-0.3</td>
<td>-5.3</td>
<td>+5.0</td>
</tr>
<tr>
<td>Adjusted OP (1)+(2)+(3)</td>
<td>-23.6</td>
<td>-18.2</td>
<td>-5.4</td>
</tr>
</tbody>
</table>

\(^1\) Additional strategic investment of US$200M planned for 3 years from 2023 to 2025
(Main items of FY3/24 Strategic investment: Product development, Enhancement of public cloud, security, etc.)

\(^2\) Synergy investment to create synergies within Panasonic Group
(Main items of FY3/24 Synergy investment: Japan GTM promotion, solution co-development with Zetes, Clearview, R&D, and others.)