

Acquisition of Blue Yonder

Panasonic Corporation, CEO

Yuki Kusumi

Panasonic

現場プロセスイノベーション

Gemba Process Innovation



**Become a global leader of solutions for
supply chain innovation**

Management reform for
enterprise customers



Realization of a
sustainable society



Panasonic

Gemba Process Business

Optimization

Standardization

Visualization

**Autonomous frontline optimization
through data utilization**

 **BlueYonder**

Panasonic

Panasonic's Solutions for Supply Chain Transformation



End-to-end visibility and optimization of the supply chain

Autonomous frontline optimization through data utilization

Autonomous enhancement of the whole supply chain

Panasonic

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Panasonic's Solutions for Supply Chain Transformation



End-to-end visibility and optimization of the supply chain

Autonomous frontline optimization through data utilization

Autonomous enhancement of the whole supply chain

Transforming the Panasonic Group's operations as well

Panasonic

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Acquisition of Blue Yonder

Panasonic Corporation, Representative Director
Connected Solutions Company, CEO

Yasuyuki Higuchi

Panasonic

現場プロセスイノベーション
Gemba Process Innovation

Overview

Acquisition of remaining 80% of shares of Blue Yonder, adding to the 20% Panasonic already holds

Target	Blue Yonder Holding, Inc. Acquire remaining 80% of shares, combined with 20% acquired in July 2020
Valuation	Comprehensive evaluation under the DCF method and similar listed company method based on profitability: US\$8.5 billion (EV / Adjusted EBITDA Multiple: Blue Yonder 2021 33 times, 2022 29 times) Ref: Average of other companies in the same industry 44 times in 2021 and 41 times in 2022 Required funds for purchase of remaining 80%: US\$7.1 billion (80% of shares: \$5.6bn + Existing debt repayments: \$1.5bn)
Schedule	Deal is planned to close FY2022Q3* and is subject to receipt of customary regulatory approvals such as antitrust procedures and CFIUS examinations *Fiscal year ending March 2022, Q3 = Oct-Dec period

Blue Yonder is the World's Largest Supply Chain Software Company

76
Countries

3,000
Global customers

48 of Top
/100
Manufacturers

9 of Top
/10
3rd party global
logistic companies

65 of Top
/100
Retailers

Customer examples

CATERPILLAR



Coca-Cola

PEPSICO



LOWE'S

Albertsons



P&G

DHL

LL.Bean



M&S
EST. 1884

PVH

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Blue Yonder is the World's Largest Supply Chain Software Company

Name Blue Yonder Holding, Inc.

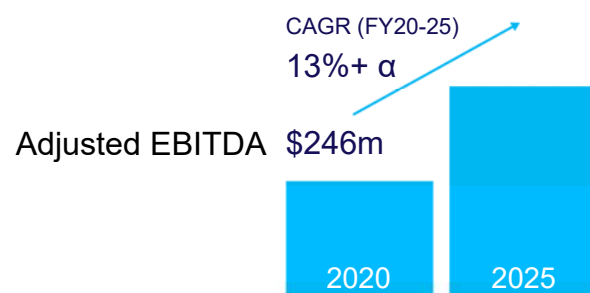
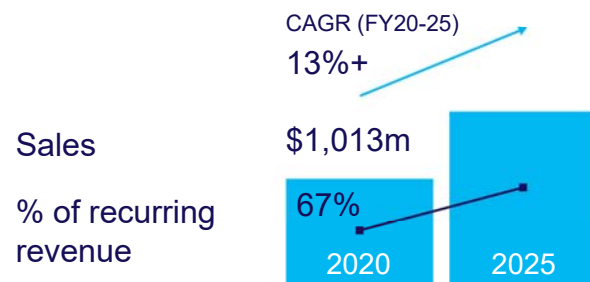
HQ Scottsdale, Arizona, U.S.A.

Est. 1985

CEO Girish Rishi

Employees 5,545

Business Provision of supply chain software utilizing AI and machine learning for major manufacturing, retail, and logistics companies



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Blue Yonder's Competitive Advantage

Highly competitive as a solutions provider specializing in end-to-end supply chain optimization

3,000+

Global customers

Deep knowledge gained from track record with top companies in each industry

Gartner 3 SCM Magic Quadrant categories

Only recognized leader

End-to-end product lineup

400+

Patents

No.1 intellectual property holdings in the industry

600+

Marketing associates

Global network familiar with each industry

100+

AI / ML engineers

Data scientists & AI / ML experts

1,600+

Partner companies

Well established partner ecosystem

History of Partnership with Blue Yonder

Conviction of realizing the Autonomous Supply Chain based on strength of partnership

2019.11

Establishment of Joint Venture

Collaboration on integrated solutions

2020.7

20% Investment

Expansion of strategic partnership,
Joint go-to-market activities in Japan,
Development of joint solutions

2021.4

Acquisition

Expansion of Autonomous Supply Chain globally

Evolution of Gemba Process Innovation

BlueYonder

Panasonic

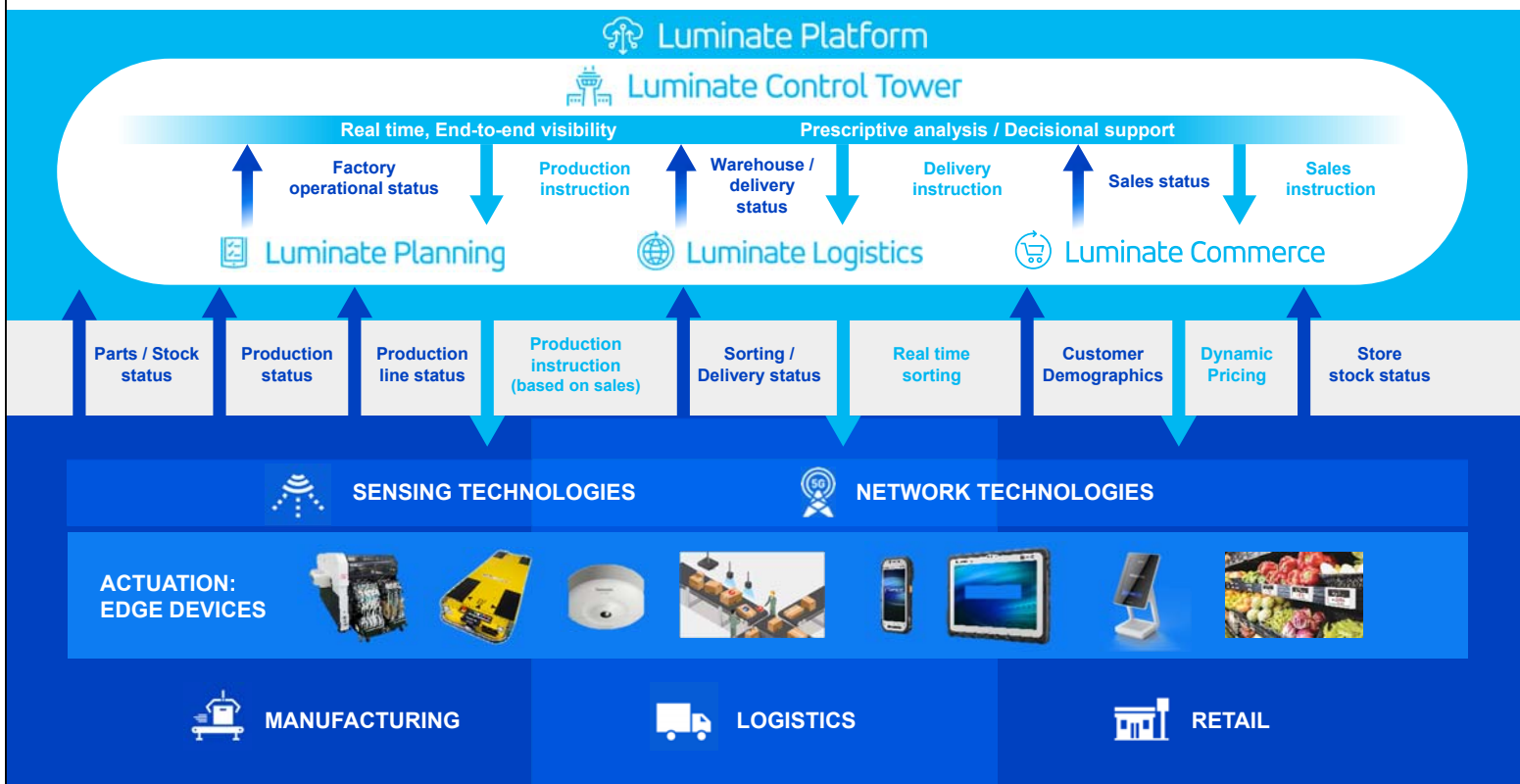


Solving customers' challenges by acquiring Blue Yonder's software platform, integrating it with Panasonic' industrial engineering, edge devices, and IoT to connect the digital and physical layers

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Toward an Autonomous Supply Chain





Gemba Process Innovation

 **BlueYonder**



Panasonic

Software Solutions
AI / ML

Industrial Engineering
Edge Devices / IoT



Realization Of A Sustainable World, A Better World

Acquisition of Blue Yonder

Panasonic Corporation, CFO
Hirokazu Umeda

Panasonic

現場プロセスイノベーション
Gemba Process Innovation

Financing Plan

Utilizing reserved dollar cash and new financing for financial stability

Financing
plan

- Acquisition funds: US\$7.1 billion
(Acquisition of additional 80% of shares: \$5.6bn; repayment of outstanding debt: \$1.5bn)
- To be financed with (a) reserved cash (approx. US\$3.5bn) and (b) bridge loan
Bridge loan is planned to be refinanced with hybrid financing (e.g., subordinated debt)
that qualifies for equity credit to a certain extent

Response to growth opportunities, per the capital allocation policy of the Mid-term strategy

Capital
allocation
policy

- Allocate capital for the Mid-term strategy with cash flows generated from business (operating CF, divestiture); however, respond flexibly to seize growth opportunities. ('Capital allocation policy' of the Mid-term strategy, announced on May 9, 2019)

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Capital Allocation

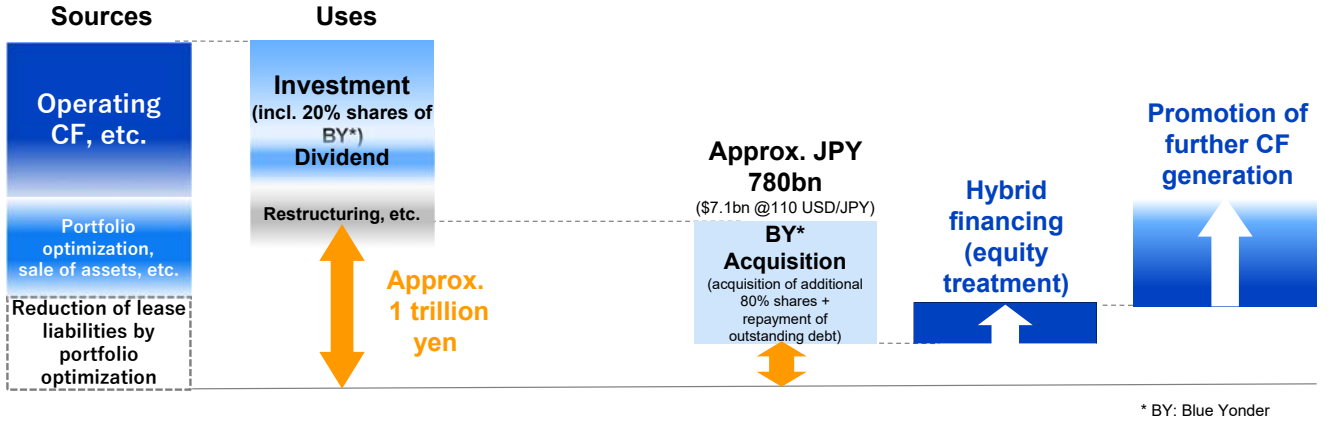
Capital allocation (forecast) from FY2020 to FY2021

By promoting portfolio optimization and sale of assets, on top of generating operating CF, approx. 1 trillion yen excess funds are expected after deduction of necessary funds such as investment.

Financing for Acquisition

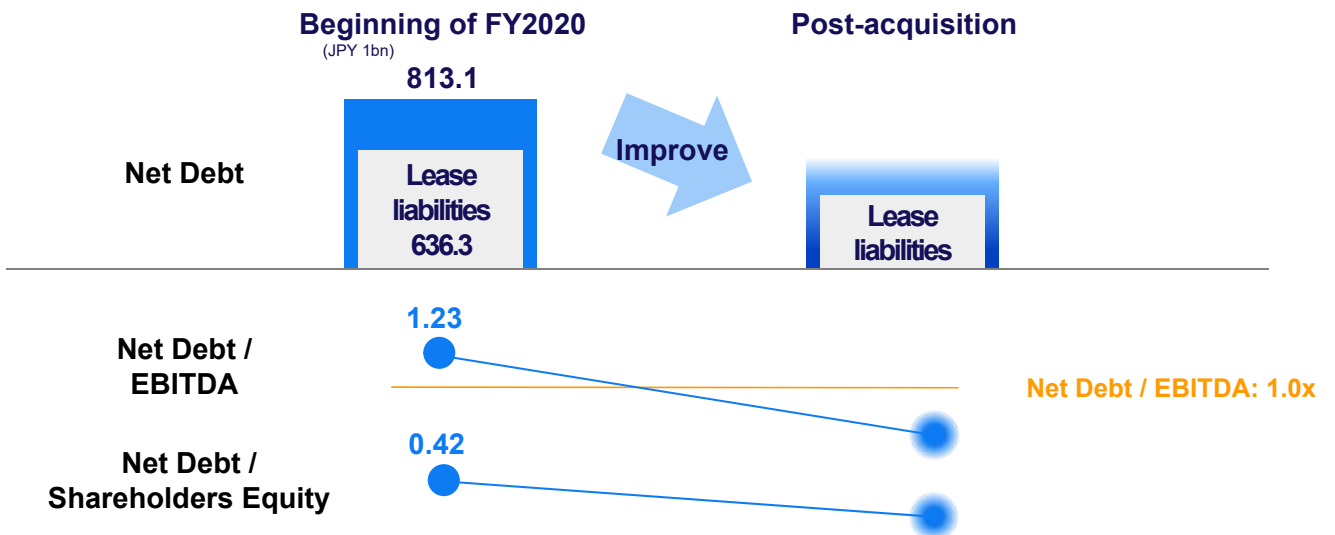
This acquisition is within the framework of the capital allocation. Complement capital with hybrid financing* and promote further CF generation.

* Eligible for equity treatment to a certain extent from rating agencies



Impact on Financial Leverage (interest-bearing debt) by the Acquisition

Post-acquisition financial leverage is expected to improve compared to FY2020 as the lease liabilities would be reduced and the profitability would be enhanced.



(* Net Debt: Interest-bearing debt – Cash (beginning of FY2020)

Shareholder's Equity: (beginning of FY2020)

EBITDA: Adjusted operating profit + depreciation (of tangible fixed assets, intangible assets, and right-of-use assets) (FY2020 actual)

The image features the Panasonic logo in white, bold, sans-serif font, centered on a blue background. The background is composed of several overlapping geometric shapes, including a large light blue circle on the left and a dark blue rectangle on the right, creating a modern, abstract design.

Panasonic

The image shows the word 'Appendix' in white, sans-serif font, positioned on the left side of a blue background. The background features abstract geometric shapes, including a large light blue circle on the left and a dark blue rectangle on the right, similar to the top image.

Appendix

Reasoning behind the Acquisition

**Access to customer base, acquire software capabilities, etc.
Accelerate transformation of business model and profit structure to recurring revenue**

- Access to customer base (over 3,000 globally)
- Acquire software capability, development expertise (AI / ML, data analysis, data scientists)
- High level software company management team, organizational capability (CEO Girish Rishi and other executives)
- Build Gemba Process business ecosystem (including consulting)
- Transition to recurring revenue business model, transform profit structure

Evolution of Gemba Process business

Impact of Acquisition

Business valuation: US\$8.5 billion

Adjusted EBITDA margin: Blue Yonder Year 2021 33 times, Year 2022 29 times

Average EBITDA margins of other companies in the industry: Year 2021 44 times, Year 2022 41 times

Unit: 1 million US\$

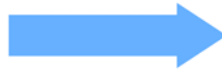
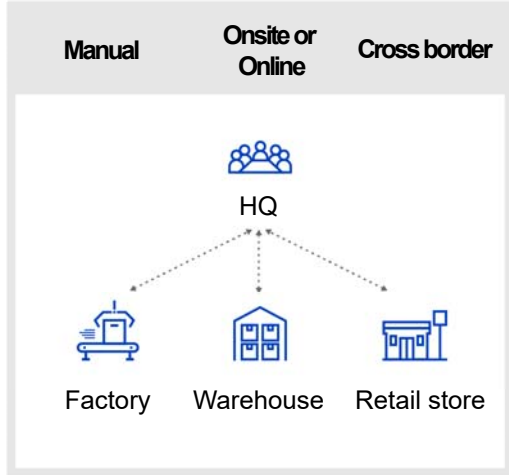
Additional goodwill, intangible assets, etc.	Approx. 7,000 estimate
Blue Yonder assets*1 <small>*1 Approx. 1,300 goodwill and intangible assets recorded by Blue Yonder</small>	Approx. 1,500
Total value	Approx. 8,500
Intangible asset amortization*2	Approx. 200/year

* 2 Including amortization of intangible assets at Blue Yonder

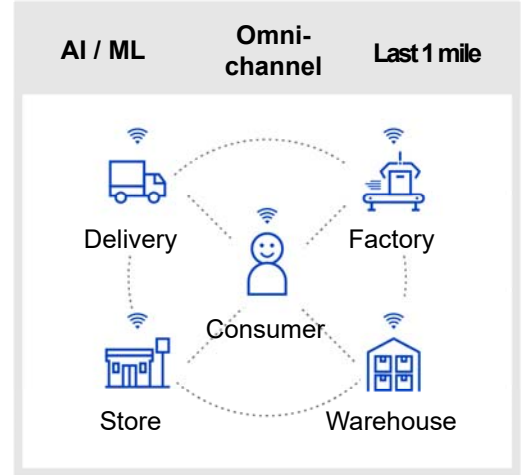
Supply Chain Market Trends

COVID-19 accelerated structural changes in the supply chain

Conventional Supply Chain



Modern Supply Chain



COVID-19

- Rise in e-commerce
- Rebuild global supply chains
- Increase in remote work

Expanded TAM by Integrating Panasonic and Blue Yonder

In addition to the high growth potential of supply chain software, further market expansion can be expected by combining IoT technologies

Supply Chain Management (SCM)

2020-2024 CAGR: +12%



\$18
BN

2020

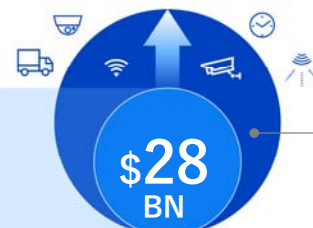
\$28
BN

2024

IoT + SCM

TAM Expansion: \$14BN

\$42BN



2020-2024
CAGR: +34%

2024

Source: Allied Market Research (Supply Chain Management Software Market) for the market size forecast of SCM;

See Frost & Sullivan (Growth Opportunities in the Internet of Things-enabled Supply Chain Management Market) for IoT + SCM market size forecasts

Blue Yonder Financial Indicators

Top Level KPIs for Software Company

Succeeded in solving problems and creating value for customers under the leadership of CEO Girish Rishi
Smooth transition from on-premise to SaaS model to meet customer needs

\$1BN+

Total Revenue

World's leading SCM
specialized software company

67%

Recurring Revenue Ratio

High recurring rate

54%

YoY SaaS ARR Growth

Smooth transition to SaaS

120%+

SaaS Dollar Net Retention

Excellent SaaS KPI

24%

Adjusted EBITDA Margin

High profitability

Note: For FY2020

Synergy with Blue Yonder

Expect to develop synergies across CNS and whole Panasonic Group

Development /
expansion of joint
solutions

Expand Gemba
Process business
globally by accessing
Blue Yonder's
customer base

Accelerate
expansion into
Japan market
starting with
manufacturing
industry

Reap benefits of
implementing
Blue Yonder
solutions within
Panasonic
Group



Synergistic Effects Seen through Joint Efforts after 20% Acquisition

Convinced that the need for supply chain reform will increase after seeing competitive advantage of business combining Gemba Process and Blue Yonder

 Panasonic  Blue Yonder

Manufacture

Production planning / supply planning



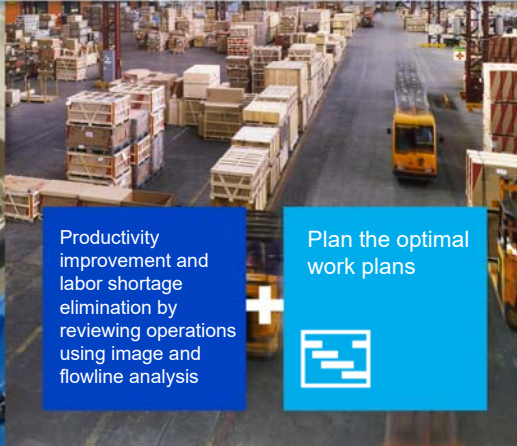
Operation improvement and management reform by reducing product numbers (breaking down vertical division between departments)

Supply and demand planning and inventory optimization



Logistics

Ordering plan / inventory plan



Productivity improvement and labor shortage elimination by reviewing operations using image and flowline analysis

Plan the optimal work plans



Retail

Forecasting



Eliminating product shelf shortages and reducing backyard inventory by introducing new operation standards and IT tools

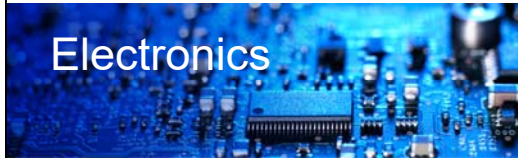
Automate inventory management and product replenishment



Go-To-Market Activities in Japan

Using the case study of Blue Yonder solutions in our own PC business, we have made great progress with external sales development targeting top domestic manufacturers

Electronics



Automotive



Machinery



Supply Chain Management Challenges

- Centralization of global SCM plan
- Improve ability to respond to fluctuations in demand and accuracy

System Needs

- Automate optimal PSI and supply planning
- Speeding up delivery and reducing work load

Target Customers

- Semiconductor / parts manufacturers
- Home appliances, precision equipment, office equipment

- Global production / procurement restructuring
- Improved visibility of the entire supply chain

- Manage complex parts hierarchy
- Effective use of packaged software

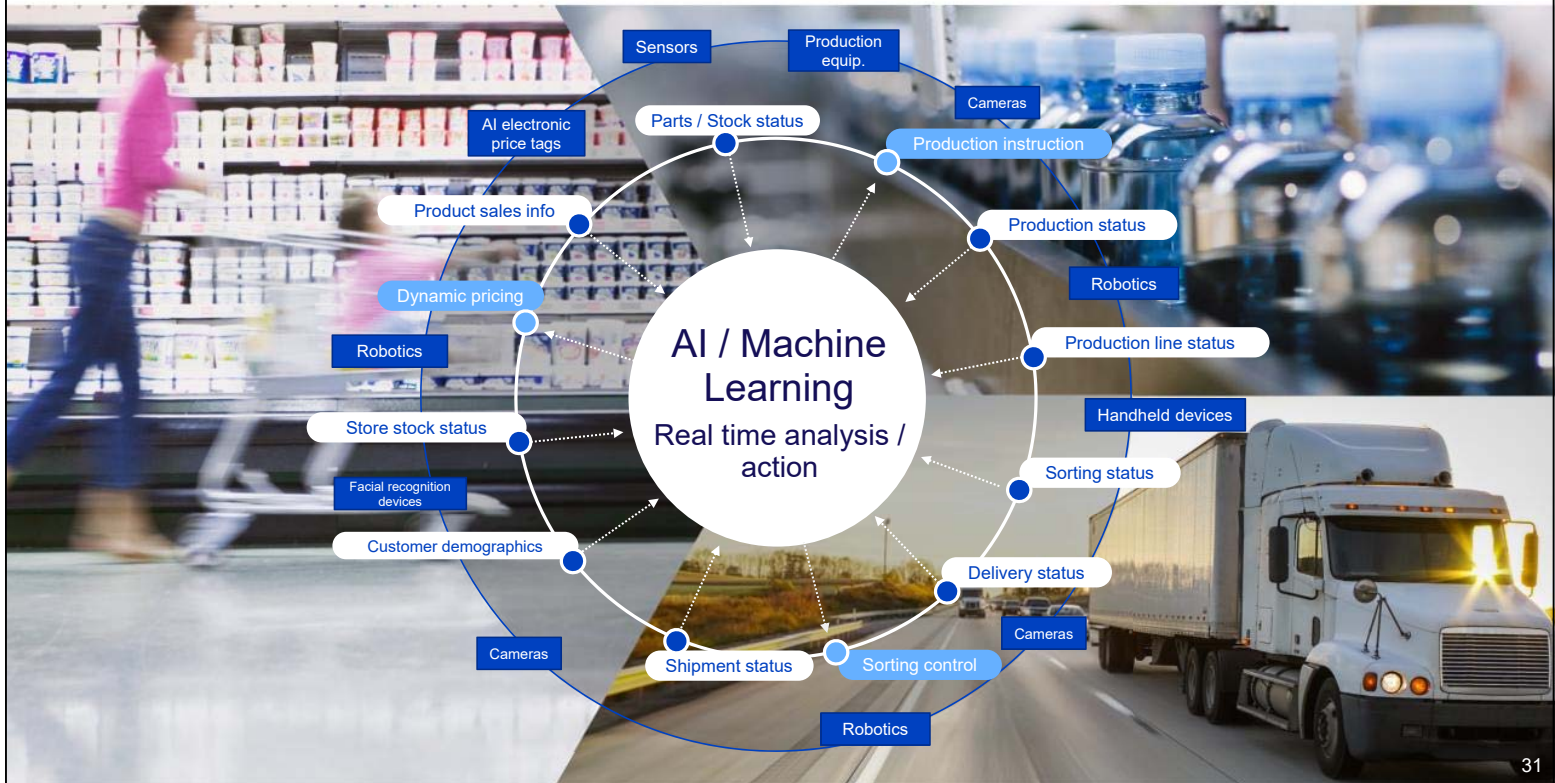
- Car manufacturers
- Tier 1 and Tier 2 parts manufacturers

- Centralized global SCM plan
- Highly accurate demand forecasting and planning

- Automation of manual work and adjustment
- Visualization and management of performance evaluation indicators

- Control equipment manufacturer
- Construction machinery / agricultural machinery manufacturer

Realizing the Autonomous Supply Chain™



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