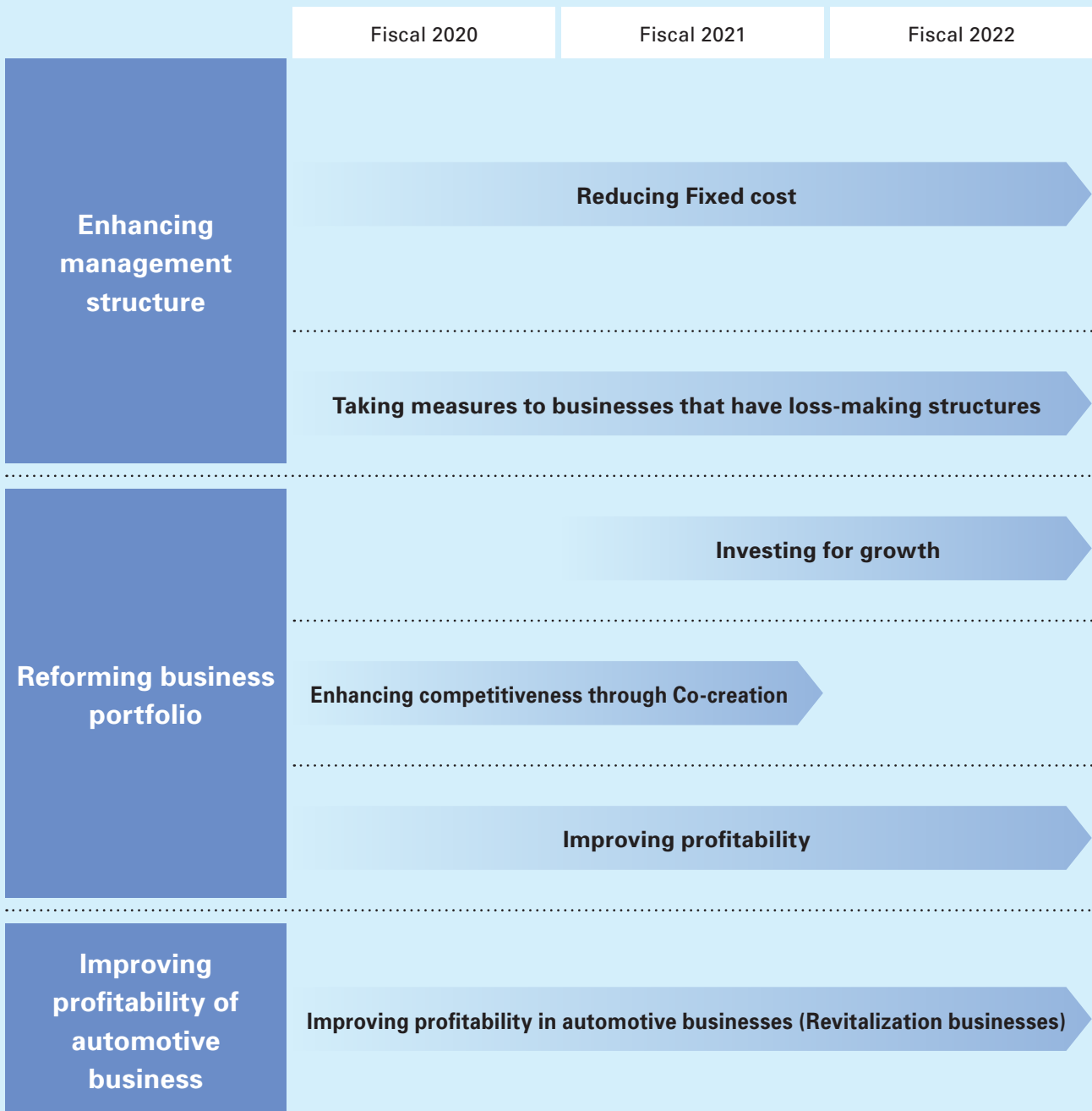


Progress of Mid-term Strategy Initiatives

As part of our Mid-term strategy that started in 2019, we have hitherto undertaken initiatives to enhance our management structure, reform our business portfolio, and improve profitability in automotive businesses with the overall objective of breaking away from a low-profitability structure.

In enhancing our management structure, a total of 110 billion yen in profit contributions through fiscal year ended March 2021(fiscal 2021) came from fixed cost reductions of 80 billion yen and 30 billion yen from measures aimed at dealing with businesses that have loss-making structures—namely, Semiconductor, LCD panel, Solar, and TV businesses. As a result, we achieved the Mid-term strategy target of 100 billion yen ahead of schedule in fiscal 2021. Furthermore, we will aim for profit contributions of an additional 20 billion yen with these initiatives in fiscal 2022 as well. In reforming our business portfolio, we have continued to improve profitability and deploy measures geared towards generating future profit growth. More specifically, we sought to enhance our competitiveness through Co-creation



with external partners in Automotive prismatic battery, Town development and Security systems businesses. We also endeavored to improve profitability in low-profit businesses, including lighting device businesses in Europe and North America, a European consumer battery business, and ITC Global, etc. Furthermore, we made growth investments in *Gemba* (operational frontlines) process and Automotive Batteries businesses. In April 2021 we reached an agreement on the acquisition of all remaining shares of Blue Yonder, a world-leading specialist supply chain software provider. With the acquisition of the leading-edge solutions and business models that Blue Yonder delivers on a global scale, we will seek to enhance our solutions capabilities and accelerate our business model transformation. In our automotive businesses, we have greatly improved profitability mainly by reducing fixed costs, improving productivity, and rationalization of materials. In this final year of the current Mid-term strategy, we will continue to push ahead with these initiatives in an effort to further boost profitability.

Mid-term target of 100 billion yen achieved ahead of schedule in fiscal 2021

| (Billions of yen) | Mid-term targets | Fiscal 2020* ² | Fiscal 2021* ² | Cumulative | Fiscal 2022 forecast* ² |
|---|------------------|---------------------------|---------------------------|------------|------------------------------------|
| Fixed cost reductions* ¹ | 60.0 | 20.0 | 60.0 | 80.0 | 20.0 |
| Reducing losses in businesses with loss-making structures | 40.0 | 0 | 30.0 | 30.0 | 0 |
| Total | 100.0 | 20.0 | 90.0 | 110.0 | 20.0 |

*1 Not including initiatives separate from those in the Mid-term strategy, such as fixed cost improvements in connection with weak sales caused by COVID-19

*2 Year-on-year improvement on an adjusted operating profit basis

Measures for dealing with businesses that have loss-making structures—i.e., Semiconductor, LCD panel, Solar, and TV businesses

Growth investments in *Gemba* Process and Automotive Batteries businesses

Establishment of joint ventures in Automotive prismatic battery and Town development businesses, as well as a capital alliance in Security systems business

In addition to measures to businesses with loss-making structures, other measures for tackling low-profit businesses, including lighting device businesses in Europe and North America, a European consumer battery business, and communication satellite services provider ITC Global, etc.

Having returned to the black in fiscal 2021, we now look for profit of 50 billion yen in fiscal 2022

| [Automotive segment] | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 forecast |
|------------------------------------|--------------------------|--------------------------------------|------------------------|
| Adjusted operating profit (margin) | -30.5 billion yen(-2.1%) | 2.2 billion yen* ³ (0.2%) | 50.0 billion yen(3.2%) |

*3 Return to profit overall, even after booking one-off expenses

Progress of Mid-term Strategy Initiatives

Business Portfolio Reform

Progress of Key Initiatives

Investing for growth

To transform business model and build stable profit pillars for the future



Gemba process

Acquire cutting-edge AI and machine learning technologies, packaged software business for supply chains, and know-how of recurring businesses from Blue Yonder to further accelerate the evolution of the *Gemba* process business

May 2020

- Acquisition of 20% stake in Blue Yonder

April 2021

- Announcement of acquisition of all remaining shares of Blue Yonder



Automotive batteries

Expansion of production capacity at North America plant

Fiscal 2021

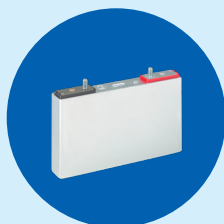
- Completed installation of technology for increasing battery capacity
➔ 35GWh

Fiscal 2022

- Addition of new production line
➔ 38–39GWh

Enhancing competitiveness through Co-creation

To create new value with business partners



Automotive prismatic batteries

Combine the electric vehicle know-how and manufacturing capability of Toyota with our high-quality, high-safety battery technologies, mass production capabilities, and customer base to develop the No.1 automotive prismatic battery in the industry

January 2019

- Announced decision on joint venture with Toyota Motor Corporation to engage in automotive prismatic battery business

April 2020

- Established Prime Planet Energy & Solutions, Inc.



Town development

Create value for the entire town as a whole by combining the mobility services promoted by Toyota and “Lifestyle Updates” promoted by Panasonic

May 2019

- Announced decision on joint venture with Toyota Motor Corporation to engage in town development business

January 2020

- Established Prime Life Technologies Corporation



Security systems

Deploy the knowledge and experience we have gained through our strategic capital alliance with Polaris, which has strong investment power, with our technological strength and customer base, to create a swift and flexible solutions business

May 2019

- Announced decision on strategic capital alliance with Polaris Capital Group Co., Ltd.

November 2019

- Completed capital alliance process

Improving profitability

Measures to businesses with loss-making structures

Semiconductors

Transfer business to Taiwanese company

November 2019

- Announced decision on transfer of semiconductor business

September 2020

- Business transfer completed

Semiconductors

Partial transfer of discrete semiconductor business

April 2019

- Announced decision on partial transfer of discrete semiconductor business to ROHM Co., Ltd.

December 2019

- Partial transfer completed

LCD panels

Discontinue in-house production

November 2019

- Announced decision to end LCD panel production by 2021

Solar panels

Production withdrawal

September 2020

- Completion of production withdrawal from US Buffalo factory

February 2021

- Announcement of production withdrawal from Malaysia and Shimane plants
- Continued sales of solar cells in Japan and overseas

TVs

Return to profit in fiscal 2021 on drastic cost overhauls

July 2019

- Announced decision to end production in Mexico

Fiscal 2021

- Return to profit by narrowing down number of development models for unprofitable models
- Reorganization of production sites and ongoing negotiations aimed at inclusive collaboration with partners

Measures to low-profit businesses

Transfers of shares in European and North American lighting device companies

February 2020

Announcement and completion of transfers of shares in European lighting device company

March 2021

Announcement and completion of transfer of shares in North American lighting device company

Transfer of shares in European consumer battery company

March 2021

Announcement of transfer of shares in European consumer battery company

June 2021

Completion of transfer of shares in European consumer battery company

Completion of transfer of ITC Global

April 2021

Announcement and completion of transfer of satellite communication services provider, ITC Global