

Panasonic Industry Co., Ltd.

Medium- to Long-term Strategy and Initiatives

June 1, 2022

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Representative Director, President and CEO

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, “Fiscal 2023” or “FY23” refers to the year ending March 31, 2023.



■ Corporate Profile

Positioning within Panasonic Group, FY22 results/FY23 forecast,
Medium-term objectives

■ Medium- to Long-term Strategy

Concentrating on core businesses, Focus areas,
Growth strategy

■ Initiatives for Sustainability

Environmental Initiatives

Profile of Panasonic Industry Co., Ltd.

Number of employees

44 thousand

(13 thousand in Japan and 31 thousand overseas)

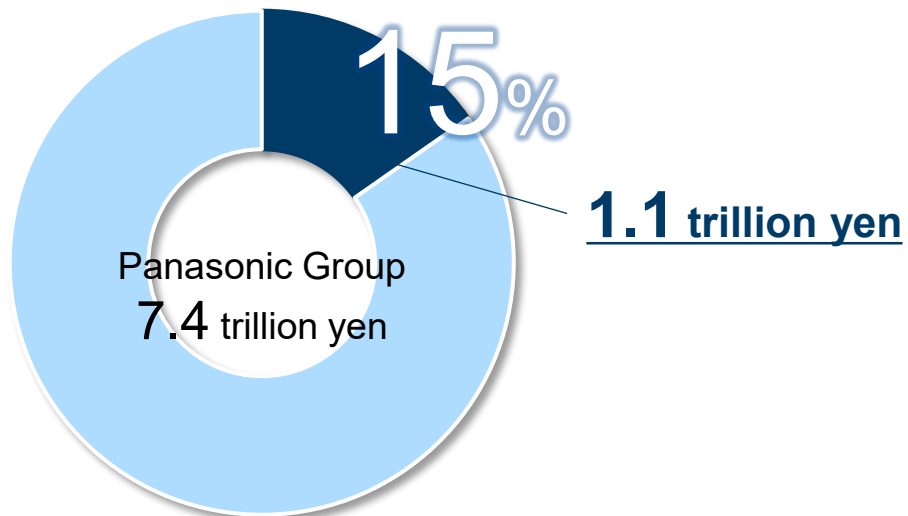
Number of bases

84 bases

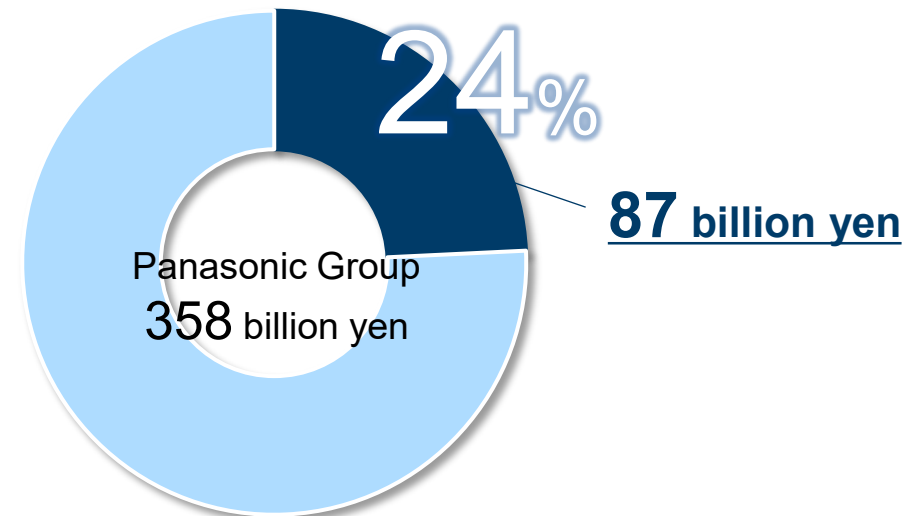
(34 in Japan and 50 overseas)

Positioning in Panasonic Group (FY22 Results)

Sales



Adjusted operating profit



YoY increase in sales and profit due to favorable sales of capacitors and industrial motors in FY22
Expected increase in sales and profit for Panasonic Industry Products in FY23

(yen: billions)	FY22 Results		FY23 Forecast	
		vs.FY21/ Difference		vs.FY22/ Difference
Sales	1,131.4	115%	1,120.0	99%
Adjusted operating profit (% to sales)	86.7 (7.7%)	+42.4	96.0 (8.6%)	+9.3
Operating profit (% to sales)	83.2 (7.4%)	+42.5	90.0 (8.0%)	+6.8
Include: Panasonic Industry Products only (excluding other operating companies' products)				
Sales	920.4	118%	1,030.0	112%
Adjusted operating profit (% to sales)	80.6 (8.8%)	+40.1	95.4 (9.3%)	+14.8

Medium-term Objectives (FY25)

Sales

1.3 trillion yen

vs. FY22: +0.2 trillion yen

Adjusted operating profit

12% or more

vs. FY22: +4pt.

EBITDA margin

17% or more

vs. FY22: +4pt.

FCF

**80 billion yen
or more**

vs. FY22: +64.4 billion yen

Cumulative operating CF (FY23-25)

**390 billion yen
or more**

vs. FY20-22: +162.6 billion yen

ROIC

20%

vs. FY22: +7pt.

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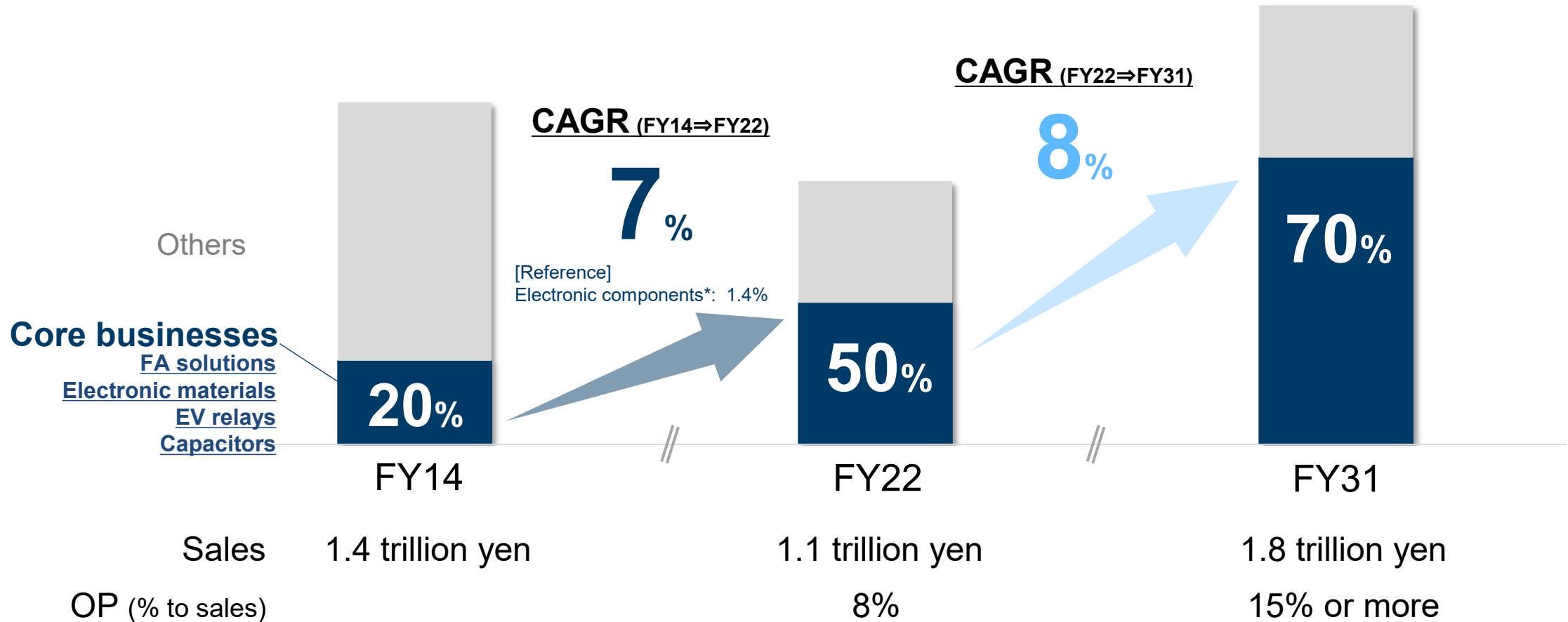
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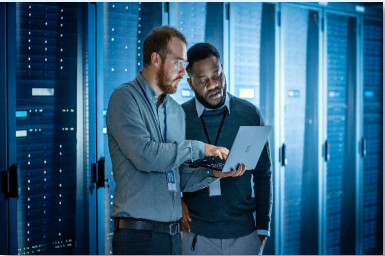

Environmental Initiatives

Aim for sales of 1.8 trillion yen in FY31 by concentrating on core businesses with high growth and profitability potential



*Electronic components CAGR: Our estimate based on various survey data

Concentrate on three areas where social demands are strong and continuous evolution is required

<u>Areas</u>	<u>CAGR*</u>	<u>Social issues</u>
Factory labor-savings 	7%	<ul style="list-style-type: none">- Sophistication of manufacturing- Lack of skilled workers and technology succession- Realization of high productivity
Information & communication infrastructure 	10%	<ul style="list-style-type: none">- Progress of IoT society- Exponential increase in data traffic- Elimination of widening regional economic disparities (economic development through infrastructure improvement)
Automotive CASE 	37%	<ul style="list-style-type: none">- Zero traffic accidents- Elimination of traffic congestion- Reduction of air pollution- Driver shortage (Decrease in working population)

*CAGR: Forecasts of growth for representative applications in each area (FY22⇒FY25: our estimate based on various survey data)

FA Solutions

Expand solutions business including IoT connection support based on top share compact servomotors

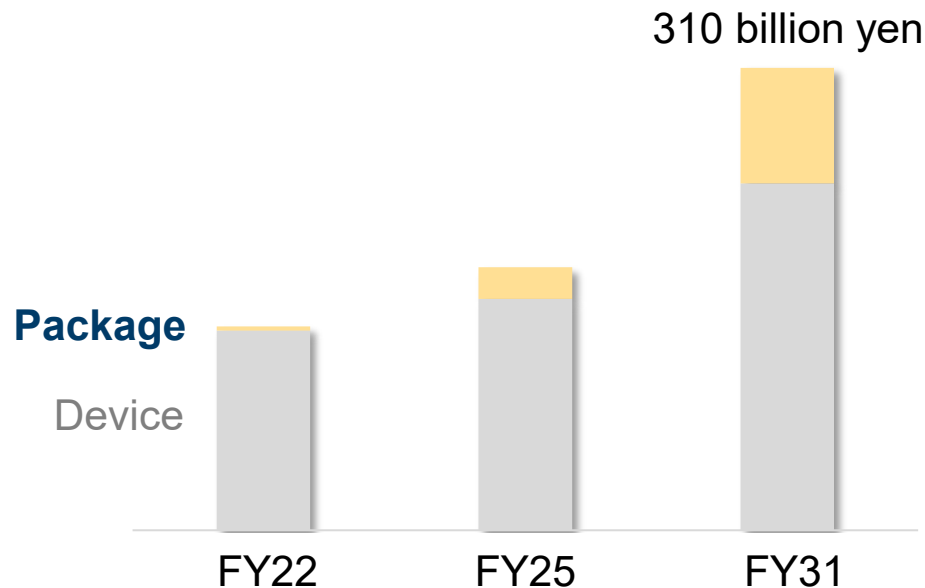
Growth potential

Many small and medium-sized equipment manufacturers without sufficient know-how in the rapidly growing Chinese equipment market

Competitive edge

Offer packaged products with enhanced ease of installation centered on competitive compact servomotors

Sales



Initiatives

■ Factory labor-savings (area CAGR₂₁₋₂₄ 7%)

- Aim to provide solutions that go beyond hardware, and build a system that can be completed locally to achieve the speed necessary for China.
(Integration of development, manufacturing and sales)

Packaged products
(Equipment automation support by motor + sensor + software)



Compact servomotor
(for equipment in China)

Market share No.1

Electronic Materials

In addition to expansion of competitive high functional multilayer materials, develop **semiconductor materials as a new mainstay business**

Growth potential

Increasing demand for high-speed transmission substrate due to dramatic advances in communication speed and processing performance

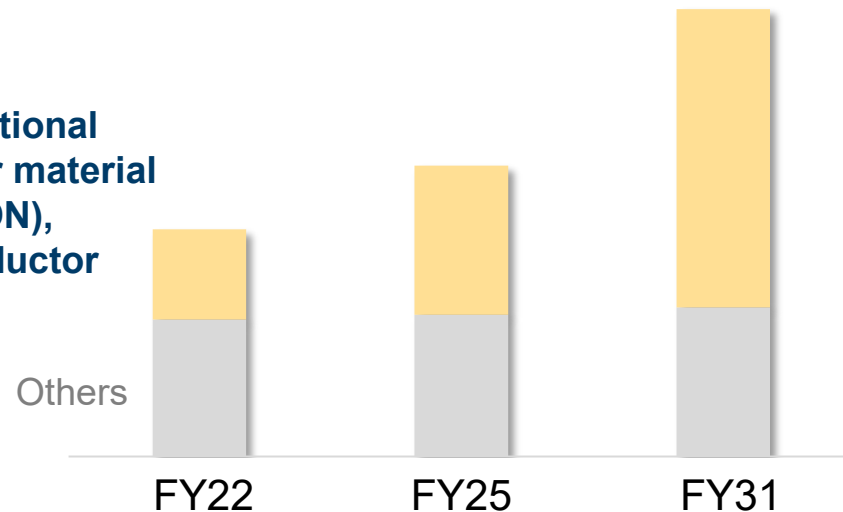
Competitive edge

Accelerate the adoption of de facto standards through product development closely with leading customers (base station, semiconductor)

Sales

300 billion yen

High functional multilayer material (MEGTRON), Semiconductor material



Initiatives

■ Information & communication infrastructure (area CAGR₂₁₋₂₄ 10%)

- Expand high functional multilayer material with overwhelming competitiveness in base station market to server application



Market share No.1

High functional multilayer material (MEGTRON)

- Expand semiconductor substrates with high growth potential due to increasing demands for sophistication

EV Relays

Evolve into disconnection system by taking advantage of top share

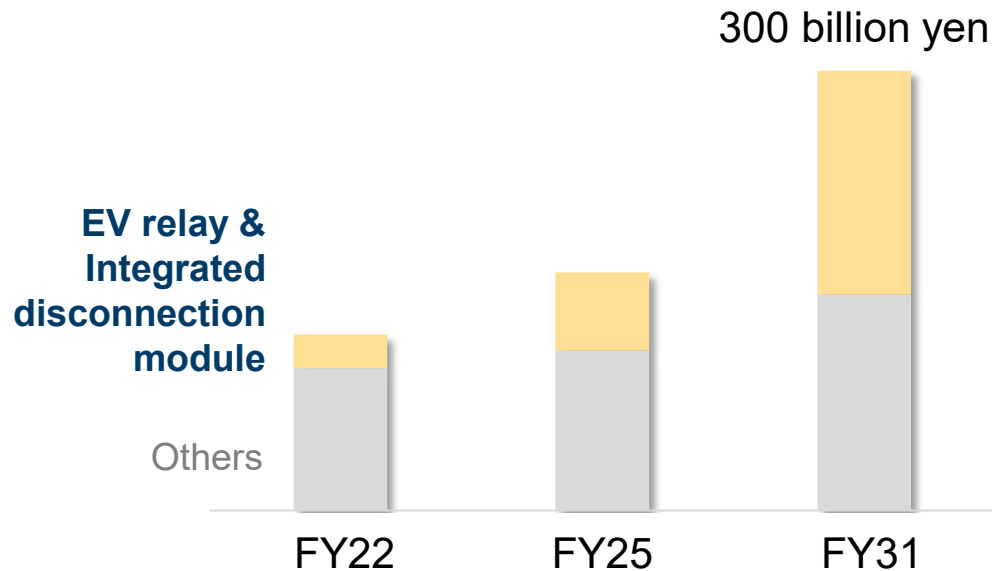
Growth potential

Along with expansion and higher power output of electrified vehicles, the need for high-speed power disconnection for emergency is increasing

Competitive edge

Realize disconnection performance which cannot be achieved with a single product through integrated modularity centered on competitive EV relays

Sales



Initiatives

■ Automotive CASE (area CAGR₂₁₋₂₄ 37%)

- Strengthen EV relays as a single product with a high market share (Blackboxing of process and know-how)
- Support higher output and instantaneous disconnection by integrated disconnection module centered on EV relays



EV relay

Market share No.1

Capacitors

Address needs that are difficult to meet with general-purpose capacitors through unique material and process technologies

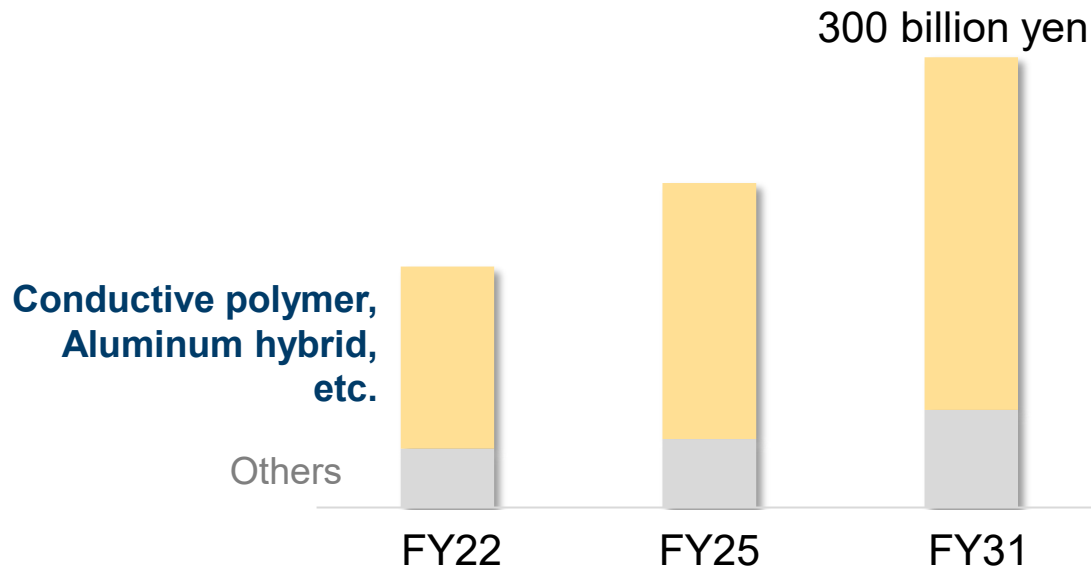
Growth potential

Increasing demand for high-performance and highly reliable capacitors in information & communication infrastructure and electrification of vehicles

Competitive edge

Further advance materials and process technologies, a source of differentiation

Sales



Initiatives

■ Information & communication infrastructure (area CAGR₂₁₋₂₄ 10%)

- Application for information & communication infrastructure which requires stability at high temperature

- ▶ Higher heat resistance, longer life, and larger capacity



Conductive polymer capacitor
Market share No.1

■ Automotive CASE (area CAGR₂₁₋₂₄ 37%)

- Application for automotive which advances electrification and complexity

- ▶ Smaller size, and larger capacity



Aluminum hybrid capacitor
Market share No.1



Film capacitor for xEV
Market share No.1

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Environmental Initiatives

Environmental Initiatives for Sustainable Future



- Reducing environmental impact in manufacturing

Scope 1, 2

FY31

Achieve **net-zero CO₂ emissions**

Scope 3

Promotion of resource-recycling manufacturing

Recycling rate of factory waste **99%** or more

- Reducing environmental impact through products

Scope 3

Product development with an awareness of reducing environmental impact through adoption

Smaller

Lighter

Low loss

Longer life

Toward Net-zero CO₂ Emissions in FY31

Energy creation

17/55 Manufacturing sites have introduced solar power



Koriyama Plant,
Fukushima, Japan



Panasonic Motor (Zhuhai) Co., Ltd.
China



Panasonic Electronic Devices (Jiangmen) Co., Ltd.
China

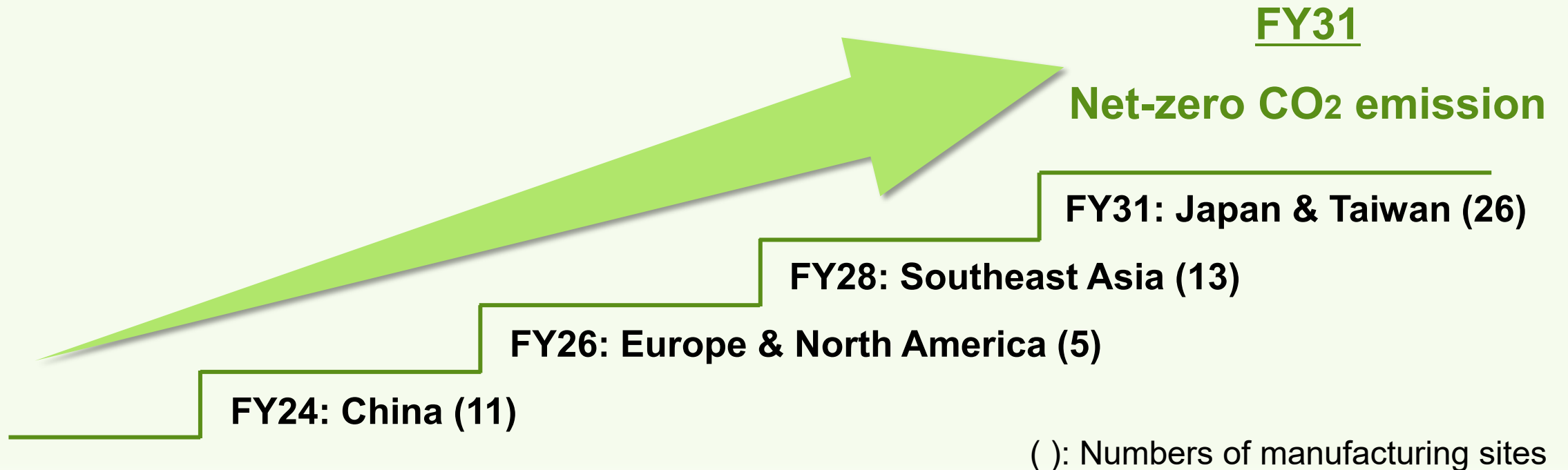
Energy saving

Continuous reduction of production losses and energy consumption

- Improve operating loss of production facilities and yield
- Introduce and replace equipment with less environmental impact

Roadmap

Achieve net-zero CO₂ emissions at all **11** manufacturing sites in **China** by **FY24**



Panasonic

INDUSTRY

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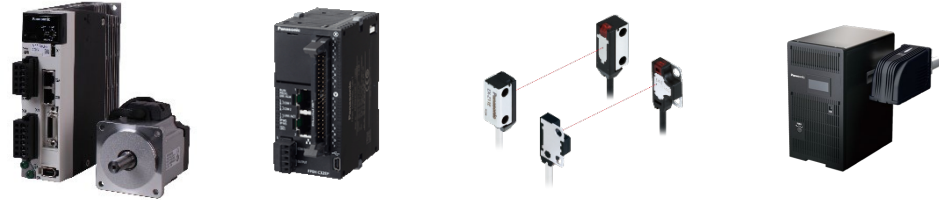
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(Reference) Units of Businesses with Sales Disclosed

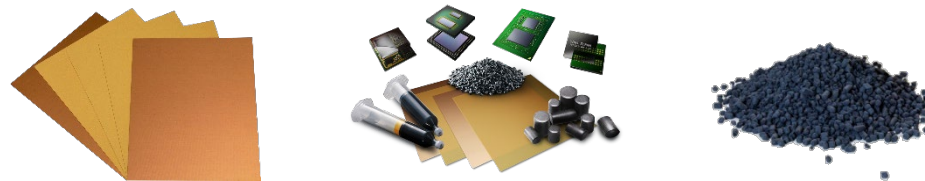
*Core business products indicated in **bold**

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.**

Control Devices



- **EV relays**
- **Power supplies**
- **Motors for automotive and HVAC, etc.**

Electronic Devices



- **Conductive polymer capacitors**
- **Film capacitors for xEV**
- **Hybrid aluminum electrolytic capacitors**
- **Automotive inductors, etc.**

(Reference) Main Products in Core Businesses

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

Details and other products can be found at the following URL: <https://industrial.panasonic.com/ww>