

Panasonic

Living Appliances and Solutions Company

Mid-term Strategy for Home Appliances in Japanese Market

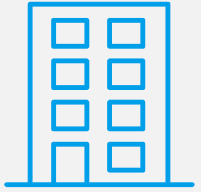
Michikazu Matsushita

June 2nd, 2022

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.

LAS Today

Company Overview



Business Division

3 BDs

- Kitchen Appliances
- Laundry Systems and Vacuum Cleaner
- Beauty and Personal Care

Locations

14

Employees

10,500

Sales by Region

Japan (45%)

China/Northeast Asia (28%)

APAC (9%)

Others

Financial Performance (FY2022)



Japan market share

28%

EBITDA

84.8B JPY

(10%)

Adjusted OP

63.3B JPY

(7.5%)

Operating CF

61.2B JPY

ROIC

24%

Mid-term Target

Financial Performance (FY2022)



28%

Domestic market share

84.8B JPY

EBITDA (10%)

63.3B JPY

Adjusted OP (7.5%)

61.2B JPY

Operating CF

24%

ROIC



Financial Performance Target (FY2025)



30%

Japan market share

118B JPY

EBITDA (12%)

97B JPY

Adjusted OP (10%)

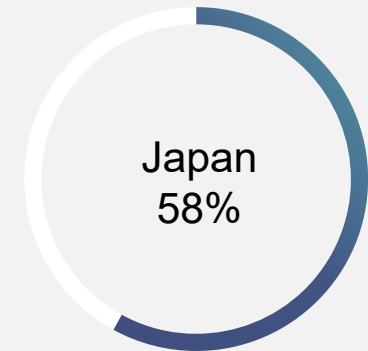
84B JPY

Operating CF 3-year Cumulative 200B JPY

>20%

ROIC

FY2022 EBITDA composition



Accumulated EBITDA in Mid-term +33.2 bill (Japan contribution 50%)

Mid- to Long-Term Roadmap

Social trends

Diversification of Values
Aging Society
Emphasis on Sustainability

Contribution from our company

Release new products that capture new societal needs
Utilize advanced technologies to support consumer wellbeing
Realize energy-saving and resource circulation



Strategic Priorities



1

Leadership Position Advancement in Japan



2

Marketing and Channel Strategy Revision



3

Supply Chain Resilience Enhancement based on BCP



4

Drastic Enhancement of Cost Competitiveness



5

Management Infrastructure for quick decision-making and reformation of HR System

1

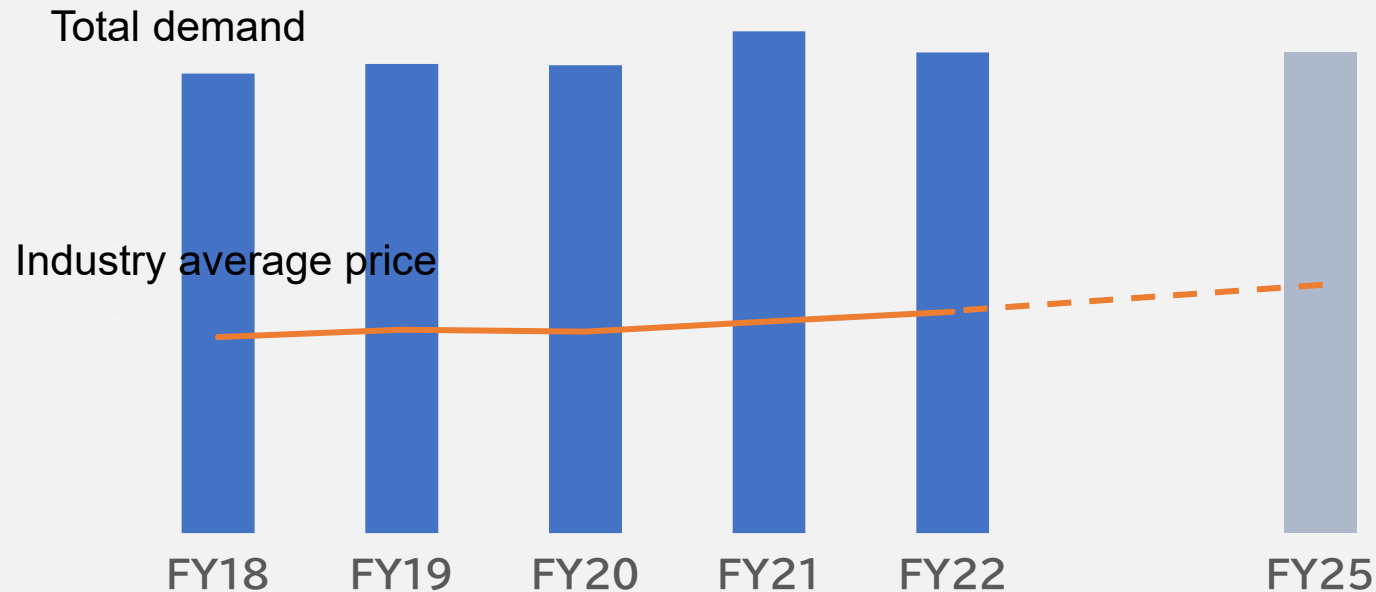
Leadership Position Advancement in Japan



Leadership position in the stably growing home appliance market in Japan


Total demand of Home appliances (amount base, in Japan)

Average price is rising while total demand remains stable



Source: JEMA

Position of our major products

-  Refrigerators : No. 1
-  Dish washers : No. 1
-  Microwaves : No. 1
-  Frontloading washing machines : No. 1
-  Hair dryers : No. 1
-  Electric shavers : No. 1

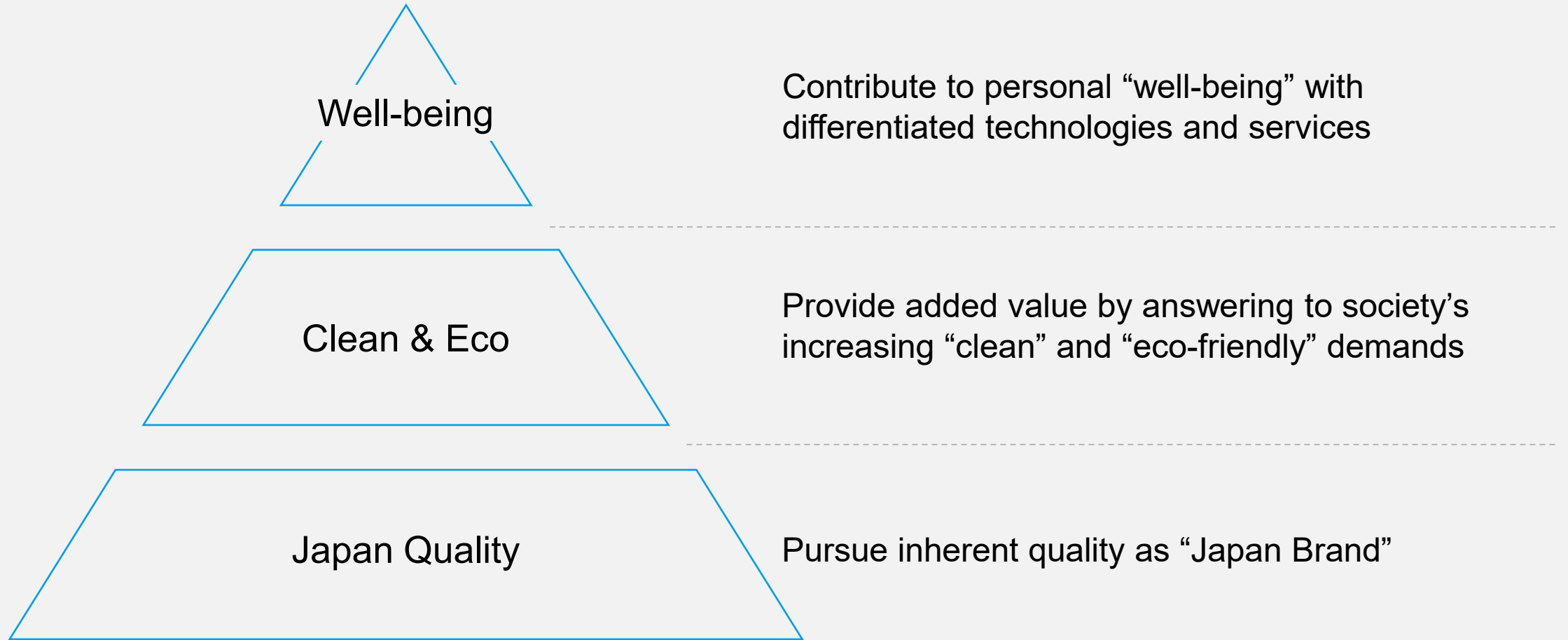
Revitalize “Matsushita DNA” to solidify the foundation for profit in Japan

Revitalizing “Matsushita DNA”

Returning to our founder’s spirit, we will incorporate competitor and external excellent ideas as merchandise, then swiftly provide products with **high-quality, and competitive price.**

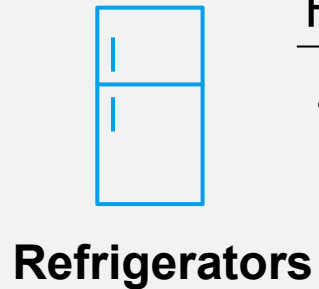



Our Vision



Individual Strategies (Refrigerator/Washing Machine)


Establish high-quality premium brand / Top market share in >400L segment



| Focus Segments | How to Win | Target Share |
|---|---|--------------------------|
| <ul style="list-style-type: none"> >400L  <p>46% >400L demand (Units, FY22)</p> | <ul style="list-style-type: none"> Utilize advanced energy saving / freshness preserving technologies Renew Kusatsu factory for lean production | >400L 30%+ (Share #1) |

Evocate demand for frontloading types and attain overwhelming top market share

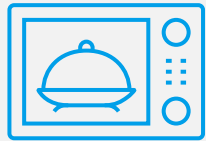


| Focus Segments | How to Win | Target Share |
|---|---|--|
| <ul style="list-style-type: none"> Frontloading washing machines  <p>20% FL demand (Units, FY22)</p> | <ul style="list-style-type: none"> Utilize cleaning / vibration suppression technologies Implement demand-based, post-replenishment SCM at Shizuoka factory | Frontloading washing machines 50%+ (Share #1) |

Source: Target share is estimated by Panasonic

Individual Strategies (Cooking/Beauty)

Establish the Bistro brand and provide food solution services



Cooking

| Target Customers | How to Win | Target Share |
|---|---|--|
| <ul style="list-style-type: none"> • Renovation • DEWKS • Single | <ul style="list-style-type: none"> • Utilize cooking software and expand the “Bistro” brand • Expand profitable built-in kitchen appliances • Provide new value through recurring revenue businesses | Cooking category 25%+ (Share #1) |

Create new customer value and market; establish a “beauty & wellness” brand



Beauty

| New Target Segments | How to Win | Target Share |
|---|---|---------------------------------------|
| <ul style="list-style-type: none"> • Aging care • Gender-free | <ul style="list-style-type: none"> • Utilize differentiated technologies (e.g., Nanoe) • Expand products for new target segments • Invest to ensure “Panasonic Beauty” brand | Beauty category 40%+ (Share #1) |

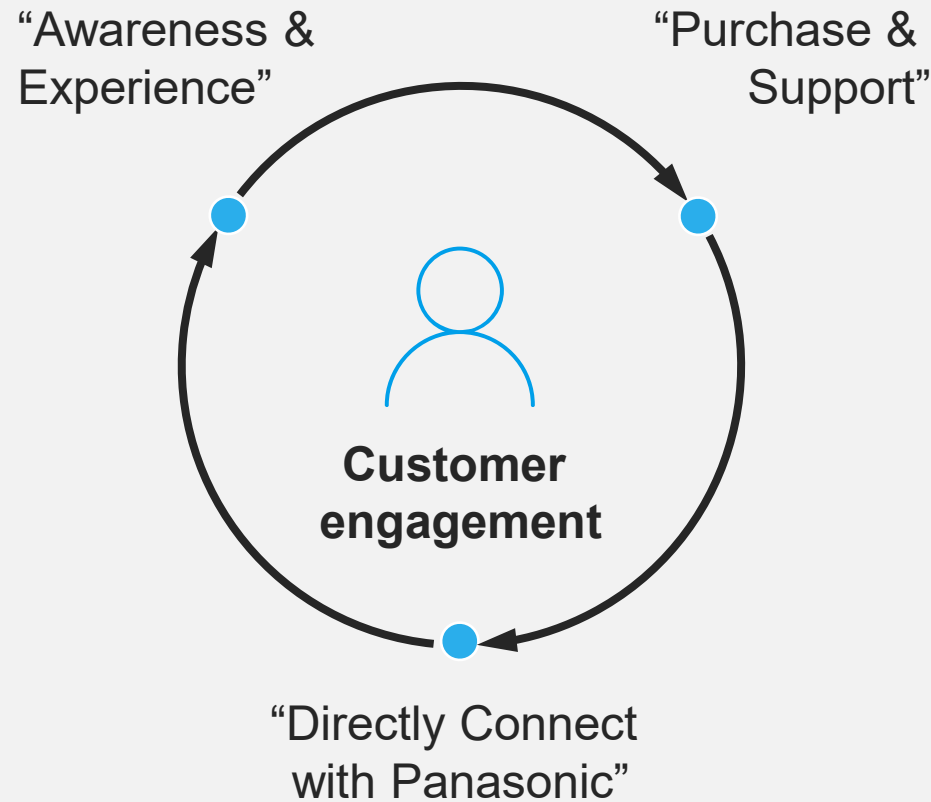
Source: Target share is estimated by Panasonic

2

Marketing and Channel Strategy Revision



Revise marketing and channel strategy from the user standpoint



“Awareness & Experience”

- Solidify infrastructure that enables new customer experience
- Invest in creating a new brand narrative

“Purchase & Support”

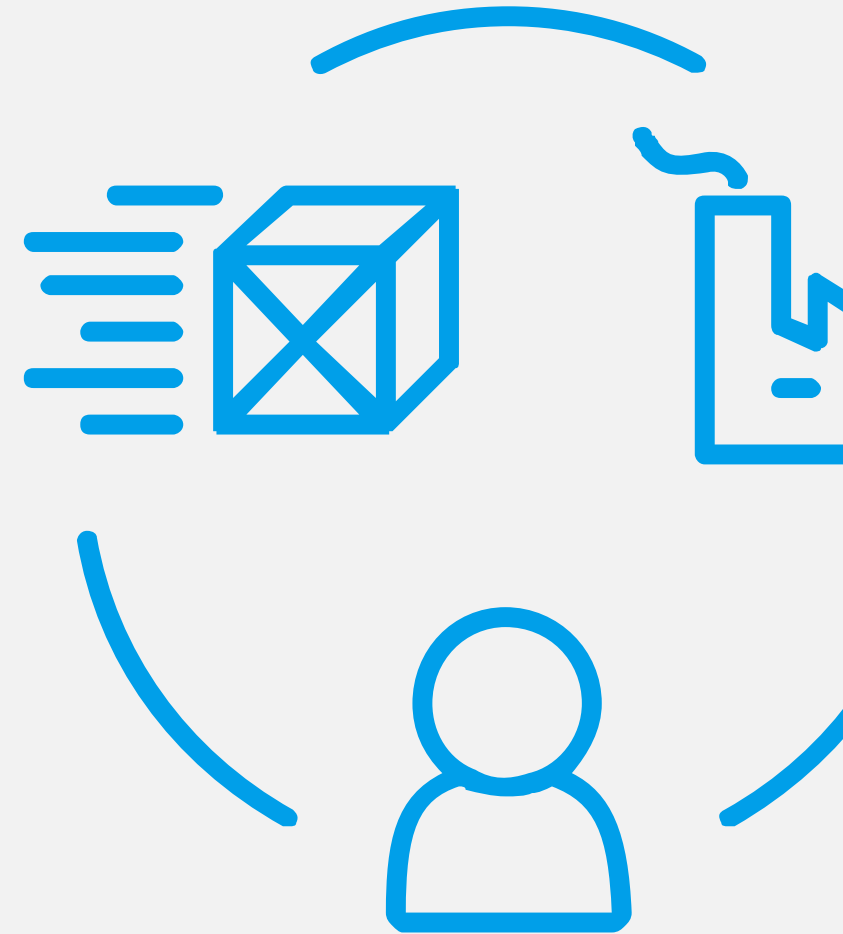
- Increase customer engagement through enhancement of EC/D2C channel
- Enrich “last one mile” by installation and repair services

“Directly Connect with Panasonic”

- Reinforce direct manufacturer-customer connection points (IoT / service businesses)
- Reflect insights into product planning and marketing

3

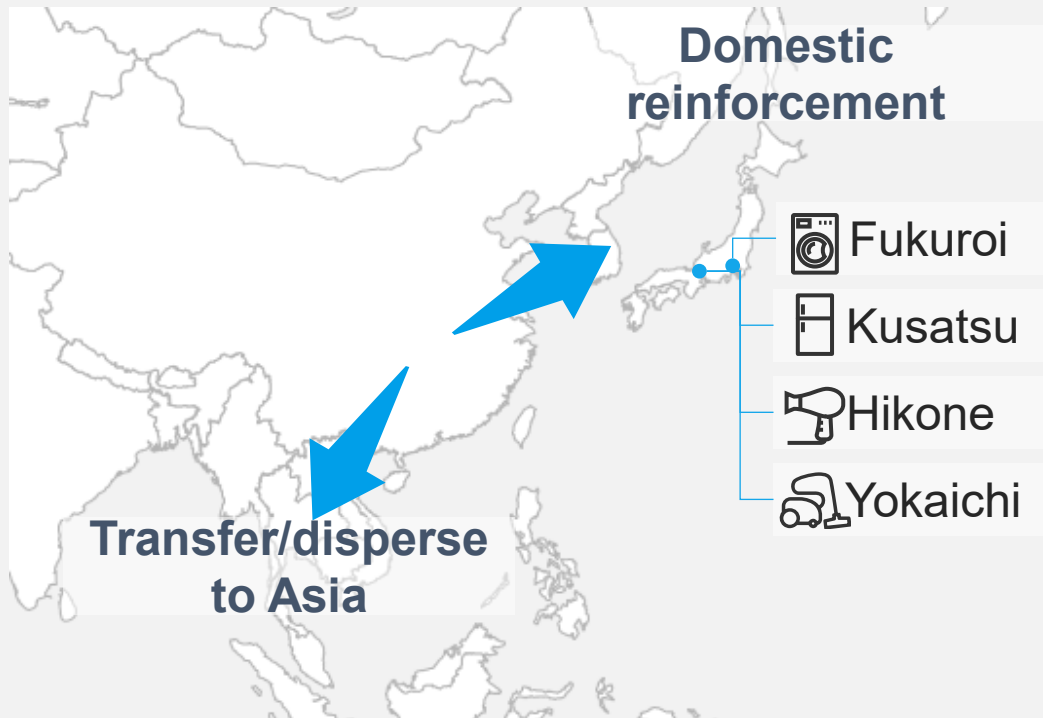
Supply Chain Resilience Enhancement based on BCP



Multiline; domestic reinforcement; strategic parts and materials

Issue

Supply chain resilience determines competitiveness due to continuing global risks



Multiline

- Procurement: Increase standard parts and alternative material use, multi-supplier
- Production: Transfer/disperse domestic-market product factory to Asia

Domestic Reinforcement

- Optimize factory SCM (Fukuroi, Kusatsu, Hikone)
- Reshore production (Yokaichi)

Strategic parts and materials

- Reduce total inventory, while increasing inventory upstream of the SCM

4

Drastic Enhancement of Cost Competitiveness

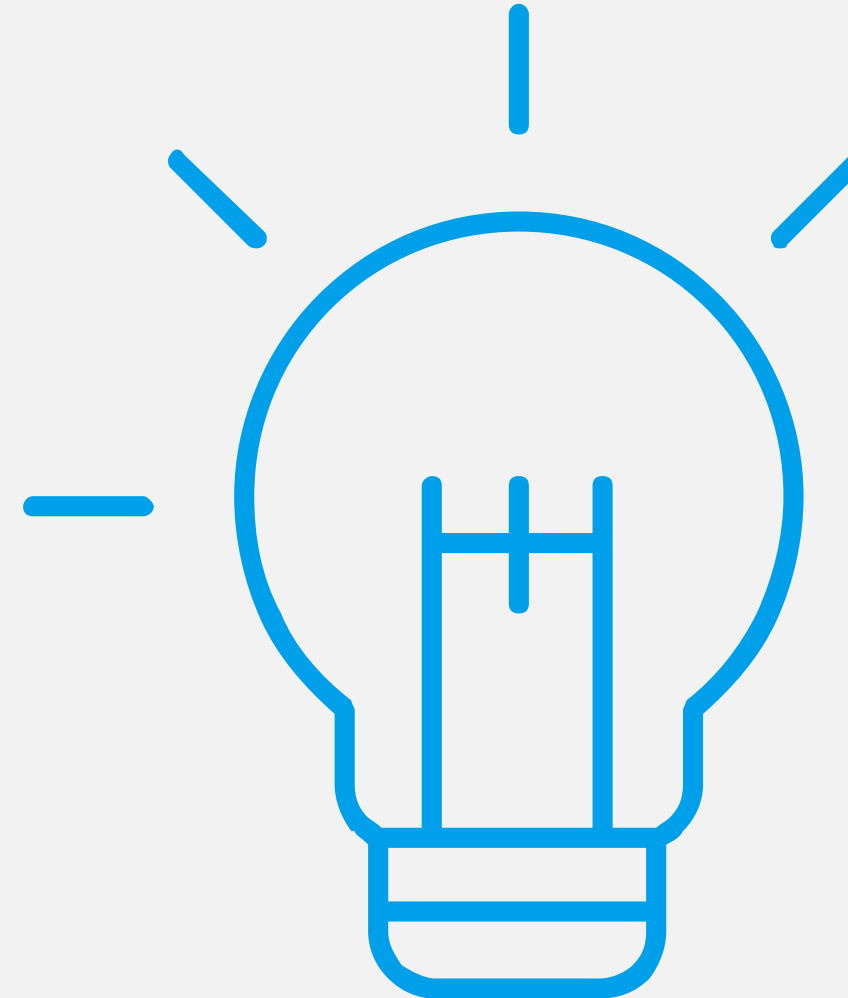


Accelerate operational excellence and cost reduction due to increasing external factors

| | Margin impact | Value levers | |
|---------------------------|---------------|---|---|
| Pricing/ Channel strategy | ++ | <ul style="list-style-type: none"> • Revise shipping price. optimization of promotion and advertisement fee • Reduce SCM inventory • Optimize distribution channel-mix | |
| Procurement/ ECM reform | ++ | <ul style="list-style-type: none"> • Incorporate China's cost competitiveness • Promote generalization to enhance cost competitiveness | -65B JPY Cumulative 3-year cost reduction |
| Premium Shift | + | <ul style="list-style-type: none"> • Improve product mix by premium shift • Reduce low-profit SKUs | |
| Fixed-cost reduction | ++ | <ul style="list-style-type: none"> • Effect of consolidate management base • Improve productivity through DX | |

5

Management Infrastructure for quick decision-making and reformation of HR System



Management Infrastructure and HR System Reform

Enhancement of management Infrastructure

Renew IT infrastructure to execute optimal and responsible operation

Management KPI
Dashboard

SCM Reform

ECM Reform

HR System

Institutional Reform

- Implement new system rewarding employees who take up challenges
- Enact reward system for high-skilled personnel
- Implement job-based HR management

Ways of Working and Culture Reform

- Promote DEI (Diversity, Equity & Inclusion)
- Double human capital development investments
- Strengthen IT/DX professionals

FY2023 Financial forecast

Adjusted
Operating
Profit

63.3 B JPY



FY2022
Result

External
factors
raw materials,
exchange rates,
and logistics costs

Price/
Channel policy

Procurement/
ECM reform

Fixed Cost
Reduction

Sales
increment

65.5 B JPY

FY2023
Forecast

Summary: Our Strategic Priorities and Targets



1 Leadership Position Advancement in Japan



2 Marketing and Channel Strategy Revision



3 Supply Chain Resilience Enhancement based on BCP



4 Drastic Enhancement of Cost Competitiveness



5 Management Infrastructure for quick decision-making and reformation of HR System

Financial Performance Target (FY2025)

30%

Domestic Market Share

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(12%)

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84.B JPY
Operating CF
3-year Cumulative
200B JPY

>20%
ROIC

Panasonic

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KGI in Fiscal 2025

[Most important KGI]

EBITDA

Enhance cash flow generation while investing in growth

118.0 billion yen
(12%)

84.8 billion yen
(10%)
(FY22 results)

ROIC

Ensure discipline in investment efficiency, exceed capital costs

20% or more

24%
(FY22 results)

3-years cumulative operating cash flow

Secure operating cash flow to serve as a foundation for investment in growth

200.0 billion yen