Panasonic Industry Co., Ltd.

Medium- to Long-term Strategy and Future Initiatives

June 1, 2023

Shinji Sakamoto
Representative Director, President and CEO

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "Fiscal 2024" or "FY3/24" refers to the year ending March 31, 2024.
FY3/2023 Results and FY3/2024 Forecast
FY3/2023 Results, Business Environment Recognition, FY3/2024 Forecast

Medium- to Long-term Future Initiatives
Medium- to long-term management objectives, growth strategy (core business strategy)

Initiatives to Support Sustainable Business Growth
Human resources strategy, environmental strategy
Profits decreased due to the rapid deterioration of market conditions in the second half. Operating C/F improved due to strengthened operational capabilities

### Panasonic Industry products only

<table>
<thead>
<tr>
<th>(yen: billions)</th>
<th>FY3/2023 Results</th>
<th>Diff. vs. LY</th>
<th>Actual diff. vs. LY*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>960.5</td>
<td>+52.1</td>
<td>-39.6</td>
</tr>
<tr>
<td>Adjusted operating profit (ratio)</td>
<td>58.9 (6.1%)</td>
<td>-22.8</td>
<td>-52.5</td>
</tr>
<tr>
<td>EBITDA (ratio)</td>
<td>118.9 (12.4%)</td>
<td>-10.7</td>
<td>—</td>
</tr>
<tr>
<td>Operating C/F</td>
<td>119.9</td>
<td>+48.4</td>
<td>—</td>
</tr>
<tr>
<td>ROIC</td>
<td>9.5%</td>
<td>-3.5%</td>
<td>—</td>
</tr>
</tbody>
</table>

Panasonic Industry total

<table>
<thead>
<tr>
<th>(yen: billions)</th>
<th>FY3/2023 Results</th>
<th>Diff. vs. LY</th>
<th>Actual diff. vs. LY*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,149.9</td>
<td>+21.8</td>
<td>-82.7</td>
</tr>
<tr>
<td>Adjusted operating profit (ratio)</td>
<td>63.3 (5.5%)</td>
<td>-23.3</td>
<td>-53.4</td>
</tr>
<tr>
<td>EBITDA (ratio)</td>
<td>125.4 (10.9%)</td>
<td>-10.2</td>
<td>—</td>
</tr>
<tr>
<td>Operating C/F</td>
<td>127.6</td>
<td>+55.4</td>
<td>—</td>
</tr>
<tr>
<td>ROIC</td>
<td>9.6%</td>
<td>-3.0%</td>
<td>—</td>
</tr>
</tbody>
</table>

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### Impact of raw material price hikes countered by rationalization, etc.

- Adjusted operating profit (Diff. vs. LY: Panasonic Industry products only)

### Generate funds for future growth by optimizing inventories, etc.

- Operating C/F (Diff. vs. LY: Panasonic Industry products only)
Market conditions are expected to bottom out in Q2. However, the speed of recovery will be slow.

- **Assumptions for FY3/2024 outlook**
  
  - Demand for eco-cars **will continue to grow.**
  - Semiconductor supply problems are easing. Sales of overall automotive-use are **on par with the previous year.**
  - Cloud market growth will slow down. Server and data center production is on par with the previous year. A full-fledged recovery in demand is expected **in the next fiscal year or later.**
  - Uncertain business climate will continue, so a **cautious stance** on capital investment is expected **to continue.**
  - Inventory adjustment is underway for laptops and smartphones. Sales are expected to bottom out in the second half, but will still be **below the previous year’s level.**

- **Sales ratio (FY3/2023)**
  
  - **[By field]**
    - Automotive CASE
    - Information/communication infrastructure
    - Factory automation
      - (China FA: 9%)
    - Other
      - (ICT terminal: 5%)
  
  - **[By region]**
    - Japan 25%
    - China 28%
    - Europe 18%
    - North America 8%
    - Asia, etc. 21%
**Looking to the medium term, continue investment for growth**

*Excluding the effect of foreign exchange rates*

<table>
<thead>
<tr>
<th>FY3/2024 Forecast</th>
<th>Diff. vs. LY</th>
<th>Actual diff. vs. LY*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panasonic Industry products only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>966.0</td>
<td>+5.5</td>
</tr>
<tr>
<td>Adjusted operating profit (ratio)</td>
<td>59.0 (6.1%)</td>
<td>+0.1</td>
</tr>
<tr>
<td>EBITDA (ratio)</td>
<td>120.3 (12.5%)</td>
<td>+1.5</td>
</tr>
<tr>
<td>Operating C/F</td>
<td>90.5</td>
<td>-29.4</td>
</tr>
<tr>
<td>ROIC</td>
<td>8.8%</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>

*FY3/2023 Forecast (yen: billions)*

**Strategic investment for growth**

- **Capital investment:** 78 billion yen
  (Diff. vs. LY: +13 billion yen, % of sales*: 8%)

- **R&D expenses:** 68 billion yen
  (Diff. vs. LY: +7 billion yen, % of sales*: 7%)

**Invest in human resources and IT as the foundation of management**

Adjusted operating profit (Diff. vs. LY: Panasonic Industry products only)

- Effect of sales increase
- Rising costs of raw materials and utility
- Rationalization, etc.
- Strategy expense

<table>
<thead>
<tr>
<th>(yen: billions)</th>
<th>FY3/2023</th>
<th>FY3/2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>58.9</td>
<td>59.0</td>
</tr>
<tr>
<td>Other</td>
<td>8.9</td>
<td></td>
</tr>
</tbody>
</table>
FY3/2023 Results and FY3/2024 Forecast
FY3/2023 Results, Business Environment Recognition, FY3/2024 Forecast

Medium- to Long-term Future Initiatives
Medium- to long-term management objectives, growth strategy (core business strategy)

Initiatives to Support Sustainable Business Growth
Human resources strategy, environmental strategy
Aim for sales of 1.8 trillion yen in FY3/31 by concentrating on core businesses with strong social demands

* All figures are based on Panasonic Industry total

**Areas**

- **Automotive CASE**
  - CAGR*: 25%
- **Information & communication infrastructure**
  - CAGR*: 6%
- **Factory labor-savings**
  - CAGR*: 7%

**Contribution in core business**

- Relays
- Capacitors
- Electronic Materials
- FA solutions

**Adjusted operating profit (ratio)**

- Core business
  - Panasonic Industry total
  - 9%
  - 15%

**Sales**

- Core business
  - 1.1 trillion yen
  - 50%
  - 9%

- Others
  - FY3/23
  - FY3/31

- CAGR: Forecasts of growth for representative applications in each area
  - (Our estimate based on various survey data)

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Sharpen competitiveness through the evolution of our materials and process technologies

### EV relays

**Growth potential**
- With the spread of EVs and with their output becoming higher, the need for high-speed power shutdown in the event of an abnormality will expand.

**Competitiveness**
- Integrated modularization with a strong EV relay at the core achieves shutdown performance that cannot be achieved with a single product.

### Capacitors

**Growth potential**
- With information/communication infrastructure and the electrification of vehicles, there will be an increasing need for high-performance/high-reliability capacitors.

**Competitiveness**
- Materials and process technologies that are the source of our differentiation are being further advanced.

### Electronic materials

**Growth potential**
- With the dramatic evolution of processing performance, there will be an increasing demand for increasingly complex semiconductor structures and higher speeds.

**Competitiveness**
- De facto development is accelerated through product development closely linked to major leading semiconductor customers.

### FA solutions

**Growth potential**
- In the fast-growing Chinese equipment market, there are many small and medium-sized equipment manufacturers without sufficient know-how.

**Competitiveness**
- Capable of providing packaged products with unrivaled ease of installation, with strong, small servo motors at the core.
Representative product initiatives in core businesses

**EV relays**

- Increase about **Twofold**
- **CAGR +30%**

- Sales

- Achieve both improved shutdown performance and cost rationalization
  - Accelerate **in-house production of key materials and parts**
    - [In-house production ratio]
        - 20% ➔ 40% ➔ 70%
  - Realize **high-output/high-current instantaneous shutdown**
    - by **integrated modularization**

**Automotive capacitors**

- (Hybrid aluminum capacitors)
- **CAGR +35%**

- Sales

- Expand production capacity
  - (FY3/2023 ➔ FY3/2025: Increase about **Twofold**)
  - Continue to invest as the market expands due to electrification and higher output
  - In addition to expansion in Japan, **strengthen cost competitiveness through ASEAN production expansion**
Already introduced for capacitors, expanding to electronic materials, FA motors, etc. from this fiscal year.
Build a strong supply chain structure

In China
Establish a local-completion system

- **Localize management** (accelerate decision-making)
- **Localize product development**
- **Make full use of local parts, materials, and equipment**
- **Optimize quality standards locally**

Outside China
Optimizing global supply system

- Film capacitors: **Expand European bases**
- Automotive relays: **Make a shift** from China to Vietnam
- Servo motors: **Introduce next-generation products at Tatsuno site (Hyogo prefecture, Japan)**
FY3/2023 Results and FY3/2024 Forecast
FY3/2023 Results, Business Environment Recognition, FY3/2024 Forecast

Medium- to Long-term Future Initiatives
Medium- to long-term management objectives, growth strategy (core business strategy)

Initiatives to Support Sustainable Business Growth
Human resources strategy, environmental strategy
Aiming to be a company where people and the organization continue to grow together driven by one’s own will

**Provide Fair Opportunities**

**Actively promote DEI**

Aim for **100%** male childcare leave acquisition rate

Create barrier-free environment at **26** major domestic production sites

**Provide Places to Take up Challenges**

Define roles and human resources requirements and introduce transfers/promotions through a job posting system

About **750** employees were transferred within 6 months of the introduction of the system

**Provide Learning Opportunities**

"Anyone can learn anytime, anywhere"

A new training program launched

More than **10,000** people have participated in the program

**Provide Treatment That Rewards those who take up challenges**

Systematize multiple career paths and develop professional human resources

Promotion and salary increase by **Specialist Course**
Achieve both net zero CO₂ emissions* and minimized energy costs by FY3/2031.

Net zero CO₂ emissions
- On track to achieve net zero emissions in FY3/2024 in China

Minimized energy costs
- Minimize management burden by promoting energy conservation and introduction of renewable energy

Example of Renewable Energy Introduction
Aiming to achieve optimal power mix based on footprint, cost, and regional characteristics

Minimized energy costs
- Minimize management burden by promoting energy conservation and introduction of renewable energy

On-site PPA*/Self-power generation
(Expanding sequentially)
Adopted according to the area available for installation

Off-site PPA*
(Scheduled for FY3/2026 or later)
Electricity can be mutually transmitted between sites.

Number in parentheses: Number of production sites

* PPA (Power Purchase Agreement): A system in which companies contract with power generators to purchase renewable energy-derived electricity from newly installed power generation facilities
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(Reference) Profile of Panasonic Industry Co., Ltd.

Number of employees

42 thousand
(13 thousand in Japan and 29 thousand overseas)

Number of bases

82 bases
(33 in Japan and 49 overseas)

Positioning in Panasonic Group (FY3/23 Results)

- **Sales**
  - Panasonic Group: 8.4 trillion yen
  - 14% (1.1 trillion yen)

- **Adjusted operating profit**
  - Panasonic Group: 314.1 billion yen
  - 20% (63.3 billion yen)
## (Reference) Financial Figures (P/L, B/S, C/F)

### P/L

<table>
<thead>
<tr>
<th>(yen: billions)</th>
<th>FY3/23</th>
<th>FY3/24 (E)</th>
<th>FY3/25 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,149.9</td>
<td>1,090.0</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>63.3</td>
<td>60.0</td>
<td>—</td>
</tr>
<tr>
<td>Other income/loss</td>
<td>3.4</td>
<td>-1.5</td>
<td>—</td>
</tr>
<tr>
<td>Operating profit</td>
<td>66.8</td>
<td>58.5</td>
<td>—</td>
</tr>
<tr>
<td>(OP % to sales)</td>
<td>5.8%</td>
<td>5.4%</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation of PP&amp;E</td>
<td>51.9</td>
<td>56.0</td>
<td>—</td>
</tr>
<tr>
<td>Total of Amortization of Intangible Assets and Depreciation of Right-of-use Assets</td>
<td>6.7</td>
<td>8.0</td>
<td>—</td>
</tr>
<tr>
<td>EBITDA</td>
<td>125.4</td>
<td>122.5</td>
<td>—</td>
</tr>
<tr>
<td>(EBITDA % to sales)</td>
<td>10.9%</td>
<td>11.2%</td>
<td>—</td>
</tr>
</tbody>
</table>

### C/F

<table>
<thead>
<tr>
<th>(yen: billions)</th>
<th>FY3/23</th>
<th>FY3/24 (E)</th>
<th>FY3/25 Cumulative (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCF</td>
<td>62.5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Operating CF</td>
<td>127.6</td>
<td>94.0</td>
<td>More than 390</td>
</tr>
<tr>
<td>Investing CF</td>
<td>65.1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Capital investment* (tangible)</td>
<td>60.8</td>
<td>67.0</td>
<td>—</td>
</tr>
<tr>
<td>Investment in intangible assets*</td>
<td>4.4</td>
<td>11.0</td>
<td>—</td>
</tr>
<tr>
<td>Total capital investment</td>
<td>65.2</td>
<td>78.0</td>
<td>—</td>
</tr>
<tr>
<td>R&amp;D expenditures</td>
<td>60.5</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

### B/S

<table>
<thead>
<tr>
<th>(yen: billions)</th>
<th>FY3/23</th>
<th>FY3/24 (E)</th>
<th>FY3/25 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>156.9</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>151.1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Inventories</td>
<td>140.1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other current assets</td>
<td>30.5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td><strong>478.6</strong></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>247.0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>23.6</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Goodwill and intangible assets</td>
<td>10.0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>29.5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td><strong>310.1</strong></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total assets</td>
<td><strong>788.7</strong></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Trade payables</td>
<td>110.1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Debt (1)</td>
<td>100.6</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Lease liabilities (2)</td>
<td>26.0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>133.1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td><strong>369.8</strong></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Equity (3)</td>
<td><strong>418.9</strong></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Invested capital (1)+(2)+(3)</strong></td>
<td><strong>545.5</strong></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>ROIC</td>
<td>9.6%</td>
<td>8.2%</td>
<td>More than 17%</td>
</tr>
</tbody>
</table>

*All figures are based on Panasonic Industry total

* End of each fiscal year

<unaudited>

*These figures are calculated on an accrual basis.
(Reference) Units of Businesses with Sales Disclosed

Electronic Devices
- EV relays
- Conductive polymer capacitors
- Film capacitors for xEV
- Hybrid aluminum electrolytic capacitors
- Motors for automotive and HVAC, etc.

FA Solutions
- Motors for industrial application (Servomotors)
- PLC (Programmable controllers)
- Photoelectric sensors
- Laser markers, etc.

Electronic Materials
- Multilayer circuit board materials
- Semiconductor device materials
- Molding compounds, etc.

*Core business products indicated in bold
<table>
<thead>
<tr>
<th>Core businesses</th>
<th>Product name</th>
<th>Main functions and role</th>
<th>Main applications (examples)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EV relays</strong></td>
<td><strong>EV relays</strong></td>
<td>Space-saving high-capacity discontinuation to ensure EV safety</td>
<td>Powertrain/charging system for EVs and HEVs</td>
</tr>
<tr>
<td><strong>Capacitors</strong></td>
<td>Conductive polymer capacitors</td>
<td>Stabilize electrical circuit operation while suppressing heat generation and voltage drop</td>
<td>Servers, embedded boards, SSDs, various communications equipment, etc.</td>
</tr>
<tr>
<td></td>
<td>Film capacitors for xEV</td>
<td>Smoothing and noise suppression of high voltage large current circuit</td>
<td>Inverter circuit of xEV and industrial infrastructure</td>
</tr>
<tr>
<td></td>
<td>Hybrid aluminum electrolytic capacitors</td>
<td>Highly reliable hybrid electrolyte of conducting polymer and electrolytic solution</td>
<td>Headlamps, battery management systems, ECUs, etc</td>
</tr>
<tr>
<td><strong>FA Solutions</strong></td>
<td>Motors for industrial application (servomotors)</td>
<td>Compact, high-speed, high-precision device operation</td>
<td>Semiconductor manufacturing equipment, robots, automatic assembly and mounting machines, various FA equipment, etc.</td>
</tr>
<tr>
<td></td>
<td>PLC (Programmable controller)</td>
<td>Integrated control of on-site equipment and collection/visualization of information</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Photoelectric sensors</td>
<td>Ultra-compact sensor detects and positions solids and liquids</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Laser markers</td>
<td>Delicate engraving without damaging products and parts</td>
<td></td>
</tr>
<tr>
<td><strong>Electronic materials</strong></td>
<td>High functional multilayer materials (MEGTRON)</td>
<td>Circuit board materials that support high-frequency signals and other high-capacity and high-speed transmission</td>
<td>Large, high-speed servers, base stations, various communications equipment, etc.</td>
</tr>
<tr>
<td></td>
<td>Semiconductor device materials</td>
<td>Realization of thinner, smaller, and more reliable leading-edge semiconductor packages</td>
<td>Advanced semiconductor packages (wafer level packages, etc.)</td>
</tr>
</tbody>
</table>

Details and other products can be found at the following URL: https://industrial.panasonic.com/ww
The results of Panasonic Industry as a whole consist of two categories: "Panasonic Industry products" and "Products of other operating companies."

**Panasonic Industry sales composition image**

- **Products of other operating companies:** Products developed and manufactured by other operating companies and sold through Panasonic Industry's global sales platform

  **Main products**
  - Semiconductors (by Nuvoton Technology Corporation Japan)
  - Various batteries (by Panasonic Energy Co., Ltd.)
  - Air conditioner compressors (by Panasonic Corporation)
  - etc.

- **Panasonic Industry products:** Products developed, manufactured, and sold by Panasonic Industry

  * See pages 19 and 20 for main products.