

Progress in Medium- to Long-term Strategy and Future Initiatives

June 1, 2023

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* Yarushika

A symbol representing our goal of creating a society that maintains harmony and balance between the pursuit of happiness and a sustainable environment.

Notes:

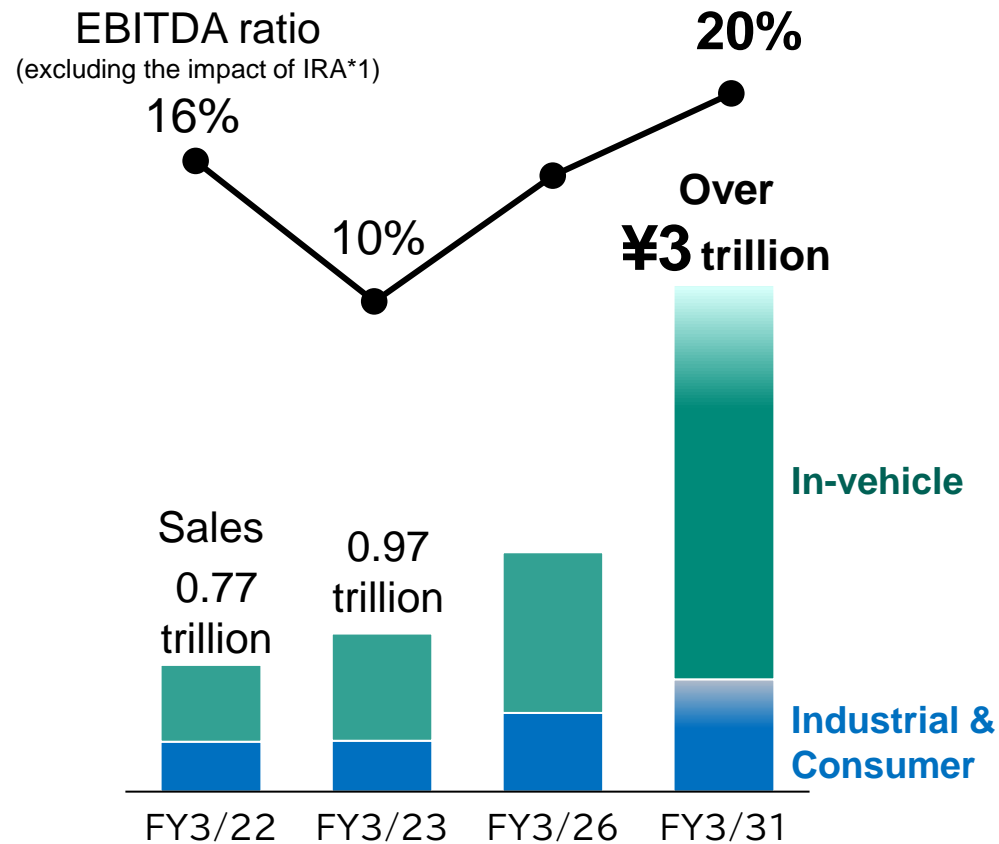
1. This is an English translation of the original presentation in Japanese.
2. In this presentation, "Fiscal 2024" or "FY3/24" refers to the fiscal year ending March 31, 2024.

Agenda

- 1 Progress in Medium- to Long-term Strategy**
- 2 Future Initiatives**

1-1. Medium- to Long-term Strategy

- Implement “two-pillar management” driven by in-vehicle business and industrial & consumer business, as well as “ESG management” to achieve sustainable growth
- Target of over ¥3 trillion in sales and an EBITDA ratio of 20% in FY3/31



*1: Inflation Reduction Act

Two-pillar Management

KGI	EBITDA
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In-vehicle	Sales growth driver
<ul style="list-style-type: none"> • Deploy proven cylindrical battery platforms • Commercialize next-generation products 	
Industrial & Consumer	Profitability driver
<ul style="list-style-type: none"> • Maximize value proposition with battery-applied systems • Develop supply systems 	

ESG Management

KGI	CFP ^(*2)
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<ul style="list-style-type: none"> • Reduce CO₂ emissions and address resource issues • Promote human capital management / human rights DD^(*3) 	
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*2: Carbon footprint *3: Due diligence

1-2. FY3/23 Overview

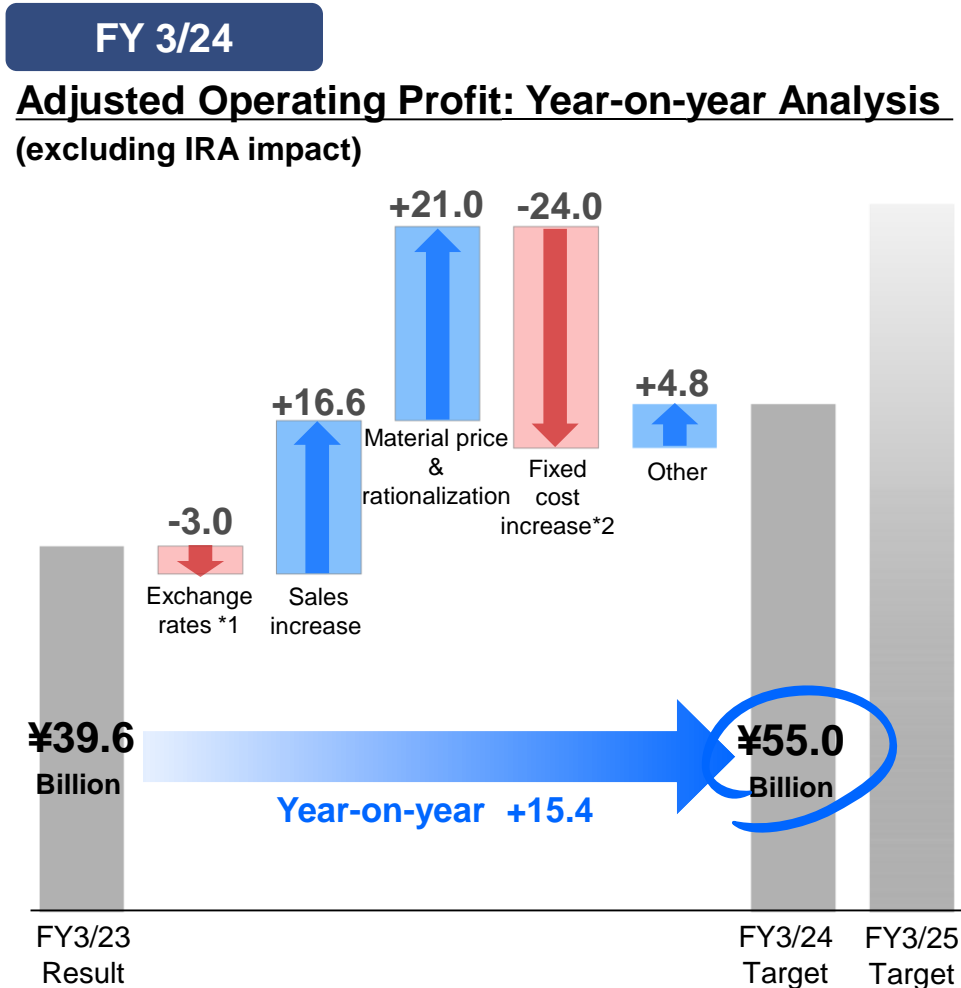
- **Steady progress in growth investments in both in-vehicle and industrial & consumer businesses**
- Initial production plan in Kansas changed from 4680 to 2170, but **no change in enhanced production capacity** and **4680 will be mass-produced with higher energy density**

Growth Initiatives [Progress]	In-vehicle Business	<ul style="list-style-type: none"> • Started construction of a new factory in Kansas, USA • Signed sales agreements with Lucid and Hexagon Purus • Start of mass-production of 4680 in Wakayama, Japan was reviewed to include new technology (From 2H FY2024 to 1H FY2025)
	Industrial/Consumer Business	Growth investment: High-capacity cells for infrastructures (Tokushima, Japan), lithium primary batteries (Wuxi, China), etc.
Competitiveness	In-vehicle Business	<p><u>Achievement</u>: better productivity and reduced production losses in Nevada (+10% vs. initial target)</p> <p><u>Challenge</u>: unable to counteract raw material price hikes by price pass-through and streamlining</p>
	Industrial/Consumer Business	<p><u>Achievement</u>: expanded applications by improving modularization and systemization rates</p> <p><u>Challenge</u>: unable to counter the speed of market deterioration</p>



1-3. FY24 / Medium-term Management Targets

- Increase sales and profit in FY3/24 and maintain medium-term management targets



*1: Exchange rate for FY3/24 business plan: USD 1 = JPY 130
*2: Including growth investments

Medium-term (-FY3/25) (Excluding IRA impact)

- Operating profit (FY3/25)

¥87 billion (+¥20 billion vs. FY3/22) **9%**
- EBITDA (FY3/25)

¥150 billion (+¥30 billion vs. FY3/22) **16%**
- Cumulative operating CF (FY3/23-3/25)

¥330 billion
- ROIC (FY3/25)

12%

*Excluding new investment in Kansas and others

Agenda

1

Progress in Medium- to Long-term Strategy

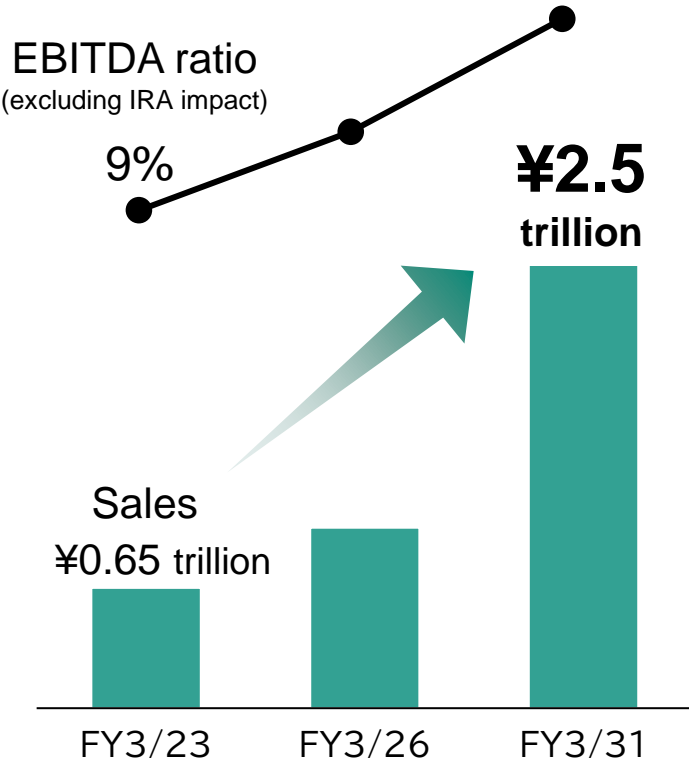
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Future Initiatives

2-1. In-vehicle Business – Medium- to Long-term Strategy

- Strengthen competitiveness and supply chain to reach 200 GWh production capacity
- Next production site in North America to be determined during FY3/24

Sales and EBITDA Ratio



Strategy Framework and Major Initiatives

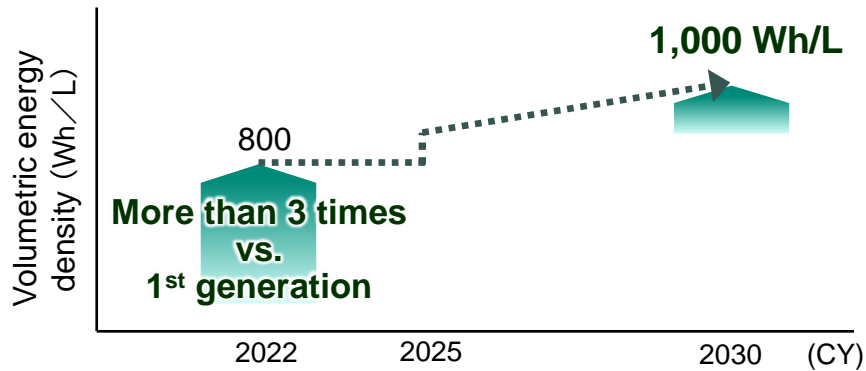
<p>Strategy Framework</p>	<p>"North America" & "Cylindrical cells" are the key to respond to the rapidly growing market</p> <p>▶Global production capacity to be boosted to 200 GWh in FY3/31</p>
<p>Major Initiatives</p>	<ul style="list-style-type: none"> ● Competitiveness <ul style="list-style-type: none"> Higher battery capacity Higher productivity and investment efficiency Improve development efficiency and boost resources ● Supply Chain Enhancement <ul style="list-style-type: none"> Procurement localization in North America Recycled materials / CFP reduction ● Boosting Production Capacity <ul style="list-style-type: none"> -New site location in North America to be determined by the end of FY3/24

2-2. In-vehicle Business – Boosting Competitiveness (Technology/Manufacturing)

- Lead the LIB industry with high-capacity technology as a pioneer in battery development
- Further enhance manufacturing at the new Kansas factory by utilizing our production experience in North America

Boosting Energy Density

Development of energy density for Panasonic Energy's LIB



2170

- Establish next-generation cells
 - ▶ Cell energy density: **+5% vs. previous products**
- New materials: higher capacity & longer life

4680

- Adopt higher-capacity technology for the Wakayama model
 - ▶ Apply advanced technologies of 2170 to 4680

Boosting Productivity/More Effective Investments

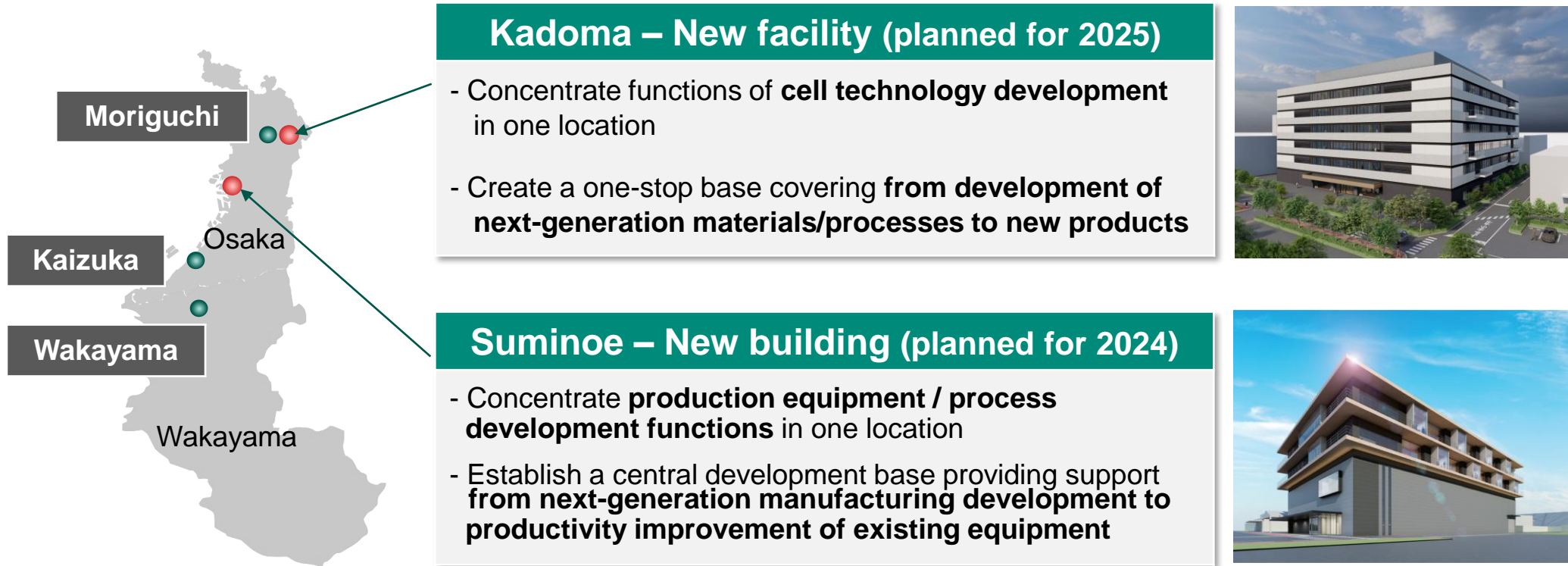
Nevada Factory	<ul style="list-style-type: none"> - Continued improvement of production capacity <ul style="list-style-type: none"> ▶ Production volume: +5% - Transition to next-generation battery cells 	<p>Production Capacity (GWh)</p> <p>FY3/26 +10%</p>
Kansas Factory	<ul style="list-style-type: none"> - Improving human productivity <ul style="list-style-type: none"> ▶ Workforce per GWh: -20% (vs. Nevada Factory) - Reducing capital investment amount <ul style="list-style-type: none"> ▶ -10% per GWh (vs. Nevada Factory) 	

▶ Pursue further advancements at the new factory

2-3. In-vehicle Business – Boosting Competitiveness

(Enhancing development efficiency and boosting resources)

- Accelerate development of next-generation cells and manufacturing technology by consolidating and enhancing bases for R&D / technology development

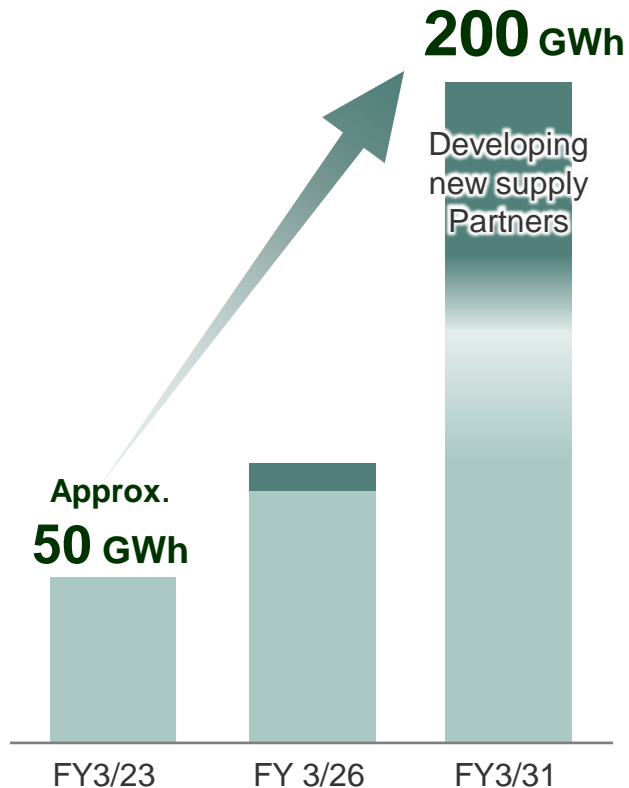


Personnel will be increased by 1,000 people in Japan by FY3/26 (vs. FY3/23) as part of our efforts to enhance core human resources in technology and manufacturing

2-4. In-vehicle Business – Supply Chain Enhancement

- Build a supply chain that supports capacity expansion in terms of **quantity and quality** (environmental performance)
- Scheduled to secure procurement volumes for future production in Kansas (up to FY3/26)

Production boosting plan and procurement structure



Secure material volumes

Local procurement in North America

- ▶ Signed MOU w/ NMG(Canada)

NMG: Nouveau Monde Graphite Inc.
MOU: Memorandum Of Understanding

Strategic offtake agreements

- ▶ Nickel, lithium, graphite

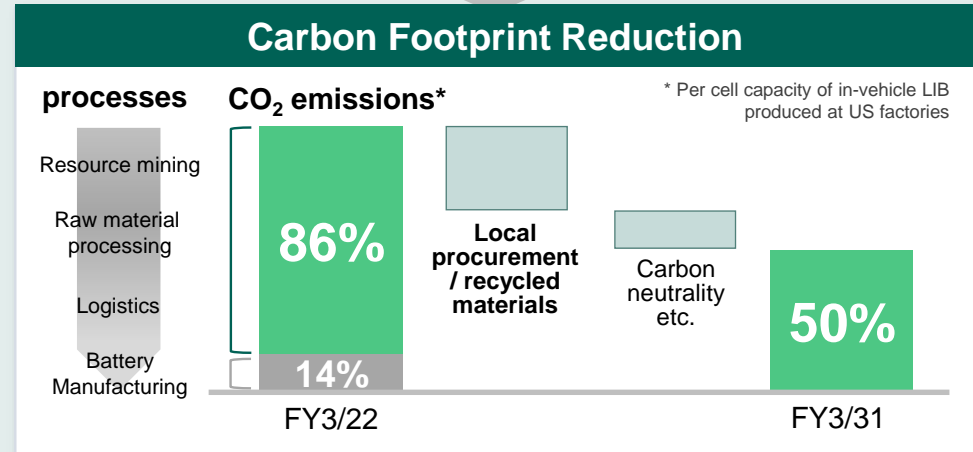
Recycled materials

- ▶ Collaborating with Redwood Materials(U.S.)

Low-CFP materials

- ▶ Mining and processing with renewable energy

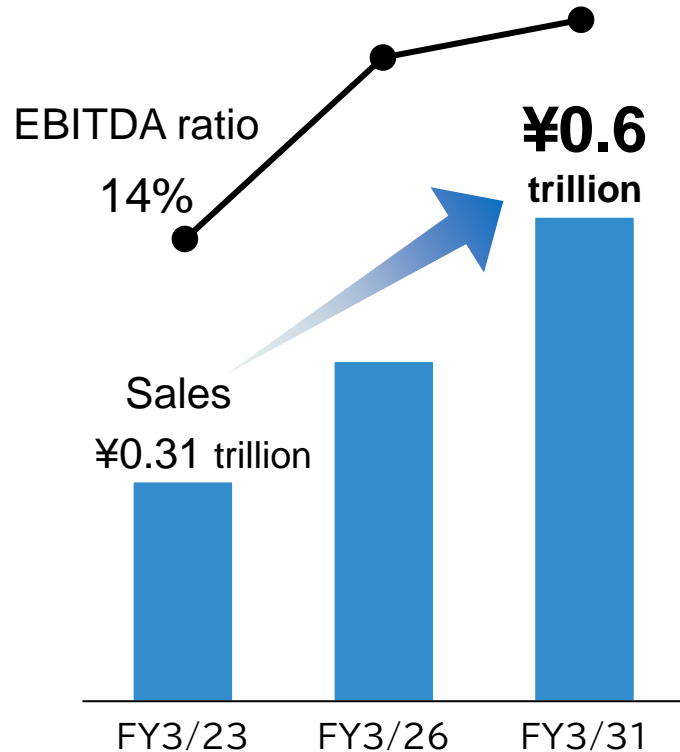
Lower environmental impact





2-5. Industrial & Consumer Business – Medium- to Long-term Strategy

- Focus on social and lifestyle infrastructure expected to grow over the medium to long term
- Expand advanced system business based on reliability that meets safety standards (UL9540A)

Sales and EBITDA Ratio



Medium- and Long-term Strategies and Progress

	Strategy	Progress
Growing area	[Data Centers] - Long-term reliability and power saving for equipment - Module integration to differentiate from competitors 	- Received orders for next-generation products from major customers - Introduced new power-saving type products
	[Residential Energy Storage] - Fewer duplicated functions and enhanced safety by unit integration for more competitiveness 	- Mass producing new energy storage systems ▶Japan: Mass production to start in June 2023 ▶U.S.: Scheduled to be introduced in 2H FY3/24
New area	[Construction machinery, motorcycles, etc. (electrification)] - Solution co-creation with industry-leading customers	- Started demonstration tests with modules equipped with new technology

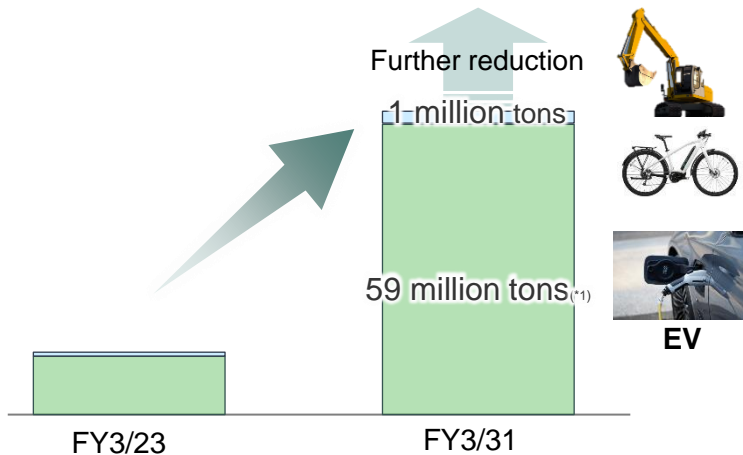
IRA
25D
Eligible

2-6. ESG – Environmental Contributions

- Contributing to 60 million tons of CO₂ avoided emissions as the core of Panasonic GREEN IMPACT
- Leading the LIB industry through environmental contributions toward a sustainable society

CO₂ Avoided Emissions (Contribution Impact)

Expanding contributions thanks to the adoption of EVs and other electrified mobility/machinery



CO₂ avoided emissions attributed to EV adoption

CO ₂ emissions from vehicle travel		CO ₂ avoided emissions 172g/km
Gasoline car	EV	
249g/km	77g/km ^(*)	

(*1) Amount of CO₂ avoided emissions by BEVs equipped with our batteries (when driven 140,000 km over 10 years)
 (*2) Panasonic Energy's calculations based on the figures on 2020 Tesla Impact report

Achieving Carbon Neutrality (Own Impact)

Aim to achieve domestically in FY3/26 and globally in FY3/29

- ▶ 10 out of 20 global sites have achieved as of May 2023
- ▶ Expand renewable energy utilization(PPA*), introduce hydrogen fuel cells

*Power Purchase Agreement



10% of domestic electricity procured through renewable energy PPAs

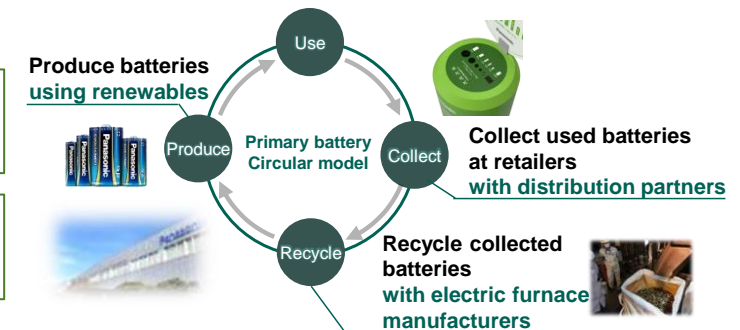


Operating in Wuxi, China
Expanding to the domestic facilities

Resource Circulation

Accelerate initiatives in collaboration with partners

Primary batteries	Shift away from disposability (shown right)
Secondary batteries	Recycle cathode materials and copper foil (Redwood Materials)



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Energy that changes the future.

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Reference – Financial Figures (P/L, B/S, C/F)

*Excluding IRA impact

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*Unaudited

P/L	(yen: billions)	FY3/23	FY3/24 (Target)	FY3/25 (Target)
Sales		971.8	1,030.0	—
	In-vehicle	654.1	706.0	—
	Industrial/Consumer	310.7	334.0	—
Adjusted operating profit		39.6	(135.0) 55.0	—
	In-vehicle	10.7	(101.0) 21.0	—
	Industrial/Consumer	28.5	30.0	—
Other income/loss		-6.4	-2.0	—
Operating profit		33.2	(133.0) 53.0	—
(OP % to sales)		3.4%	(12.9%) 5.1%	—
Depreciation (tangible) ^{*1}		65.3	71.0	—
EBITDA ^{*1}		98.5	(204.0) 124.0	—
(EBITDA % to sales)		10.1%	(19.8%) 12.0%	—

* Figures in parentheses include IRA impact

C/F	(yen: billions)	FY3/23	FY3/24 (E)	FY3/25 Cumulative (Target)
FCF		0.5	—	—
Operating CF		70.6	137.0	330.0
Investing CF		-70.1	—	—
Capital investment		90.6	381.0	—
Investment in intangible assets		1.1	—	—
R&D expenditures		25.1	—	—

B/S

(yen: billions)	FY3/23	FY3/24 (Target)	FY3/25 (Target)
Cash and cash equivalents	120.2	—	—
Trade receivables	261.6	—	—
Inventories	204.2	—	—
Other current assets	33.7	—	—
Current assets	619.7	—	—
Property, plant and equipment	181.5	—	—
Right-of-use assets	6.9	—	—
Goodwill and intangible assets	3.1	—	—
Other non-current assets	10.6	—	—
Non-current assets	202.1	—	—
Total assets	821.8	—	—
Trade payables	204.1	—	—
Debt (1)	129.7	—	—
Lease liabilities (2)	7.0	—	—
Other liabilities	106.9	—	—
Liabilities	447.7	—	—
Equity (3)	374.1	—	—
Invested capital (1)+(2)+(3)	510.9	—	—
ROIC	5.0%	^{*2} 5.4%	6.5%

*1) Additionally adjusted with the amount equivalent to depreciation corresponding to underlying assets that are applied with Lease accounting treatment as a lessor

*2) FY23 ROIC includes IRA impact by 17.9%