

Panasonic Corporation

Panasonic Accelerates the Autonomous Supply Chain with Acquisition of Blue Yonder

Acquisition will combine IoT/edge and AI/ML solutions to deliver new cloud capabilities and create a more sustainable world

Osaka – April 23, 2021 – [Panasonic Corporation](#) announced today that it has agreed to acquire [Blue Yonder](#), the leading end-to-end, digital fulfillment platform provider. Panasonic will purchase the remaining 80% of shares (for USD5.6 billion) of Blue Yonder, adding to the 20% which Panasonic acquired in July 2020. Including repayment of outstanding debt the additional investment totals USD7.1 billion, valuing Blue Yonder at USD8.5 billion. An agreement to purchase the remaining shares of Blue Yonder was reached today between Panasonic and the existing shareholders New Mountain Capital and funds managed by Blackstone.

Acquisition Accelerates Autonomous Supply Chain™

The need for more intelligent, autonomous and edge-aware supply chains has been dramatically heightened by the COVID-19 pandemic, the rise of e-commerce and the proliferation of data. This acquisition strengthens Panasonic's portfolio and accelerates the companies' shared Autonomous Supply Chain mission, empowering customers to optimize their supply chains using the combined power of AI/ML and IoT and edge devices. By unifying supply, demand and commerce solutions with IoT and edge technologies, companies can better utilize predictive business insights to pivot their operations in real-time.

Combining Panasonic's strength in industrial engineering, IoT and edge technologies with Blue Yonder's AI/ML-driven supply chain and commerce solutions greatly intensifies the customer value of Blue Yonder's leading digital fulfillment platform. Together, Panasonic and Blue Yonder will deliver a unique competitive advantage for customers to drive more automation and actionable, real-time business insights that reduce waste and improve operations, while creating a more sustainable world.

This acquisition builds on the Panasonic/Blue Yonder strategic relationship, established in January 2019 with a partnership, followed by the creation of a joint venture company in Japan in November 2019. In July 2020, Panasonic took a 20% minority ownership stake and one seat on the Board of Directors of Blue Yonder. This acquisition brings the strategic relationship full circle.

Blue Yonder: The Pioneer in AI/ML-Driven Supply Chain

Blue Yonder is a supply chain industry leader, providing an end-to-end platform driven by AI/ML that serves as a “system of intelligence” for its global retail, manufacturing and logistics customers. Its cloud-based Luminare™ platform seamlessly manages all nodes of the supply chain across planning, execution and commerce on one unified platform.

For the year ended December 31, 2020, total company revenue was over USD1 billion, 67% of which was recurring revenue. As of December 31, 2020, SaaS annual recurring revenue was USD343 million and SaaS net revenue retention rate was 120%.

The company counts more than 3,000 global customers including 65 of the top 100 retailers, 48 of the top manufacturers, and 9 of the top 10 global third-party logistics companies. Blue Yonder’s global customers include many of the world’s leading brands including Albertsons, Best Buy, BP, Caterpillar, Coca-Cola, DHL, Diageo, Lowe’s, Marks & Spencer, Mercedes Benz, PepsiCo, Procter & Gamble, Starbucks, Unilever and Walmart.

Blue Yonder has been named a leader in all three Gartner Magic Quadrants covering supply chain planning, transportation management and warehouse management. The company owns 400+ patents granted and pending across its extraordinary supply chain applications portfolio.

Acquisition Accelerates Panasonic’s Gemba Process Business

This acquisition enhances Panasonic’s own digital transformation and customer-centric focus. On April 1, 2022, the Panasonic Group will shift to a holding company system concentrating management resources on strategic businesses in key areas such as [Gemba Process Innovation](#) — ‘gemba’ meaning frontline operations, i.e., the place where value is created; where Panasonic focuses on providing supply chain innovation and automation.

Leading the Gemba Process business is Yasuyuki Higuchi, CEO of Panasonic’s Connected Solutions Company (to become Panasonic Connect Co., Ltd. on April 1, 2022). Blue Yonder CEO Girish Rishi and the extended leadership team will join the new organization and the Blue Yonder brand will be retained and business will function within the Panasonic Connected Solutions Company umbrella.

With over 100 years of knowledge and expertise gained from the manufacturing industry, Panasonic aims to solve vital societal issues caused by extreme fluctuations in demand and the logistics issues brought on by dynamics such as COVID-19, changing shopping trends, and labor shortages. With Blue Yonder, Panasonic will be better equipped to empower customers to optimize their supply chains using the combined power of AI/ML and IoT and edge devices.

Acquiring Blue Yonder significantly accelerates Panasonic's mission and its Gemba Process business.

Panasonic CEO Yuki Kusumi stated, "I'm extremely happy to welcome Blue Yonder and its associates to the Panasonic Group. Both companies have the same mission to support customers' frontline operations and we have a high affinity in our corporate cultures. By merging the two companies, we would like to realize a world where waste is autonomously eliminated from all supply chain operations and the cycle of sustainable improvement continues. There are still many such losses and stagnation in supply chain operations, so through the drastic reduction of wasted labor and resources, we would like to provide better ways of working, and contribute to customers' management reform and also to the realization of a sustainable society by carefully using limited global resources. I am confident that by combining the power of Blue Yonder and Panasonic, we can create innovation in global supply chains."

Girish Rishi, CEO of Blue Yonder stated, "I am thrilled to announce that Blue Yonder is joining Panasonic. This association came about as a result of three years of working together, first with Panasonic as a Blue Yonder customer and thereafter as joint venture partner. We have developed mutual trust and have a shared vision for an Autonomous Supply Chain that delivers a better life and a better world. As the essential platform for essential times, we are relentlessly focused in fulfilling our customers' potential."

Peter Masucci, Managing Director of New Mountain Capital stated, "We first began building Blue Yonder over 10 years ago, and the company has grown significantly since then. We're proud to have supported the company's transformation into the world's leading end-to-end, digital fulfillment platform provider. We thank Blue Yonder's management team and associates, Blackstone, and Panasonic for their partnership with New Mountain in this process."

Martin Brand, Senior Managing Director of Blackstone stated, "We are proud to have partnered with New Mountain Capital and Panasonic to support Girish and his team in their transformation of Blue Yonder into the supply chain SaaS leader through accelerated investment in innovation and machine learning capabilities. The company will have a bright future as part of the Panasonic Group."

The transaction has been approved by the Boards of Directors of both Panasonic and Blue Yonder. The deal is intended to close by the second half of this fiscal year and is subject to receipt of customary regulatory approvals.

Financing Plan

1.) Financing plan for the acquisition

Capital for the acquisition (USD7.1 billion) will be funded by reserved cash (approx. USD3.5 billion) as well as a bridge loan for the remaining amount which

will be refinanced with hybrid financing* (subordinated bonds, etc.) expected to be eligible for certain equity credit from rating agencies.

*A financing method that is recognized as a liability from accounting perspective but has a certain degree of equity credit in terms of credit rating

2.) Capital allocation policy

Panasonic is advancing mid-term strategy initiatives with emphasis on return on invested capital and awareness of financial disciplines under our capital allocation policy. To be more specific, the funds needed for mid-term strategy will, in principle, come from cash flow (operating cash flow, divestitures) generated by businesses, while responding flexibly to one-off demand of funds when investment opportunities arise before sufficient cash flow is generated from business, so that we can aptly respond to growth opportunities. This acquisition is regarded as a response to our growth opportunity, based on the capital allocation policy of the mid-term strategy.

With respect to the capital allocation (forecast) for two years ended March 2021, sources of cash are expected to exceed by approx. 1 trillion yen, as a result of the generation of operating cash flow as well as proceeds from business portfolio reform and sale of assets, after covering the capital demand for investment, dividend, and restructuring, etc. It is possible to deal with the acquisition within the framework of the capital allocation.

While Panasonic will complement adequacy of equity by the aforementioned hybrid financing (subordinated bonds, etc.) in the course of financing of the acquisition, we will continuously promote the creation of cash flow.

For related IR disclosure and presentation materials, please see:

<https://www.panasonic.com/global/corporate/ir/presentation.html>

About Panasonic

Panasonic Corporation is a global leader developing innovative technologies and solutions for wide-ranging applications in the consumer electronics, housing, automotive, and B2B sectors. The company, which celebrated its 100th anniversary in 2018, operates 528 subsidiaries and 72 associated companies worldwide and reported consolidated net sales of 7.49 trillion yen for the year ended March 31, 2020. Committed to pursuing new value through collaborative innovation, the company uses its technologies to create a better life and a better world for customers. Learn more about Panasonic:

<https://www.panasonic.com/global>

Related info: https://www.panasonic.com/global/corporate/cns/gpi_blueyonder

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