

Panasonic

Progress in Medium- to Long-term Strategy

June 7, 2024

Shigeru Dohno, President

Living Appliances and Solutions Company (LAS)

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, “Fiscal 2025” or “FY3/25” refers to the year ending March 31, 2025.

Today's Agenda

1. FY3/23-FY3/24 results review

2. Key initiatives in FY3/25

3. Overview of Medium-term plan

Medium- to Long-Term Roadmap

Social trends

Diversification of Values

Aging population of developed countries

Emphasis on Sustainability

Contributions by Living Appliances and Solutions Company

Release new products that capture new societal needs

Utilize advanced technologies to support wellbeing

Realize energy-saving and circular economy



EBITDA results in FY3/23 - FY3/24

FY3/24 EBITDA was below FY3/22 results :Decreased sales due to decline in overall demand and market share, despite improved management structure to counter deteriorated external environment.

FY3/24 EBITDA was below FY3/24 target :Shortfall of achieving management structural improvement target

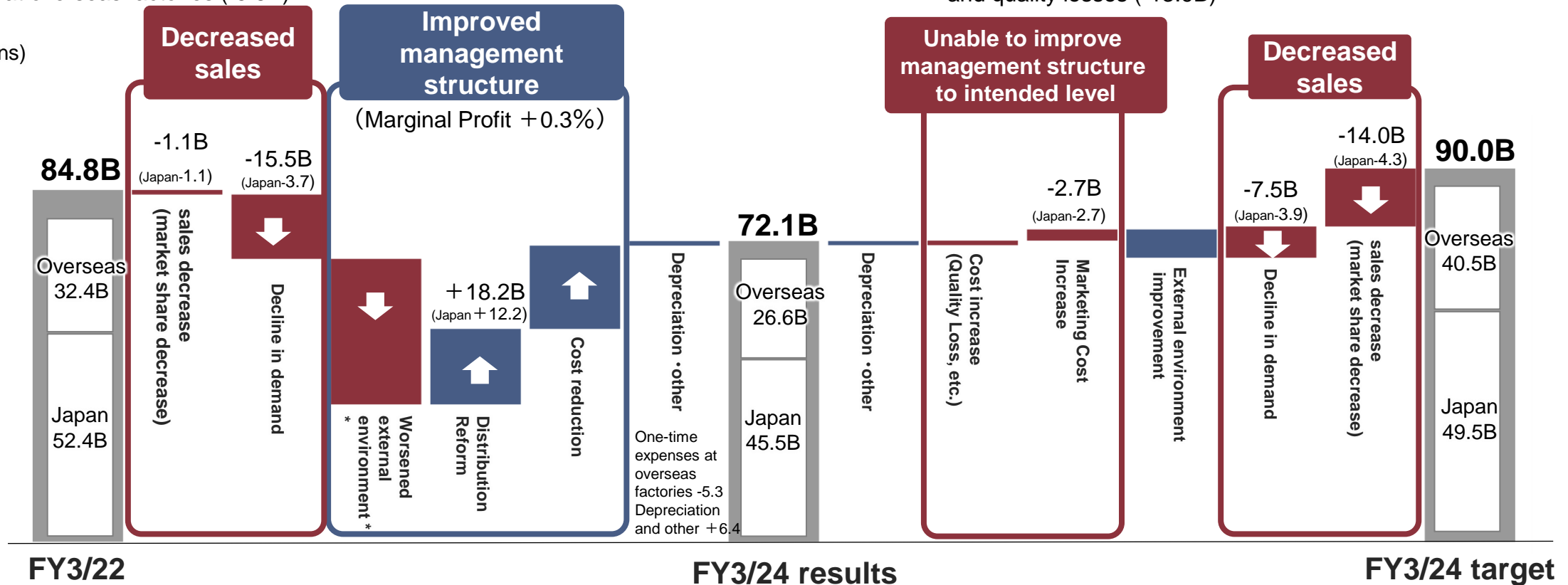
[vs FY3/22]

Japan: Decreased profits due to external environment and sales decrease (-6.9B)
 Overseas: Decreased profits due to overall demand decrease and one-time expenses at overseas factories (-5.8B)

[vs Target]

Japan: Unmet due to decline in demand and loss of market share (-4.0B)
 Overseas: Unmet due to decrease in demand, loss of market share, and quality losses (-13.9B)

(yen: billions)



Overview of First 2 Years of Medium-term Plan for Home Appliances Business in Japanese Market

Decreased profit due to declined sales

- ✓ Worse-than-expected decrease in overall demand
- ✓ Unable to reach target market share

Improved management structure

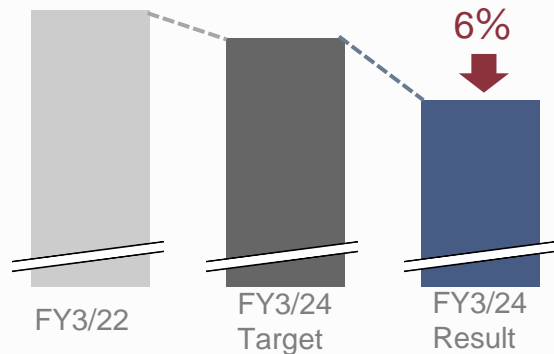
- ✓ New sales scheme (distribution reform)
- ✓ Improved management structure to counter external environmental deterioration
- ✓ Demand-based SCM reform

Major Factors of Decreased Profit in Home Appliances Business for Japanese market

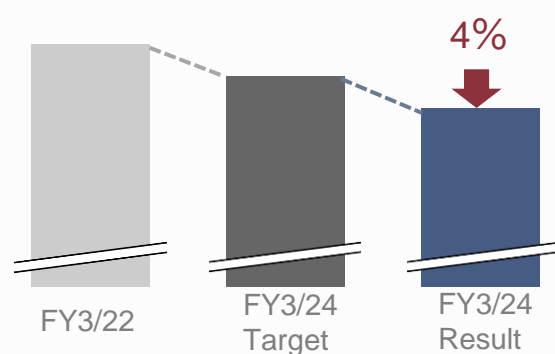
Worse-than-expected decrease in overall demand

Unable to reach target market share

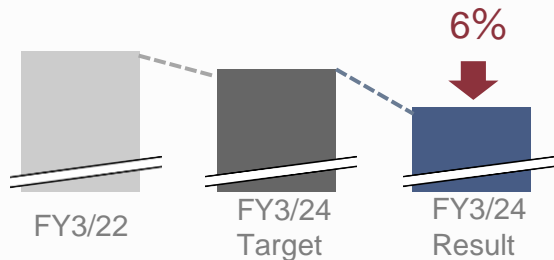
Refrigerators



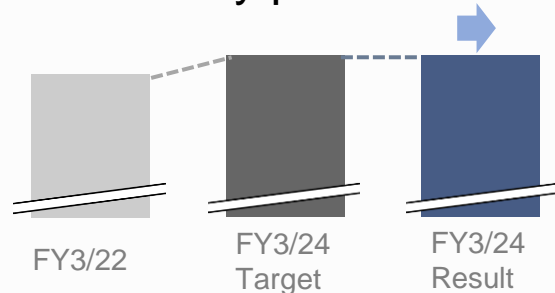
Washing machines



Microwaves



Beauty products



Panasonic's market position in Japan

FY3/22 → FY3/24



Refrigerators

: No.1 → No.2



Frontloading washing machine

: No.1 → No.1



Microwaves

: No.1 → No.2



Rice Cookers

: No.2 → No.3



Hair Dryer

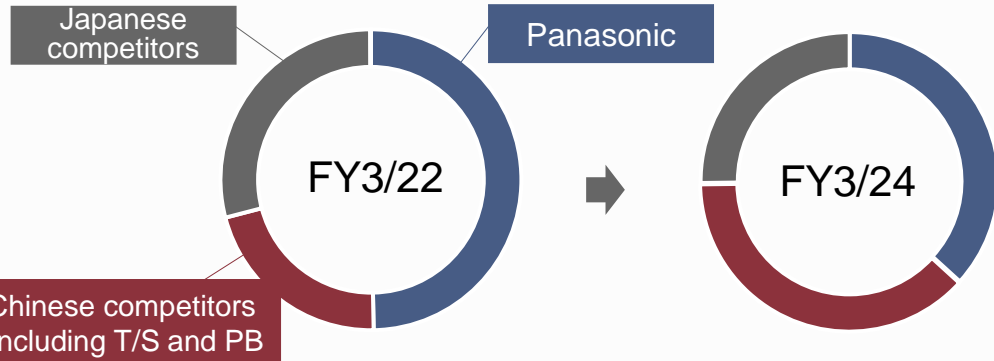
: No.1 → No.1

Source: The Company's estimate

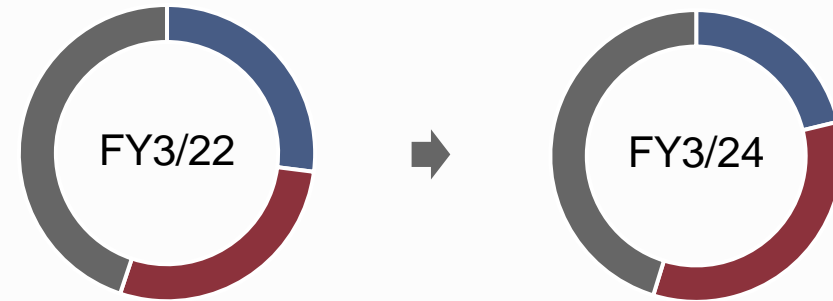
Factors for Not Reaching Market Share Target of Home Appliances Business in Japanese market

In addition to changes in the market environment due to the rise of the Chinese competitors, market share declined due to weakness in price competitiveness of our products

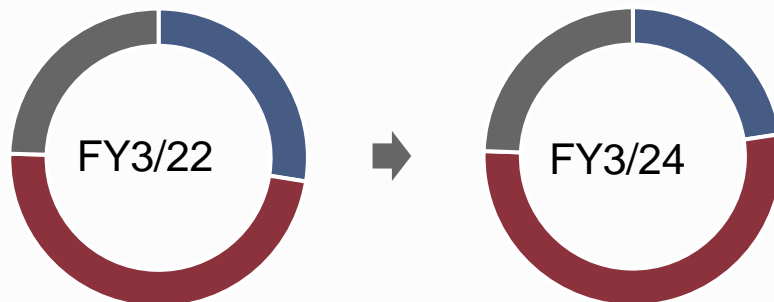
Washing machines (frontloading washing machine)



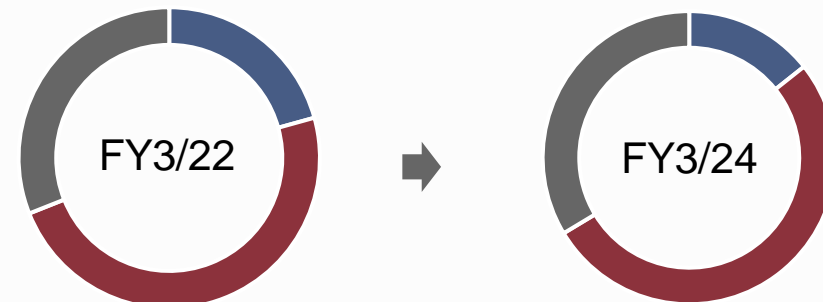
Refrigerators (over 400 L)



Microwave ovens



Rice cookers

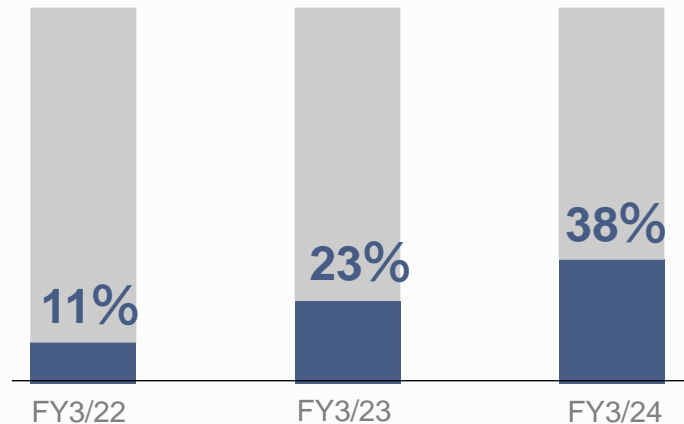


Source: Market share estimated by the Company

New Sales Scheme: Contribution to Profit

New sales scheme expanded steadily;
profit contribution seen from product categories having a strong competitive edge

Sales Ratio of New Sales Scheme

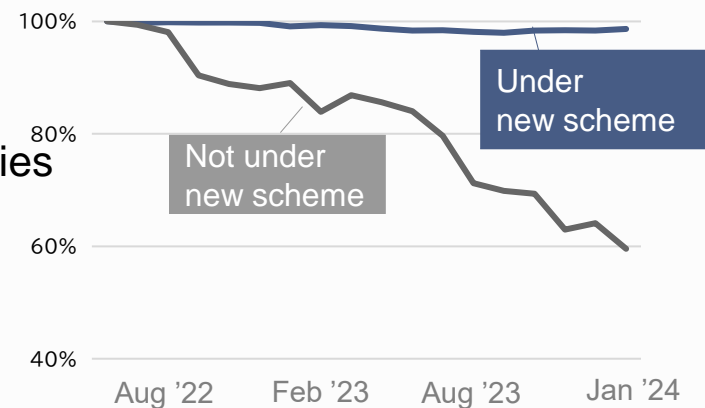


Example: Hair Dryer

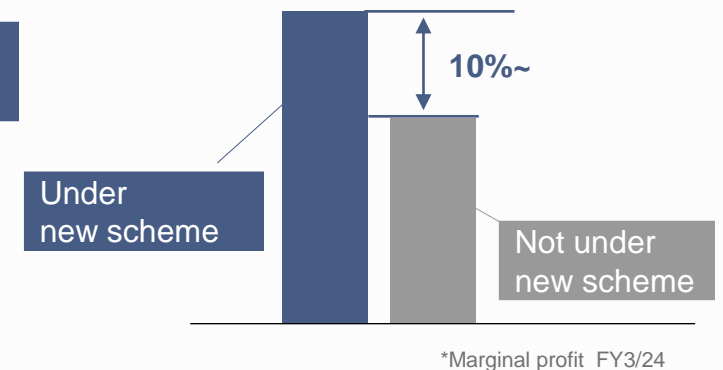


Marginal profit increased for the products under new scheme
-> Seeking improvement of profitability through the expansion of applicable products

Comparison & trend in sales price



Marginal profit



FY3/24 New Sales Scheme Composition by categories

45% over	Beauty, Microwave oven
30 - 45%	Refrigerators, Vacuum cleaner, Washing machine
Up to 30%	Rice cooker

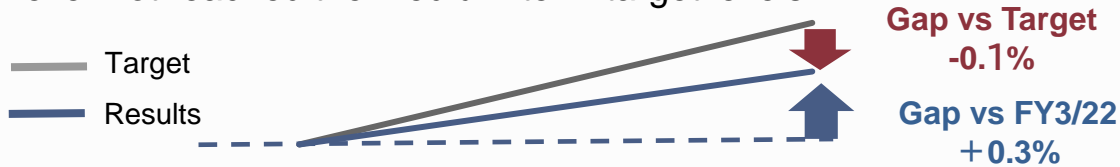
Profit contribution by new sales scheme: **10.0 billion yen** through reduction of inventory disposal costs and pricing strategies

Progress in Management Structure Improvement

Management structure improvement efforts fell short of fully countering the external environment's deterioration

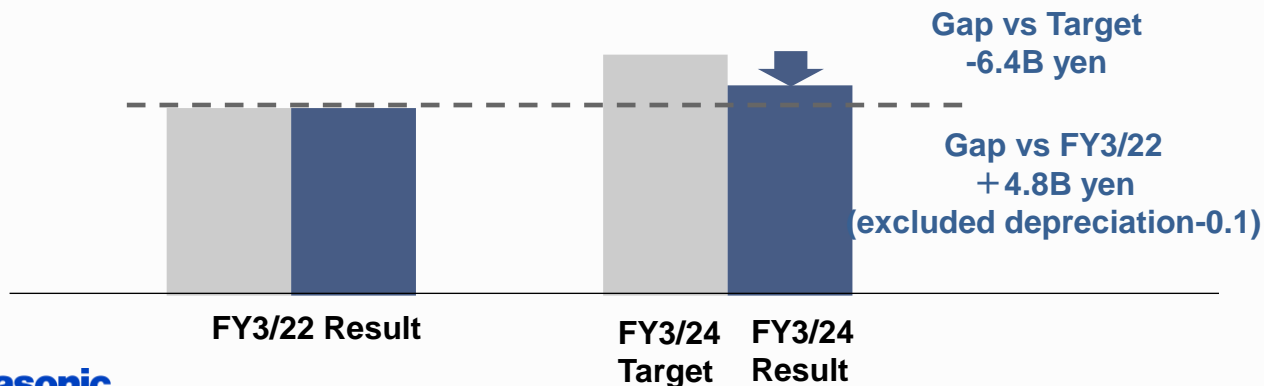
Ratio of Marginal Profit

Despite the worsened external environment, distribution reform and rationalization led to marginal profit improvement from FY3/22, however not reached the Medium-term target levels



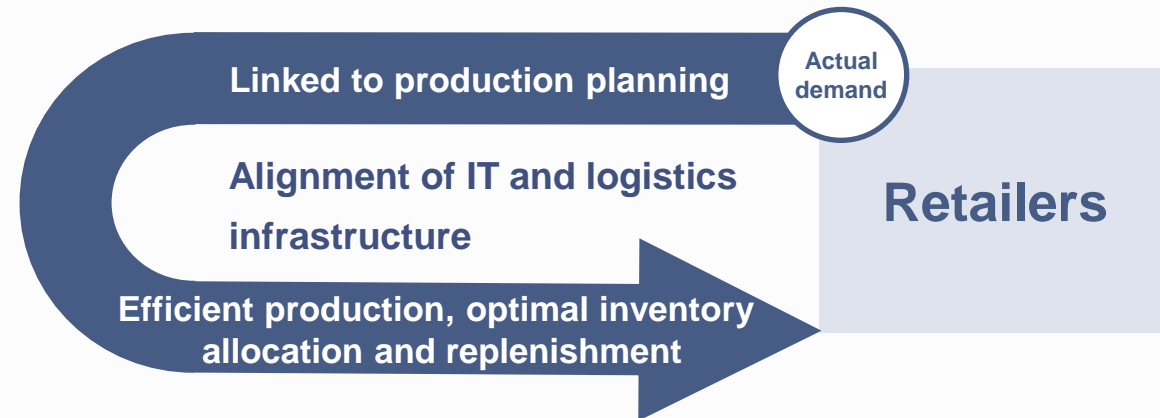
Amount of Fixed cost

Resources are being allocated, and fixed costs are being reduced through efficient operations (excluding depreciation) compared to FY3/22



Cooperation with retailers through demand-based SCM process

Digital Information utilization with short delivery lead time



- Optimization of sales costs
- Minimization of Opportunity Loss
- Improvement of inventory turnover and CF

The pioneering initiatives with the industry-leading retailers **Retail inventory (-22%)** and **prompt delivery rate (99%)**

Key Initiatives for Home Appliances in Japanese Market FY3/25

Overview of FY3/23 and FY3/24

- × Worse-than-expected decrease in overall demand
- × Unable to reach target market share
- New sales scheme (distribution reform)
- × Improving management structure to counter external environmental deterioration
- Demand-based SCM reform

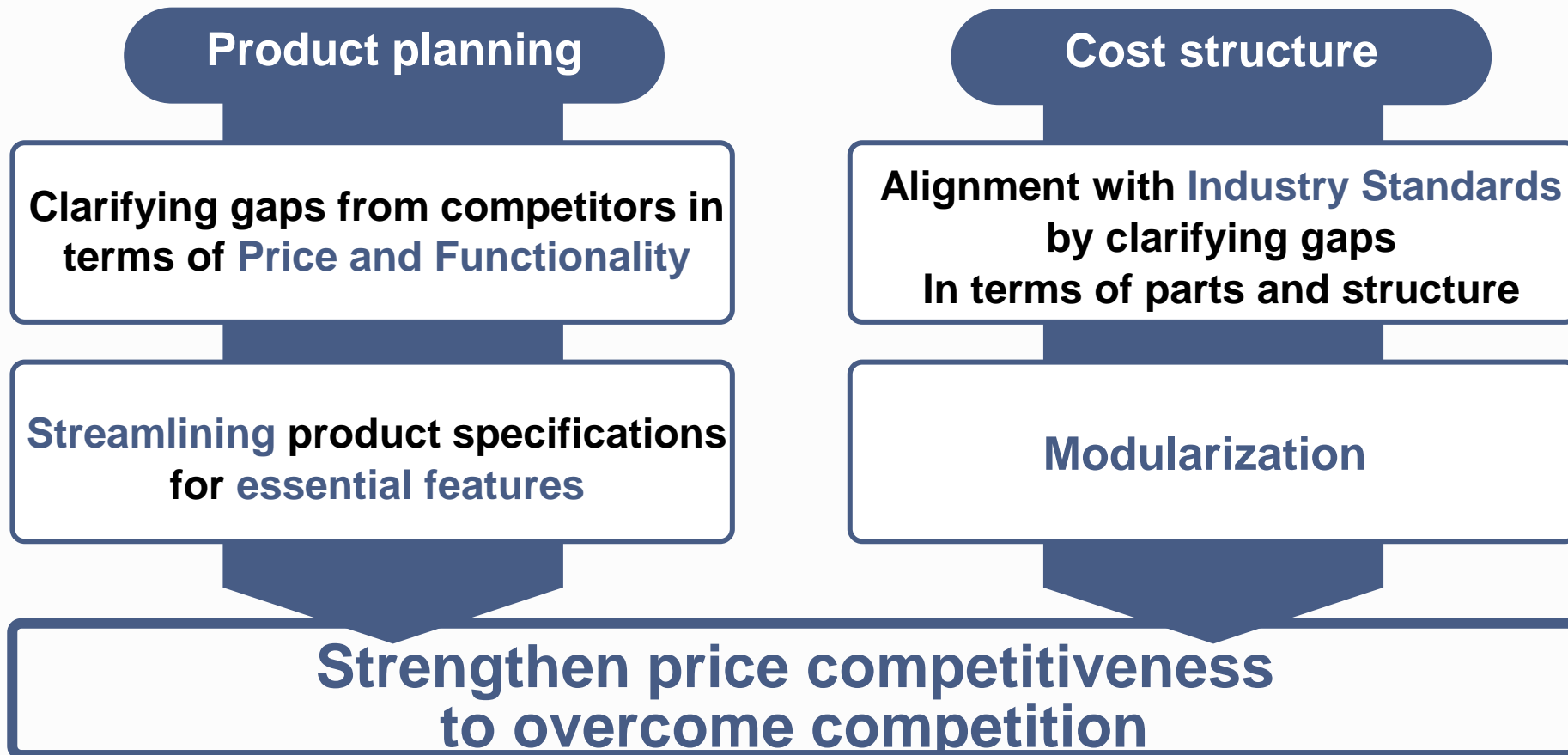


FY3/25 Key Initiatives

- Volume Zone Strategy: Strengthening **product price competitiveness**
- Enhancing the premium zone: Strengthening the lineup **of beloved products**
- Expanding** the number of products under the new sales scheme
- Further cost reductions** to counter external environmental deterioration
- Expansion** of retail partners and product categories in demand-based SCM


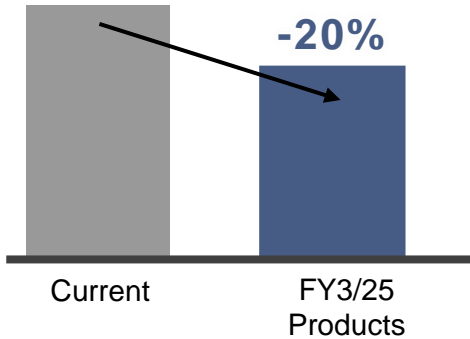

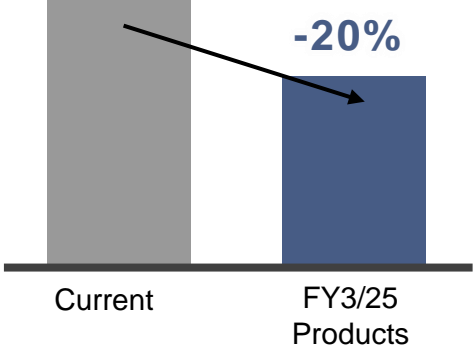
Reinforcing Price Competitiveness of Hardware

Not only cost reduction, but also strengthening product price competitiveness from a total cost perspective with customer-centric efforts



Strengthening price competitiveness

Enhancement of global competitiveness through strengthening price competitiveness

Example: Refrigerator (5 door model)			Initiatives to strengthen global standard costs
	<p>Material cost</p>	 <p>Current FY3/25 Products</p>	<ul style="list-style-type: none"> ◆ "Subtraction" product planning: Specializing in strengths and reducing "addition" specifications ◆ Revision of in-house standards and adoption of global standard materials. Revision of cooling system specifications and multiple safety design optimization. ◆ Procurement strategy: Expansion of global best price competitive supplier
Example: Microwave oven			Initiatives to strengthen global standard costs
	<p>Material cost</p>	 <p>Current FY3/25 Products</p>	<ul style="list-style-type: none"> ◆ "Subtraction" product planning and reviewing product design: Reducing the number of parts by sharing key components such as cooling/heaters ◆ Global standard material adoption and procurement strategy: Expansion of global sourcing for electronic components and steel

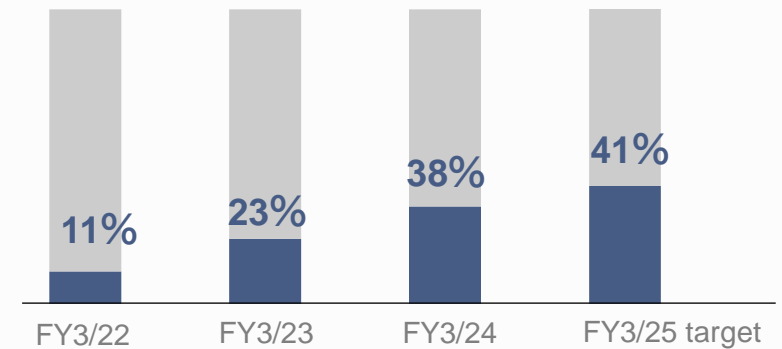
Beloved Products with New Sales Scheme

Maximizing the appeal of our design and technology strengths through price competitiveness with the new sales scheme

Strengthening the lineup of beloved products



Further expansion of the new sales scheme



FY3/25 New Sales Scheme Composition by categories

45% over	Beauty, Microwave oven, Washing machine
30 - 45%	Refrigerator, Vacuum cleaner
Up to 30%	Rice cooker



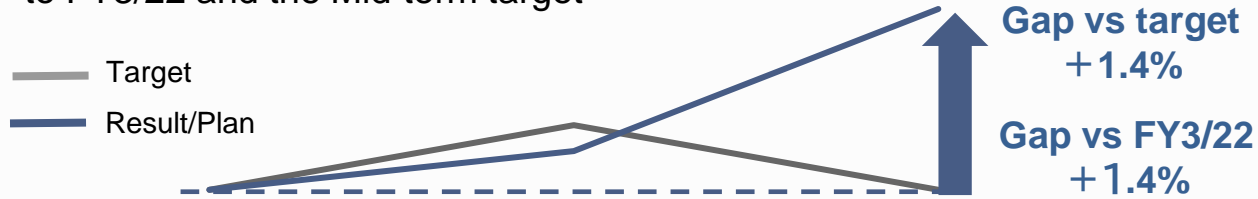
Further Initiatives for Management Structure Improvement

Improving management structure to counter external environmental deterioration

Expansion of collaborative retailers and categories in demand-based SCM

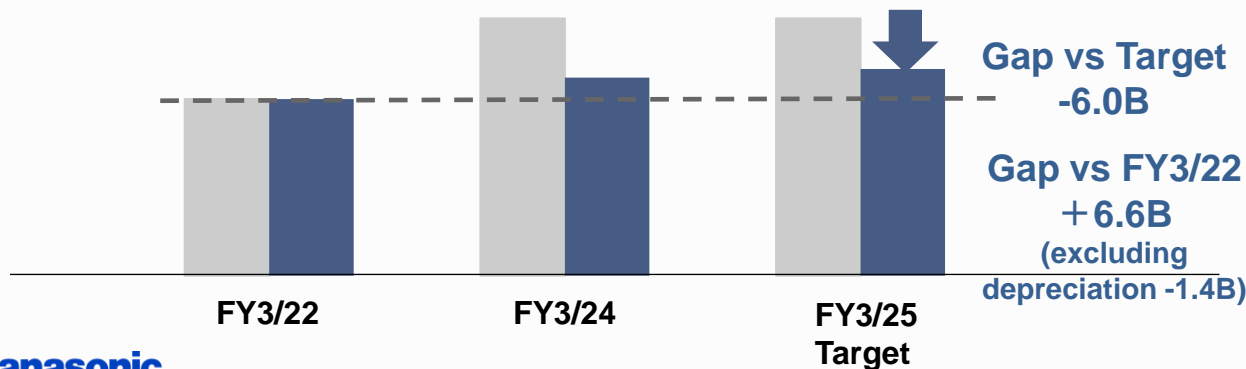
Ratio of marginal profit

In FY3/25, we will accelerate rationalization efforts to strengthen management, estimating improvements compared to FY3/22 and the Mid-term target



Amount of fixed cost

Continue to allocate resources and reduce fixed costs through efficient operations (vs FY3/22 excludes depreciation)



Expansion of collaboration with key retailers

Retail Partner	FY3/24	FY3/25	
Company A	Implemented	Expansion of applicable products	
Company B	Under review	Start of application of some products	Expansion of applicable products
Company C			
Company D			
...			

Total volume handled by the four companies exceeds 70%
Improvement of Cumulative CF is estimated to exceed 10 billion yen

FY3/25 EBITDA

FY3/25 Target will not reach the medium-term target. However, aim for year-on-year increase in both sales and profit with further improvement of management structure and increasing market share through product competitiveness.

[vs FY3/24]

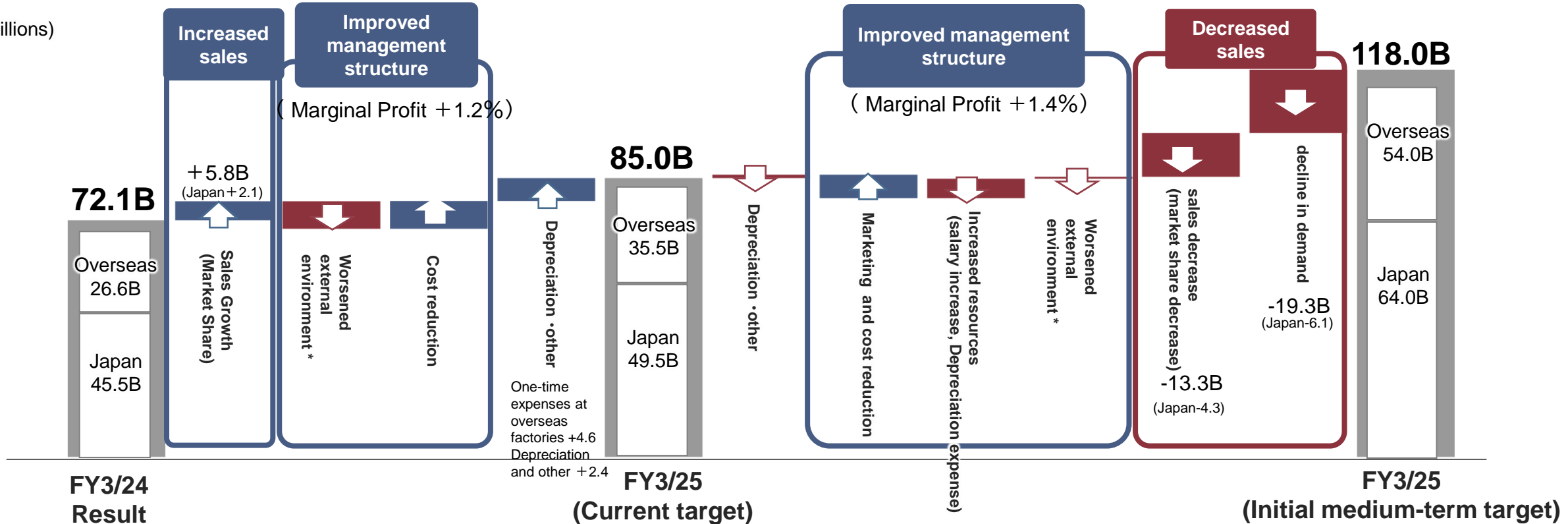
Japan: Despite worsened external environment, increased profits through sales growth and cost reduction (+4.0B)

Overseas: In addition to increased sales and cost reduction, increased profits due to the one-time expense rebound from the previous year(+8.9B)

[vs Medium-term target]

Japan and Overseas: Despite efforts to counter the worsened external environment through structural improvement, decreased profits due to market downturn and other factors preventing the originally planned sales. (-33.0B)

(yen: billions)



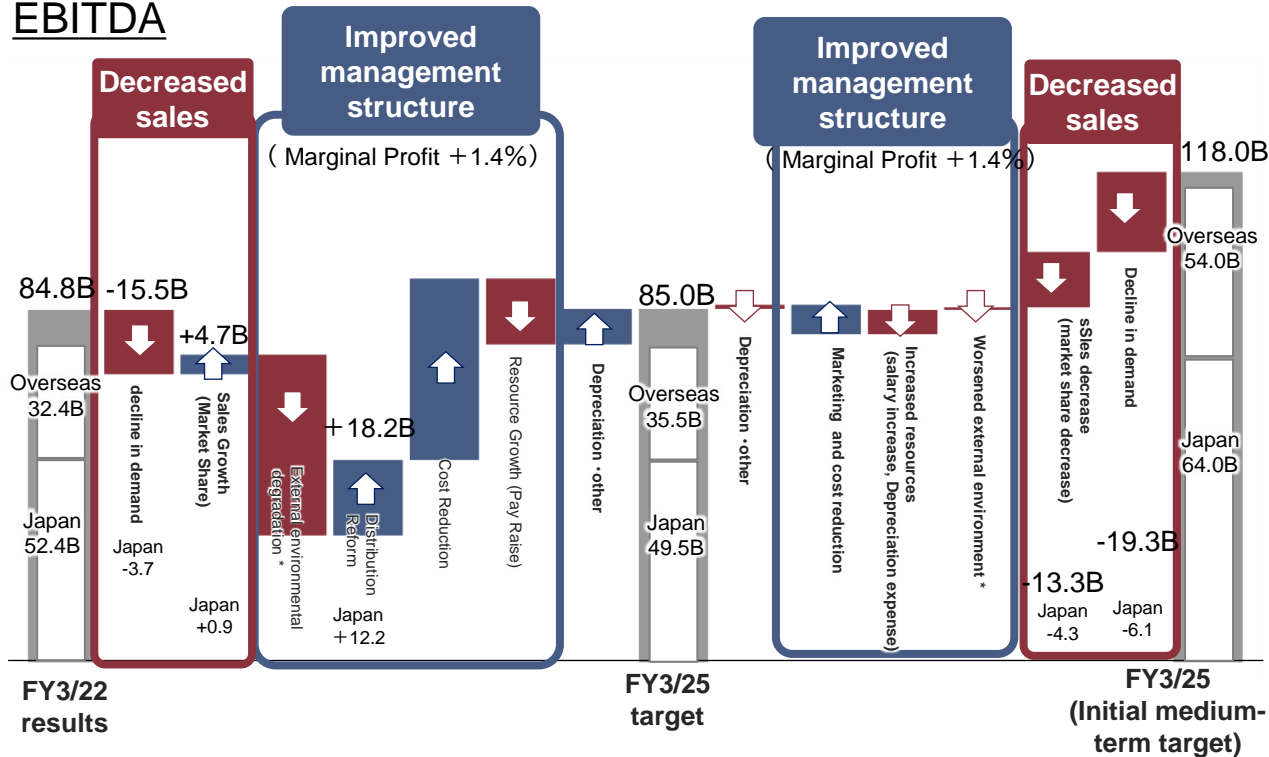
Overview of EBITDA & Operating CF (3-year medium-term period: FY3/23 -FY3/25)

Vs FY3/22 : Improved management structure, efficiency of marketing activities, and increased market share, despite the impact of external environmental deterioration and a decline in total demand

vs Medium-term: Struggles due to the impact of sales decline by decline in demand and less target market share, while reversing the unexpected external environmental deterioration by improving management structure. However, cumulative operating CF of 200.0 billion yen is expected to be achieved

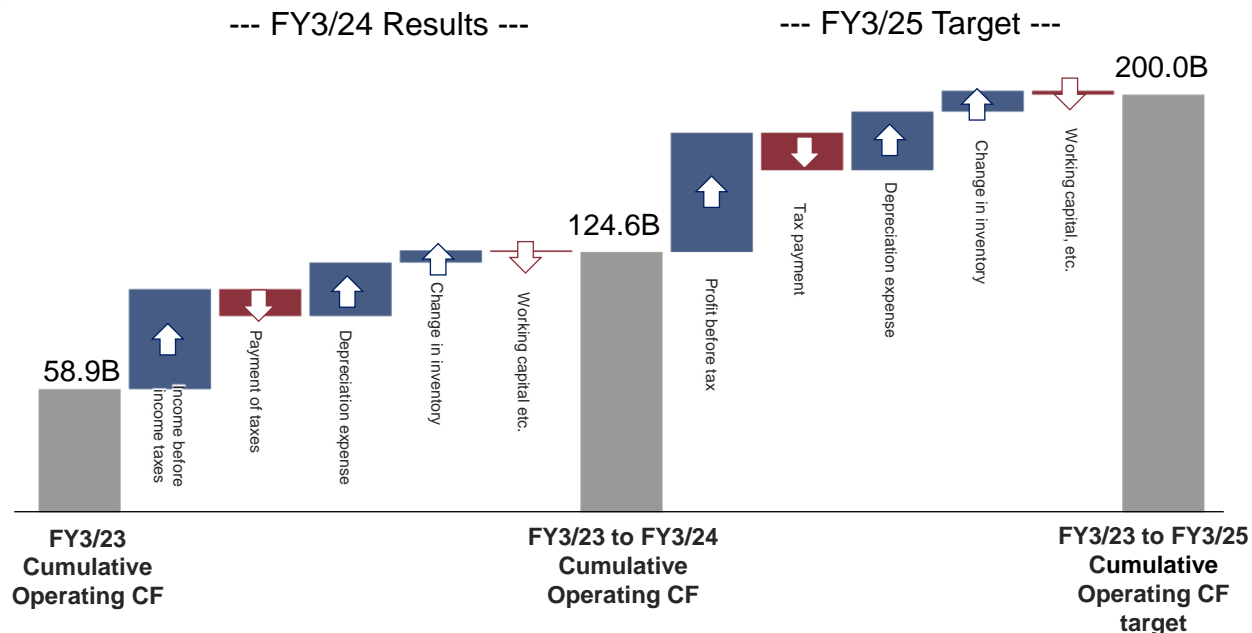
-> Plan to implement rigorous progress management toward the next medium-term for annual profit margin efficiency and market share in Japanese market through management structure improvement and Japan market share through improving management structure.

EBITDA



Cumulative Operating CF

(yen: billions)



*External Environment: Foreign Exchange, Raw Materials, Logistics, Corona LD

Medium to Long-Term Roadmap

Social issues & trends

Rise of Chinese competitors in Japan market
Diversification of lifestyles
Aging population in developed countries



Key measures for the next Medium-term

1. **Business model transformation through CX (customer experience) enhancement**
2. **Expansion of sales in overseas growth markets**



Key measures for the next Medium-term

1. Business model transformation through CX (customer experience) enhancement

The power to stay close with customers, which is the source of Panasonic, with leveraging the Panasonic Shop and CS network to maintain continuous connections with customers even after purchase, thereby achieving the establishment of a sustainable and highly profitable business foundation.



[Future] Enhancing the customer experience from before purchase to after purchase

First-hand experience Future Star Program
foodable Home Appliance Food Subscription
noiful Apartment with Home appliances included
IoT extended warranty service Remote diagnostics
Refurbished

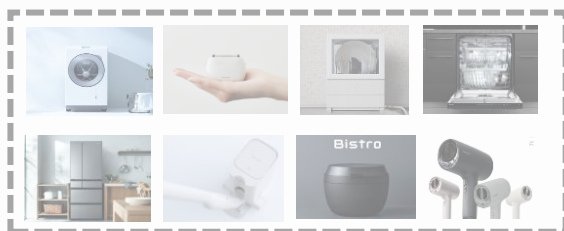
Accelerating the transition to a more premium experience through new offerings

Increase in D2C (Direct-to-Consumer) ratio

Ensuring continuous customer engagement to maximize repeat purchases



[Current] One-time hardware sale business model



One-time hardware sale




Current

Target

Key measures toward the next medium-term

2. Expansion of sales in the overseas growth markets

Leveraging the strength of brand loyalty to Panasonic, achieving competitive pricing to compete with Chinese and Korean competitors, and accelerating growth in the Asian market through the enhancement of products using Panasonic's unique Japanese technology.

Product range	Product line up
Premium	 <p>Proprietary technology differentiation Enhanced value-added model lineup</p>
Specialized	 <p>PRIME + Bottom/Top Freezer 9kg – 10kg</p>
Standard	 <p>Competitive pricing lineup to compete with rivals</p>

Strengthening product lineup (FY3/28 sales target 1.5 times vs FY3/24)

- Reviewing the product roadmap in Japan, China, and Asia collectively
- Cross-regional supply of products between Japan, China, and Asia and utilizing ODM products
- Improving efficiency and scale through the development of China-Asia common models

Strengthening price competitiveness

(Material cost reduction over 25% vs FY3/24)

- Standardization and sharing of chassis, units and components
- Adoption of global standard components and use of cost competitiveness & speed (nurtured in China)
- Switching and consolidating to high-quality and best price components including logistics costs

Panasonic

Disclaimer Regarding Forward-Looking Statements

This presentation includes forward-looking statements about Panasonic Holdings Corporation (Panasonic HD) and its Group companies (the Panasonic Group). To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic HD undertakes no obligation to publicly update any forward-looking statements after the date of presentation. Investors are advised to consult any further disclosures by Panasonic HD in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; occurrence and continuation of supply disruption or soaring prices of raw materials or transportation; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic Group's products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment including interest rate fluctuations; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic Group highly depends on in BtoB business areas; the possibility of not achieving expected benefits in connection with the transition to a new organizational system in which Panasonic HD is a holding company; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses or losses resulting from any defects or quality frauds in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement by third parties or intellectual property infringement claims by third parties; the possibility that change or tightening of current and potential, direct and indirect restrictions imposed in Japan or other countries over trade, manufacturing, labor and operations may adversely affect business operations of Panasonic Group and its supply chain; failures in proper tackling of regulations and policies introduced or strengthened with respect to environmental issues including climate change or responsible procurement activities (human rights, labor, health and safety, global environmental conservation, information security, corporate ethics, etc.) in the supply chain; restrictions, costs or legal liability relating to introduction or tightening of laws and regulations; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from systems of Panasonic Group or its supply chain, service suspension or vulnerability of network-connected products due to unauthorized system access and cyberattacks etc.; the possibility not being able to acquire the necessary human resources to promote management strategies and prevent the outflow of existing employees; the possibility that the spread of infections including the novel coronavirus infections may adversely affect business activities of the Panasonic Group; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; occurrence of events that may negatively impact business activities of the Panasonic Group, including large-scale natural disasters, prevalence of infectious diseases throughout the world and terrorism or wars. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic HD's securities reports under the FIEA and any other documents which are disclosed on its website.