

Panasonic's Transformation for Sustainable Growth

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Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "Fiscal 2021" or "FY21" refers to the year ending March 31, 2021.

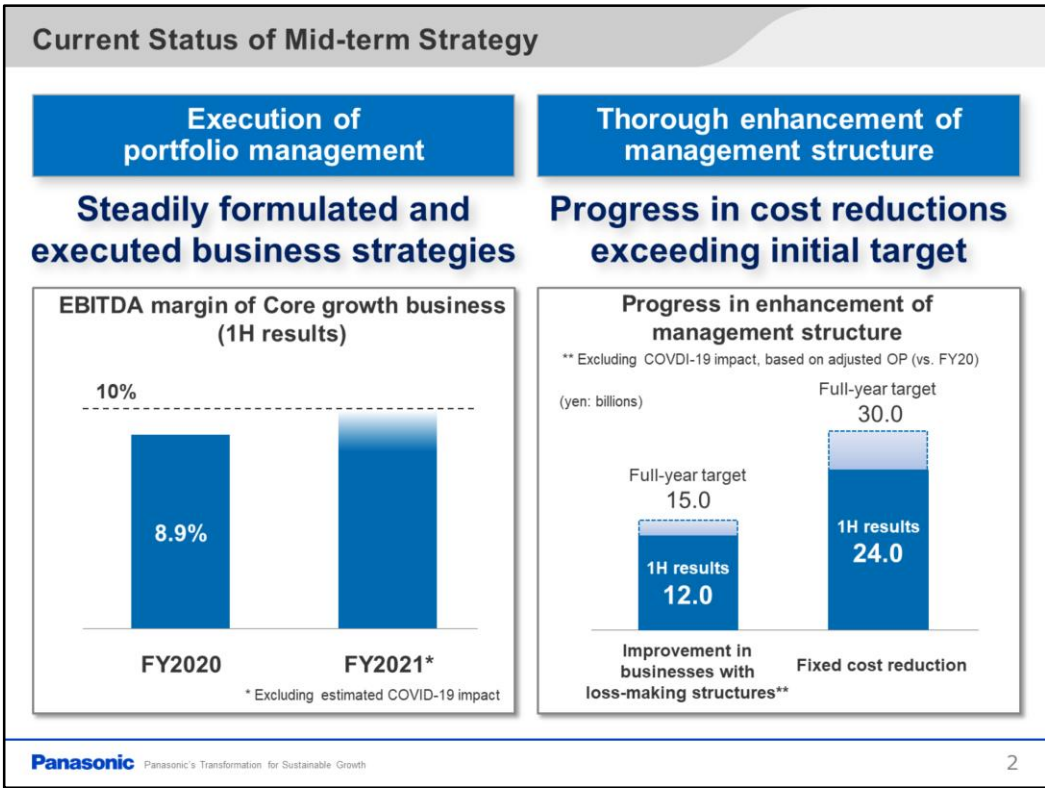
- This presentation explains Panasonic's transformation for sustainable growth.
- Based on the current Mid-term Strategy, and to achieve sustainable growth with a longer-term vision, the Company has decided to make a major organizational change.

**Execution of portfolio management
with the three business classifications
(Core growth, Co-creation, Revitalization)**

**Thorough enhancement of
management structure**

**Overcome low-profit structure and
become a company that achieves
“Lifestyle Updates”**

- These are the major points of our Mid-term Strategy, announced in May 2019.
- First, to execute each business strategy toward profit growth and improved profitability, based on the three business classifications of “Core growth,” “Co-creation,” and “Revitalization.”
- Second, to thoroughly enhance our management structure, which involves reducing fixed costs and reforming businesses that have loss-making structures.
- Through these initiatives, we aimed to overcome our low-profit structure, as well as become a company that offers “Lifestyle Updates” and creates new contributions to society.



- This slide shows the progress made toward fulfilling the major points given in the previous slide.
- In terms of executing portfolio management, while our business performance has been partially impacted by COVID-19, we have steadily made progress in formulating and executing business strategies for each business classification.
- Regarding the EBITDA margin of Core growth business, COVID-19 has had an impact on market conditions. However, by excluding that impact, the EBITDA margin for the first half has improved compared to the same period of the previous year, and became close to the 10% target we set for the Mid-term plan.
- We are also seeing progress in specific initiatives: For the spatial solutions business, we created new value through promoting the integration of our air-conditioning and indoor air quality businesses, mainly in China. Consequently, Panasonic is gaining stronger market presence.
- For our “Gemba” business, which adds value to our customers’ various processes at their operational frontlines, we are targeting supply chain management, or SCM, as a new growth area; to accelerate this effort, we made a 20% strategic investment in Blue Yonder.
- In terms of “Thorough enhancement of management structure,” we have steadily reduced costs, mainly fixed costs. With these reductions, along with our reforms of businesses having loss-making structures, the progress shown in our first-half results exceeded our initial target.
- Going forward, we will continue to make our best efforts to enhance the management structure toward reaching our 100-billion-yen target for profit contributions in fiscal year ending March 2022.

Enhancing Competitiveness

Panasonic

- Following this progress in the Mid-term Strategy, Panasonic will carry out a major transformation of the Group's basic structure. Our aims are to achieve sustainable growth through speedy countermeasures against environmental changes and to further enhance business competitiveness.
- I will explain the details from the next slide.



- In proceeding with this Mid-term Strategy, I am now confident that the business areas constituting our pillars of the future can be found mainly in the classification of Core growth businesses.
- Our next task is to thoroughly enhance the business competitiveness of those areas, and draw a picture that allows us to achieve sustainable growth.
- To accomplish this, it is necessary to build an organizational structure that enables individual businesses to operate with a sense of speed, continue to take up challenges aggressively, and enhance their own competitiveness.

In addition, it is crucially important to further energize each business' operational frontlines, by reviewing various internal policies and operations, such as the development of new systems, and considering how to increase the efficiency of indirect functions, thus contributing to competitiveness.

- Furthermore, from a Group-wide perspective, we aim to achieve stronger growth as a Group. This includes defining the next growth areas while improving our flexibility to handle changes in the business environment.

Therefore, we have made the decision to drastically reshape the Company.

Transition to a holding company system (planned, April 2022)

Operating companies

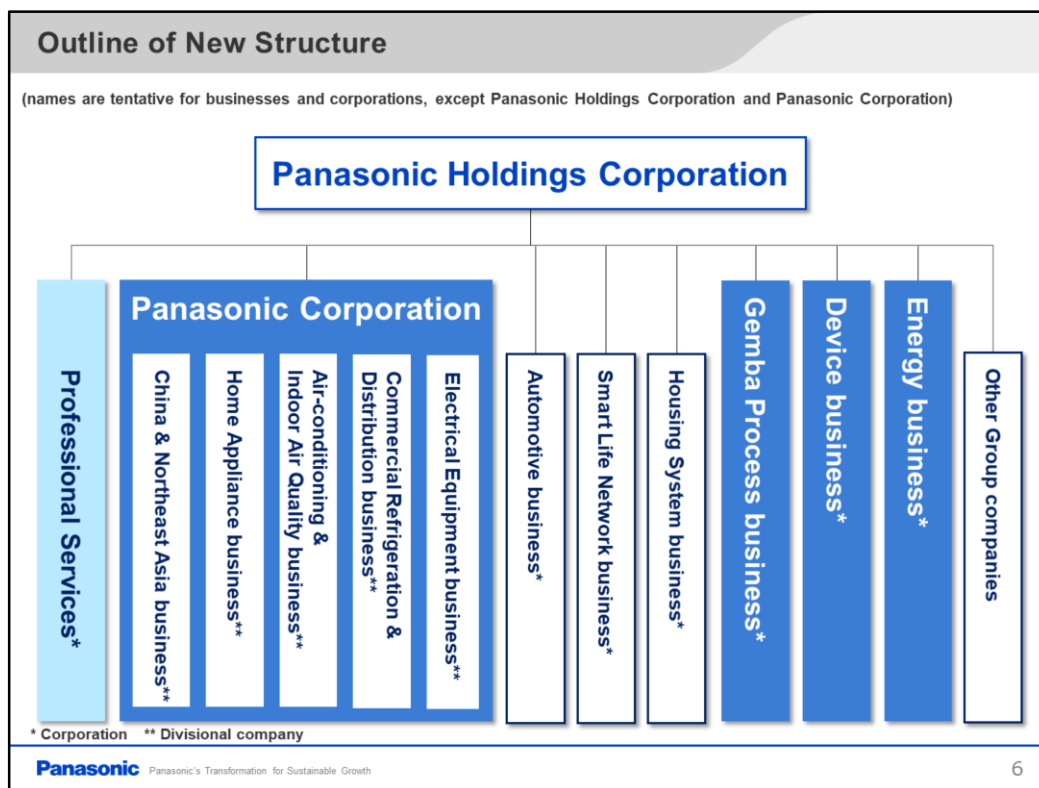
Focus on specific areas and
further contribute to society

**“Become specialized and sharpened”
in each business**

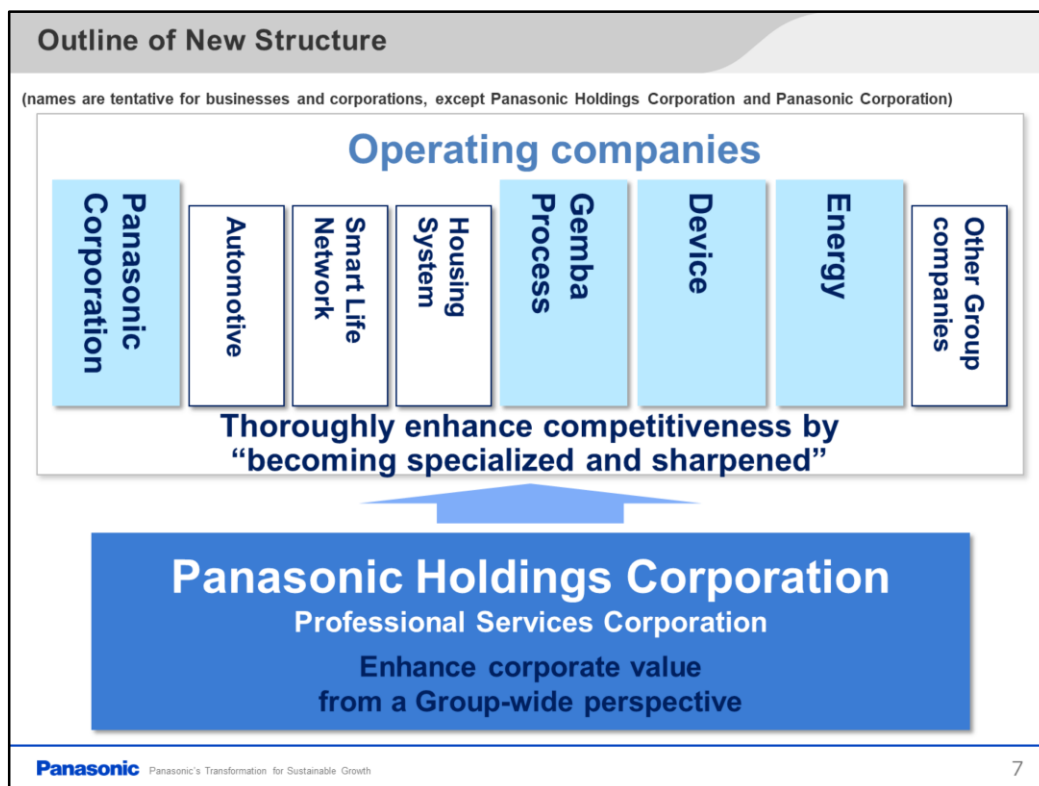
Holding company

**Support each business and promote growth strategy
from a Group-wide perspective**

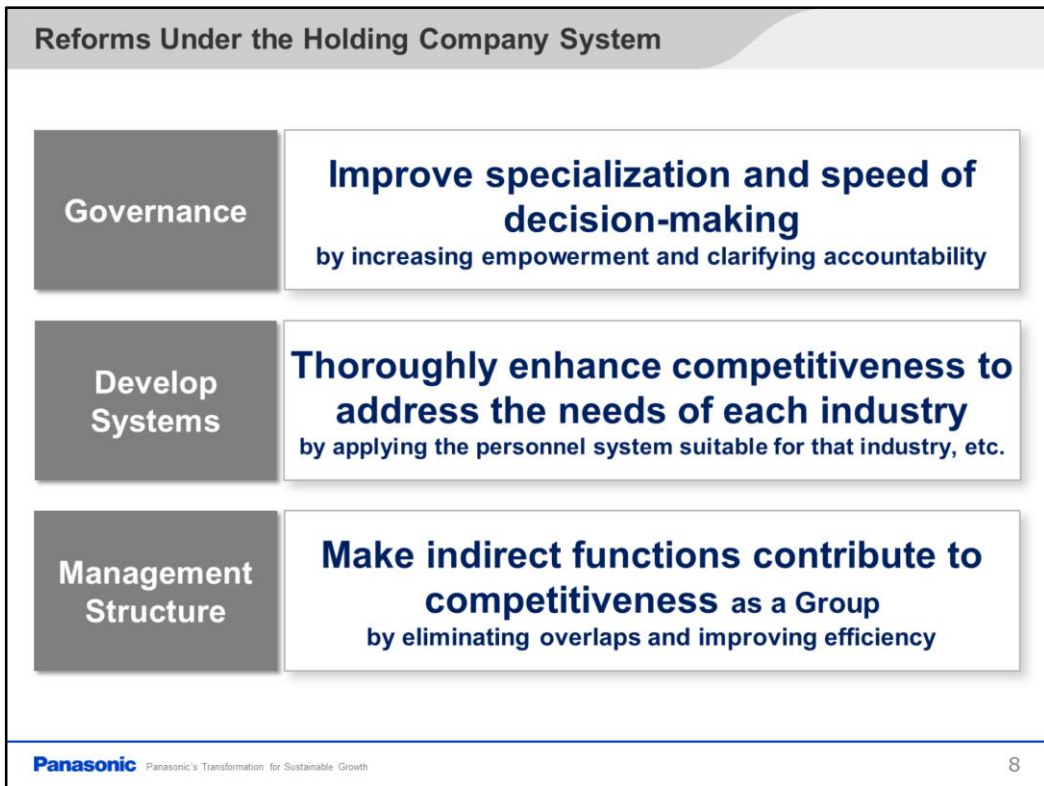
- To be specific, the Company will reorganize its current “Company System,” comprised of seven Divisional Companies, in October 2021. And in April 2022, we will transition to a “holding company system.”
- By focusing on specific business areas, and leveraging the best-in-class level of expertise, we will make further contributions to society and our customers with a sharpened competitive edge that is unmatched by our competitors.
In other words, we will become “specialized and sharpened,” which is essential to enhancing our business competitiveness.
- Through this organizational change, we will accelerate our efforts to become “specialized and sharpened” in each business, by increasing empowerment in the operating companies so they can execute more wide-ranging autonomous management.
- Therefore, the holding company will actively support each business as it strives to “become specialized and sharpened.” Concretely, it will encourage businesses to swiftly and effectively implement growth strategy from a Group-wide perspective, including defining growth areas and making various investments.
By doing this, we will establish a structure that enables us to enhance the corporate value of the entire Group.



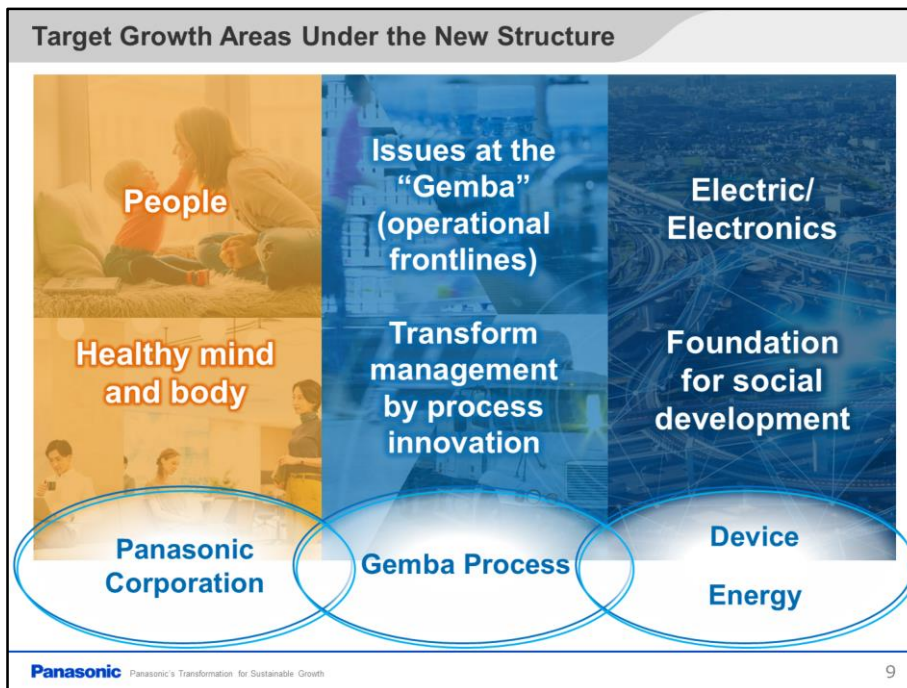
- This chart shows an outline of our new structure.
- First, in the transition to a holding company system, the corporate name of the current “Panasonic Corporation” will be changed to “Panasonic Holdings Corporation.”
- The name “Panasonic Corporation” will be used for the newly established operating company shown on the left, based on the current Appliances Company and Life Solutions Company.
- Under the new “Panasonic Corporation,” we aim to exert a significant synergy effect and comprehensive strengths, mainly with the Spatial Solutions business, classified as one of the Core growth businesses under the current Mid-term Strategy. This will involve taking up challenges in the white goods business, as well as the consumer electronics and residential space businesses in China.
Moreover, we will pursue value creation that is unique to Panasonic, bringing better health to the mind and body, by “staying close to people.”
- In addition, the Gamba Process business and Industrial Solutions business, which are also classified as Core growth businesses, will be incorporated as operating companies.
- Regarding our automotive battery business, we established a joint venture with Toyota Motor Corporation for prismatic batteries; as for cylindrical batteries, profitability has improved in our business with Tesla. The direction of our next challenge is becoming clear.
- Along with the non-automotive battery businesses, the energy business will be incorporated as a new operating company. We will steadily grow this business as a new pillar.
- These four operating companies will play the central role in the development of the Group going forward.
- For businesses such as automotive and housing, we will refine their solid competitiveness as individual operating companies. This thrust is important for overcoming the current issues they face as well as clarifying their individual growth paths. In this way, they will contribute toward raising the corporate value of the Panasonic Group.



- Panasonic Holdings Corporation, as the parent holding company, and the newly established company in charge of professional services will be supporting each operating company’s efforts to enhance competitiveness in its respective area.
- The holding company will support each operating company’s growth strategy to become more “specialized and sharpened” and, moreover, enhance competitiveness from a functional viewpoint. In addition, the holding company will formulate and execute the Group-wide growth strategy, to attain higher corporate value from a Group-wide perspective.
- The aim of the Professional Services Corporation is to become a team of experts who are highly efficient and capable of providing high added value. This will be done by visualizing and continuously revising the value provided by these indirect functions.



- Under the holding company system, the following reforms will be made to the internal policies:
- First, to promote “specializing and sharpening” of each business, we will increase empowerment in each business for speedier decision-making.
- At the same time, the responsibility for results among those in business management positions will be clarified, and governance will be enhanced to improve the quality of decision-making through clearer accountability.
- Furthermore, we will optimize our cost structure by flexibly introducing various systems, including the personnel system that is most suitable to the particular environment that each business operates in. In this way, we can enhance the competitiveness needed to address each industry.
- Regarding the multiple layers and overlaps at our indirect functions, in line with the transition to the new system, we will rationalize these indirect functions by establishing a separate corporation for professional services. By doing this, we aim to achieve further management efficiency and significantly contribute to the competitiveness of each business.



- Now, I will explain the direction our growth strategy will drive us under the new structure, with the four major operating companies playing a central role in our Group-wide advances. This slide shows the three major areas where Panasonic aims to make contributions. In the future, we expect significant market growth in these three areas.
- The left is the area where we strive to stay closer to “People,” as incorporated in the company’s DNA. Here, we take up the challenge of offering new value, with the new Panasonic Corporation playing the central role in “Lifestyle Updates.”
- Considering the circumstances surrounding COVID-19, as well as the further aging of society, we can expect to find greatly expanded possibilities to offer contributions.
- In this area, we aim to be unique and unmatched, to offer contributions in air-conditioning and indoor air quality by leveraging the synergy between Appliances (from former Matsushita Electric Industrial) and Life Solutions (from former Matsushita Electric Works).
- The center of this slide shows the area where we tackle the issues our customers face at the “Gemba,” or operational frontlines, such as manufacturing, logistics and distribution. Here, we aim to bring greater innovation to the processes at the “Gemba,” by combining digital technology to our strengths in manufacturing expertise.
- This business is about getting involved in the “Gemba” of our corporate customers, who face various issues, and offering them solutions. By doing this, we can greatly contribute to transforming their management. I have a strong feeling that our business opportunities are expanding already, and we can expect long-term growth.
- On the right is the area related to supporting what we consider the foundation underpinning the development of society, from the “Electric/Electronics” perspective. This work is mainly based on our device and energy businesses. Without evolution in these technologies, communication infrastructures such as 5G, batteries for mobility, further digitalization, and a green society cannot come into being.
- We will capture the ever-increasing business opportunities by thoroughly enhancing our technological and manufacturing capabilities, as well as more widely establishing our presence.
- In the areas of “People” and “Electric/Electronics,” we will further pursue our strengths. Between them is the area of addressing issues at the “Gemba,” where we will expand new businesses.
- This is our idea of approaching growth and contributions as the Panasonic Group.

Pursue high profitability with the four business pillars

(Panasonic Corporation, Gemba Process, Device, Energy)

Make “Panasonic” a brand that shares values with society

- What do we aim to achieve with this transition to a new structure?
First, we will attain sustainable growth in a highly profitable business structure, with the businesses of the four major operating companies developing into our future pillars. This will be done through “specializing and sharpening,” along with increased competitiveness in all of our businesses.
- Second, we will make “Panasonic” a brand that shares values with society.
- Under the new structure, the Panasonic brand will become an ever more important asset that connects the entire Group. We want to share values with our customers and society, and continue to generate new value with them. By doing this, we want to further evolve the brand and the Company itself.
- The raison d’être for Panasonic has always been to contribute to society, and this will never change.
- Thus, we view this reorganization as a necessary process in fulfilling our raison d’être during an era of radical changes and uncertainties.
- Under autonomous management, we will thoroughly refine specialization at each business area, as well as stay close to people’s lives and society while working to make further contributions to them. In this way, Panasonic will continue to develop itself as a group comprising valuable businesses that are indispensable for the development of society.

The Panasonic logo is centered within a large, empty rectangular frame. The logo itself is the word "Panasonic" in a bold, blue, sans-serif font.

- I would like to ask for your continued support of Panasonic.
- Thank you very much for your kind attention.

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